

Article

2024 International Conference on Business Economics, Education, Arts and Social Sciences (EASS 2024)

The Relationship Between the Psychological Contract and Job Satisfaction of Beginning College Student Employees

Liying Wang ^{1,*} and Shahnaz Sheibani

¹ Lincoln University College Malaysia, BaadLing, Selangor, Malaysia

* Correspondence: Liying Wang, Lincoln University College Malaysia, BaadLing, Selangor, Malaysia

Abstract: In the context of the rapidly evolving economic landscape, the relationship between the psychological contracts of newly-graduated entry-level employees and their job satisfaction has emerged as a pivotal research topic within the realm of organizational management. The psychological contract, an informal and subjective promise of employment relations, directly influences employees' attitudes and performance. Various types of psychological contracts, such as transactional, relational, and developmental, to some extent, impact employees' job satisfaction. By effectively managing psychological contracts, enterprises can enhance employees' job satisfaction, thereby achieving a win-win situation. This article elucidates the impact mechanism of psychological contracts on job satisfaction and proposes a series of measures to improve the job satisfaction of newly-graduated entry-level employees. These measures include establishing a robust psychological contract, providing systematic introductory training, fostering a supportive work environment, implementing fair performance management, and promoting teamwork and social interaction.

Keywords: recent university graduates; psychological contract; job satisfaction; corporate management; employee relations

1. Introduction

As fresh graduates enter the workforce, they represent a vital component of new labor. The degree to which they seamlessly integrate into the workplace significantly affects both personal development and corporate performance. Over the past few decades, the employment relationship between employees and organizations has undergone profound transformations, shifting from traditional contractual models to more flexible and subjective psychological contracts. These psychological contracts not only encompass employees' perceptions and expectations toward the organization but also reflect the implicit commitments made by the organization to its employees. This contract typically involves employees' expectations regarding career development, their sense of belonging to the corporate culture, and their adaptability to the work environment. Given their limited professional experience, recent graduates often rely heavily on clear guidance and support from their employers, making them particularly sensitive to the nuances of psychological contracts. Job satisfaction, which embodies the fulfillment employees derive from their work, directly influences their productivity and loyalty to the organization. Optimizing the psychological contract can enhance employees' job satisfaction, thereby reducing turnover rates and improving overall performance. In examining the relationship between

Published: 09 November 2024



Copyright: © 2024 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

psychological contracts and job satisfaction specifically within the context of new graduates, this approach not only holds theoretical significance but also offers practical management strategies for organizations.

2. Definition and Dimensions of the Psychological Contract

In the realm of the enterprise-employee relationship, the psychological contract serves as an invisible framework of collaboration that transcends traditional written agreements, emerging as a pivotal factor influencing the job satisfaction of newly graduated university employees. This psychological contract embodies the reciprocal expectations and sense of responsibility between employees and the organization. Although it lacks legal binding, its profound impact on employee behavior and attitudes is unmistakable. The definition of the psychological contract is not merely an assemblage of expectations and commitments; rather, it constitutes a dynamic psychological agreement that evolves and adjusts over time. It encompasses the hopes and demands of employees towards the organization, including feelings of security, a sense of achievement, opportunities for development, and equitable treatment. For newly employed university graduates, who are often imbued with ideals and enthusiasm, the desire for recognition and growth in a new environment is paramount. Consequently, their sensitivity to the perceptions of the psychological contract is particularly acute; should these expectations remain unfulfilled, both their loyalty and job satisfaction stand to have significantly diminished. From a dimensional perspective, psychological contracts can be categorized into two primary types: transactional and relational. The transactional psychological contract focuses on specific, short-term, and quantifiable rewards, such as compensation, benefits, and task requirements. This type of contract emphasizes immediate exchanges of benefits, which can directly influence employee performance and engagement [1]. Conversely, the relational psychological contract prioritizes long-term, emotional connections such as trust, respect, development opportunities, and a sense of belonging. This aspect is vital for fostering deeper employee loyalty and organizational commitment, as it underscores a lasting relationship and mutual growth between the enterprise and its employees. Understanding and actively nurturing the psychological contract are essential for organizations seeking to retain talent. Companies must attentively listen to the aspirations of newly employed university graduates and respond appropriately, thereby clarifying their value within the organization. This approach not only enhances employees' sense of belonging but also effectively elevates overall job satisfaction and organizational loyalty.

3. Definition and Influencing Factors of Job Satisfaction

Job satisfaction is a critical indicator of the overall contentment level of employees regarding their work environment, roles, and experiences. It not only reflects individuals' subjective perceptions of content and environment but also serves as a significant reference for organizations to assess employee loyalty, productivity, and intention to leave. For fresh graduate employees, job satisfaction is particularly crucial as it directly influences their initial career development drive and commitment. The definition of job satisfaction extends beyond mere satisfaction with salary and benefits, encompassing employees' interest and identification with their work, workplace relationships, career development opportunities, organizational support, and work-life balance. These factors collectively shape the psychological and emotional experiences of employees, thereby impacting their overall work attitudes and performance. The diverse influencing factors contribute to this complex psychological phenomenon of job satisfaction. Compensation and material rewards are the most straightforward factors, but over time, graduate employees are more likely to be driven by career development opportunities and growth potential. They aspire to work in environments where they can witness their progress and expect continuous learning and challenges to achieve self-worth. Therefore, if enterprises can provide new employees with a clear career development path and training support, it will

significantly enhance their job satisfaction. The work environment and corporate culture hold equal importance. In an open, supportive, and respectful work climate that values diverse opinions, employees are more likely to feel a sense of belonging and accomplishment. Team collaboration, amicable relationships among colleagues, and smooth communication with superiors are crucial in building a positive work environment. Particularly for young employees entering the workforce, their ability to integrate into the team and establish friendly workplace relationships directly impacts their job satisfaction. Management style is also worth noting. Transparent and fair management models, along with recognition of employees' contributions, can increase their trust and identification with the organization. A management team that values employee feedback and actively implements improvement measures can effectively enhance employees' enthusiasm and loyalty towards their work [2].

4. The Mechanism of Psychological Contract's Influence on Job Satisfaction

4.1. Dimension of Psychological Contract

From the perspective of the psychological contract, it generally encompasses three categories: transactional, relational, and developmental. The transactional psychological contract primarily concerns the remuneration and benefits that employees actually receive; it is typically short-term and specific, focusing on "hardware" factors such as working conditions and compensation. This dimension of the contract has a relatively direct and quantifiable impact on job satisfaction. With the intensification of economic pressures and the heightened expectation for immediate returns, the significance of the transactional contract becomes increasingly evident. The relational psychological contract, on the other hand, emphasizes long-term commitments and emotional bonds, encompassing employees' expectations for corporate support, recognition, and emotional belonging. This contract is built on trust and loyalty, serving as the foundation for enduring employment relationships. The relational contract is particularly crucial for newly hired employees, as they are at the outset of their careers and have a greater need for a sense of belonging and support. The developmental psychological contract reflects employees' emphasis on personal growth and career development. It includes aspects such as training opportunities, career advancement paths, and avenues for self-actualization. For recent college graduates eager for rapid growth, fulfilling the developmental contract can significantly enhance job satisfaction. The three dimensions of the psychological contract are interwoven, collectively influencing the job experience of newly hired employees. The transactional contract provides the basic satisfaction guarantee for work, the relational contract reinforces emotional investment, and the developmental contract motivates employees to strive continuously and innovate. If enterprises can identify and effectively manage these contract dimensions, they can substantially improve employee job satisfaction and organizational loyalty, contributing to the creation of a positive and efficient work environment [3].

4.2. The Path of Psychological Contract on Job Satisfaction

The psychological contract, as an informal commitment between employees and the organization, profoundly influences job satisfaction, impacting employees' inner experiences and professional behaviors through various pathways. The fulfillment of the psychological contract represents one of the principal positive avenues. When enterprises meet the promises expected by employees—such as providing equitable remuneration, a conducive work environment, and opportunities for career advancement—employees are more inclined to invest their time and effort in their work, thereby enhancing their job satisfaction. In such circumstances, the support and recognition felt by employees engender greater motivation to strive for the organization's objectives. Conversely, breaches of the psychological contract can yield detrimental effects. Should employees perceive that the organization has failed to honor its commitments, they may experience feelings of

disappointment and distrust, leading not only to a decline in job satisfaction but also to intentions to leave or a tendency toward disengagement. Particularly vulnerable to the repercussions of psychological contract breaches are recent university graduates, as their expectations of the workplace tend to be both higher and more fragile. The influence of the psychological contract on job satisfaction is also manifested through emotional connections. When employees sense a profound emotional bond with the organization, their job satisfaction markedly increases. This emotional connection stems not only from favorable working conditions and development opportunities but also from alignment with organizational culture and team dynamics. By fostering positive interactions and communication among employees, organizations can effectively strengthen these emotional ties, further enhancing overall satisfaction. Additionally, employee engagement, as another crucial pathway, is indirectly influenced by the psychological contract. The fulfillment and development of this contract encourage more proactive work attitudes among employees, making them more willing to engage in the decision-making processes of the organization and elevating their overall investment in their work [4].

5. Measures to Improve the Job Satisfaction of First-Time College Employees

5.1. Establishing and Maintaining a Good Psychological Contract

Establishing and maintaining a robust psychological contract is crucial for enhancing the job satisfaction of newly inducted university employees. The psychological contract, representing the invisible commitments between employees and organizations, necessitates careful consideration at various stages, including recruitment, onboarding, and training. During the recruitment process, companies should accurately convey job requirements and development opportunities to prevent discrepancies between expectations and reality. Clear and transparent communication of information aids in setting realistic expectations, laying a solid foundation for the psychological contract from the outset. Onboarding training constitutes another vital step in preserving the psychological contract. Through systematic training, organizations not only enhance employees' professional skills but also communicate their values and cultural ethos, enabling new hires to comprehend and assimilate into the overarching operations of the enterprise, thereby significantly bolstering their sense of belonging and identification. Furthermore, newly employed individuals often harbor high aspirations for their professional development; thus, organizations must provide a definitive career progression pathway. This commitment not only signifies an organization's dedication but also serves as a catalyst for fostering long-term motivation in employees. Regular communication and feedback mechanisms can further solidify the fulfillment of the psychological contract. Through scheduled discussions and performance evaluations, managers can promptly gauge the needs and expectations of their employees, allowing for the adjustment of management strategies accordingly. Such interactions foster a sense of valued worth, increasing trust and loyalty towards the organization. A robust psychological contract demands that organizations honor their commitments while simultaneously attending to the personal development and emotional needs of their employees. This multifaceted approach to contract management aids in nurturing a dedicated and passionate workforce. Through these measures, organizations not only elevate employee job satisfaction but also establish a firm foundation for long-term success. This dual-focused management strategy, emphasizing both mental and labor facets, epitomizes the humanistic and forward-looking nature of contemporary corporate management.

5.2. Provide Systematic Induction Training

For university graduates embarking on their professional journey, the challenges of adapting to a new environment often impose significant stress upon them. Through systematic training, not only can they swiftly acquire essential job skills, but their anxiety stemming from unfamiliarity with job requirements can also be effectively alleviated.

Such training should encompass three key areas: technology, workflow, and corporate culture, thereby facilitating employees' holistic integration into the work setting. Technical training forms the cornerstone of an employee's competence in their role. Technical training for newly hired employees should emphasize practicality and operability, ensuring they can meet the daily demands of their tasks. This not only conveys the company's support for their professional growth but also bolsters their occupational self-confidence. Moreover, workflow training assists employees in comprehending the internal operational mechanisms and team collaboration patterns within the company, enabling them to play a more significant role within their teams and reducing the adaptation time required in work processes for newcomers. Corporate culture and values training, on the other hand, foster employees' deeper integration into the organization. This aspect of training enhances employees' sense of affiliation with the company, allowing them to grasp the connection between their work and the company's objectives, thereby stimulating greater work engagement and a sense of purpose. Under such cultural alignment, new employees are more likely to develop a sense of belonging and a long-term commitment to their careers, subsequently elevating their job satisfaction. Through comprehensive training that intertwines technology, process, and culture, companies not only enhance the overall caliber of newly hired college employees but also instill positive work experiences and a robust psychological contract in their minds—the foundation for a win-win relationship between employees and the company. This meticulously designed training system not only reflects the company's sense of responsibility and its concern for employee development but also subtly cultivates a positive and uplifting work environment [5].

5.3. Create a Supportive Working Environment

Creating a supportive work environment holds profound significance for enhancing the job satisfaction of newly-recruited college graduate employees. Such an environment encompasses not only the comfort of physical spaces but, more importantly, psychological and cultural support. For college graduate employees, stepping into the professional world brings challenges in tasks and interpersonal relationships, accompanied by uncertainty and pressure. What they need goes beyond the convenience of hardware; they also require an atmosphere that is positive, inclusive, and collaborative. On the physical front, modern office spaces should be designed with reason and equipped comprehensively to mitigate inconveniences during work. This includes offering ergonomic office furniture, robust internet connectivity, and high-quality working facilities. Such environments aid in maintaining physical comfort, alleviating bodily fatigue or discomfort arising from the work setting. Psychological support is equally vital. Corporate culture should encourage employees to voice their thoughts and opinions, and management should welcome and earnestly consider employee feedback. This open channel of communication makes employees feel heard and valued, thereby bolstering their trust and loyalty to the company. Additionally, enterprises can implement mentorship or buddy programs, enabling new employees to receive guidance and support from seasoned colleagues during their initial phase. This support helps them adapt more swiftly to the work environment, resolve issues encountered on the job, and foster a sense of security. Emotional and social support constitute another crucial aspect. Cultivating a culture of solidarity and mutual assistance fosters trust and support among employees. Companies can periodically organize team-building activities, staff gatherings, or interest groups, allowing employees to establish deeper social connections in a relaxed atmosphere. This not only elevates employee happiness but also subtly enhances team cohesion. The leadership's recognition and encouragement are integral to fostering a supportive environment. When employees' efforts and contributions are promptly acknowledged and rewarded, they feel affirmed by the organization, thus boosting their sense of accomplishment and job satisfaction. By cultivating a

supportive, collaborative, and respectful work environment that values diversity, companies not only facilitate the integration of new college graduate employees into the team but also pave the way for their professional development unobtrusively. This not only promotes individual employee growth but also represents a positive investment in the company's long-term development.

5.4. Implementing Fair Performance Management

A fair and transparent performance management system serves not only as the driving force to motivate employees to enhance their work efficiency but also as the cornerstone for building trust and loyalty. Newly graduated employees, brimming with anticipation about their abilities and future career development, place significant importance on a performance system that can objectively evaluate and provide fair feedback. A fair performance management system first necessitates clear performance evaluation criteria. Employees need to clearly understand which behaviors and outcomes are valued by the company, and the specific goals and evaluation standards should align with the company's overall strategy. This not only informs employees of how and why they should strive but also allows them to concentrate their efforts without distraction during the process of achieving these goals. The transparency of performance standards ensures the fairness of the evaluation process, preventing misunderstandings and dissatisfaction arising from vague or inconsistent evaluation criteria. Regular feedback is an indispensable component of performance management. Through periodic performance review meetings, managers can discuss an employee's performance in detail, point out areas that need improvement, and provide corresponding development suggestions. This interaction enhances employees' awareness of their capabilities and sense of control over their work, giving them a clearer direction and motivation. Additionally, constructive feedback helps employees continually grow, thereby strengthening their identification with the company's culture and values. The design of incentive mechanisms and reward systems must also reflect principles of fairness. Whether through salary increases, promotions, or other forms of rewards, these should be based on clear performance indicators rather than personal preferences or relational networks. This not only motivates outstanding employees to achieve higher goals but also fosters a positive and upward competitive atmosphere within the team, boosting overall morale. Recognizing the outstanding performance of newly hired employees promptly is a form of acknowledgment of their abilities and respect for their efforts, which can significantly enhance employee satisfaction. Implementing a fair performance management system is a win-win strategy for both corporate development and employee personal growth. Companies should not only focus on the processes and outcomes of performance evaluation but also ensure that these processes are fair and transparent, thereby strengthening the sense of belonging and job satisfaction of newly graduated employees. This approach not only promotes employees' career development but also lays the foundation for winning over loyal and high-potential talent, helping the company remain invincible in the fierce competition.

5.5. Promote Teamwork and Socialization

Fostering teamwork and social interactions significantly impacts the job satisfaction of newly graduated employees, particularly within the modern workplace, where collaborative work models have become pivotal. Successful teamwork not only augments work efficiency but also cultivates an environment of mutual trust and support, enabling the full realization of each member's talents and potential. The creation of a conducive atmosphere for teamwork is a critical task for enterprises. Organizations can encourage interaction among employees through various collaborative projects and assignments, which should be meticulously designed to allow each member to showcase their strengths and find their niche within the team. Such collaboration effectively aids newly graduated employees in comprehending the dynamics of team operations, facilitating practical learning

on how to collaborate with colleagues from diverse backgrounds and experiences, thereby enhancing problem-solving skills. The importance of social activities cannot be overstated. By regularly organizing informal social activities, such as team-building exercises, skill-sharing sessions, and interest groups, connections among employees can be strengthened, fostering interpersonal relationships beyond the scope of work. These events serve not merely as opportunities for relaxation but also as platforms for employees to unwind from work pressures, facilitating a quicker integration for new employees during the initial phase of joining the team. Positive social relationships can transform the monotony of the work environment, making employees feel joyful and fulfilled. In the process of promoting teamwork and social interactions, the role of leadership is paramount. Managers should lead by example, striving to create an inclusive team environment that values diversity and considers the individuality and contributions of each member. By actively participating in team activities and supporting employees' social interactions, managers can enhance team cohesion and provide a supportive and belonging workplace for all employees. Through such initiatives, newly graduated employees can adapt more swiftly to their work environment and be inspired within an open, collaborative, and positive atmosphere, leading to higher job satisfaction. The establishment of this virtuous cycle has immeasurable positive implications for both individual employee development and the long-term development of the enterprise, laying a solid foundation for the sustainable growth of the organization.

6. Conclusion

The psychological contract of newly employed college graduate employees significantly influences their job satisfaction. A favorable psychological contract enhances employees' sense of identification with the organization, thereby increasing their work enthusiasm and satisfaction. If enterprises can effectively identify and manage the psychological contract, a virtuous cycle of employee satisfaction and organizational performance can be achieved. Various measures mentioned in the analysis, such as providing clear career development paths, organizing adaptability training, and implementing fair performance management, contribute to strengthening the trust relationship between employees and the enterprise. Creating a supportive work environment and promoting team collaboration through social activities are key steps for enterprises to enhance employee satisfaction. Going forward, businesses should place greater emphasis on the construction of the psychological contract to improve the overall work experience of newly hired employees, giving them a competitive edge in the fiercely competitive market. Through continuous improvement and optimization of psychological contract management, enterprises can not only attract and retain top talent but also achieve greater success in their long-term strategies.

References

1. Eilam-Shamir G, Yaakobi E. Effects of early employment experiences on anticipated psychological contracts[J]. *Personnel Review*, 2014, 43(4): 553-572.
2. Pietersen C. Negotiating a shared psychological contract with students[J]. *Mediterranean Journal of Social Sciences*, 2014, 5(7): 25-33.
3. Koskina A. What does the student psychological contract mean? Evidence from a UK business school[J]. *Studies in Higher Education*, 2013, 38(7): 1020-1036.
4. Bordia S, Hobman E V, Restubog S L D, et al. Advisor-student relationship in business education project collaborations: A psychological contract perspective[J]. *Journal of Applied Social Psychology*, 2010, 40(9): 2360-2386.
5. Matteson M L, Hankinson E. Getting off on the right foot: Psychological contracts, socialization theory and library student workers[J]. *The Journal of Academic Librarianship*, 2018, 44(4): 486-492.

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of SOAP and/or the editor(s). SOAP and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.