

## **Impact of Payee Tax on the Performance of State University Executive Staff in Sri Lanka**

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### **ABSTRACT**

**Purpose:** This study explores the impact of the Pay as You Earn (PAYE) tax on the performance of executive staff at Sri Lankan state universities. The research aims to identify how the current PAYE tax system affects motivation, job satisfaction, and productivity among these executive staff.

**Design/methodology/approach:** A sample size of 320 executive staffs from 17 state Universities was studied using the stratified sampling method. To ensure validity and reliability, the survey was pre-tested, and Cronbach's alpha was used to confirm internal consistency. Factor analysis identified the key dimensions of job satisfaction and motivation affected by the PAYE tax, while correlation analysis revealed significant negative relationships between tax burden and performance. Multiple regression analysis further highlighted that higher PAYE tax burdens significantly reduce job satisfaction and motivation.

**Findings:** The findings underscore the substantial financial strain caused by the PAYE tax system, which directly impacts work performance and commitment among university executive staff.

**Practical implications:** The study offers policy recommendations aimed at balancing taxation and employee welfare, ensuring that tax policies do not unintentionally compromise the operational efficiency of university leadership.

**Originality value:** By illuminating the relationship between taxation and human resource performance, this study contributes to a broader understanding of taxation policies and their effects on human resource performance in the public higher education sector of Sri Lanka, with broader implications for tax reform and employee welfare programs.

**Keywords:** *Pay As You Earn (PAYE), Motivation, Performance, Productivity, Satisfaction, Employee Welfare*