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**AN EXAMINATION OF THE EFFECTS OF INCENTIVE  
SCHEMES ON JOB SATISFACTION IN TEXTILE  
INDUSTRY IN SRI LANKA**

**DECLARATION OF THE CANDIDATE**

"I certify that this thesis does not incorporate without  
acknowledgment of any material previously submitted for a Degree  
or Diploma in any form or by any means, in any language, published or written by another person except where due  
reference is made in the text"

By

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## ABSTRACT

Employee attitudes are complex cognitive process and it is frequently used to describing people and explaining their behaviour. On the other hand term 'Performance' is widely spoken in any organization, which is one of the most important outcome variables of individual behaviour.

The problem in this study was to find the effects of individual incentive schemes on Job Satisfaction of the employees. The biggest management challenge faced by the organizations today is how to make the employees satisfied. Hence the present study emphasized that the higher job performance leads the employees to a higher incentive benefits, which in turn leads to a fair job satisfaction.

In this regard job performance, individual incentive schemes, perceived equity of the employee and job satisfaction have been chosen as the variables of this study. Here individual incentive scheme is the intervening variable and perceived equity of the employee is the moderating variable. Hence the main objectives of the study is to identify the relationship between job performance and individual incentive schemes available in Sri Lanka and to evaluate the extent that the individual incentive schemes lead to the employee job satisfaction.

Literature has been reviewed to cover all the variables depicted in the conceptual model, with theories, quotations and research findings in the appropriate places in support of the arguments. In this connection two hypotheses have been formulated to test the effect of individual incentive schemes on job satisfaction. Questionnaire being the main measure of job satisfaction has been prepared. In addition to the questionnaire, a data sheet has also been prepared to study their actual achievement and performance towards the job satisfaction of the employees.

The researcher has successfully retrieved 363 questionnaires (86%). The sample chosen was the production line employees of the large-scale textile manufacturing, private sector organizations in the Export Processing Zones. It was with the intention that in these organizations, there would be incentive scheme implementation to the production line employees as they are all collaborated with overseas. So that, the purpose of the questionnaire may achieve its target of measuring the employees' job satisfaction.

Collected data were analyzed in the following manner. Firstly Mean value and the Standard Deviation had been analysed as the mean score for each variable indicates that the level to which the sample is committed or desired, so that the environmental status whether it is favourable or unfavourable could be judged. Then the simple correlation is found to see the causal effect as there is one independent variable involved in Hypothesis 01 and the multiple regressions to see the combined effect as there are more than one independent variables involved in Hypothesis 02.

Results showed that there is positive but moderate correlation between the independent variable namely job performance and the dependent variable namely individual incentive scheme in the first hypothesis, and the independent variables namely individual incentive schemes and perceived equity of the employee and the dependent variable namely job satisfaction in the second hypothesis. Further, it was found that the individual incentive scheme scored the highest, followed by job performance. Then the result shows that the higher the job performance, the higher will be the benefits of individual incentive schemes which in turn leads to job satisfaction to the degree of perceived equity of the employees.



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