

**THE IMPACT OF PERFORMANCE APPRAISALS ON
EMPLOYEE PRODUCTIVITY IN THE BANKING SECTOR IN
KURUNEGALA DISTRICT**

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ABSTRACT

This research investigates the impact of performance appraisals on the productivity of employees in the banking sector in Kurunegala District, Sri Lanka, focusing on how formal appraisal systems improve the efficiency of workers. The primary goal of this research is to identify the impact of performance appraisal particularly standards, feedback in performance appraisals, rewards, and competence assessment on employee productivity. 313 employees of selected banks in the Kurunegala District were selected as the sample, utilizing a stratified simple random sampling technique so that various job positions and departments would be well represented. A quantitative research approach is adopted in this study, collecting first-hand data from a structured questionnaire for eliciting employee perceptions and experiences of performance appraisals and productivity. Data were analysed using SPSS 27 (Version) software, and descriptive statistics, correlation, and regression analysis were done to verify the relationships and determine the strength and significance of each factor's effect on productivity. The results show that the four independent variables are perceived very positively by the respondents with a mean rating of 3.96 to 4.15 on a five-point scale and are strongly and significantly correlated with employee productivity. Of these, rewards had the strongest positive correlation and highest explanatory power, indicative of their central role in inspiring employees and enhancing performance. The findings highlight that open appraisal criteria, continuous and constructive feedback, valuable and relevant reward schemes, and continuous reviews of competency can significantly enhance employee productivity in the banking sector. On the basis of these findings, the study recommends banks to revise and streamline appraisals systems, introduce 360-degree appraisal systems, provide regular performance-based feedback, develop competitive and stimulating reward schemes, and perform holistic competency models linked to training and career development. The study lists down its limitations as being district-specific, utilizing self-report data, and not including other possible intervening factors. Future scholars are encouraged to extend the geographical scope, use mixed-method designs, and consider more variables to gain a deeper understanding of the association between HR practices and bank productivity.

Keywords: *Performance Appraisal, Employee Productivity, Banking Sector, Rewards, Feedback, Competency Assessment.*

TABLE OF CONTENTS

ACKNOWLEDGEMENT	i
ABSTRACT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	vii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
CHAPTER - 01	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement/Research Gap	4
1.3 Research Questions	5
1.4 Research Objectives	6
1.5 Significance of the Study	6
1.6 Scope of the Study	7
1.7 Organization Chapters.....	7
1.8 Chapter Summary	8
CHAPTER - 02	9
LITREATURE REVIEW	9
2.1 Introduction	9
2.2 Performance Appraisal	9
2.3 Performance Appraisal Criteria.....	10
2.4 Performance Appraisal Feedback.....	11
2.5 Rewards	12
2.6 Competence Assessment.....	14
2.7 Employee Productivity	15
2.8 Theoretical Framework	16
2.8.1 Goal Setting theory	16
2.8.2 Vroom's Expectancy Theory	16
2.8.3 Two-Factor Theory	17
2.9 The relationships among variables	17

2.9.1 Relationship Between Performance Appraisal and Employee Productivity	17
2.9.2 Relationship Between Performance Appraisal Criteria and Employee Productivity	18
2.9.3 Relationship Between Performance Appraisal Feedback and Employee Productivity	19
2.9.4 Relationship Between Rewards and Employee Productivity	20
2.9.5 Relationship Between Competence Assessment on Employee Productivity ...	21
2.10 Chapter Summary	23
CHAPTER - 03.....	24
CONCEPTUALIZATION AND OPERATIONALIZATION	24
3.1 Introduction	24
3.2 Conceptualization.....	24
3.3 Conceptual Framework	24
3.4 Definition of Variables.....	25
3.4.1 Performance Appraisal	25
3.4.2 Performance appraisal criteria	26
3.4.3 Rewards	26
3.4.4 Competence assessment	27
3.4.5 Employee productivity	27
3.5 Hypothesis Development	28
3.6 Operationalization	28
3.7 Chapter Summary	31
CHAPTER - 04.....	32
RESEARCH METHODOLOGY	32
4.1 Introduction	32
4.2 Research Philosophy	32
4.3 Research Approach	33
4.4 Research Strategy	33
4.5 Methodological Choice	34
4.6 Time Horizon	34
4.7 Research Area Selection.....	34
4.8 Population of the Study	35

4.9 Sampling Technique.....	35
4.10 Sampling Framework and Sample Size	36
4.11 Method of Data Collection.....	38
4.11.1 Primary Data.....	38
4.11.2 Secondary Data.....	38
4.12 Methods of Data Collecting	38
4.12.1 Personal Information of Respondents.....	39
4.12.2 Research Information	39
4.13 Source of Measurement.....	39
4.14 Data Presentation, Analysis and Evaluation	40
4.14.1 Data Presentation.....	40
4.14.2 Methods of Data Analysis and Evaluation	41
4.14.2.1 Reliability and Validity Analysis	41
4.15 Hypothesis Testing.....	45
4.16 Chapter Summary.....	46
CHAPTER - 05.....	47
DATA ANALYSIS AND PRESENTATION.....	47
5.1 Introduction	47
5.2 Reliability Analysis.....	47
5.3 Data Preparation for Analysis	49
5.3.1 Demographic information of participants.....	49
5.4 Univariate Analysis.....	52
5.4.1 Descriptive Statistics	52
5.5 Bivariate Analysis	55
5.5.1 Correlation Test	55
5.6 Multivariate Analysis	58
5.6.1 Regression Results.....	58
5.6.2 Multiple Regression Analysis.....	65
5.7 Sectional Summary	67
5.8 Chapter Summary.....	68
CHAPTER - 06.....	69
FINDING AND DISCUSSION	69

6.1 Introduction	69
6.2 Respondents Profile.....	69
6.3 Discussion of Research Information	69
6.3.1 Discussion - Objective One	70
6.3.2 Discussion - Objective Two	71
6.3.3 Discussion - Objective Three	73
6.4 Hypothesis Testing.....	75
6.5 Chapter Summary.....	75
CHAPTER - 07.....	76
CONCLUSIONS AND RECOMMENDATIONS.....	76
7.1 Introduction	76
7.2 Conclusion.....	76
7.3 Recommendations	77
7.4 Limitations Of The Study.....	79
7.5 Future Research Recommendations	79
LIST OF REFERENCE	81
APPENDIX 01 – QUESTIONNAIRE	92