

**THE IMPACT OF PERFORMANCE BASED PAY ON  
MOTIVATION OF EMPLOYEES AT ABC TEA COMPANY**

by

**CHRISTOPHER ADRIAN MARK ANTHONISZ**



*The Thesis submitted to*

**GENERAL SIR JOHN KOTELAWALA DEFENCE  
UNIVERSITY,  
SRI LANKA**

**PERMANENT REFERENCE**

*In partial fulfilment of the requirement for the award of the degree*

*of*

**Master of Science**

**17<sup>th</sup> August 2021**

## ACKNOWLEDGEMENT

### ABSTRACT

This research study focuses on understanding the impact of performance based pay on the motivation of employees' at ABC Tea Company. The Sri Lanka tea industry is a vital industry for the country both in terms of its role in the economy and the global tea market as well as one of the main earners of foreign exchange revenue. This research aims to highlight the level of impact in which performance based pay has on the motivation of employees' of an up and coming tea company in Sri Lanka. The specialty of this chosen organization is that it embraces sustainable practices in terms of its product, well-being of all its employees', transparency in its operations and finances and above all cutting edge marketing techniques to position its brand in the global market. This research study followed a positivism philosophy with a deductive approach and a quantitative design. From the total organizations employee population of 254, data was collected through a Likert scale survey questionnaire which was distributed to all 55 employees of the sample population comprising all the employees of executive, middle and top levels, receiving 37 responses at a 67% response rate. The collected data was examined and analysed through SPSS (v22.0) via Cronbach Alpha and Linear Regression. The findings of the study highlight that; performance-based pay has a significant influence on employee motivation where hygiene factors partially mediate the relationship between performance based pay and employee motivation. Recommendations as a result of this study include giving importance to all components of performance based pay with particular attention to performance evaluation as well and continuity in providing secure well paid working conditions with provision for flexible working arrangements.

**Key words:** *performance based pay, employee motivation, hygiene factors, bonus.*