Workplace Wellbeing and Work Engagement among Generation Z Employees in PT X: The Role of Psychological Capital as a Moderator

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Abstract. This research aims to examine the role of psychological capital as a moderator in the relationship between workplace well-being and work engagement. Researchers used three measuring tools, namely: the Workplace Well-being Questionnaire (WWQ), the Utrecht Work Engagement Scale (UWES-9), and the Psychological Capital Questionnaire. The subjects in this research were employees from one of the manufacturing companies, namely PT X, and they totaled 144 participants. The method employed was non-experimental quantitative, utilizing convenience sampling (a non-probability sampling techniques) for data collection and employing Moderated Regression Analysis (MRA) for analysis. The results obtained by the researchers indicated that psychological capital plays a role in strengthening the relationship between well-being at work and work engagement. It is hoped that this research can help companies to facilitate, direct and improve work engagement.

Keywords: workplace well-being, work engagement, psychological capital, Generation Z

Introduction

The development of times has made the world enter a new era, namely the industrial revolution 4.0, which started in 2010 and is marked by technological advances, namely intelligence engineering and a device for transfer, and transmitting data with internet network access as a link between human and machine movements (Prasetyo & Trisyanti, 2018). This marks the presence of Generation Z (Hastini et al., 2020). Generation Z is the generation born from the year 1997 to 2012 (Codrington & Marshall, 2004). Based on the 2020 Central Statistics Agency, the majority of Indonesia's population comes from Generation Z (27.94%). Generation Z does not only work as a place to earn income but tends to look for purpose and meaning in their work (Ramadhani & Nindyati, 2022). Generation Z is a generation that is predicted to take over the industry by 30% by 2025 (Imelda, 2019). Supported by research results, Generation Z chooses the manufacturing
industry as their career choice, more than the millennial generation (18%) and the general population (13%) (Sharp, 2020).

One of the manufacturing companies with the majority of its workforce being from Generation Z is PT X. Everyday thousands of products are produced at PT X. For example, the products manufactured include clothing for both men and women, such as jackets, trousers, skirts, vests, company uniforms and functional clothing. Based on this data, it can be concluded that PT X not only requires sophisticated equipment to produce products, but it also requires human resources with good quality employee performance, so that throughout PT X's operational activities its employees can run effectively.

It has been observed that employees at PT X also feel that doing their work is meaningful and useful, which inspires employees. Looking at the results of interviews and observations, there is a sense of work engagement within employees, which in psychology is called work engagement. According to Schaufeli and Bakker (2004), work engagement is a person's thoughts about positive behavior related to work, so that it will cause positive effects or feelings in employees who do it. Work engagement is a very important thing to research because it is one of the keys to increasing work productivity (Okazaki et al., 2019). Employees are also an important aspect of achieving the goals, progress and life of a company (Ayu & Mujiasih, 2022) Knowing that work engagement has an impact, it is important for companies to pay attention to things that can affect work engagement.

Employees at PT X also have good and supportive relationships with senior employees and new or junior employees. There is no discrimination in the work team, and the work environment is not toxic, but they feel supported and appreciated. Based on observations in psychology, this is called workplace well-being. Workplace well-being according to Danna and Griffin (in Parker & Hyett, 2011) states that the concept of well-being in the workplace is a combination of the concepts of health and well-being in the workplace. Workplace well-being is an important thing to research because workplace well-being is also one of the things that has a big influence on work engagement among employees (Abun et al., 2020). Employees with good workplace well-being will be more confident, optimistic, and better able to socialize, as well as goal oriented (Warr & Nielsen, 2018). Apart from that, in a survey conducted by LinkedIn Global Talent Trends (2022), it
was proven that employees were 3.2 times happier at work if there was prosperity in the workplace.

Several studies regarding workplace well-being on work engagement have been studied extensively in the literature, regression analysis of workplace well-being has a positive effect on work engagement (Prakash & Kashyap, 2021; Al Kahtani & Sulphey, 2022; Sari, 2015). However, if we examine it more deeply, the correlation between these two variables is not consistent. Research conducted by Prakash and Kashyap (2021), with participants namely employees in Saudi Arabia measuring workplace well-being and work engagement found a correlation of 0.370. However, Al Kahtani and Sulphey (2022) produce a correlation of 0.625. Meanwhile, quantitative research conducted by Sari, (2015) found that welfare involvement in the workplace with work engagement was 0.804 based on 45 administrative staff of the Satya Wacana Christian University, Salatiga. Cohen (1988) explains that the benchmarks for the effect size index: (a) 0.20 indicates a small effect; (b) 0.50 indicates a moderate effect; and (c) 0.80 indicates a large influence. The correlation coefficient also serves as an index of effect size. Based on this basis, the effect size of the relationship between workplace well-being and work engagement (based on previous studies Prakash & Kashyap, 2021; Kahtani & Sulphey, 2022; Sari, 2015) varies from a small effect to a large effect.

According to Baron and Kenny (1986) It is suspected that there may be other variables that influence the strength of the relationship between the two variables, namely the dependent variable (independent variable) and independent variables (dependent variable). These influencing variables are called moderators, in this research psychological capital is one of the variables that can be a moderator. The reason psychological capital can be a moderator in the relationship between workplace well-being and work engagement is supported by phenomenon on PT X and also previous research, which has concluded: (a) that psychological capital has a significant effect on workplace well-being; (b) and psychological capital has a significant effect on work engagement. Firstly, based on previous research showing that psychological capital has a significant effect on workplace well-being. (Kahtani & Sulphey, 2022; Alkahtani et al., 2020). For example, Alkahtani et al. (2020) conducted non-experimental research, involving 395 workers in Saudi Arabia, most
of whom worked in the private sector and concluded that the results of psychological capital research have a positive effect on workplace well-being ($b = 0.781, p < 0.005$).

Second, based on the results of previous studies, psychological capital has a positive effect on work engagement (Wang et al., 2017; Joo et al., 2016; Alkahtani et al., 2020; George et al., 2021). For example, Alkahtani et al. (2020), namely non-experimental quantitative research using 395 workers in Saudi Arabia as participants. It is known that research results show that psychological capital influences work engagement ($b = 0.281, p < 0.001$). This is in line with research conducted by George et al., (2021), namely non-experimental quantitative research with participants, namely 557 public sector employees in Nigeria, with research results showing that psychological capital influences work engagement ($b = 0.110, p < .05$). With the information above, it can be concluded that psychological capital is predicted to be a moderator in the relationship between workplace well-being and work engagement.

According to Luthans et al. (2007) psychological capital is the development of a person's positive psychological condition, characterized by self-confidence in their abilities, a positive attribution of views about the future, hope to achieve goals, and the ability to persevere in achieving success. The influence of workplace well-being, work engagement, and psychological capital can be explained through the Conservation of Resources (COR) Theory as articulated by Hobfoll (1989). COR is defined as a motivational theory that encourages individuals to preserve, protect, and acquire resources (Hobfoll, 1989). Therefore, the hypothesis of this research is to know whether psychological capital can be a moderator between the influence of workplace well-being and work engagement. So far there has been no research that examines these three variables simultaneously with psychological capital as a moderator, while also focusing on a specific group of participants: Generation Z employees in garment manufacturing industrial companies, considering that Generation Z dominates the workforce.

**Method**

The total number of participants in this research is 144, consisting of PT X employees who meet the following criteria: (a) employees have worked for at least a year; (b) employees born from 1997-2012; and (c) have at least completed their final education
up to Senior High School/Senior Vocational School or equivalent. The research instrument used to measure work engagement is the Utrecht Work Engagement Scale (UWES-9), as mentioned by Schaufeli and Bakker (2002). This measuring instrument consists of nine positive statement items, which are divided into three dimensions that are vigor, dedication, and absorption. Examples of statement items from the UWES questionnaire included: (a) for vigor dimensions “At work, I feel full of energy”; (b) for dedication dimensions “I feel enthusiastic about my task”; and (c) for absorption dimensions “I feel at one with my work”.

Workplace well-being variables are assessed using the Workplace Well-being Questionnaire (WWQ) developed by Parker and Hyett (2011). This measuring instrument consists of 31 items designed to measure four dimensions, which are 12 statement items work satisfaction, organizational respect for the employee, employer care, and intrusion of work into private life. Examples of statements from the WWQ questionnaire include: (a) for work satisfaction dimensions “My work satisfies me”; (b) for organizational respect for the employee dimensions “I feel the company respects its employees”; (c) for employer care dimensions “My boss cares about me”; (d) and for dimension intrusion of work into private life “My work interferes with my personal life”.

The research instrument used to measure psychological capital is the Psychological Capital Questionnaire (PCQ) in Zulhasmi’s research (2020). The measuring instrument comprises 12 positive statement items, categorized into four dimensions: hope, self-efficacy, resiliency, and optimism. Examples of statement from the PCQ questionnaire included: (a) for hope dimensions “Currently I see myself as quite successful at work,” (b) for self-efficacy dimensions “I feel confident that I can represent my work unit (department) in meetings with management,” (c) for resilience dimensions “I can be myself at work if required,” and (d) for optimism dimensions “I always look at the good side of my work”. The scale used to measure in the UWES, WWQ, and PCQ employs a Likert scale with the following options: (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly Agree. In this study all item variables, namely workplace well-being and psychological capital were declared valid and reliable based on item-total correlation corrections above 0.02 and a Cronbach is more than 0.05. However, with the respect to
work engagement variable, an item had to be eliminated due to the discovery of one missing item that was found legitimate.

This research uses the method of convenience sampling (non-probability sampling). This research was conducted online, with participants filling out questionnaires both at the factory and in the office. The questionnaire was distributed by sending a Google Form link to PT X employees, who of course met the criteria for research participants. Regarding the place of implementation, time to fill in, and the tools for filling in the Google Form link, there are no provisions set by the researcher. This makes it easier for participants to access and fill in the research questionnaire link. Quantitative data collected from Google Forms was processed using Google Spreadsheet. The survey results that have been obtained will be entered into the Statistical Product and Service Solutions (SPSS) 25 application. After tidying up the data by removing six participants based on a demographic sample and assigning codes to the data collection (coding), the total number of participants will be reduced to 144. Data processing in SPSS is divided into several steps, the first step is to carry out validity tests and reliability tests, using Cronbach Alpha. The second step is normality, linearity, multicollinearity, and heteroscedasticity tests. Test normality using techniques One-Sample Kolmogorov Smirnov, to see the normality of the data distribution in this study. The third step is the linearity test to see that the correlation between research variables has a significantly linear pattern. Correlation test using the method Pearson Correlation to understand the relationships that exist between variables. However, if the data is not normal, use the correlation test Spearman. The fourth step is using linear regression testing test Moderated Regression Analysis (MRA).

**Result**

Data analysis started with the Kolmogorov-Smirnov test method, with the aim of seeing the normality of the data that has been obtained. Based on the results of the Kolmogorov Smirnov Test, \( p = 0.056 (> 0.050) \), it can be concluded the data in this study are normally distributed.
Based on the descriptive test, the level of work engagement, workplace well-being, and psychological capital is considered high. Because the empiric mean is higher than hypothetical mean (M=3.00), with work engagement (M= 3.95), workplace well-being (M= 3.49), and psychological capital (M= 3.77).

The researcher also used a multicollinearity test to assess whether there was a high correlation between IV and Moderator with DV. The decision criterion is when the Tolerance value is greater than 0.10 and the Variable Inflation Factor (VIF) is less than 10.00. Based on the data processing, the tolerance value was found to be 0.615 and VIF = 1.626 for the workplace well-being (WWB) variable in relation to work engagement (WE) and psychological capital (MP). As a result, it can be concluded that there is no multicollinearity in the variables of this study, and the data can be used.

<table>
<thead>
<tr>
<th>Table 2. Multicollinearity Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Workplace Well-being</td>
</tr>
<tr>
<td>Psychological Capital</td>
</tr>
</tbody>
</table>

Then, the researcher used the heteroscedasticity test to determine whether there was an inequality in the variance of the residuals between different observations. The basis for making heteroscedasticity decisions is that if the significance level is > 0.05 then there is no evidence of heteroscedasticity.

<table>
<thead>
<tr>
<th>Table 3. Heteroscedasticity Test</th>
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</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Workplace Well-being</td>
</tr>
<tr>
<td>Psychological Well-being</td>
</tr>
</tbody>
</table>

Correlation tests were conducted to determine the strength and closeness of the relationships between variables. In this study, researchers used the Pearson method for the
correlation tests. The findings of this research indicate that work engagement (WE) exhibited a Pearson correlation value of 0.642 with workplace well-being, with a two-tailed significance (sig) of 0.000. Additionally, psychological capital (MP) in relation to workplace well-being (WWB) showed a Pearson correlation value of 0.655 with a two-tailed significance (sig) of 0.000. Furthermore, workplace well-being (WWB) in relation to psychological capital obtained a Pearson correlation value of 0.621 with two-tailed significance (sig) is 0.000. Consequently, it can be concluded that the data in this study meets the requirements of the correlation test, with the interpretation that there is a moderate, positive, and significant relationship between work engagement and workplace well-being, psychological capital towards workplace well-being and psychological capital and workplace well-being has a moderate positive significant relationship.

### Table 4.

<table>
<thead>
<tr>
<th></th>
<th>P</th>
<th>WE</th>
<th>WWB</th>
<th>MP</th>
</tr>
</thead>
<tbody>
<tr>
<td>WE</td>
<td>.000</td>
<td>1</td>
<td>.642**</td>
<td>.655**</td>
</tr>
<tr>
<td>WWB</td>
<td>.000</td>
<td>.642**</td>
<td>1</td>
<td>.621**</td>
</tr>
<tr>
<td>MP</td>
<td>.000</td>
<td>.655**</td>
<td>.621</td>
<td>1</td>
</tr>
</tbody>
</table>

Then the researchers conducted a simple linear regression test to examine the relationship between workplace well-being (IV) and work engagement (DV). This test was used to determine whether changes in the independent variable (IV) would result in changes in the dependent variable (DV), if the data exhibited a linear pattern. In this study, the initial analysis aimed to assess the impact of workplace well-being on work engagement. The results of the data analysis are presented:

### Table 5.

<table>
<thead>
<tr>
<th>Description</th>
<th>Constant</th>
<th>B</th>
<th>SE</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>4.727</td>
<td>2.171</td>
<td>0.804</td>
<td></td>
</tr>
</tbody>
</table>

Based on the results, it can be concluded that workplace well-being has a positive influence on work engagement. This conclusion is drawn from the positive constant value of 4.727 and the workplace well-being variable with a coefficient of 0.249, and a significance level (sig) of .000, which is less than 0.05. These results indicate that an increase in workplace well-being (IV) leads to a corresponding increase in work engagement (DV). To
test the hypothesis, a regression analysis was conducted using Moderated Analysis Regression (MRA). MRA was used to assess the moderating role of the psychological capital variable on the relationship between workplace well-being and work engagement. The result of data processing shows that the psychological capital variable plays a role in moderating the relationship between workplace well-being and work engagement, because the sig value is .000, which is less than 0.05.

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>SE</th>
<th>P</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>32.338</td>
<td>.681</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Mean WWB</td>
<td>-.008</td>
<td>.006</td>
<td>0.165</td>
<td>Significant</td>
</tr>
<tr>
<td>Mean MP</td>
<td>-.685</td>
<td>.019</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>WE*MP</td>
<td>.022</td>
<td>.000</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The results of the R-Score from the multiple linear regression test will now be compared to the multiple linear regression test conducted on workplace well-being and work engagement. According to the results of the Moderated Regression Analysis (MRA), there is an increase in the R-Score of 57.3%. This indicates that psychological capital plays a role in strengthening the relationship between workplace well-being and job engagement.

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>WWB → WE</td>
<td>0.642</td>
<td>0.412</td>
</tr>
<tr>
<td>WWB, MP → WE</td>
<td>0.992</td>
<td>0.985</td>
</tr>
</tbody>
</table>

**Discussion**

Based on the result of this study, it can be concluded that there is a significant influence of workplace well-being on work engagement. This finding aligns with the research conducted by Abun et al. (2020) which states that workplace well-being has a significant impact on work engagement. Therefore, the higher an employee's workplace well-being, the higher their level of work engagement. Increased workplace well-being is one of the factors that can increase work engagement (Abun et al., 2020). Furthermore, it is known that with the presence of workplace well-being, employees are more likely to feel engaged in their work, which positively affects their productivity (Abun et al., 2020). In
this research, it was also found that psychological capital acts as a moderator in workplace well-being and work engagement. Psychological capital has the capacity to make employees more responsive to improvements in workplace well-being, thus strengthening their work engagement (Biswal et al., 2023). It is known that employees having high levels of psychological capital can exert more effective influence over their work-related outcomes. This capability arises from their effectiveness and perseverance and are persistent in their goals (Luthans et al., 2016).

Furthermore, this is consistent with the COR theory, based on the results obtained from this research. The researcher employed the Conservation of Resources (COR) Theory within the framework of motivation theory as the basis for interpreting the research findings. It is known that this research has yielded results indicating that psychological capital plays a significant role in strengthening the relationship between workplace well-being and job engagement among Generation Z employees in the manufacturing company. The researcher’s understanding, based on the Conservation of Resources (COR) Theory, aligns with the expected outcomes. Psychological capital indeed plays a role and demonstrates its significance in the relationship between workplace well-being and job engagement. The connection between workplace well-being and work engagement can be reinforced by the presence of psychological capital as a moderator. Psychological capital has been found to strengthen the relationship by 57.3%, and this result is consistent with a study conducted by Alkahtani et al. (2020), which also found that psychological capital can enhance the relationship between workplace well-being and job engagement.

While the research results prove that psychological capital can act as a moderator between workplace well-being and work engagement, this research still has limitations. First, due to the data collection method via online questionnaires via Google Forms, the researcher could not directly observe the condition of the participants when filling out the questionnaire or during the survey. Factors such as whether the environment is uncomfortable and not conducive. This made researchers unable to know the conditions and external factors that occur when filling out the questionnaire which might make the participants lose concentration or influence the participant’s choice when answering the questionnaire. According to Parhusip (2021), situational influences have the potential to cause a change in behavior. Another limitation is the presence of social desirability bias,
which is when the participants prefer to pick responses, they believe are more socially acceptable, good, or positive answers, rather than their genuine opinions or feelings (Grimm, 2010).

Conclusion

Based on the results of the regression test, the results show that workplace well-being influences work engagement. If well-being at work is high, then the level of work engagement will also be high. The researcher also concluded that this research succeeded in proving the role of psychological capital as a moderator in the relationship between well-being at work and work engagement. Psychological capital is known to strengthen the relationship between workplace well-being and work engagement. So, the results of this study can answer the research hypothesis that there is a role for psychological capital in strengthening the relationship between workplace well-being and work engagement in Generation Z in manufacturing companies.

After conducting research on manufacturing companies, researchers recommend that companies focus on psychological capital. It plays a crucial role in strengthening the link between work engagement and workplace well-being, primarily due to its impact on work engagement. Drawing from research by Saleem et al. (2022), it’s evident that workers with higher levels of psychological capital were more engaged at work. For further research, it can be suggested to conduct studies on work engagement in relation to other variables, such as organizational communication as an independent variable. This is important considering that communication with employees is also a factor supporting increased work engagement. Additionally, exploring other possible factors such as work environment or conducting research with participants from different generations, such as Generation Y and millennials, could provide valuable insights. This is especially relevant due to the limitations in this study, which are related to the company’s work environment which impacts the filling of participants’ questionnaires.

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