

Impact of Psychological Contract on Organizational Commitment: With Special Reference to New Universe Corporate Clothing (Pvt) Ltd), Sri Lanka

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Abstract

New Universe Corporate Clothing (Pvt) Ltd is a leading apparel manufacturing company in Sri Lanka. The company is paying a high attention on employees with the purpose of receiving a higher level of employee commitment towards the organization, emotionally and physically. Consequently, the objective of the current study is to examine the extent to which the 'psychological contracts' affect 'organizational commitment' of employees in New Universe Corporate Clothing (Pvt) Ltd. The current study assumed that there is a positive impact of 'psychological contract'; its dimensions (time frame, tangibility, scope, stability, exchange symmetry) on 'organizational commitment'. The study used a questionnaire as the primary data collection instrument. Here, 123 employees were selected out of the population of 180 employees, using the simple random sampling technique, for the data collection. Cronbach's alpha and KMO value ensured the reliability and validity of the questionnaire. Normality test was used to confirm the normal distribution of the dependent variable, organizational commitment. The data were analysed using descriptive statistics, correlation and multiple regression analysis. All the psychological contract dimensions had a significant positive relationship with the organizational commitment. The regression analysis excluded the 'stability' from the proposed regression model since its 'p' value was > 0.05 and all other psychological contract dimensions had a positive impact on organizational commitment. Finally, the study concluded that 'psychological contract' positively affect organizational commitment of the employees of New Universe Corporate Clothing (Pvt) Ltd.

Key words: Psychological Contract, Organizational Commitment

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