

The Impact of Performance Appraisal System on Organizational Commitment in Selected Banks in Puttlam District

Shamila, F. A.¹

Banks are focusing on innovation, growth, value creation, profit, more market share to sustain in the market. Those things are achieved by committed employees, because committed employees are productive and more profitable employees. So, by understanding the relationship between performance appraisal system and organizational commitment, it would be helpful to the organizations to get committed employees and solve different types of problems which are derived from organizational changes. In Sri Lankan context, few empirical studies have been concerned with the relationship between performance appraisal system and organizational commitment. So, there is a need to do more research in this field. Therefore, the main objective of this study is to investigate the level and impact of performance appraisal system on organizational commitment in selected banks in Puttlam district. To attain the objectives, the quantitative method was used and data were collected through questionnaires. A total of 150 questionnaires were received from employees in selected banks in Puttlam district and used for further analysis. The data were analyzed using Pearson correlation and multiple regression analysis.

The findings exhibited that, there were high level of performance appraisal system and organizational commitment and there was a positive relationship between performance appraisal system and organizational commitment in selected banks in Puttlam district. Further, regression analysis stated that, 40.2% of total variance of organizational commitment was explained by performance appraisal system in selected banks in Puttlam district. This shows that employers need to develop a proper and well-structure performance appraisal system to attaining high level of organizational commitment among the employees.

Keywords: *Performance Appraisal System, Organizational Commitment, Affective Commitment, Continuance Commitment, Normative Commitment*

¹ Faculty of Commerce and Management, Eastern University of Sri Lanka
(fsham751@gmail.com)