

**THE STUDY ON PERFORMANCE APPRAISAL AS EMPLOYEE  
MOTIVATION MECHANISM IN FINANCIAL COMPANIES IN  
BATTICALOA DISTRICT**



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## ABSTRACT

Performance appraisal is a vital tool to measure the frameworks set by any organization to its employees. To identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved or serves as basis for the company's future planning and development. The success of performance appraisal depends on how effectively it is implemented. It also depends on how well the employees have understood the performance appraisal system and how positively they are oriented towards their system. The primary aim of this research work is to study on performance appraisal as tool for employee motivation.

This research study considers seven variables. Those are involvement in the performance appraisal, perception of fairness feedback, satisfaction with performance appraisal feedback, performance appraisal approaches, uses of ratings, nature of manager/subordinate interaction in the performance appraisal process and performance appraisal/feedback frequency satisfaction. These variables were used to measure the level of motivation among employees. The study adopted the survey research design. We were select 100 numbers of employees as sample by using simple random sampling among the financial companies in Batticaloa district. A total of 100 questionnaires were issued. All the collected data from 100 samples have been categorized and analyzed by univariate analysis and evaluated as low, moderated, high level of performance appraisal toward employee's motivation.

It was disclosed that appraisal frequency satisfaction and employee involvement in the appraisal process was generally high and this increased satisfaction and fairness which consequently enhanced employee motivation to perform. It was also revealed that manager-subordinate interaction was very cordial and this encourage employee motivation and majority of employees preferred appraisal to be used for rewards and satisfying training and development needs of employees. Several ways have been suggested as recommendations at the end of the research to maintain high level of motivation and future research.

**Keywords:** performance appraisal, motivation mechanism

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