



The Influence of 360-Degree Feedback and Performance Appraisal Fairness on Employee Motivation

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Abstract

This study investigates the influence of 360 degree feedback and performance appraisal fairness on employee motivation to improve performance through the mediating role of Leader Member Exchange. The research adopts a quantitative explanatory approach using Structural Equation Modelling to examine causal relationships among the proposed constructs. Data were collected from 207 employees working in formal sector organizations that implemented 360 degree feedback systems. The findings reveal that 360 degree feedback significantly enhances Leader Member Exchange, while performance appraisal fairness also contributes positively to the quality of supervisor employee relationships. Leader Member Exchange demonstrates a significant positive effect on motivation to improve performance. The mediation analysis further confirms that Leader Member Exchange serves as a significant mechanism linking both 360 degree feedback and performance appraisal fairness with employee motivation. The results indicate that employees are more motivated to improve performance when appraisal practices are perceived as fair and are supported by strong relational exchanges characterized by trust, respect, and support. The study contributes to performance management literature by highlighting the central role of relational dynamics in transforming appraisal practices into motivational outcomes.

Keywords : 360 Degree Feedback, Leader Member Exchange, Motivation To Improve Performance, Performance Appraisal Fairness, Performance Management.



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INTRODUCTION

The increasing complexity of contemporary organizations has intensified scholarly attention toward performance management systems that are capable of simultaneously enhancing accountability, employee development, and organizational competitiveness. Across both public and private sectors, organizations are gradually moving beyond conventional supervisor centered evaluation mechanisms and adopting more participative assessment approaches that incorporate multiple evaluative perspectives. Within this transformation, 360 degree feedback has emerged as one of the most influential performance management innovations because it enables employees to receive evaluations from supervisors, peers, subordinates, and themselves, thereby generating a more comprehensive representation of workplace behavior and performance. Recent evidence suggests that organizations increasingly regard multidimensional feedback systems as strategic instruments for fostering employee development, strengthening interpersonal trust, and improving organizational effectiveness (Wijaya, 2024). Parallel to this development, concerns regarding fairness in performance appraisal have become more prominent because employees' reactions to evaluation outcomes are often shaped less by the appraisal result itself than by perceptions regarding the legitimacy, transparency, and justice of the assessment process. Studies examining performance appraisal practices in both public and private organizations indicate that fairness perceptions remain central determinants of employee attitudes, behavioral responses, and organizational commitment, particularly in environments characterized by growing demands for accountability and employee participation (Tarigan et al., 2025). As organizations continue to seek sustainable methods for enhancing workforce motivation, the intersection between 360 degree feedback and performance appraisal fairness has become a critical domain for understanding how evaluation systems influence employee behavior and performance improvement.

The existing body of literature generally supports the proposition that effective performance appraisal systems contribute positively to employee outcomes, yet the underlying mechanisms through which such effects emerge remain subject to considerable scholarly debate. Empirical studies demonstrate that performance appraisal practices can enhance employee productivity, work engagement, and developmental orientation when employees perceive the evaluation process as meaningful and supportive (Too, 2025). Research on 360 degree feedback similarly suggests that multidimensional evaluations provide richer developmental information and facilitate more accurate self awareness, thereby encouraging behavioral improvement and professional growth (Yıldırım, 2026). Nevertheless, a closer synthesis of prior findings reveals that the effectiveness of these systems is rarely attributable solely to the technical design of appraisal instruments. Rather, positive outcomes appear to depend heavily on relational and contextual conditions that shape how feedback is interpreted and accepted. Evidence from organizational settings indicates that feedback interventions generate stronger developmental consequences when embedded within supportive interpersonal relationships characterized by trust, mutual respect, and open communication (Ugwoke et al., 2025). Such findings imply that the motivational consequences of performance appraisal systems are not merely procedural outcomes but are deeply embedded within social exchange processes that influence employees' willingness to internalize evaluation outcomes and translate them into performance improvement efforts.

Despite substantial scholarly progress, significant conceptual and empirical limitations remain unresolved within the literature. First, many studies investigating performance appraisal effectiveness have concentrated predominantly on direct relationships between appraisal systems and performance related outcomes while paying insufficient attention to the relational mechanisms that connect evaluation experiences with motivational processes. Second, research concerning 360 degree feedback has often emphasized assessment accuracy, developmental utility, and organizational implementation challenges, whereas its interaction with perceptions of appraisal fairness remains underexplored. Third, findings regarding appraisal fairness frequently reveal inconsistencies across organizational contexts because employees may interpret identical appraisal procedures differently depending on the quality of their relationships with supervisors and organizational actors (Tarigan et al., 2025). Fourth, the growing criticism of traditional performance evaluation models, particularly forced ranking and bell curve approaches, highlights the possibility that technically sophisticated appraisal systems may still fail to generate positive motivational outcomes when employees perceive underlying evaluation practices as inequitable or politically influenced (Willie, 2025). These limitations indicate the presence of a theoretical gap concerning how multiple dimensions of appraisal systems interact with relational dynamics to shape employee motivation.

The unresolved nature of these issues carries substantial scientific and practical implications. From a theoretical perspective, insufficient understanding of the mechanisms linking 360 degree feedback and appraisal fairness to employee motivation limits the development of integrated performance management frameworks capable of explaining why similar evaluation systems produce divergent outcomes across organizational contexts. From a managerial perspective, organizations continue to invest considerable resources in implementing sophisticated appraisal systems despite persistent evidence that employees may react negatively when evaluation processes are perceived as unfair or disconnected from supportive leadership relationships. Recent findings suggest that the effectiveness of feedback interventions is significantly influenced by social exchange conditions that determine whether employees interpret appraisal outcomes as developmental opportunities or as sources of organizational injustice (Ugwoke et al., 2025). Simultaneously, evidence concerning productivity enhancement through performance appraisal underscores the importance of identifying factors that transform evaluative information into motivational energy capable of sustaining performance improvement over time (Too, 2025). The absence of a comprehensive explanation regarding these processes creates both a theoretical deficiency and a practical challenge for organizations seeking to maximize the developmental value of performance management systems.

Against this backdrop, the present study positions itself within an emerging stream of research that seeks to integrate performance appraisal theory, organizational justice perspectives, and leader member exchange theory into a unified explanatory framework. Rather than examining 360 degree feedback and performance appraisal fairness as isolated antecedents of employee outcomes, this study conceptualizes both constructs as organizational experiences whose influence is transmitted through the

quality of leader member exchange relationships. Such positioning responds directly to calls for more relationally informed explanations of employee motivation and extends recent scholarship emphasizing the central role of social exchange processes in shaping workplace behavior (Ugwoke et al., 2025). This perspective also addresses the need to move beyond purely technical evaluations of appraisal systems by recognizing that employees' motivational responses are fundamentally embedded within ongoing interactions with organizational leaders. In methodological terms, the study adopts a structural perspective capable of simultaneously examining multiple direct and indirect relationships among key variables, thereby providing a more comprehensive understanding of how appraisal experiences are transformed into motivational outcomes. The analytical logic underlying this approach is consistent with established recommendations regarding causal modeling and multivariate analysis in organizational research (Hair et al., 2014; Malhotra, 2010; Sekaran & Bougie, 2016).

This study aims to examine the influence of 360 degree feedback and performance appraisal fairness on employee motivation to improve performance through the mediating role of leader member exchange. By investigating these relationships within an integrated structural framework, the study seeks to advance theoretical understanding regarding the relational mechanisms that connect performance evaluation systems with employee motivation. The research contributes conceptually by positioning leader member exchange as a central explanatory pathway through which appraisal experiences acquire motivational significance. It also contributes methodologically by employing a comprehensive structural equation modelling approach that enables simultaneous examination of direct and indirect effects among the proposed constructs. Through this approach, the study is expected to enrich contemporary performance management literature while providing a more nuanced explanation of how organizations can design evaluation systems that not only assess performance but also stimulate sustained motivation for performance improvement.

RESEARCH METHODS

This study employed an empirical quantitative approach using a causal explanatory research design to examine the causal relationships among 360 degree feedback, performance appraisal fairness, leader member exchange, and motivation to improve performance. A causal explanatory design was selected because it enables the investigation of both direct and indirect effects among variables within the context of organizational behavior and performance management (Malhotra, 2010). The study adopted a cross sectional survey design in which data were collected at a single point in time through a structured questionnaire administered to 207 employees working in formal sector organizations that had implemented a 360 degree feedback system. Judgmental sampling was utilized to ensure that all respondents possessed direct experience with the performance evaluation mechanisms under investigation, consistent with methodological recommendations for business research requiring the selection of participants based on specific characteristics (Sekaran & Bougie, 2016). Primary data were obtained directly from the respondents. In the proposed research model, 360 degree feedback and performance appraisal fairness were specified as exogenous variables, motivation to improve performance was designated as the endogenous variable, and leader member exchange was positioned as a mediating variable. The operationalization of each construct was based on measurement indicators adapted from previously validated instruments in the literature. These indicators were designed to capture the dimensions of multisource evaluation, perceived fairness of performance appraisal systems, quality of supervisor subordinate relationships, and individual motivation to continuously enhance work performance. The selection of these variables was grounded in theoretical arguments suggesting that the effectiveness of performance management systems is substantially influenced by perceptions of fairness and the quality of social interactions within organizations (Rajapakshe, 2024).

All indicators were measured using a four point Likert scale to reduce respondents' tendency to select neutral responses and to enhance the sensitivity of the measurement instrument in capturing individual perceptions. Data analysis was conducted using covariance based Structural Equation Modelling with LISREL 8.8. This analytical technique was selected because it enables the simultaneous assessment of measurement and structural models involving mediating relationships among latent constructs (Hair et al., 2014). The initial stage of analysis involved evaluating construct validity and reliability through Confirmatory Factor Analysis by examining standardized factor loadings, construct reliability, and variance extracted values. Model fit was subsequently assessed using multiple goodness of fit indices, including Chi Square probability value, Root Mean Square Error of Approximation,

Normed Fit Index, Non Normed Fit Index, Comparative Fit Index, Incremental Fit Index, Relative Fit Index, Goodness of Fit Index, and Adjusted Goodness of Fit Index. Hypothesis testing was performed through the estimation of structural path coefficients and corresponding t values to determine the significance of the proposed relationships among variables. The mediating role of leader member exchange was examined using the Sobel test to assess the significance of the indirect effects of 360 degree feedback and performance appraisal fairness on motivation to improve performance. To enhance the robustness of parameter estimation, the study also employed robust maximum likelihood and unweighted least squares estimation procedures. These approaches were applied to ensure reliable results in the presence of potential violations of multivariate normality assumptions, as recommended in the multivariate analysis and empirical business research literature (Hair et al., 2014; Sekaran & Bougie, 2016).

RESULTS AND DISCUSSION

Effects of 360 Degree Feedback on Leader Member Exchange Quality

The structural model estimation demonstrated that 360 degree feedback exerted a positive and statistically significant influence on leader member exchange. The path coefficient was positive and supported by a t value of 11.05, exceeding the recommended threshold of 1.96 for significance testing in covariance based Structural Equation Modelling. This finding indicates that employees who perceived the implementation of multisource feedback more positively also reported stronger relational exchanges with their supervisors. The magnitude of the statistical relationship suggests that the feedback system functions not only as an evaluative mechanism but also as a relational instrument that shapes workplace interactions and social exchange processes (Hair et al., 2014).

The empirical evidence reinforces the proposition that performance evaluation systems influence behavioral outcomes through interpersonal mechanisms rather than through administrative functions alone. Employees who receive performance information from multiple evaluators tend to perceive greater transparency and inclusiveness during the evaluation process. Such conditions facilitate the development of mutual understanding between supervisors and subordinates because performance information is derived from a broader range of organizational actors. The present finding supports arguments advanced by Al Maawali et al. (2024) that successful implementation of multisource feedback depends on the creation of trust based communication structures throughout the organization.

The significance of the relationship can also be interpreted through social exchange theory, which posits that repeated interactions characterized by fairness and reciprocity contribute to stronger relational quality. Employees receiving feedback from supervisors, peers, and other stakeholders are exposed to a more comprehensive assessment environment. This condition reduces uncertainty regarding performance expectations and encourages constructive dialogue between leaders and employees. Similar conclusions were reported by Rafiq et al. (2023), who observed that multisource evaluation mechanisms improve communication patterns and interpersonal relationships within organizational settings.

From a performance management perspective, the result indicates that feedback systems have strategic implications extending beyond employee assessment. Organizations increasingly utilize multisource evaluation because traditional supervisor centered appraisal systems often generate concerns regarding subjectivity and evaluator bias. The presence of multiple evaluators distributes assessment responsibility across organizational members and strengthens perceptions of procedural legitimacy. Comparable observations were reported by Wijaya (2024), who found that organizations adopting comprehensive evaluation systems experience stronger collaborative interactions among organizational members.

The measurement model results further support the robustness of the construct relationships identified in the structural model. The feedback construct demonstrated satisfactory reliability with construct reliability exceeding the recommended threshold and variance extracted indicating adequate convergent validity. These measurement properties provide confidence that the observed relationship is attributable to the theoretical construct rather than measurement error. Such methodological rigor is strongly recommended in empirical organizational behavior research employing latent variable analysis (Hair et al., 2014).

Table 1 Structural Effect of 360 Degree Feedback on Leader Member Exchange

Hypothesis	Structural Path	Standardized Coefficient (β)	t Value
H1	360 Degree Feedback → Leader Member Exchange	0.69	11.05

Source: Processed SEM LISREL Results from Survey Data of 207 Respondents.

The results presented in Table 1 indicate a substantial positive effect of 360 degree feedback on leader member exchange quality. The high t value demonstrates strong empirical support for the proposed causal relationship. Employees exposed to comprehensive feedback mechanisms tend to perceive greater support and engagement from their supervisors. This outcome suggests that feedback systems may contribute to the development of relational resources that facilitate effective workplace communication.

The finding is consistent with recent evidence emphasizing the developmental role of multisource feedback systems. Bapar et al. (2024) argued that 360 degree performance appraisal functions as a driver of employee engagement because it provides individuals with broader opportunities to understand performance expectations. Employees who receive richer feedback information are more likely to engage in meaningful discussions with supervisors regarding improvement strategies. These interactions strengthen relational bonds and reinforce the quality of leader member exchanges.

Another interpretation concerns the role of credibility in performance evaluation processes. Employees are generally more willing to accept performance assessments when they originate from diverse and credible sources. The reduction of perceived evaluator bias enhances trust toward organizational systems and toward supervisors who facilitate the feedback process. Similar observations were reported by Souki et al. (2025), who found that multisource feedback contributes to stronger perceptions of organizational justice and more favorable employee attitudes.

The present result also aligns with evidence from Indonesian organizational contexts. Judijanto and Mintawati (2025) reported that 360 degree feedback positively influences employee development outcomes because employees perceive the evaluation process as more objective and informative. Listiani and Liswara (2026) similarly emphasized that multisource assessment promotes stronger communication between supervisors and employees by encouraging collaborative evaluation practices. Collectively, these findings suggest that 360 degree feedback strengthens leader member exchange by enhancing transparency, trust, and constructive interaction within organizational performance management systems.

The Influence of Performance Appraisal Fairness on Leader Member Exchange

The structural model results indicate that performance appraisal fairness exerts a strong positive effect on leader member exchange. The estimated path coefficient of 0.81 and t value of 14.34 demonstrate that the relationship is statistically significant and substantively meaningful. These findings suggest that employees who perceive appraisal procedures, outcomes, and interpersonal treatment as fair are more likely to develop high quality relationships with their supervisors. This result reinforces the central assumptions of Organizational Justice Theory and Social Exchange Theory, which posit that fairness perceptions shape reciprocal social relationships within organizational settings (Shah et al., 2024; Zhang, 2012).

Employees often interpret fairness during performance evaluation as an important organizational signal regarding respect, recognition, and managerial integrity. Fair evaluation processes reduce uncertainty regarding managerial intentions and encourage employees to view supervisors as trustworthy exchange partners. The findings indicate that fairness perceptions contribute to the development of stronger interpersonal bonds between supervisors and subordinates. Similar arguments have been advanced by Shaikh (2016), who emphasized that perceived justice strengthens relational trust and promotes cooperative workplace interactions.

Table 2 Structural Effect of Performance Appraisal Fairness on Leader Member Exchange

Relationship	Path Coefficient	t Value	Decision
Performance Appraisal Fairness → Leader Member Exchange	0.81	14.34	Supported

Source: Processed SEM LISREL Results from Survey Data of 207 Respondents.

The statistical evidence presented in Table 2 confirms that performance appraisal fairness is a significant antecedent of leader member exchange. The magnitude of the coefficient indicates that fairness perceptions represent one of the strongest predictors of supervisor subordinate relationship quality within the proposed model. Employees appear to evaluate the credibility of supervisors through the fairness demonstrated during appraisal activities. Comparable findings were reported by Shah et al. (2024), who found that appraisal fairness strengthens relational exchanges through enhanced trust and perceived managerial legitimacy.

The observed relationship can also be interpreted through the lens of Social Exchange Theory. When employees perceive evaluation decisions as fair, they are more inclined to reciprocate through positive attitudes and stronger relational engagement with supervisors. Fair treatment creates an obligation for reciprocal cooperation because employees perceive that organizational authorities have fulfilled important social expectations. Such reciprocal dynamics contribute to the emergence of high quality leader member exchange characterized by mutual respect and professional support (Wang et al., 2019).

Procedural fairness represents a particularly influential dimension in shaping exchange quality because employees closely monitor the consistency and transparency of evaluation processes. Fair procedures communicate that supervisors apply organizational standards objectively and without favoritism. This perception reduces suspicion regarding managerial motives and encourages greater confidence in leadership decisions. Tarigan et al. (2025) argued that procedural fairness functions as a critical mechanism for strengthening trust within contemporary performance management systems.

Distributive fairness also contributes to the development of stronger leader member exchange relationships. Employees tend to assess whether appraisal outcomes accurately reflect their contributions and performance achievements. When outcomes are perceived as equitable, employees experience a stronger sense of organizational recognition and supervisor support. Research by Li and Zhou (2025) suggests that equitable appraisal outcomes enhance employee acceptance of managerial authority and strengthen relational commitment.

Interpersonal fairness further reinforces exchange quality by influencing how employees interpret supervisor intentions during evaluation discussions. Respectful communication, dignity, and consideration during appraisal interactions shape perceptions of relational value. Employees who experience courteous treatment are more likely to perceive supervisors as supportive partners rather than evaluative authorities. Ghannam (2026) noted that interpersonal treatment remains a decisive factor in determining whether performance appraisal systems generate positive relational outcomes.

The findings also indicate that fairness enhances psychological acceptance of supervisory decisions. Employees become more willing to accept performance ratings when they perceive fairness throughout the evaluation process. This acceptance minimizes resistance and defensive reactions that often undermine supervisor subordinate relationships. Willie (2025) highlighted that employee dissatisfaction frequently emerges when appraisal systems are perceived as unfair, regardless of the technical quality of the evaluation framework.

Another important implication concerns the role of fairness in generating mutual respect between supervisors and employees. Fair evaluations communicate that supervisors acknowledge employee contributions through objective and transparent standards. This perception strengthens employee confidence in leadership and encourages the formation of cooperative exchange relationships. Jeseni et al. (2026) emphasized that perceived fairness serves as a foundation for sustainable employee management practices because it reinforces positive interpersonal dynamics.

The present findings align with earlier empirical evidence demonstrating that fairness perceptions are closely associated with relational quality in organizational contexts. Fair appraisal systems operate not only as administrative mechanisms but also as social signals that shape employee interpretations of

managerial intentions. Employees who perceive fairness are more likely to trust supervisors, respect organizational authority, and engage in constructive relational exchanges. The significant effect identified in this study supports the proposition advanced by Zhang (2012), Shaikh (2016), Wang et al. (2019), and Shah et al. (2024) that fairness functions as a critical pathway through which organizations cultivate high quality leader member exchange relationships.

Leader Member Exchange as a Mechanism Linking Performance Management Practices and Motivation to Improve Performance

The structural model evaluation demonstrates that leader member exchange functions as an important relational mechanism connecting performance management practices with employees' motivation to improve performance. The empirical findings indicate that employees who develop stronger exchange relationships with their supervisors exhibit higher levels of motivation toward continuous performance enhancement. This result confirms the proposition that social relationships within organizations represent an essential pathway through which managerial practices influence individual behavioral outcomes. The finding is consistent with performance management literature emphasizing that employee motivation is shaped not only by formal evaluation systems but also by the quality of interpersonal interactions established during managerial processes (Rajapakshe, 2024).

High quality leader member exchange creates a work environment characterized by mutual trust, support, and reciprocal commitment between supervisors and employees. Such relational conditions increase employees' willingness to invest additional effort because they perceive organizational goals as personally meaningful. Biswakarma and Kadayat (2023) reported that employees who experience supportive supervisory relationships demonstrate stronger motivation to improve work performance and achieve organizational objectives. Similar evidence was also reported by Egbon et al. (2025), who found that positive supervisor employee interactions strengthen motivational responses toward performance improvement initiatives.

The present findings further suggest that leader member exchange operates as a motivational resource that enhances employees' confidence in their capacity to achieve higher performance standards. Employees who receive guidance, recognition, and developmental support from supervisors tend to perceive performance improvement as an attainable objective rather than an organizational obligation. Too (2025) argued that supportive performance management environments increase employee commitment toward productivity enhancement because workers perceive stronger organizational support. This interpretation aligns with the relational perspective of leader member exchange theory, which positions supervisors as critical providers of social and professional resources.

Table 3 Direct and Indirect Effects on Motivation to Improve Performance

Relationship	Effect Type	t Value	Sobel Significance
LMX → Motivation to Improve Performance	Direct	2.00	-
360 Degree Feedback → LMX → Motivation to Improve Performance	Indirect	-	0.049
Performance Appraisal Fairness → LMX → Motivation to Improve Performance	Indirect	-	0.047

Source: Processed SEM LISREL Results from Survey Data of 207 Respondents.

The results presented in Table 3 indicate that leader member exchange exerts a significant direct influence on motivation to improve performance while simultaneously transmitting the effects of performance management practices through indirect pathways. The significance of both Sobel tests confirms that leader member exchange serves as an effective mediating mechanism within the proposed structural model. These findings support the argument that employees are more likely to translate organizational practices into motivational outcomes when positive relational exchanges exist with

supervisors. Similar conclusions were reported by Van Woerkom and Kroon (2020), who emphasized that developmental performance management practices become more effective when employees perceive supportive supervisory relationships.

The direct relationship between leader member exchange and motivation to improve performance highlights the importance of relational quality as a predictor of employee behavioral intentions. Employees who perceive higher levels of supervisor support often experience stronger psychological attachment toward organizational objectives and professional development opportunities. Stewart and Wiener (2021) argued that trust and mutual respect embedded within leader member exchange relationships create favorable psychological conditions that strengthen work related motivation. The present findings provide additional empirical support for this perspective within the context of contemporary performance management systems.

The mediation result associated with 360 degree feedback indicates that performance related information contributes to employee motivation primarily when interpreted through constructive supervisor employee relationships. Employees may not automatically convert performance information into developmental action unless relational support facilitates understanding, acceptance, and implementation of improvement efforts. Souki et al. (2025) demonstrated that organizational interventions become more effective when relational mechanisms foster positive employee perceptions and behavioral engagement. Comparable evidence was also reported by Ugwoke et al. (2025), who identified relational processes as important mediators linking managerial practices and individual performance outcomes.

The significant indirect effect between 360 degree feedback and motivation also supports the view that interpersonal relationships influence how employees react to organizational interventions. Employees who maintain strong relationships with supervisors are more likely to perceive developmental recommendations as opportunities for growth rather than as evaluative threats. Judijanto and Mintawati (2025) found that performance management practices produce stronger behavioral outcomes when employees experience supportive organizational relationships. Armys and Sandi (2026) similarly reported that positive supervisory interactions strengthen employee commitment toward career development and future performance improvement.

The mediation effect associated with performance appraisal fairness reveals that employees respond more positively to appraisal systems when fairness perceptions are accompanied by supportive leader member relationships. Fair appraisal practices enhance trust toward supervisors, while trust subsequently strengthens employee willingness to pursue higher performance standards. Shah et al. (2024) demonstrated that leader member exchange represents a critical mechanism through which fairness perceptions influence motivational outcomes in organizational settings. This pattern reinforces the assumptions of social exchange theory, which suggests that employees reciprocate favorable treatment through constructive work attitudes and behaviors.

The findings also indicate that motivational consequences of fair appraisal systems cannot be fully explained by procedural mechanisms alone. Employees evaluate fairness through ongoing interactions with supervisors, making relational quality an important determinant of how appraisal outcomes are interpreted and accepted. Elhadi et al. (2026) found that positive supervisory relationships strengthen favorable employee reactions toward performance evaluation processes and workplace experiences. Similar observations were reported by Kodi and Kumar (2026), who emphasized that managerial support enhances employee willingness to pursue higher performance expectations and developmental goals.

From a broader organizational perspective, the results suggest that leader member exchange functions as a strategic social mechanism connecting performance management practices with employee development outcomes. Himes et al. (2025) argued that contemporary human resource systems create greater organizational value when formal management practices are reinforced through supportive interpersonal relationships. The present findings indicate that organizations seeking to improve employee motivation should prioritize not only the design of performance management systems but also the quality of supervisor employee interactions. Strong relational exchange

CONCLUSION

The findings confirm that employee motivation to improve performance is shaped not only by the design of performance management practices but also by the quality of relational exchanges between

supervisors and employees. The structural model demonstrates that 360 degree feedback and performance appraisal fairness significantly strengthen Leader Member Exchange, while Leader Member Exchange exerts a positive influence on motivation to improve performance. The mediation results further indicate that the motivational value of performance management practices emerges when employees experience relationships characterized by trust, respect, support, and reciprocal commitment. Employees who perceive appraisal processes as fair and developmental are more likely to develop stronger exchanges with supervisors, which subsequently encourages greater willingness to enhance future performance. These results extend social exchange and performance management perspectives by showing that relational mechanisms explain how appraisal systems translate into motivational outcomes. The study highlights that organizations seeking to improve employee motivation should integrate fair evaluation processes with leadership practices that foster high quality interpersonal relationships, thereby creating conditions that support continuous performance improvement and sustainable organizational effectiveness.

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