

# The Impact of Psychological Capital on College Students' Employment

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**Abstract:** Against the backdrop of expanding college graduate enrollment and fierce employment competition in China, psychological capital has become a key variable affecting college students' employment outcomes. This study explores its influence mechanism via theoretical analysis and empirical review. Based on Psychological Capital Theory and the Iceberg Model, it clarifies psychological capital's connotation (self-efficacy, optimism, hope, resilience) and its link to employment. A review of domestic and foreign studies confirms that psychological capital directly boosts career intentions, employment quality and employability. It also shows stronger "empowerment effects" on vulnerable groups, with internship experience and career guidance moderating its impact on employability. Findings enrich employment research from positive psychology and provide references for cultivating psychological capital.

**Keywords:** Psychological Capital, College Students, Employment.

## 1. Introduction

With the popularization of higher education and the annual increase in the number of college graduates, the employment market for Chinese college students has entered a state of structural imbalance characterized by "supply-demand mismatch". In this context, college students, who are at a critical stage of socialization in their careers, often face negative psychological states such as employment anxiety, low self-efficacy, and even depression and irritability.

Research on college students' employment has primarily focused on external factors such as human capital, social capital, and policy environments, while neglecting the driving role of internal positive psychological resources. Since the formal proposal of the psychological capital theory, scholars have gradually recognized that psychological capital, as a high-level psychological resource that can be developed and enhanced, holds unique value in explaining individual career development.

This study focuses on "the impact of psychological capital on college students' employment" as its central research question. It systematically examines the core concepts of psychological capital theory and competence model theory to establish a theoretical framework explaining how psychological capital influences employment outcomes. Through comprehensive analysis of domestic and international empirical research, the study investigates both the direct and indirect effects of psychological capital on employment results and employability, while also exploring its heterogeneous impacts across different demographic groups. This research significantly contributes to enriching the theoretical framework of college student employment studies and provides targeted solutions to alleviate employment challenges faced by graduates.

## 2. Background of Study

With the deepening of the popularization of higher education and the implementation of the policy of expanding college enrollment, the scale of China's college graduates has

shown an explosive expansion trend[1]. Looking back at the policy milestones, since the official launch of the college enrollment expansion in 2003, the talent cultivation orientation of domestic higher education has gradually completed the transformation from "elite cultivation" to "mass popularization": in the first year of expansion, the number of graduates was 2.12 million, and by 2025, this scale has soared to 12.22 million, setting a new historical peak. Currently, China's higher education has fully entered the stage of popularization, with the number of college graduates exceeding 10 million annually, forming a massive employment group[2]. Under such a macro background, the imbalance between the total supply of college graduates and the market demand for employment continues to intensify, and the competition in the employment field continues to escalate. The problem of college students' employment has become the core hot topic of the government, colleges and universities, families and public opinion.

College students are in the critical period of occupational socialisation development, and the fierce competition for employment makes individuals face severe employment challenges and bear heavy employment pressure, which easily triggers negative expectations of employment prospects and generates serious employment anxiety[3], and college students may have low self-efficacy, worry about employment prospects during the process[4], and even experience depression, irritability, and anxiety. and even reactions such as depression, irritability, and nervousness [5], which in turn affects college students' employment outcomes[2].

## 3. Theoretical Review

### 3.1. Psychological Capital Theory

Psychological capital theory was formally proposed by Fred Luthans and other scholars in 2007[6]. As the core theoretical framework of positive organizational behavior (POB), it breaks through the limitations of traditional human capital theory and focuses on the dynamic driving effect of internal positive mental state on career development. This

theory defines psychological capital as: “high-order psychological resources formed in the process of individual growth and development that can be promoted through investment and development”[6]. A key emphasis of Psychological capital theory lies in the initiative inherent in positive mental states. Luthans proposed that Psychological capital facilitates personal development through a “spiral” mechanism.

Psychological capital refers to a positive mental developmental state exhibited by individuals during their growth process, which highlights an individual’s positive psychological driving forces and serves as a psychological resource that enhances both behavioral motivation and performance[6]. This construct is defined by four core characteristics: (a) Self-Efficacy-possessing the confidence to undertake challenging tasks and invest the necessary efforts to achieve successful completion; (b) Optimism-adopting a positive attribution style toward current and future achievements; (c) Hope-maintaining commitment to established goals while adjusting the path to success if target redirection is required; and (d) Resilience-sustaining efforts and rebounding to achieve success even when facing problems or adversities, and even transcending such challenges[6].

Extensive empirical research has confirmed a close association between Psychological capital and individual employment. Specifically, Psychological capital demonstrates a significant negative correlation with college students’ employment anxiety[7] and maintains strong links with employment competitiveness [8]. Students with high Psychological capital tend to hold more accurate and positive employment perceptions; during the job search process, they exhibit greater rationality and positivity, enabling them to better address challenges, implement effective actions, and make informed decisions[9].

### 3.2. Competency Modeling Theory

The embryonic form of competency application can be traced back to the early 1950s. In 1973[10], McClelland, a renowned American psychologist, published a paper titled "Testing for Competence Rather Than Intelligence" in the American Psychologist journal. The release of this academic work officially marked the beginning of research on competency modeling theory. The competency model, also referred to as the quality model, has a core connotation: to achieve the task objectives set for a specific position, it is necessary to integrate a series of multi-dimensional components, including personality traits, professional knowledge and skills, and internal motivation. Notably, these components that constitute competency must possess measurable, observable, and cultivable characteristics. Among the current theoretical system of competency modeling, the Iceberg Model Theory is the most widely applied and typical representative.

The Iceberg Model divides competency into multiple levels, specifically covering dimensions such as knowledge, skills, role orientation, self-awareness, traits, and motivation. This model is mainly used to reflect the comprehensive competency requirements that employers have for practitioners to perform their job responsibilities, and it can also be used to evaluate the potential development space of practitioners. From the perspective of the model's core logic, the professional competency of practitioners is analogous to an iceberg: the parts that are easy to identify, understand, and

quantify-namely the “above-the-iceberg” elements-correspond to knowledge and skills. In contrast, the parts that are difficult to detect and quantify, known as the “below-the-iceberg” elements, include social roles, self-values, personality traits, and internal motivation. This model clearly explains the all-round competency qualities that practitioners need to possess in professional scenarios, and thus can serve as an important reference framework for the cultivation of employment competency and the guidance of employment practice.

In practical application, employers can select college graduates who meet their needs based on the competency requirements specified by the Iceberg Model. For college students, leveraging the Iceberg Model enables them to clearly grasp the types of competency qualities required for future suitable positions, thereby conducting targeted cultivation, learning, and practice. On one hand, they focus on improving explicit competency (including basic abilities and vocational skills); on the other hand, they deeply explore implicit qualities (covering potential competency and self-efficacy), ultimately achieving a comprehensive enhancement of their employability.

## 4. Empirical Review

### 4.1. Effect of Psychological Capital on the Students’ Employment Outcomes

As a positive psychological state developed during individual growth, research on psychological capital has advanced beyond early theoretical concept discussions, evolving into multi-dimensional and cross-group empirical studies exploring its impact on employment. A notable study by Zhao[11], which surveyed 1,638 ethnic minority college students in Xinjiang, revealed that psychological capital exerts a significant positive influence on career choice intentions. More importantly, it plays a partial mediating role in the relationship between human capital and career choice intentions, with the mediation effect accounting for 32.7%. This finding challenges the traditional “ability determinism” perspective, highlighting that an individual’s confidence in their own capabilities (self-efficacy) and resilience when facing career uncertainties can effectively convert objective human capital into concrete career choices.

Zhou’s[12] research, based on a survey of 421 college students, further corroborates the positive correlation between psychological capital and employment quality, with a correlation coefficient of  $r=0.412$  ( $p<0.001$ ). Specifically, dimensions like “self-confidence” and “resilience” demonstrate the strongest predictive power for indicators such as starting salaries and job fit. This conclusion aligns with Zhao’s [11] findings, collectively indicating that psychological capital, functioning as a “psychological resource pool,” not only shapes the formulation of career goals but also directly affects employment outcomes. It achieves this by regulating the level of job-seeking effort individuals invest and their resilience in the face of setbacks, thereby exerting a comprehensive impact on the employment process.

From a mechanistic perspective, psychological capital influences job quality through both direct and indirect pathways mediated by specific variables. Using structural equation modeling, Rao[13] found that the direct effect of psychological capital on career success-encompassing job performance, job satisfaction, and development

opportunities-stands at 0.38. Additionally, psychological capital indirectly impacts career success through the mediating role of career decision satisfaction, with the mediation effect ratio reaching 45%, thus constructing a chain model of "psychological capital → decision quality → career success." This conclusion supplements Luthans's [6] psychological capital theory, revealing that positive mental states not only boost individuals' proactivity in job hunting but also indirectly enhance job quality by improving the rationality of career decisions, such as aligning personal interests with job requirements. Furthermore, Zhao [11] noted that the mediating role of psychological capital between human capital and career intentions exhibits group heterogeneity: among economically disadvantaged ethnic minority students, the mediating effect strength of psychological capital ( $\beta=0.29$ ) is significantly higher than that among advantaged groups ( $\beta=0.18$ ). This underscores a more prominent "empowerment effect" of psychological capital on vulnerable individuals, which is consistent with Yang's [14] review. It suggests that psychological capital can help college students overcome structural constraints, such as geographical location and family background, by alleviating employment anxiety and enhancing professional self-efficacy, thereby facilitating the transition from "capacity accumulation" to "quality improvement".

## 4.2. Effect of Psychological Capital on the Students' Employability

Psychological capital plays a pivotal role in students' employability. Research shows that possessing psychological capital resources enhances graduates' employment opportunities and consequently boosts their employability [15][16]. Moreover, psychological capital is strongly associated with better job performance in the labor market, significantly impacting career success. Therefore, if educational institutions and stakeholders view psychological capital as a valuable asset for cultivating students' employability and focus on nurturing these psychological resources, they can better equip graduates to meet workplace challenges and improve their career prospects.

Scholars from multiple countries have conducted empirical studies on psychological capital and employability across different groups. Agnihotri, Shiva, and Khan [17] investigated the relationship between cultural capital, human capital, psychological capital, social capital, and perceived employability among management graduates. They conducted an online survey of 505 management students and analyzed the data using a partial least squares structural equation model. The Importance-Performance Map Analysis (IPMA) revealed that investing in psychological capital enhances the perceived returns of employability for management graduates. Mashod and Kura [16] examined the impact of perseverance on graduate employability (GE) using 300 registered graduates from the Brunei Employment Centre, introducing psychological capital as a mediating variable. Their findings indicated that persevering graduates are more likely to possess higher employability, with the researchers proposing that personal resources like perseverance and hope can increase employment opportunities.

Turkey faces a severe youth unemployment crisis. According to a January 2023 report by the Turkish Statistical Institute (TUIK), the national unemployment rate stood at 10.2% in November 2022, with the youth unemployment rate among 15-24-year-olds reaching 17.8%. Psychological

capital has been identified as a crucial trait for individuals navigating job-seeking challenges. In a study by Kalafatoglu [18], researchers surveyed 219 students aged 17-27 from the Business Administration Department of a national college using a structured questionnaire (including psychological capital scales, perceived employability scales, and demographic data). Data collection was conducted through convenience sampling and online surveys from September 2022 to January 2023. Confirmatory factor analysis established the variable factor structure, while correlation analysis revealed that all sub-dimensions of psychological capital influence perceived employability. Regression analysis further showed that only self-efficacy and optimism significantly contribute to employability. The study also highlighted that optimism and self-efficacy can be enhanced through education and diverse learning approaches. Training programs provided by educational institutions and non-governmental organizations can better equip students to adapt to the labor market.

The employment challenges faced by economically disadvantaged college students have drawn significant attention. While the expansion of higher education institutions has increased the number of such students, their job market performance has remained subpar in recent years. Previous research indicates that psychological capital positively predicts employment outcomes. Wang [19] conducted a study using social network analysis, questionnaire surveys, and literature review to examine the employment capabilities and psychological capital status of 336 financially disadvantaged students across five universities in Tianjin. The findings revealed that disadvantaged students demonstrated weaker employment capabilities and psychological capital compared to their non-disadvantaged peers, with more concentrated distribution patterns. Notably, psychological capital showed a significant positive correlation with employment outcomes, while internship experience and career guidance also demonstrated significant positive correlations. Psychological capital emerged as a crucial factor influencing employment outcomes for disadvantaged students, with self-efficacy, resilience, and hope playing particularly significant roles. Furthermore, internship experience and career guidance exhibited positive moderating effects on the relationship between psychological capital and employment outcomes (with the moderating effect of career guidance also observed in non-disadvantaged students). Based on these findings, researchers proposed recommendations including building psychological capital accumulation mechanisms and establishing internship platforms.

In vocational education, graduates from vocational high schools face unemployment or underemployment challenges. Sulistiobudi and Kadiyono [20] conducted a study on 317 male and female graduates aged 17-19 (46.23% male, 31.76% female, average age 17.21 years) from private vocational high schools in rural Indonesia. Using hierarchical regression analysis, they found that psychological capital significantly impacts vocational school students' employability development. The researchers recommended vocational schools implement programs to enhance students' psychological resilience and job readiness, cultivating more employable graduates. Additionally, Li et al. [21] emphasized that improving employability remains a key objective of higher vocational education. While teachers play a crucial role, employability development is also related to family

environment and psychological capital. A survey of 6,700 higher vocational students revealed significant correlations between psychological capital and employability ( $P < 0.01$ ). Although family environment did not moderate the impact of psychological capital on employability, it had an independent effect. Notably, self-efficacy, optimism, and hope within psychological capital significantly influenced the employability of higher vocational students from single-parent families, suggesting that enhancing psychological capital could improve their employability development.

## 5. Conclusion

This study explores the impact of psychological capital on college students' employment via theoretical analysis and empirical review, yielding key findings: psychological capital (composed of self-efficacy, optimism, hope, and resilience) directly improves career intentions and employment quality, indirectly promotes career success through career decision satisfaction, mediates the human capital-employment outcome relationship, shows stronger "empowerment effects" on vulnerable groups, and is moderated by internship experience and career guidance (with career guidance applicable to all students). This study expands the application of psychological capital theory in higher education. In practice, universities can build a dual-track system of "psychological capital-employment ability", and students should actively cultivate psychological capital.

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