Title: Examining the impact of psychological capital on workplace outcomes of ethnic minority foodservice employees

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Abstract:

The purpose of this study was to examine the impacts of psychological capital on various workplace outcomes of ethnic minority employees in the foodservice industry. Guided by the social exchange theory and the equity theory, this study developed and tested a survey instrument and collected 407 valid responses through a cross-sectional online survey. Results of the structural equation model analysis confirmed the positive impact of psychological capital on work engagement and workplace happiness, and their further impacts on job satisfaction and commitment. The results of multi-group comparisons showed differences between salaried and hourly employees. For individuals holding salaried positions, it was work engagement, rather than psychological capital, that affected their workplace happiness. For hourly employees, although psychological capital influenced their work engagement and workplace happiness, their work engagement and work happiness remain unrelated. Based on the findings, this study...
offered practical implications on how to enhance psychological capital for ethnic minority employees.

**Keywords**: Psychological capital, workplace happiness, work engagement, job satisfaction, job commitment, ethnic minority, foodservice industry
1. Introduction

The foodservice industry is one of the most critical drivers of U.S. economics. The National Restaurant Association [NRA] (2019) reports that 10% of the overall U.S. workforce is currently employed in the foodservice industry. Jobs in the foodservice industry are among the fastest-growing occupations in the U.S., and employment in the foodservice industry continues to grow. Additionally, today's workforce in the foodservice industry is becoming increasingly diverse. The Bureau of Labor Statistics (2015) reports that ethnic minority employees, such as Hispanics and Latinos, account for 22.3% of the hospitality. However, racial and ethnic inequalities are often observed in the foodservice industry. For instance, on average, white employees were being paid $3.71 more per hour in wages than ethnic minority employees (The Aspen Institute, 2012). Researchers also found that ethnic minorities comprise about 52% of all hourly, low-wage positions but only represent 20% of salaried management positions in the hospitality industry (Jackson & DeFranco, 2005). Furthermore, many ethnic minority employees reported that they had experienced discrimination in the hiring and promotion processes. A report shows that 28% of the ethnic minority employees in the foodservice industry have been passed over on promotion because of their ethnic background (The Aspen Institute, 2012).

The foodservice industry is a service-oriented, human-centered industry in which the competitive advantages largely rely on the successful management of human capital (Karatepe & Karadas, 2015; Newman, Ucbasaran, Zhu, & Hirst, 2014). As a form of strategic resources that is closely related to employee performances, psychological capital has gained increasing attention over the last few years (Ardichvili, 2011). Psychological capital, by definition, refers to an individual's state of psychological development and consists of four positive resources: self-efficacy, hope, optimism, and resilience (Luthans, Youssef, & Avolio, 2002). Psychological...
capital is especially important for ethnic minority employees, as they have been found more likely to feel isolated and excluded at work and need organizational support to manage emotional exhaustion from work (Chrobot-Mason, 2004; Findeler, Wind, & Barak, 2007; Peeters & Oerlemans, 2009). Thus, enhancing their psychological capital not only can assist them in managing work stress but also can assure the service quality and improve their overall job performance and workplace happiness.

Recognizing the importance of psychological capital, an increasing number of hospitality studies have been devoted to this area, examining the influence of psychological capitals on employees’ work engagement (Karatepe & Karadas, 2015; Paek et al., 2015), morale (Paek et al., 2015), and turnover intentions (Bouzari et al., 2017; Karatepe & Karadas, 2014). Interestingly, workplace happiness, which is an essential indicator of one’s affective evaluation of work experience (Fisher, 2010), has not been featured in these studies. Similarly, the foodservice industry, which is labor-intensive and offers various work opportunities to ethnic minority employees, has not been studied in-depth.

Accordingly, the purpose of this study was to examine the impacts of psychological capital on the workplace outcomes of ethnic minority employees in the foodservice industry in the U.S. This study particularly aims to (1) identify the current state of the psychological capitals of ethnic minority employees in the foodservice industry; (2) develop and test a model to examine the relationships among psychological capital, workplace happiness, and employee outcomes; (3) examine the differences between salaried employees and hourly employees regarding the proposed relationships.

2. Literature Review
2.1 Psychological capital

Psychological capital, “an individual’s positive psychological state of development” (Luthans, Youssef, & Avolio, 2007, p.3), has been recently receiving special attention in hospitality management literature, as this construct has been found resulting in positive organizational behaviors, such as increased job engagement and commitment (Karatepe & Karadas, 2015). According to Luthans (2002), psychological capital can be measured, developed, and even managed; developing psychological capital means enhancing the human resource strengths and psychological capabilities of employees, which leads to improved organizational outcomes at the workplace. Specifically, psychological capital can be reflected in the following four dimensions: (1) self-efficacy, which refers to the confidence that employees have when putting efforts to succeed in challenging tasks; (2) optimism, which is about how employees can make positive contributions to current and future success; (3) hope, which refers to having goals and persevering toward the goals to succeed; and (4) resiliency, which involves sustaining and bouncing back when beset by problems and adversities to attain success (Luthans et al., 2007).

Most studies about psychological capital have focused on its impacts at the individual level though some researchers started to investigate it at the organizational or team levels (Avey, Luthans & Youssef, 2010; McKenny, Short, & Payne, 2013; Walumbwa, Luthans, Avey, & Oke, 2011). At the individual level, psychological capital has been found to have a positive impact on employees’ personal lives as well as work lives (Baron, Franklin, & Hmieleski, 2013). For example, researchers found that hospitality entrepreneurs’ psychological capital was positively related to their overall well-being due to their capabilities in stress management (Baron, Franklin, & Hmieleski, 2013). Another stream of research on psychological capital mainly examined the relationship between psychological capital and workplace outcomes, such as job
performance and organizational citizenship behaviors (Newman, Ucbasaran, Zhu, & Hirst, 2014). The current study, considering the lack of research in the hospitality and foodservice industry field, mainly aimed to explore the relationships between psychological capital, work engagement, workplace happiness, and their further impacts on job satisfaction and job commitment.

2.2 Psychological capital and workplace outcomes

Work engagement refers to “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (Schaufeli, Salanova, González-Romá, & Bakker, 2002, p.74). By studying hotel frontline employees, Karatepe and Karadas (2015) found that all four dimensions of psychological capital (i.e., self-efficacy, optimism, hope, resiliency) have positively influenced employees’ work engagement. Specifically, self-efficacious employees are more likely to perform better in their current and future jobs due to their skills and abilities (Chen & Lim, 2012). Additionally, employees with more confidence and resilience are more likely to find alternative ways to succeed (Karatepe & Karadas, 2015). Further, with an elevated level of optimism toward future success, employees tend to feel more vigorous and, therefore, become more engaged in their current jobs (Karatepe & Karadas, 2015).

Research on ethnic minorities revealed that an individual’s ethnic identity had been found to link with some critical psychological characteristics as well as the self-categorization process (French, Seidman, Allen, & Aber, 2006). The state of ethnic minorities’ psychological capital would then positively influence their self-perceptions and psychological developments (Luthans, Avolio, Avey, & Norman, 2007). As a result, ethnic identity forms the foundation of psychological self-perception and influences individuals’ behaviors (Phinney, 1990). Previous
researchers also identified that ethnic minorities’ psychological capabilities (e.g., psychological capital) had led to positive workplace outcomes, such as work engagement and job performance (Combs, Milosevic, Jeung, & Griffith, 2012). Ethnic minorities with higher psychological capital may have better job performance and more engaged in continuous growth within the organization (Luthans, Avolio, Avey, & Norman, 2007; Sweetman, Luthans, Avey, & Luthans, 2010). Based on the above-mentioned literature, the following hypothesis was proposed:

- $H_1$: Ethnic minority employees’ psychological capital positively influences their work engagement.

As the notion “a happy workforce is a productive workforce” is becoming more and more popular, workplace happiness has been introduced to the management literature and quickly has attracted an increasing amount of scholarly attention (Spicer & Cederstom, 2015). In the existed literature, scholars had identified that an individual’s ethnic identity is associated with their psychological capital, and as a result, having an impact on the well-being and happiness of the individual (Phinney, Horenczyk, Liebkind, & Vedder, 2001; Phinney & Ong, 2007). When studying school staff, researchers identified that psychological capital was strongly correlated with employees’ workplace happiness, and further identify psychological capital as a bottom-up strategy to improve workplace happiness (Williams, Kern, & Waters, 2015). Another study conducted by Kun and Gadanecz (2019) also confirmed this relationship and further specified that psychological resources, hope and optimism had particular effects on workplace happiness.

Based on these literature, it will be meaningful to explore the impact of psychological capital on workplace happiness among ethnic minorities in the context of the foodservice industry. Thus, the following hypothesis was developed:
• $H_2$: Ethnic minority employees’ psychological capital positively influence their workplace happiness.

Job satisfaction refers to “the pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values” (Locke, 1969, p.316). Employees who have positive psychological capital, namely, employees who have the personal traits of self-efficacy, hope, optimism, and resilience, are more likely to engage and be immersed in their jobs, and subsequently, assume higher levels of job satisfaction (Karatepe & Karadas, 2015). Saks (2006) further suggested that job satisfaction was a consequence of work engagement. In hospitality literature, previous studies have proved the positive impact of work engagement on employees’ work attitudes, well-being, and job satisfaction (Burke, Koyuncu, Jing, & Fiksenbaum, 2009; Pienaar & Willemse, 2008). By surveying hotel employees, researchers found that work engagement had partially mediated the relationship between psychological capital and job satisfaction (Paek, Schuckert, Kim, & Lee, 2015). Therefore, it is hypothesized in this study that:

• $H_3$: Ethnic minority employees’ work engagement positively influences their job satisfaction.

Workplace happiness refers to how happy people are with their work-life and has been found to be related to employees’ job performance, motivation, and even turnover intentions (Bryson, Forth, & Stokes, 2015; Dane & Brummel, 2014; Wang & Yang, 2016). Particularly, Fisher (2010) suggested that workplace happiness can be measured through the following three foci: (1) the work itself; (2) the job including contextual features, and (3) the organization as a
whole. Hospitality employees, especially foodservice employees, are constantly facing the challenges of work stress, which can result in employee burnout, dissatisfaction, and intentions to quit (Bryson et al., 2015; Wright & Bonett, 2007). From the employer's perspective, workplace happiness plays a crucial role in forming a harmonious work environment and in keeping the guests happy (Amin & Akbar, 2013). Goh and Lee (2018) stressed the significance of workplace happiness in the hospitality industry, as they found that the new hospitality workforce prefers to work hard but seek workplace happiness as well. Thus, the following hypothesis was proposed:

- **H₄**: Ethnic minority employees’ workplace happiness positively influence their job satisfaction.

Although the constructs of job satisfaction and job commitment are related, scholars argue that job commitment is a broader and more global construct, and it is different from job satisfaction (Kim & Brymer, 2011). Job commitment describes the degree to which an employee feels connected and emotionally attached to the organization (Meyer et al., 1993). Many researchers considered job satisfaction as a cause of job commitment (Kim & Brymer, 2011). Previous studies have also confirmed the positive effects of job satisfaction on job commitment among hotel employees (Fulford, 2005; Gunlu, Aksarayli, & Sahin Percin, 2010; Kim & Brymer, 2011) and restaurant employees (Kim, Leong, & Lee, 2005).

- **H₅**: Ethnic minority employees' job satisfaction positively influences their job commitment.
Notably, work engagement has been found related to many positive work outcomes (e.g., good health, positive work attitudes) and can lead to a greater attachment to the organization and lower intention to leave (Saks, 2006; Schaufeli & Bakker, 2004; Sonnentag, 2003). Work engagement also leads to positive emotions and work experience, which are essential components of workplace happiness (Saks, 2006). On the other hand, engaged employees are more fulfilling, thus indicating the positive relationship between work engagement and employee well-being, such as workplace happiness (Schaufeli & Bakker, 2004; Sonnentag, 2003).

Therefore, the following hypotheses were proposed:

- $H_6$: Ethnic minority employees’ work engagement positively influences their workplace happiness.

### 2.3 Social Exchange Theory and Equity Theory

The social exchange theory is defined as “the idea that people’s feelings about a relationship depend on their perception of the rewards and costs of the relation, in the kind of relationship they deserve, and their chances of having a better relationship with someone else” (Aronson, Wilson, & Akert, 2007, p. 319). According to social exchange theory, social interaction includes exchanges of resources and satisfaction and is primarily influenced by the social and economic outcomes of those exchanges (Homans, 1958). In other words, an individual’s satisfaction toward a relationship is determined by the comparison of rewards and punishments received during social encounters (Krämer, Eimler, von der Pütten, & Payr, 2011; Thibaut & Kelley, 1959). The social exchange theory has been widely applied in organizational behavior literature and was frequently used to explain various phenomenon emerged in organizations as well as to examine the relationships between employees and the organization.
Abiding by specific "rules" of exchange, the relationships of both parties may evolve into trust, loyalty, and commitments (Cropanzano & Mitchell, 2005). For example, employees that receive economic or socioeconomic benefits from the organization may respond to the organization with positive work outcomes, such as positive attitudes or job commitments (Cropanzano & Mitchell, 2005). Employees may also choose to engage themselves in their work based on the benefits and resources they obtained from the organization (Saks, 2006). By surveying hourly employees in theme parks in the U.S., Milman and Dickson (2014) found that employee retention was predicted by job satisfaction, job compensation, and perceived career development opportunities. Employers, on the other hand, are seeking long-term commitments from their employees by showing their concerns on the well-being of employees and facilitating the career development of employees (Ma & Qu, 2011).

Developed by Adams (1965), the equity theory suggests that individuals in the workplace tend to compare the input-output ratio (e.g., contribution-compensation ratio) with their coworkers to determine if they are treated fairly. Specifically, for hourly employees, if they feel that they are treated unfairly, they tend to be dissatisfied with their job and have higher intentions to quit (Telly, 1969). Therefore, employees’ job satisfaction and commitment are highly related to whom they compare themselves with. For example, hourly employees would compare their input-output ratio with salaried employees. More specifically, they would compare their input of time and efforts with salaried employees and evaluate the return of social-economic benefits in the social exchange process. A review of previous literature revealed that the equity theory was widely used in foodservice studies to explain employee satisfaction and commitment (Joung, Choi, & Taylor, 2018; Wildes, 2005; 2008).
The foodservice industry is different from many other industries in that it comprises a large number of part-time, hourly, entry-level employees (NRA, 2020). Many of the hourly employees in the foodservice industry are students, teenagers, or even parents with irregular schedules (NRA, 2020). Studies have shown that the commitment of hourly employees and salaried employees are different in the foodservice industry, evidenced by the high turnover rate among hourly employees (Ghiselli, La Lopa, & Bai, 2001). As hourly employees and salaried employees in the foodservice industry are receiving different amounts of compensation and benefits from the organization, their work attitudes and outcomes may be different if they feel they receive different contribution-compensation ratios. Based on the social exchange theory and the equity theory, we hypothesized that the proposed relationships might be influenced by employees' compensation types. Therefore, the following hypotheses were proposed:

- $H_{7a}$: The effects of psychological capital on work engagement are different for salaried and hourly employees.
- $H_{7b}$: The effects of psychological capital on workplace happiness are different for salaried and hourly employees.
- $H_{7c}$: The effects of work engagement on job satisfaction are different for salaried and hourly employees.
- $H_{7d}$: The effects of workplace happiness on job satisfaction are different for salaried and hourly employees.
- $H_{7e}$: The effects of job satisfaction on job commitment are different for salaried and hourly employees.
- $H_{7f}$: The effects of work engagement on workplace happiness are different for salaried and hourly employees.
3. Methodology

3.1 Sample Selection

The target population of this study was ethnic minorities in the U.S. foodservice industry. A purposive sampling method was used where the participants were recruited through a paid online panel. To be qualified, the individual needs to be (1) more than 18 years old, (2) have worked in the foodservice industry for at least one year, and (3) must belong to at least one ethnic minority group. The benefits of using a paid online panel include (1) easier access to the target population and (2) a higher efficiency in reaching the ideal sample size. The qualified respondents who completed the survey were compensated directly through the survey panel company.

3.2 Instrument Development

A cross-sectional online survey instrument was developed based on the literature review. The questionnaire includes six parts: (1) organizational characteristics, such as the type of
organization (i.e., chain, independent), the size of the organization, the participants’ position, the
type of compensation (hourly or salaried position), and how long they have been employed in the
organization; (2) workplace happiness, which was measured by a semantic scale consists of three
constructs (adapted from Fisher, 2010); (3) psychological capital, which is measured by a scale,
consisting of four dimensions: hope, optimism, self-efficacy, and resilience (adapted from
Luthans, Youssef, & Avolio, 2007); (4) work engagement, measured by the three dimensions
(i.e., vigor, dedication, job absorption) scale (adapted from Schaufeli, Salanova, González-Romá,
& Bakker, 2002); (5) employee outcomes, which include job satisfaction and organizational
commitment; and (6) participants’ demographic characteristics (e.g., gender, age, educational
background). All items in the scales mentioned above were measured using the 7-point Likert
scale ranging from 1 being "strongly disagree" to 7 being "strongly agree." Consistent with
previous research (Chen & Lim, 2012; Karatepe & Karadas, 2015), the current study tests
psychological capital as a second-order latent variable rather than using a composite score of the
four dimensions. There are several advantages of measuring psychological capital as a second-
order latent variable. First, the result would explain whether the higher-order factor explains the
relationships between the first-order factors (Chen, Sousa, & West, 2005). Second, the
covariance is explained in a more parsimonious way as the second-order model structures the
pattern of covariance between first-order factors (Gustafsson & Balke, 1993; Rindskopf & Rose,
1988). Third, the complex measurement structure of psychological capital can be simply
interpreted by treating it as a second-order latent variable (Eid, Lischetzke, Nussbeck, &
Trierweiler, 2003).

3.3 Data Collection
The final survey instrument was uploaded to the Qualtrics survey system for data collection. A pilot test (N=30) was conducted to ensure the appropriateness of the survey questionnaire and the reliability of scales. The inter-item reliability of multi-item scales was evaluated using Cronbach's alpha with the desirable goal of $\alpha \geq 0.7$ (Nunnally & Bernstein, 1994). As all constructs had Cronbach alpha levels higher than 0.7, and therefore, it proceeded to final data collection without further revision. To ensure that participants were qualified (i.e., age $\geq 18$, ethnic minorities, and have worked in the foodservice industry for at least one year), filtering questions were asked before participants were able to access the survey. Two attention check questions were also included in the survey to screen out those who did not pay full attention to the questions.

3.4 Data Analyses

Before data analysis, data were cleaned and checked for missing data. No missing data were identified. The collected data was then analyzed by using the Statistical Package for the Social Sciences (SPSS, Version 25.0). Descriptive statistics, including frequencies, means, and standard deviations, were calculated to summarize the data. Hierarchical multiple regression analyses were conducted to analyze the relationships between variables. The proposed hypothesized relationships in the structural model were tested by using SPSS-AMOS. Further, the full sample was divided into two groups (i.e., salaried employees, hourly employees). The results of the invariance tests ($\chi^2 = 4.2$, df = 6, $p = 0.65$) showed that although the groups were not statistically different at the model level, differences may exist at the path level. Thus, given the exploratory nature, this study conducted multi-group analyses to compare the path coefficients between the two groups. The statistical significance level was set at $p < 0.05$. 
4. Results

4.1 Demographic Characteristics

The final sample includes a total of 407 usable and valid survey responses, and their demographic characteristics are summarized and reported in Table 1. The majority of the sample is female (69.3%), below 40 years old (60.5%), single (50.1%), employed full-time (65.4%), and on hourly positions (72.0%). When it comes to their ethnicity, 49.6% of them are African Americans, 23.4% of them are Hispanics/Latinos, and 17% of them are Asians/Asian Americans.

The demographic profile of the study sample reflected the finding in previous research (Jackson & DeFranco, 2005), where most ethnic minority employees in the hospitality industry are in hourly positions. Additionally, most participants in this study had received some higher-level education; however, only 24.35% of them hold Bachelor's degrees or above.

Table 1. Demographic characteristics of the survey sample (N=407)

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>N</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td><strong>Gender</strong></td>
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<tr>
<td>Female</td>
<td>282</td>
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<tr>
<td>Male</td>
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<td>Prefer not to answer</td>
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<td>0.4</td>
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<tr>
<td><strong>Age</strong></td>
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<td></td>
</tr>
<tr>
<td>18 – 24</td>
<td>67</td>
<td>16.5</td>
</tr>
<tr>
<td>25 – 39</td>
<td>179</td>
<td>44.0</td>
</tr>
<tr>
<td>40 and above</td>
<td>161</td>
<td>39.6</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
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<td></td>
</tr>
<tr>
<td>Black/African American</td>
<td>202</td>
<td>49.6</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>96</td>
<td>23.4</td>
</tr>
<tr>
<td>Asian/Asian American</td>
<td>69</td>
<td>17.0</td>
</tr>
<tr>
<td>American India/Alaskan Native</td>
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<td>5.1</td>
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<td>Native Hawaiian/Pacific Islander</td>
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<td>1.7</td>
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<tr>
<td>Others</td>
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<td><strong>Marital status</strong></td>
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<tr>
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<td>Category</td>
<td>Count</td>
<td>Percentage</td>
</tr>
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<td>-----------------------------------------</td>
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<tr>
<td>Married</td>
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<tr>
<td>Domestic partnership</td>
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<tr>
<td>Divorced</td>
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<td>7.4</td>
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<td>Widowed</td>
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**Education**

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<th>Category</th>
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<tr>
<td>Less than high school</td>
<td>7</td>
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<tr>
<td>High school graduate or GED</td>
<td>102</td>
<td>25.1</td>
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<tr>
<td>Some college</td>
<td>129</td>
<td>31.7</td>
</tr>
<tr>
<td>Associate degree</td>
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<tr>
<td>Bachelor’s degree</td>
<td>79</td>
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<tr>
<td>Graduate degree</td>
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**Employment status**

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<tr>
<td>Full-time</td>
<td>266</td>
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<tr>
<td>Part-time</td>
<td>135</td>
<td>33.2</td>
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<td>Others</td>
<td>6</td>
<td>1.5</td>
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**Tenure in the foodservice industry**

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<th>Category</th>
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<th>Percentage</th>
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<tr>
<td>Less than 5 years</td>
<td>134</td>
<td>32.9</td>
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<tr>
<td>5 – 10 years</td>
<td>113</td>
<td>27.8</td>
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<tr>
<td>More than 10 years</td>
<td>160</td>
<td>39.3</td>
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**Compensation type**

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<tr>
<th>Category</th>
<th>Count</th>
<th>Percentage</th>
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</thead>
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<tr>
<td>A salaried position</td>
<td>114</td>
<td>28</td>
</tr>
<tr>
<td>An hourly position</td>
<td>293</td>
<td>72</td>
</tr>
</tbody>
</table>

**Types of company/organization**

<table>
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<tr>
<th>Category</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A chain full-service restaurant (e.g., Chili’s, Olive Garden)</td>
<td>77</td>
<td>18.9</td>
</tr>
<tr>
<td>An independent full-service restaurant (e.g., local sit-down restaurant)</td>
<td>98</td>
<td>24.1</td>
</tr>
<tr>
<td>A chain limited-service restaurant (e.g., Subway, McDonald’s)</td>
<td>92</td>
<td>22.6</td>
</tr>
<tr>
<td>An independent limited-service restaurant</td>
<td>34</td>
<td>8.4</td>
</tr>
<tr>
<td>Institutional foodservice establishment (e.g., university/college foodservice, hospital foodservice)</td>
<td>44</td>
<td>10.8</td>
</tr>
<tr>
<td>Others</td>
<td>62</td>
<td>15.2</td>
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</table>

**Current positions**

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<th>Category</th>
<th>Count</th>
<th>Percentage</th>
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<tr>
<td>Managerial staff (e.g., manager)</td>
<td>107</td>
<td>26.3</td>
</tr>
<tr>
<td>Supervising staff (e.g., supervisor)</td>
<td>50</td>
<td>12.3</td>
</tr>
<tr>
<td>Host or hostess</td>
<td>15</td>
<td>3.7</td>
</tr>
<tr>
<td>Service staff (e.g., wait-staff, server)</td>
<td>109</td>
<td>26.8</td>
</tr>
<tr>
<td>Production staff (e.g., chef, cook)</td>
<td>84</td>
<td>20.6</td>
</tr>
<tr>
<td>Others</td>
<td>42</td>
<td>10.3</td>
</tr>
</tbody>
</table>

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4.2 Measurement Model

Before testing the proposed structural model, CFA was conducted to determine the validity of the factor structures of the variables (Anderson & Gerbing, 1998). As suggested by previous researchers (Chen & Lim, 2012; Jung & Yoon, 2015), this study treated psychological capital as a second-order construct, which includes four dimensions: self-efficacy, hope, optimism, and resilience. The CFA model of psychological capital has demonstrated a good fit with all measurement items ($\chi^2 = 77.45$, df = 24, p<0.001, CFI = 0.973, RMSEA = 0.074). Work engagement was also treated as a second-order construct, which comprises vigor, dedication, and adsorption. The CFA model of work engagement also has a sound model fit ($\chi^2 = 78.16$, df = 29, p<0.001, CFI = 0.973, RMSEA = 0.065). For all constructs in this study (Table 2), the Cronbach alpha levels exceeded or close to the threshold of 0.7, as suggested by Nunnally (1978). Besides, the average variances extracted for all constructs were above 0.5, higher than the acceptable minimum level suggested by Fornell and Larcker (1981).

<p>| Table 2. Measurement Items of the Constructs |</p>
<table>
<thead>
<tr>
<th>Constructs &amp; Measurement items</th>
<th>Factor Loadings</th>
<th>Cronbach’s alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workplace happiness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Happiness at work</td>
<td>0.959</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Happiness at the job</td>
<td>0.962</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Happiness at the company/organization</td>
<td>0.947</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Job satisfaction</strong></td>
<td>0.949</td>
<td>0.832</td>
<td></td>
</tr>
<tr>
<td>I feel satisfied with my present job.</td>
<td>0.923</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I definitely like my work.</td>
<td>0.907</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My job is very pleasant.</td>
<td>0.907</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My job is very worthwhile.</td>
<td>0.899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am very content with my job.</td>
<td>0.924</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organizational commitment</strong></td>
<td>0.919</td>
<td>0.860</td>
<td></td>
</tr>
<tr>
<td>I feel emotionally attached to this organization.</td>
<td>0.914</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This organization has a great deal of personal meaning for me.</td>
<td>0.944</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I do feel a strong sense of belonging to my organization.</td>
<td>0.924</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Psychological capital – Self-efficacy</strong></td>
<td>0.828</td>
<td>0.747</td>
<td></td>
</tr>
</tbody>
</table>
I feel confident in representing my work area in
meetings with management. 0.866
I feel confident contributing to discussions
about the company's strategy. 0.852
I feel confident presenting information to a
group of colleagues. 0.874

**Psychological capital - Hope**
Right now, I see myself as being pretty
successful at work. 0.858
I can think of many ways to reach my current
work goals. 0.849
At this time, I am meeting the work goals that I
have set for myself. 0.862

**Psychological capital – Optimism**
I always look on the bright side of things
regarding my job. 0.875
I'm optimistic about what will happen to me in
the future as it pertains to work. 0.875

**Psychological capital – Resilience**
I can be “on my own” so to speak at work if I
have to. 0.760
I usually take stressful things at work in stride. 0.780
I can get past difficult times at work because
I've experienced difficulty before. 0.815

**Work Engagement - Vigor**
At my job, I feel strong and vigorous. 0.852
At my work, I feel bursting with energy. 0.897
When I get up in the morning, I feel like going
to work 0.848

**Work Engagement - Dedication**
I am enthusiastic about my job. 0.890
My job inspires me. 0.868
I am proud of the work that I do. 0.793

**Work Engagement – Absorption**
I feel happy when I am working intensely. 0.820
I am immersed in my work. 0.819
I get carried away when I am working. 0.736

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4.3 Structural Model

The hypothesized relationships among psychological capital, work engagement,
workplace happiness, job satisfaction, and job commitment were then tested through SPSS-
AMOS. The tested structural model with path coefficients is shown in Figure 2. The overall
model has demonstrated a good fit ($\chi^2$/df = 2.27, p < 0.001, CFI = 0.951, RMSEA = 0.056). As proposed, psychological capital had significant positive effects on both work engagement and workplace happiness ($\beta$ = 0.88 and 0.60, respectively, p < 0.001), which in turn significantly influenced job satisfaction ($\beta$ = 0.78 and 0.20, respectively, p < 0.001). Furthermore, job satisfaction had positively influenced job commitment ($\beta$ = 0.79, p < 0.001). However, work engagement was not related to workplace happiness. Therefore, H1 to H5 were all supported, but H6 was not supported.

Coefficients of determination ($R^2$ values) were also examined for the hypothesized model. The results showed that 78% of the variance of work engagement was explained by psychological capital. For workplace happiness, psychological capital explained 36.2% of the variance. In addition, 82.3% of the variance of job satisfaction was explained by both work engagement and workplace happiness. Further, job satisfaction explained 63.5% of the variance of job commitment.

**Figure 2.** Path model of hypothesized relationships among variables (*** p < 0.001)

### 4.4 Multi-group Comparisons between Salaried and Hourly Employees

Multi-group analyses were conducted to explore whether there are differences in the path coefficients between salaried and hourly employees. The results of multi-group analyses are
presented in Figure 3 and Figure 4, where path differences were noted. To illustrate, salaried employees’ psychological capital did not have a significant impact on their workplace happiness ($\beta = 0.22$, $p = 0.23$). Therefore, $H_7b$ and $H_7c$ were supported, but $H_7a$, $H_7d$, $H_7e$, and $H_7f$ were rejected. Meanwhile, the work engagement of hourly employees did not significantly predict their workplace happiness ($\beta = 0.06$, $p = 0.70$). As a result, $H_6$ is fully supported, where the impact of work engagement on workplace happiness is different between employees with different compensation methods.

**Figure 3.** Path model for salaried employees (N=114) ($*** p < 0.001; ** p < 0.01; * p < 0.05$)

**Figure 4.** Path model for hourly employees (N=293) ($*** p < 0.001$)
Lastly, regression analyses were conducted to identify the specific impacts of each dimension of psychological capital on work engagement and workplace happiness (Table 3 & 4). For salaried employees, specifically, hope and self-efficacy significantly predicted work engagement, and optimism significantly influenced employees' workplace happiness. For hourly employees, hope, optimism, and self-efficacy had significant impacts on their work engagement, and vigor and dedication had significantly predicted their workplace happiness. Further independent-sample t-tests (Table 5) revealed that salaried position employees had a significantly higher level of hope and self-efficacy than hourly employees and were significantly more dedicated to their jobs.

### Table 3. Effects of psychological capital on work engagement and workplace happiness (salaried employees)

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Work engagement</th>
<th>Workplace happiness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Psychological capital</strong></td>
<td><strong>β</strong></td>
<td><strong>t</strong></td>
</tr>
<tr>
<td>Hope</td>
<td>0.446</td>
<td>4.110***</td>
</tr>
<tr>
<td>Optimism</td>
<td>0.183</td>
<td>0.797 n.s.</td>
</tr>
<tr>
<td>Resilience</td>
<td>-0.019</td>
<td>-0.240 n.s.</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>0.217</td>
<td>0.419*</td>
</tr>
<tr>
<td><strong>F</strong></td>
<td>35.126***</td>
<td>10.119***</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.563</td>
<td>0.271</td>
</tr>
</tbody>
</table>

*Note: *** p < 0.001; ** p < 0.01; * p < 0.05; n.s. p ≥ 0.05*

### Table 4. Effects of psychological capital on work engagement and the effects of work engagement on workplace happiness (hourly employees)

| Independent variable | Work engagement | |
|----------------------|-----------------|
| **Psychological capital** | **β** | **t** |
| Hope                | 0.383 | 6.783*** |
| Optimism            | 0.254 | 4.563*** |
| Resilience          | 0.028 | 0.585 n.s. |
| Self-efficacy       | 0.230 | 3.885*** |
| **F**               | 128.161*** |
| **R²**              | 0.640 |
Table 5. Comparison of variables between salaried employees and hourly employees

<table>
<thead>
<tr>
<th>Variable</th>
<th>Salaried employees (Mean ± S.D.)</th>
<th>Hourly employees (Mean ± S.D.)</th>
<th>F</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hope</td>
<td>5.64 ± 1.09</td>
<td>5.17 ± 1.35</td>
<td>8.512</td>
<td>3.334**</td>
</tr>
<tr>
<td>Optimism</td>
<td>5.68 ± 1.56</td>
<td>5.18 ± 1.35</td>
<td>2.902</td>
<td>3.499 n.s.</td>
</tr>
<tr>
<td>Resilience</td>
<td>5.61 ± 1.08</td>
<td>5.53 ± 1.16</td>
<td>1.147</td>
<td>0.649 n.s.</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>5.75 ± 1.09</td>
<td>5.29 ± 1.34</td>
<td>5.738</td>
<td>3.233*</td>
</tr>
<tr>
<td>Work Engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vigor</td>
<td>5.10 ± 1.33</td>
<td>4.82 ± 1.50</td>
<td>2.437</td>
<td>1.756 n.s.</td>
</tr>
<tr>
<td>Dedication</td>
<td>5.51 ± 1.14</td>
<td>5.07 ± 1.36</td>
<td>4.085</td>
<td>3.607*</td>
</tr>
<tr>
<td>Absorption</td>
<td>5.22 ± 1.12</td>
<td>4.82 ± 1.26</td>
<td>1.161</td>
<td>1.936 n.s.</td>
</tr>
<tr>
<td>Workplace Happiness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>5.41 ± 1.16</td>
<td>4.90 ± 1.60</td>
<td>2.346</td>
<td>0.940 n.s.</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>5.01 ± 1.70</td>
<td>4.48 ± 1.70</td>
<td>0.026</td>
<td>2.785 n.s.</td>
</tr>
</tbody>
</table>

Note: *** p < 0.001; ** p < 0.01; * p < 0.05; n.s. p ≥ 0.05

5. Discussions

Focusing on ethnic minorities employed in the foodservice industry, this study examined the current status of their psychological capital and further analyzed its impacts on various workplace outcomes. Overall speaking, the results confirmed that ethnic minority employees’ psychological capital influenced their work engagement and workplace happiness, both of which further affected their job satisfaction as well as organizational commitment. Previous scholars stressed that an individual’s ethnic identity forms the foundation of his or her psychological self-perception and further impacts the individual’s behaviors (Phinney, 1990). The findings of the
current study are consistent with previous studies in that ethnic minorities’ psychological capital had led to positive work engagement (Combs, Milosevic, Jeung, & Griffith, 2012).

Previous studies have repeatedly reported the positive relationship between psychological capital and job satisfaction (Jung & Yoon, 2015; Luthans, Avolio, Walumbwa, & Li, 2005; Luthans, Vogelgesang, & Lester, 2006; Paek, Schuckert, Kim, & Lee, 2015). Interestingly, our study confirmed the positive impact of psychological capital on work engagement and workplace happiness, and their further impacts on job satisfaction and commitment. This advances our understanding in this area, as the findings illustrated how work engagement and workplace happiness influenced the dynamics between psychological capital and job satisfaction. As for the relationship between job satisfaction and job commitment, the results of this study are consistent with previous studies (Fulford, 2005; Gunlu, Aksarayli, & Sahin Percin, 2010).

Consistent with the core assumptions suggested by the social exchange theory and the equity theory, this study found several differences between salaried and hourly employees regarding the proposed relationship in the conceptual model. These notions align well with previous research, which suggested that employees who receive economic or socioeconomic benefits from the organization may return the favor by displaying positive work attitudes or generating positive work outcomes (Cropanzano & Mitchell, 2005). Similarly, salaried employees who received better compensation and benefits tended to show higher dedication at work.

More specifically, we found the following differences. First, it is noted that salaried employees’ psychological capital did not predict their workplace happiness, but their work engagement did. This means that their level of job engagement is directly related to the sense of workplace happiness, regardless of their current state of psychosocial capital. For hourly
employees, in contrast, their work engagement and workplace happiness were unrelated. This is consistent with the original conceptual model, where psychological capital significantly influenced their work engagement and workplace happiness, respectively.

Second, this study conducted regression analyses to further explore the impact of psychological capital on work engagement on different dimensions. We found that for salaried employees, both hope and self-efficacy are predictors of their work engagement, and hope has stronger effects in this context. Newman et al. (2014) suggested that hope exemplifies goal-directed energy, which refers to “an individual’s motivation to succeed at a specific task in a set context” (p. S122). This applies equally to this study, where most salaried employees may see their current job as an essential part of their career. They also receive more support and resource provided by their organization; in return, they tend to remain highly motivated and engaged with their work.

Third, we found that only optimism predicted salaried employees’ workplace happiness. That is, salaried employees who hold a more positive attitude are more likely to be happy at the workplace. This aligns well with the nature of psychological capital and optimism, which mainly involves personality traits. For hourly employees, besides optimism, both hope and self-efficacy can influence their job engagement. Different from hope and optimism, self-efficacy is a concept that underscores self-confidence. This means that in addition to a generally positive attitude, how confident an hourly employee determines how engaged he/she would be in the workplace. For hourly employees, being vigorous and dedicated makes them happier at the workplace.

6. Conclusions
The foodservice industry has been facing several challenges in recent years, which mainly deals with the shrinking national labor pool and the increasing turnover rate (Loria, 2018; Sullivan, 2017). This holds particular truth for the ethnic minority workforce, as industry reports show that ethnic minorities tend to be more concentrated in lower-paying jobs in the foodservice industry, and the job stress is more likely to negatively affect their health and well-being than their white counterparts (Bloudoff-Indelicato, 2016). Therefore, to maintain the sustainable development of the industry, attention from both the industry and academics are needed to support and help the ethnic minority workforce in the foodservice industry. A particular focus should be placed on their workplace happiness and positive employee outcomes, such as increased job satisfaction, enhancing organizational commitment, and reducing turnover intentions. To fill the gap, the study results had provided meaningful theoretical and practical implications, as explained below.

6.1 Theoretical Implications

First, given the importance of psychological capital on work engagement (Karatepe & Karadas, 2015; Paek et al., 2015), morale (Paek et al., 2015), and turnover intentions (Bouzari et al., 2017; Karatepe & Karadas, 2014), this study contributes to the psychological capital literature by investigating the current state of psychological capital of ethnic minority workforce in the foodservice industry and its impact on various workplace outcomes. The majority of the products of the foodservice sector involves interactions between and among customers and employees; while studies frequently reported that being a minority sometimes could bring negative impacts on one’s work experience, which may, in turn, affect how they serve customers and manage work stress (Chrobot-Mason, 2004; Findeler, Wind, & Barak, 2007). Therefore,
identifying the status of the psychological capital of this population and revealing the impacts on employee outcomes become very valuable.

Second, the current study contributes to work engagement and workplace happiness literature by identifying their impacts on job satisfaction and job commitment. This particular finding adds to our understanding of the underlying mechanism in which psychological capital influences various workplace outcomes. Even though workplace happiness is an important predictor of an individual’s affective evaluation of work experience (Fisher, 2010), this is the first study that explored and confirmed that impact of psychological capital on job satisfaction and commitment among ethnic minorities in the foodservice industry. Future studies can test and apply the theoretical model proposed in this study to other populations and contexts.

Lastly, this study extends our understanding of the social exchange theory and the equity theory by applying them to a new context with a different population. The study design is innovative as this is the first study to explore the differences in the proposed constructs between salaried and hourly employees. Consistent with the social exchange theory and the equity theory, this study found several differences between salaried and hourly employees regarding the effects of psychological capital. More specifically, salaried employees tend to be more positive, confident, and dedicated. This is consistent with the philosophy of social exchange theory, which suggests that employees who receive economic or socioeconomic benefits from the organization are more likely to respond to the organization with positive work outcomes, such as positive attitudes or job commitments (Cropanzano & Mitchell, 2005). The study also extends the application of equity theory on salaried and hourly employees. Prior research has applied it to examine the differences in job-related attitudes between full-time and part-time employees in the foodservice industry (Joung, Choi, & Taylor, 2018).
6.2 Practical Implications

The findings of this study can be further translated into practical implications. To start with, foodservice managers should recognize the importance of psychological capital and understand its impacts on employees' performance and outcome. In order to improve employees' psychological capital, training, programs, and strategies should be established. Examples of these programs include training interventions (Avey, Luthans, & Jensen, 2009), empowerment, or rewards (Karatepe, Karadas, Azar, & Naderiadib, 2013), and employee recognition (Paek, Schuckert, Kim, & Lee, 2015). The ethnic minority workforce should always be included.

Additionally, previous researchers found that workplace support may facilitate employee's psychological capital development, given that it may provide hope and support for employees to find alternative ways to achieve their goals and be able to face challenges and bounce back after a setback (Luthans, Norman, Avolio, & Avery, 2008). The workplace support can be provided through supervisory support (Luthans et al., 2008), socialization such as buddying to support employees (Nigah, Davis, & Hurrell, 2012), and/or helping employees to maintain work-family balance (Liu, Chang, Fu, Wang, & Wang, 2012).

Lastly, programs and strategies should be differentiated for hourly employees and salaried employees. More efforts are needed for hourly employees, helping them to establish a career development path, saying positive when facing challenges, and increasing their confidence and capabilities in achieving excellent performance. Evidenced by the results that hourly employees’ work engagement and workplace happiness both developed upon their psychological capital. The strategies for hourly employees should be geared towards developing their psychological capabilities. For example, Avery, Luthans, and Jensen (2009) had proposed a
short training intervention that includes activities designed to enhance employees’ four
components of psychological capital (i.e., self-efficacy, hope, optimism, resilience). Foodservice
operators or human resources managers may include this three-hour training intervention in the
orientation of their frontline hourly employees. As the results of the current study revealed that
salaried employees’ workplace happiness and job satisfaction were directly established on their
work engagement, strategies should be focused on the “work” aspect of employees. For example,
creating opportunities to let employees fully realizing their strengths and talents, establishing
channels to deliver positive and encouraging feedback to employees, developing programs to
focus on the mental and physical health of employees, and promoting the career paths and career
development opportunities to let employees pursue and achieve their personal meaningful goals
(Schaufeli & Salanova, 2010).

6.3 Limitations and Future Research

This study is not without its limitations. First, the sample was recruited through online
survey panels. Those who do not use computers/smartphones or have limited access to the
internet may be excluded. The purposive sampling method may also jeopardize the external
generalizability of the findings. Second, this study also examined the variables among ethnic
minority workforce in the foodservice industry in the U.S.; therefore, results may not be
generalizable to all employees in the foodservice industry or those in other countries. Future
research may also collect data from Caucasian employees to compare the impact of
psychological capital on employees with ethnic vs. non-ethnic backgrounds. Additionally, future
study may also dig into different minority groups (e.g., African Americans, Hispanic and
Latinos, Asian Americans) and examine the differences among groups. Third, due to time and
resource constraints, all data collected in this study were self-reported data, where results may be impacted by the common method and social desirability bias. Future studies may use alternative data collection methods, such as collecting data on a longitudinal basis or collected employees' data from their work partners or supervisors rather than themselves, to avoid common method and social desirability bias (Demerouti, van Eeuwijk, Snelder, & Wild, 2011; Podsakoff, Mackenzie, & Podsakoff, 2003). Forth, this study mainly concerns the proposed relationships surrounding phycological capital, the influences of demographic characteristics (e.g., age, gender) were not featured. Future studies should fill this gap and test if the proposed relationships varied by different demographic variables.

Acknowledgment

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References


