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# Effectiveness of Existing Performance Evaluation Systems of Employees of State Commercial Banks in Sri Lanka

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## **Abstract**

“Performance” is defined presently including “effectiveness”, “efficiency” and “changeability”. Through strategic HRM scenario an organization can gain competitive advantage through their employees. Performance evaluation system is a very effective HRM tool. Performance evaluation system (PE) of employees is capable of enhancing organizational performance. Therefore a great care has to be taken on a PE system in improving performance which has now become a complex phenomenon.

Two state commercial banks namely Bank of Ceylon and People’s bank possess the largest asset bases assuring highest potential out of 23 licensed commercial banks in Sri Lanka. However performance of state commercial banks is not satisfactory compared to private sector banks. Therefore researcher focus on the problem of whether PE system of state commercial banks in Sri Lanka are effective or not. Main objective of the study is assessing the effectiveness of performance evaluation system of state commercial banks in Sri Lanka.

The type of the study is correlated. This study is analytical rather than exploratory or descriptive. Data was collected under survey method through simple random sampling covering entire Island except North. Data was analyzed applying univariate analysis , bivariate analysis and multivariate analysis.

It is revealed that the existing PE system in both state owned commercial banks are not satisfactory. However respondents have not totally rejected the PE systems too. Also researcher found that there is a relationship between PE systems and the performance of both banks as theoreticians have explained.

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