**ABSTRACT**

Healthcare sector is considered as the knowledge-based sector and because of this innovation and creativity should be regarded as prerequisite for the survival and growth ofthe organizationswhich performtheir activitieswithin the sector. In this context development of pro-innovative culture within hospitals becomes crucial. In search for tools allowing to create the culture employees appraisal becomes an interesting tool to be further investigated. Due to the fact the main aim of the paper is to investigate the relationships between the employee appraisal system and innovation in the context of the organizational culture in the hospitals. Study was carried in eight public hospitals located in two voivodships in Poland. Not only qualitative but also quantitative data was analyzed in order to identify usefulness of employees appraisal as the tool of proinnovative culture creation.