



Economic Insecurity and Wellbeing: Psychological Capital as a Mediating Resource and Cultural Orientation as a Boundary Condition

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Abstract

Economic insecurity, defined as perceived financial instability and uncertainty, is increasingly linked to reduced wellbeing; however, the psychological mechanisms and cultural contingencies underlying this relationship remain insufficiently understood, particularly beyond Western contexts. The Conservation of Resources theory research would assume that a moderated mediation model that conceptualizes the intuition that economic insecurity mediates the wellbeing via the moderating effect of a psychological capital (hope, self-efficacy, resilience, optimism) can retest the economic insecurity- wellbeing relationship in a study. The ordeal that assumes that it mediates this test of the main hypothesis is cultural orientation (collectivism individualism). The data were measured using two-wave time-lagged study (time interval of 4-weeks; N₁ = 520; N_{final} = 420) which was based on multi-source sample. The confirmatory factor analysis was used to establish reliability and validity ($\alpha = .84-.91$; viability, C = .86-.92; AVE >.50) and good model fit ($X^2/df = .94 / TL = .93 / RMSEA = .058 / SRMR = .049$). The structural equation modeling depicted the economic insecurity as a negative predictor of the wellbeing ($\beta = -.38, p < .001; r = -.46$) and psychological capital ($r = -.42$) and a positive predictor of psychological capital ($r = .55$). The partial mediation and the moderation-analysis were supported by bootstrapping and they showed that the negative effect was mediated by collectivist orientation (buffer effect) ($\beta = 0.15, p < .001$). The affirmed mediation was the conditional indirect effect. The results provide information on the input contribution of the involved psychological resources and cultural circumstances to wellbeing considering the presence of an economically stressing environment.

Keywords: Economic insecurity, psychological capital, wellbeing, collectivism, moderated mediation, cultural orientation, Conservation of Resources theory, positive psychology.



INTRODUCTION

The issue of economic insecurity has come to be characteristic of modern society as it is experienced not only by people in the developed but also in the developing economies ([Affairs & Osberg, 2021](#); [Ranci et al., 2021](#)). The increasing instability of the labor market, lack of income stability and fear of further economic instability have worsened the financial concerns of individuals and families ([Estela-Delgado et al., 2023](#)). It is important to note that economic insecurity is not only the objective financial poverty but also the personal fear of uncertainty and even vulnerability that could exist in the lives of people and affect their social existence ([D'Agostino et al., 2025](#)). The emerging literature suggests that this type of insecurity causes significant psychological stress, and that extends well into the realms of wellbeing, including lower life satisfaction, maladaptive emotional regulation and impaired mental health in general ([Hu et al., 2021](#); [Prieto, 2022](#)).

This case of negative association between economic insecurity and various wellbeing indicators has been reported in previous studies. Individuals who are not comfortable enough about their economic positions will be more likely to report higher levels of stress, anxiety, and loss of life satisfaction ([Nazareno & Schiff, 2021](#)). However, despite this being a powerful empirical correlation, the literature has paid little attention to the mechanisms that may be underlying these relationships. Consequently, the literature provides little information regarding the psychological processes through which economic insecurity is translated into poorer wellbeing. This highlights a critical gap in understanding the mechanisms that explain internal psychological functioning in relation to external economic conditions.

Theoretically, the explanation of the relationship between the notion of economic insecurity and well-being has been interpreted with the help of the Conservation of Resources (COR) theory which assumes that people want to acquire and hold the assets they prize, and in the scenario where the given assets are under threat, this will result in the emergence of psychological stress ([Brooks, 2024](#)). However, While COR theory provides a convenient background, it has rarely been made consistent with the opinions of theorists of positive psychology, who emphasize the role of the internal psychological resources in the adaptive functioning process. In particular, one of the most important but relatively under-investigated ways in which economic insecurity can impact the wellbeing is the higher-order phenomenon called psychological capital (PsyCap) comprising hope, self-efficacy, resilience, and optimism. With the balance between these perspectives, it is possible to transcend mere associations and develop a more nuanced understanding of how the loss of resources is seen psychologically.

Other than this omission of attention to the mechanisms of psychology, the presented literature has been extremely skewed within Western contexts, with a generalized assumption of the universality of the effects of economic insecurity. This assumption is not the effect of cultural orientation on the people's responses to stress. Cultural models, namely, the distinction between collectivism and individualism, plays a primary role in how individuals attribute adversity, enlist coping mechanisms as well as well-being. Good social relationships and social responsibility in collectivist circumstances can exert a buffering effect such that individuals can tap into the resources of the group during times of financial instability ([Oh et al., 2024](#)). The respondents characterized in a more individualistic manner should, on the other hand, experience greater psychological



strain, since financial instability would be more acutely felt as an individual burden. Though cultural orientation plays a critical role in the theoretical relevance of the policies in dealing with the issues of economic security to wellbeing, the notion of cultural orientation as a constraint with regard to economic insecurity and wellbeing has not been well laid out.

Addressing these research gaps, the present work infers and justifies a moderated mediation pattern in which the impact of the psychological capital is a mediator between the economic insecurity and wellbeing and that the cultural orientation is a moderating factor that moderates this relationship. The study unites the findings from stress theory, positive psychology and cultural psychology, and therefore provides more detailed and theoretically enhanced knowledge regarding the effect of economic insecurity on wellbeing. Importantly, with such relations examined in developing, predominantly collectivist environment, the present research poses a critical challenge to the extrapolation of the current wellbeing theories to the rest of the world beyond the Western context, thereby making such wellbeing processes globally accommodative.

In so doing, this study is useful in that it makes three key contributions to the existing research. First, it determines psychological capital as an important explanatory variable through which economic insecurity affects wellbeing, which advances resource-based theories of stress. Second, it demonstrates that cultural orientation determines the extent of such a relationship and thus the importance of the contextual and cultural factors in the study of wellbeing. Third, it offers an integrative model that integrates external economic factors with internal psychological resources and cultural factors, providing a more refined and comprehensive account of wellbeing when individuals face economic insecurity. This integrated framework thus provides a more nuanced understanding of how economic precarity translates into psychological distress, moving beyond singular theoretical lenses (Pires, 2025).

Theoretical Framework and Hypotheses

Economic Insecurity and Wellbeing: A Resource-Based Perspective

Economic insecurity reflects subjective perceptions by individuals regarding the vagaries, uncertainty and susceptibility to current and emerging financial position (Prieto, 2022). The psychological interpretation that people offer of their economic conditions which is perceived economic insecurity, as a response to actual measures of income or employment status, is therefore particularly useful in explaining the outcome of wellbeing.

Such an approach to economic insecurity as an economic dimension of wellbeing can be theoretically based on the Conservation of Resources (COR) theory, which argues that people have a motivation to gain, keep, and protect the coveted resources. These resources extend beyond material resources to include psychological and social resources, which enable humans to work effectively (Guo et al., 2025). According to COR theory, the occurrence of stress is a consequence of individuals experiencing an actual or threatened loss of resources and due to the inability to access resources following colossal investments (Baluku, 2023).

Economic insecurity, in this case, is a systemic risk to the stability of the resources, an indicator of the potential or eventual loss of financial means and dislocation of individuals' sense of command over their environment. The perceived instability may lead to the phenomenon of spiral loss of resources; i.e., the losses or a threat initially prompts a further loss of mental and emotional resources (Jurek & Niewiadomska, 2021). Such a



process is likely to manifest in the increased level of stress, poor level of life satisfaction and dysfunctional psychological functioning.

The fact that economic insecurity is particularly pernicious also deserves mention because it is linked with the uncertainty of future resources, which, may be even more psychologically upsetting than a loss itself. Constant doubt can destroy the sense of stability and control in individuals, all of which are fundamental elements of well-being.

Based on these arguments, the following hypothesis is proposed:

H₁: *There is no positive relationship between economic insecurity and well-being.*

Psychological Capital as a Mediating Mechanism: Linking External Stress to Internal Resources

Even though the role of economic insecurity in well-being reduction is characterized in the COR theory, the internal psychological processes through which it operates are not apparent. To address this limitation, the present study will use the result of positive psychology, particularly the concept of psychological capital (PsyCap).

The concept of psychological capital is a higher-order construct, comprising four state-level psychological assets, i.e., hope, self-efficacy, resilience, and optimism (Jurek & Niewiadomska, 2021). Through these resources, an individual can attain a goal, overcome the adverse effects, and maintain the positive outlooks for the future. Importantly, PsyCap is not rigid but a flexible resource that can vary depending on situational context. A resource-based approach to PsyCap would enable considering it as a personal resource pool that mediates the relationship between external stress-inducing factors and the well-being outcomes. Most likely, these mechanisms link them to economic insecurity and the depletion of this reservoir.

First, financial instability interferes with individuals' perceived control over the environment which makes individuals less confident in their self-efficacy or ability to acquire what they desire. Second, the uncertainty of the economic future reduces the amount of hope as individuals may not discern the means to achieve their goals. Third, exposure to economic stress can erode hope for a good future by fostering negative anticipations. Finally, chronic or repeated stress may cause burnout, reduce resilience and decreasing individuals' ability to overcome stress.

All these processes point towards the fact that economic insecurity does not directly influence well-being but rather does so by compromising psychological resources that are vital for efficient adaptive functioning. Reduced psychological capital, in its turn, would probably have a significant impact on wellbeing. Individuals with low hope, efficacy, resilience and optimism are in a worse position to cope with stress, handle emotions and have a positive interaction with life (Lorenz et al., 2022). As a result, they are more prone to hedonic (e.g., life satisfaction) and eudaimonic (e.g., psychological functioning) indicators of wellbeing losses (Mohan et al., 2022).

Hence, one significant mediating variable, that can explain why economic insecurity is linked to low wellbeing, is psychological capital.

H₂: *Psychological capital mediates the relationship between economic insecurity and wellbeing.*

Cultural Orientation as a Boundary Condition: A Contextualized View of Stress

The fact is that economic insecurity can be a threat in the sense that it influences people's resources uniformly, but its psychological impact is not uniformly experienced. To address



this variation, this research introduces the concept of cultural orientation as a boundary condition, based on cultural psychology knowledge.

The aspect that distinguishes between collectivism and individualism, cultural orientation, in particular, describes how the way people build the self in relation to others and prioritize their personal or group interests (Soltwisch et al., 2023). These orientations have an impact on social behavior, cognitive evaluation of coping and stress management (Otanga et al., 2021; Shekriladze et al., 2021). Collectivist orientations emphasize social harmony, interdependence and collective responsibility (Costa & Faria, 2024; Qin et al., 2022). These orientations are related most of the time to good social networks and community coping (Ahuja, 2021; Dong et al., 2022). From a resource perspective, such social networks can become an additional resource, and provide emotional, informational, and instrumental support during economic insecurity (Bolibar et al., 2021; Novara et al., 2022). Individuals with high collectivism orientation will, therefore, be better placed to avoid depleting their psychological reserves in the face of external challenges.

Individualistically oriented people, on the other hand, pay attention to autonomy, independence, and personal success (Ciešlik et al., 2023; Soler-Anguiano et al., 2023). These orientations may cause one to be self-reliant, but the opportunities for or utilization of social support in stressful circumstances may also be limited (Costa & Faria, 2024). However, the idea of economic insecurity can be better captured as a failure or threat at the personal level and hence can exert a more negative impact on the psychological resource. It is important to note that cultural orientation is an individual phenomenon; this can be taken to imply that even in a society that is generally collectivistic, individuals may vary in their adherence to collectively oriented values compared to individually oriented views (Costa & Faria, 2024; Weiss-Sidi & Riemer, 2023). It is this inconsistency that provides an opportunity for a less obvious explanation of how the cultural issues affected psychological processes.

Due to these arguments, the relationship between economic insecurity and psychological capital will be moderated by cultural orientation.

H₃: *The conditions of cultural orientation moderate the effects of economic insecurity on psychological capital, such that the negative influence between the two is less in those with a more collectivist cultural orientation.*

A Moderated and Integrated Mediation Model.

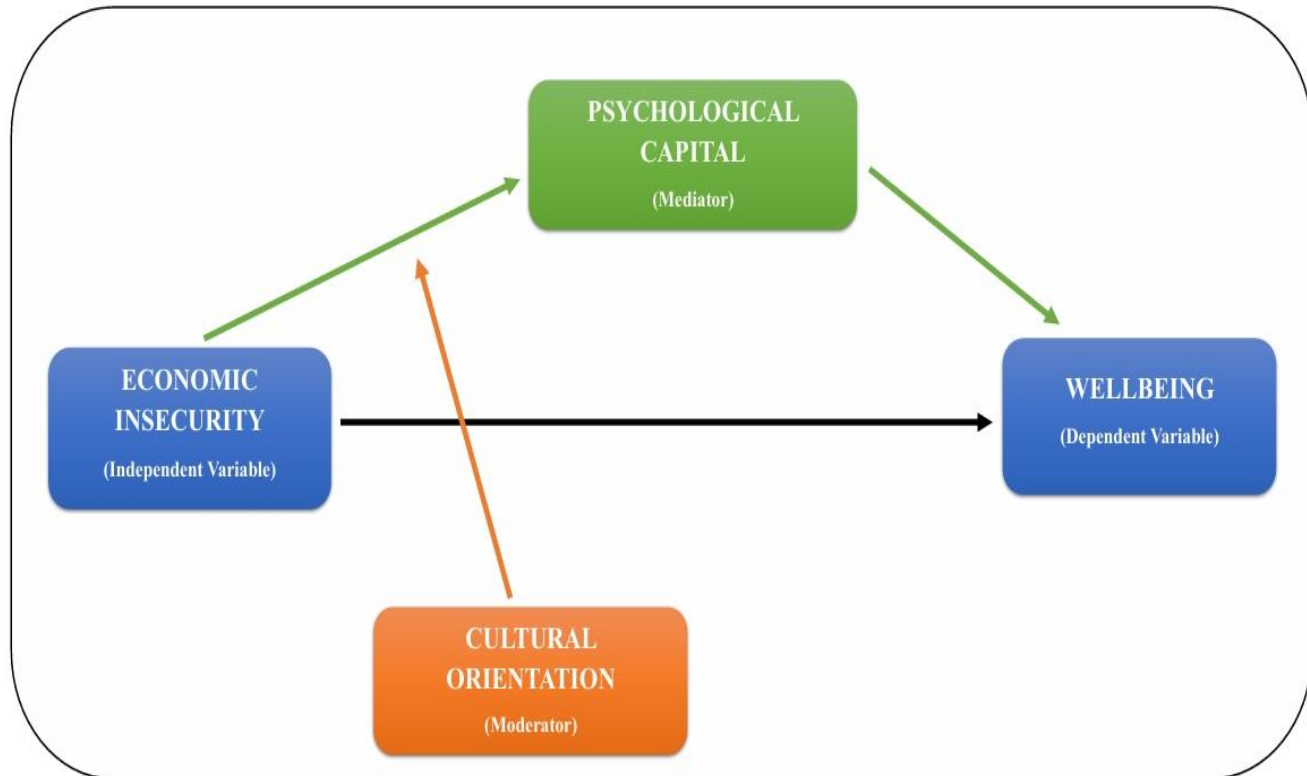
Building on the arguments presented above, this paper presents an integrated moderated mediation model that has the ability to embed the mechanism and boundary of the economic insecurity-wellbeing relationship.

Specifically, the economic insecurity will tend to reduce wellbeing through the loss of psychological capital. This impact is, however, indirect and will be determined by the people's cultural orientation. Buffering behaviors, such as social support and community coping mechanisms, which are approximated to reduce the negative effects of monetary insecurity on psychological capital and, therefore, its effect on wellbeing, are prevalent in contexts with a high collectivist orientation (Dong et al., 2022; Schelleman-Offermans et al., 2024). On the other hand, an indirect effect is more relevant in areas with low collectivist orientation (i.e., high individualistic orientation).

The integrative model integrates existing research on the relationship between (mediation) and when/who (moderation) economic insecurity and wellbeing. Thus, it provides a relatively holistic and context-specific description of the wellbeing processes.



H₄: The mediated relationship between economic insecurity and wellbeing through psychological capital is culturally oriented i.e., it is stronger when collectivist orientation is low.



METHOD

Design and Procedure Researches

The current research has used a time-lagged survey design to decrease common method bias and increase the strength of causal inferences. Two waves of data collection were measured after four weeks.

At Time 1, the subjects completed the economic insecurity and cultural orientation measures and demographic data. At Time 2, the participants indicated their amounts of psychological capital and wellbeing. The involvement was voluntary and the respondents were guaranteed anonymity and confidentiality.

Ethical approval of the relevant institutional review board was obtained before data collection and informed consent procured of all the participants.

Participants and Sampling

The strategy of recruiting participants was a multi-source convenience sampling strategy that was applied to universities and working populations in metropolitan areas. This methodology was used to make sure that there was a more variability in socioeconomic conditions, and generalize more.

There were $N = 520$ participants who responded at Time 1. Following the correspondence in responses during the two waves and eliminating the missing cases; the final sample size was $N \approx 420$ participants.

A balanced sample was used that is both students and working adults aged between 18 and 45 years.



Measures

The measures of all constructs were made using established scales whose reliability and validity have been established. Scales were converted to Urdu where it was important through a back-translation process to get linguistic equivalence.

Economic Insecurity

Our measure of economic insecurity was a multi-item scale that was tested and valid to measure the perspectives of individuals about their financial health and their feelings of insecurity (e.g., "I feel uncertain about my financial future). Responses were noted to be on the basis of a Likert-type scale of 1 (strongly disagree) to 5 (strongly agree).

Psychological Capital

Psychological capital was measured through the Psychological Capital Questionnaire (PCQ-12) that consists of 12 items, which measures hope, self-efficacy, resilience and optimism. The items included in the questionnaires included evaluating an aspect like I feel confident about analyzing a long-term problem on a Likert scale with 6 points.

Cultural Orientation

The cultural orientation was also done through an existing individual level collectivism-individualism scale, which refers to the degree and extent to which people support collectivist orientations, which include interdependence and group cohesions.

Wellbeing

Two complementary indicators were used to measure wellbeing as follows:

- Life Satisfaction: was measured by the Satisfaction with Life Scale (SWLS)
- Psychological Wellbeing: The scale of psychological wellbeing checked using a validated wellbeing scale which consists of emotional and functioning variables.

This two-fold method guaranteed the overall evaluation of subjective wellbeing.

Control Variables

The demographic variables such as age, sexuality, education level, and the employment status were their control variables in the analyses since they have been determined to be able to cause the potential confounding factors affecting the economic perceptions and wellbeing.

Data Analysis Strategy

The analysis of data was done in two steps.

• Step 1: Measurement Model

Confirmatory Factor Analysis Confirmatory Factor Analysis (CFA) was conducted to determine:

- Construct validity
- Factor structure

Measurement of the model fit was done through standard values:

- CFI, TLI, RMSEA, SRMR

To determine reliability, the following tools were used:

- Cronbach's alpha
- Composite reliability (CR)
- Average variance extracted (AVE).

Step 2: Structural Model

- Structural Equation Modeling (SEM) was used in order to test the hypothesized relationships.
- Mediating variables (H₁): the economic insecurity (Mediator) - wellbeing (Mediator).



- Medication means (H₂): Bootstrapping (5, 000 resamples).
- Is it true that interaction term (Economic Insecurity x Cultural Orientation) is positively associated with moderation?
- Moderated mediation (H₄): Conditional indirect effects at varying levels of collectivism.
- Common Method Bias Check

In order to mitigate possible common method variance:

- Time-lagged design was used
- The one-factor test made by Harman was performed.
- Single-factor versus multi-factor model of the comparison with CFA.

RESULTS

Table 1: Shows Demographic Characteristics of Participants (N = 420)

Variable	Category	N	%
Age	18–25 years	152	36.2
	26–35 years	168	40.0
	36–45 years	100	23.8
Gender	Male	260	61.9
	Female	160	38.1
Education	Bachelor's	198	47.1
	Master's	156	37.1
	Other	66	15.8
Employment Status	Student	190	45.2
	Employed	230	54.8

The last sample (N = 420) was the demographically heterogeneous group of young and middle-aged adults. The highest percentage of the sample members were aged between 26 and 35 years (40.0%), then aged 18–25 years (36.2%), which means that the sample is dominated by early to mid-career citizens- an economic active group of people who are particularly appropriate in the case of analyzing perceptions of financial insecurity.

There was more representation of males (61.9%) than females (38.1%). Regarding the education level, almost half of the respondents had acquired a bachelor's degree (47.1%), with a significant proportion having undergone masters (37.1%), indicating that the sample is quite well-educated.

Notably, students (45.2%) and working people (54.8%) were included, which increased the diversity in the life experiences related to the economy, and the ecological validity of the results was improved. This multicultural variety is especially significant in analyzing the notion of perceived economic insecurity as it is one that absorbs people with varied degrees of financial autonomy and vulnerability to economic uncertainty.

**Table 2:** Shows Reliability and Convergent Validity Statistics

Variable	α	CR	AVE
Economic Insecurity	.86	.88	.59
Psychological Capital	.91	.92	.65
Cultural Orientation	.84	.86	.56
Wellbeing	.89	.90	.61

Measurement model had high psychometrical competence. Internal consistency was high in all constructs with Cronbach alpha values being between 0.84 and 0.91 which is higher than the recommended value of 0.70. Construct reliability was also established by composite reliability (CR), which takes a range of .86 to .92.

Convergent validity was obtained, with all the average variance extracted (AVE) values above the recommended cutoff of .50, which made the constructs accounted more than half of the variance in the indicators that it was designed to measure. These findings can be used to support the view that the measurement instruments can be considered reliable and valid in the evaluation of the constructs being studied.

Model Fit Indices

- $\chi^2/df = 2.41$
- CFI = .94
- TLI = .93
- RMSEA = .058
- SRMR = .049

The confirmatory factor analysis (CFA) revealed that the data had a good fit with all the indices of fit satisfying predetermined (CFI and TLI $\geq .90$; RMSEA and SRMR $\leq .08$). These results confirm the sufficiency of the suggested measurement model and suggest the need to continue structural analyses.

Table 3: Shows Means, Standard Deviations, and Intercorrelations

Variable	M	SD	1	2	3	4
1. Economic Insecurity	3.21	0.71	—			
2. Psychological Capital	4.02	0.65	-.42**	—		
3. Cultural Orientation	3.88	0.60	-.18*	.25**	—	
4. Wellbeing	3.75	0.68	-.46**	.55**	.29**	—

Note. * $p < .05$, ** $p < .01$



The given correlation analysis was preliminary support of the proposed relationships. Wellbeing ($r = -.46$, $p = .01$) and psychological capital ($r = -.42$, $p = .01$) showed negative relationships with economic insecurity, so interpretation is that the more perceptions of financial instability, the lower the psychological resources and poorer the wellbeing.

The emphasis was on the psychological capital showing a positive significant relationship with the wellbeing ($r = .55$, $p < .01$), which supports its importance as an imperative personal asset. The correlation between cultural orientation and psychological capital ($r = .25$, $p < .01$) and wellbeing ($r = .29$, $p < .01$) made sense in that people with stronger collectivist inclinations could have psychological resources more resources and wellbeing.

Notably, the correlations between these variables are of the necessary magnitude and direction, which proves additional evidence of the proposed hypothesis testing.

Hypotheses Testing

Direct Effect (H₁)

Table 4: Shows Direct Effect of Economic Insecurity on Wellbeing

Predictor	β	SE	t	p
Economic Insecurity \rightarrow Wellbeing	-0.38	0.05	-7.60	< .001

As expected in Hypothesis 1, the wellbeing was severely impacted by economic insecurity ($\beta = -0.38$, $p = 0.001$). This evidence implies that people with greater rates of financial uncertainty have reported considerably lower rates of wellbeing. The comparably good effect size highlights the high level of psychological influence of perceived economic instability.

Mediation Analysis (H₂)

Table 5 Shows Indirect Effect of Economic Insecurity on Wellbeing via Psychological Capital

Path	Effect	Boot SE	95% CI
EI \rightarrow PsyCap \rightarrow WB	-0.23	0.04	[-0.31, -0.16]

Indirect effect of economic insecurity and wellbeing via psychological capital was statistically significant ($\beta = -.23$, $p < .001$, CL= $-.31, -.16$) because the bootstrapped confidence interval did not cover zero. This result confirms Hypothesis 2 and proves that psychological capital is moderate in the relationship.

This is an indication that economic insecurity does not only decrease wellbeing in a direct manner, but it also works by exhausting the psychological resources of the individuals thereby decreasing the wellbeing. The fact that there is a partial mediation shows the significance of direct and indirect pathways.

Moderation Analysis (H₃)

**Table 6:** *Shows Moderation Analysis: Interaction Effects*

Predictor	β	SE	t	p
Economic Insecurity	-0.34	0.06	-5.67	< .001
Cultural Orientation	0.21	0.05	4.20	< .001
EI \times Cultural Orientation	0.15	0.04	3.75	< .001

There was support in hypothesis 3 because interaction between economic insecurity and cultural orientation was significant ($\beta = 0.15$, $p < .001$). The positive interaction term is evidence of the fact that decrease in the negative relationship between economic insecurity and psychological capital is experienced by greater the collectivist orientation.

This result implies that collectivists who have a higher degree of collectivism values can preserve their psychological resources during economically challenging periods more easily, and the buffering nature of cultural orientation.

Moderated Mediation Analysis (H₄)

Table 7: *Shows Conditional Indirect Effects at Different Levels of Cultural Orientation*

Cultural Orientation	Indirect Effect	95% CI
Low (-1 SD)	-0.31	[-0.40, -0.22]
Mean	-0.23	[-0.31, -0.16]
High (+1 SD)	-0.14	[-0.22, -0.07]

The findings corroborated Hypothesis 4, such that there is an indirect influence of economic insecurity on wellbeing through psychological capital at different facets of cultural orientation. To be more specific it is the indirect effect that was the strongest on low level of collectivism ($\beta = -.31$) and the lowest on high levels ($\beta = -.14$); all the confidence intervals non-coinciding with zero.

This trend validates the fact that collectivist orientation is a protective mechanism which mitigates the adverse psychological impacts of economic insecurity. On theoretical terms, the result highlights the need to take cultural background in to account when exploring the translation process of economic stress into wellbeing outcomes.

DISCUSSION

Overview of Findings

In the current research, the current research sought to construct and test a theoretically grounded model that explains the mechanisms by which and the circumstances under



which economic insecurity affects well-being. The study was based on the Conservation of Resources (COR) theory, positive psychology, and cultural psychology, arguing that the relationship between economic insecurity and wellbeing is mediated by psychological capital and cultural orientation.

The results provide solid support for this integrative framework. In line with previous studies, the economic insecurity was identified as having a major negative impact on well-being which reinforces its importance as a critical psychological stressor (D'Agostino et al., 2025; Hu et al., 2021). Furthermore, the findings contribute to the existing knowledge because they confirm that this relationship is not only direct but, actually, operates through one of the most important psychological processes: psychological capital. The respondents who had greater doubts about their economic security showed reduced levels of hope, efficacy, resilience and optimism which eventually reflected in reduced wellbeing.

In addition, the findings point out the conditional nature of this process. The cultural orientation played a greater role in moderating the relationship between economic insecurity and psychological capital where the negative effects of economic insecurity were reduced among people with higher collectivist orientations. This observation means that the psychological impact of economic insecurity is not universal and is mediated by the cultural systems of individuals.

The combination of results provides a more sensitive and context-specific view of wellbeing in the face of economic stress because it appears that both internal psychological resources and cultural orientations are the defining factors in determining how individuals will react to economic insecurity.

Theoretical Contributions

The study contributes to the literature on wellbeing in a number of ways, and has related implications.

Scaling the Conservation of Resources (COR) Theory.

To begin with, the results contribute to the COR theory by going beyond the conventional associative strategy of examining direct links between loss of resources and psychological performance. Although COR theory assumes that as a result of threats to resources, stress and reduced wellbeing emerge (Achnak & Vantilborgh, 2021; Karkavandi et al., 2022), the current study recognizes the psychological capital as an essential intervening mechanism that achieves such effects.

This study offers a more process-based approach to understanding resource loss by showing that economic insecurity impacts wellbeing by draining psychological capital. This indicates that the action of external stressors is not seen to affect wellbeing independently but occurs through depleting the reserves of resources within people. Thereby, the study contributes to the development of the COR theory through the inclusion of the external resource threats in conjunction with internal psychological processes. As such, the study provides a more detailed explanation of stress and adaptation.

The future of Positive Psychology: PsyCap as a Holistic Process

Second, the study also adds to the existing body of literature about the positive psychology approach, demonstrating that psychological capital is not just a predictor of wellbeing but is an active process through which unfavorable environmental factors are linked to psychological outcomes.



Although past studies have always tended to verify that psychological capital leads to improvement in wellbeing (Bai et al., 2023; Youssef-Morgan, 2024), the present outcome reveals that PsyCap is also susceptible to situational pressures, economic insecurity, to name one. Both the resources of protection and the sources of vulnerability, referred to as duality, underscored the context-flexible nature of psychological capital.

This view contributes to the development of positive psychology by shifting the focus from fixed individual differences to the processes by which resources are oriented, exhausted, and activated under the impact of environmental requirements.

Incorporating Cultural Psychology: A Situated Approach of Well-being

Indeed, thirdly and possibly most importantly, the present study incorporates the cultural orientation into the model, which provides a contextualized knowledge of well-being processes. The results demonstrate that the influence of economic insecurity is dependent on the people's cultural orientation, with collectivist values acting as a shield against the loss of resources.

This contribution undermines a tacit assumption underlying much of the existing well-being literature: the implicit assumption of universality, which has been largely Western in its samples. The study demonstrates that cultural orientation has a dynamic influence on the intensity of psychological processes, and therefore well-being is not a culture-neutral phenomenon, but instead one intimately connected with social and cultural realities.

In this way, the research would have a contribution to the overall pursuit of the de-Westernization of the study of psychology, requiring its theories to be culturally inclusive to explain variability among populations.

Cultural Intelligence and Universal Applicability

The findings have valuable implications for how members of collectivist settings cope with financial pressure. The role of social relationships in such context is not just helpful but are fundamental psychological resources that help people to redefine and adjust to economic uncertainty in a more efficient way.

Collectivist orientation could help gain access to collective coping, emotional support, and practical aid, and decrease the degree to which economic insecurity drains psychological capital. This implies that cultural values condition not only behavioral responses but also the psychological processing of stress.

On a larger scale, the research highlights the need to study the issue of wellbeing in a global and culture-sensitive approach. The results highlight the weak premise of one-size-fits-all theories of well-being, as they provide empirical evidence in a non-Western context to support the importance of context-based theories that reflect the richness of human experiences.

Practical Implications

The implications of the findings to policy, practice, and intervention are significant in several ways.

To begin with, policymakers ought to be aware that economic insecurity is not only psychologically devastating but also has material effects that go beyond the deprivation (Prieto, 2022). Any policy that lowers financial uncertainty (protection against unemployment, income stabilization programs, social safety nets, etc.) can be of significant benefit to the well-being at the population level.



Second, the arguments about the identification of psychological capital as a mediated mechanism imply that the interventions should not only be based on the conditions but also on enhancing the internal psychological possibilities. Economic stress may be addressed through programs aimed at improving hope, resilience, optimism, and self-efficacy as they will provide individuals with the necessary resources to better cope with this economic factor.

Third, cultural orientation as a moderating variable underscores the significance of culturally oriented interventions. In collectivistic environments, enhancing community networks, social cohesion, and building on family support networks is an especially promising approach to preventing the psychological effect of economic insecurity.

Lastly, through the incorporation of psychological capital development programs into training and support programs, organizations and learning establishments can be proactive in promoting resilience during economic uncertainty.

Limitations

The current study has a number of limitations that cannot be ignored despite its contributions.

To begin with, inasmuch as using a time-lagged design mitigates issues of common method bias, it does not enable one to make concrete causal conclusions. Future studies with longitudinal or experimental designs would be more effective in providing stronger evidence on the directionality of relationships.

Second, self-report measures can create the risk of response biases, such as social desirability and common method error (Angelini, 2023; Podsakoff et al., 2023). In the future, future studies may incorporate multi-source data, behavioral data, and objective data to improve the rigor of methods.

Third, the research was carried out in one country with a risk of restricted generalizability of the results. Although the measure of cultural orientation was on an individual level, cross-national research would facilitate conducting a more credible study of cultural effects and offer more rigorous tests of the developed model.

Lastly, the research targeted a particular set of variables, and it is possible that other variables that have an effect on the development of wellbeing during economic stress, including social support, personality traits, and coping strategies.

Future Research Directions

This work needs to be further developed in various directions in the future. The longitudinal studies are required to examine the behavior of economic insecurity and psychological capital regarding their changes over time, especially in response to the various changes in economic conditions. These designs would present more in-depth information on the dynamism of resource gain and loss processes.

A study with several nations would enable making more direct comparisons between collectivist and individualistic settings, thereby increasing the applicability of the results and promoting culturally sensitive theories of wellbeing.

Also, other possible moderators and mediators (e.g., perceived social support, coping styles, or personality traits) could be examined in future research and included in the model of wellbeing in response to economic stress to create a more comprehensive model.



Lastly, intervention-based studies analyzing the success of a psychological capital development program would be of interest for practical implementation and the establishment of cause-and-effect relationships.

CONCLUSION

To sum up, the current research provides a theoretically combined and empirically based explanation of how economic insecurity affects wellbeing. The findings can offer a more sophisticated perspective on wellbeing in times of economic uncertainty since they illustrate that psychological capital acts as an important mediator and cultural orientation determines the intensity of this relationship.

Notably, the research emphasizes that economic insecurity not only has effects that are not directly applicable in all cases, but it also affects people differently. Its effects are rather influenced by the interaction of external conditions, inner psychological resources, and cultural backgrounds. With such an integration, this study can help shape a wider and more globally applicable context of wellbeing and recognize the significance of context sensitivity in psychological studies.

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