

Impact of Performance Appraisal Systems on Employee Performance and Organizational Effectiveness: The Case from Rural Banking Sector in Uva Province

H. G. M. Padmasiri and R. J. Sutha

Uva Wellassa University, Sri Lanka

As there is a significant importance of the rural banking sector to the Sri Lankan economy, this study was conducted with the objectives of understanding the existing performance appraisal systems and identifying the impact of performance appraisal systems on employee performance and the organizational effectiveness. Further, the study would analyze the relative contribution of performance appraisal systems to employee performance and organizational effectiveness in rural banks in Uva province. Data were collected through a structured questionnaire and using direct interviewing method from a sample consisting 120 employees who were selected using stratified sampling technique from the selected rural banks in Uva Province. Further, internal reports of the employee reward systems and publications of selected banks were used as secondary data. Both descriptive statistics and inferential statistics were used to analyze data. The findings showed that there is a moderate level of positive relationship between the performance appraisal systems and the employee performance while there is a strong positive relationship with the employee performance and the organizational effectiveness according to the "r" value consideration. The rural banking sector mostly follows the confidential report methods while ignoring other highly acceptable appraisal methods.

Key words: Human Resource Development, Performance Appraisal Systems, Employee performance