

IMPACT OF PSYCHOLOGICAL CAPITAL ON EMPLOYEE SUBJECTIVE WELLBEING OF GOVERNMENT BANKING SECTOR IN SRI LANKA

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Abstract

In an era where employee well-being is paramount to organisational success, psychological capital emerges as a transformative asset, offering a pathway to unlock resilience, optimism, and positivity among the workforce. During an economic crisis, a country's financial sector relies heavily on its people. That's why government banks prioritise their human capital; hence, this need inspired the focus of this study. Therefore, a current study investigated the impact of psychological capital on employees' Subjective well-being of government bankers using Broaden and Build theory of positive emotions as a foundation for the study. Based on theory and existing literature, the researcher developed a conceptual model grounded in the Broaden-and-Build Theory and supported by empirical evidence. The study used an online-based questionnaire to collect the primary data from the sample. Multiple linear regression analysis and Correlation analysis were applied as data analysis techniques to examine the hypothesis acceptance or rejection of this quantitative study, using SPSS 27 software. The results indicated that psychological capital has a significant positive impact on employee subjective well-being, and resilience had the most significant impact, with is +0.368 beta value of and that impact was significant at a 95% confidence level (P=0.000). Self-efficacy, Hope, and Optimism also have a significant positive impact, respectively. Finally, implications and recommendations that help policymakers and top management to enhance employee subjective well-being through developing related policies, programs and future directions were discussed.

Keywords: Hope, optimism, psychological capital, resilience, subjective well-being

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Introduction

In today’s world, strengthening psychological resources like hope, resilience, optimism, and self-efficacy is crucial for well-being (Luthans et al., 2007). After the pre-literature review of the annual reports of Sri Lanka’s government banks, the researcher noticed that even though employee benefits and welfare provisions had increased, staff turnover rates were still high. This surprising pattern suggested that there might be deeper issues affecting employees’ subjective well-being. As a result, the researcher recognized a practical gap as well as empirical gap by the reason of, there were limited empirical evidence in the context of Sri Lanka related to PsyCap and SWB. Thus, researcher hypothesize that psychological capital could play a key role in explaining this situation.

This study, based on Fredrickson’s Broaden and Build theory (2004), but the theory provides only a partial explanation for the research problem and cannot directly apply for the context of Sri Lanka, thus based on Broaden and Build theory resercher examines how Psychological Capital (PsyCap) influences subjective well-being (SWB) among Sri Lanka’s government bankers. Using a quantitative, deductive approach and narrative design, data were collected through questionnaires and analyzed with multiple regression. Given the government banking sector’s vital role and growing concerns about employee turnover and migration (Central

This study outlines the context, research aims, significance, and limitations while adding insight to the existing literature.

This study contributes theoretically by extending the Broaden-and-Build Theory to Sri Lanka’s public banking sector, showing that psychological capital resilience, self-efficacy, hope, and optimism enhance employees’ subjective well-being. Managerially, it highlights the importance of HR programs that develop resilience and self-efficacy to complement financial incentives and reduce turnover. Policy-wise, the findings support national well-being goals by emphasising initiatives that foster psychological capital, promoting sustainable workforce performance and overall employee well-being.

Background of the study

Sri Lanka’s banking sector is a cornerstone of the nation’s economy, ensuring financial stability and driving development. According to Wheelen et al. (2018), every organization’s strategic aim is to maximize shareholder value and maintain a competitive edge—goals that, for banks, depend on employee productivity and well-being. From tellers to security staff, every employee shape customer trust and service quality. However, Sri Lanka’s state-owned banks face stiff competition from private banks, increasing pressure on employees to meet demanding targets. Psychological capital (PsyCap), defined by Luthans et al. (2004, 2007) as

self-efficacy, hope, optimism, and resilience, has proven crucial in supporting employees’ positive attitudes and performance. Unlike tangible assets or knowledge capital, PsyCap emphasizes “who you are” and “who you are becoming,” shaping behavior and service delivery in customer-focused sectors like banking (Avey et al., 2009).

Recent reviews of annual reports from major state banks such as Bank of Ceylon and People’s Bank show rising voluntary turnover, despite heavy investments up to 60–70 million rupees annually in training and welfare. This suggests deeper factors like mental well-being and job satisfaction influence retention. Subjective well-being (SWB), covering life satisfaction and emotional states (Diener et al., 1995), directly affects performance, engagement, and loyalty. Poor SWB, however, fuels burnout and turnover (Morin et al., 2015; Rothausen et al., 2017). The Broaden and Build theory (Fredrickson, 2004) underlines that positive psychological resources help employees cope and flourish.

Table 1
Volunteer turnover and provisions for employee benefits

Year	Turnover Bank of Ceylon	Turnover Peoples Bank	Provisions for Employees Bank of Ceylon	Provisions for Employees Peoples Bank
2019	86	272	18.4 billion	13 billion
2020	32	147	15 billion	19.7 billion
2021	50	145	25 billion	22.8 billion
2022	130	178	-	26.6 billion
2023	274	-	25.8 billion	-

(Source: Annual reports People bank & BOC (2024))

According to Table 1, upon reviewing the annual reports of government banks in Sri Lanka, the researcher observed that, despite increased employee benefits and provisions, turnover rates remained high. This contradiction indicated potential issues in employees’ subjective well-being. Consequently, the researcher

identified a practical gap and hypothesised that psychological capital may significantly influence this phenomenon. “Thus, understanding how PsyCap impacts SWB is vital for retaining talent and sustaining service quality in Sri Lanka’s state banking sector.

Problem statement

The success of service-driven sectors like banking heavily relies on employees’ psychological well-being (Avey et al., 2010; Campbell et al., 2012). Sri Lanka’s economic crisis and COVID-19 have intensified pressures on its banking sector, despite significant investments in human capital. Annual reports from Bank of Ceylon and People’s Bank show a sharp rise in voluntary resignations, highlighting that pay alone doesn’t retain staff.

Despite increased investments in employee benefits and welfare provisions within Sri Lanka's government banks, employees' subjective well-being remains suboptimal. While turnover rates are often used as indicators of employee dissatisfaction, they are influenced by a multitude of factors beyond well-being alone, such as organisational culture, career advancement opportunities, and socio-economic pressures. This complexity underscores the necessity to directly assess subjective well-being to gain a comprehensive understanding of employees' experiences.

Existing literature highlights that subjective well-being encompasses emotional, cognitive, and work-related dimensions, which are crucial for enhancing employee engagement and performance. For instance, studies have shown that psychological capital, comprising self-efficacy, hope, optimism, and resilience, positively influences employees' subjective well-being and organisational commitment. Furthermore, research indicates that psychological capital can mediate the relationship between work-life balance and job satisfaction, suggesting its pivotal role in fostering a positive work environment (Anushi et al., 2022).

Recognising this, the present study aims to directly assess the subjective well-being of employees in Sri Lanka's government banks and examine the influence of psychological capital on their well-being. By focusing on these internal psychological resources, the study seeks to provide actionable insights for improving employee well-being, thereby enhancing overall organisational effectiveness and reducing turnover intentions.

Research gap

In Sri Lanka, government banking jobs are respected and secure, yet annual reports reveal rising turnover and employee migration despite good pay and benefits. Research indicates that financial rewards alone can’t retain employees if their mental well-being suffers (Fredrickson, 2004). State banks invest heavily in staff development and welfare, but persistent resignations suggest a deeper issue. According to the Broaden and Build theory, strong Psychological Capital hope, optimism, resilience, and self-efficacy enhance satisfaction and retention. However, few studies directly examine how PsyCap affects overall well-being in Sri Lanka’s state banks, where unique cultural and economic factors apply. This creates a local research gap (Luthans et al., 2007). Therefore, this study aims to answer: How does PsyCap impact government bankers’ subjective well-being, and how do its dimensions individually contribute? By addressing this practical and empirical gap, researcher derived the following questions and objectives.

RQ1: What is the impact of self-efficacy on employee subjective well-being in the government banking sector in Sri Lanka?

RQ2: What is the impact of Hope on employee subjective well-being of government banking sector in Sri Lanka?

RQ3: What is the impact of Optimism on employee subjective well-being of government banking sector in Sri Lanka?

RQ4: What is the impact of Resilience on employee subjective well-being of government banking sector in Sri Lanka?

Based on the four elements of the Psychological Capital (psy cap) construct, specific research objectives were developed as follows.

RO1: To study the impact of Self efficacy on employee subjective well-being of government banking sector in Sri Lanka.

RO2: To study the impact of Hope on employee subjective well-being of government banking sector in Sri Lanka.

RO3: To study the impact of Optimism on employee subjective well-being of government banking sector in Sri Lanka.

RO4: To study the impact of Resilience on employee subjective well-being of government banking sector in Sri Lanka.

Significance of the study

In Sri Lanka, the government banking sector plays a critical role in economic stability, with its biggest asset being its people. Since banks are service driven, understanding factors that shape employees' well-being is vital not only for individual welfare but for the sector's overall success. This study makes key contributions by exploring how Psychological Capital (PsyCap) hope, optimism, resilience, and self-efficacy—influences bankers' subjective well-being (SWB). While global research links PsyCap with positive work outcomes (Luthans et al., 2007; Avey et al., 2009), evidence in Sri Lanka's unique banking context is scarce. Unlike heavily digitalized banking systems elsewhere, Sri Lanka's banking still depends on face-to-face service, making human factors even more critical. Practically, the findings guide policymakers and senior managers on fostering PsyCap through targeted programs—like resilience training or confidence-building workshops—to keep staff motivated, engaged, and less likely to resign (Avey et al., 2011). Such investments align with corporate social responsibility (CSR) goals, enhancing reputation and stakeholder trust while boosting employee well-being. Ultimately, strengthening PsyCap supports both individual mental health and sustainable organizational performance. This study also encourages future research on PsyCap's effects on stress, work-life balance, leadership, and commitment. By unpacking these links, Sri Lanka's banks can design precise, meaningful support systems that help employees thrive—securing the sector's competitiveness and resilience.

Theoretically, this research expands Fredrickson's Broaden and Build theory (2004), showing how positive psychological traits help build enduring personal resources, such as happiness and job satisfaction, among government bankers. Theoretically, this study contributes to the Broaden-and-Build Theory by extending its application to the Sri Lankan banking sector. While the theory suggests that positive psychological resources broaden individuals' thought-action repertoires, limited empirical work has explored this process in relation to employee well-being within developing economies. By integrating psychological capital as a key construct, the study provides a deeper understanding of how internal psychological resources influence subjective well-being, despite favorable financial conditions. Hence, the research enriches existing theory and offers a framework for future investigations into the psychological mechanisms of workplace well-being.

Literature Review and Hypotheses Development

Subjective well-being

Subjective well-being (SWB) refers to individuals' evaluations of their lives, encompassing life satisfaction, emotional experiences, and domain satisfaction. It represents not merely the absence of illness but a holistic state including physical, mental, emotional, and social health (Sahai, 2020). Research links SWB with happiness, financial security, and psychological capital (Diener et al., 1995; Singhal & Rastogi, 2018; Bjørnskov et al., 2008). Recent studies highlight broader determinants such as social capital, which better predicts well-being than economic factors (Moro-Egido et al., 2022). The concept has evolved from focusing solely on life satisfaction to including momentary and projected SWB, reflecting experiences and future expectations (Kopsov, 2019). Despite global growth in SWB research (Jebb et al., 2020), studies in Sri Lanka remain limited (Naradda et al., 2017; Roy et al., 2023; Wickramasinghe et al., 2011). This study examines how psychological capital influences government banking employees' SWB amid rising stress and turnover (Khalid et al., 2020; Kang & Busser, 2018).

Psychological capital

PsyCap has been widely studied in organizational psychology and is theoretically and empirically established to comprise four core dimensions. Psychological Capital (PsyCap) is built on four key dimensions: hope, resilience, optimism, and self-efficacy (Luthans & Youssef, 2004). These dimensions evolved from the positive organizational behavior tradition, which focuses on measurable, developable strengths that boost workplace performance (Luthans, 2002; Luthans & Youssef, 2007). Each dimension meets strict criteria: theoretical grounding, valid measurement, uniqueness to organizational behavior, potential for growth, and a clear positive effect on work outcomes (Luthans & Youssef, 2004). These four dimensions were identified through an extensive review of literature in positive organizational behavior and validated scales, particularly the Psychological Capital Questionnaire (PCQ) developed by Luthans et al. (2007). Each dimension captures a distinct but interrelated aspect of PsyCap, providing a comprehensive framework to assess the overall psychological resources of employees.

Hope is defined as the motivational drive to pursue goals and the flexibility to find alternative paths if needed (Luthans, et al., 2007; Snyder, 2012). Hope is a positive motivational state reflecting perseverance toward goals and the planning to achieve them (Snyder et al., 1991). Studies show hope positively influences job performance (Kappagoda et al., 2017), though research directly linking hope to SWB is limited (Avey et al., 2009). Resilience is the capacity to recover and grow through challenges and change (Luthans, 2002b). Though

workplace research on resilience is sparse (Hamel & Välikangas, 2003), studies link resilience with higher life satisfaction and lower psychological distress (Tecson et al., 2019; Bajaj & Pande, 2016). Optimism is seen as a mindset where individuals expect positive outcomes and interpret situations in a favorable way (Schneider, 2001). Optimism is a cognitive tendency to expect positive outcomes in the future (Carver & Scheier, 2014). Optimism relates to life satisfaction and lower stress, though its specific impact on SWB needs more study (Seligman, n.d.). Self-efficacy is perhaps the most researched dimension. It refers to one's belief in their ability to mobilize motivation, skills, and actions to complete tasks successfully (Luthans, 1998; Kappagoda et al., 2017). Altogether, PsyCap offers a valuable framework for strengthening employee well-being and performance

Theoretical perspectives

The Broaden and Build Theory by Fredrickson (2001) explains how positive emotions expand people's thinking and actions, boosting resilience and coping skills. By broadening the mind, good feelings help counteract stress and negative emotions, supporting better adaptation and overall mental well-being. The Broaden and Build Theory (Fredrickson, 2004) explains how positive emotions expand people's thinking and help them build valuable personal resources like resilience and strong relationships, boosting well-being over time. In Sri Lanka's government banking sector, where secure jobs still face rising resignations and migration, this theory helps reveal why financial comfort alone does not guarantee employee happiness. Despite investing nearly 20 billion rupees annually in employee welfare, banks struggle to reduce turnover, hinting at overlooked psychological needs. Psychological Capital (PsyCap) comprising self-efficacy, hope, optimism, and resilience (Luthans et al., 2007; Avey et al., 2011) offers a deeper perspective. Unlike fixed traits, PsyCap can be developed, empowering employees to thrive and stay engaged. This study fills a gap in local research by exploring how PsyCap influences bankers' subjective well-being (SWB) (Diener et al., 1995), aiming to guide banks to strengthen their greatest asset: their people.

This study is theoretically anchored in Fredrickson's Broaden-and-Build Theory of Positive Emotions, which posits that positive psychological states broaden individuals' thought-action repertoires and build enduring personal resources. By applying this theoretical lens, the research advances understanding of how psychological capital (PsyCap) a higher-order construct encompassing hope, efficacy, resilience, and optimism act as a reservoir of positive resources that enhance employees' subjective well-being (SWB). While the Broaden-and-Build Theory has been widely validated in Western contexts, empirical testing in non-Western and collectivist cultures remains limited.

The present study therefore extends the theory's cross-cultural relevance by situating it within the Sri Lankan government banking sector, a context characterized by high job security, hierarchical structures, and cultural emphasis on community and stability. Despite improved employee benefits, persistent turnover and declining well-being, it suggests that material provisions alone do not ensure positive work experience. By integrating insights from cross-cultural well-being literature, this study argues that psychological capital may function differently across cultural contexts, offering a nuanced understanding of how internal psychological resources interact with socio-cultural and organizational factors.

Hypotheses development

This study's hypotheses are grounded in research showing that employees with higher psychological capital (PsyCap) tend to be more motivated, work harder, and perform better leading to greater subjective well-being (SWB). People with strong PsyCap display confidence (self-efficacy), determination (hope), positive expectations (optimism), and the ability to bounce back from setbacks (resilience) (Luthans, 2002; Luthans et al., 2004). These qualities help them tackle tasks more effectively and maintain higher well-being than those with lower PsyCap (Avey et al., 2010). Studies like Avey et al. (2011) and Youssef-Morgan & Luthans (2013) support PsyCap's role as a higher-order construct that improves employee attitudes, behaviors, and performance. Research also shows PsyCap buffers the negative effects of job stress and insecurity on well-being (Luthans, 2002; Avey et al., 2010). Self-efficacy, or belief in one's ability to complete tasks, predicts higher levels of SWB. Nurses with high self-efficacy feel more capable of handling their roles while studies in India confirm self-efficacy's positive link to workplace well-being (Prasad Panigrahy et al., 2021). This supports the first hypothesis:

H1: There is an impact of self-efficacy on SWB.Hope.

The motivation to pursue goals and find pathways to achieve them is also tied to SWB. Higher levels of hope typically link to higher well-being, though the strength of this link can vary (Pleeging et al., 2021). Hopeful people cope better with challenges and maintain positive emotions (Yalçın & Malkoç, 2015). Hence the second hypothesis:

H2: *There is an impact of hope on employee SWB.Optimism.*

A positive outlook on future outcomes, has shown strong connections with job satisfaction, commitment, and overall happiness (Luthans et al., 2005; Youssef & Luthans, 2007). Optimism reduces fear of failure and stress, boosting SWB. So, the third hypothesis is:

H3: *There is an impact of optimism on employee SWB.*

Finally, resilience, the capacity to recover from setbacks, is a well-documented driver of well-being (Fredrickson, 2004; Athota et al., 2020; Satıcı, 2016). Studies show resilient individuals experience higher life satisfaction, happiness, and quality of life (Bajaj & Pande, 2016; Tecson et al., 2019). This supports the last hypothesis

H4: *There is an impact of resiliency on employee SWB.*

Together, these hypotheses build on strong theory and evidence to explore how PsyCap shapes well-being among Sri Lankan government bank employees.

Methodology

Target population

The target population for this study was all employees working in government banks in Sri Lanka. This choice is justified by the critical role state-owned banks play in the country's financial sector. With crowded branches and competitive pressures, government bankers routinely handle stressful interactions, highlighting the need to study how Psy Cap influences their well-being.

Sample and sampling frame

A sample is a manageable subset of the target population (Sekaran & Bougie, 2016). For this study, the researcher determined an ideal sample size of 374 out of an estimated 13,000 government banking employees. This size was calculated using the Raosoft calculator (2004) and Morgan's table, ensuring a 95% confidence level and a 5% margin of error. Due to strict HR policies and ethical limits within government banks, the researcher couldn't use random sampling. Instead, convenience sampling was selected. As Henry (1990) notes, convenience sampling is practical when there are access and logistical constraints, even if a complete sampling frame exists.

Data collection techniques and procedures

Accurate data collection is vital to ensure valid results (Sekaran & Bougie, 2016). For this research, the survey method was chosen because it aligns with the study's quantitative and positivist approach. The primary data collection instrument was an online questionnaire. The google form link distributed through area managers of the respective areas of the Bank of Ceylon and The Peoples Bank through the official WhatsApp groups to reach employees directly and efficiently.

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Methodological approach

Given the focus on testing clear, measurable relationships, this investigation chose a quantitative approach. Data were collected using structured questionnaires designed to generate numeric data that could be analyzed statistically specifically through multiple linear regression (MLR). This method helped quantify how each dimension of PsyCap impacts SWB, ensuring the results were scientific, objective, and aligned with the positivist philosophy. The quantitative method also matched the deductive approach, as it used empirical data to confirm or refute theoretical assumptions about PsyCap's influence on job satisfaction, life satisfaction, and work-life balance among bankers.

Time horizon and unit of analysis

This study adopted a cross-sectional design, gathering data from government bankers within a specific two-week window. This time horizon suited the study's aim of testing immediate relationships between PsyCap and SWB,

rather than monitoring changes over time. The unit of analysis defines what or whom the data describes (Sekaran & Bougie, 2016). Units can range from individuals to teams, departments, or even entire organizations. Here, the unit of analysis was individual employees within government banks. This means that each banker’s responses formed a single unit of data for analysis.

Ethical considerations

Prior to data collection, all participants from the selected government banks in Sri Lanka were clearly informed about the purpose, objectives, and procedures of the study examining the relationship between psychological capital and employees’ subjective well-being. Participation was entirely voluntary, and informed consent was obtained from each respondent. Participants were also assured that they could withdraw from the study at any stage without facing any disadvantage or consequence.

Strict measures were taken to ensure confidentiality and anonymity. No identifying information was collected, and all responses were treated as strictly confidential. The data obtained were used solely for academic and research purposes, stored securely, and accessed only by the researcher.

Multiple linear regression analysis (MLR)

Multiple regression is a statistical technique used to analyse the impact of one dependent variable and two or more independent variables. Hence, the multiple linear regression model was used to determine the impact of psy cap (Self-efficacy, Hope, Optimism, Resilience) on SWB (Job satisfaction, Life satisfaction) and descriptive analysis tools also performed.

Results and Analysis

Validity & reliability analysis

Table 2
Validity & reliability analysis

Variable	AVE (>= 0.5)	Cronbach’s Alpha (>=0.7)	CR (>= 0.7)
SE	0.5950	0.820	0.8783
H	0.6452	0.814	0.8773
R	0.6081	0.816	0.8851
O	0.5950	0.824	0.8783
SWB	0.5184	0.805	0.9633

Source Author’s work (2024)

Figure 1
Discriminant validity

	SE	H	R	O	SWB
SE	$\sqrt{0.596}$ 0.773				
H	0.722	$\sqrt{0.646}$ 0.803			
R	0.336	0.556	$\sqrt{0.609}$ 0.780		
O	0.088	0.284	0.446	$\sqrt{0.596}$ 0.772	
SWB	0.782	0.716	0.358	0.222	$\sqrt{0.519}$ 0.720

Source Author’s work (2024)

Testing for normality

Table 4
Skewness and kurtosis indexes for normality

Variable	Skewness	Kurtosis
SE	-0.342	2.441
H	-0.850	1.834
R	-1.768	7.515
O	-2.528	7.704
SWB	-0.236	1.624

Source: Author’s work (2024)

Testing multicollinearity

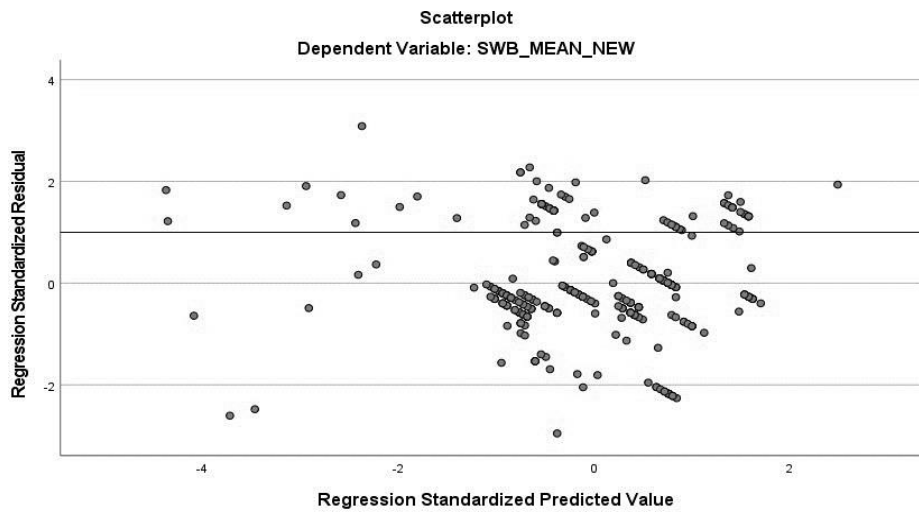
Table 5
Testing the multicollinearity of independent variables

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
SE_COMP	0.868	1.152
H_COMP	0.623	1.605
R_COMP	0.592	1.690
O_COMP	0.759	1.318

Source: Author’s Research (2024)

Testing homoscedasticity

Figure 6
Analysis of homoscedasticity



Source: SPSS output (2024)

Correlation analysis

A correlation analysis is a statistical technique that determines the degree and direction of a relationship between two or more random variables. It assists professionals in determining the existence of a relationship between variables and the extent to which they are related, without establishing a “cause-and-effect relationship” (Field, 2013). The degree of correlation between the variables is indicated by the coefficient's absolute value (Asuero et al., 2006a). where correlation coefficient is $0.1 < r < 0.3$ shows small correlation between variables, $0.3 < r < 0.5$ shows medium /moderate correlation, $0.5 < r$ indicates strong correlation.

Regression analysis – hypotheses testing

The coefficient of determination, or R Square, in regression denotes the extent to which a given percentage of variance in DV can be explained by all IVs combined. The Anova table highlights the importance of the model that describes how well the IVs work together to explain and predict DV. In contrast, a coefficient table evaluates how much the independent factors affect the dependent variable and aids in determining whether to accept or reject the hypothesis. The following table denotes the model summary generated from the SPSS output.

Table 6
Model summery model summery

Model	R	R square	Adjusted square	Std. Error of the Estimate	Durbin-Watson
1	.276 ^a	0.760	0.660	0.1999	1.659

Predictors: (Constant), O_COMP, SC_COMP, H_COMP, R_COMP
Dependent Variable: SWB_COMP
Source: Author’s work (2024)

The coefficient of determination, often known as the R-squared value, shows how much of the variation in the dependent variable or the result can be accounted for by the independent variables in a given regression model. The above table represents the strength of the relationship between the model and DV. The current study R-square value as shown above model summary table is 0.760 (76%). The R-Square value determines the proportion of the variance in the dependent variable that can be predicted or accounted for by the independent variables. Hence the study concludes that 76% of the variance in Subjective wellbeing (SWB) was predicted by IVs together. (SC, H, R, O). Consequently, R-square showed that the independent variables in the current study are explained by 76% of the dependent variable.

Table 7
ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.389	4	8.097	181.361	.000
	Residual	15.894	356	.045		
	Total	48.283	360			

Source: Author's Research (2024)

A significant value (P value) less than 0.05 indicates a statistically significant model, thus values beyond this cutoff are regarded as nonsignificant. According to the ANOVA table mentioned above, this study's model was statistically significant, as indicated by the "P" value of 0.000, which is less than 0.05 (P<0.05).

Table 8
Coefficients table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
		1	(Constant)			
	H_COMP	.288	.044	.328	6.499	.000
	SE_COMP	.368	.029	.568	12.747	.000
	O_COMP	.088	.027	.112	3.278	.001
	R_COMP	.808	.335	.095	2.414	.016

Source: Author Research (2024)

The table above illustrates that the independent variables' beta values are H – 0.288, SE – 0.368, O – 0.088 and R – 0.808 while sig. values less than 0.05 at 95% confident level. Hence it provides justification for H, SC., O, and R positively impact to the SWB of government banking employees in Sri Lanka. Current study tested the hypothesis using two-tailed test by the cause of hypothesis of this study were non-directional.

Discussion

The current study, based on the Broaden and Build Theory of Positive Emotions, investigated how Psychological Capital (PsyCap) dimensions Self-Efficacy, Hope, Optimism, and Resilience affect the Subjective Wellbeing (SWB) of government banking employees in Sri Lanka. Using a robust survey approach, 374 responses were collected, and, after careful data cleansing and removal of 13 outliers, 361 valid responses were analyzed. The study confirmed strong validity and reliability, supported by a Cronbach's alpha above 0.7, CR values over 0.7, and AVE values above 0.5, meeting the required goodness-of-measures criteria. Multiple parametric assumptions were also tested and met, including normality, linearity, independence of residuals, homoscedasticity, multicollinearity, and the normal distribution of residuals, ensuring the data was suitable for multiple linear regression. Regarding the key findings, the first objective was to assess the impact of Self-Efficacy on employee SWB. The results showed a significant positive impact, with an unstandardized coefficient of +0.368 and a p-value of 0.000 ($\beta = +0.368, p < 0.05$). This finding aligns well with earlier studies, including, Prasad Panigrahy et al. (2021), all of which confirmed that self-efficacy is crucial for boosting wellbeing. Next, the study confirmed that Hope also has a significant positive impact on employee SWB, with an unstandardized coefficient of +0.288 and a p-value of 0.000 ($\beta = +0.288, p < 0.05$). This supports Tripathi (2011), Pleeging et al. (2021a, 2021b), Frone

et al. (1997), and Yalçın & Malkoç (2015), who Similarly found that higher hope levels are strongly linked to greater wellbeing outcomes.

Optimism showed a smaller yet significant positive impact, with an unstandardized coefficient of +0.088 and a p-value of 0.001 ($\beta = +0.088$, $p < 0.05$). Although this dimension contributed the least among the four, its positive role is consistent with Luthans & Youssef-Morgan (2007), YALÇIN et al. (2019), Duy & Yıldız (2019), and Sridevi & Srinivasan (2012), who all found that optimism positively influences job satisfaction, commitment, and general wellbeing.

Among the four PsyCap dimensions, Resilience demonstrated the strongest positive impact on SWB, with an unstandardized coefficient of +0.808 and a p-value of 0.016 ($\beta = +0.808$, $p < 0.05$). This confirms that resilience is a major factor supporting employee wellbeing, echoing Athota et al. (2020), Bajaj & Pande (2016), and Satici (2016), who all concluded that resilience boosts people's ability to maintain wellbeing even under stress. Overall, the regression model showed an R-squared value of 0.76, meaning 76% of the variance in SWB is explained by PsyCap dimensions. This result aligns with findings by Avey et al. (2011), Luthans et al. (2007), Youssef & Luthans (2007), and Newman et al. (2014), confirming that PsyCap as a whole has a meaningful positive impact in work settings. In Sri Lanka, Kappagoda et al. (2017) previously found that PsyCap is positively related to job satisfaction, but this study extends that understanding by showing PsyCap's combined influence on the broader concept of SWB covering both job and life satisfaction together, closing a gap noted by Angner (2010). Thus, this research confirms that boosting PsyCap, especially resilience and self-efficacy, can meaningfully improve the wellbeing of government bankers in Sri Lanka.

Limitations and Future Research Directions

This study has several limitations that future research can address. It focused only on Sri Lanka's government banking sector, limiting the generalizability of findings; thus, future studies could explore the private banking sector for broader validation. The use of convenience sampling may have introduced bias, so probabilistic sampling is recommended to enhance representativeness. Additionally, subjective well-being (SWB) was measured only through job and life satisfaction; future research could include other factors like work-life balance to deepen understanding. Including variables such as stress could help test mediating or moderating effects between PsyCap and SWB. Longitudinal studies are also encouraged to examine how PsyCap influences well-being over time, especially in contexts like post-pandemic recovery. Finally, while this study followed a quantitative approach, future research can adopt qualitative or mixed methods to gain richer insights and contribute more nuanced understanding of PsyCap and employee well-being.

Conclusion

This study confirms that Psychological Capital—Self-Efficacy, Hope, Optimism, and especially Resilience—positively impact the subjective wellbeing of Sri Lankan government bankers. Rooted in the broaden and build theory, the findings highlight that stronger PsyCap helps retain employees and reduces turnover. Therefore, bank leaders and policymakers should strengthen PsyCap development, as it directly supports employees' wellbeing and, in turn, the future success of Sri Lanka's government banking sector. Cultural, organizational, and stress-related factors significantly influence the PsyCap–well-being relationship in Sri Lanka's banking sector. Collectivist culture promotes harmony but may limit open stress expression, while hierarchical structures reduce autonomy and affect self-efficacy. High job demands and regulatory pressures increase stress, making resilience and optimism vital for sustaining employee well-being.

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