

RESEARCH ARTICLE

# Research on the Mechanism of Internal Marketing Affecting Work Engagement of Generation Z Employees: The Mediating Role of Psychological Contract

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## Abstract

Grounded in social exchange theory and psychological contract theory, this study investigates the mechanism through which internal marketing influences work engagement among Generation Z employees in Chinese enterprises, and examines the mediating pattern of psychological contract in this linkage, using a valid sample of 420 Generation Z staff from Chinese domestic firms. Data were collected via a structured questionnaire survey, and empirical analyses were performed through reliability and validity tests, partial least squares structural equation modeling (PLS-SEM), and the Bootstrap method. The empirical results reveal three core findings: First, internal marketing exerts a significant positive effect on Generation Z employees' perception of psychological contract, which is consistent with the core conceptualization of internal marketing defined by Lings and Greenley (2005). Second, psychological contract has a significant positive impact on all three dimensions of Generation Z employees' work engagement, specifically vigor, dedication, and absorption. Third, psychological contract plays a full mediating role in the relationship between internal marketing and Generation Z employees' work engagement, indicating that the driving effect of internal marketing on work engagement is fully transmitted through the psychological contract. This study unpacks the core transmission mechanism of internal marketing on work engagement within the Generation Z employee cohort, and provides solid empirical evidence and actionable practical guidance for enterprises to implement targeted management of Generation Z staff and effectively enhance their work engagement.

**Keywords:** Internal Marketing, Work Engagement, Generation Z Employees, Psychological Contract.

## 1. Introduction

Generation Z (individuals born between 1995 and 2009) has emerged as the dominant cohort in the Chinese workforce. With distinct generational traits including a pronounced self-value orientation, high emphasis on the fulfillment of organizational commitments, preference for immediate feedback, and acute sensitivity to psychological contract perceptions, traditional management paradigms have proven ineffective in fostering their work engagement. Internal marketing, which conceptualizes employees

as internal customers (Lings & Greenley, 2005), achieves a win-win dynamic between organizations and employees by addressing employee needs, and has thus become a pivotal tool for solving the management challenges associated with Generation Z employees.

Extant literature has well-documented the positive association between internal marketing and work engagement, with the psychological contract serving as a key mediating variable in this relationship (De Jong et al., 2013). For Generation Z as a unique cohort,

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existing studies indicate that these employees attach exceptional importance to psychological contracts, and are even willing to forgo a portion of material rewards in pursuit of perceived work meaningfulness (Ni, 2025). Against this backdrop, this study develops a theoretical model of “internal marketing – psychological contract – work engagement”, focusing on Generation Z employees in the Chinese context. Through empirical analysis, it seeks to verify the full mediating effect of the psychological contract, and addresses two core research questions: First, is the impact of internal marketing on the work engagement of Generation Z employees fully transmitted through the psychological contract? Second, how do the generational characteristics of Generation Z shape this mediating mechanism? This study aims to enrich organizational behavior theories from the perspective of generational differences, and provide evidence-based, actionable guidance for enterprises to optimize their management strategies for Generation Z employees.

## 2. Theoretical Foundation and Literature Review

### 2.1 Core Theoretical Foundations

#### 2.1.1 Social Exchange Theory

The core tenet of social exchange theory is the norm of reciprocity, which posits that the essence of social relationships lies in resource exchange between individuals, and individuals adjust their reciprocal behaviors in accordance with the inputs provided by the other party (Morgan & Hunt, 1994). In the employment context, internal marketing represents an organization’s resource inputs to its employees, while employees reciprocate such inputs through work engagement (Theodoridis et al., 2009). The psychological contract, in turn, refers to employees’ subjective perception of reciprocal obligations between themselves and the organization, and serves as the core psychological carrier of this social exchange relationship (Morgan & Hunt, 1994).

#### 2.1.2 Psychological Contract Theory

The concept of the psychological contract was first introduced by Argyris (1960), and was redefined by Rousseau (1989) as “an individual’s subjective belief system regarding reciprocal exchange obligations between themselves and their employing organization”. This conceptualization has become the cornerstone of subsequent scholarly research on the topic. The psychological contract is characterized by

subjectivity, dynamism, and reciprocity (Dundon & Rousseau, 2006), and is typically categorized into two dimensions: transactional psychological contract (focused on the exchange of economic benefits) and relational psychological contract (centered on social-emotional exchange) (Rousseau, 1995). The extent of psychological contract fulfillment has been widely identified as a core predictor of employees’ work engagement and turnover intention (Robinson, 1996).

### 2.2 Literature Review of Core Variables

#### 2.2.1 Internal Marketing

The concept of internal marketing was first proposed by Berry et al. (1976), with its core logic being to treat employees as internal customers and improve their work performance by aligning organizational practices with their needs (Tansuhaj et al., 1993). Lings and Greenley (2005) further defined it as “the systematic management of market orientation in the context of employer-employee exchange”. This systematic management practice encompasses five core dimensions: formal written information generation, formal face-to-face information generation, informal information generation, information communication and dissemination, and responsiveness to internal market information. Its core objective is to balance employee needs and organizational goals through systematic management practices, thereby laying a foundational framework for the success of external marketing initiatives (Lings & Greenley, 2005).

#### 2.2.2 Work Engagement

Work engagement was first conceptualized by Kahn (1990), referring to the degree to which employees invest their physical, cognitive, and emotional selves into their work roles. The Utrecht Work Engagement Scale (UWES), developed by Schaufeli et al. (2002), has become the dominant measurement instrument in this field, which operationalizes work engagement into three core dimensions: vigor, dedication, and absorption (Schaufeli & Bakker, 2003). Abundant empirical evidence has confirmed that work engagement positively predicts employees’ task performance and innovative behavior, while negatively predicting turnover intention, establishing it as a core indicator for evaluating employees’ work status (Christian et al., 2011).

### 2.3 Inter-Variable Relationships and Research Gaps

#### 2.3.1 Inter-Variable Relationships

Close causal linkages have been identified between

internal marketing, psychological contract, and work engagement (De Jong et al., 2013), which can be elaborated in three aspects: First, internal marketing is a core antecedent of psychological contract formation. By fulfilling implicit commitments through internal marketing practices, organizations can enhance employees' psychological contract perceptions and reduce the risk of contract breach (Moliner et al., 2008; Ayrom, 2020), with this effect being particularly pronounced among Generation Z employees. Second, the psychological contract positively drives work engagement. Fulfillment of the psychological contract fosters a sense of reciprocal responsibility among employees toward the organization, which in turn enhances their work engagement (De Jong et al., 2013; Khatri et al., 2016). In contrast, psychological contract breach will significantly reduce employees' work engagement (Rayton, 2006). Third, scholarly disagreement remains regarding the mediating pattern of the psychological contract in this relationship: some studies have concluded that it plays a partial mediating role (Bakker et al., 2007), while other empirical research has verified a full mediating effect (Ayrom, 2020).

### **2.3.2 Research Gaps**

As defined by Lings and Greenley (2005), internal marketing is "the systematic management of market orientation in the context of employer-employee exchange". While the academic community has widely confirmed that internal marketing exerts a significant positive impact on employees' work attitudes and behaviors, extant research still has two core gaps that restrict the theoretical deepening and practical application of internal marketing for Generation Z employees (Ayoobzadeh et al., 2024). First, most existing studies focus on general employee samples, Generation X, or Millennials, and have not yet clarified the mediating pattern of the psychological contract between internal marketing and Generation Z employees' work engagement (Brown, 2025). The unique generational characteristics of Generation Z lead to fundamental differences in the logic of psychological contract construction with the organization compared to previous generational cohorts, meaning conclusions from traditional studies cannot be directly applied to this group (Lissitsa & Kol, 2021; Jung et al., 2021; Lub et al., 2016). Second, existing research provides insufficient theoretical elaboration on the mediating role of the psychological contract in the aforementioned relationship, especially its full mediating effect (Koskina, 2013). It not only

lacks systematic deconstruction and empirical testing of this mediating transmission path, but also fails to clarify the shaping logic and boundary conditions of Generation Z's generational characteristics on the mediating mechanism, resulting in insufficient pertinence and explanatory power of existing research conclusions (Lub et al., 2016; Jung et al., 2021; Brown, 2025). This study aims to fill the above gaps through theoretical derivation and empirical testing.

## **3. Theoretical Mechanism and Research Hypotheses**

### **3.1 The Positive Effect of Internal Marketing on Psychological Contract**

The formation of a psychological contract is rooted in employees' perceptual process of an organization's fulfillment of implicit commitments (Rousseau, 1990), while internal marketing serves as the core organizational vehicle for delivering and honoring employment-related promises (Moliner et al., 2008). Specifically, it shapes Generation Z employees' psychological contract perceptions through three core pathways: the transmission of organizational vision aligns with their demand for value identification, laying a solid foundation for the establishment of relational psychological contracts (Lings & Greenley, 2005); targeted career development support satisfies their growth aspirations and fulfills the organization's long-term development commitments (Zhang et al., 2022; and a fair compensation and reward system consolidates transactional psychological contracts by honoring the economic commitment of "effort-return" reciprocity (Rousseau, 1995; Turnley & Feldman, 1999). On this basis, the following hypothesis is proposed:

H1: Internal marketing exerts a significant positive effect on the psychological contract perceptions of Generation Z employees.

### **3.2 The Positive Effect of Psychological Contract on Generation Z Employees' Work Engagement**

Grounded in the reciprocity norm of social exchange theory, employees' perception of psychological contract fulfillment will drive them to reciprocate the organization with enhanced work engagement, and this effect is further amplified by Generation Z's heightened sensitivity to contract dynamics (Morgan & Hunt, 1994; Rayton, 2006). Specifically, psychological contract fulfillment provides employees with critical psychological resources and a sense

of security, which in turn boosts their work-related vigor (Khatri et al., 2016; Schaufeli et al., 2002); it enables employees to align their personal growth with organizational development, strengthening their dedication to work (Zhang et al., 2022; and it alleviates employees’ concerns about employment risks, facilitating their state of absorption in work tasks (Schaufeli & Bakker, 2003). On this basis, the following hypothesis is proposed:

H2: Psychological contract has a significant positive impact on all three dimensions of Generation Z employees’ work engagement, namely vigor, dedication, and absorption.

### 3.3 The Full Mediating Role of Psychological Contract

This study proposes that the psychological contract plays a full mediating role in the linkage between internal marketing and Generation Z employees’ work engagement, with three core theoretical justifications. First, aligned with the core logic of social exchange theory, organizational management practices can only exert their effects through employees’ subjective perceptions. Given Generation Z’s distinct “perception-first” trait, internal marketing must be converted into psychological contract perceptions to stimulate their work engagement (Morgan & Hunt, 1994; Zhang et al., 2022; Ayrom, 2020). Second, the generational characteristics of Generation Z determine that the psychological contract is the sole core antecedent of their work engagement. This cohort has extremely high requirements for the consistency between commitment and fulfillment, and will incorporate all internal marketing practices into their

contract evaluation system, rather than adjusting their work behaviors based on a single isolated initiative (Dundon & Rousseau, 2006). Third, the theoretical connotation of the psychological contract covers all exchange dimensions of the employment relationship. All practices of internal marketing will be included in employees’ contract evaluation, meaning that the impact of internal marketing on work engagement can be fully explained through the psychological contract (Rousseau, 1995; Chang et al., 2013). On this basis, the following hypothesis is proposed:

H3: Psychological contract plays a full mediating role in the relationship between internal marketing and the work engagement of Generation Z employees.

## 4. Research Design

### 4.1 Sample and Data Collection

With Generation Z employees of enterprises in mainland China as the research participants, a total of 450 questionnaires were distributed through a combination of online and offline channels. After collection, 431 responses were retrieved, and 420 valid questionnaires were retained after eliminating invalid ones (e.g., those with consecutive identical answers, logical contradictions, or incomplete filling), yielding a valid response rate of 97.45%. The demographic characteristics of the sample are presented in Table 1, which covers respondents with diverse ages, job tenures, industry backgrounds, and enterprise ownership types, indicating good representativeness of the sample.

### 4.2 Variable Measurement

All variables were measured using well-established

**Table 1.** Demographic Characteristics of the Sample (N=420)

Category	Number	Proportion(%)
Male	202	48
Female	218	52
20-25 years old	260	62
26-30 years old	118	28
Over 31 years old	42	10
1 year and below	159	38
2-3 years	139	33
4-5 years	84	20
6 years and above	38	9
Junior college and below	84	20
Bachelor’s degree	273	65
Master’s degree and above	63	15
Internet	118	28
Service Industry	105	25

Manufacturing	92	22
Finance	50	12
Others	55	13
State-owned Enterprise (SOE)	97	23
Private Enterprise	176	42
Foreign-funded Enterprise	76	18
Start-ups and Others	71	17

domestic and international scales, with all items rated on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). Meanwhile, gender, age, and job tenure were set as control variables to eliminate their potential interference with the core relationships.

The specific measurement instruments are detailed in Table 2.

**Table 2.** Variable Measurement Instruments

Variable Type	Variable	Scale Source	Number of Items	Cronbach's $\alpha$ Coefficient
Independent Variable	Internal Marketing	Lings&Greenley(2005)	15 items	0.978
Mediating Variable	Psychological Contract	Turnley&Feldman(1999)	5 items	0.944
Dependent Variable	Work Engagement	Schaufelietal.(2002) UWES-17	17 items	0.945

Data analysis was performed using SPSS 26.0 and SmartPLS 4.0 following a systematic analytical procedure: (1) Reliability tests, Kaiser-Meyer-Olkin (KMO) test, and Bartlett's test of sphericity were conducted to verify the internal consistency of the scales and the suitability of the data for factor analysis; (2) Confirmatory Factor Analysis (CFA) was performed to examine the convergent validity and discriminant validity of the measurement model; (3) Partial Least Squares Structural Equation Modeling (PLS-SEM) combined with the Bootstrap method (5000 resamples) was adopted to test the path coefficients of the structural model and the significance of the mediation effects; (4) Indicators including  $R^2$ ,  $f^2$ , and Variance Inflation Factor (VIF) were calculated to evaluate the explanatory power, effect size, and potential multicollinearity of the theoretical model.

## 5. Empirical Analysis and Results

**Table 3.** Composite Reliability and Average Variance Extracted

Variable	Composite Reliability (CR)	Average Variance Extracted (AVE)	Fit Criteria
Internal Marketing	0.980	0.763	CR>0.7, AVE>0.5
Psychological Contract	0.957	0.817	CR>0.7, AVE>0.5
Vigor	0.955	0.781	CR>0.7, AVE>0.5
Dedication	0.953	0.801	CR>0.7, AVE>0.5
Absorption	0.956	0.784	CR>0.7, AVE>0.5

Confirmatory Factor Analysis (CFA) results demonstrated that the measurement model had an excellent overall fit:  $\chi^2/df = 2.642 (< 3)$ ,  $GFI = 0.835 (> 0.8)$ ,  $NFI = 0.920$ ,  $RFI = 0.915$ ,  $IFI = 0.949$ ,  $TLI = 0.945$ ,  $CFI = 0.949$  (all  $> 0.9$ ),  $PGFI = 0.742$ ,  $PNFI = 0.864$ ,  $PCFI = 0.893$  (all  $> 0.7$ ), and  $RMSEA = 0.063 (< 0.08)$ . All factor loadings of observed variables were above 0.7 and significant at  $p < 0.001$ , indicating satisfactory discriminant validity of the model.

### Analysis

The means, standard deviations, and correlation coefficient matrix of each core variable are presented

## 4.3 Data Analysis Methods

### 5.1 Reliability and Validity Tests

Reliability test results showed that the Cronbach's  $\alpha$  coefficients of all core variables were above 0.93, well above the widely accepted critical threshold of 0.7, indicating excellent internal consistency of the scales. The KMO value of each variable was above 0.90, and Bartlett's test of sphericity reached a statistically significant level ( $p = 0.000$ ), confirming that the data were suitable for factor analysis.

In terms of convergent validity (Table 3), the Composite Reliability (CR) of all variables was above 0.95, and the Average Variance Extracted (AVE) was above 0.76, both of which met the standard fit criteria, demonstrating good convergent validity of the measurement model.

### 5.2 Descriptive Statistics and Correlation

in Table 4. The scores of all variables were at a medium-to-high level (mean values ranging from 5.53 to 5.61), which aligned with the workplace

perception characteristics of Generation Z employees. Correlation analysis revealed that internal marketing was significantly and positively correlated with psychological contract; psychological contract was significantly and positively correlated with all three dimensions of work engagement; and internal marketing was significantly and positively correlated

with all dimensions of work engagement (all  $p < 0.001$ ), which was fully consistent with the theoretical expectations of this study. Multicollinearity test results showed that the VIF value of all paths was 1.000, well below the critical threshold of 5, indicating no multicollinearity problem in the model.

**Table 4.** Means, Standard Deviations, and Correlation Coefficient Matrix of Variables

Variable	Mean	Standard Deviation	1	2	3	4	5
Internal Marketing	5.57	1.599	1	-	-	-	-
Psychological Contract	5.61	1.501	0.923***	1	-	-	-
Vigor	5.56	1.609	0.858***	0.929***	1	-	-
Dedication	5.57	1.592	0.852***	0.922***	0.941***	1	-
Absorption	5.53	1.587	0.851***	0.922***	0.938***	0.945***	1

Note: \*\*\* $p < 0.001$ ,  $N = 420$

### 5.3 Hypothesis Testing Results

The results of path coefficient and significance tests are shown in Table 5. Both Hypothesis 1 (H1) and Hypothesis 2 (H2) were fully supported: internal marketing exerted an extremely robust positive predictive effect on psychological contract ( $\beta = 0.923$ ,

$p < 0.001$ ); psychological contract had a significant positive impact on all three dimensions of work engagement, with the strongest effect on the vigor dimension ( $\beta = 0.929$ ,  $p < 0.001$ ), and an identical significant effect on the dedication and absorption dimensions ( $\beta = 0.922$ ,  $p < 0.001$  for both).

**Table 5.** Path Coefficient and Significance Test Results

Hypothesized Path	Path Coefficient ( $\beta$ )	T-statistic	P-value	Result
Internal Marketing→Psychological Contract(H1)	0.923	47.446	0.000	Supported
Psychological Contract→Vigor(H2)	0.929	93.738	0.000	Supported
Psychological Contract→Dedication(H2)	0.922	58.765	0.000	Supported
Psychological Contract→Absorption(H2)	0.922	67.937	0.000	Supported

Mediation effect test results (Table 6) showed that the total effects of internal marketing on all dimensions of work engagement were statistically significant ( $p < 0.001$ ), while no significant direct effect was detected. The indirect effects were completely consistent with the total effects, and the 95% bootstrap confidence intervals of all indirect effects did not contain 0, indicating that psychological contract played a full mediating role in the relationship between internal marketing and work engagement of Generation Z employees. Thus, Hypothesis 3 (H3) was supported.

**Table 6.** Test Results of the Effects of Internal Marketing on Work Engagement

Effect Type	Vigor	Dedication	Absorption
Total Effect ( $\beta$ /T/p)	0.858/34.975/0.000	0.852/27.017/0.000	0.851/30.522/0.000
Direct Effect( $\beta$ /T/p)	Not significant	Not significant	Not significant
Indirect Effect	0.858	0.852	0.851
Bootstrap 95% Confidence Interval	[0.802,0.901]	[0.795,0.898]	[0.793,0.897]

### 5.4 Model Explanatory Power and Effect Size Tests

The model explanatory power and effect size are presented in Table 7. The  $R^2$  value of psychological contract was 0.853, and the  $R^2$  values of all dimensions of work engagement were above 0.849, indicating

extremely strong explanatory power of the model on the dependent variables. The  $f^2$  values of all core paths were well above 0.35, reaching the “extremely strong” effect size level, which demonstrated that the causal relationships between the core variables had substantial statistical and practical significance.

**Table 7.** Model Explanatory Power and Effect Size

Variable/Path	$R^2$ (Adjusted $R^2$ )	$f^2$	Effect Size Level
Psychological Contract	0.853(0.852)	5.793 (Internal Marketing → Psychological Contract)	Extremely Strong
Vigor	0.864(0.863)	6.338 (Psychological Contract → Vigor)	Extremely Strong

Dedication	0.851(0.851)	5.712 (Psychological Contract → Dedication)	Extremely Strong
Absorption	0.849(0.849)	5.636 (Psychological Contract → Absorption)	Extremely Strong

**Note:**  $f^2 < 0.02$  indicates no effect;  $0.02 \leq f^2 < 0.15$  indicates a weak effect;  $0.15 \leq f^2 < 0.35$  indicates a medium effect;  $f^2 \geq 0.35$  indicates an extremely strong effect.

## 6. Discussion of Empirical Results

This study empirically validates the full mediating model of “internal marketing → psychological contract → work engagement”, with core findings and corresponding theoretical discussions elaborated as follows:

First, internal marketing serves as the core antecedent of psychological contract formation among Generation Z employees. Internal marketing exerts an extremely robust positive predictive effect on psychological contract ( $\beta = 0.923$ ), and its three core practices are essentially the process through which organizations fulfill implicit employment commitments, which aligns perfectly with the reciprocity norm at the core of social exchange theory (Morgan & Hunt, 1994). Generation Z employees are highly sensitive to the transparency and fulfillment of organizational commitments, so the targeted implementation of internal marketing can directly shape their stable and positive psychological contract perceptions. This finding also extends the intergenerational boundary of internal marketing theory as conceptualized by Lings and Greenley (2005), confirming that its core value for Generation Z employees lies in building stable psychological contracts, rather than merely optimizing administrative processes.

Second, psychological contract comprehensively drives the work engagement of Generation Z employees. The predictive effects of psychological contract on all three dimensions of work engagement all exceeded 0.92, with the most pronounced impact on the vigor dimension. This indicates that the perception of psychological contract fulfillment is the core driving force of Generation Z employees’ work engagement. When employees perceive that the organization has delivered on its promises, they gain sufficient psychological resources and a sense of security, which in turn leads to higher levels of engagement across all three dimensions of vigor, dedication, and absorption. This result corroborates the core propositions of psychological contract theory, and this driving effect is further amplified by Generation Z’s heightened sensitivity to contract dynamics (Rayton, 2006).

Third, psychological contract plays a full mediating role and acts as the sole bridge linking internal marketing

and work engagement. This finding challenges and revises the widely cited partial mediation conclusion from prior research, and reveals the driving logic of work engagement among Generation Z employees, which is characterized by “perception first, contract as core”. Unlike previous generational cohorts, Generation Z’s behavioral decisions are entirely based on their subjective perception of the fulfillment of organizational commitments. All internal marketing initiatives must be converted into psychological contract perceptions to exert their effects; without this conversion, even well-designed management practices will fail to stimulate their work engagement. This discovery also integrates internal marketing theory and psychological contract theory, confirming that in employment relationships in the digital era, employees’ contract perceptions are the core mediating variable between organizational management practices and employees’ work behaviors.

## 7. Theoretical Contributions and Practical Implications

### 7.1 Theoretical Contributions

First, this study unpacks the core mechanism through which internal marketing influences work engagement among Generation Z employees. It clarifies the full mediating role of psychological contract, fills the gaps in extant research, revises the partial mediation conclusion drawn from traditional employee cohorts in prior studies, and enriches the theoretical achievements of intergenerational differentiation in the fields of internal marketing and work engagement.

Second, this study expands the intergenerational application scenarios of psychological contract theory. It verifies the “contract sensitivity” trait of Generation Z employees, identifies that psychological contract is the sole core antecedent of work engagement for this cohort, enriches psychological contract theory from the perspective of generational differences, and provides empirical evidence for subsequent research on employment relationship behaviors of employees from different generational cohorts.

Third, this study integrates social exchange theory and psychological contract theory. It reveals the core transmission logic of employment relationships in the digital era, confirms that the social exchange

between organizations and Generation Z employees unfolds around the psychological contract, and that organizational management practices can only affect employee behaviors through the conversion of contract perceptions. This finding extends the application boundary of social exchange theory in the employment context.

## 7.2 Practical Implications

Based on the research findings, four practical implications are proposed for enterprises to manage Generation Z employees and enhance their work engagement:

First, build an internal marketing system centered on psychological contract management. Integrate psychological contract management throughout the entire process of internal marketing: deliver authentic and actionable organizational commitments during the recruitment stage to avoid contract breach caused by overpromising; after onboarding, continuously honor commitments related to compensation, development and support, so as to help employees form stable positive contract perceptions and consolidate the foundation of the psychological contract.

Second, precisely optimize the three core dimensions of internal marketing. In response to the needs of Generation Z, strengthen the two-way matching between organizational vision and personal values to enhance relational psychological contracts; improve customized training programs and clear career development paths to deliver on growth commitments; establish a fair, transparent and immediate compensation and reward system that matches their demand for equity and instant feedback, so as to consolidate transactional psychological contracts.

Third, establish a dynamic maintenance and repair mechanism for psychological contracts. Rely on a normalized two-way communication mechanism to timely grasp changes in employees' contract perceptions and demand adjustments, and dynamically optimize internal marketing initiatives; when there is a risk of contract breach, promptly carry out communication and remedial measures to repair employees' psychological contract and avoid its negative impact on work engagement.

Fourth, focus on psychological contract and abandon fragmented management models. Concentrate core management resources on the construction and maintenance of psychological contracts, instead of pursuing formalistic management innovations. By converting internal marketing initiatives

into positive contract perceptions of employees, enterprises can fundamentally stimulate the work enthusiasm of Generation Z employees and achieve win-win development for both the organization and employees.

## 8. Research Limitations and Future Research Directions

Despite meaningful findings obtained, this study still has several limitations. First, this study adopts a cross-sectional research design, which cannot clarify the dynamic changes of causal relationships between variables. Future research can adopt a longitudinal panel design to explore the long-term impact of dynamic changes in psychological contract on work engagement. Second, all samples are from Chinese enterprises, so the findings are inevitably influenced by the Eastern collectivist cultural context. Future research can carry out cross-cultural studies to test the cross-cultural generalizability of the mediating model. Third, this study only focuses on the single mediating variable of psychological contract. Future research can introduce variables such as organizational identification and work meaningfulness to test serial mediating effects and construct a more complete theoretical model. Fourth, this study does not explore the role of moderating variables. Future research can analyze boundary conditions such as transformational leadership, industry characteristics and employees' growth needs, so as to provide precise basis for enterprises to formulate differentiated management strategies. Fifth, this study lacks intergenerational comparative analysis. Future research can compare the differences in the mechanism between Generation Z, Generation Y and Generation X, to further clarify the impact of generational characteristics on employment relationship behaviors.

## 9. Conclusion

Taking 420 Generation Z employees from Chinese enterprises as the research sample, this study constructs and validates the full mediating model of "internal marketing – psychological contract – work engagement" based on social exchange theory and psychological contract theory. The core findings are as follows: Internal marketing exerts a significant positive effect on the psychological contract perceptions of Generation Z employees; psychological contract has a significant positive impact on all three dimensions of Generation Z employees' work engagement, namely vigor, dedication and absorption; psychological contract plays a full mediating role in the relationship

between internal marketing and Generation Z employees' work engagement, and the driving effect of internal marketing on work engagement is fully transmitted through this core path of psychological contract.

This study unpacks the core transmission mechanism of internal marketing on work engagement among Generation Z employees, resolves the 分歧 in mediating models from prior research, and enriches internal marketing and psychological contract theories from the perspective of generational differences. Against the backdrop that Generation Z is gradually becoming the main force in the workplace, only by taking the psychological contract as the core, building an internal marketing system that adapts to the needs of Generation Z employees, and continuously fulfilling employment commitments, can enterprises truly stimulate their work enthusiasm and engagement, and realize the common growth and sustainable development of the organization and employees.

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