



**IDENTIFICATION OF APPROPRIATE KEY
PERFORMANCE INDICATORS TO MEASURE
EFFICIENCY, EFFECTIVENESS, PRODUCTIVITY, AND
PERFORMANCE OF BANKS OPERATING IN SRI
LANKA**

**By
DEVAPRIYA DHARMARATNE
501MSS18003**



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ABSTRACT

Attempts to identify appropriate Key Performance Indicators (KPIs) to measure the efficiency, effectiveness, productivity, and performance of banks operating in the Sri Lankan banking sector in order to develop an evaluation criterion in terms of efficiency, effectiveness, productivity and performance for the banking sector and to get a better understanding of these concepts which are often misunderstood and differently interpreted by academics as well as practitioners. Further in order to identify the measurement criteria for these concepts the concepts will be comprehensively evaluated by way of the historical evolution of these concepts, their theoretical foundations, and how they are applied in the practice of management. A comprehensive literature review was done in order to explore the interpretations of efficiency, effectiveness, productivity and performance in terms of management given by different scholars and academicians. Consequently, interviews were done with selected executives of the Housing Development Finance Corporation Bank of Sri Lanka in order to obtain the views of experienced practitioners in the field. Both literature review and interview data were obtained and analysed. The main data analysis tool was the Thematic Analysis. The findings from the literature review revealed that there are several interpretations of efficiency, effectiveness, productivity and performance in the literature. Further, it revealed that there are common properties and interrelationships. The interviews revealed that the understanding of the concepts from a conceptual standpoint was very poor. Analysis of existing KPIs to measure efficiency, effectiveness, productivity and performance indicated that there is much room for providing improved KPIs representing those concepts.

Keywords: *Efficiency, Effectiveness, Productivity, Performance, HDFC Bank*