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# THE EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM IN THE PRIVATE BANKING SECTOR OF SRI LANKA

by

**ERANGA WAGIRAPRIYA LANKATILAKA**  
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**FACULTY OF BUSINESS ADMINISTRATION**

**RAJARATA UNIVERSITY OF SRI LANKA**

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## ABSTRACT

Performance appraisal (**PA**) is one of the most important aspects of present day Human Resource Management. This is evident when we see the amount of emphasis given to PA since the mid 1980's. Present day organizations spend an allocate quite a large budget to obtain effective PA systems.

The PA system presently is the most common tool used by HR practitioners, to evaluate employee performance. In spite of the PA been the center of attraction of the HR function, there seems to be a continuous dissatisfaction and debate both amongst practitioners and researchers, inoder to find the right system.

The banking sector in Sri Lanka, has a difficult scenario in its hands when the topic of PA is taken to count, on the industry's clerical grades. A disparity seems to persist in the prevailing PA practices in comparison to suggestions made by many researches.

This research, attempts to understand such disparity in such prevailing practice, and attempts to suggest measures that could be taken to bridge the gap of disparity.

This research is conducted to find the disparity that exists in the present PA system of the commercial banks in Sri Lanka. The emphasis is given to the indigenous, commercial Banks and a sample of four out of eight banks were selected for the study. The prevailing PA system will be identified by research methods such as indepth interviews and data collection methods through questionnaires. Since the study mainly features the PA system, which applies to the clerical staff, their opinion as well as the opinions of the officers of the Banks, will be obtained and analyzed.

Qualitative analysis as well as qualitative analysis will be done and presented within the scope of the study.

A clear disparity does persist in many of the functions of the prevailing PA systems in the banks. Mainly the study indicates that the present day commercial banks, conduct PA on its clerical grades mainly for the purpose of allocating rewards but not for any other aspect the PA is suggested to be designed for, as many researches suggest.

The study concludes that, the private indigenous commercial banks in Sri Lanka, although conduct PA on their clerical grades, have not been giving much prominence to the external factors nor much to the internal factors that, the effectiveness of a PA system depends on. Hence this study recommends to develop a more effective PA system to suite the clerical grads of the Banks.

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