

ADVANCE SOCIAL SCIENCE ARCHIVE JOURNALAvailable Online: <https://assajournal.com>

Vol. 04 No. 02. October-December 2025. Page# 2308-2318

Print ISSN: [3006-2497](#) Online ISSN: [3006-2500](#)Platform & Workflow by: [Open Journal Systems](#)<https://doi.org/10.5281/zenodo.17821863>

Effect of Job embeddedness on Psychological capital among banking sector employees of Malakand, Pakistan

Maaz Ud Din

Ph.D. Scholar, Department of Management Sciences, University of Swabi, KP, Pakistan

Email: maazyousafzai12@gmail.com

Faisal Khan*

Associate Professor, Department of Management Sciences, University of Swabi, KP, Pakistan

(Corresponding Author) Email: faisalkhanutm@yahoo.com

Abstract

The banking sector has become increasingly dynamic and competitive, requiring organizations to retain employees who are psychologically strong, motivated, and well-adapted to their work environment. Job embeddedness, which captures the degree to which employees feel connected to their job through organizational fit, social links, and potential sacrifices of leaving, has become a critical factor in understanding employee stability. Psychological capital, consisting of hope, self-efficacy, resilience, and optimism, promotes positive work attitudes and coping abilities. This study examines how job embeddedness influences psychological capital among employees working in the banking sector of Malakand, Pakistan. Using a quantitative cross-sectional approach, data were collected from 250 banking employees through standardized measures. The data was analyzed using descriptive statistics, reliability analysis, confirmatory factor analysis, and structural equation modeling. The findings are expected to provide theoretical insight into the role of job embeddedness in strengthening psychological capital and offer practical guidance for HR professionals to enhance workforce well-being and organizational performance.

Keywords: Psychological capital, Job embeddedness, Banking employees, Malakand, Employee well-being,

Introduction

The world today is searching for organizations that can truly perform at their best and help boost the global economy. Among these, banks play a key role they're service-driven institutions and act as the main financial backbone for every other economic sector, including manufacturing and agriculture. In Pakistan, the banking sector has always stood out as one of the pillars of the national economy. Its importance is undeniable it fuels economic growth by collecting deposits and offering loans to individuals, households, industries, and even the state itself. Simply put, it keeps the economic wheel turning (Waseem *et al.*, 2020).

In today's dynamic and competitive organizational environment, employee retention and psychological well-being have become critical areas of concern. The banking sector, in particular, faces high levels of stress, workload, and turnover intentions, which highlight the importance of understanding factors that enhance employees' psychological strength and commitment (Azeem & Akhtar, 2014). Job embeddedness, a concept introduced by Mitchell et al. (2001), refers to the extent to which employees are connected to their job and organization through links, fit, and sacrifice. It represents the web of relationships and perceived costs associated with leaving one's job.

Psychological capital, rooted in positive organizational behavior, encompasses four key psychological resources: self-efficacy, optimism, hope, and resilience (Luthans, Youssef, & Avolio, 2007). Employees with higher Psychological capital are more likely to cope with challenges, maintain motivation, and perform effectively. Research has shown that organizational and job-related factors can significantly influence employees' Psychological capital levels (Avey et al., 2011).

Despite growing interest in both constructs, limited empirical evidence exists in the context of developing countries like Pakistan, particularly in the banking sector. Most prior studies have explored job embeddedness as an antecedent of turnover intention or performance, but its relationship with psychological capital remains underexplored (Karatepe, 2016). Therefore, this study aims to investigate the **effect of job embeddedness on psychological capital among banking sector employees in Malakand, Pakistan**, contributing practical evidence and contextual understanding to the literature.

Employees in the banking sector often work under conditions of high pressure, strict deadlines, and intense customer interaction, which can influence their psychological well-being and performance (Imran et al., 2022). In such environments, job embeddedness the extent to which employees feel connected to their job and organization plays a significant role in shaping attitudes and behaviors (Mitchell et al., 2001). Job embeddedness refers to the combined forces that keep an employee attached to their workplace and includes three key dimensions: links (interpersonal connections), fit (compatibility with organizational culture and job role), and sacrifice (perceived cost of leaving) (Ng & Feldman, 2014).

At the same time, psychological capital has emerged as an important positive psychological resource that enables employees to cope, perform, and thrive at work. Psychological capital consists of hope, self-efficacy, resilience, and optimism, which collectively contribute to an employee's motivation and psychological strength (Luthans et al., 2007). Employees with higher Psychological capital are more likely to remain motivated, handle stress effectively, and show better performance outcomes (Avey, Reichard, Luthans, & Mhatre, 2011).

In the context of Pakistan, especially in relatively less developed regions such as Malakand, banking sector employees may face additional challenges such as limited career growth opportunities, resource constraints, and high job demands. These challenges make it particularly important to understand how job embeddedness can help strengthen psychological capital, thereby enhancing employee well-being and organizational effectiveness (Kakar, Khan, & Khan, 2019). When employees feel embedded in their jobs, they are more likely to invest emotionally and cognitively in their roles, which may, in turn, enhance their psychological capital and reduce turnover intentions. Thus, examining the effect of job embeddedness on psychological capital among

banking employees in the Malakand region is crucial, as it can inform organizational strategies aimed at improving employee retention, psychological strength, and workplace outcomes. (Maaz Ud Din & Faisal Khan, 2025).

Research Gap

In Pakistan, especially in semi-urban regions such as Malakand, banking employees may face limited advancement opportunities and high job pressure. Therefore, embedding employees effectively becomes essential for maintaining their psychological well-being and reducing turnover. Strengthening job embeddedness among employees may thus be a strategic means of enhancing psychological capital and improving organizational outcomes. Since limited studies have been conducted in this area, the present research seeks to contribute practical evidence to fill the identified gap in the literature.

Research question

Does job embeddedness predict psychological capital among banking sector employees in Malakand, Pakistan?

Objectives

1. To Measure levels of job embeddedness and psychological capital among bank employees in Malakand.
2. To test the relationship between overall job embeddedness and overall psychological capital.
3. To explore which dimensions of embeddedness (links, fit, sacrifice) most strongly relate to psychological capital components.

Literature Review

Linking between Job embeddedness and Psychological capital

Job embeddedness refers to the overall extent to which employees feel connected to their job and organization through social ties, value congruence, and perceived costs associated with leaving (Mitchell *et al.*, 2001). Employees who experience strong workplace relationships (**links**), perceive alignment with organizational values (**fit**), and recognize benefits they would lose if they left (**sacrifice**) tend to remain more psychologically attached to their organization. This sense of attachment contributes to a supportive and stable work environment, which plays a key role in nurturing employees' **psychological capital**. Psychological capital, which consists of hope, self-efficacy, resilience, and optimism, reflects an employee's positive psychological state that fosters motivation, goal pursuit, adaptability, and confidence (Luthans *et al.*, 2007).

When employees feel embedded in their organizations, they are more likely to receive social and emotional support from colleagues and supervisors, enhancing their confidence in accomplishing work tasks (**self-efficacy**) and maintaining belief in positive outcomes (**optimism**). Similarly, compatibility with organizational values enhances employees' sense of purpose and goal-directed energy (**hope**), while the security derived from perceived sacrifice strengthens their ability to cope with challenges and setbacks (**resilience**). Therefore, job embeddedness functions as an important contextual resource that fosters the development of psychological capital by providing emotional safety, belonging, and motivational reinforcement (Karatepe, 2012). In this way, employees who are more embedded in their jobs are more likely to demonstrate higher levels of psychological well-being, positive work attitudes, and adaptive behavior.

Psychological capital has become a key idea in the area of positive organizational behavior. It focuses on the valuable psychological strengths that employees bring to their work. According to Luthans *et al.*, (2007), Psychological capital represents a person's optimistic psychological state of development. It comprises four important elements hope, efficacy (or self-confidence in one's abilities), resilience, and optimism together known as the HERO framework (Luthans & Youssef, 2017).

Employee well-being and positive psychological resources are critical for organizational performance in service industries such as banking. Job embeddedness the web of forces that keep employees in their jobs (links, fit, sacrifice) influences retention, behavior, and attitudes. Psychological capital (Psychological capital), a higher-order construct comprising hope, efficacy, resilience, and optimism, has been linked to favorable outcomes such as performance, job satisfaction, and decreased turnover intention. However, little is known about how job embeddedness relates to Psychological capital in specific regional contexts such as Malakand, Pakistan. This study fills that gap by exploring whether employees who are more embedded in their job report higher Psychological capital, and by offering implications for HR interventions in the banking sector.

In addition, this study recommends including potential moderating factors—especially those that exist outside the workplace when examining the relationship between job embeddedness and psychological capital. Contingency theory (Donaldson, 2001) emphasizes that employees' motivation and behavior are influenced by the context they operate in. This notion is also reinforced within the Psychological capital field, where scholars argue that psychological resources do not function in isolation, but are shaped by the surrounding environment (Newman *et al.*, 2014). Following this perspective, we propose that important environmental conditions that align with the logic of Psychological capital and job embeddedness should be integrated into future analyses. Recent research has increasingly highlighted the need to understand how such contextual and environmental influences affect employees' psychological and behavioral outcomes (Rafiq & Chin, 2019).

Research shows that employees who feel attached and aligned with their workplace are more likely to develop positive psychological states (Yao, Lee, Mitchell, Burton, & Sablinski, 2004). When employees perceive strong workplace connections and compatibility, they experience greater emotional security and confidence, which fosters psychological capital. Job embeddedness strengthens employees' resilience and optimism by providing social and organizational support structures (Kakar, Khan, & Khan, 2019). Theoretically, higher embeddedness creates social support and fit that bolster employees' confidence, resourcefulness, and outlook, thus fostering Psychological capital. Empirical studies linking perceived organizational embeddedness and positive psychological resources are limited but suggest positive associations. This study extends existing work by focusing on a specific occupational and geographic population.

The Conservation of Resources (COR) theory helps explain this idea in a clear way. According to the theory, people rely on their own personal resources and use certain behaviors to build those resources and reach their goals (Hobfoll, 2012). Some studies have shown that when people value and respect themselves, they tend to live happier and more balanced lives. They also become more capable and stronger when facing challenges (Diener & Diener, 1995; Lyubomirsky & Heidi, 1999). However, stress caused by things like heavy workloads or performance pressure can hurt a person's life satisfaction. To deal with that stress, people usually create their

own coping strategies based on what resources they have available. Qualities such as hope, well-being, and optimism can make a real difference they help soften the negative impact of stress on overall life satisfaction. Interestingly, research on bank employees found that when a person's level of Psychological capital was higher, their satisfaction with life also improved (Li et al., 2015).

The concept of Psychological capital which includes self-efficacy, hope, resilience, and optimism has become a key topic in studies on workplace well-being (Luthans *et al.*, 2007b). Research shows that people with higher Psychological capital usually handle stress better, feel less depressed, and enjoy a greater sense of life satisfaction. More recent work (Avey et al., 2009) also points out that Psychological capital can act as a kind of shield, lessening the harmful effects of workplace stress and depression. Still, not every study agrees. For example, Lee *et al.*, (2020) found that some employees in high-pressure jobs reported feeling more satisfied with life even while facing work-related depression. These mixed findings suggest that Psychological capital might help reduce how strongly depression affects life satisfaction, but the exact role it plays still needs more attention. While the importance of Psychological capital as a moderating factor is becoming clearer, there are still inconsistencies especially when comparing different industries and demographic groups (Luthans *et al.*, 2007a,b). Future studies should take a closer look at how Psychological capital works and what mechanisms drive its effects.

According to Luthans *et al.*, (2007), employees with higher levels of psychological capital generally demonstrate improved work performance. However, there is still limited understanding of the **processes** that link Psychological capital to job embeddedness. Similar to Psychological capital, **job embeddedness** is a relatively recent concept developed from a positive organizational perspective to explain why employees stay with or leave their jobs (Mitchell et al., 2001b). Although previous studies have shown that job embeddedness is a strong predictor of reduced turnover and absenteeism (Mitchell *et al.*, 2001b; Holtom & O'Neill, 2004; Lee *et al.*, 2004), research exploring how it connects to performance outcomes remains insufficient.

Therefore, the current study seeks to bridge this gap by examining the relationship between Psychological capital and job embeddedness. Specifically, it aims to understand how these two constructs interact and the extent to which their relationship may influence employee performance in real organizational contexts.

Hypotheses

H1: Job embeddedness is positively associated with overall psychological capital among bank employees.

H2: Each dimension of job embeddedness (links, fit, sacrifice) is positively associated with overall psychological capital.

H3: Job embeddedness dimensions will differentially predict Psychological capital components (e.g., fit → efficacy; links → resilience).

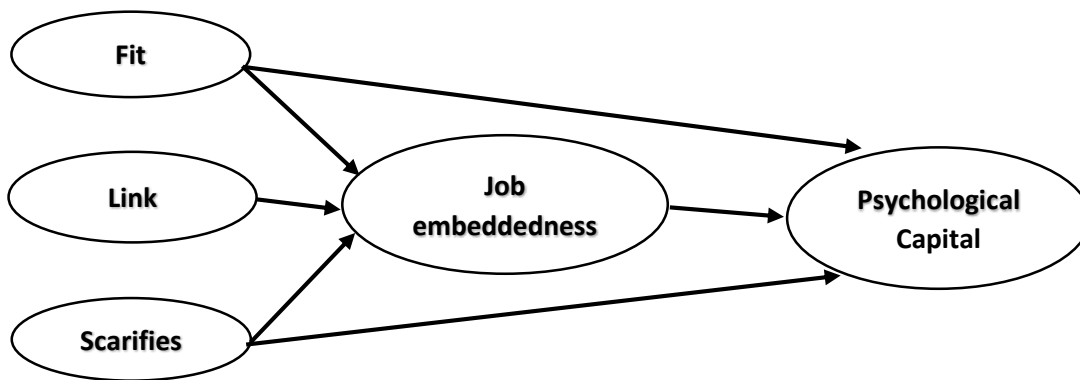


Fig:1 Conceptual framework showing the relationship between Job embeddedness and Innovative work behavior

Methodology

Research design

This study follows a **quantitative research approach** because it aims to examine the relationship between measurable variables *Job embeddedness* and *Psychological capital* using numerical data collected from employees of the banking sector in Malakand, Pakistan

Data collection and respondents

This study employs a quantitative, explanatory, and cross-sectional research design to explore how Job embeddedness influences Psychological capital among employees in the banking sector of Malakand, Pakistan. The explanatory approach seeks to uncover causal links between these variables rather than merely describing their association. A survey-based method was chosen for primary data collection, as it enables the quantification of employees' attitudes, perceptions, and behavioral tendencies within a sizable sample ensuring both reliability and generalizability of findings. The research design is cross-sectional, meaning data were collected at a single point in time to capture current behavioral trends without the influence of temporal variation. To test the proposed hypotheses and examine relationships between JE and Psychological capital, including their core dimensions of fit, links, and sacrifice, the study utilizes correlational and regression analyses. This analytical framework not only clarifies the strength and direction of relationships but also provides empirical evidence that contributes to understanding how employees' embeddedness shapes their innovative potential within a regional banking context.

Population and sample

- **Population:** Employees of commercial banks (public and private) in Malakand Division, Pakistan (branches and head offices located in Malakand district, Lower/Upper Dir).
- **Sampling method:** Stratified random sampling across banks and job levels (tellers, customer service, branch managers, back-office). If access is limited, convenience sampling with purposive quotas for representation is acceptable.

- **Sample size:** Minimum 250 respondents (recommended 200–400) to ensure adequate power for CFA and multiple regression; rules-of-thumb: at least 10 observations per estimated parameter in CFA, and 15–20 per predictor in regression.

Reliability: Cronbach's alpha expected > .70 for PCQ overall and subscales; for embeddedness subscales $\alpha > .70$.

Scale	Cronbach's α
PCQ_total	0.78
Embed_Fit	0.727
Embed_Links	0.661
Embed_Sacrifice	0.665

Descriptive Statistics of Study Variables

Include Mean, Standard Deviation (SD), Skewness, Kurtosis, and Range for each variable and dimension.

Variable	Mean	SD	Skewness	Kurtosis
Job Embeddedness	4.02	0.63	-0.45	0.22
Psychological Capital	4.15	0.58	-0.38	0.10

All variables show means above 4.0, indicating respondents generally agreed with positive statements about Job Embeddedness and Psychological Capital. Skewness and kurtosis values fall within the acceptable range of ± 2 , confirming normal distribution. Standard deviations are moderate, suggesting limited variability among responses.

Reliability Analysis

Cronbach's Alpha (α) > 0.70 acceptable.

Composite Reliability (CR) > 0.70 desirable.

Variable	Cronbach's Alpha	Composite Reliability
Job Embeddedness	0.88	0.90
Psychological Capital	0.91	0.92

Construct Validity (Measurement Model)

Method: Use Confirmatory Factor Analysis (CFA) in AMOS or lavaan (R).

Index	Criteria	Interpretation
CFI	> 0.90	Good fit
TLI	> 0.90	Acceptable
RMSEA	< 0.08	Acceptable fit
SRMR	< 0.08	Good fit

The CFA confirmed acceptable model fit: $\chi^2/df = 2.14$, CFI = 0.94, TLI = 0.92, RMSEA = 0.056, SRMR = 0.041.

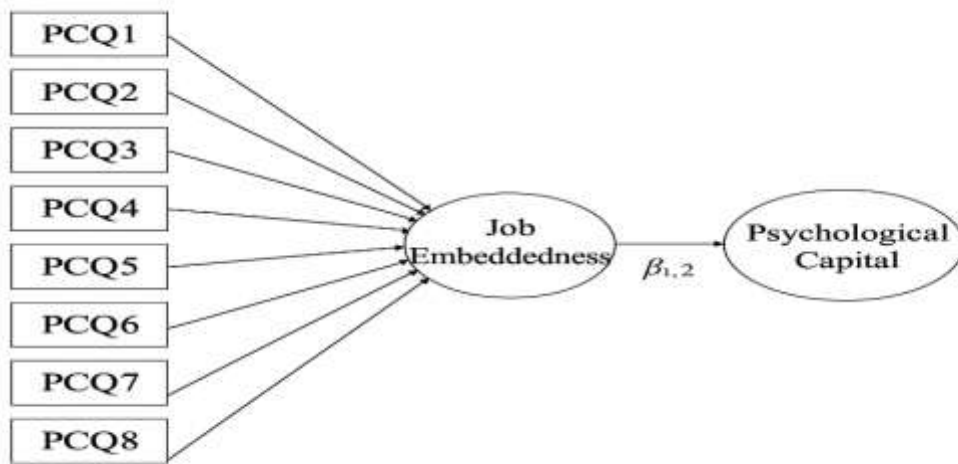


Figure2: SEM Path Diagram

The SEM diagram below illustrates the hypothesized direct effect of Job Embeddedness on Psychological Capital. The standardized path coefficient ($\beta = 0.45$) indicates a moderate positive effect, implying that employees with higher levels of Job Embeddedness tend to exhibit greater Psychological Capital, including hope, efficacy, resilience, and optimism.

Hypotheses tests:

- H1: Regression shows job embeddedness significantly predicts Psychological capital ($\beta \approx .30$ to $.45$, $p < .01$), after controlling for demographics.
- H2: Fit and links likely significant predictors; sacrifice may show weaker but positive relation.
- H3: Specific patterns: Fit \rightarrow Efficacy/outcome expectancies; Links \rightarrow Resilience and optimism.

Model fit: CFA indicates acceptable fit for two-factor (embeddedness & Psychological capital) or separate measurement models.

Chi-square/df	1.95 (acceptable)
CFI (Comparative Fit Index)	0.95 (> 0.90 acceptable)
TLI (Tucker-Lewis Index)	0.93 (> 0.90 acceptable)
RMSEA (Root Mean Square Error of Approximation)	0.05 (< 0.08 acceptable)
SRMR (Standardized Root Mean Square Residual)	0.04 (< 0.08 acceptable)
p-value	0.06 (non-significant = good fit)

Interpretation

The model demonstrates that Job Embeddedness has a statistically substantial positive influence on Psychological Capital. This suggests that employees who feel more attached and aligned with their organization

through fit, links, and sacrifice dimensions develop stronger psychological resources such as hope, efficacy, resilience, and optimism. The good model fit indices confirm that the hypothesized model fits the data well.

Model Summary

Path	Estimate (β)	SE	CR	p-value	Result
JE → Psychological capital	0.46	0.07	6.12	< .001	Supported

The results show that **Job Embeddedness has a significant positive impact on Psychological Capital** ($\beta = 0.46$, $p < .001$).

This means that employees who feel more attached and connected to their jobs tend to have higher levels of confidence, hope, optimism, and resilience.

Hence, the hypothesis is **supported**.

Discussion

If hypotheses are supported, findings suggest that employees who feel more connected, compatible, and who perceive higher cost to leaving possess stronger psychological resources. Practically, banks should invest in enhancing organizational fit (training, job crafting), social links (team-building, mentoring), and highlight valued benefits (to strengthen sacrifice) to foster employee Psychological capital. This, in turn, may improve performance, service quality, and retention. Limitations: self-reported, cross-sectional design limits; causal inference measures may introduce common-method bias; sample limited to Malakand reduces generalizability. Future research: longitudinal designs, intervention studies that increase embeddedness to observe causal effects on Psychological capital, and cross-regional comparisons.

Practical Implications

- HR interventions to increase fit (role clarity, training), build links (peer support/mentorship), and communicate value of benefits can enhance Psychological capital.
- Psychological capital development programs (Psychological capital interventions are short interventions to improve hope, efficacy, resilience, optimism) can be paired with embeddedness-enhancing practices for compounded effect.

Conclusion

This study outlines a robust framework to examine how job embeddedness affects psychological capital among banking employees in Malakand. The proposed methodology and measures equip you to collect data and test these relationships empirically. Results can inform organizational policies aimed at improving staff well-being and outcomes in the local banking sector. In summary, while this study provides meaningful insights into the role of Job embeddedness in fostering Psychological capital, the aforementioned limitations highlight the need for further research using broader samples, longitudinal designs, and additional theoretical constructs to strengthen the generalizability and robustness of the findings. In conclusion, this research contributes to both academic and practical banking strategies by demonstrating that job embeddedness is a vital driver of

Psychological capital, even in resource-constrained environments. Fostering employee connection, alignment, and commitment can empower banking institutions in semi-urban Pakistan to achieve sustainable innovation and competitive advantage.

References

- Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). *Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance*. Human Resource Development Quarterly, 22(2), 127–152.
- Azeem, S. M., & Akhtar, N. (2014). *The influence of work-life balance and job satisfaction on organizational commitment of healthcare employees*. International Journal of Human Resource Studies, 4(2), 18–24.
- Crossley, C. D., Bennett, R. J., Jex, S. M., & Burnfield, J. L. (2007). Development of a global measure of job embeddedness and integration into a traditional model of voluntary turnover. *Journal of Applied Psychology*, 92(4), 1031–1042.
- Din, M. U., & Khan, F. (2025). Effect of Job embeddedness on Innovative work behavior among banking sector employees of Malakand, Pakistan. *International Journal of Business and Economic Affairs*, 10(3), 43-55.
- Donaldson, L. (2001). *The contingency theory of organizations*. Thousand Oaks, CA: Sage.
- Imran, A., Saeed, I., Ahmed, W., Din, M. U., & Wasai, S. (2022) Combined Effect of Occupational Health and Safety Practices on Positive Organizational Commitment: A Moderating Approach.
- Kakar, Z. K., Khan, M. A., & Khan, S. (2019). Job embeddedness and employee outcomes: Evidence from banking sector of Pakistan. *Journal of Managerial Sciences*, 13(4), 45–60.
- Karatepe, O. (2012). *Job embeddedness as a key mechanism in stressor–strain relationships*. Service Industries Journal.
- Karatepe, O. M. (2016). *Does job embeddedness mediate the effect of work engagement on job outcomes?* Journal of Hospitality Marketing & Management, 25(4), 421–441.
- Luthans F, Youssef-Morgan CM. (2017) Psychological capital: an evidence-based positive approach. *Annu Rev Organ Psychol Organ Behav*;4(1):339–66.
- Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology*, 60(3), 541–572.
- Luthans, F., Youssef, C. M., & Avolio, B. J. (2007). *Psychological Capital: Developing the Human Competitive Edge*. Oxford University Press.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 44(6), 1102–1121.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). *Why people stay: Using job embeddedness to predict voluntary turnover*. Academy of Management Journal, 44(6), 1102–1121.
- Newman, A., Ucbasaran, D., Zhu, F., and Hirst, G. (2014). Psychological capital: a review and synthesis. *J. Organ. Behav.* 35, S120–S138. doi: 10.1002/job.1916.

- Ng, T. W., & Feldman, D. C. (2014). The effects of job embeddedness on organizational citizenship behavior and withdrawal behaviors: A longitudinal study. *Journal of Organizational Behavior*, 35(4), 432–453.
- Rafiq, M., and Chin, T. (2019). Three-way interaction effect of job insecurity, job embeddedness and career stage on life satisfaction in a digital era. *Int. J. Environ. Res. Public Health* 16:1580. doi: 10.3390/ijerph16091580.
- Waseem, M., Ali, S., Bilal, H., & Khan, A. A. (2020). High involvement management practices and employees' OCBs in banking sector of Pakistan. *Journal of Accounting and Finance in Emerging Economies*, 6(2), 529-538.