

The Impact of Psychological Contract on Employee Engagement

Dulshan N. M.¹ and Jayasinghe, Chathuni²

Employee engagement is a great tool for all organizations trying to gain a competitive advantage over others. The aim of this study is to assess the impact of psychological contract on employee engagement of the lower-level employees at united tobacco processing (Pvt) Ltd. in Sri Lanka. In order to measure the psychological contract; Relationship with stimulating job, work life balance, autonomy and salary was used as independent variables of the study. Employee engagement was the dependent variable of the study. Research choice of the study is quantitative method. Sample size of the study determined as 200. A standard questionnaire was used to as the data collection instrument. Gathered data through questionnaire statistically analyzed using SPSS software. According to the data analyzed it was found that there is a moderate positive yet significant correlation between independent variables and dependent variable. Further it was found that according to multiple regression analysis there are significant impacts of stimulating job, autonomy and salary on employee engagement except work life balance. Based on the findings of the research, researcher recommended to the organization to develop its human resource capabilities, update the salary structures, give appreciation to the employees, restructure career development procedure of the organization and take action to increase engaging level of the employees. Finally, it is recommended for future researchers to examine how the leadership style displayed by the manager and workplace discrimination impact on employee engagement. It is more beneficial, if future research can conduct, covering entire organization or industry to come to the recommendations which are more useful and have generalizability.

Keywords: *Employee Engagement, Psychological Contract, Work-life Balance.*

¹ Undergraduate, Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [malithdulshan1105@gmail.com]

² Senior Lecturer, Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [chathuni@kln.ac.lk]