



## The Influence of Positive Manager Feedback and Performance Appraisal in The Innovative Behavior of PT. Evertech International Group Employees

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**Abstract:** Employee creativity is essential to the company's competitive edge in Indonesia's manufacturing sector, which is highly competitive in the digital age. Few empirical research, particularly at the business level, have examined the impact of managers' performance appraisal and positive feedback systems on innovative behavior in Indonesia's manufacturing industry. This study uses a quantitative approach by distributing questionnaires to 150 employees of PT Evertech International Group. The analysis was conducted using PLS-SEM to examine the relationship between manager positive feedback, performance appraisal, and employee innovative behavior. The results show that positive manager feedback and innovation-based performance appraisal have a positive and significant effect on employee innovative behavior. Construct validity and instrument reliability have met the criteria of Cronbach's  $\alpha$  and composite reliability  $> 0.7$ , and AVE  $> 0.5$  for all research variables. This study extends the literature on innovative behavior by demonstrating the importance of a combination of positive manager feedback and innovation-based performance appraisal systems to support a culture of innovation in Indonesian manufacturing firms. Practically, the findings can help firm management design more effective HRM strategies to foster innovation and competitiveness.

**Keywords:** Positive Manager Feedback, Performance Appraisal, Innovative Behavior

### Citation (APA):

Sarah, A., Sabrina, N. N., & Suzana, A. (2025). The Influence of Positive Manager Feedback and Performance Appraisal in The Innovative Behavior of PT. Evertech International Group Employees. *Mabsya: Jurnal Manajemen Bisnis Syariah*, 7(2), 223-236.

<https://doi.org/10.24090/mabsya.v7i2.13809>

Submitted: May 20, 2025

Accepted: July 30, 2025

Published: August 6, 2025

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## A. Introduction

Amidst rapid digital transformation and intensifying global competition, innovative behavior among manufacturing employees is widely recognized as a key determinant of organizational competitiveness. Although Indonesia's manufacturing sector has shown good annual growth - contributing around 19.8% to the national GDP - companies must continue to adapt not only to technological advancements but also to evolving business models and increasingly complex market demands.

As a country with great economic potential, Indonesia must face increasingly complex industrial changes. In this digital age, technological advances change the form of competition significantly. Companies need to adapt quickly to face new challenges that arise (Putra et al., 2021). The Industrial Revolution 4.0 with advanced technologies including automation, the internet of things, and artificial intelligence is changing the way businesses operate. In its growth, the industrial sector in Indonesia must face several challenges amid increasing global competition. First, fierce competition from more innovative digital businesses. Digitalization is necessary for businesses not to be left behind. Second, supply chain changes due to globalization have tested the industry's resilience. Third, increasingly complex consumer demands are also a challenge (Azwina et al., 2023)

A critical challenge in this context is to ensure that the workforce not only has up-to-date technical skills but is also actively engaged in innovative practices. Recent studies emphasize the importance of human capital development and innovation-driven strategies, especially in industries that prioritize operational efficiency and product quality to maintain market position. However, limited empirical research has examined the simultaneous impact of managerial feedback and innovation-focused performance appraisal systems on employee innovative behavior in the Indonesian manufacturing context -especially at the plant or firm level. Most of the previous research has been conceptual or focused on other sectors, so there is still a gap in how these HR practices shape innovation directly in a manufacturing environment.

The specific issue addressed in this study is the lack of understanding of how positive feedback from managers and performance appraisal systems encourage innovative behavior among employees in manufacturing companies such as PT Evertech International Group. This gap is crucial: without clear evidence regarding the effectiveness of these HR interventions, organizations may struggle to design effective strategies to build a culture of innovation.

Innovative behavior of employees is an important element that can increase the competitiveness of a company, especially in manufacturing which has a very high level of competition. PT Evertech International Group, which is engaged in the production of shoe components in Brebes, faces the problem of continuously improving its production efficiency and quality to remain in a competitive position in the industry. One strategy that can be applied to encourage innovation is to provide positive feedback from managers and develop a performance appraisal system that focuses on innovative aspects.

Previous research has proven that positive feedback from managers is very influential in increasing employee motivation and engagement to innovate (Atmaja & Damayanti, 2022) showed that employees who receive good feedback tend to be more active in creating new ideas and finding more efficient solutions in their work. (Lee et al., 2021a) also confirmed the importance of positive feedback from superiors to increase employees'

innovative behavior. At PT Evertech, production managers who provide praise and constructive feedback can create a work atmosphere that supports creativity and initiative in proposing innovative ideas. In addition, the existence of a performance appraisal system that includes elements of innovation also contributes to increasing the innovative behavior of employees. (Mardikaningsih & Darmawan, 2022a) revealed that if innovation is part of the performance appraisal, employees will be more motivated to engage in organizational growth.

In this digital age, performance appraisal systems that focus on measurable results and improving new competencies are more effective in encouraging innovative behavior when compared to appraisals that only assess existing skills (Curzi, et al., 2019). At PT Evertech, the implementation of this system can be done by rewarding employees who are active in submitting suggestions for improving production techniques or increasing efficiency in work.

Additionally, an organization's innovation is impacted by managers' perceptions of performance reviews. Good performance feedback and innovation can be more strongly correlated with positive attitudes, while bad performance feedback and innovation can be more strongly correlated with negative attitudes (Saraf et al., 2022a). According to (Zhao & Ye, 2023a) managers may foster an innovative work environment and subsequently raise the caliber of their products by offering constructive criticism and facilitating performance evaluation systems that promote creativity.

PT Evertech International Group was chosen as the research location because it is a leading shoe component manufacturer in Brebes, Central Java, operating in a highly competitive segment that is heavily influenced by efficiency, product quality and continuous innovation. The company's ongoing efforts to improve productivity and production quality require not only investment in technology but also in HR practices that can stimulate employees' daily creativity. To meet this need, PT Evertech recently implemented a structured performance appraisal that emphasizes innovation and a systematic manager feedback mechanism, which offers a unique environment to study the effectiveness of such interventions under real industry conditions.

Therefore, this study aims to fill the empirical gap by investigating how positive feedback from managers and an innovation-oriented performance appraisal system affect employees' innovative behavior at PT Evertech International Group. The findings are expected to provide theoretical insights into the human resource management and innovation literatures, while offering practical recommendations for manufacturing companies looking to establish innovation-based human resource policies.

## **B. Literature Review**

This research is based on the Social Exchange Theory paradigm (Blau, 1964), which states that reciprocal relationships between superiors and subordinates can trigger positive behaviors, including employee innovation. In the context of manufacturing organizations, this theory provides a framework for understanding how positive feedback and performance appraisal systems drive psychological payoffs, such as motivation to innovate.

## Positive Leader Feedback

Feedback from leaders is an important mechanism in organizational communication that serves not only to inform performance, but also as a strategic tool in achieving organizational targets (Lee et al., 2021b). Based on motivation and organizational communication theory, feedback helps individuals reduce the gap between expected and actual performance, thus becoming a major element in employee learning and development (Parish et al., 2008 in Atmaja & Damayanti, 2022; Mahyadi & Anshori, 2023).

Various studies show a positive relationship between constructive and appreciative feedback and increased employee innovative behavior, because it creates psychological safety that supports innovative risk-taking without fear of criticism (Lee et al., 2021b; Atmaja & Damayanti, 2022b; Edmondson, 1999). However, in the context of the hierarchical organizational culture of Indonesia's manufacturing industry, ambiguous or inconsistent feedback can cause confusion and hinder innovation (Saraf et al., 2022b).

Therefore, feedback needs to be understood as part of a communication system that involves interaction, culture, and organizational hierarchy dynamics. Conceptual models linking feedback to innovative behavior should consider the mediating role of psychological safety as well as the moderation of organizational culture and structure. Based on this analysis, the research hypothesis focuses on the positive effect of manager feedback on employee innovative behavior at PT Evertech International Group, Brebes City.

## Performance Appraisal

Performance appraisal is a structured process for assessing employee work results based on certain criteria or standards. This process includes an assessment of the quality and quantity of work performed by individuals within a certain period (Vol et al., 2017). Through performance appraisals, organizations can determine the level of employee success in accordance with predetermined goals.

The main purpose of performance appraisal is to provide feedback to employees so that they can improve organizational performance and productivity, especially for executives and employees in general (Tun Huseno, 2021). A good performance appraisal system should include several important aspects, namely clear feedback, behavior-based measurement, and active participation between managers and employees (Curzi, Fabbri, Scapolan, & Boscolo, 2019)

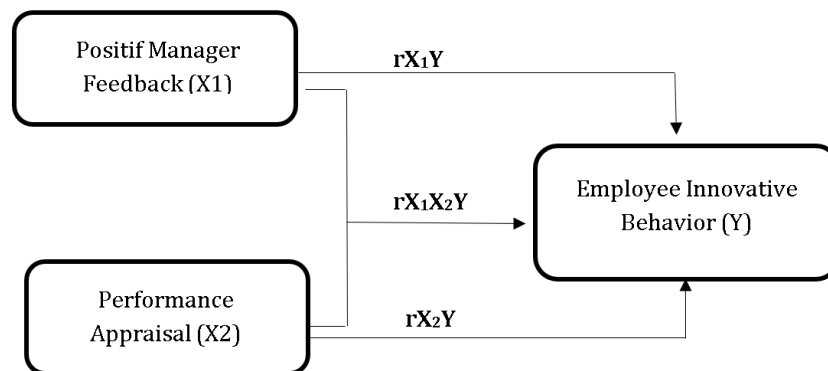
In addition, other studies have shown that performance appraisal systems that include innovation criteria can encourage employees to take risks and offer new solutions (Curzi, Fabbri, Scapolan, & Boscolo, 2019); (Mardikaningsih & Darmawan, 2022b) However, (Zhao & Ye, 2023b) found that overly rigid appraisals actually increase innovation because they create a fear of failure. These findings suggest a gap in assessing the effectiveness of innovation-based performance appraisals, especially in the manufacturing sector in Indonesia which tends to emphasize order and efficiency.

## Innovative Behavior

Most studies examine these two variables separately. (Rouza & Yanto, 2019) examined the effect of each on innovation, but less on the synergistic effect between them. Recent perspectives indicate that the interaction of positive feedback and innovation-based performance appraisal can have a greater impact on innovative behavior (Zhao & Ye, 2023b) but empirical findings in the Indonesian manufacturing sector are minimal.

Innovative behavior refers to a person's ability to change the way they work by adopting new procedures, practices, and techniques in completing tasks. New things in innovation behavior are related to inputs, processes, and outputs that contribute to human survival (Mazidah & Laily, 2020). Innovative behavior aims to create a more adaptive and competitive work environment, where employees are encouraged to develop new ideas that can improve work efficiency and effectiveness. By increasing employee involvement in the innovation process, organizations can accelerate growth and better face market challenges. (Zuhaena & Harsuti, 2021). Innovative behavior in management provides various benefits, especially in improving organizational effectiveness and competitiveness. By encouraging innovation, organizations can be more adaptive to changes in the dynamic business environment, while creating creative solutions to increase productivity.

In addition, innovative behavior also contributes to increased employee motivation and job satisfaction, as they feel more valued in providing new ideas (Pramitha, 2020).



**Figure 1. Research Framework**

Based on the synthesis of literature and identified gaps, this study offers the following conceptual model:

1. Managers' positive feedback affects employees' innovative behavior directly.
2. Innovation-based performance appraisals also have a direct effect on innovative behavior.
3. These two HR practices have the potential to amplify each other's effects when implemented synergistically.

This model also examines variable interactions that have been less explored in the context of Indonesian manufacturing.

### Identify Gaps and Contributions

Although the role of HR in innovation has been widely discussed, there is no empirical research that specifically examines the integration of positive feedback and innovation-based appraisal for innovative behavior in the Indonesian manufacturing industry. This study aims to:

1. Clarify the relationship of the two HR practices on innovative behavior.
2. Fill the literature related to synergistic and conditional effects in domestic manufacturing settings.
3. Provide evidence-based practical recommendations for HRM innovation policy development.

## C. Methods

This study uses a quantitative method with a survey design to examine the effect of positive feedback from managers and performance appraisals on the innovative behavior of PT Evertech International Group employees. The research instrument was structured in the form of statements with a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). All constructs showed strong reliability with Cronbach's Alpha values above 0.70, as well as good construct validity based on exploratory factor analysis, where all indicators had factor loading values above 0.50. Data collection was conducted in February 2025 using a total sampling technique that included all permanent employees of PT Evertech International Group. Of the 160 questionnaires distributed, 150 were returned and could be processed, resulting in a response rate of 93.7%. The profile of the respondents consisted of 55% male and 45% female, with the majority aged 21-25 years old, which is the early career age, and a small percentage over 25 years old. The educational background of the respondents included 70% high school/vocational school graduates, 20% bachelor's degree graduates, and the rest master's degree graduates.

This study has obtained approval from the company management, and all respondents have received an explanation of the purpose and benefits of the study and agreed to informed consent before filling out the questionnaire. Data confidentiality is guaranteed, and research results are only used for academic purposes without revealing the personal identity of respondents. Data analysis was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method through SmartPLS software version 4.1.0. The choice of this method is based on its advantages in testing causal relationships in complex structural models, its resistance to non-normal data distribution, and its suitability for small to medium sample sizes. In addition, this method allows direct testing of construct validity and reliability (outer model), as well as the significance of the relationship between variables (inner model), according to the evaluation stages of Hair et al. (2017, 2019), namely through Composite Reliability (CR), Average Variance Extracted (AVE), and bootstrapping.

## D. Results and Discussion

### Result

Three testing models—the discriminant validity test, reliability test, and convergent validity test—are used in this study to assess respondent data. The purpose of this convergent validity test is to determine the reliability of the indicators utilized in this study, as well as the validity and reliability of the latent variables employed in the assessment test.

According to Hair et al., n.d. (2017), the data passes the convergent validity significance test if the latent variable indicator's outer loading value is more than 0.7. If the link between indicators and variables is still considered, it is still possible to utilize indicators with factor loadings between 0.5 and 0.6, according to Chin (1998) in Buntu Laulita, (2024).

**Evaluation of Measurement Model (Outer Model)**

**Table 1. Outer Loading**

Variable	The Indicator	Mark	Details
X1 (Positive Feedback)	X1.1 (Clarity)	0.755	Valid
	X1.2 (Constructivity)	0.755	Valid
	X1.3 (Regularity and Regularity)	0.764	Valid
	X1.4 (Engaging and Interactive)	0.767	Valid
	X1.5 (Psychology and Motivation)	0.767	Valid
X2 (Performance Appraisal)	X2.1 (Quality)	0.742	Valid
	X2.2 (Efficiency)	0.750	Valid
	X2.3 (Initiative and Originality)	0.733	Valid
	X2.4 (Collaboration and Interaction)	0.749	Valid
	X2.5 (Accountability and Self-Control)	0.718	Valid
Y (Innovative Behavior)	Y1 (Social Engagement)	0.730	Valid
	Y2 (Knowledge and Experience)	0.736	Valid
	Y3 (Bravery)	0.748	Valid
	Y4 (Originality)	0.753	Valid

All indicators have an outer loading value above 0.7, indicating that this research instrument has met convergent validity well (Hair et al., 2017). However, the analysis does not simply stop at the numbers; it is necessary to further examine the meaning behind these results in the real context of PT Evertech. In the Positive Feedback variable (X1), the Psychology and Motivation indicator recorded the highest score (0.767), which emphasizes the importance of emotional support in building employees' positive perceptions of managers. This is particularly relevant in PT Evertech's environment, where high innovation pressure demands psychological stability. In contrast, the Clarity and Constructivity indicators had the lowest scores (0.755), indicating there is still a need for improvement in the way managers deliver clear and constructive feedback. Vagueness can inhibit ideas from developing into real innovations.

On Performance Appraisal (X2), although generally valid, the lowest score was on Accountability and Self-Control (0.718), indicating that the culture of individual accountability is not optimal in the work environment. This is important because innovation requires responsibility and self-initiative. For Innovative Behavior (Y), all indicators are valid but at the lower threshold (>0.73). This indicates that innovative behavior is not yet fully part of the organizational culture. Important indicators such as Initiative and Originality (X2.3) and Bravery (Y3) have not appeared dominant. This suggests that PT Evertech needs to strengthen systems that truly encourage courage and creativity, so that innovation grows more systematically.

**Table 2. Construct Reliability and Validity**  
**Cronbach's Alpha**

Variabel	Cronbach's Alpha
X1	0.819
X2	0.792
Y	0.728

### Composite Reliability

Variabel	Composite Reliability
X1	0.873
X2	0.857
Y	0.830

This table shows the Cronbach's Alpha and Composite Reliability values for each research variable. All values are above the 0.7 threshold, which indicates that the indicators on each construct have good internal consistency. In general, this means that the measuring instrument used has proven reliable in assessing each variable.

However, there is a gap between the Cronbach's Alpha and Composite Reliability values which is quite striking (around 0.05-0.06). This shows that although the overall construct is reliable, there is an imbalance between indicators in each construct. In the context of PT Evertech, this could reflect variations in perceptions between employees-for example, between technical and non-technical divisions-that cause the experience of feedback or job evaluation to be perceived as not uniform. This means that the company needs to pay attention to the consistency of policy implementation between sections so that the measurement results are more representative.

In particular, the Innovative Behavior (Y) variable has the lowest Cronbach's Alpha value (0.728). This indicates that understanding and practices related to innovation among employees are still not homogeneous. Some employees may be accustomed to innovating, while others do not feel they have enough support or room for exploration. To build an equitable culture of innovation, PT Evertech needs to ensure that all levels of the organization have equal access to training, experimental projects, and incentives for new ideas.

**Table 3. Average Variance Extracted (AVE)**

Variabel	AVE
X1	0.580
X2	0.545
Y	0.550

The AVE table displays the results of convergent validity based on how much variance from the indicators can be explained by the construct. All variables in this study show AVE values above 0.5, which means that more than 50% of the indicator variance has been successfully explained by their respective constructs. Technically, this indicates that the structural model has met the overall convergent validity criteria.

However, the AVE value of the Performance Appraisal variable (X2) is at its lowest, at 0.545. Although it still meets the minimum criteria, this figure indicates that some indicators in this variable have not been able to fully represent the concept of performance appraisal. In the context of PT Evertech, this indicates that employees may not have a uniform perception of the performance evaluation mechanism, especially if the system still focuses on achieving quantitative targets rather than innovative work processes.

This finding is important because performance appraisals that are not aligned with the spirit of innovation will tend to stifle creativity. PT Evertech needs to consider

reformulating its appraisal system to not only count results, but also assess experimental efforts, cross-functional collaboration, and productive failures as part of the learning process. In this way, the indicators in the X2 construct will better reflect the innovative work values that the company wants to build.

**Table 4. Fornell –Larcker Criterion**

	X1	X2	Y
X1	0.761		
X2	0.676	0.738	
Y	0.696	0.712	0.742

The Fornell-Larcker table is used to test discriminant validity, which is the extent to which a construct is truly distinct from other constructs in the model. Discriminant validity is met if the root AVE value (which is displayed on the diagonal of the table) is higher than the correlation value between other constructs. In these results, the diagonal values for X1 (0.761), X2 (0.738), and Y (0.742) are all higher than the correlation values between constructs, so it can be concluded that each construct is unique and does not overlap significantly.

Although the statistical results show good separation of the constructs, it is important to examine the relationships between the variables more deeply. The high correlation values between X1 and Y (0.696) and between X2 and Y (0.712) indicate that both positive feedback and performance appraisal have a close relationship with innovative behavior. However, since the correlation value is still below the diagonal value, we can conclude that the relationship is relevant but not identical. This reinforces that innovative behavior is not entirely determined by one single factor, but rather by a combination of several organizational aspects.

In the context of PT Evertech, this finding is important because it shows that strategies to increase employee innovation cannot rely solely on strengthening one aspect such as feedback or job appraisal alone. A holistic approach that strategically integrates both variables is needed, while strengthening the differentiating factors between them. This good discriminant validity gives confidence that managerial interventions can be designed in a focused manner according to the specific dimensions to be strengthened - for example by differentiating approaches to building motivation through feedback versus incentives in the evaluation system.

**Structural Model Evaluation (Deep Model)**

**Table 5. R value**

	R Square	R Square Adjusted
Y	0.591	0.586

This table displays the R Square (0.591) and Adjusted R Square (0.586) values for variable Y (Innovative Behavior). The R<sup>2</sup> value of 0.591 indicates that about 59.1% of the variance in employee innovative behavior can be explained by the combination of two independent variables: positive feedback (X1) and performance appraisal (X2). Meanwhile, the Adjusted R<sup>2</sup> considers the complexity of the model, and shows a very close value, indicating that the model is quite stable and not overfitted.

Categorically, based on (Sarstedt et al., 2021)  $R^2$  values in the range of 0.50-0.75 are categorized as moderate. This means that the model is strong enough to explain the phenomenon of employee innovation but still leaves room for further model development. For example, there is still about 40.9% of the variance that has not been explained by the two variables. This opens opportunities to explore other relevant variables, such as organizational culture, leadership style, or resource support for innovation.

For PT Evertech, this information is crucial as it shows that the approach to encouraging innovation is not fully optimized if it relies solely on feedback and performance evaluation systems. While these two factors are important, companies also need to consider other aspects such as providing dedicated time for idea exploration, granting autonomy in decision-making, or creating a fail-safe work environment. By expanding the factors supporting innovation, PT Evertech can improve the effectiveness of its HR development strategy and sharpen competitiveness through internal innovation.

## Hypotheses Testing

**Table 6. Path Coefficients**

	<b>Path Coefficient</b>	<b>p-value</b>	<b>f-square</b>
<b>X1 -&gt; Y</b>	0.396	0.000	0.208
<b>X2 -&gt; Y</b>	0.444	0.000	0.261

This table shows the results of hypothesis testing and the strength of the relationship between variables. The path from X1 (Positive Feedback) to Y (Innovative Behavior) has a coefficient of 0.396, while the path from X2 (Performance Appraisal) to Y is 0.444. Both p-values were recorded at 0.000, which means that the relationship is statistically significant. The f-square values are 0.208 (X1→Y) and 0.261 (X2→Y) respectively, which are categorized as medium effects.

However, it is worth noting that although both paths were significant, the contribution of performance appraisal was slightly stronger than positive feedback. This provides an important insight that formal, structured systems such as performance appraisal can have a greater driving force for innovation than interpersonal approaches such as manager feedback. This finding may counter the assumption in some literature that managerial relationships are the main driver of innovation and instead highlights the importance of supportive and scalable work systems.

For PT Evertech, this signals that a performance appraisal system that pays attention to innovative indicators-such as risk-taking, cross-team collaboration, or idea contribution-may be more effective in shaping employees' innovative behavior. However, managerial feedback is still important to reinforce daily motivation and provide constructive personalized direction. Therefore, the innovative development strategy at PT Evertech should combine structural and interpersonal approaches in a balanced manner for maximum results.

## Discussion

### Positive Manager Feedback on Innovative Behavior

The analysis findings show that managers have a positive impact on employees' ability to make innovative contributions (path coefficient 0.396; p-value 0.000). This is in line with

previous research by (Lee et al., 2021a) and (Atmaja & Damayanti, 2022) which state that communication developed through supervisors will increase employee motivation and confidence to engage in new experiences and provide new solutions. In the context of PT Evertech, clear forms of feedback that are specific, and delivered consistently help create a work environment conducive to the development of innovative ideas. A manager who fosters a culture of discussion and encourages employee contributions not only increases motivation but also cultivates collaborative work habits that foster creativity.

### **Performance Analysis Related to Innovative Practices**

The Performance Analysis also showed a significant impact on innovative work on innovative work with a p value of 0 and a coefficient of 0.444. This indicates that an evaluation system that emphasizes innovative elements, such as initiative, creativity, and teamwork, encourages employees to be actively involved in creating new ideas. This strengthens the arguments put forward by (Curzi, Fabbri, Scapolan, Boscolo, et al., 2019) and (Mardikaningsih & Darmawan, 2022a) made by that incorporating innovative perspectives into work-related appraisals creates a flexible and proactive work environment in response to change that incorporating innovative perspectives into work-related assessments creates a flexible and proactive work environment in response to change. For PT Evertech, an evaluation system that focuses not only on work results but also on processes, ideas, and innovations can be a catalyst for the creation of competitive differentiation based on internal innovation. From evaluation that focuses not only on work results but also on processes, ideas, and innovations can be a catalyst for the creation of competitive differentiation based on internal innovation.

Simultaneous Influencing Effects of the Second Variable Simultaneously Multiple Regression Tests show that the combination of positive manager sentiment and performance analysis performed simultaneously has a significant effect on innovative performance with an R<sup>2</sup> value of 0.591 which means that about 60% of the variance in innovative performance can be explained by the two variables in question. Managing sentiment and performance analysis performed simultaneously has a significant effect on innovation performance with an R<sup>2</sup> value of 0.591 which means that about 60% of the variance in innovation performance can be explained by the two variables. This illustrates the existence of a strong synergistic relationship when managers provide a positive work environment and encourage creativity, and employee motivation to innovate increases significantly. This is consistent with the findings (Zhao & Ye, 2023a) (Saraf et al., 2022a) which state that innovative employee work does not arise spontaneously from the system but rather from healthy interpersonal interactions between leaders and followers.

## **E. Conclusion**

Based on the research findings, it can be stated that the innovative activities of PT Evertech International Group employees are positively and significantly impacted by the positive feedback from management and employees. Results of testing on the validity and reliability of the instrument, which indicates that all indicators of research may be trusted to correct the variables under investigation, hence reducing this conclusion. It has been demonstrated that a positive attitude from a manager can increase employee enthusiasm and zeal while also inspiring them to take more active steps to generate new ideas and

creative solutions at work. Additionally, performance review systems that encourage innovation also encourage employees to be more active in meeting company needs and goals.

The results of this study can also be used as a guide for those in charge of business operations to develop more flexible SDM strategies in response to technological advancements and changes in the global market. For further research, it is recommended to analyze other variables, such as organizational culture, transformational leadership, or external industry factors, to provide more comprehensive illustrations of the steps being taken to increase innovation in manufacturing companies.

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