

**ANALYZING THE EFFECTIVENESS OF PERFORMANCE EVALUATION FOR
EMPLOYEE SATISFACTION: MEDIATION EFFECT ON EMPLOYEE
RETENTION IN ABC BANK PLC**

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ABSTRACT

Several business organizations worldwide face difficulties in achieving their goals and objectives. Owing to these challenges, some organizations have struggled significantly, leading to costly setbacks. ABC Bank is a reputed private-sector bank in the Sri Lankan financial industry. Employee strength is one of the determinant factors of success, and ABC Bank has its own performance appraisal system. This study aimed to assess the effects of the performance evaluation process on employee satisfaction, including the mediating effect of employee retention. The objective was to investigate the performance appraisal techniques adopted for 1,623 junior executive officers, a category in which ABC Bank has identified the highest turnover rate. After reviewing the literature, a conceptual framework was designed with the following dimensions based on the literature: performance evaluation process, employee benefits, and behavior of the appraiser and supervising manager. The researcher adopted a cross-sectional time horizon owing to limited time. To measure the relationship between the variables, a questionnaire consisting of 16 questions was distributed to executive officers. The study population included 1,623 junior executive-level employees at ABC Bank, and a sample of 310 employees was selected based on the Morgan table and analyzed using SPSS and Microsoft Excel. According to the data analysis, tests measuring the reliability of the research instrument were conducted with the questionnaire distributed among randomly selected officers across the island. Correlation, ANOVA, and regression tests were performed to determine the significance of the hypotheses. The results were compared with previous research findings, and conclusions and recommendations were made while exploring further research opportunities. Furthermore, the majority of executives expressed dissatisfaction with their jobs, and the research findings suggest that banks may include some quantitative competencies in the performance evaluation process to improve satisfaction and retention. As the first and only study on the bank's current performance evaluation system, this research project is significant, and the information provided will benefit management, staff members, and trade unions. Suggestions are also made for future researchers to obtain valuable outcomes through further studies.

Keywords: Employee retention, employee satisfaction, performance evaluation process