

## Abstract

The detrimental approach of rising stress has been seen across all spheres, significantly at workplaces with respect to depleting the performance. Thus, the ultimate goal of institutions has been debilitated and become a symptom of stagnation beyond the marginal cost. In the competitive global environment, employee performance is an essential element of a company's success, it can be significantly hindered by high levels of stress experienced in the work environment and issues that contribute to lower job performance of employees. Thus, ascertaining the causes of work stress on employees, effects of work stress on performance of employees were basic aims of the study. Population was all staff (138) of ABC Motor Company – Kalutara Region and in the sample drawn, the whole population was considered. Sample frame was the employee registry of the company. Descriptive survey design was adopted. A structured questionnaire was used as a primary data collection instrument. Data was analyzed using Statistical Package for Social Sciences (SPSS Version 21). From the results obtained, it was evident that work load, target based work, system, procedures, culture and responsibility on employees by the company, remuneration and job security were the stress factors that the respondents endured, and the enquiry proved that stress had an effect on performance. Majority of the respondents reported to work under pressure and they felt uncared by the organization. The fact that majority of respondents thought of leaving their job and felt that the organization did not care about them was a reflection of huge dissatisfaction that undoubtedly lowered performance. Further, performance evaluation on employee was in stagnation. It was recommended that attitude changing movement (Mind- setting) process for employees is an expedient strategy, managers should revise their decision-making strategy, introducing promotions scheme based on the work performance and develop open communication between managers, supervisors and operational level staff. And it was also recommended that an employee assistance programme should be introduced for early identification and intervention on problems so that performance levels may not fall.

**Keywords:** Marginal cost, employee performance, performance of employees, stress of employees