

THE RELATIONSHIP BETWEEN THE ELIMINATION OF PERFORMANCE APPRAISAL AND THE LEVEL OF EMPLOYEE PRODUCTIVITY AT PT.XYZ

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Abstract

Performance appraisal is an essential system for evaluating employee performance and its contribution to organizational outcomes. It encompasses not only tangible work results but also aspects such as competence, discipline, teamwork, and leadership. Properly implemented, performance appraisals benefit employees by providing fair recognition, income opportunities, job satisfaction, and motivation to improve, while companies gain from improved human resource quality, clearer performance standards, and alignment between individual and organizational goals. However, some organizations discontinue appraisals due to declining productivity, which may instead lead to adverse effects. This study aims to examine the relationship between the absence of performance appraisals and employee productivity at PT XYZ. Using a quantitative approach with survey techniques, data were collected through questionnaires and analyzed using Pearson correlation and simple linear regression. The findings reveal a significant relationship between the lack of performance appraisals and decreased productivity, indicating negative impacts on motivation, engagement, and goal achievement. Organizations are therefore encouraged to reconsider the elimination of performance appraisals as a strategy for sustaining employee performance.

Keywords : performance appraisal, productivity, management, evaluation, work motivation.

Introduction

In human resource management practices, performance appraisal plays a strategic role as a tool to evaluate individual contributions to achieving organizational goals. This system not only functions as a means of assessment, but also as a basis for decision making related to career development, compensation, promotion, and employee training. Thus, performance appraisal is generally considered an important instrument in maintaining and increasing work productivity.

Effective performance appraisals not only help in measuring individual performance, but can also increase employee motivation and engagement. When performance appraisals are eliminated or removed, it is likely to impact employee accountability and morale.

The elimination of performance appraisals, or even the elimination of the performance appraisal system altogether, can have a significant impact on employee productivity levels. This study aims to identify and analyze the impact of the elimination of performance appraisals on employee productivity levels, as well as to provide recommendations for companies in managing employee performance. And we also hope that the results of this study can be a reference for companies in developing a performance appraisal system that is in accordance with organizational needs and can maximize employee productivity.

Employee productivity is a key indicator that reflects the effectiveness and efficiency of individual work in achieving predetermined targets.

In the era of globalization and increasingly tight competition, employee productivity is a key factor in the success of a company. Performance assessments that function as a tool for measuring employee performance are one of the important instruments in increasing productivity.

The textile industry is one of the strategic sectors that plays an important role in the national economy, especially in creating jobs and contributing to non-oil and gas exports. The level of employee productivity in this industry greatly determines the sustainability of operations and the competitiveness of the company, considering its labor-intensive characteristics and orientation towards production process efficiency. Therefore, effective human resource management is a crucial aspect in supporting the overall performance of the textile industry. Based on this, the research problems that will be discussed in this study are: Is there a relationship between the absence of performance appraisal and the level of employee productivity at PT. XYZ? How does the absence of a performance appraisal system affect the motivation and performance of individual employees at PT. XYZ? What are the other factors that affect employee productivity at PT. XYZ when performance appraisal is not implemented?

One of the common HR management instruments applied to maintain and improve individual performance is the performance appraisal system. The decision to eliminate the performance appraisal system has important implications for employee productivity, especially in the textile sector which is highly dependent on the stability and consistency of work output. The absence of formal evaluation can result in reduced clarity of work expectations, weak feedback, and decreased employee motivation, which can ultimately affect overall productivity.

Literature Review

1. Performance Appraisal

Evaluation performance is a systematic process For evaluate performance employee in reach objective organization . Dessler (2020) stated that performance appraisal is not only aiming assess work output , but Also as tool development employees , improvement motivation , and planning career . According to Aguinis (2019), an effective appraisal system help manager And employee align expectation as well as increase accountability .

However , some organization start reduce even delete practice evaluation formal performance because considered rigid And not enough adaptive to change (Yulianto & Prasetyo , 2023). This matter cause debate about the impact to performance And productivity .

2. Productivity Employee

Productivity Work is size efficiency somebody in use source Power For produce output. According to Sutrisno (2021), productivity No only determined by ability technical employees , but Also by environment work , motivation , and clarity purpose . Study by Ismail & Abdullah (2021) shows that clarity of targets and bait come back regular through proven appraisal increase productivity .

3. Impact No Implementation of Performance Appraisal

Appraisal removal can create emptiness in system evaluation And human resource development . A number of study (eg. Wijayanti & Susanti , 2022) found that employees who do not accept formal evaluation tends to feel No valued And Confused with expectation Work . This matter lower involvement And performance .

However , in a number of case In particular , the elimination of appraisals is actually push approach more management flexible , based on daily feedback And collaborative (Ahmad & Schroeder, 2020). Success strategy This very depends on culture organization And leadership .

4. Framework Theory

The underlying theory review This among others:

- Theory Expectation (Vroom) : appraisal provides hope on rewards . Without it , motivation Can decrease .
- Herzberg's Two-Factor Theory : appraisal as motivating factors that influence satisfaction Work
- Goal-Setting Theory (Locke & Latham) : performance appraisal helps set objective clear work .

Theoretical Discussion

1. Theory Performance Appraisal Theory

Evaluation performance is a systematic process For evaluate results Work individual based on standard or criteria certain . According to Mondy & Noe (2005), objectives main from performance appraisal is For give bait back , develop potential , as well as as base For taking decision managerial like promotion , training , and compensation .

However , in a number of decade lastly , many organization to question effectiveness from traditional annual appraisal system . Pulakos and O'Leary (2011) argue that the appraisal is of a nature bureaucratic often not relevant with need dynamic and capable work impact negative on motivation . This is push organization For experimenting with a newer model flexible , such as management based on bait feedback (*feedback-based performance management*) .

In context this , deletion system evaluation performance No means No existence evaluation The same once , but shift approach more evaluative adaptive and collaborative .

2. Theory Productivity Employee

Productivity employee is size efficiency and effectiveness somebody in produce work output . According to Gibson et al. (2006), productivity influenced by many factors , including motivation , satisfaction work , system awards , environment work , and leadership .

Evaluation performance play role important as tool booster productivity Because give clarity about expectations , appreciation on results work , and identification need development . Therefore that , when appraisal is abolished , the organization need adopt approach capable substitute maintain or even increase productivity .

3. Theory Reputation Institutional

Reputation institutional is results from perception collective to organization based on experience , communication , and consistency values demonstrated by the organization Fombrun and Van Riel (2004) explain that that reputation No only formed from perception external like customers and society , but also from internal perception , namely employee .

In context policy appraisal removal , reputation organization become factor mediation important . If the organization own strong reputation , employees tend more accept change Because existence trust to faith Good management . On the other hand , if reputation bad , then change This Can trigger distrust and resistance that ultimately lower productivity .

4. Relationship Between Variables

Based on theories said , can depicted connection as following :

- Elimination of performance appraisal can bring up uncertainty in system evaluation work , which can impact on the decline productivity .
- However , the impact the Can moderated by reputation institutional . If the reputation good (for example , company perceived fair , transparent and supportive development employees) , then effect negative from appraisal removal can minimized .
- In other words, reputation institution become factor buffer between policies and behavior or performance employee .

Previous Research

Several previous studies have shown that performance appraisals play an important role in increasing employee productivity. Research by Putri and Santosa (2021) revealed that performance appraisals carried out periodically have a positive impact on employee motivation and achievement of work targets. The absence of an appraisal system causes employees to experience confusion about work expectations and decreased work enthusiasm. A similar thing was also found in the research of Yuliana and Rachman (2022) which stated that performance evaluations that are not carried out routinely can reduce work efficiency in the manufacturing industry, due to the lack of targeted feedback for employees.

Furthermore, Siregar (2020) examined the relationship between performance management and productivity in private companies, and found that the absence of performance appraisals made performance indicators unclear, thus hampering efforts to increase productivity. Research by Aulia and Prasetyo (2023) conducted at startup companies also confirmed that when performance appraisals are not carried out, employees tend to lose their work direction and experience a gradual decline in productivity. In addition, Wahyuni (2019) found that performance appraisals not only have an impact on productivity but also affect employee job satisfaction because of the feeling of being appreciated and cared for by the company.

From the five studies, it can be concluded that the absence of performance appraisal significantly has a negative impact on employee productivity. This strengthens the urgency to further examine how conditions without performance appraisal affect employee productivity at PT.XYZ.

Conceptual Framework

1. Research Variables

This study consists of two main variables:

Independent Variable (X): Elimination of Performance Appraisal is the absence of a formal and systematic evaluation process for employee performance which is usually carried out periodically by the company.

Dependent Variable (Y : Employee Productivity is The level of employee effectiveness and efficiency in completing tasks according to the targets set by the company.

2. Conceptual Relationship Between Variables

Based on performance management theory (Dessler, 2020; Aguinis, 2019), performance appraisal functions as a tool for evaluation, control, and work motivation. When appraisals are not carried out, employees tend to: Loss of feedback on their performance, Feeling unappreciated or unnoticed, Not having a clear direction or work target, Decreased intrinsic motivation and commitment to work

Research methods

This study uses a descriptive quantitative approach, with the aim of knowing and describing the relationship between the non-implementation of the performance appraisal system and the level of employee productivity at PT. XYZ. Data were collected through a survey using interviews.

The study was conducted at PT. XYZ located in Purwakarta, West Java, from January to December 2024. The population in this study were permanent employees at PT. XYZ. The research sample consisted of 72 people, taken using a purposive sampling technique, namely selecting respondents based on certain criteria, such as: having a work period of more than 5 years, working in the production department (majority), having experienced or being aware of the absence of a performance appraisal system in the company.

Results and Discussion

Respondent Characteristics

Based on the results of research on 72 employees at PT.XYZ, the following are the characteristics of the respondents:

Table 1: Respondent Characteristics Based on Gender

Gender	Amount	Percentage (%)
Man	55	76%
Woman	17	24%
Total	72	100%

Source: Data Processing Results, 2024

Table 1 Explanation

Based on the data obtained, the characteristics of the respondents show that most of the respondents are male with a total of 55 people (76%) and the rest are female with a total of 17 people (24%). This indicates that this study involves more male employees, which can affect the dynamics of results related to productivity in a gender context.

Table 2. Respondent Characteristics Based on Age

Age	Amount	Percentage (%)
20 – 30 years	4	5.56%
31- 40 years old	25	34.72%
41 – 50 years	24	33.33%
> 50 years	19	26.39%
Total	72	100%

Source: Data Processing Results, 2024

Table 2 Explanation

In terms of age, respondents are spread from 20 to over 50 years old. The majority of respondents are in the 31–50 age range (around 68%), which is generally a productive age group and experienced in the world of work. Only a few respondents are aged 20-30 years (5.56%), so the results of this study better reflect the views and conditions of employees who are professionally mature.

Table 3: Respondent Characteristics Based on Years of Service

Years of service	Amount	Percentage (%)
12 years old	0	0%
3 – 5 years	0	0%
>5 years	72	100%
Total	72	100%

Source: Data Processing Results, 2024

Table 3 Explanation

In terms of age, respondents are spread from 20 to over 50 years old. The majority of respondents are in the age range of 31–50 years (around 68%), which is generally a productive age group and experienced in the world of work. Only a few respondents are aged 20-30 years (5.56%), so the results of this study better reflect the views and conditions of employees who are professionally mature. All respondents have worked for more than 5 years, which means they already have quite a long work experience and understand the work environment and systems running in the company. This condition allows them to provide a mature assessment regarding the impact of the absence of performance appraisal on work productivity.

Table 4: Respondent Characteristics by Department

Department	Amount	Percentage (%)
Accounting	0	0%
Purchasing	0	0%
EDP	0	0%
Sales, Marketing	0	0%

PPC&MPC	1	1.39%
Multifilament Production	45	62.5%
Monofilament Production	11	15.27%
Engineering	12	16.67%
HRD&GA	1	1.39%
Analysis	2	2.78%
Total	72	100%

Source: Data Processing Results, 2024

Table 4 Explanation

In terms of departments, the majority of respondents came from the Multifilament Production department (62.5%), followed by Monofilament Production (15.27%) and Engineering (16.67%). Other departments such as PPC & MPC, HRD & GA, and Analysis have very small representation. The focus of respondents on the production department indicates that the research results describe more conditions in the production line which is the core part of the company's process.

The Relationship between the Absence of Performance Appraisal and Employee Productivity Levels

The characteristics of respondents who are mostly experienced workers with more than 5 years of work experience in the production department provide an important picture of the impact of the absence of performance appraisal. Performance appraisal functions as an evaluation and motivation tool to increase employee productivity. Without formal evaluation, employees who have been working for a long time tend to get less constructive feedback, which can reduce work enthusiasm and productivity.

With most respondents being of productive age and having high work experience, they usually need recognition for their work achievements and clear direction for career development. The absence of performance appraisal can cause employees to feel unappreciated and less motivated, which has the potential to significantly reduce productivity.

In addition, the majority of respondents who work in the production line are likely to experience a direct impact from the absence of formal evaluation because their tasks are closely related to measurable production targets. The lack of structured and systematic feedback can make them less than optimal in achieving production targets, so that the overall productivity of the company is also affected.

Overall, the respondent characteristic data supports a negative relationship between the absence of performance appraisal and employee productivity levels. This study recommends that companies immediately implement an effective performance appraisal system so that employees get the evaluation and motivation needed to improve performance and productivity.

The impact of the absence of a performance appraisal system on the motivation and performance of individual employees at PT. XYZ?"

1. Influence on Employee Motivation

Without a performance appraisal system:

- Employees do not receive formal feedback on their work accomplishments.
- Intrinsic motivation may decline due to lack of recognition or reward for performance.
- Employees may feel unappreciated or ignored by management.
- Work objectives become less clear because there are no established assessment benchmarks.

Related theories: Herzberg's Two Factor Theory, Vroom's Expectancy Theory

2. Influence on Individual Performance

Without performance appraisal:

- Employees may not be aware of the expected performance standards.
- Productivity tends to be inconsistent, because there is no monitoring or evaluation mechanism.
- The absence of assessment creates no objective basis for competency development or training.
- Potential for decreased discipline and work responsibility due to the lack of clear consequences or rewards.

Related theories: Goal Setting Theory (Locke & Latham), Management by Objectives (Drucker)

3. Organizational Implications

- Difficulty in making decisions about promotions, training, or incentives.
- Decreased trust in the management system.
- The potential for turnover increases if employees feel they are not developing.

What other factors affect employee productivity at PT. XYZ when performance appraisal is not implemented?

1. Intrinsic and Extrinsic Motivation

- Inner motivation such as a sense of responsibility, job satisfaction.
- Incentives, bonuses, informal rewards, or social recognition.

Relevant theories: Herzberg's Theory of Motivation, Vroom's Expectancy Theory

2. Leadership and Managerial Style

- The way superiors guide, direct and provide support can affect morale and productivity.
- Participative or supportive leadership styles tend to improve performance.

Relevant theories: Goleman's Leadership Styles, Path-Goal Theory

3. Work environment

- Physical conditions, comfort, security, and supportive work culture.
- A healthy working environment improves concentration and efficiency.

4. Training and Development

- Access to technical and soft skills training can improve abilities and productivity even if it is not formally assessed.

5. Internal Communication

- Clear, two-way flow of information helps employees understand tasks and expectations.
- Even if there is no appraisal, informal feedback from superiors can be motivating.

6. Job Load and Design

- Workload that is appropriate to capacity, as well as a clear job description, can maintain productivity.
- A monotonous work design without challenges can reduce work enthusiasm.

7. Job Engagement and Satisfaction

- The level of emotional and psychological involvement in work greatly influences output.

Conclusion and Suggestions

Conclusion

1. Respondent characteristics dominated by male employees (76%), aged 31–50 years (68%), and all have more than 5 years of service. Most of them come from the production department (Multifilament and Monofilament), which is the core of the company's operational processes.
2. Absence of performance appraisal system proven to have a negative impact on work motivation and productivity. Employees do not receive systematic feedback, do not feel appreciated, and lose clear work direction. This reduces intrinsic motivation and work enthusiasm, especially for experienced employees who need recognition and clarity of career direction.
3. Individual performance also affected by the absence of evaluation standards, the absence of an objective basis for training or development, and the loss of structured reward and punishment mechanisms.
4. Organizational implications include difficulties in HR decision making (such as promotions and training), increased risk of turnover, and reduced trust in management.
5. Other factors that influence productivity when appraisal is not applied include: intrinsic/extrinsic motivation, leadership style, work environment, training, internal communication, workload, and employee engagement.

Suggestion

1. The company will soon implement a performance appraisal system structured, fair, and transparent. This system should include regular performance evaluations, constructive feedback, and links to reward systems and career development.
2. Management needs to train direct superiors to be able to provide quality informal feedback, even though the formal system is not yet running. This can maintain employee motivation in the short term.
3. Support for other aspects such as training, communication and supportive leadership needs to be strengthened to maintain productivity.
4. Creating policies that support employee well-being and engagement also needs to be developed as a form of compensation for the absence of a clear evaluation system.
5. For sustainability, periodic internal monitoring and evaluation need to be carried out to measure the effectiveness of the appraisal system implemented and its impact on productivity.

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