



## Stock Option Incentive Plan and Employee Engagement: Evidence from China

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### Abstract

This study examined the influence mechanism of the Stock Option Incentive Plan on employee engagement among 435 employees in the state-owned enterprises of China. Through interviews and questionnaires, this study found there was a significant negative correlation between the Stock Option Incentive Plan gap and the level of employee engagement. This study also found employee psychological safety, psychological significance, and psychological availability played an intermediary role in the relationship between Stock Option Incentive Plan gap and employee engagement. Meanwhile, balanced reciprocity positively regulated the relationship between employee psychological safety, psychological significance, and employee engagement. Under the specific cultural background of China, a number of interesting insights were discovered, which were of great theoretical and practical significance. Firstly, this paper enriches the antecedent variables of employee engagement. This article explores the mechanism of the Stock Option Incentive Plan gap on employee engagement under the specific Chinese cultural background, which makes ups the vacancy in the existing literature, and provides a clearer theoretical basis for how companies can effectively motivate employees. Secondly, this paper deepens the impact mechanism of the Stock Option Incentive Plan gap. The empirical results of this paper show that the Stock Option Incentive Plan gap will affect the psychological conditions of employees and further employee engagement. That is to say, if an enterprise intends to effectively improve employee engagement, it must actively pay attention to the individual psychological factors of the employee. The psychological stability of employees is conducive to forming a harmonious atmosphere within the organization and the construction of the collective team.

**Keywords:** stock option incentive plan, employee engagement, psychological condition, balance reciprocity

### Introduction

In recent years, employee engagement has always been a hot topic in organizational behavior research. Under the current economic circumstances, enterprises have been increasingly focused on tapping employees' potential and mobilization to fully devote their talent to improve organizational performance. Research shows that employee engagement brings organizations higher competitive edges and competitiveness (Azim, M. T., & Al-Halawani, F. M. J. (2020). Employees with deeper engagement are more willing to undertake extra work (Naufer ,Z.& Kumar, S.2020) , with higher productivity and better regular or beyond-duty performance (Shah, S. H. A., & Beh, L. S. (2016). As the source of corporate core competitiveness, employee engagement grants enterprises the initiative in the market



competition. According to a survey conducted by Saks, A. M., & Gruman, J. A. (2014) , the engagement level of employees is 13% globally but only 6% in China. Therefore, the enhancement of employee engagement has become a great concern to academia and enterprises.

## Research Objective

To study the influence mechanism of the Stock Option Incentive Plan on employee engagement employees in the state-owned enterprises of China.

## Hypothesis

H1: The Gap of Stock Option Incentive Plan is negatively correlated with employee engagement.

H2a: The Gap of Stock Option Incentive Plan is negatively related to the psychological safety of employees.

H2b: The Gap of Stock Option Incentive Plan is negatively correlated with the psychological significance of employees.

H2c: The Gap of Stock Option Incentive Plan is negatively correlated with the psychological availability of employees

H3a: Employees' psychological safety plays a mediating role in the relationship between the gap of Stock Option Incentive Plan and employee engagement.

H3b: The psychological significance of employees plays a mediating role in the relationship between the gap of Stock Option Incentive Plan and employee engagement.

H3c: The psychological availability of employees plays a mediating role in the relationship between the gap of Stock Option Incentive Plan and employee engagement.

H4a: Balanced reciprocity plays a positive regulating role in the relationship between psychological safety and employee engagement.

H4b: Balanced reciprocity plays a positive regulating role in the relationship between psychological significance and employee engagement.

H4c: Balanced reciprocity plays a positive regulating role in the relationship between psychological availability and employee engagement.

## Literature review

### 1 Stock Option Incentive Plan and Employee Engagement

Kahn, W. A. (1990). pointed out that when the organization rewarded employees and had greater support and high recognition for an individual employee, it helped to significantly increase employee engagement. Kang, H. J., & Busser, J. A. (2018) conducted a survey of knowledge-based employees in a particular enterprise and explored the relationship between the motivation factor of knowledge-based employees and their engagement. They found that when employees had a higher sense of fairness and recognition of their remuneration, their engagement would be enhanced significantly. Meyer, J. P., & Gagne, M. (2008) pointed out that with a greater Stock Option Incentive Plan, employees would reduce their efforts in work so that it would negatively affect employee's work performance. Huang, Y., Ma, Z., & Meng, Y. (2018) took the newly recruited employees in State owned enterprises as the sample and found that compensation and welfare had a positive impact on the engagement of newly recruited employees.

In this way, they will reduce their efforts to protest that their dedication to work has not received the material or spiritual support and recognition from the organization and may even have turnover intention. In addition, a significant Stock Option Incentive Plan within the enterprise can easily create negative interpersonal emotions, which is not conducive to strengthening cooperation and cohesion within the organization. Also, it will inhibit teamwork



enthusiasm and will lead to worse work quality. Because of this, this paper proposes below hypothesis:

## **2 Stock Option Incentive Plan and Employees' Psychological Conditions**

Psychological safety refers to the psychological perception that employees dare to express their true thoughts and opinions in the organization without worrying that this behavior will affect their image and development in the organization (Huang, Y., Ma, Z., & Meng, Y. (2018); Korzynski, P. (2015) . When employees are in a safe organizational environment, employees will perceive that the organization is not a threat to them and that they have received support and recognition from the organization and superiors, giving them the power to express their opinions and suggestions (Stander, M.W., 2010). Reasonable compensation distribution can make employees feel that the organization is valuing their personal interests. With a small Stock Option Incentive Plan, it can reflect that the compensation has accurately and reasonably measured the value of the employee, and employees will realize that they have been fully recognized and supported in the organization. A sense of fair compensation distribution can make employees feel more at ease in their work, allow employees to enhance their sense of ownership in the enterprise, increase their sense of belonging and loyalty, and enable employees to express their opinions and suggestions freely in the organization. In a harmonious corporate atmosphere, employees will feel safe psychologically and are more willing to show their true selves and express their true thoughts.

Psychological significance is the valuable experience of employees' job objective or purpose, which is judged by employees themselves based on their ideals or standards (Lockwood, N. R. 2007; Kahn, W. A. (1990). Psychological meaningfulness refers to employees' perception and feeling about whether it is meaningful to put themselves into work tasks, which is the subjective feeling of individual employees at the psychological level. However, with the continuous rise of the level of individual employees, they have attached more and more importance to the psychological meaningfulness in work. Employees can be satisfied through material benefits, such as salary, and satisfy their pursuit of career development according to the enrichment of work content, the welfare of the work environment, and the autonomy of work method. These methods can make employees feel the psychological significance. A fair Stock Option Incentive Plan is conducive to meeting the psychological needs of individuals and gives employees a strong sense of organizational identity and accomplishment. A smaller Stock Option Incentive Plan can make employees feel that they have been concerned by the organization, and they will also realize the significance of their work.

Psychological availability can significantly affect the work behavior of employees, which means that employees perceive that they have sufficient resources to support their work tasks, including cognitive, emotional, and physical resources (Slack, 2015; Online) . It actually reflects the confidence and preparation of individual employees in work and reflects the ability and confidence of employees. According to the theory of fairness and relative exploitation, a large Stock Option Incentive Plan will affect the safety perception of employees for resources and the organization environment. In enterprises, if the organization provides employees with a relatively fair and supportive environment, employees are more likely to feel psychological stability, thereby promoting employees' identification with the organization and enhancing their belief in obtaining resources from the enterprise, which is beneficial for strengthening the availability belief. A smaller Stock Option Incentive Plan reflects that the organization attaches great importance to employee incentives, respects and treats employees equally, and enables employees to be more confident and bolder in the current work environment, thereby enhancing their belief in work.



### **3 The Mediating Role of Employees' Psychological Conditions**

Saks, A. M., & Gruman, J. A. (2014) found that psychological availability played a mediating role in the positive correlation between employees' personal power perception and their voice behavior through empirical research. Li (2016) discovered that work autonomy was significantly positively correlated with employees' innovation behavior, and psychological availability played a partial mediating role in this relationship. Langford, P. H. (2011) obtained that psychological availability played a partial mediating role in the relationship between personal power perception and employee engagement through empirical research. The above studies have shown that the psychological safety, psychological significance, and psychological availability of employees will play a mediating role in the relationship between leadership behavior, the individual perception of employees, and employees' work attitude and behavior.

A reasonable Stock Option Incentive Plan in an enterprise can make employees feel more at ease in their work and strengthen their trust and belonging to the organization. Also, it enables employees to feel the meaning of their work, enhances their psychological significance, and meets their needs for self-realization. At the same time, employees will be more focused on their work and improve themselves at work. When employees with high psychological availability maintain confidence in their ability, they will have better performance in dealing with changes and difficulties in the work task and will also be more willing to explore and solve further work problems. When individuals have better psychological availability, they will have physical, emotional, and cognitive resources so that they will be more focused on their work, make more contributions, and enhance personal productivity and creativity. On the contrary, when an individual feels threatened or insecure in the organization, they will take measures to reduce their efforts in work, which is reflected in a decline in engagement. In view of this, this paper proposes below hypotheses:

### **4 The Moderating Role of Balanced Reciprocity**

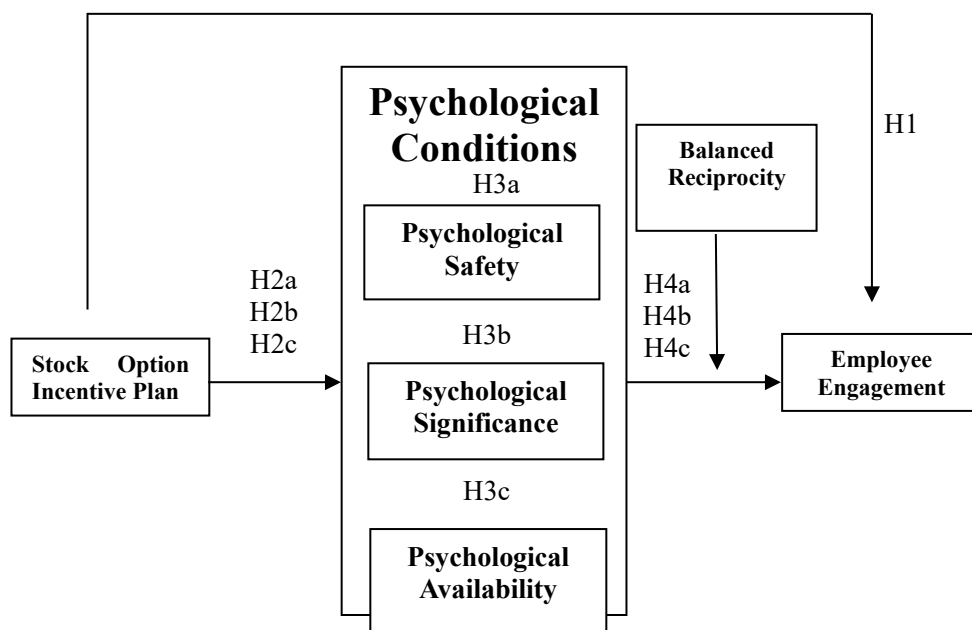
There is an exchange relationship between employees and organizations in an enterprise, and different attitudes and behaviors of different individuals at work can be interpreted by social exchange theory. The organization's material benefits and emotional resources can effectively enhance employees' loyalty and sense of responsibility, which is conducive to maintaining a positive psychological state, good work attitude, and work behavior. Based on reciprocity, in the atmosphere of mutual trust and understanding, the benefits and resources given by the organization are the basis for the commitment and dedication of employees in their work tasks. In existing studies, based on the social exchange theory, organizational support, organizational commitment, exchange of leadership members, fair treatment of enterprises, leadership style, etc. will have a significant positive impact on employee engagement (Huang, Y., Ma, Z., & Meng, Y. (2018); Kang, H. J., & Busser, J. A. (2018). The reciprocity mechanism can be used to interpret well the exchange behavior between the organization and employees and the change in the psychology and behavior of both parties. This paper believes that balanced reciprocity in the exchange relationship between the organization and employees will also exert an impact on employee engagement. When employees have a strong belief in balanced reciprocity, there will be a positive relationship of mutual trust between employees and the organization. Also, employees will show a strong sense of responsibility in their work tasks and corporate development and repay the organization based on the material and economic benefits provided by the organization.

Employees with high psychological safety in the organization are more likely to take proactive actions, dare to participate in decision-making, and make suggestions. They can feel the good and safe atmosphere within the organization, so they do not have to worry about



negative consequences. The organization treats employees' contributions in a fair manner, and employees can perceive caring behavior. On the other hand, employees with low psychological security face higher risks in work, and they have a low level of trust in the organization. Also, they are unwilling to promote themselves, participate in teamwork or decision-making, and worry about being threatened at a specific moment. Therefore, this paper concludes that different levels of balanced reciprocity will impact the relationship between psychological safety and employee engagement. According to the principle of reciprocity in social exchange theory, when employees with high psychological safety perceive a high level of balanced reciprocity (namely, the organization will respond and reward employees in a timely manner based on their behaviors at work), employees will maintain a positive work attitude and establish a good relationship of mutual trust with the organization, which can promote employees to put themselves into the work with higher efficiency. When employees perceive a low level of balanced reciprocity (namely, the organization is indifferent to employees' efforts), employees will find that the organization and their superiors do not value their efforts and have received a low degree of recognition and respect from the organization. Their interests are not valued, so it is more difficult for them to receive the reward. Employees cannot feel safe in this corporate atmosphere, and they will reduce their efforts at work. Therefore, with a higher level of balanced reciprocity, employees will maintain a positive work attitude in the organization and establish a relationship of mutual trust with the organization. In other words, a high level of balanced reciprocity will strengthen the relationship between psychological safety and employee engagement. In view of this, this paper proposes below hypotheses:

Our conceptual framework is shown as Figure 1.



**Figure 1: Conceptual Framework**

## Research Methodology

The sample comes from the state-owned enterprises in China, which can effectively promote the applicability of this study in the Chinese context. State-owned enterprises are the backbone of the national economic development, and these enterprises have good economic benefits in the local area. Also, these enterprises have a large number of employees and thus has a positive role in promoting the development of the local economy. This survey is mainly





conducted by issuing questionnaires. In order to investigate the true situation of the employees, the questionnaire link has been issued to different respondents in different positions in different departments, The sample collected is representative. Meanwhile, the questionnaire is filled out with the real name, because this research needs the name of the respondents to calculate their gaps of Stock Option Incentive Plan, which are finished by the department of human resource of each state-owned enterprise. The reason for me to do it in this way is the concern of privacy. Respondents are so unwilling to share the real situation of their Stock Option Incentive Plan, it's better to get the gaps of Stock Option Incentive Plan instead. Sample distribution is shown in Table 1.

**Table 1** Basic Statistics of Research Samples (N=435)

Variable	Type	Frequency	Percentage
Gender	Male	233	53.56%
	Female	202	46.44%
Educational level	High school or below	64	14.71%
	junior college	175	40.23%
	Undergraduate	195	44.83%
	Graduate	1	0.23%
Type of position	Ordinary staff	297	68.28%
	Junior manager	126	28.97%
	Middle-level manager	11	2.53%
	Senior manager	1	0.23%
Monthly income	Lower than 4000	39	8.97%
	4001-5000	91	20.92%
	5001-6000	178	40.92%
	6001-7000	53	12.18%
	7001- 8000	36	8.28%
	8001- 9000	25	5.75%
	9001- 10000	12	2.76%
	Higher than 10000	1	0.23%

In order to test whether the reliability of each scale in this research is up to standard, the internal consistency coefficient is used as the reliability measurement index. The reliability analysis is performed using the SPSS 23.0.statistical analysis software, and the results are shown in Table3. Generally speaking, it is acceptable if the Cronbach's Alpha coefficient is greater than 0.7, and if the Cronbach's Alpha coefficient is greater than 0.8, it indicates that the reliability of the scale is good. The results show that the Cronbach's Alpha coefficient of psychological safety scale is 0.875; the Cronbach's Alpha coefficient of psychological significance scale is 0.961; the Cronbach's Alpha coefficient of psychological availability scale is 0.948; the Cronbach's Alpha coefficient of balanced reciprocity scale is 0.933; and that the Cronbach's Alpha coefficient of employee engagement scale is 0.970. The overall Cronbach's Alpha coefficient of all items in the scale is 0.958. Therefore, in general, the internal consistency coefficient of the scale in this research is basically above 0.8, indicating that the scale used in this research is of good reliability. The test results are shown in Table 2.

**Table 2** Internal Consistency Coefficient of The Scale (N=435)

	<b>Cronbach's Alpha</b>	<b>Number of terms (N)</b>	<b>Average variance (AVE)</b>	<b>Composite Reliability (CR)</b>
Psychological safety	0.875	4	0.812	0.963
Psychological	0.961	6	0.646	0.878
Psychological	0.948	5	0.789	0.949
Balanced reciprocity	0.933	5	0.743	0.934
Employee	0.970	9	0.783	0.970

The results of the hierarchical regression analysis are shown in Table 3. The results indicate that the Stock Option Incentive Plan gap negatively affects employee engagement ( $C = -0.325$ ,  $p < 0.001$ ), which verified Hypothesis 1.

The results show that the Stock Option Incentive Plan gap significantly negatively affects psychological safety, psychological significance, and psychological availability (coefficients were 1 =  $-0.277$ ,  $p < 0.001$ , 2 =  $-0.330$ ,  $p < 0.001$ , 3 =  $-0.192$ ,  $p < 0.001$ ), which verified Hypothesis 2a, 2b, and 2c.

The results show a significant positive effect of psychological safety on employee engagement, a significant positive effect of psychological significance on employee engagement, and a significant positive effect of psychological availability on employee engagement.

It can be seen from Model 4 that when psychological safety, psychological significance, and psychological availability are introduced, the impact of the Stock Option Incentive Plan gap on employee engagement still exists, and all of the three variables play a partial mediating role. Therefore, Hypothesis 3a, 3b, 3c are verified.

**Table 3** Results of Multiple Regression Analysis (N=435)

	Model1	Model2	Model3	Model4	Model5	Model6	Model7	Model8	Model9	Model10
Gender	.128*	.132*	.105*	.108*	.109	.112	-.021	-.017	.030	.032
Age	.114	.117	.009	.012	.034	.037	.006	.010	.461***	.463**
Educational level	-0.53	-.043	-.014	-.012	.038	.047	-.090	-.080	-.072	-.066
Job type	.066	-.012	-.016	-.040	.106	.040	.064	-.015	.167**	.121
Tenure	.066	.064	.050	.005	.224	.222	.032	.030	-.227	-.228
Stock Option Incentive Plangap		-.325***		-.2673**		-.277***		-.330***		-.192**
Psychological safety			.227***	.206***						
Psychological significance			.362***	.333***						
Psychological availability			.205***	.203***						
R <sup>2</sup>	.054	.154	.414	.425	.077	.149	.015	.118	.128	.162
Adjusted-R <sup>2</sup>	.041	.140	.401	.411	.064	.135	.002	.103	.115	.148
L.R'	0.41	140	401	411	.064	135	00.2	103	.115	148
F-value	4127**	10845**	31316*	29112***	5931***	10.410*	1.113	7.953**	10475**	11536*
	*	*	**			**		*	*	**

Significant at \*\*\*  $P < 0.001$ , \*\*  $P < 0.01$ , \*  $P < 0.05$



In this study, the non-parametric percentile Bootstrap method with deviation correction was used to construct a 95% confidence interval (hereinafter referred to as 95%CI) via Mplus7.0 software to test the mediation effect (Bootstrap =4000) after repeated sampling 4000 times. If the 95%CI of the mediating effect contains 0, it means that the mediating effect is not significant. Otherwise, it means that the mediating effect is substantial. According to the mediation effect test results in Table 8, it can be seen that psychological safety plays a significant mediating role between the Stock Option Incentive Plan gap and employee engagement (95%CI[-0.076, -0.028]). Psychological significance plays an important mediating role between the Stock Option Incentive Plan gap and employee engagement (95%CI[-0.221, -0.031]). Similarly, psychological availability plays a significant mediating role between the Stock Option Incentive Plan gap and employee engagement (95%CI[-0.087, -0.03]). Therefore, psychological safety, psychological significance, and psychological availability simultaneously play a role in the relationship between the Stock Option Incentive Plan gap and employee engagement, and the mediating effect is significant. Hypotheses 3a, 3b, and 3c are further supported.

This study examined the moderating effect with the hierarchical regression method. The results are shown in Table 4.

Model 1 was a regression model with only control variables added, and Model 2 was a regression model with independent variables and moderation variables on the basis of Model 1. Based on Model 2, the interaction term was added to Model 3. It can be seen from the results of Model 2 that balanced reciprocity has a significant positive effect on employee engagement ( $\beta=0.496$ ,  $p<0.01$ ). The overall model fits the data well, with the F value of 86.081 and  $p<0.001$ , which explains 62.9% of the total variance in employee engagement. The results of Model 3 show that the regression coefficient of the interaction term between psychological safety and balanced reciprocity is significant ( $\beta=0.571$ ,  $p<0.01$ ). The overall model fits the data well ( $f=39.71$ ,  $p<0.01$ ), explaining 67.7% of the total variance in employee engagement. The results show that balanced reciprocity positively regulates the relationship between employees' psychological safety and engagement, verifying Hypothesis 4a. When the level of balanced exchange is high, the psychological safety brought about by the Stock Option Incentive Plan gap can increase employee engagement.

**Table 4** Results of Moderating Effect-A (N=435)

Variable	Employee Engagement		
	Model 1	Model 2	Model 3
Gender	0.187*	0.189*	0.257**
Age	0.052	0.059	0.127
Educational level	0.076	0.087	0.129
Job type	-0.581**	-0.176	-0.185
Tenure	-0.026	-0.035	-0.098
Psychological safety	0.788**	0.634**	0.617**
Balanced reciprocity		0.496**	0.331 **
Psychological safety* Balanced reciprocity			0.571**
R <sup>2</sup>	0.532	0.638	0.655
Adjusted R <sup>2</sup>	0.523	0.631	0.641
F-value	69.562***	86.081***	92.951***

Significant at \*\*\*  $P < 0.001$ , \*\*  $P < 0.01$ , \*  $P < 0.05$





The moderating effect of balanced reciprocity on the psychological significance and employee engagement was tested with the same method and steps. Model 1 was a regression model with only control variables added, and Model 2 was a regression model with independent variables and moderation variables on the basis of Model 1. Based on Model 2, the interaction term was added to Model 3. It can be seen from the results of Model 2 that balanced reciprocity has a significant positive effect on employee engagement ( $\beta=0.545$ ,  $p<0.01$ ). The overall model fits the data well, and the F-value is 52.976, explaining 51% of the total variance of employee engagement. The results of Model 3 show that the interaction term of psychological significance and balance reciprocity has a significant positive impact on employee engagement ( $\beta=0.520$ ,  $p<0.01$ ). The overall model fits the data well ( $F=66.614$ ,  $p<0.001$ ), explaining 60% of the total variance of employee engagement. The results show that balanced reciprocity positively regulates the relationship between psychological significance and employee engagement, which verifies Hypothesis 4b. With high balanced reciprocity, the psychological significance brought by the Stock Option Incentive Plan gap can enhance employee engagement.

**Table 5** Results of Moderating Effect-B (N=435)

Variable	Employee Engagement		
	Model 1	Model 2	Model 3
Gender	0.241**	0.146*	0.153*
Age	0.064	0.115	0.065
Educational level	-0.011	-0.048	- 0.006
Job type	0.058	0.108	0.095
Tenure	0.026	-0.043	-0.009
Psychological significance	0.631**	0.357**	0.496**
Balanced reciprocity		0.545**	0.427**
Psychological significance* Balanced reciprocity			0.520**
R2	0.287	0.435	0.589
Adjusted R2	0.276	0.302	0.556
F-value	45.591***	57.976***	66.614***

Significant at \*\*\*  $P < 0.001$ , \*\*  $P < 0.01$ , \*  $P < 0.05$

Use the same method and steps to test the moderating effect of balanced reciprocity on psychological availability and employee engagement. Model 1 was a regression model with only control variables added, and Model 2 was a regression model with independent variables and moderation variables on the basis of Model 1. Based on Model 2, the interaction term was added to Model 3. From the results of Model 2, we can see that balanced reciprocity significantly positively affects employee engagement ( $\beta=0.609$ ,  $p<0.01$ ), and psychological availability significantly positively impacts employee engagement ( $\beta=0.441$ ,  $p<0.01$ ), indicating a significant prediction of psychological availability and balanced reciprocity on the dependent variable employee engagement. From the results of Model 3, it can be seen that the interaction terms between psychological availability and balance reciprocity cannot significantly predict employee engagement ( $\beta=-0.093$ ,  $p>0.05$ ), indicating no regulation of balanced reciprocity on the relationship between psychological availability and employee engagement. Thus, H4c was not verified.

**Table 6** Results of Moderating Effect-C (N=435)

Variable	Employee Engagement		
	Model 1	Model 2	Model 3
Gender	0.200**	0.108	0.113
Age	-0.056	0.027	0.024
Educational level	-0.024	-0.049	-0.055
Job type	-0.017	0.041	0.048
Tenure	0.088	-0.005	-0.003
Psychological	0.563**	0.441**	0.449**
Balanced reciprocity		0.609**	0.612**
Psychological availability*			-0.093
R2	0.278	0.513	0.546
Adjusted R2	0.212	0.489	0.531
F-value	18.343***	63.477***	56.167 ***

Significant at \*\*\*  $P < 0.001$ , \*\*  $P < 0.01$ , \*  $P < 0.05$

## Research Discussion

Based on the fairness theory, relative exploitation theory, and social exchange theory, this paper constructed an intermediary model of the impact of the Stock Option Incentive Plan gap on employee engagement and examined the moderating effect of balanced reciprocity on the above relationship from the perspective of reciprocity. The theoretical model of this paper was empirically verified on the basis of 435 questionnaire data. Finally, this paper draws the following conclusions.

### Contribution

Firstly, this paper enriches the antecedent variables of employee engagement. This article explores the mechanism of the Stock Option Incentive Plan gap on employee engagement under the specific Chinese cultural background, which makes up the vacancy in the existing literature, and provides a clearer theoretical basis for how companies can effectively motivate employees.

Secondly, this paper deepens the impact mechanism of the Stock Option Incentive Plan gap. The empirical results of this paper show that the Stock Option Incentive Plan gap will affect the psychological conditions of employees and further employee engagement. That is to say, if an enterprise intends to effectively improve employee engagement, it must actively pay attention to the individual psychological factors of the employee. The psychological stability of employees is conducive to forming a harmonious atmosphere within the organization and the construction of the collective team.

Thirdly, this paper introduces new moderating variables in the research on the relationship between employee psychological conditions and employee engagement. This research confirms that balanced reciprocity regulates the relationship between psychological safety, psychological significance, and employee engagement, which greatly enriches the theoretical content of balanced reciprocity as a moderating variable. To a certain extent, it validates the viewpoints of the social exchange theory and shows that the establishment of a mutually beneficial organizational atmosphere by enterprises and the establishment of mutual trust



between the organization and employees are very effective in enhancing employee engagement and the long-term development of the enterprise.

### Limitations and Research Prospect

Firstly, the questionnaires in this paper were distributed to enterprises in Beijing with a limited amount. Also, because of the different levels of economic development across the country, it requires further verification that whether the conclusions in this paper are applied to other regions. Secondly, the scales used to measure variables are developed mainly by Western scholars. Despite sound reliability and validity, they may not be consistent with the actual situation of Chinese enterprises, which may restrict the expansion of research results or lead to deviations in the test. Thirdly, the data collected is not complete. The variables in this study, such as employees' psychological conditions, employee engagement, and balanced reciprocity, are all dynamically changing. The data obtained are all cross-sectional data and may fail to completely and accurately reveal the relationship between the variables.

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