

THE FACTORS AFFECTING THE SUCCESSFUL IMPLEMENTATION OF PERFORMANCE EVALUATION SYSTEMS

Y.M.S.W.V. Sangaradeniya

*Department of Human Resource Management, Faculty of Commerce and Management Studies,
University of Kelaniya, Dalugama, Kelaniya, Sri Lanka*

Corresponding author: vindya268@yahoo.com

Today, the competition in the market has increased due to globalization, new technology, and rapid imitation of competitive strategies by the competitors. In this context, though it is difficult to ensure the sustainability of competitive advantages, organisations can ensure their competitive edge with high performing and talented employees. Performance Evaluation (PE) is an important Human Resource Management function of an organisation that leads to build a workforce with an excellent performance level in a high-performance work environment. A limited number of studies have been conducted to study the factors that significantly affect the successful implementation of PE systems. Therefore, the objective of the study was to identify the factors that significantly influence the effectiveness of performance evaluation systems. The study was conducted by using a sample of 357 banking executives in the banking industry in Sri Lanka. Data were collected through a self administered questionnaire developed by the researcher. According to the results of the study, five factors: top management support, evaluator training and motivation, degree of PE discussion, degree of employee's positive attitudes towards the employee performance evaluation, and rater accuracy had a significant positive correlation with the effectiveness of PE systems. According to the results of the regression analysis, each of the five factors had a significant impact on the effectiveness of PE systems. Further, the evaluator training and motivation (20.4%) and employee's positive attitudes towards the employee performance evaluation (19.3%) had a significant influence on the effectiveness of PE systems compared to the three other factors considered in the study. The multiple regression results also showed that 64.2% of the variation in the effectiveness of PE system can be explained by the changes in these five factors. Therefore, the overall impact of these five factors considered on the effectiveness of PE systems is highly significant. With these findings, this study provides implications for the design and implementation of successful PE systems. It shows that, all the organisations need to consider these significant factors when they design a well planned PE system for their organisations in order to implement a successful PE system.

Keywords: Degree of PE discussion, Effectiveness of PE system, Evaluator training and motivation, Rater accuracy, Top management support