

# The Relationship between Psychological Contract and Work Engagement of the Post-95s: Mediation of Psychological Capital and Moderation of Organizational Commitment

Shumin Wang\*

Received: May 10, 2023. Revised: January 7, 2025. Accepted: February 22, 2025.

## Abstract

**Purpose:** This study investigates the relationship between psychological contract and work engagement among post-95 employees, emphasizing the mediating role of psychological capital and the moderating role of organizational commitment. It aims to provide theoretical insights and practical suggestions for improving employee engagement and organizational performance by focusing on this unique generational cohort. **Research design, data and methodology:** The research employed a structured survey distributed to 10 IT companies in Shanghai, targeting employees born between 1995 and 1999. A total of 590 valid responses were analyzed using structural equation modeling (SEM) to explore direct, mediating, and moderating relationships. **Results:** The findings reveal that psychological contract positively influences work engagement and psychological capital, while psychological capital positively impacts work engagement. Furthermore, psychological capital mediates the relationship between psychological contract and work engagement. Organizational commitment moderates the relationship, significantly enhancing the positive effects of psychological contract on work engagement. **Conclusions:** The study highlights the importance of psychological contract fulfillment and psychological capital development in enhancing post-95 employees' work engagement. Organizational commitment strengthens these effects, underscoring the need for enterprises to adopt flexible and employee-centric management strategies. These findings offer actionable insights for human resource practices and contribute to the theoretical understanding of generational dynamics in the workplace.

**Keywords :** Psychological Contract, Work Engagement, Psychological Capital, Organizational Commitment

**JEL Classification Code:** M10, M54, C12

## 1. Introduction

### 1.1 Research Background and Motivation

The labor organization born in 1995 is known as the "95s" in the workforce. As this generation gradually grows into the new backbone of today's businesses, they have been criticized for their lack of commitment and slack work attitude. They tend to shy away from heavy workloads, be selective about tasks, seek personal gain, and crave immediate recognition (Ni, 2023). All these reflect the lack

of professionalism and low work enthusiasm among the "95s". The "95s" generally enjoy more comfortable material living conditions, have more diverse value demands, and possess stronger autonomy. They do not limit their work goals to merely satisfying or even enhancing their own quality of life, but rather, they consider how work contributes to their life's purpose and achieving a healthy balance (Waworuntu et al., 2022). However, the lack of incentives that cater to the high-level needs of the "95s" and the overemphasis on basic monetary factors that satisfy their lower-level needs has led to a phenomenon where monetary

\*Shumin Wang, Postgraduate, International Chinese College, MBA, Rangsit University, Pathum Thani, Thailand. Email: 1072524186@qq.com

© Copyright: The Author(s)

This is an Open Access article distributed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/4.0/>) which permits unrestricted noncommercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

incentives dominate the motivation factors (Qi & Yang, 2019).

The "95s" employees have access to abundant knowledge and information. They possess distinctive personal characteristics: they are enthusiastic about innovation, but they lack job satisfaction and loyalty (Vuong et al., 2021). They hope to receive short-term rewards for their work in the organization but lack patience and interest in procedural work. Furthermore, in the context of globalization, the growth of the "95s" has occurred under the mutual infiltration and blending of Eastern and Western cultures, which leads them to lack interest in rule-based work and have strong creativity when solving problems (Ali et al., 2022). They show curiosity about new things and have a strong willingness to learn. New knowledge and technologies occupy a significant part of their knowledge capital (Vătămănescu et al., 2023). Therefore, it is crucial to manage the "95s" employees based on their work values, which is an important issue in enterprise management at the present stage (Wu et al., 2021).

Representing the young generation of the new era, 95s have many different views from the older generation, but at the same time, they also retain some unique issues and challenges. Due to the distinct differences in their work behavior and attitudes, managers can easily lose their direction in managing them. However, 95s are an important force in the long-term development of enterprises. They have more open-mindedness, flexible thinking, and a stronger emphasis on individuality and self-fulfillment. These advantages can bring better innovation and higher productivity. Therefore, enterprises need to actively explore and tap into the potential and value of 95s.

In the workplace, 95s play a vital role in the success of a business. They possess extensive knowledge of internet technologies and unique aesthetic sensibilities, which can bring fresh ideas and business models to the enterprise. Additionally, they have stronger social connections and better financial conditions, enabling them to quickly adapt to new environments and changes, bringing greater competitive advantages to the business. Therefore, managers and researchers believe that improving psychological contracts is a key area of research. A psychological contract refers to the expectations and trust that employees have in the organization, as well as the commitments and obligations that the organization has to its employees. For 95s, they place greater emphasis on equality, openness, and respect, so companies need to develop more flexible and open talent management strategies to meet their work needs and plans.

The post-95 employees represent a distinct generational cohort with unique workplace characteristics, attitudes, and behaviors. Unlike previous generations (such as the 70s, 80s, and 90s), the post-95 employees are shaped by different

socio-cultural, technological, and economic environments, significantly influencing their career values, motivations, and workplace engagement. This cohort is entering a critical stage in their careers, and their attitudes and behaviors directly impact organizational productivity and innovation. Understanding this group is essential for developing effective management strategies to harness their potential.

In contrast, older generations may exhibit more traditional work behaviors, values, and stability in the workplace. These cohorts have been extensively studied in prior research, with their characteristics well-documented. By narrowing the research focus to post-95 employees, this study aims to address a gap in understanding how psychological contracts, psychological capital, and organizational commitment interact to influence this group's work engagement. Excluding other age groups ensures that the research findings remain targeted and relevant to the unique dynamics of the post-95 workforce, avoiding the dilution of the study's objectives.

## 1.2 Research Problem

Based on the research objectives, this article primarily proposes several research questions. Firstly, research question 1: can the psychological contract of post-95 employees positively influence work engagement? Research question 2: can the psychological contract positively influence psychological capital? Research question 3: can psychological capital positively influence work engagement? Research question 4: can psychological capital mediate the relationship between psychological contract and work engagement? Research question 5: can organizational commitment regulate the relationship between psychological contract and work engagement?

## 1.3 Research Innovation

This study combines the analysis of research content and significance to propose two innovative aspects.

1. Deepening research in the field of psychological contract

Introducing work engagement into the relationship between psychological contract and organizational identification, a model was constructed with psychological contract, psychological capital, work engagement, and organizational commitment as a moderating variable. The research on the relationship between psychological contract and work engagement was improved, and the validated mechanism model can be used as a specific application in the context of enterprise work engagement, providing relevant suggestions and opinions from the perspective of human resource management.

2. Innovation in research perspective

Through literature review and theoretical analysis, it was found that there are many studies on psychological contract and psychological capital abroad, and there are many studies on the relationship between psychological capital and work engagement, and organizational commitment as a moderating factor interfering with the psychological contract. However, there is less research on learning about psychological contract and work engagement. Therefore, this study uses an empirical method to explore the correlation and causality between psychological contract and work engagement, the mediating effect of psychological capital between them, and the moderating effect of organizational commitment, which has certain innovation.

## 2. Literature Review

### 2.1 Research Hypothesis

#### 2.1.1 Psychological Contract and Work Engagement

According to expectancy theory, an individual's expectation of different outcomes is closely related to their preferences for those outcomes, which will affect their work effort. If an individual expects their behavior to lead to a positive outcome, they are more likely to invest themselves in that work, thereby improving job performance. Conversely, if an individual expects their behavior to not result in any positive outcomes or outcomes that do not align with their preferences, they may be less willing to invest themselves in that work, or perform poorly. Therefore, managers need to understand employees' expectations and preferences for different outcomes to motivate them to invest more effort in their work, thereby improving performance and job satisfaction.

When employees feel their expectations are being met, they demonstrate increased work effort and motivation, as well as higher job satisfaction and organizational commitment. In addition, employees are more willing to accept organizational changes and adjustments because they believe the organization will provide them with fair compensation and support (Khaw et al., 2023). Conversely, when employees feel their psychological contract has been violated, they may experience disappointment, anxiety, and distrust, leading to lower work effort, motivation, and even turnover. Therefore, companies need to pay attention to psychological contract management, establish mutual trust and interaction between employees and the organization, and provide fair compensation and support to enhance employee work effort and organizational stability.

The degree of psychological contract fulfillment plays an important role in employee work effort. When the psychological contract is fulfilled, employees feel the support and recognition of the company and are motivated

to work hard to repay the organization. At the same time, psychological contract fulfillment also enhances employees' satisfaction with the organization, thereby reducing employee turnover. Conversely, when the psychological contract is violated, employees feel the organization's lack of trust and support, resulting in reduced work effort and even employee turnover. Therefore, companies should pay attention to psychological contract management, respond to employees' expectations and needs in a timely manner, and establish good communication mechanisms to maintain a healthy psychological contract (Wu et al., 2021).

H1: Psychological contract positively influences work engagement.

#### 2.1.2 Psychological Contract and Psychological Capital

The concepts of psychological contract and psychological capital are closely related. Psychological contract emphasizes the organization's integrity, trust, and reward commitments to employees, while psychological capital emphasizes employees' personal psychological resources and cognitive abilities in their work. Specifically, psychological capital includes resources such as interpersonal relationships, job experience, learning ability, and psychological traits, which help individuals cope with work stress, adapt to the work environment, and achieve job satisfaction. Luthans et al. (2008) believe that there is a positive relationship between psychological contract and psychological capital. When organizations fulfill their reward commitments to employees, employees feel respected and trusted by the organization, and are more willing to exert effort for the organization. This relationship of trust and respect can further enhance employees' psychological capital, making them more capable of coping with work stress and challenges, and improving their job performance and job satisfaction. Therefore, the hypothesis can be inferred as follows:

H2: Psychological contract positively influences psychological capital.

#### 2.1.3 Psychological Capital and Work Engagement

According to motivation theory and the integrated theoretical model, psychological capital can enhance employees' sense of control over their work, work goal orientation, and self-motivation, thereby increasing their work engagement.

Specifically, psychological capital can promote employees' positive attitudes and behaviors towards work (Chen, 2018), leading to a greater willingness to invest effort and time in completing work tasks. Secondly, psychological capital can increase employees' sense of control over their work, allowing them to independently choose work methods and problem-solving strategies, thereby improving work

efficiency and quality (Çelik, 2018). Thirdly, psychological capital can improve employees' work goal orientation, making them more focused on achieving work objectives and working harder as a result (Qin et al., 2021). Finally, psychological capital can enhance employees' self-motivation, enabling them to self-motivate and continuously challenge their work performance and growth.

At the same time, psychological capital may be influenced by factors such as the independent variable of psychological contract and the moderating variable of organizational commitment. When employees perceive support and reward commitments from the organization, they are more willing to invest effort in achieving organizational goals and are more likely to leverage their psychological capital. Therefore, there is a positive relationship between psychological capital and work engagement, and this relationship may be influenced by multiple factors.

H3: Psychological capital positively influences work engagement.

#### 2.1.4 The Mediating Role of Psychological Capital

Çelik (2018) argued that psychological capital has positive effects. Specifically, psychological capital can enhance employees' expectations and trust in the organization, making them more confident and optimistic, more likely to believe that the organization will fulfill its commitments, and more willing to cooperate with the organization. By investing in employees' psychological capital, organizations can improve work performance and innovation.

Qin et al. (2021) found that psychological capital can promote employees' work engagement. Specifically, psychological capital can stimulate employees to demonstrate higher levels of self-efficacy, optimism, and resilience at work, which further enhances employees' self-motivation and self-drive, promoting work engagement. Psychological capital can also promote employees' self-development and career growth, which further increases their work engagement. Psychological capital can make employees more focused on their career development goals and opportunities, thereby increasing their motivation to invest in their work and improve their job performance. Additionally, psychological capital can promote employees' emotional and social identification, increasing their sense of belonging and further enhancing their job performance.

Chen (2018) suggested that psychological capital can compensate for the shortcomings of the psychological contract, making employees more confident and willing to invest in their work, thereby improving work performance. Specifically, psychological capital can enhance employees' self-efficacy, optimism, and resilience, thereby increasing their expectations and trust in the organization. These

psychological resources can help employees overcome setbacks and difficulties, enhancing their confidence and self-assurance, and increasing their loyalty and commitment to the organization. Additionally, psychological capital can help employees better adapt to and cope with organizational change and adjustment, reducing anxiety and resistance caused by the uncertainty of the psychological contract, and thus improving employees' work performance.

H4: Psychological capital mediates the relationship between psychological contract and work engagement.

#### 2.1.5 The Moderating Effect of Organizational Commitment

Liu et al. (2021) pointed out that organizational commitment can enhance the role of psychological contract, thereby promoting employees' compliance with the contract and more actively fulfilling their job responsibilities. This is because employees' loyalty and sense of belonging to the organization increase their identification and commitment to the psychological contract. When employees feel recognized and valued, they are more likely to identify with the values and culture of the organization, and therefore more willing to fulfill their job responsibilities and commitments. In addition, organizational commitment can also improve employees' job performance and creativity, thereby generating more innovation and improvement. Organizational commitment can also help employees establish long-term career development plans and goals, thereby motivating them to work harder with direction.

Yandi and Havidz (2022) found that organizational commitment can increase employee job involvement. When employees feel that there is a long-term relationship between themselves and the organization, this is because organizational commitment can stimulate employees' enthusiasm for work and sense of belonging. The organization also has a certain influence on employees' involvement and loyalty. If the organization can provide opportunities for employee development, fair treatment, and supportive work environment, it can enhance employee organizational commitment and job involvement. Therefore, organizations should strive to create an organizational culture and work atmosphere that is conducive to employee commitment and involvement.

Griep et al. (2021) found that imbalanced psychological contracts are a common problem that can have a negative impact on the relationship between employees and organizations. If the organization does not take timely measures to address this issue, employees may feel frustrated, lose confidence, and eventually leave the organization. Therefore, organizations should pay attention to the management of psychological contracts and take effective measures to alleviate the impact of imbalanced psychological contracts.



Zhang et al. (2021) believes that organizational commitment can help alleviate the impact of imbalanced psychological contracts. When the organization provides commitments regarding career development and reward plans, employees can feel more secure and at ease. In addition, when employees encounter difficulties or imbalanced psychological contracts, the organization should also provide effective help and support so that employees can quickly regain confidence and motivation. In summary, organizational commitment can help alleviate the impact of imbalanced psychological contracts. At the same time, organizations should also pay attention to providing diversified career development opportunities and incentive plans to meet employees' expectations and needs, promote their continuous development and personal growth.

H5: Organizational commitment has a moderating effect on the relationship between psychological contract and job involvement.

## 2.2 Research Framework

The core of this research model is the level of employee job engagement, while organizational commitment as a moderating variable can enhance or weaken the impact of these factors on job engagement. Expectancy theory suggests that individuals' expected values for different outcomes are closely related to their preferences for those outcomes, and these expected values will affect employee job engagement (Filipova, 2023). Motivation theory indicates that individuals' motivation and behavior depend on their internal and external driving forces, which can come from their psychological traits and cognitive resources, or from the organization's commitment and support (Acquah et al., 2021). The integrated theoretical model combines expectancy theory and motivation theory, suggesting that employee behavior depends on their expected values for outcomes and the degree of motivation for behavior, which are influenced by individual psychological traits, cognitive resources, and organizational commitment.

Therefore, this article believes that organizational factors (organizational commitment) will interfere with job engagement. Based on this, the following research framework and hypotheses are proposed, as shown in Figure 1.

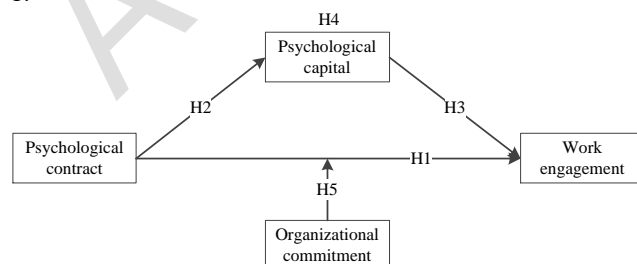


Figure 1: Research Model Diagram

## 2.3 Research Tool

### 2.3.1 Psychological Contract Scale

The Psychological Contract Scale developed by Sels et al. (2004) was used, consisting of five dimensions: duration of employment, specificity, scope, stability, and hierarchical level, with a total of 24 items. The CMIN/df was 2.494, SRMR was 0.020, GFI was 0.937, AGFI was 0.900, CFI was 0.954, PCFI was 0.707, RMSEA was 0.035, and Cronbach's  $\alpha$  was 0.820, indicating good reliability and validity.

### 2.3.2 Organizational Commitment Scale

The Organizational Commitment Scale developed by Mowday et al. (1979) was used, which includes three aspects: affective commitment, continuance commitment, and normative commitment, with a total of 15 items scored on a 5-point Likert scale. The CMIN/df was 3.492, SRMR was 0.027, GFI was 0.918, AGFI was 0.826, CFI was 0.931, PCFI was 0.665, RMSEA was 0.077, and Cronbach's  $\alpha$  was 0.917, indicating good reliability and validity.

### 2.3.3 Job Engagement Scale

The UWES-9 short version questionnaire developed by Schaufeli (2012) was used, consisting of nine items divided into three dimensions: vigor, dedication, and absorption, scored on a 5-point Likert scale. The CMIN/df was 2.620, SRMR was 0.018, GFI was 0.974, AGFI was 0.927, CFI was 0.985, PCFI was 0.628, RMSEA was 0.064, and Cronbach's  $\alpha$  was 0.811, indicating good reliability and validity.

### 2.3.4 Psychological Capital Scale

The Psychological Capital Questionnaire (PCQ) was developed by Luthans and Youssef (2004) to measure four specific elements of psychological capital: self-efficacy, hope, resilience, and optimism. The PCQ consists of 24 items scored on a 5-point Likert scale. The CMIN/df was 3.539, SRMR was 0.061, GFI was 0.991, AGFI was 0.954, CFI was 0.996, PCFI was 0.732, RMSEA was 0.080, and Cronbach's  $\alpha$  was 0.873, indicating good reliability and validity.

## 2.4 Research Object and Research Method

**Survey Distribution Method:** Paper-based surveys were distributed using convenience sampling method. The survey was distributed to 10 IT companies in Shanghai, with grassroots managers contacted by Shanghai Friends to forward the online survey to their employees in exchange for compensation. The first question in the survey was set to collect the year of birth, and only surveys from respondents born between 1995 and 1999 (aged 23-27) were retained, while surveys from respondents born in other years were deleted. The respondent variables included gender, education level, work experience, and the frequency and percentage of

being a supervisor. There were 296 male respondents and 294 female respondents, accounting for 50.2% and 49.8% of the sample size respectively, indicating no significant gender bias. The majority of respondents had a bachelor's degree (238 people, accounting for 40.3% of the sample size), followed by those with an associate degree (192 people, accounting for 32.5% of the sample size). The most common work experience was 1-3 years, with 390 people accounting for 66.1% of the sample size, followed by 4-6 years with 140 people, accounting for 23.7% of the sample size. There were 424 ordinary employees, accounting for 71.9% of the sample size, and 166 supervisors, accounting for 28.1% of the sample size.

### 3. Results

#### 3.1 Correlation Analysis

This article uses correlation analysis, which is suitable for examining the relationships between multiple variables. Specifically, it helps to understand the degree and direction of the linear relationship between variables. The correlation values in Table 1 represent the strength and direction of these relationships. A positive correlation indicates that as one variable increases, the other variable tends to increase as well. As shown in Table 1, each variable has a positive relationship.

**Table 1:** Correlation Analysis Matrix

Variable	1	2	3	4
1. Psychological Contract	1			
2. Psychological Capital	0.30**	1		
3. Organizational Commitment	0.29**	0.36**	1	
4. Work Engagement	0.32**	0.34**	0.42**	1

Note: \*\* $p < 0.01$

#### 3.2 Hypothetical Test

To examine the relationship between psychological contract, psychological capital, and work engagement, a structural equation model was constructed. The model fit indices showed that CMIN/df=3.150, GFI=0.927, AGFI=0.887, CFI=0.931, PCIF=0.696, and RMSEA=0.065, indicating a good model fit for subsequent analysis.

As shown in Table 2, the path from psychological contract to work engagement exhibited a significant positive relationship ( $\beta = 0.162, p < 0.05$ ), supporting H1. The path from psychological contract to psychological capital showed a significant positive relationship ( $\beta = 0.296, p < 0.05$ ), supporting H2. The path from psychological capital to work engagement exhibited a significant positive

relationship ( $\beta = 0.230, p < 0.05$ ), supporting H3.

**Table 2:** Path analysis table

Direct Path	Estimate	S.E.	C.R.	$p$
PCO→WE	0.162	0.051	2.809	0.005
PCO→PCA	0.296	0.061	5.519	***
PCA→WE	0.230	0.044	4.043	***

Note: PCO= Psychological Contract; PCA= Psychological Capital; WE= Work Engagement

We performed 5000 bootstrap samples with a 95% confidence interval to observe the indirect effects of the structural equation model and determine if the mediating effect exists. As shown in Table 3, the indirect effect of psychological contract on work engagement through psychological capital is 0.068, which is significant at the  $p < 0.05$  level. Therefore, hypothesis H4 is supported.

**Table 3:** Intermediary analysis table

Intermediary Path	Indirect Effect	$p$	95% CI	
			lower	upper
PCO → PCA → WE	0.296×0.230=0.068	0.005	0.007	0.078

Note: PCO=Psychological Contract; PCA=Psychological Capital; WE=Work Engagement

#### 3.3 Moderator Effect Analysis

As shown in Table 4, regression model 1 indicates that the interaction term (psychological contract × organizational commitment) significantly affects the relationship with the dependent variable work engagement ( $\beta = 0.272, p < 0.001$ ), indicating that organizational commitment has a moderating effect between psychological contract and work engagement. Hypothesis H5 is supported.

To further investigate the moderating effects of the three dimensions of organizational commitment, namely value commitment, effort commitment, and retention commitment, on the relationship between psychological contract and work engagement, we conducted tests on the moderating effects of the three dimensions of organizational commitment in regression model 2. The results show that the interaction term (psychological contract × value commitment) has a significant effect on the dependent variable work engagement ( $\beta = 0.339, p < 0.001$ ), indicating that value commitment has a moderating effect between psychological contract and work engagement. The interaction term (psychological contract × effort commitment) has a significant effect on the dependent variable work engagement ( $\beta = 0.195, p < 0.001$ ), indicating that effort commitment has a moderating effect between psychological contract and work engagement. The interaction term (psychological contract × retention commitment) has a

significant effect on the dependent variable work engagement ( $\beta = 0.281, p < 0.001$ ), indicating that retention commitment has a moderating effect between psychological

contract and work engagement.

**Table 4:** Organizational Commitment Moderating Effect Regression Table

	Dependent Variable: Work Engagement			
	Model 1		Model 2	
	$\beta$	<i>t</i>	$\beta$	<i>t</i>
Psychological contract	0.161	1.738	0.178	1.885*
Organizational commitment	0.127	0.131		
Value Promise			0.135	0.149
Effort commitment			0.202	0.267***
Job Retention Commitment			0.199	0.260***
Psychological contract $\times$ Organizational commitment	0.272	4.662***		
Psychological contract $\times$ Value commitment			0.339	4.218***
Psychological contract $\times$ Hard work commitment			0.195	2.501***
Psychological contract $\times$ Job retention commitment			0.281	3.733***
R <sup>2</sup>	0.302		0.392	
Adj R <sup>2</sup>	0.277		0.371	
F	15.967***		21.625***	

Note: \* $p < 0.05$ , \*\*\* $p < 0.001$

## 4. Discussion & Conclusion

### 4.1 Discussion

#### 4.1.1 Psychological Contract and Job Involvement

This study found that the psychological contract has a positive effect on job involvement, which is consistent with the conclusions of scholars Khaw et al. (2023).

The importance of the psychological contract lies in its ability to provide employees with clear expectations and direction, letting them know how they should perform and work. By establishing a stable and mutually understanding psychological contract with their employers, employees are provided with motivational mechanisms that can help them contribute more to the organization's success. These incentives can be in the form of money, benefits, promotion opportunities, training, etc., and can be tailored to meet employees' needs and the organization's goals. The psychological contract can also establish a strong relationship and trust. Employees feel that their work is recognized and valued, and that they can trust their employer, which motivates them to work harder and be more likely to stay in the organization and continue to contribute to its success. By establishing a psychological contract, employers can better understand employees' needs and expectations, as well as their role and value in the organization. Providing a

comfortable working environment, advanced work equipment and tools, challenging work tasks and projects can inspire employees' enthusiasm and motivation.

However, it is important to note that the psychological contract is an informal agreement and does not clearly define the rights and obligations of all parties, unlike a formal contract. Therefore, the psychological contract may be undermined or invalidated for various reasons. For example, the employer may inadvertently mislead or misunderstand employees, or employees' expectations may not match the actual work environment. When the psychological contract is breached, employees may feel disappointed, insecure, and untrusting, which may lead to a decrease in their job involvement and performance.

#### 4.1.2 Psychological Contract and Psychological Capital

This article found that the psychological contract has a positive impact on psychological capital, similar to the conclusions of scholars Blau (1968) and Luthans et al. (2008).

The psychological contract can enhance employees' psychological capital by providing a sense of security and identity. When employees feel that there is a stable and mutually understanding psychological contract between themselves and the employer, they feel recognized and respected, which increases their sense of security and belonging. This feeling helps to improve employees' well-being and self-esteem, thus increasing their psychological

capital. The psychological contract provides a positive work environment. When employees feel that there is a positive psychological contract between themselves and the employer, they are more motivated to work and are more willing to contribute to the organization. This positive work environment helps to increase employees' self-efficacy and optimism, thus increasing their psychological capital. The psychological contract provides feedback and development opportunities. When employees feel that there is a psychological contract between themselves and the employer, they are more motivated to develop their professional skills and knowledge. In addition, the psychological contract can also provide feedback and reward mechanisms, helping employees discover their strengths and potential, thereby increasing their self-efficacy and hope, and enhancing their psychological capital.

In summary, the psychological contract can enhance employees' psychological capital by providing positive psychological characteristics such as a sense of security, self-efficacy, optimism, and hope.

#### **4.1.3 Psychological Capital and Job Engagement**

This study found that psychological capital has a positive impact on job engagement, similar to the findings of Chen (2018), Çelik (2018), and Qin et al. (2021).

When employees believe they can complete tasks, they work harder, and this expectation and belief can inspire job engagement. Additionally, when employees are hopeful and confident about the future, they are more motivated to work, and this adaptability and resilience can enhance job engagement. Furthermore, if employees have higher resilience, they are more likely to recover from setbacks and difficulties and re-engage in work. Positive expectations and beliefs about one's future can enhance job engagement, making employees more positive towards work and life. Therefore, optimism is crucial for employee job engagement and performance improvement. The impact of employees' beliefs and expectations on job engagement and performance improvement highlights the positive role of optimism in enhancing employee job engagement.

#### **4.1.4 The Mediating Role of Psychological Capital**

This article found that psychological capital plays a mediating role between psychological contract and work engagement.

Psychological capital is the result of the psychological contract: a positive mindset and behavior that individuals form in the work environment, often due to the presence of positive psychological contract relationships. Therefore, psychological capital can be viewed as the result of the psychological contract. The positive mindset and behavior that individuals form in the work environment are strongly related to work engagement. Therefore, psychological

capital can be used to predict employees' work engagement. Psychological capital can transmit the influence of the psychological contract: psychological capital can be viewed as the result of the psychological contract, and it can also transmit the influence of the psychological contract. The psychological contract refers to employees' expectations and trust in the organization and employer, which are formed through communication and interaction in the work environment. When there is a positive psychological contract relationship in the work environment, employees tend to form higher psychological capital, thereby enhancing their work engagement. Therefore, psychological capital can be viewed as the result and transmitter of the psychological contract, playing an important mediating role in employees' work engagement.

#### **4.1.5 The Moderating Role of Organizational Commitment**

This study found that organizational commitment plays a moderating role between psychological contract and work engagement. Low organizational commitment does not affect the positive effects of psychological contract and work engagement, but high organizational commitment can effectively promote the positive effects of psychological contract and work engagement, mainly generated by the organization, such as corporate culture and interpersonal relationships. Therefore, a good organization will inevitably bring high organizational commitment to employees, indirectly reflecting the promoting effect of high organizational commitment.

Psychological contract is the subjective understanding of expectations and obligations between employees and organizations, hence there is uncertainty. This uncertainty may lead to employees' concerns and speculations about the organization's future actions, which in turn decreases their work engagement. Organizational commitment can help reduce this uncertainty and increase employee work engagement. Commitment can enhance employees' emotional attachment to the organization and job satisfaction, thereby increasing their work engagement. In addition, organizational commitment can also enhance the effectiveness of psychological contract, making employees more confident that the organization will honor its commitments, thereby reducing uncertainty and increasing work engagement. When employees believe that the organization will honor its commitments, they are more motivated to invest in their work, improving their performance and productivity. Furthermore, organizational commitment can also promote employees' organizational citizenship behavior, that is, actively participating in organizational activities to improve organizational performance. Therefore, organizations should strive to establish good psychological contracts and provide strong



organizational commitments to increase employee work engagement and organizational performance. At the same time, organizations should try to honor their commitments as much as possible to enhance employees' trust and identification with the organization, further increasing employee work engagement and organizational performance.

## 4.2 Practical Suggestions

1. Organizations should establish a psychological contract with their employees.

In modern organizations, establishing a good psychological contract is one of the important ways to build long-term relationships. A psychological contract is an informal agreement that involves employees' expectations, responsibilities, obligations, and the rewards and support provided by the organization, thereby helping to improve employee engagement and performance.

Organizations should establish honest and transparent communication channels with employees, allowing them to understand the organization's goals and strategies and work together to achieve them. Through communication, organizations can understand employees' expectations and needs, and formulate policies and measures that are more suitable for employees. At the same time, organizations should also make the operation of the organization public to employees, enabling employees to know the current situation and future prospects of the organization, thereby building trust and loyalty among employees towards the organization.

2. Units should regularly obtain insights into employees' inner feelings and expectations.

Understanding employees' psychological states and expectations is an important aspect of organizational management. Only by understanding employees' psychological states and expectations, through surveys, can organizations know employees' satisfaction with work, work pressure, team cooperation, etc. Through the analysis of this data, organizations can understand employees' psychological states and needs, and formulate more reasonable management policies and measures.

Through communication with employees, organizations can gain a deeper understanding of employees' needs and thoughts, identify employees' problems and bottlenecks, and formulate more effective solutions. At the same time, through face-to-face communication, employees can feel the organization's care and support, enhancing their sense of belonging and loyalty.

3. Create an organizational environment that fosters positive psychological states.

Psychological capital can also improve the current state of work engagement, so organizations can not only cultivate a psychological contract with employees but also create a positive emotional atmosphere within the organization to

increase employees' internal positive psychological capital and stimulate their gratitude. When employees have enough positive psychological capital, they can improve their work engagement.

In order to succeed in the fierce market competition, companies not only need to have excellent products and services but also need to build a positive, innovative and development-oriented corporate culture and create an organizational environment that fosters positive psychological states.

## 4.3 Conclusion

This study explores the interaction between psychological contract, psychological capital, and organizational commitment in influencing work engagement among post-95 employees. It highlights that psychological contract enhances work engagement by meeting employees' expectations of trust and support, while also boosting psychological capital, including self-efficacy, hope, and resilience. Psychological capital further strengthens work engagement by fostering a positive work attitude and resilience. Additionally, it mediates the link between psychological contract and work engagement, amplifying its effects. Organizational commitment moderates this relationship, with higher commitment levels enhancing motivation and alignment with organizational goals. The study emphasizes the need for tailored management strategies to leverage the unique values and preferences of post-95 employees, ensuring sustained productivity and innovation.

## 4.4 Limitations for the future study

This study acknowledges several limitations that present opportunities for future research. The sample, limited to post-95 employees in Shanghai's IT sector, may restrict generalizability to other industries or regions, suggesting the need for broader studies across diverse contexts. Its cross-sectional design prevents causal inferences, highlighting the value of longitudinal research to examine the evolution of psychological contract, psychological capital, and organizational commitment over time. The reliance on self-reported data raises concerns about common method bias, emphasizing the importance of incorporating objective or multi-source measures. The study's focus on post-95 employees excludes generational comparisons, urging future research to assess the model's applicability across different cohorts. Additionally, the exploration of organizational commitment dimensions was limited to value, effort, and retention commitment; future research could include emotional and normative aspects. Finally, while psychological capital and organizational commitment were

key variables, future studies could explore other mediators (e.g., job satisfaction) and moderators (e.g., leadership style) to expand the theoretical framework.

## References

- Acquah, A., Nsiah, T. K., Antie, E. N. A., & Otoo, B. (2021). Literature review on theories of motivation. *EPR International Journal of Economic and Business Review*, 9(5), 25-29. <https://doi.org/10.36713/epra2012>
- Ali, H., Li, M., & Qiu, X. (2022). Employee engagement and innovative work behavior among Chinese millennials: Mediating and moderating role of work-life balance and psychological empowerment. *Frontiers in Psychology*, 13, 942580. <https://doi.org/10.3389/fpsyg.2022.942580>
- Blau, P. M. (1968). Social exchange. *International Encyclopedia of the Social Sciences*, 7(4), 452-457.
- Çelik, M. (2018). The effect of psychological capital level of employees on workplace stress and employee turnover intention. *Innovar*, 28(68), 67-75.
- Chen, S. L. (2018). Cross-level effects of high-commitment work systems on work engagement: The mediating role of psychological capital. *Asia Pacific Journal of Human Resources*, 56(3), 384-401. <https://doi.org/10.1111/1744-7941.12144>
- Filipova, A. A. (2023). *Expectancy theory in organizations*. Springer International Publishing.
- Griep, Y., Bankins, S., Vander Elst, T., & De Witte, H. (2021). How psychological contract breach affects long-term mental and physical health: The longitudinal role of effort-reward imbalance. *Applied Psychology: Health and Well-Being*, 13(2), 263-281. <https://doi.org/10.1111/aphw.12246>
- Khaw, K. W., Alnoor, A., Al-Abrow, H., Tiberius, V., Ganesan, Y., & Atshan, N. A. (2023). Reactions towards organizational change: A systematic literature review. *Current Psychology*, 42(22), 19137-19160. <https://doi.org/10.1007/s12144-022-03070-6>
- Liu, W., Liang, Y., Wei, S., & Wu, P. (2021). The organizational collaboration framework of smart logistics ecological chain: a multi-case study in China. *Industrial Management & Data Systems*, 121(9), 2026-2047. <https://doi.org/10.1108/IMDS-02-2020-0082>
- Luthans, F., & Youssef, C. M. (2004). Human, social, and now positive psychological capital management: Investing in people for competitive advantage. *Organizational Dynamics*, 33(2), 143-160. <https://doi.org/10.1016/j.orgdyn.2004.01.003>
- Luthans, F., Norman, S. M., Avolio, B. J., & Avey, J. B. (2008). The mediating role of psychological capital in the supportive organizational climate: Employee performance relationship. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 29(2), 219-238. <https://doi.org/10.1002/job.507>
- Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14(2), 224-247. [https://doi.org/10.1016/0001-8791\(79\)90072-1](https://doi.org/10.1016/0001-8791(79)90072-1)
- Ni, Y. (2023). The loyalty of new generation employees from the perspective of psychological contract. *Frontiers in Business, Economics and Management*, 12(2), 20-26. <https://doi.org/10.54097/fbem.v12i2.14588>
- Qi, T. Y., & Yang, X. H. (2019). An analysis of salary expectations of "Post-95" college students based on mental accounts. *Employment of Chinese College Students*, 9(20), 57-64.
- Qin, K., Jia, Z., Lu, T., Liu, S., Lan, J., You, X., & Li, Y. (2021). The role of work engagement in the association between psychological capital and safety citizenship behavior in coal miners: A mediation analysis. *International Journal of Environmental Research and Public Health*, 18(17), 930-948. <https://doi.org/10.3390/ijerph18179303>
- Schaufeli, W. B. (2012). *The measurement of work engagement*. Routledge.
- Sels, L., Janssens, M., & Brande, I. (2004). Assessing the nature of psychological contracts: A validation of six dimensions. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 25(4), 461-488. <https://doi.org/10.1002/job.250>
- Vătămănescu, E. M., Bratianu, C., Dabija, D. C., & Popa, S. (2023). Capitalizing online knowledge networks: from individual knowledge acquisition towards organizational achievements. *Journal of Knowledge Management*, 27(5), 1366-1389. <https://doi.org/10.1108/JKM-04-2022-0273>
- Vuong, B., Tung, D., Tushar, H., Quan, T., & Giao, H. (2021). Determinates of factors influencing job satisfaction and organizational loyalty. *Management Science Letters*, 11(1), 203-212. <https://doi.org/10.5267/j.msl.2020.8.014>
- Waworuntu, E. C., Kainde, S. J., & Mandagi, D. W. (2022). Work-life balance, job satisfaction and performance among millennial and Gen Z employees: A systematic review. *Society*, 10(2), 384-398. <https://doi.org/10.33019/society.v10i2.464>
- Wu, Y., Li, B., Yin, L., Zhang, X., & Liu, Y. (2021). Research on Incentive Mode of Post-90s Employees in SMEs. *2021 International Conference on Diversified Education and Social Development*, 299-304. <https://doi.org/10.2991/assehr.k.210803.060>
- Yandi, A., & Havidz, H. B. H. (2022). Employee performance model: Work engagement through job satisfaction and organizational commitment (A study of human resource management literature study). *Dinasti International Journal of Management Science*, 3(3), 547-565. <https://doi.org/10.31933/dijms.v3i3.1105>
- Zhang, M., Zhao, L., & Chen, Z. (2021). Research on the relationship between high-commitment work systems and employees' unethical pro-organizational behavior: The moderating role of balanced reciprocity beliefs. *Frontiers in Psychology*, 12, 776904. <https://doi.org/10.3389/fpsyg.2021.776904>