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## **ABSTRACT**

Leading Business Organizations of the world have reaped benefits from the use of Performance Appraisal Systems. Despite the use of these systems by the Private Sector and Public Sector Organizations in Sri Lanka, the final outcome in most of cases is not very encouraging. The research problem focused here is whether the Performance Appraisal Systems of Middle Level Managers of Private Sector Organizations help to improve Performances of Middle Level Managers and enhance the Performance of Organizations related to the study. In this study researcher considers the points of Performance Evaluation System including Performance Evaluation Objectives, Policies Criteria and Standards, Performance Evaluation Methods, Feedback Interviews, Training of Appraisers, Performance Evaluation Implementation, Review and Renewal and Individual Performance and Organizational Performance. The literature review it this connection was done and a conceptual framework for research was developed. On the basis of a research questionnaire ,the gap between theory and practice was identified through a self administrated questionnaire. This research study included the middle level managers of three private sector organizations. The data for measurement were collected though a questionnaire and by conducting personal interviews with Human Resource Managers and Higher Level Managers of selected organizations. The effectiveness of the system was measured by using mean value and Hypothesis is measured by using CHI squared method. Effectiveness of the system in respect of each and every organization is analyzed separately.

All selected organizations followed objective method for management. The study concludes that the Middle level managers of the selected organization have positive attitudes

to the current Performance Appraisal System and its capacity to increase both individual and organizational performance. Nevertheless, the results of the process depend on how effectively it is implemented. The practice of conducting evaluations by Organizations on annual fixed time basis does not produced the desired results of such evaluations. This can be overcome by conducting more frequent evaluations at irregular periods. The use of Critical Incident Method along with MBO Method, appraiser training etc. are among some of he important aspects of the process that have been identified for improvement. This Study has found positive important issues regarding the Performance Appraisal process and Practice.

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