## **ABSTRACT**

Throughout the world, higher education has undergone a more profound re-orientation than any other system in industrial societies. As a result of the changing landscape of postsecondary education, occupational stress levels among academic and administrative staff of universities are generally high. Further, since the last two decades with the inflow of many private sector universities, higher education institutions are commonly labelled as stressful environments. Stress in general and work stress in particular is said to cause people and employees in all types of businesses and Industries. Objectives of the research is to identify the impact of occupational stress on performance of teaching staff, to determine the major sources of occupational stress experienced by teaching staff, to analyze the relationship between sources of occupational stress and performance of teaching staff. To achieve this objective, researcher has selected two state universities in Eastern Province of Sri Lanka such as Eastern University, Sri Lanka and South Eastern .University of Sri Lanka. Sample size of this research was 133 teaching staff which was selected by using simple random method. Structured questionnaire used to get the primary data collection. The findings of the study show that there is significant and negative weak relationship between occupational stress and employee performance. Further, there are six sources of occupational stress such as factors such as factors intrinsic to the job, role in the organization, home and work pressures, relationship at work, career development, organizational structure and climate were included. Findings show that factors intrinsic to the job, role in the organization and home & work pressures are major sources of occupational stress as well as only three sources such as relationship at work, career development, organizational structure and climate are significantly correlate with performance of teaching staff. As per the multiple regression analysis, 25.5% of variability in the dependent variable of employee performance is explained by the independent variables of Factors Intrinsic to the Job, Role in the organization, Relationship at work, Career development, Organizational Structure & Climate, Home & Work Pressure, Some recommendations are suggested to improve performance as well as reduce the occupational stress of teaching staff in state universities in Eastern Province of Sri Lanka.