Psychological Capital and Employee Job Performance: The Mediating Role of Burnout in the Banking Sector

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Abstract

Purpose – With an emphasis on the mediating function of occupational burnout in Nepal's banking industry, the paper investigates the relationship between psychological capital (PsyCap) and employee job performance.

Design/methodology/approach – The research utilized convenience sampling technique to gather data from 318 respondents within a descriptive and causal research framework. Based on the Job Demands-Resources (JD-R) theory, the research employed a five-point Likert scale to measure the variables. Hypotheses were tested using regression modeling and correlation analysis. Additionally, the bootstrap resampling technique was implemented with Hayes' PROCESS macro for mediation analysis in SPSS.

Findings and conclusion – The research discovered a positive relationship between psychological capital (PsyCap) and job performance, indicating that employees with higher PsyCap typically perform better. Additionally, the results indicated that burnout is a partial mediator in this relationship, indicating that PsyCap directly and indirectly improves job performance by mitigating occupational burnout.

Implication – The research is valuable for organizations and policymakers aiming to create healthier and more productive workplaces. It enables leaders and managers to comprehend how psychological traits such as optimism, resilience, self-efficacy, and hope can improve work output and lessen burnout. The study also highlights the importance of managing stress to benefit fully from employees' psychological strengths.

Originality/value – With burnout as a mediating factor, the research is one of the few to examine the association between psychological capital (PsyCap) and work performance in the banking sector. As such, it significantly advances Nepalese literature in this area. It tackles largely unexplored topic in the banking sector and thoroughly examines the PsyCap's four dimensions – hope, self-efficacy, resilience, and optimism and their effects on job performance and burnout.

Keywords – Banking, Job performance, Nepal, Occupational burnout, Psychological capital

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1. Introduction

The banking industry's dynamic and competitive nature has put tremendous pressure on staff to give their best work, frequently resulting in stress and burnout. A positive psychological resource represented by optimism, resilience, self-efficacy, and hope, psychological capital (PsyCap) has drawn attention as a critical factor in determining employees' job performance and well-being (Luthans et al., 2006). Recent studies highlight the significance of promoting PsyCap to improve performance outcomes and lessen the adverse effects of job demands (Avey et al., 2011; Newman et al., 2014). In order to understand the impact of PsyCap on employee performance particularly in high-pressure industries like banking, burnout—a psychological state marked by emotional exhaustion, depersonalization, and a decrease in personal accomplishment—has become an important mediator (Schaufeli & Bakker, 2004; Leiter, 2018). PsyCap is a helpful tool that might minimize employee burnout and help people and companies flourish (Laschinger & Fida, 2014). One idea in the realm of good organizational behavior is PsyCap, which was developed to provide a deeper understanding of the positive psychological resources an individual can leverage for improved performance and satisfaction in the workplace. The four main components of psychological capital are optimism, resilience, self-efficacy, and hope (Luthans et al., 2007). While research has traditionally focused on various mediating factors that influence job performance, such as Psychological Capital (PsyCap), the importance of burnout, a condition of emotional, physical, and cognitive weariness brought on by severe and prolonged stress, is becoming more widely acknowledged (Rudman & Gustavsson, 2011).

Similarly, understanding the factors that influence employee job performance is critical for organizational management. Managers may use such information to comprehend, clarify, predict, evaluate, and modify employees' job performance (Campbell et al., 1993). Job performance can encompass the quality and quantity of the tasks completed, the efficiency and effectiveness of the work done, and contributions to the organization's broader goals (Campbell et al., 1993). Studies have identified several variables that influence performance. Waldman and Spangler (1989) distinguished three factors affecting job performance: individual factors such as motivation, skill, and experience; outcome variables such as job security, pay raises, and performance reviews; and work environment elements such as group dynamics and leader conduct. Additionally, various factors such as individual traits (Hurrell & Murphy, 1992), organizational culture, motivation and job involvement (Moorhead & Griffin, 1999), effort and dedication (Luthans & Jenson, 2002), structural dynamics within organizations, and personality characteristics (Robbins, 2003), leadership styles (Mullins, 1996), organizational commitment (Jaramillo et al., 2005), have been highlighted to understand the dynamics of employees' job performance.

Likewise, according to Maslach et al. (2001), burnout diminishes an individual's capacity to perform and increases the likelihood of turnover, significantly impacting organizational efficacy and employee retention strategies. This relationship highlights the importance of understanding and addressing the factors that lead to burnout to mitigate its detrimental effects on employee performance and, by extension, organizational success (Maslach et al., 2001). The banking sector, recognized for its fast-paced and high-pressure environment, demands exceptional employee performance to maintain customer satisfaction and operational efficiency. Given this backdrop, Psychological Capital (PsyCap), job performance, and burnout are particularly pertinent in understanding the dynamics contributing to individual and organizational success within the industry (Campbell et al., 1993).

One well-known framework for comprehending workplace dynamics, specifically its impact on employee performance and well-being, is the Job Demands-Resources (JD-R) model. It argues that burnout may result when job resources, such as opportunities for growth, feedback, and organizational support, are not sufficiently balanced with job demands, such as workload and

stress (Bakker & Demerouti, 2007). The JD-R model is a foundation for studying concepts such as Psychological Capital (PsyCap), occupational burnout, and job performance because of its cross-industry adaptability and capacity to incorporate psychological elements. This study used this model to examine how PsyCap—a blend of self-efficacy, optimism, hope, and resilience—enables workers to handle workplace difficulties, reducing burnout and improving job performance (Luthans et al., 2007). Additionally, it offers a strong foundation for researching burnout as a mediator in high-stress settings, especially in industries like banking where excessive demands frequently exceed available resources (Maslach et al., 2001; Giorgi et al., 2019).

The relationship between PsyCap, job performance, and burnout has been interpreted by different scholars as follows: workers with higher PsyCap are better able to handle the demands and difficulties of the banking industry, which results in improved job performance because of their resilience, optimism, and hopefulness, which motivates them to meet goals and sustain high productivity (Luthans et al. (2007). Even among employees with high PsyCap, the high demands of banking jobs can still result in burnout, which can impair job performance because burnout acts as a mediator by lessening the positive impact of PsyCap in situations where job demands are too high or organizational support is insufficient (Maslach et al., 2001). This emphasizes how managerial techniques such as offering support, ensuring work hours are reasonable, and cultivating a positive work culture that actively addresses burnout symptoms, are necessary in the banking industry to lower job demands or improve job resources (Avey et al., 2009).

Employee workload and stress levels have increased in the banking industry in Nepal due to rapid economic growth and increased financial activity, which emphasizes the need for efficient psychological interventions. The relationship between PsyCap, burnout, and job performance is poorly understood, despite its global importance. By investigating the mediating role of burnout in the relationship between PsyCap and job performance, this study aims to bridge this gap and offer valuable insights to assist organizational leaders in enhancing resilience and productivity in the workplace.

2. Literature Review and Hypotheses Development

Job Performance

Job performance is a critical topic extensively examined within Organizational Behavior (OB) and Human Resources Management (HRM) literature, highlighted by (Bommer et al., 1995). Its emphasis on actions rather than results is an important idea in industrial and organizational psychology. Murphy (1989) argues that performance definitions should emphasize behaviors because focusing solely on outcomes may lead employees to pursue these results in the easiest way possible, potentially ignoring other important behaviors. Campbell et al. (1993) describe performance as employees' observable behaviors. As defined by Moorhead and Griffin (1999), job performance includes all the work-related behaviors that an organization expects its employees to exhibit. Motowidlo et al. (1997) characterize job performance as actions or behaviors that align with the company's aims and objectives. This agrees with Campbell et al. (1990), who characterize it as the visible actions workers take that are relevant to company objectives. Furthermore, Motowidlo et al. (1997) emphasize that performance includes behaviors with an evaluative aspect, stressing the importance of aligning behaviors with organizational goals (Campbell et al., 1993).

The efficiency with which bank workers carry out their tasks and responsibilities that support the company's goals is called job performance in the banking sector (Robbins et al., 2019). It

includes a variety of actions and results that demonstrate an employee's effectiveness, output, and capacity to fulfill the immediate and long-term objectives of the company. In banking, performance can be measured through various metrics, including but not limited to customer satisfaction, transaction accuracy, financial advisory effectiveness, and overall contribution to the bank's profitability and reputation (Campbell et al., 1993).

Occupational burnout

Burnout is a psychological syndrome that affects how people react to their tasks, organizations, coworkers, clients, and themselves. It is caused by ongoing emotional and interpersonal stressors that people encounter at work (Swider & Zimmerman, 2010). In one study, Bakker et al. (2006) focused on core burnout, including emotional exhaustion and cynicism. Emotional exhaustion is feeling drained and depleted due to excessive work demands. When people mentally distance themselves from their work, they become cynical or depersonalized, which results in impersonal perceptions of clients, tasks, or coworkers (Kahn et al., 2006). Since personal accomplishment or inefficacy is more closely related to a diminished sense of competence at work, Leiter (1993) excluded it as a component of burnout. This is because it functions as a type of performance-related self-evaluation and is different from fatigue and cynicism in the burnout model.

This research used three constructs to measure occupational burnout: psychological exhaustion, low personal accomplishment, and depersonalization. The literature describes the complex nature of burnout, which is reflected in these dimensions taken together. According to Maslach et al. (2001), depersonalization is a detached or unfavorable reaction to different aspects of one's job. Low levels of personal achievement emphasize the weakened sense of competence by extended stress and unfulfilled work expectations (Maslach et al., 2001; Schaufeli & Enzmann, 1998; Shirom, 1989). In particular, there is usually a combination of high demands and inadequate resources in harsh work environments that lead to burnout (Demerouti et al., 2001; Schaufeli & Bakker, 2004). The depletion of emotional and physical resources that results from prolonged exposure to demanding work environments is known as psychological exhaustion, and it frequently leads to cynicism and decreased professional efficacy (Maslach & Jackson, 1996; Schaufeli et al., 1996). This progression from exhaustion to cynicism is the most consistently supported sequence in burnout research (Bakker et al., 2000b; Leiter & Maslach, 1988; Taris et al., 2005; Toppinen-Tanner et al., 2002). Combined, these concepts provide a thorough framework for evaluating burnout at work.

Psychological Capital

The idea of economic capital, which entails allocating resources not being used now to generate future returns, is where the concept of psychological capital in organizations first emerged (Goldsmith et al., 1998). Differing from other forms of capital, psychological capital does not focus on "what you know" like human capital, "who you know" like social capital, or "what you have" like financial capital. Instead, it centers on the fundamental questions of "Who are you?" and "What positive development are you undergoing?" (Luthans et al., 2006; Luthans et al., 2004). In addition, psychological capital is a state of mind that transcends intellectual capital and is central to gaining a competitive advantage, characterized primarily by positivity (Luthans et al., 2004). Positive affectivity, self-discipline, self-esteem, and fundamental self-evaluations impact this state, which is not constant and changes depending on various circumstances. These varying characteristics under specific circumstances within an organization collectively define what is known as organizational psychological capital (Luthans et al., 2015). In contrast to stable traits, like personality or core self-evaluations, psychological capital is a collection of traits that can evolve and change due to training and experience (Luthans & Youssef, 2007).

Research indicates that it can be enhanced through various brief exercises during team training sessions (Luthans et al., 2006). Thus, psychological capital is inherently improbable and is crucial in strengthening and guiding individual and organizational performance (Luthans, 2002a; 2002b). Luthans and his associates formulated the concept of PsyCap, which they describe as "an individual's positive psychological state of development, characterized by self-efficacy, hope, optimism, and resilience" (Luthans et al., 2007). Four primary constructs measure psychological capital: resilience, self-efficacy, optimism, and hope (Luthans et al., 2007). Snyder (2000) defines hope as a positive motivational state of two parts: pathways, the methods to reach those goals, and agency, or goal-directed energy. Hope demonstrates the will to accomplish goals and the capacity to devise and carry out efficient strategies. Optimistic people are more driven and self-assured, allowing them to develop practical plans and keep going after their objectives, eventually improving performance (Luthans & Jensen, 2002; Peterson & Luthans, 2003).

The goal-oriented concept of optimism also emphasizes optimistic expectations for the future (Scheler & Carver, 1985; Schulman, 1999). To build resilience and enhance performance outcomes, optimists typically see adverse events as external, transient, and specific (Peterson, 2000; Seligman, 1998). This "realistic optimism" increases productivity and dedication (Luthans & Youssef, 2004; Tiger, 1971). Resilience and self-efficacy also play a role in measuring psychological capital. According to Stajkovic and Luthans (1998), self-efficacy is the conviction that one can effectively accomplish particular tasks by mobilizing resources and actions. Strong self-efficacy individuals typically choose difficult tasks, keep their confidence, and persevere in the face of adversity. Conversely, resilience is the capacity to bounce back from hardship and adjust constructively to obstacles (Luthans et al., 2006). It captures the mental fortitude to "bounce back" from setbacks or uncertainties and continue to perform well under trying conditions. According to research, resilience plays a critical role in improving overall organizational outcomes and performance (Coutu, 2002; Sutcliffe &Vogus, 2003; Youssef & Luthans, 2005). Combined, these concepts offer a strong framework for comprehending and improving psychological capital in work environments.

2.1 Relationship Between Variables

Psychological Capital and Job Performance

PsyCap comprises four components: hope, self-efficacy, resilience, and optimism. These elements collectively contribute to an individual's psychological resources, enhancing their ability to perform effectively at work. High levels of PsyCap are associated with improved job performance as employees are more likely to be motivated, confident, and resilient in the face of challenges. In the banking industry, where job demands are high, employees with strong PsyCap are better equipped to manage stress, maintain productivity, and achieve their performance targets. Luthans et al. (2007) argue that PsyCap enhances employee performance. Hope enables goal setting and pathways to achieve those goals, self-efficacy provides confidence in one's abilities, resilience helps bounce back from setbacks, and optimism fosters a positive outlook toward success. Previous studies by (Doe & Smith, 2024; Peterson & Luthans, 2003; Shorey et al., 2003) have demonstrated that these components of PsyCap are positively correlated with job performance, particularly in high-pressure environments such as banking. Thus, based on the above studies, the following hypothesis has been proposed.

Hypothesis (H1): Psychological Capital positively impacts job performance in banking employees.

Psychological Capital and Occupational Burnout

PsyCap not only boosts job performance but also helps reduce burnout. Maslach et al. (2001) highlighted that burnout lowers job performance and increases turnover. Burnout happens when employees feel exhausted and detached from work due to prolonged stress. Research by

Luthans et al. (2007) and Avey et al. (2011) shows that high PsyCap is linked to lower burnout levels. Employees with high PsyCap are more resilient and optimistic, which helps them cope with stress and reduces the risk of burnout. PsyCap protects against the adverse effects of job demands, promoting well-being and sustained job performance. The resilience and optimism components of PsyCap help employees recover from stress and stay positive, preventing burnout. Thus, based on the above studies, the following hypothesis has been proposed.

Hypothesis (H2): Psychological Capital negatively impacts occupational burnout in banking employees.

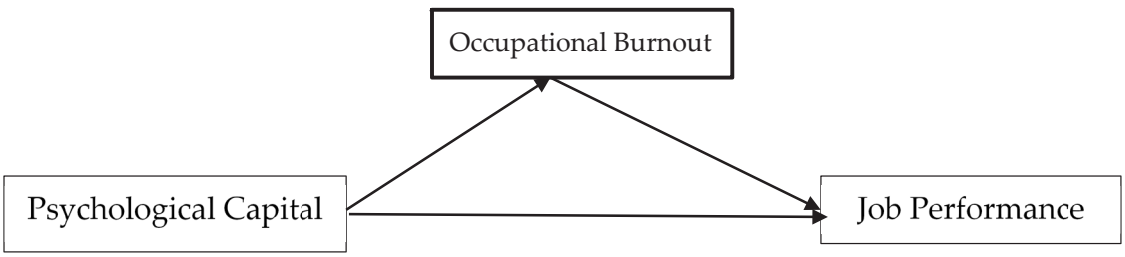
Occupational Burnout as a Mediator

Burnout can mediate the relationship between PsyCap and job performance. PsyCap can directly enhance job performance, but this positive effect can be reduced if burnout occurs. The role of burnout as a mediator has been discussed by (Dierendonck et al., 2001; Maslach et al., 2001; Rudman & Gustavsson, 2011), who noted that burnout significantly affects job performance. Even employees with high PsyCap might experience burnout if their job demands are too high or lack support. Burnout drains their emotional and physical energy, leading to lower job performance. Studies have shown that burnout can counteract the positive effects of PsyCap on job performance (Avey et al., 2011; Maslach et al., 2001). In the banking sector, the high-stress environment can increase burnout, making it crucial to manage burnout effectively. Thus, based on the above studies, the following hypothesis has been proposed.

Hypothesis (H3): Occupational burnout mediates the relationship between Psychological Capital and job performance in banking sector employees.

Figure 1

Conceptual Framework



Source: (Avey et al., 2011; Lupşa & Vîrgă, 2020)

3. Research Methods

Research Design

The research design adopted in the study was descriptive and causal-comparative. The study was cross-sectional. The population of this study consisted of all the employees working in managerial and non-managerial positions within the Kathmandu Valley. The sample for this study was derived by randomly selected 96 managerial and 222 non-managerial (clerical, customer service, etc.) employees working in the bank within the Kathmandu Valley. Kathmandu Valley was chosen due to its significant concentration of banking activities and diverse banking institutions. The sample was derived through a convenience sampling technique to represent different levels of management and types of banks.

Instrument/Measurement

A structured, five-point Likert scale questionnaire was used to collect the responses on study variables. Questionnaires were distributed in Google form. Psychological capital was measured with the 24-item PsyCap Questionnaire (Luthans et al., 2007). This questionnaire has four subscales: hope, self-efficacy, resilience, and optimism. Similarly, employee job performance was measured from the 18-item questionnaire by Koopmans (2015), which assesses task performance, contextual performance, and counterproductive work behavior. In addition, Burnout was measured from the Maslach Burnout Inventory —General Survey (MBI-GS; Schaufeli et al., 1996), which included 22 questions.

Data Collection and Analysis Procedure

A Google form was designed to obtain the information mentioned in the questionnaire to complete the survey. The information was collected through the Likert scale and data were entered, tabulated, categorized, and examined with the aid of Microsoft Excel and SPSS version 24. The respondents filled in their choice on the Likert scale scheme, in which 5 strongly agree. 4 for Agree. 3 for Neutral. 2 for Disagree, and 1 for Strongly Disagree. Correlation, regression, and mediation analysis explored relationships between the variables.

4. Results and Findings

Table 1

Demographic Characteristics

	Demographic Variable	Frequency	Percentage (%)
Age	20 -30	100	31.4
	31-40	139	43.7
	41-50	77	24.2
	51-60	2	0.6
Education Level	Bachelors	65	20.4
	Masters	237	74.5
	Above Masters	15	4.7
Income Level	15k-30k	20	6.3
	31k-60k	117	36.8
	61k-90k	125	39.3
	91k and above	56	17.6
Work Experience	1-5 Years	68	21.4
	6-10 Years	52	16.4
	11-15 Years	149	46.9
	Above 15 years	48	15.1

Table 1 presents the respondents' demographic characteristics, including age, education level, income level, and work experience. The respondents of age group 20-30 years were 31.4%, 31-40 years were 43.7%, 40-50 years were 24.2% and 51-60 years were 0.6% where majority of respondents were of age group 31- 40 years. Likewise, the respondents attaining the educational qualification of bachelor's degree were 20.4%, master's degree were 74.5% and above master's degree were 4.7% where most respondents have completed their master's degree. Moreover, the respondents earning Rs. 15,000- Rs. 30000 were 6.3%, Rs. 31000- Rs. 60000 were 36.8%, Rs. 61000- Rs. 90000 were 39.3% and above Rs. 91000 were 17.6% where the majority has earned income of Rs. 61000-Rs. 90000. Furthermore, the respondents having professional work experience of 1-5 years were 21.4%, 6-10 years were 16.4%, 11-15 years were 46.9% and above 15 years were 15.14% where most respondents had experience of 11-15 years.

Table 2

Reliability Testing and Descriptive Statistics

Variables	Cronbach's Alpha	Items	Deleted Items	Mean	Standard Deviation
Burnout	0.785	21	1	3.207	0.416
Job Performance	0.760	18	0	3.662	0.389
PsyCap	0.885	24	0	3.846	0.413

Table 2 presents the reliability and descriptive statistics for three constructs: Burnout, Job Performance, and Psychological Capital (PsyCap). For Burnout, Cronbach's Alpha is 0.785, indicating acceptable reliability. This construct initially had 21 items, but one was deleted, resulting in a mean score of 3.2075 and a standard deviation of 0.41618. Job Performance has a Cronbach's Alpha of 0.760, suggesting good internal consistency (Purwanto & Sudargini, 2021). It comprises 18 items with no deletions, with a mean of 3.6628 and a standard deviation of 0.38901. Lastly, PsyCap has the highest reliability with a Cronbach's Alpha of 0.885. This construct includes 24 items, none of which were deleted, and has a mean score of 3.8467 with a standard deviation of 0.41301. These statistics indicate that all three constructs measured with reliable scales, and the variability in responses is relatively low.

Table 3

Correlation between Independent, Mediating, and Dependent Variable

Variables	Occupational Burnout	Psychological capital	Job Performance
Occupational Burnout			
Psychological capital	-.375**		
Job Performance	-.645**	.518**	

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 portrays the Pearson correlation coefficients among Burnout, Psychological Capital (PsyCap), and Job Performance based on a sample size of 318 participants. The correlation between Burnout and PsyCap is - 0.375, significant at the 0.01 level (2-tailed), indicating a

negative relationship. Burnout and Job Performance also have a negative correlation of - 0.645, which is also significant at the 0.01 level, suggesting that burnout is negatively associated with job performance. The correlation between PsyCap and Job Performance is 0.518, significant at the 0.01 level, indicating a moderate positive relationship. The results suggest positive associations between PsyCap and job performance, but burnout has negative relationship with job performance. All correlations are statistically significant, highlighting meaningful relationships between the constructs.

Table 4

Regression Analysis

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Square Change	F Change	df1	df2	Sig. F Change
1	.520[a]	.270	.268	.33288	.270	116.189	1	317	.000
2	.674[b]	.454	.451	.28827	.184	105.706	1	316	.000

a. Predictors: (Constant), Psychological Capital

b. Predictors: (Constant), Psychological Capital, Burnout

Table 4 presents the results of regression analysis examining the predictors of job performance. The model shows a significant positive relationship between the independent variables (psychological capital and burnout) and job performance. The R-squared values indicate that approximately 45.4% of the variation in job performance can be explained by PsyCap and Burnout. The significant 'F' change value suggests that psychological capital and burnout significantly predict job performance.

The paper found that psychological capital (PsyCap) was positively related to job performance, meaning employees with higher PsyCap tend to perform better where $r = 0.518$ and $p<0.01$. Moreover, PsyCap significantly predicts job performance explaining a 27% variation in job performance. PsyCap includes traits such as hope, self-efficacy, resilience, and optimism. When burnout is included in the model along with PsyCap, the explained variance in job performance increases to 45.4% showing that burnout helps to predict job performance. This finding suggests a dual pathway through which PsyCap influences job performance directly by enhancing performance and indirectly by reducing burnout levels. Essentially, employees with high PsyCap are less likely to experience burnout, and this reduction in burnout leads to better job performance.

Mediation Analysis

The research assessed the mediating role of occupational burnout in the relationship between psychological capital and job performance. The results revealed a significant indirect effect of Psychological Capital on Occupational Burnout ($\beta=0.186$, $t=7.532$, $p<0.001$), supporting H3. Furthermore, the direct impact of PsyCap on Job Performance in the presence of the mediator was also significant ($\beta=0.303$, $p< 0.001$). The Hayes Process Macro and its variations confirm that burnout significantly mediates the relationship between PsyCap and job performance. This means that a portion of PsyCap's positive effect on job performance is channeled through its ability to reduce burnout. Employees with higher PsyCap experience lower burnout, leading

to better job performance. Hence, occupational burnout partially mediated the relationship between PsyCap and job performance. The mediation analysis summary is presented in Table 5.

Table 5

Mediation Analysis

Path	Total Effect	Direct Effect	Indirect Effect	Confidence Interval		t-statistics	Conclusion
PsyCap-> Burnout->Job -> Performance	0.489 (0.000)	0.303 (0.000)	0.186	Lower Limit 0.102	Upper Limit 0.266	7.532	Partial Mediation

5. Discussion

Job performance and occupational burnout are two interrelated, yet distinct concepts extensively studied in Organizational Behavior (OB) and Human Resources Management (HRM) literature. The alignment of these concepts with the Job Demands-Resources (JD-R) theory provides a comprehensive understanding of their interaction and implications in the workplace. The positive relationship between PsyCap and job performance observed in this study is consistent with the findings of Luthans et al. (2007), who describe PsyCap as a crucial determinant of employee performance. The focus on behaviors rather than outcomes aligns with Murphy's (1989) argument that performance definitions should emphasize behaviors to avoid the pursuit of results at the expense of important behaviors. This study supports this view by demonstrating that PsyCap influences job performance through behaviors that are aligned with organizational goals, echoing the perspectives of Campbell et al. (1993) and Motowidlo et al. (1997). The focus on emotional exhaustion and cynicism, excluding personal accomplishment, is consistent with Bakker et al. (2006) and Lee and Ashforth (1996), who argue that these components are the most critical in understanding the impact of burnout on job performance. This study confirms that reducing emotional exhaustion and cynicism through higher PsyCap leads to improved job performance, reinforcing the importance of addressing these specific burnout components. The mediation effect of burnout indicates that PsyCap not only directly influences job performance but also mitigates burnout, which in turn enhances performance. This finding aligns with the work of Maslach et al. (2001), who emphasized the negative impact of burnout on job performance. By reducing burnout, PsyCap enables employees to sustain high levels of job performance. Moreover, high emphasis is given to the banking sector for high quality services (Jain & Gupta, 2014), and therefore, emotionally smart employees can better handle and manage burnout or emotionally disturb situation, cultivate connections with bank customers, and handle emotional dynamics – all of which enhance service delivery (Chaudhary et al., 2024).

6. Conclusion

The research concludes that fostering psychological capital in employees can lead to substantial benefits for both individuals and organizations. Employees with high PsyCap are more likely to perform better at their jobs and experience lower levels of burnout. This highlights the importance of developing PsyCap traits such as hope, self-efficacy, resilience, and optimism within the workforce. Moreover, the research underscores the necessity of addressing burnout directly. Even though high PsyCap can mitigate its effects, burnout still significantly impacts job performance. However, enhancing psychological capital and actively managing burnout is crucial for maintaining high job performance levels in employees. The research provides valuable insights

for organizational leaders and HR professionals in the banking sector and beyond, emphasizing the need for holistic approaches to employee well-being and performance enhancement.

7. Implication

The paper helps to better understand how psychological strengths such as hope, self-efficacy, resilience, and optimism can boost job performance and reduce burnout. It confirms that employees with higher PsyCap tend to perform better and experience less stress and burnout. In the research, by showing that burnout is a key link between PsyCap and job performance, the importance of managing stress to fully benefit from employees' psychological strengths is highlighted. Similarly, the research also supports the Job Demands-Resources (JD-R) theory, which suggests that resources like PsyCap help employees handle work demands and reduce stress, leading to better performance. The findings from Nepalese banks show that this theory applies in different cultural contexts, suggesting it's a universal concept. Strategies such as promoting work-life balance, providing support systems, and creating a healthy work environment can directly improve job performance. Similarly, HR departments can use these insights to design better support and development programs for employees. Furthermore, Policymakers in the banking sector and other high-stress industries can use these findings to create policies focused on employee well-being. Recognizing the importance of psychological resources and addressing burnout can help build a more productive and healthier workforce.

8. Limitations and Directions for the Future Research

This research has several limitations that need to be considered. First, the research was conducted with a limited number of participants from a specific region, which may not fully represent the broader population, thereby limiting the generalizability of the findings. Therefore, expanding the sample size and including participants from various regions and industries would improve the generalizability of the findings. Additionally, the data collected was based on self-reported surveys, which can introduce biases such as social desirability bias, where respondents may answer in a way, they think is favorable rather than truthful. The cross-sectional design of the study captures data at a single point in time, making it difficult to infer causality or the direction of relationships between variables. Therefore, future research could address these limitations by employing longitudinal designs to track changes over time and better establish causality between psychological capital, burnout, and job performance.

In addition, incorporating qualitative methods, such as interviews or focus groups, could provide deeper insights into employees' personal experiences and the nuanced ways in which psychological capital impacts their work lives. Furthermore, the research was conducted within the Nepali cultural context, and therefore, cross-cultural context might influence the applicability of the results to other settings or countries. Lastly, the research relied on existing measurement tools for psychological capital, job performance, and burnout, and any limitations in these tools could affect the accuracy and reliability of the findings. Finally, future research could explore other variables that might interact with psychological capital, such as organizational support, leadership styles, and work-life balance, to provide a more comprehensive understanding of employee well-being and performance. By addressing these limitations and exploring new areas, future research can further elucidate the complex dynamics between psychological resources, strain, and performance in the workplace.

Conflict of Interest

Authors declare no conflict of interest while preparing this article.

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