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Optimization of Incentive Mechanism for Knowledge-Based Employees under the Perspective of Psychological Contract

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Abstract: In the era of the knowledge-based economy, knowledge workers have emerged as significant carriers of an enterprise's core competitiveness. Nevertheless, traditional incentive mechanisms often overly rely on material rewards, overlooking the intrinsic needs of knowledge workers for psychological contracts. As an informal emotional and responsibility bond between employees and enterprises, psychological contracts directly influence employees' work attitudes, loyalty, and creativity. Currently, many enterprises lack a profound understanding of the characteristics of psychological contracts of knowledge workers when designing incentive mechanisms, resulting in less-than-satisfactory incentive effects. Employees' cognitive biases towards psychological contracts, enterprises' neglect of contract maintenance, and the dynamic imbalance brought about by organizational changes have become key issues restricting the full utilization of the potential of knowledge workers. Therefore, re-examining and optimizing the incentive mechanism for knowledge workers from the perspective of psychological contracts is not only an important way to enhance employee satisfaction and organizational effectiveness but also an inevitable choice for enterprises to achieve sustainable development in the fierce competition.

Keywords: psychological contract; corporate knowledge-based; employee incentives

1. Introduction

Knowledge-based employees serve as the core driving force for an enterprise's innovation and development, and their job performance is closely intertwined with their psychological states. As a collection of implicit expectations between employees and the enterprise, the psychological contract profoundly influences the behaviors and attitudes of knowledge-based employees. Nevertheless, the existing incentive mechanisms predominantly rely on short-term material incentives, failing to fully meet the knowledge-based employees' demands for career development, work autonomy, and organizational identification. The limitations of this incentive model are particularly evident in practice: the cognitive biases of employees regarding the psychological contract result in a gap between expectations and reality; the enterprise's lack of effective contract maintenance measures leads to a decline in employees' trust; and the dynamic imbalance during organizational changes further exacerbates employees' sense of insecurity. In light of this, exploring the optimization path of the incentive mechanism for knowledge-based employees from the perspective of the psychological contract not only holds theoretical value but also bears significant practical significance.

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2. Theoretical Basis of Knowledge-Based Employee Incentive Mechanism under the Perspective of Psychological Contract

2.1. Analysis of the Relationship between Psychological Contract and Incentive Mechanism

The psychological contract refers to the unspoken yet mutually recognized responsibilities and expectations between employees and enterprises, which exerts an influence on employees' sense of belonging to and engagement with the organization. The incentive mechanism, on the other hand, represents the systematic measures designed by enterprises to guide employees' behaviors in order to achieve their goals. When the incentive mechanism aligns with employees' psychological contracts, it can effectively stimulate employees' enthusiasm and creativity; conversely, it may lead to employees' disappointment and even resignation. Knowledge-based employees, in particular, attach great importance to the non-material factors within the psychological contract, such as career development opportunities, job autonomy, and organizational identity. If the incentive mechanism solely relies on material rewards while neglecting employees' needs within the psychological contract, the incentive effect is likely to be significantly diminished. Therefore, in the design of the incentive mechanism, full consideration must be given to the connotations of the psychological contract [1]. Only by organically integrating material incentives with spiritual incentives can the multi-level needs of knowledge-based employees be met, thus achieving a win-win situation for both the organization and the employees.

2.2. Characteristics of the Psychological Contract of Knowledge-Based Employees

The psychological contract of knowledge workers exhibits distinctiveness, which is inextricably linked to their professional attributes and psychological needs. Knowledge workers generally possess high-level professional competence and innovative capabilities. Their expectations regarding career development, work autonomy, and organizational identity far exceed those of ordinary employees. In the psychological contract, they place greater emphasis on whether the enterprise can offer continuous learning opportunities and room for growth, rather than merely material rewards. Work autonomy is of paramount importance to knowledge workers. They desire to have more decision-making power and flexibility in task execution to realize their self-worth. Additionally, knowledge workers are more sensitive to organizational culture and management styles. They expect the enterprise to respect their professional abilities and demonstrate equality and trust in team collaboration. Nevertheless, the psychological contract of knowledge workers is more fragile. Once the enterprise fails to fulfill its implicit commitments, it is likely to trigger a psychological gap and a trust crisis. Therefore, when designing the incentive mechanism, enterprises must fully take into account the characteristics of the psychological contract of knowledge workers and integrate career development, work autonomy, and organizational identity into the incentive system to effectively stimulate their potential and loyalty.

2.3. Components of the Incentive Mechanism for Knowledge-Based Employees

The constituent elements of the incentive mechanism for knowledge workers are multi-dimensional, necessitating the simultaneous consideration of both material and spiritual needs. Material incentives serve as the foundation, encompassing direct economic rewards such as salaries, bonuses, and equity. However, solely relying on material incentives can hardly meet the high-level requirements of knowledge workers. Spiritual incentives, on the other hand, are of greater significance. Career development opportunities stand as the core element that knowledge workers focus on. They yearn for continuous growth and recognition in their professional fields. Enterprises should offer clear promotion paths and training resources. Work autonomy also constitutes an important part of the incentives. Knowledge workers aspire to have more decision-making power and

innovation space in task execution, which can stimulate their creativity and sense of responsibility. Organizational identity is equally indispensable. Enterprises need to enhance employees' sense of belonging and mission through cultural construction and teamwork. Additionally, a favorable working environment and a balanced work-life relationship are also components of the incentive mechanism. Knowledge workers attach importance to the harmonious work atmosphere and the reasonable allocation of personal time. In summary, the design of the incentive mechanism for knowledge workers requires an organic combination of material and spiritual incentives. Meanwhile, multiple factors such as career development, work autonomy, organizational identity, and the working environment should be taken into account to maximize the incentive effect [2].

3. Problems of the Current Situation of the Psychological Contract of Knowledge-Based Employees in Enterprises

3.1. The Deviation of Knowledge-Based Employees' Psychological Contract Cognition

The deviation in the psychological contract perception of knowledge workers is a prevalent phenomenon in enterprise incentive management. This deviation often stems from the misalignment in the understanding of the psychological contract between enterprises and employees. Enterprise managers generally pay more attention to explicit contracts, such as material conditions like salary and welfare, while neglecting employees' expectations for implicit contracts, such as career development, work autonomy, and organizational identification. This one-sided perception results in the incentive mechanism design being divorced from employees' actual needs, making it difficult to stimulate their intrinsic motivation. Knowledge workers hold relatively high expectations for the psychological contract. They aspire to achieve growth and recognition in their professional fields and hope that enterprises can provide clear career development paths and continuous learning opportunities. However, in reality, many enterprises fail to fulfill these implicit commitments, leading to a psychological gap and a trust crisis among employees. Moreover, there is also a deviation in enterprises' perception of knowledge workers' work autonomy. Managers tend to emphasize control and supervision rather than trust and authorization, which restricts employees' creativity and initiative [3]. The lack of organizational identification is another prominent issue. Knowledge workers hope to integrate into teams with shared values, but the construction of corporate culture remains superficial and fails to meet their spiritual needs. The deviation in psychological contract perception not only affects employees' work enthusiasm but may also lead to talent drain. Enterprises need to face up to this problem and re-examine the psychological contract relationship with their employees.

3.2. Short-Board Dilemma of Psychological Contract Maintenance

The predicament of deficiencies in psychological contract maintenance stands as a significant sore point in the relationship between enterprises and knowledge-based employees. This predicament is primarily manifested in the enterprises' failure to effectively fulfill implicit commitments, which leads to the rupture and imbalance of the psychological contract. One of the core issues is the inadequate support from enterprises for the career development of knowledge-based employees. Many enterprises lack clear promotion paths and systematic training mechanisms, making it difficult for employees to envision their future growth prospects. Over time, this gives rise to job burnout and a sense of loss. The lack of work autonomy is another prominent shortcoming. Knowledge-based employees yearn for more decision-making power and innovation space in task execution. However, in reality, enterprises often tend to emphasize process standardization, restricting their creativity. This sense of constraint directly dampens employees' work enthusiasm. Maintaining organizational identity also faces challenges. The corporate culture construction in many enterprises remains a mere formality, lacking respect and integration of employees' values. As a result, knowledge-based employees find it difficult to develop a

sense of belonging and mission. In addition, enterprises' insufficient investment in achieving a balance between work environment and life exacerbates the situation. The high-intensity work pressure and unreasonable task allocation exhaust employees physically and mentally, further intensifying the fragility of the psychological contract. The predicament of deficiencies in psychological contract maintenance not only erodes employees' loyalty and engagement but may also result in brain drain. Enterprises need to confront these issues squarely and re-examine the psychological contract relationship with their employees.

3.3. Dynamic Imbalance Crisis of the Psychological Contract of Knowledge-Based Employees

The dynamic imbalance crisis of the psychological contract among knowledge workers is a profound issue in the relationship between enterprises and employees. This crisis stems from the continuous misalignment between the expectations and the reality of the psychological contract between enterprises and employees. The career development needs of knowledge workers are in a state of dynamic change. They aspire to receive corresponding support and opportunities at different stages of their careers. However, enterprises often fail to adjust their incentive mechanisms in a timely manner, leaving employees with a sense of hitting a growth ceiling and stagnation. The need for work autonomy also fluctuates with environmental changes. Knowledge workers may yearn for more innovative space at the initial stage of a project, while they hope to obtain resource support and recognition at the later stage. Nevertheless, the rigid management style of enterprises makes it difficult to meet such dynamic needs, dampening employees' enthusiasm. The dynamic nature of organizational identity is often overlooked. Employees' sense of belonging to the enterprise and their identification with its values vary at different times. The lack of flexibility in corporate culture construction fails to adapt to such changes, further exacerbating the fragility of the psychological contract. Changes in the external environment also intensify the dynamic imbalance crisis. Factors such as intensified industry competition and accelerated technological updates lead employees to constantly adjust their expectations of the enterprise. However, the enterprise's response measures lag behind, failing to address employees' concerns in a timely manner, increasing the risk of the psychological contract breaking down. This dynamic imbalance crisis not only affects employees' loyalty and engagement but may also trigger a brain-drain. Enterprises need to face up to this issue and re-examine the psychological contract relationship with their employees [4].

4. Optimization Strategy of Knowledge-Based Employee Incentive Mechanism Based on Psychological Contract

4.1. Optimizing the Material Incentive Mechanism

Optimizing the material incentive mechanism serves as a crucial avenue for fulfilling the psychological contract needs of knowledge-based employees. Enterprises are required to make targeted adjustments in their salary, welfare, and reward systems. The salary system should embody fairness and competitiveness. Knowledge-based employees are highly sensitive to the recognition of their own value. Enterprises need to formulate reasonable salary standards in accordance with market levels and employees' contributions, so as to avoid dissatisfaction arising from excessive salary disparities. The design of performance bonuses should emphasize immediacy and transparency. Employees desire to see a direct correlation between their efforts and rewards. Enterprises should establish a clear performance evaluation system to ensure the open and fair distribution of bonuses. Long-term incentive measures such as equity incentives and profit-sharing plans can enhance employees' sense of belonging and responsibility. Enterprises can enable employees to share in the development achievements through these means, thereby stimulating their motivation for long-term commitment. Welfare policies should balance personalization

and practicality. Knowledge-based employees have high requirements for work-life balance. Enterprises can offer benefits such as flexible work schedules and health management programs to meet their diverse needs. The optimization of material incentives should not only focus on short-term rewards but also attach importance to long-term value. Enterprises need to create a sustainable development environment for knowledge-based employees through diverse material incentive measures.

4.2. Strengthening Spiritual Incentives

Strengthening spiritual incentive measures serves as a pivotal means to meet the psychological contract needs of knowledge-based employees. Enterprises should commence from aspects such as career development, work autonomy, and organizational identity to construct a comprehensive spiritual incentive system. A clear-cut planning of career development paths can effectively enhance employees' sense of belonging and engagement. Enterprises should formulate personalized career development plans according to employees' capabilities and interests, offering diverse promotion channels and training opportunities, enabling employees to envision their future growth prospects. Endowing work autonomy is an important way to stimulate the creativity of knowledge-based employees. Under the premise of clarifying goals, enterprises should grant employees more decision-making power and innovation space, allowing them to exert their subjective initiative at work and enhance their sense of job achievement. The cultivation of organizational identity can be realized through cultural construction and value dissemination. Enterprises should establish an open and inclusive organizational atmosphere, encouraging employees to participate in decision-making and activities, thereby strengthening their sense of belonging and responsibility. The improvement of the recognition and appreciation mechanism is equally indispensable. Knowledge-based employees have high expectations for the realization of their own values. Enterprises should promptly affirm employees contributions through public recognition, honorary rewards and other means to meet their spiritual needs. Optimizing the team collaboration and communication mechanism can enhance employees' sense of participation and trust. Enterprises should build an efficient communication platform to promote exchanges and cooperation among employees and create a positive team atmosphere. Strengthening spiritual incentive measures should not only focus on short-term effects but also emphasize long-term impacts. Enterprises need to create a work environment full of a sense of belonging and achievement for knowledge-based employees through continuous cultural construction and mechanism optimization [5].

4.3. Improving Working Environment Incentives

Enhancing work-environment incentives is a crucial aspect of meeting the psychological contract needs of knowledge-based employees. Enterprises should start from aspects such as the physical environment, technological support, and cultural atmosphere to create an efficient and comfortable workplace. Optimizing the physical environment directly impacts employees' work experience and efficiency. Enterprises should offer spacious and well-lit office spaces, equipped with ergonomic office furniture to alleviate fatigue caused by an uncomfortable environment. The establishment of rest areas should not be overlooked. After high-intensity work, employees need to relax and recharge. Enterprises can design cozy rest areas, providing tea, coffee, and other beverages to create a laid-back atmosphere. The improvement of technological support is the key to enhancing work efficiency. Knowledge-based employees have a high demand for advanced tools and equipment. Enterprises need to promptly upgrade hardware facilities and provide high-performance software systems to ensure that employees can carry out their work smoothly. The stability and security of the network environment also need to be guaranteed to avoid work disruptions due to technical issues. Cultivating a cultural atmosphere

is an important way to strengthen employees' sense of belonging. Enterprises should advocate an open and inclusive organizational culture, encourage communication and cooperation among employees, reduce hierarchical barriers, and promote information sharing and innovation. Organizing team activities can enhance employees' cohesion. Enterprises can regularly hold team-building events and interest groups to deepen employees' understanding and trust in each other. The balance between work and life is a key concern for knowledge-based employees. Enterprises can implement flexible working hours, allowing employees to arrange their work schedules according to their personal circumstances to reduce stress caused by time conflicts. Introducing health management measures can improve employees' well-being. Enterprises can provide services such as health check-ups and psychological counseling to focus on employees' physical and mental health. Improving work-environment incentives requires not only attention to hardware facilities but also emphasis on the construction of a soft culture. Enterprises need to comprehensively optimize the workplace to create a comfortable and efficient working environment for knowledge-based employees, thereby stimulating their work enthusiasm and creativity [6].

4.4. Establishing Effective Communication and Feedback Mechanism

Establishing an effective communication and feedback mechanism constitutes a crucial aspect in optimizing the incentive mechanism for knowledge workers. Enterprises should initiate from aspects such as communication channels, feedback methods, and trust-building to construct a transparent and efficient two-way interactive system. The unobstructed communication channels serve as the foundation for ensuring the accuracy of information transmission. Enterprises should establish diverse communication platforms, such as regular meetings, internal forums, and instant messaging tools, to guarantee that employees can express their opinions and suggestions at any time. Direct dialogues between senior managers and front-line employees can enhance information transparency. Enterprises can regularly organize face-to-face communication activities between management and employees to listen to the genuine thoughts of employees, reducing distortion and latency in information transmission. The improvement of feedback methods is the key to enhancing employees' sense of participation. Enterprises need to establish a systematic feedback mechanism to respond promptly to employees' suggestions and questions, preventing employees' enthusiasm from being dampened due to the lack of feedback. The establishment of anonymous feedback channels can encourage employees to express their true thoughts. Enterprises can collect employees' opinions and suggestions through anonymous questionnaires, suggestion boxes, etc., providing references for management decisions. Strengthening trust-building is the prerequisite for the effective operation of the communication and feedback mechanism. Enterprises need to create an open and inclusive organizational atmosphere, encouraging employees to speak freely and avoiding communication barriers caused by hierarchical differences or cultural obstacles. Managers should treat employees' feedback with an equal and respectful attitude, take prompt actions to solve problems, and enhance employees' trust in the organization. The establishment of the communication and feedback mechanism should not only focus on forms but also emphasize practical effects. Enterprises need to continuously optimize the communication process and feedback mechanism to ensure that employees' voices can be heard and valued, thereby enhancing their sense of belonging and work enthusiasm. An efficient communication and feedback mechanism is not merely a tool for information transmission but also a bond for the psychological contract between the enterprise and employees. Enterprises need to build an organizational culture of mutual trust and shared growth through this mechanism.

5. Conclusion

Optimizing the incentive mechanism of knowledge-based employees from the perspective of psychological contract is an important measure to enhance the core competitiveness of enterprises. By optimizing material incentives, strengthening spiritual incentives, improving the working environment and establishing an effective communication and feedback mechanism, enterprises can better meet the intrinsic needs of knowledge-based employees and enhance their sense of belonging and creativity. The dynamics and complexity of the psychological contract require companies to maintain flexibility and foresight in the design of incentive mechanisms, and to respond to changes in employee needs and changes in the organizational environment in a timely manner. Only by deeply integrating the concept of psychological contract into the incentive mechanism can we truly stimulate the potential of knowledge-based employees and promote the realization of high-quality development of enterprises in the era of knowledge economy.

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