

# PSYCHOLOGICAL CAPITAL MATTERS FOR EMPLOYEE RETENTION: VOICES FROM THE UNITED ARAB EMIRATES

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## Abstract

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In response to growing interest in the potential for psychological capital (PsyCap) to improve retention in the post-COVID environment, this paper assesses the relationship between PsyCap and employee retention and explores changing attitudes towards the role of PsyCap in the United Arab Emirates (UAE). The study used a mixed methods research design to investigate the relationship between PsyCap factors and employee retention in private-sector organizations in the UAE. Four hundred employees from private sector organizations participated in a (quantitative) survey whilst thirty informants from a consulting organization took part in (qualitative) focus group interviews. The analysis of the survey data reveals a positive relationship between the independent variable (*PsyCap*) with the dependent variable (*Employee retention*) in our sample of private sector employees in the UAE. Qualitative data generated from informants signal a new interest and changing management attitudes towards PsyCap in organizations due primarily to the impact of COVID-19 and UAE government strategies. This paper adds value in providing findings from the specific nexus of retention and PsyCap in mapping attitudinal changes to PsyCap in the UAE and suggesting the possibilities for leveraging this interest within organizations. This research provides a rationale for managers and leaders to incorporate more strategic approaches to PsyCap within their talent management strategies, such as: 1) integrating PsyCap development into broader organizational culture initiatives rather than treating it as an isolated intervention; 2) fostering a positive work environment that enhances employees' psychological capital and improves engagement and retention; 3) leveraging PsyCap assessments and targeted development programs to identify and support high-potential employees.

**Keywords:** Psychological Capital, PsyCap, Employee Retention, Hope, Efficacy, Resilience, Optimism, United Arab Emirates

**Authors' individual contribution:** Conceptualization — C.J.T.; Methodology — C.J.T.; Software — C.J.T. and J.D.; Validation — C.J.T., A.M., and D.N.D.; Formal Analysis — C.J.T., A.M., and D.N.D.; Investigation — A.M. and J.D.; Data Curation — J.D.; Writing — Original Draft — C.J.T.; Writing — Review & Editing — A.M. and D.N.D.; Visualization — C.J.T. and J.D.

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## 1. INTRODUCTION

Talent retention has become increasingly critical for organizations striving for competitiveness in turbulent macro environments. Practices around pay, incentives, benefits, promotions, flexibility, work-life balance, and leadership are regularly understood by organizations as salient for employee retention. However, what about employees' psychological capital (PsyCap)? Is PsyCap often overlooked in organizational strategies for engagement and retention?

Maybe forgotten in the past, but the COVID-19 pandemic has contributed to a noticeable spike in interest in employees' PsyCap, especially resilience (Yildirim et al., 2023). The global crisis has reshaped employee priorities, affected the availability of skills in labor markets, and influenced how organizations approach talent management. As a result, we have witnessed a renewed emphasis on employee retention through strategies such as hybrid working and investment in psychological well-being (Penninx et al., 2022; Collings et al., 2021).

A growing scholarly consensus is that future-proofing organizations must focus on internal psychological resources. Developing PsyCap, particularly resilience, is increasingly vital to navigating future disruptions (Caligiuri et al., 2020). Aligning with this global shift, the United Arab Emirates (UAE) government launched the National Strategy for Wellbeing 2031, a ten-year national plan emphasizing the promotion of positive thinking, mental resilience, and the overall quality of life, including working lives (UAE Government, 2024). This national agenda underlines the relevance of the policy of understanding and strengthening PsyCap within UAE-based organizations.

PsyCap is a positive psychological state characterized by hope, efficacy, resilience, and optimism (Luthans, 2002; Luthans et al., 2015). Scholars have long linked PsyCap to positive organizational outcomes, especially employee engagement (Toth et al., 2023). While a few studies suggest a relationship between PsyCap and employee retention (Yu & Li, 2020), this area remains underexplored in both global literature and the Middle Eastern context.

This paper responds to that gap by investigating the specific relationship between PsyCap and employee retention in private-sector organizations in the UAE. Our goal is to enrich the scholarly dialogue by examining not only whether PsyCap influences retention but also how organizations perceive and implement PsyCap-related strategies.

The central research questions guiding this study are:

*RQ1: Does positive psychological capital — hope, efficacy, resilience, and optimism — influence employee retention in private sector organizations in the UAE?*

*RQ2: What are current attitudes toward PsyCap in UAE organizations, and can greater organizational awareness and development of PsyCap contribute to improved retention outcomes?*

This research is relevant for scholars and practitioners alike. For managers and human resource (HR) leaders, it provides practical insights on how fostering PsyCap may serve as a tool to enhance employee wellbeing (Al Ahbabi et al., 2019), boost engagement (Toth et al., 2023), and ultimately improve retention and organizational performance (Bakker & Leiter, 2010).

The study is structured as follows. Section 2 overviews the relevant literature. Section 3 describes the methodology used. Section 4 presents the results and Section 5 analyzes them. Finally, Section 6 concludes the current research.

## 2. LITERATURE REVIEW

### 2.1. Conceptualizing psychological capital

Psychological capital is crucial in promoting positive organizational outcomes such as intention to remain in the organization (Luthans et al., 2007). The role that PsyCap plays in building work (or employee) engagement is distinctly relevant here and is implicitly highlighted in the job demands-resources (JD-R) model (Bakker & Demerouti, 2007). This influential conceptual model places “personal resources” (which includes the PsyCap HERO factors: hope, efficacy, resilience, and optimism) alongside “job resources” as key to work engagement. In turn, higher levels of work engagement create higher levels of positive outcomes such as organizational commitment, personal initiative, extra-role behaviors, innovativeness, performance, and, of relevance to our discussion — higher levels of employee retention. In short, engaged workers are generally less likely to leave the organization than disengaged workers (Bakker & Leiter, 2010). The important point here is that from a JD-R perspective, PsyCap and job resources work in tandem, not in isolation, to generate engagement.

Besides the implications of developing PsyCap in order to enhance individual worker engagement, a more subtle but still very important implication can be found in the contagion effect. Specifically, through the positive emotions of being engaged, the motivation and emotions of individuals can be contagious — resulting in a more engaged organization with implications for positive firm-wide outcomes such as employee retention; and the much sought-after retention of talent (Sweetman & Luthans, 2010).

#### 2.1.1. Psychological capital and retention

Retaining talent is particularly important, as high levels of attrition can have undesirable and costly consequences (Pandita & Ray, 2018). However, much of the literature in this area focuses on employee turnover rather than the factors that encourage employees to stay in organizations (Zimmerman et al., 2020). Different employees have distinct motivations, and their motivators to stay or leave can depend on individual circumstances (Yan et al., 2021; Rivaldi & Sadeli, 2020) but PsyCap factors can have an impact on employee retention in organizations (Avey et al., 2009; Luthans et al., 2006).

Whilst comparatively underdeveloped, there have been several studies that have examined the specific relationship between PsyCap and employee retention from various perspectives, including attitudes and plans to leave their jobs as drivers (Schulz et al., 2014), and nurses' intentions to stay (Luthans & Jensen, 2005). Ashraf and Siddiqui (2020) found that PsyCap was a mediator between employee engagement and retention whilst Littman-Ovadia et al. (2017) also found that PsyCap factors were positively related to retention. Çelik (2018) suggests that applying positive PsyCap practices in the workplace can improve performance,

productivity, competitive advantage, customer service, and employee retention. Work by Dewi et al. (2020) reports that optimism, a component of PsyCap, can lead to high performance and retention whilst Seligman (1998), Peterson and Luthans (2003), and Kun and Gadanez (2022) support the positive relationship between PsyCap and financial performance, happiness, satisfaction, and employee retention. Examining the four aspects that comprise PsyCap can help gain a greater understanding of the relationship to the retention of employees and hence their skills and talent.

### 2.1.2. Hope

Hope is a crucial component of PsyCap, characterized by the ability to see a potential path to a better future, and having the motivation, goal-oriented energy, and willpower to meet the goals that will help achieve the “better future” (American Psychological Association [APA], 2023). Individuals who have hope in the possibility of positive and improved outcomes are more likely to be doggedly persistent and dedicated to the tasks necessary to achieve their goals — for in achieving these goals, they receive positive rewards and outcomes. By being hopeful, one is showing a belief in the rewards that can accrue from persistent dedication toward achieving one’s goals (Sweetman & Luthans, 2010). Hope can be seen as a key antecedent of retention decisions by employees: its absence is associated with burnout, which is a consistent characteristic of intentions to leave.

### 2.1.3. Self-efficacy

Self-efficacy refers to an individual’s belief in their ability and competence to master and accomplish specific tasks and organizational goals. This belief in ability enhances positive emotions and confidence, leading to the development of plans and desired performance even in unfavorable situations (Bandura, 2006). Self-efficacy is a positive psychological resource that strongly relates to employee engagement and work-related performance (Bakker & Leiter, 2010; Sweetman & Luthans, 2010).

Studies on the connection between self-efficacy and employee retention per se suggest a positive link between the two (Ma, 2001) with some evidence demonstrating that employees with high self-efficacy have improved job happiness, increased organizational commitment, and job involvement (Mäkikangas & Kinnunen, 2016). positive outcomes related to intentions to stay.

### 2.1.4. Resilience

Resilience refers to an individual’s capacity and ability to “get through” challenges and to ‘bounce back’ from challenging situations. For Linkov and Trump (2019), resilience is not so much an exclusive trait possessed by a few but rather is a capacity shared by many, as demonstrated in the resilience shown by hundreds of millions of people during the recent COVID-19 pandemic (Koo et al., 2022).

Individual employee resilience plays a role in contributing to team and organizational resilience (Shaya et al., 2023), an important point given that organizations with highly resilient employees are more likely to emerge out of crises quickly than

those lacking in this critical factor. Fang and Zio (2019) report that resilience is positively connected to job satisfaction and negatively related to turnover intention in the hospitality industry whilst Luthans et al. (2007) found that higher resilience is linked to lower turnover rates.

### 2.1.5. Optimism

Optimism, defined as having positive expectations for the future, has been linked to desirable organizational outcomes such as trust and better job performance (Çelik, 2018; Chhajer et al., 2018). Optimists believe good things will happen to them as individuals whereas pessimists believe bad things are more likely to happen (Sweetman & Luthans, 2010). Optimistic individuals view adverse events as temporary and external and show greater engagement and performance (Seligman, 1998; Chhajer et al., 2018).

High levels of optimism can positively impact employee retention, with evidence that suggests optimism can positively impact employee retention in the private sector (Avey et al., 2009; Luthans et al., 2007).

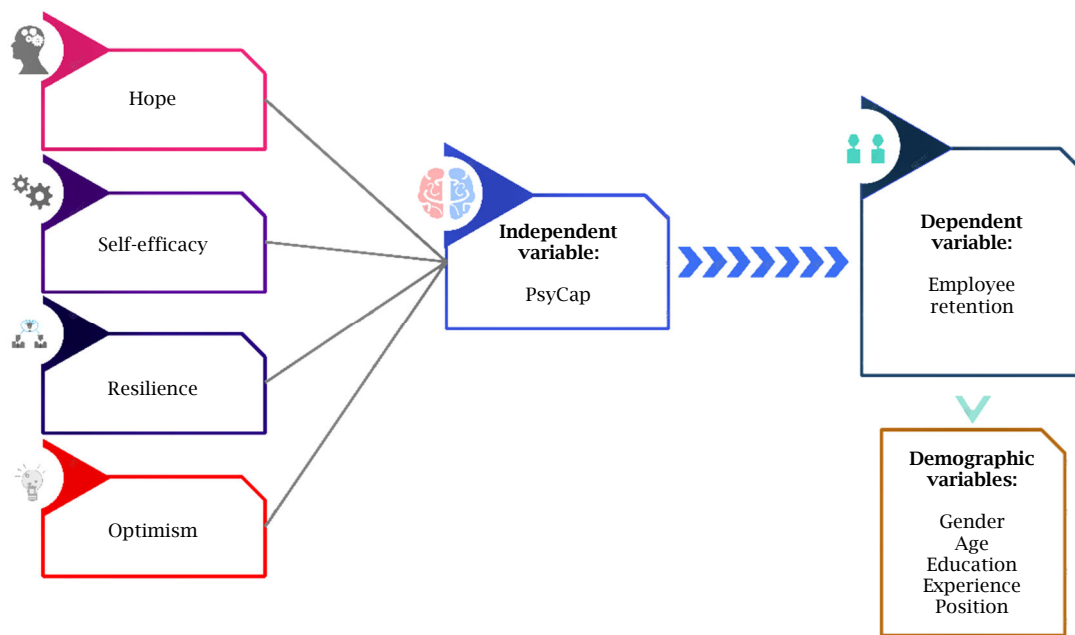
Taken in the round, we can discern from the literature that high levels of PsyCap can help build employee’s psychological capabilities to respond to job demands, and contribute to work engagement (Datu et al., 2018; Toth et al., 2023) and, therefore, has a role in positive outcomes such as greater retention. Crucially, studies emphasize that psychological capability can be enhanced and developed through workplace cultures and practices (Carter & Youssef-Morgan, 2022). In the aftermath of COVID, resilience has become an ever-more popular area of debate in management scholarship and leadership circles (Bailey & Breslin, 2021) with suggestions that critical talent competencies, including tolerance for ambiguity, individual resilience, and curiosity (Caligiuri et al., 2020) are key features that need to be developed in preparation for future global crises.

Despite increasing recognition of the importance of PsyCap in fostering work engagement and related outcomes, the direct relationship between PsyCap’s four dimensions (hope, efficacy, resilience, and optimism) and employee retention — particularly within the private sector in the UAE — remains underexplored. The UAE presents a unique socio-economic and cultural context, shaped by a fast-paced economy, multicultural workforce, and high talent mobility. Limited empirical evidence exists that examines how each component of PsyCap impacts employee retention in this region, presenting a clear research gap that this study seeks to address.

## 2.2. Conceptual framework

The researchers designed a framework (see Figure 1) as a guide to measure the impact of PsyCap factors on employee retention in the private sector of the UAE. *PsyCap* was measured as a multidimensional independent variable with *Employee retention* measured as a unidimensional dependent variable. Additionally, the effects of some control variables were measured as to how they influence the relationship between *PsyCap* and *Employee retention*. The demographic variables are (*Age, Gender, Education, Experience, and Position*).

Figure 1. Conceptual framework



Source: Authors' elaboration.

## 2.3. Hypotheses

Previous studies have explored the relationship between PsyCap factors and employee retention, with limited studies focusing on specific groups such as aging employees, drivers, talented medical employees, and employees in the sports ministry. Çelik (2018) examines the impact of PsyCap on the turnover ratio and identifies factors that affect PsyCap leading to turnover intention. The researchers used a confidence level of 95% and a significance level of 0.05, commonly used in statistical analysis, to determine the validity of research results. A confidence level of 95% means there is a 95% probability that the valid population parameter falls within the calculated confidence interval. A significance level of 0.05 indicates a 5% chance of obtaining a result due to chance or random variation (APA, 2020). In response to this gap in the literature, the following hypotheses are formulated to empirically test the relationship between PsyCap and employee retention in private-sector organizations in the UAE context:

*H1: Hope is significantly positively associated with employee retention in private sector organizations in the UAE.*

*H2: Efficacy is significantly positively associated with employee retention in private sector organizations in the UAE.*

*H3: Resilience is significantly positively associated with employee retention in private sector organizations in the UAE.*

*H4: Optimism is significantly positively associated with employee retention in private sector organizations in the UAE.*

*H5: There is a significant difference in employee retention in private sector organizations in the UAE based on gender.*

*H6: There is a significant difference in employee retention in private sector organizations in the UAE based on the type of position.*

*H7: There is a significant difference in employee retention in private sector organizations in the UAE based on experience.*

*H8: There is a significant difference in employee retention in private sector organizations in the UAE based on education.*

*H9: There is a significant difference in employee retention in private sector organizations in the UAE based on age.*

## 3. RESEARCH METHODOLOGY

### 3.1. Quantitative survey participants

Participants were recruited via an online self-administered survey through cloud-based software development (Microsoft Forms) which is a customizable survey that includes data analysis, sample selection, bias elimination, and data representation tools. The sample size of 400 included 163 females and 237 males; the majority of the participants were in the age group 25–34 years old (76.5%,  $N = 306$ ), with 14% in the age range 35–44 years old, 7.2% were aged 45–55 years old, with 2% aged above 55 years old, and only one participant in the 18–24 years old age group.

The education profile of the participants shows 7% attained high school level only, 71% were educated to undergraduate degree level, 15.5% to master's level with 6.3% holding a doctoral degree. Most of the participants (74.5%, 298) had 11–15 years of work-related experience, followed by 11% 21 years and above, 5.5% had 16–20 years, 5.5% had 6–10 years, and 3.5% had 1 to 5 years of work-related experience. 110 participants were working in managerial roles with 290 in non-managerial roles.

### 3.2. Procedure

Participants completed an online survey (via an online self-administered survey through cloud-based software development, i.e., Microsoft Forms) which assessed demographics, self-efficacy, hope, resilience, optimism, and employee retention. Data was collected using an electronic survey platform. The questionnaire was circulated through a number of channels such as emails, direct messages,

and social media platforms, especially LinkedIn. The participants received a link for the questionnaires. An informed consent was provided prior to participation, and no incentive was given for participation. The study was approved by the Ethics Committee (anonymous for review) and the survey was in the English language.

Data collection for the quantitative survey took place over a three-month period, from June 2023 to August 2023.

Participants ( $n = 400$ ) were private-sector employees with various work profiles. Employees who had worked with their company for six months or more were eligible. Data was collected using a random sampling technique to achieve consistent statistical analysis; the sample size was set to four hundred participants because the population size was unknown. Selecting a random sample of 400 private-sector employees in the UAE ensures that each employee has an equal chance of being included in the study, regardless of their job title, company, or location. This approach increases the generalizability of the study findings to the population of all private sector employees in the UAE.

Additionally, a sample size of 400 is statistically sufficient to achieve a margin of error of 5% with a confidence level of 95% for the population of all private sector employees in the UAE (Dyer, 2006). A confidence level of 95% means there is a 95% probability that the valid population parameter falls within the calculated confidence interval. A significance level of 0.05 indicates a 5% chance of obtaining a result due to chance or random variation (APA, 2020). The sample size provides an acceptable level of precision in estimating the population parameters for the study variables.

### 3.3. Materials

The study used different types of questionnaires:

- Demographic questionnaire: Demographic questions asked about participants' age, gender, education level, work-related experience, and if they are in managerial/non-managerial roles.

- The PsyCap questionnaire (PCQ-24): A 24-item questionnaire that assesses hope, self-efficacy, optimism, and resilience on a 6-point scale was used. The PCQ-24 has been used in many types of research to measure PsyCap (Avey et al., 2011; Newman et al., 2014). Luthans et al. (2007) constructed the PCQ-24 to measure each of the four resources: hope, efficacy, resilience, and optimism, also known as HERO. The researchers changed the 6-point scale to a 7-point Likert scale, which is considered more accurate and simpler to use. The alpha coefficient for the world scale was 0.98, and the subscale values for self-efficacy, hope, resilience, and optimism were 0.97, 0.96, 0.94, and 0.95, respectively.

- Employee retention questionnaire: The questionnaire is an adaptation of Kyndt et al. (2009), which includes eleven questions that are designed to be easy for participants to understand and for data analysis. A 7-point Likert scale was applied. The participants were asked to indicate their agreement or disagreement with the 11 statements listed in Table 1. The Cronbach's alpha was 0.812.

Analysis of quantitative data used frequency and descriptive analysis, mean values, one-way analysis of variance (ANOVA), and independent sample t-tests, to analyze data collected from four hundred participants.

**Table 1.** Employee retention questionnaire

Codes	Factors
<i>Dependent factor: Employee retention</i>	
a	I'm planning on working for another company within a period of three years.
b	Within this company, my work gives me satisfaction.
c	If I wanted to do another job or function, I would look first at the possibilities within this company.
d	I see a future for myself within this company.
e	It doesn't matter if I'm working for this company or another, as long as I have work.
f	If it were up to me, I would definitely be working for this company for the next five years.
g	If I could start over again, I would choose to work for another company.
h	If I received an attractive job offer from another company, I would take the job.
i	The work I'm doing is very important to me.
j	I love working for this company.
k	I have checked out a job in another company previously.

### 3.4. Group interview procedure

A sample of thirty participants was achieved through non-probability, purposive sampling. They were full-time employees of a large, long-established, and high-profile consulting firm in Dubai City. The organization was founded in the Middle East and is a regional specialist in providing HR, training, and consultancy to corporate clients in the UAE and neighboring countries. The qualitative data collection was conducted between October 2023 and December 2023.

The participants were divided into five focus groups of six for group interviews. The key aim of the group interviews was to garner participants' work experiences to generate a greater understanding of current attitudes towards PsyCap in UAE organizations. In addition, gather their views on how organizations in the UAE can improve retention through greater awareness of the role of PsyCap. To this end, the discussion revolved around

questions that included participants' experiences and observations of engagement/motivation, HERO factors, capabilities and intentions to stay/leave, and ways that organizations in the UAE can do more on PsyCap.

The use of focus group discussions (Nyumba et al., 2018) resulted in an array of views, experiences, and observations from participants in their capacity as employees but also from many, in their capacity as client-facing consultants. These participants' significant expertise and knowledge of developments in the UAE allowed them to provide observations on trends they observed from their client-facing work in the UAE.

After conducting the group interviews and transcribing them from audio to text, the qualitative data was analyzed using the principles of thematic analysis (Braun & Clarke, 2021). The data was cataloged in tables following thematic analysis protocols that connected the preliminary codes into sub-themes. The codes, sub-themes, categorizations,

and themes were clustered based on their logical connection to answering the research questions, namely attempting to explore PsyCap, retention, and the organization's role in enhancing both.

## 4. RESEARCH RESULTS

### 4.1. Quantitative survey

Table 2 shows mean scores and standard deviations of participants' endorsement of *Hope*, *Self-efficacy*, *Resilience*, *Optimism*, and *Employee retention*.

**Table 2.** Means and standard deviations of variables

Variable	N	Mean	SD
Hope	400	6.53	0.899
Self-efficacy	400	6.20	1.054
Resilience	400	6.21	1.018
Optimism	400	6.87	0.701
Employee retention	400	6.70	0.990

**Table 3.** Pearson's correlation values between the independent variables and *Employee retention*

Independent variables	R	Significance
Dependent variable: <i>Employee retention</i>		
Hope	0.90	p < 0.05
Self-efficacy	0.75	p < 0.05
Resilience	0.85	p < 0.05
Optimism	0.77	p < 0.05

Table 3 shows Pearson's correlation coefficients between *Employee retention* and *Hope*, *Self-efficacy*, *Resilience*, and *Optimism*. Hypotheses H1-H4 were supported (i.e., all the variables were significantly positively associated with *Employee retention*).

**Table 4.** Results of t-test for Gender and *Employee retention* in UAE's private companies

Variable	t-value	df	p-value
Gender	-3.367	399	< 0.05

Table 4 shows the result of the t-test for Gender on *Employee retention*, there is a significant difference in employee retention in the private sector organizations in the UAE based on gender, therefore, H5 was supported.

**Table 5.** Results of t-test for managerial and non-managerial categories and *Employee retention* in UAE's private companies

Variable	t-value	df	p-value
Managerial and non-managerial	0.611	399	0.542

Table 5 shows the t-test result for participants' position on *Employee retention*, there is no significant difference in employee retention in the private sector organizations in the UAE based on type of position, therefore, H6 was rejected.

**Table 6.** Results of one-way ANOVA for *Experience*, *Education*, and *Age* and *Employee retention* in UAE's private companies

Variables	F-value	df1	df2	p-value
Experience	1.260	4	395	0.287
Education	1.240	3	396	0.296
Age	1.026	4	395	0.395

Table 6 shows the one-way ANOVA results for participants' duration of work *Experience*, *Education* level, and *Age* on *Employee retention*, there are no significant differences in *Employee retention* in the private sector organizations in the UAE based on experience, education, and age; therefore, H7-H9 were rejected.

### 4.2. Qualitative group interviews

Three key themes emerged from the informants in the group interviews. Firstly, a consistent view that the key to retention in the Emirati workplace is work (or employee) engagement which participants view as comprising a person's engagement with the nature of their job combined with their engagement with the organization. Secondly, whilst job resources are profoundly important to their engagement (and hence retention), personal and psychological resources also have a significant bearing on engagement and retention, which they find can often be poorly understood by managers. Thirdly, there has been a turn, and a spike of interest in PsyCap in recent times, and with better understanding and education organizations can better intervene and develop the PsyCap of employees.

The first theme — the importance of engagement with the job — was considered an important nuance as there can be a perception in the UAE that the key to engagement is what the organization has to offer at the transactional level, rather than the nature of the job-person fit itself. For participants, engagement (and downstream retention) is leveraged by both organization practices and the nature of the job. Therefore, job design, challenging tasks, and meaningful work are pivotal, as illustrated by a quote from this consultant:

"A good person-job fit is essential for employee retention. It's not just about the rewards; it's about finding fulfillment in the work we do. When the job is well-designed and aligns with our skills and passions, it creates a sense of purpose and satisfaction that keeps us motivated and engaged" (personal communication, March 2023).

Implicit in this view is the notion of adopting a strengths-based approach that matches employee's strengths to the tasks and duties they perform. This was felt relevant to PsyCap because self-efficacy (for example) can be enhanced by ensuring staff are matched to tasks and challenges that correspond to their strengths.

Regarding engagement with the organization, three fundamental issues emerged as important for retention; firstly, organizations as psychologically safe spaces, free of humiliation and bullying; where employee identities and voices are not ridiculed but rather are respected. Secondly, the presence of job security, contractual stability, and the avoidance of precarity. Thirdly, a culture of strong social relations in the workplace. Participants summarized the presence of these as constituting what they referred to as a "positive work environment", which they consider essential in building a culture of openness, trust, and respect; which in turn can help nurture and sustain PsyCap factors such as hope, optimism and resilience. In their opinion, closed, distrustful, and disrespectful workplace cultures do not create a climate conducive to individual employees' hope and optimism about the workplace or their future in it. Therefore, participants believe

there are strong links between workplace culture and the nature of the PsyCap that develops across those working in the organization.

So how might management and leadership ensure the presence of a “positive work environment”? Participants cited the following; rewards (especially non-financial), including recognition and praise; learning and developmental opportunities; supportive management styles; and employee voice. The issue of voice was considered important for improving involvement, efficacy, and confidence. However, the voice was said to be culturally bound as illustrated by this respondent:

*“Traditionally, there’s a strong emphasis on respecting authority in the UAE. Employees sometimes feel uncomfortable challenging their direct supervisors, as the norm is to listen to the bosses rather than speak up, but speaking up is important for growth”* (personal communication, April 2023).

Returning to the second key theme: the role of PsyCap in retention. Participants viewed this through the engagement lens, in other words, employees who have high levels of hope, efficacy, resilience, and optimism possess what can be considered as “PsyCaps” that help deal with the demands and challenges of the job, and, therefore, enhance their engagement and downstream retention. It was felt that employees who have hope of success, strive more, those who are resilient are able to plough through and not simply “throw their hands up in despair, give up, and leave” (Mouton, 2023, p. 2), and those who have high levels of self-efficacy develop confidence that contributes to the degree of vigor and energy they bring to their roles.

On the third theme — the role of management and leadership in developing the PsyCap of employees, participants were unequivocal that this is an area requiring much greater management and HR intervention. Whilst the focus of retention efforts is often directed at organizational rewards, contracts, hybrid working, and such, historically there has often been little or no focus on the concepts around PsyCap as a route to engaging and retaining talent. However, the informants observed that changes were afoot in UAE organizations as the legacy of COVID-19 engendered an interest in resiliency and well-being.

*“There is a new emphasis on ensuring employees feel valued and supported in their workload and not left alone and helpless. When the company invests in our development and also our well-being, it boosts our resilience, and makes us more committed and able to do our workload”* (Consultant 1, personal communication, April 2023).

Participants shared experiences of this turn in management attitudes towards PsyCap. Participants felt that traditionally the term “psychological” capital could be problematic; interpreted in ways that could be conflated with mental health and (in)ability to cope, and, therefore, stigmatized. Further, there were tendencies to view PsyCap as an area that required “self-improvement” work by the individual and not the organization. However, there was open agreement that the legacy of COVID-19 as well as recent exhortations by the ruling and political leaders in the UAE, has resulted in organizations in the UAE becoming openly curious, often for the first time, in how to build employee PsyCap with a more active interest in using mentoring, coaching, training, and developmental exercises. Participants consider that

the shared experiences of the pandemic, plus government intervention have given “permission” to managers and organizations to speak openly about the importance of psychological resources in the workplace, and this marks a cultural change.

## 5. DISCUSSION OF THE RESULTS

Conceptual models such as the JD-R model of work engagement have long postulated that personal resources (including PsyCap) do in fact “matter” in that they have a direct bearing on work engagement and highly prized positive organizational outcomes such as employee retention (Bakker & Leiter, 2010).

The analysis of the survey data from this research reveals a strong positive relationship between the independent variable (PsyCap) with the dependent variable (employee retention) in our sample of private sector employees in the UAE. Whilst similar studies have explored the specific relationship between PsyCap and retention in different geographic and cultural settings (Alessandri et al., 2018; Luthans & Youssef-Morgan, 2017; Alsankour & Zardoshtian, 2020), to the best of the authors’ knowledge, this study is the first to be conducted with a specific UAE focus as it highlights why PsyCap matters in the UAE context.

Despite evidence of strong links between PsyCap and retention, our work shows gender disparity. Gender differences in employee retention in UAE private sector organizations can stem from several factors. Challenges in balancing work and family responsibilities, perceived lack of career advancement opportunities, and unsupportive workplace cultures can drive women to leave their jobs. Disparities in compensation and benefits, inadequate support systems, and lower job satisfaction contribute to higher female turnover rates. Additionally, limited access to professional development, societal and cultural norms about gender roles, and experiences of discrimination or harassment can further impact women’s decisions to stay with or leave an organization. Addressing these issues is key to helping improve gender equity and retention rates (Lee et al., 2023).

Our interpretation of the qualitative group interviews with consulting experts in the field in the UAE suggests that traditionally, the development of psychological resources has often been characterized as “owned” by the individual, linked to individual personality, and thereby seen as largely immune to organizational interventions. As such, we discern a non-responsibility for developing the hope, efficacy, resilience, and optimism of workers. Such prevailing perceptions can lead to a conflation of PsyCap with micro levels of analysis (i.e., it’s the property of the individual worker) and, therefore, of little concern to meso-level (organizational) intervention.

The development of PsyCap is not a stand-alone activity; rather it involves a range of management, HR, and HR development (HRD) practices. A culture of employee voice is, in our view, one of the key aspects of HRD required for enhancing employees’ PsyCap. Open, penalty-free, dialogue and two-way conversations about capabilities, strengths, needs, vulnerabilities, workloads, intersection of personal life/work, and the “authentic self” at work can contribute to a culture of trust and respect in the employment relationship (Prouska et al., 2024) that we see as crucial in providing the foundations for initiating work on PsyCap.



Two macro events have changed this traditional non-interventionist mindset to PsyCap in UAE organizations, the first of which has been the global COVID-19 pandemic. The ability of organizations to respond to and recover from external crises such as COVID-19 has been linked to the concept of organizational resilience (Linnenluecke, 2017). As a result, the development of resilience is of heightened interest to organizations as they expect inevitable future crises. Resilience is a key aspect of PsyCap, and scholarship suggests that organizations can intervene, build, and shape such resiliency by developing the competencies and strengths of employees (Bailey & Breslin, 2021).

It follows that organizations need to adopt a strategic approach to developing the capabilities of employees in general (Lee et al., 2022). In doing so, we postulate that employees with greater levels of efficacy and resilience can become a powerful organizational capability, which can be mobilized to respond more effectively to future crises. Such promises can help rupture managerial non-responsibility and non-interventionist mindsets. Managerial interest in developing resilient employees is a key legacy of the global pandemic (Caligiuri et al., 2020) and can help pave a path to interest in other aspects of PsyCap that might help improve well-being and mental health.

The second macro event that has led to increased curiosity and awareness in PsyCap in the UAE is the momentum provided by powerful political interest in developing greater “national well-being”. The National Strategy for Wellbeing 2031 program aims to make the UAE a “world leader in quality of life through a number of strategic objectives and initiatives highlighting the UAE government’s focus on the citizen’s wellbeing” (UAE Government, 2024, para. 2). This highly publicized strategy actively mentions the issue of “promoting good mental health” and “adopting positive thinking” across all aspects of Emirati society, including the workplace. Such highly influential macro-level political impetus helps provide validation for managerial interest in developing the PsyCap of their employees. If the country’s leaders are advocating PsyCap and well-being at a macro level, this can encourage developments at the meso level.

Management interventions in this arena signal to the resource-based view of the firm (Barney, 1991) that in developing the capabilities (psychological or otherwise) of the internal resources available to the organization, they hold potential as sources of competitive advantage — which is of crucial importance to the UAE at a regional and global level, offering further justification and validation for

taking the issue of PsyCap seriously. Herein we can see a macro-meso dynamic at play in supporting new interest in PsyCap. Indeed, periods of external crises such as COVID-19 often provide organizations and governments with the drive and rationale to reflect on their human capital (Gibson et al., 2021).

## 6. CONCLUSION

This study provides evidence of the role of PsyCap in helping retain employees in the UAE; it adds empirical support of a clear business case in managing PsyCap due to the potential to improve retention — which is, more than ever, a critical component of strategic talent management. The study contributes by marking a historical record in time of the turn to PsyCap in the UAE and lays the foundations for further research on exploring whether this marks a radical shift in how organizations embrace PsyCap at a policy and practice level or whether the developments are largely ephemeral.

Further, this study demonstrates the role of external factors such as the COVID-19 pandemic, and government strategies, in providing institutions with further motives to invest in PsyCap. Historic notions of psychological resources as a private and individual issue, coupled with a scintilla of stigma and silence around the term are now undergoing challenge and revision in the UAE. As such this study contributes to post-pandemic scholarship in charting changing attitudes towards PsyCap. Studies such as this provide evidence and voice to UAE experiences and carry significant weight in that habitus and beyond.

The study focused only on private sector organizations in the UAE, and the results may differ if public sector organizations or other countries/regions were included. The sample’s highly educated and experienced demographic may impact the survey’s results, and their environment may influence participants’ tendency to agree or disagree. Other factors besides PsyCap can impact employee retention in organizations with a multicultural and multigenerational workforce.

The research recommends that this study leads to future work on the specific role of gender in employee retention, to further explore the reasons for gender differences highlighted in this research. Further the role of culture in UAE organizations in implementation of management interventions aimed at improving PsyCap. And finally, we feel that further longitudinal work would be useful to assess whether the growing rhetorical interest in PsyCap highlighted in the study, translates into sustained realities “on the ground” in UAE organizations.

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