

# UNDERSTANDING MILLENNIAL GENERATION ORGANIZATIONAL SOCIAL EXCHANGE THROUGH PSYCHOLOGICAL CONTRACT

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## Abstract

The rise of the millennial generation, especially in Indonesia, has overtaking the majority of various workplaces. Millennial workers are likely to have different characteristics from the previous generation, so the leader needs to adjust the treatment to create millennials' job satisfaction and engagement. This study aimed to analyze the effect of psychological contracts on work engagement with job satisfaction as a mediating variable. This study used an explanatory method with a quantitative approach. The data was collected using a questionnaire and was analyzed using Partial Least Square software. There were four main findings in the study. First, psychological contracts, both transactional and relational, had a significant effect on job satisfaction. Second, transactional psychological contracts had a significant effect on work engagement. Third, job satisfaction mediated the relationship between transactional and relational psychological contracts with work engagement. Fourth, the rational psychological contract was not the main factor in increasing work engagement.

**Keywords:** Psychological Contract, Job Satisfaction, Work Engagement, Millennial Generation, Civil Servant

## INTRODUCTION

The development of technology, the start of the digitalization era, and generational changes require organizations to adapt to these situations. Howe & Strauss (2000) state that a generation is the sum of individuals who share the same birth period and historical events. Generational shifts from time to time have raised various theories regarding their grouping. Codrington & Marshall (2011) classify five generations according to their year of birth, namely: (1) Baby Boomers, born in 1946-1964; (2) Generation X, born in 1965-1980; (3) Generation Y, born in 1981-1994 or generally refers to millennial; (4) Generation Z, born in 1995-2010, and (5) Generation Alpha, born in 2011-2025.

The millennial generation is experiencing rapid growth in the proportion of the population. According to the population census conducted in 2020 by the Central Statistics Agency (BPS), millennial is one of the majorities in the demographics of Indonesia, which reached about 25.87%. The data from the 2019 National Labour Force Survey (SAKERNAS) recorded that 53% of the employees in Indonesia's various business sectors were dominated by millennials, who comprises around 48 million people. The millennial generation holds the highest percentage in various business sectors. More specifically, SAKERNAS survey in 2019 revealed that this generation was mostly employees in education sector. Thus, all educational institutions, not to mention higher education, are encouraged to better manage this new majority to improve the overall quality and productivity.

In higher education, the regeneration of human resources in the modern era is seen by the increasing proportion of millennial generation who become lecturers at universities. The rapid shift overtaken by this generation should be an advantage for institutions. However, despite their huge part in the workplace, the issue of their work loyalty must be reconsidered. Nindyati (2017) states that The Millennial Generation's

case of switching jobs is more significant compared to Generation X's in terms of frequency. The high rate of job transfers is caused by their belief that loyalty is a professional commitment and responsibility towards their duties based on appropriate competence. It means that the Millennial Generation focuses on self-development.

Meanwhile, Generation X considers loyalty as contributing to carrying out functions with an orientation towards progress or achieving organizational goals. It can be interpreted that Generation X is more concerned with developing their organization to support their career development. Therefore, several studies conclude that Generation Y or millennial has lower work loyalty compared to that of Generation X.

Hobart (2016) argues that when it comes to loyalty, Millennial Generation is the least bit loyal to their employer and is often referred to as faithless age group. Thus, institutions need to anticipate the millennial generation's loyalty level in order to improve the quality and productivity of the institution.

Previous studies have examined a lot about psychological contracts and work engagement. However, similar research topic which involves civil servants and government educational institutions as the subjects are quite rare. Civil servants are permanent workers appointed by the Civil Service Development Officer and have a national employee registration number. As a result, the government regulates everything related to their job, including salaries and work policies. With this status, they cannot easily quit and switch change jobs even though the working conditions are deemed inappropriate.

For this reason, research on the work engagement of the Millennial Generation with a civil servant status is conducted. In addition, this study also focuses on the role of job satisfaction as a mediating variable. The mediating role has existed in past research on psychological contracts and work engagement. However, this study has focused more on the role of job satisfaction as mediation between psychological contract breach and work engagement, such as research conducted by Rayton and Yalabik in 2014.

Universitas Negeri Yogyakarta (UNY), which was a transition from IKIP (Institute to University), is among many state universities in Indonesia,. This university has seven faculties, postgraduate programs, and vocational programs. Faculty of Economics (FE) becomes one of the learning faculties at UNY as it has the highest proportion of millennial generation lecturers compared to other faculties, including lecturers with civil servant status. According to PDPT (Higher Education Database) UNY, until early 2021, FE UNY has the highest percentage of millennial lecturers at 53%. This situation encourages FE faculty and department leaders to find the right way to manage its human resources and to provide proper treatments to the attitudes and behavior patterns of the millennial generation. In addition, the low level of loyalty of the millennial lecturers means that head must also know how to increase these lecturers' work engagement.

Creating a psychological contract facilitates workers' responsibility, commitment, and loyalty (Maguire, 2002). However, several studies suggest a relationship between psychological contracts and work engagement. A study by Sandhya & Sulphey, (2020) states that fulfilling or creating a psychological contract is crucial in building work engagement. Rousseau (1990) divides the psychological contract into relational and transactional contracts. The relational contract is the employee's responsibility as a form of loyalty to the organization because it has provided workers with a sense of

security. Rousseau further argues that it is a relational contract because employees want to build long-term relationships with the organization.

Meanwhile, transactional contracts are characterized by reciprocal relationships that are "economic", such as competitive rates of wages or salaries. Psychological contracts can change according to working conditions, experience, and company. Transactional contracts tend to be short-term, whereas relational contracts imply long-term reciprocal expectations and obligations. Armstrong (2007) states that generally all employees want to be treated as human beings by their organization. In more detail, Armstrong explains that they expect a job that is compatible with their competencies. In addition, they would like to receive compensation commensurate with their contribution. Then, they also need to grasp the opportunities to develop and show off their competence. Besides, they also wish for the chance to grow further. Furthermore, they are always curious about the expectation of the organization from them. Last but not least, they highly value feedback from their leader or manager on their work.

Millennial Generation's work engagement is in line with the concept of a psychological contract. Millennials will contribute to the organization if the organization provides appropriate feedbacks, including proper salary and security. Kuron et al. (2015) reveal that as workers, the main priority for the millennial generation is the opportunity to develop and learn, followed by work-life balance and salary. Millennials also expect to be able to fully apply their knowledge and competencies at work (Garcia et al., 2018). In addition, Torsello (2019) and Malloy (2018) also state that the goal of millennial generation workers is to get a balance between what is expected and what they should get. In other words, they expect a proper salary equal to their hard work.

The relationship between psychological contract and work engagement is explained through social exchange theory. This theory emphasizes the reciprocal norm that forms the basis for interactions between individuals. Blau (1964) states that social exchange is an interaction between individuals where the exchange of tangible and intangible activities will lead to reciprocity expectations. Psychological contracts are based on the belief that there are reciprocal obligations between employees and the organization (Rousseau, 1990). If the employee feels that the organization has implicitly fulfilled the commitments on the agreement in the employment relationship, it means the psychological contract has been fulfilled. One of the obligations employees carry to the organization in return for fulfilling the psychological contract is increasing their engagement (Saks, 2006). Therefore, we propose:

H1: Relational psychological contract has a positive effect on work engagement

H2: Transactional psychological contracts have a positive effect on work engagement

As well as psychological contracts, job satisfaction can also lead to work engagement. Job satisfaction reflects the attitude of an employee who is either satisfied or dissatisfied with the work (Kamela, 2016). Newstrom (2014) suggests that job satisfaction is a feeling of being supported or unsupported experienced by employees at work and is achievable. Employees will be satisfied with their work when aspects of their work and themselves are supportive. In contrast, they will be satisfied when the parts are supported. Job satisfaction is the result of employee remuneration, both financial and non-financial (Martoyo, 2000). The theory of justice proposed by Adams (1965) explains the phenomenon of job satisfaction depending on the feeling of equity or not in a situation. This situation is obtained by comparing themselves with others in the same class, office, or elsewhere (Robbins, 2003). Employees will be satisfied if

there is no difference between the expectation and perception of reality. People or employees will be more satisfied if the factor obtained is the same or greater than the expectation. In contrast, the lower the reality the employee receives, the greater the dissatisfaction an employee with the work (Ahmadiansah, 2016).

Work engagement is associated with employee job satisfaction. Research by Rayton & Yalabik (2014), Sopyan & Ahman (2015), and Afifah (2020) conclude that employee job satisfaction has a positive effect on work engagement. Similar research by Bakker et al. (2008) finds that job satisfaction predicts employee engagement. Based on the results of the previous research, we propose:

H3: Job satisfaction has a positive effect on work engagement

Previous studies show that psychological contracts positively affect job satisfaction (Sasongko & Benedictus, 2013; Dani Yonatan & Djastuti, 2018). The expectation that becomes a part of an employee's psychological contract becomes a determinant of job satisfaction felt by the employee. Furthermore, previous studies also found that job satisfaction is a determinant and positively impacts work engagement (Bakker et al., 2008; Sopyan & Ahman, 2015; Afifah, 2020). In addition, Moore (2014) and Schreuder (2020) also find that psychological contracts positively impact work engagement. Violation of an employee's psychological contract affects the decreasing of employee's productivity and commitment to the company. Therefore, we propose:

H4: Relational psychological contract has a positive effect on job satisfaction

H5: Transactional psychological contract has a positive effect on job satisfaction

Employees may get job satisfaction because the organization fairly rewards them. These workers will assume that the organization will appreciate them accordingly for their effort. By Adam Smith's theory of justice, employees will be satisfied if they feel justice is obtained from a comparison between what is expected and reality. Thus, if an employee considers that the psychological contract has been fulfilled, he or she will feel satisfied. Research conducted by McDonald et al. (2012), Dani Yonatan & Djastuti (2018), and Sasongko & Benedictus (2013) has proven that there is a positive effect of psychological contracts on job satisfaction. Job satisfaction obtained by employees will lead to work engagement. Work engagement is obtained because employees feel they must contribute more to the organization as a result of a sense of job satisfaction obtained from what has been given by the organization. Sopyan & Ahman (2015) and Afifah (2020) reveals that job satisfaction positively affects work engagement. From the results of previous studies, we propose:

H6: Job satisfaction mediates the relational psychology contractual relationship with work engagement

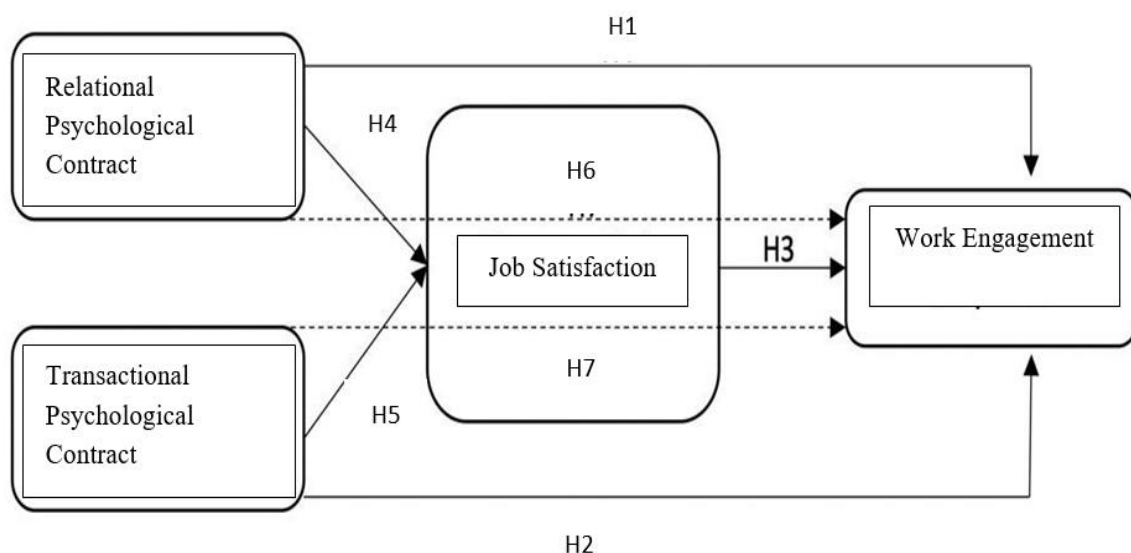
H7: Job satisfaction mediates the relationship between transactional psychology contracts and work engagement

## **METHOD**

This study was quantitative research with survey as the data collection technique. Questionnaires were distributed as the data collection instrument. The research subjects were all the lecturers at Faculty of Economics, Yogyakarta State University, mainly those who belong to millennial generation. FE UNY was chosen because it is one of the extraordinary faculties because it has the highest proportion of millennial

generation lecturers compared to other faculties at UNY. According to PDPT UNY data until early 2021, FE UNY has the highest percentage of millennial lecturers, namely 53%. This data is, of course, the basis for FE UNY to manage millennial generation lecturer resources with the proper treatment to maximize the quality and productivity of FE UNY. The sampling technique used was purposive sampling with the criteria of millennial generation lecturers having at least one year of service. It is because employees need time to adjust to their organization. New employees try to adapt to the organization where they work, so the attitudes and behavior shown are more unstable than employees who have been working for a long time. For determining the number of samples in this study, we used the Slovin formula and obtained a minimum sample size of 51 respondents. The Likert scale (1-5) is used to measure respondents' responses.

PLS analysis method was occupied as the mean of data and hypotheses analysis. Outer model testing is done by measuring convergent validity. The indicator is valid and reliable if the outer loading exceeds 0.7 (Sarwono, 2014). However, Guagdanoli and Velicer (1998) say that outer loading can be tolerated if it has a value of 0.40. As for discriminant validity, it is considered good if the AVE value is more significant than 0.5 (Ghozali, 2008). For composite reliability, it can be seen from the CR value and must be greater than 0.6 (Chin, 1998 in Ghozali, 2008). The inner model test can use R-square, which is interpreted the same as regression (Ghozali, 2008). There are two methods to do hypothesis testing. The t-test is used to find if there is any influence between variables. In addition, the VAF method is used to test mediating variables. A VAF above 80% is defined as full mediation, a VAF of 20% -80% is defined as partial mediation, and a VAF of less than 20% is defined as no mediating effect. Figure 1 shows the conceptual framework of this research:



**Figure 1: Conceptual Framework**

## FINDING AND DISCUSSION

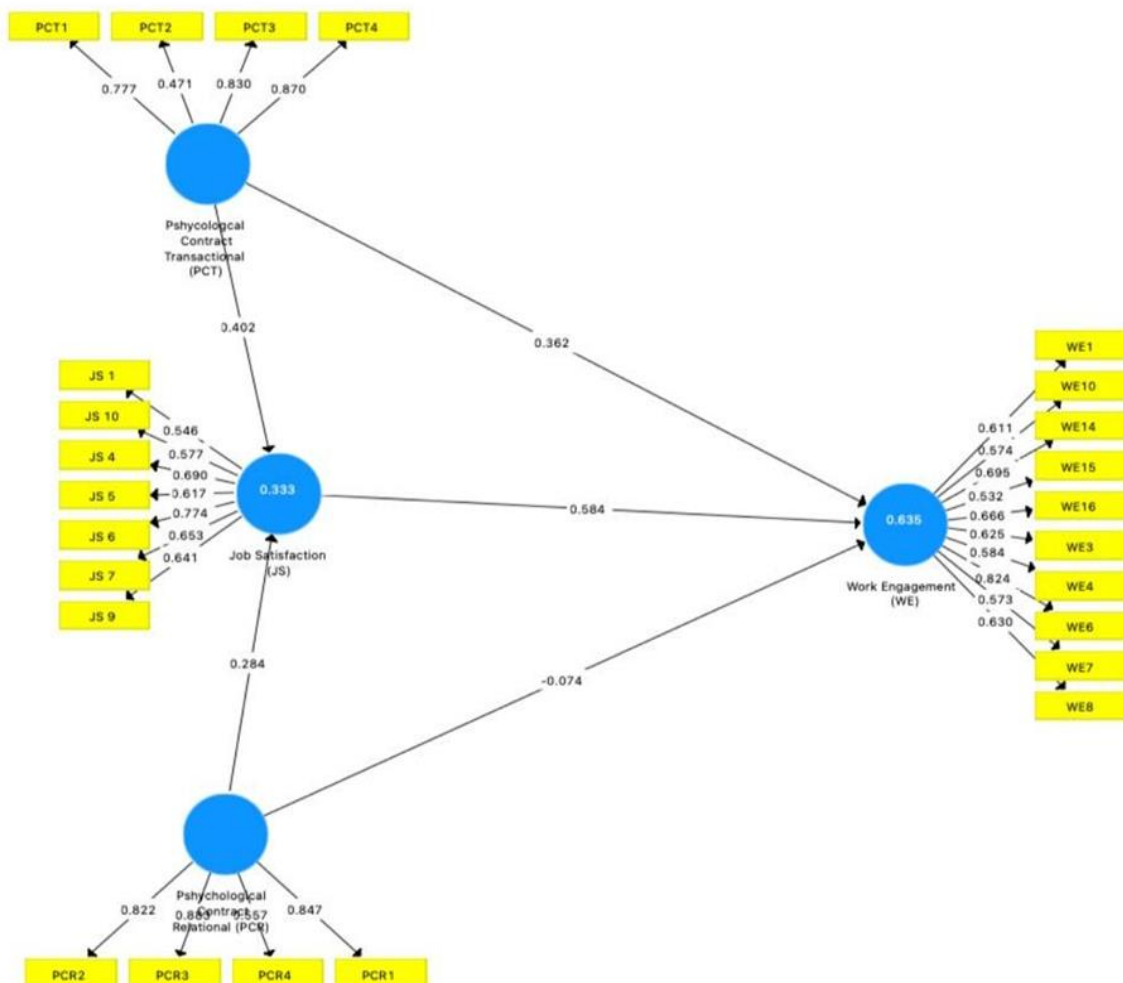
This research was conducted by distributing questionnaires to millennial lecturers of the Faculty of Economics, Yogyakarta State University, with the criteria of having worked for at least one year. Then, 51 questionnaires were collected. The data was then processed



with SmartPLS software.

Figure 2 is the result of testing the validity and reliability. Convergent validity was carried out to determine whether the indicators used to measure variables were valid. Guagdanoli and Velicer (1998) argue that outer loading can still be tolerated up to a value of 0.40 and can be dropped from the analysis if the value is below 0.40. This study met the convergent validity criteria because the outer loading was between 0.40 - 0.70.

In addition to factor loading, the convergent validity value can be seen from the Average Variance Extracted (AVE) value. Each construct must have a value above 0.5. According to Fornell and Larcker (1981), the AVE value can be below 0.5 if the Composite Reliability (CR) value is more than 0.6.



**Figure 2: Output Model of Validity and Reliability Testing**

The following analysis was provided to ensure that there was no problem with the reliability. Reliability measurement is done by looking at the composite reliability value.

CR and AVE values can be seen in Table 1 below:

**Table 1: Composite Reliability and Ave Value**

Composite Reliability		Average Variance Extracted (AVE)
Job Satisfaction (JS)	0.832	<b>0.418</b>
Pshychological Contract Relational (PCR)	0.864	0.621
Pshychological Contract Transactional (PCT)	0.834	0.567

The discriminant validity test can be carried out by comparing the CR value of the AVE square root with the correlation value between constructs. An indicator is considered meeting the requirements of discriminant validity if the cross-loading value for each variable indicator has the most significant value compared to other variables. The test results showed that the cross-loading value on each variable indicator was the largest of the other variables. So the discriminant validity test has been fulfilled.

The inner model analysis was carried out to ascertain whether the model used was accurate or robust. Inner model testing can be done by looking at the value of Q2 (predictive relevance). Prediction relevance (Q square) is known as Stone-Geisser's. This test was conducted to determine the predictive capability of the blindfolding procedure. Gozali (2006) and Jaya et al. (2008) argue that if the value obtained is 0.02, then it is relatively small. Furthermore, Gozali (2006) and Jaya et al. (2008) emphasize that the moderate category is obtained if the value obtained is 0.15 and is classified as significant if the value is 0.35. The formula below was used to calculate Q2:

$$Q^2 = 1 - ((1 - R^2)(1 - R^2))$$

Table 2 shows the value of R square. The R square value is used to calculate Q2.

**Table 2: R Square**

R Square		R Square Adjusted
Job Satisfaction (JS)	0.333	0.305
Work Engagement (WE)	0.635	0.612

Based on Table 2 above, Q2 can be calculated as follows:

$$Q2 = 1 - ((1 - R2)(1 - R2))$$

$$Q2 = 1 - ((1 - 0.305)(1 - 0.612))$$

$$Q2 = 1 - 0.269$$

$$Q2 = 0.730$$

From the calculation, results obtained a Q2 value of 0.730. This value indicated that the predictive capacity was ample. In other words, the observed values generated by the model and parameter estimates were significant.

The last test of the model is to find the Goodness of Fit (GoF) value. The GoF value in the PLS test must be searched manually. The formula used was the formula that referred to Tenenhaus (2004).

$$GoF = \sqrt{AVE \times R^2}$$

$$GoF = \sqrt{0.411 \times 0.458}$$

$$GoF = 0.434$$

Based on the calculation results, the GoF value was 0.434. According to Tenenhaus

(2004), there are three levels in measuring the value of goodness of fit (GoF). It is categorized as small if the GoF value is 0.1, medium if GoF is 0.25, and large if GoF is 0.38. The calculation results, showing a value of 0.434, meant that GoF was relatively large, so it could be concluded that the model formed was robust or accurate.

The multicollinearity test was essential to do. Suliyanto (2010) argues that a model can be declared to have passed the multicollinearity test if the VIF value is below 10. Based on table 3, the VIF value is below 10. It means that the model has passed the multicollinearity test.

**Table 3: VIF Value**

Job Satisfaction (JS)		Work Engagement (WE)
Job Satisfaction (JS)		1.499
Pshychological Contract Relational (PCR)	1.184	1.305
Pshychological Contract Transactional (PCT)	1.184	1.427
Work Engagement (WE)		

Hypothesis analysis was conducted to determine whether the independent variables influence the dependent variable. In addition, this analysis was also carried out to determine whether the intervening variables mediate the relationship between the dependent and independent variables. The criterion for accepting a hypothesis is if the p-value is less than 0.05. The result of hypothesis testing is presented in Table 4.

The data processing results show that the first hypothesis we proposed was rejected. Other factors influenced employee engagement. Factors such as work culture, good communication, organizational justice, work flexibility, individual ability to control their environment, and autonomy also impact employee engagement (Skalli et al., 2008; Origo & Pagani, 2008; Lyu, 2016; Soares & Mosquera, 2019). Furthermore, each employee also had a different work experience. Based on the respondents' answers to the open-ended questions asked in the questionnaire, millennial lecturers of the FE UNY stated that they had different work experiences, such as the existence of Javanese culture that prevailed in the workplace. Examples of several Javanese cultures that applied and influenced how to work were the decency values (*unggah-ungguh*) which made some millennial generation lecturers unable to express opinions because they were reluctant to the senior lecturers. These made them felt that the communication between seniors and leaders could improve. In addition, a seniority factor made millennial lecturers thought that leaders and seniors must listen to their ideas. These experiences were contradictory with the characteristics of Millennials who want to be listened in their work environment and contribute to decision-making at work (Morton, 2002; Kong et al., 2016; Ngotngamwong, 2020; Hurst & Good, 2009).

The multitasking culture experienced by some of our research subjects also had an influence. This custom made them felt that their work and personal lives were unbalanced because they often had to work outside the working hours. According to Kapoor and Solomon (2011), Torsello (2019), and Ngotngamwong (2020), millennial workers are characterized by continually seeking a balance between work and personal life. Furthermore, Torsello (2019) argues that millennial employees are very vulnerable to multitasking, making their work ineffective and affecting commitment and job satisfaction.



**Table 4: Hypothesis Testing Result**

Original Sample (O)		T Statistics ( O/STD EV )	P Values	
Job Satisfaction (JS) -> Work Engagement (WE)	0.584	3.747	0.000	H3 Accepted
Pshychological Contract Relational (PCR) -> Job Satisfaction (JS)	0.284	2.473	0.015	H4 Accepted
Pshychological Contract Relational (PCR) -> Work Engagement (WE)	-0.074	0.751	0.455	H1 Rejected
Pshycological Contract Transactional (PCT) -> Job Satisfaction (JS)	0.402	2.991	0.004	H5 Accepted
Pshycological Contract Transactional (PCT) -> Work Engagement (WE)	0.362	2.560	0.012	H2 Accepted
Pshycological Contract Transactional (PCT) -> Job Satisfaction (JS) -> Work Engagement (WE)	0.235	2.244	0.027	H7 Accepted
Pshychological Contract Relational (PCR) -> Job Satisfaction (JS) -> Work Engagement (WE)	0.166	1.994	0.049	H6 Accepted

Some millennial generation lecturers at FE UNY also felt that a culture of "bina lingkungan" was one of the cultures that influenced perceptions of fairness at work. The culture of "bina lingkungan" means that sometimes people get a job that does not match their competence, duties, and functions. It led to the feelings of injustice because several academic staffs of this faculty did not contribute enough to the job but they received the same of even more significant compensation. Meanwhile, according to Malloy (2018), millennial employees hope to be rewarded according to their efforts. Furthermore, Torsello (2019) argues that getting a balance between expectations and reality is the goal of millennial generation employees.

Some Javanese cultures at FE UNY could lead to negative perceptions of fulfilling the psychological contract. Based on the survey results, millennial FE lecturers admitted that there had been a conflict or clash between professionalism and values in Javanese culture while working. However, even though they sometimes received unfair treatments, they still showed a professional attitude by showing their attachment. It is because in Javanese culture, always doing what is ordered by parents or those with higher positions is a must. Therefore, they always show positive performance and attitude when leaders and seniors give assignments. Fauzi et al. (2016) and Kim and Chang (2019) argue that the prevailing workplace culture will affect employees' performance.

This study also explained that the transactional psychological contract positively affected employee engagement. It means that the second hypothesis was accepted. It shows that the transactional psychological contract for millennial lecturers at FE UNY was fulfilled to influence work engagement positively. When millennial FE UNY lecturers felt that they have been given financial reciprocity according to their workload, they would consider this as a reward for their performance. In addition, meeting financial needs made them feel compelled to fulfill the obligations in return for what they had obtained.

Nonetheless, some of the research results did not reveal a positive relationship between transactional psychological contracts and employee engagement. There were some differences in the types of samples and the types of organizations as the objects of the study. FE UNY, which is located in the city of Yogyakarta, makes Javanese culture used as a guide in carrying out the work. In Javanese culture, it is

taught that what is obtained must always be accepted graciously and showing a good attitude is a must as a sign of gratitude. Robbins (2005) states that employees who work in companies with solid cultures will be more committed to their companies than those with weak cultures.

The third hypothesis was also accepted. Thus, job satisfaction had a positive effect on work engagement. Several aspects of work can affect one's job satisfaction to increase employee engagement, such as the nature of work, workplace conditions, colleagues, compensation, and promotion and communication (Yalabik et al., 2016). The social aspect is the main thing to increase employee engagement (Chalofsky, 2003; Fairlie, 2011; Cole et al., 2012;). The social aspect might cover friendly and supportive colleagues. Having colleagues who can help each other complete a work can certainly increase employee engagement because they will feel comfortable, excited, and enjoy completing a job.

Millennial generation workers are believed to enjoy working as a team more with their colleagues, especially if the team is a team that is considered excellent and supportive (Frankel, 2016). It also happened to millennial generation lecturers at FE UNY. They tend to feel happy when working together with their colleagues. By running the duties as a team, they could have meaningful discussions about getting the job done and could feel that the work was lighter because of a competent team. Therefore, supportive coworkers are closely related to employee engagement (Demerouti et al., 2001; Schaufeli & Bakker, 2004; Bakker & Demerouti, 2007; Freeney & Fellenz, 2013). The results of this study are supported by research by Ngotngamwong (2020), which states that working with colleagues makes the millennial generation more attached to work. It is because they can help each other, feel closer, think alike, and communicate more flexibly because they come from the same generation.

The fourth hypothesis, which states that the relational psychological contract positively affects job satisfaction, was accepted. In contrast to transactional psychological contracts, relational psychological contracts are often characterized by loyalty and commitment as a result of providing security and support (Bravo et al., 2019). The guarantee of a sense of security provided by institutions/companies makes individuals calm at work. The sense of security is a supportive environment and a long career path.

In the case of UNY's FE millennial lecturers, most of them were civil servants. With this status, they felt secure at work because of clear career paths without high competition and good career opportunities. Civil servant career paths and opportunities are a form of appreciation for work achievements achieved by lecturers. They have been formulated in a fair, accountable and responsible manner based on the Joint Regulations of the Minister of Education and Culture of the Republic of Indonesia and the Head of the National Civil Service Agency Number 4/VIII/PB/2014 and Number 24 of 2014 concerning Provisions for the Implementation of Lecturer Functional Positions and Their Credit Scores.

This study's results follow the arguments of Jha et al. (2018) that millennial workers tend always to seek development and career growth. Apart from that, the leaders at UNY, at the Faculty of Economics in particular, always provide motivation and encouragement to millennial lecturers to immediately get promoted. Giving motivation is one that millennial generation workers hope to get at work (PwC, 2011; Reuteman, 2015). Based on the survey results, being a lecturer, which is synonymous with

teaching work, is a big desire for most millennial-generation lecturers at FE YSU. Faculty leadership support is always given to millennial generation lecturers for this big desire with a minimum standard of SKS (Semester Credit System) which is always fulfilled.

The data explained that the psychological contract positively affected job satisfaction. It means fifth hypothesis that we proposed was accepted. Employees with a high transactional psychological contract will likely be more satisfied with their jobs because they feel the organization rewards them appropriately for their contributions. A psychological contract is an employee's perception or belief based on a promise or agreement between the company and the employee. Transactional psychological contracts are more directed at exchanging material or economic obligations, such as salaries or wages. One of the factors of job satisfaction is compensation (Skalli et al., 2018). So, employees obtain job satisfaction if the company can fulfill the reward expected by its employees. This study results aligned with the previous research that there is a strong relationship between fulfilling transactional psychological contracts and job satisfaction (Bravo et al., 2019).

Job satisfaction is shown to mediate the relational psychological contract relationship with work engagement. It means that the sixth hypothesis was accepted. Thus, there was an indirect effect between the relational psychological contract with work engagement through job satisfaction. Millennial lecturers at FE UNY felt safe at work because the institution allowed them to always grow by continuing their studies to the doctoral level. The opportunity to continue their studies will provide an even broader effect on their career development. If they already have a doctorate degree, lecturers can participate in ministry research grants and in accreditation assessor selection. Following the respondents' answers to the survey that has been conducted, they felt safe working at FE UNY because of promising career opportunities and long-term career stability. The findings of this study support the results of research from Bravo et al. (2019) that the relational component of the psychological contract is considered more important because it is related to job satisfaction and has an impact on commitment. If employees feel the organization fulfills relational psychological contact, they will obtain the job satisfaction, and in return, they will show positive work attitudes, such as commitment and engagement.

In conclusion, the seventh hypothesis, which states that job satisfaction mediates the effect of transactional psychological contracts on work engagement, was accepted. Meeting the basic needs of employees, such as financial rewards, will create a job satisfaction, and their work engagement will also follow. It was similar with the conditions of the FE UNY millennial lecturers, who made financial rewards for workload as one of the fundamental factors that encourage job satisfaction and engagement. Based on the survey results, UNY millennial lecturers believed that the salary they received was a decent standard of living so that they obtained their job satisfaction and were subsequently willing to show a positive work attitude in return, such as work engagement. Rayton and Yalabik (2014) reveal that when an organization has met its employees' needs, they will be satisfied with their work, so when satisfaction arises, they will feel engaged in their work.

## CONCLUSION

This research added the previous existing references and empirical literatures on work engagement and job satisfaction in millennial workers, especially among state university lecturers. Moreover, this study also explained work engagement and job satisfaction for Civil Servants (PNS) who have differences from other company's employees, especially in terms of job characteristics. The results of this study were unique as the subjects were civil servants. This uniqueness may become the strength of this research, so there was an update from other studies on psychological contracts, work engagement, and job satisfaction.

There are four main findings of this study:

1. Psychological contracts, both transactional and relational, were proved to have a significant effect on job satisfaction. In other words, to increase employee job satisfaction all faculty leaders at the university, especially at the Faculty of Economics (FE) UNY, need to fulfill its obligations materially and emotionally to employees in return for the contributions and efforts that millennial lecturers have given.
2. Transactional psychological contracts were also shown to affect work engagement significantly. prove
3. Job satisfaction has been shown to mediate the relationship between transactional and relational psychological contracts with work engagement. This dual role of job satisfaction demonstrated that increasing the factors that could provide satisfaction for millennial lecturers would positively impact on faculties, in this case FE UNY, because millennial lecturers will show even better work attitudes.
4. The relational psychological contract was not the main factor in increasing work engagement.

Furthermore, the study also completed and added the findings of the previous studies on the similar topic by investigating achieving positive work attitudes. It must be understood that for millennial lecturers to show a positive work attitude, faculty leaders need to pay attention to several aspects, such as fulfilling obligations to millennial lecturers and creating good working conditions and culture. Faculty leaders also need to know the characteristics of millennial lecturers who are different from the lecturers of the previous generations. Appropriate treatments will affect their work attitudes.

Regarding the practical contribution of this research, faculties need to create a friendly work culture and organization for the millennial generation. It is because the millennial generation has dominated current lecturers, and millennial employees (lecturers) have significantly impacted the performance of faculty globally. Officials and seniors of faculties need to close the millennial generation lecturers differently. One of the efforts is to set and share the workload and reasonable incentives. Moreover, faculties need to understand that there has been a demographic change in the workplace. The consequence is that the organization must balance work and personal life, which is not just an option but a must for the institution.

The limitation of the study was the possibility of bias toward the answer provided by some respondents. In addition, other factors still need to be studied and can influence the work engagement process, such as organizational culture. Furthermore, there are differences in the results of this study from previous studies, such as the relationship

between transactional psychological contracts and work engagement. This difference is due to situational factors, such as differences in work experience felt by respondents in this study with respondents from previous studies. Javanese culture, which is used as the organizational culture at FE UNY, influences the process of forming work engagement. In conclusion, other factors that may affect work engagement, such as organizational culture, should be considered for further research. Further research also considers involving lecturers from different generations to generalize the research results.

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