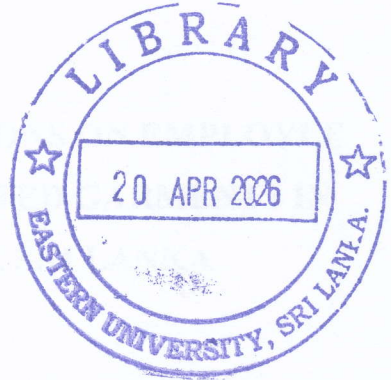


**IMPACT OF EMPLOYEE RELATIONS ON EMPLOYEE
PERFORMANCE IN THE SELECTED GARMENTS IN
RATHNAPURA DISTRICT, SRI LANKA**

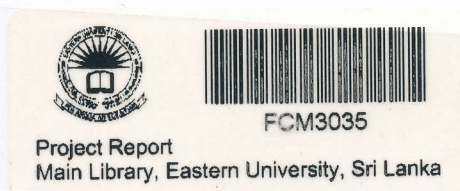


By

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DEPARTMENT OF MANAGEMENT

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ABSTRACT

This study aimed to investigate the impact of employee relations on employee performance within the apparel sector in the Rathnapura District of Sri Lanka. The primary objectives were to examine the relationship between the overall employee relations framework and employee performance, and to assess the individual influence of psychological and legal contracts specifically. A quantitative research design was employed, utilizing a deductive approach. Data were collected from a sample of 280 employees from two major apparel companies using a structured questionnaire. The collected data were analyzed using descriptive statistics, correlation, and regression analyses via SPSS version 25. The findings revealed a strong, positive, and significant relationship between employee relations and employee performance. Both the psychological contract and the legal contract were found to be significant positive predictors of employee performance, collectively explaining 60.4% of its variance. The psychological contract demonstrated a more substantial relative influence compared to the legal contract. Practically, this research provides apparel sector managers with a clear directive: enhancing both the unwritten, trust-based expectations (psychological contract) and the formal, documented terms of employment (legal contract) can lead to substantial improvements in workforce performance, productivity, and organizational competitiveness. The study's scope was limited to two firms in the Rathnapura district, suggesting that future research could explore this dynamic across different geographical regions and industries to broaden the generalizability of the findings.

Keywords: Apparel Sector, Employee Relations, Employee Performance, Psychological Contract, Legal Contract.

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