

Abstract

The purpose of this study was to explore the influence of performance management system on employee performance in banks in Kitui Town, Kenya. The population under study was 118 employees. Data was collected by use of questionnaires. Data from the research was analyzed using SPSS. It was found that performance management system enhances employee performance by providing a reliable performance measure, increasing staff competency and hence realization of set targets. The research concluded that enacting performance management system enhances employee performance through setting individual objectives that are derived from overall organizational goals and identifying skills gap which are addressed through trainings thus increasing staff competence levels. The study recommended that banks management should foster their employee's awareness of the role of performance management system, reward good performers, address training gaps identified, conduct appraisals in a professional manner and give accurate feedback concerning staff's performance after performance appraisal process.