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Perceived Fairness in Performance Appraisal and Its Association with Employee Motivation and Job Satisfaction

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Abstract: The performance appraisal process can affect an employee's perception of their work and future within the organization. Employees understand that appraisals are evaluations of their work and often interpret the results as communication about the worth of their contribution and the opportunities available to them within the organization. Employees evaluate fairness based on the treatment they receive throughout the process, and the extent to which the decision is communicated to them. This narrative review synthesizes research on perceived fairness of performance appraisals and its relationship with employee motivation and job satisfaction, published between 2022 and October 2026. The studies covered a variety of contexts, including technology companies in China, and banks and IT companies in India, as well as remote work, and a recent synthesis of appraisal research. In the studies, positive treatment (respectful communication and interaction with supervisors), as well as clear appraisal criteria and feedback, emerged as significant themes. While there is a positive relationship between motivation and job satisfaction, and other variables covered in the research, they are different constructs.

Keywords: *Performance Appraisal; Organizational Justice; Perceived Fairness; Employee Motivation; Job Satisfaction; Feedback; Performance Management*

1. Introduction

Employees also pay attention to the entire process that led to the appraisal decision, because pay and career opportunities are impacted by such decisions. Employees are most likely to view appraisal process as unfair when certain expectations are not explained to them,

there is little or no evidence, colleagues doing similar work are assessed differently, and the manager provides ratings without any cogent reason.

Organizational justice theory helps explain employees' reactions to appraisal decisions. Concerns with procedural justice focus on how consistent and fair the process is. It looks into the adequacy of the evidence. If a process lacks any of these, the outcome, no matter how fair, will be viewed as ultimately unjust. Interpersonal justice considers whether employees are dealt with in a dignified manner, while informational justice focuses on whether outcomes are adequately communicated.

Relationships between appraisal fairness and employees' attitudes and behavior at work have continued to attract researchers. One recent study, for example, examined the effect of appraisal injustice on employees' work attitudes and behaviors in IT companies in India. Other studies focus on fairness at work in remote settings and biases that influence performance ratings. This review identifies studies on the effects of performance appraisal on motivation, job satisfaction, and the main findings related to these emotional work-related constructs that were published from 2022 to October 2026.

2. Objectives of the Study

The purpose of this review is to clarify the more recent evidence surrounding employees' perceptions of fairness in performance appraisal and to analyze how these perceptions of fairness relate to motivation and job satisfaction.

- Examine recent studies on some key dimensions of appraisal fairness and what shapes employees' perceptions of fairness.
- Examine recent studies on motivation and job satisfaction and separate these two from other work-related outcomes such as engagement and intention to stay, and lastly, from the outcome of job performance.
- Include the elements of appraisal feedback and fairness, supervisory support, appraisal criteria, and any biases that may exist in the rating process.
- Identify implications and suggest areas of future research, where evidence allows.

3. Methodology

This paper uses a focused narrative review of research records identified in the working manuscript and targeted searches for publications dated from 2022 to October 2026. Priority was given to sources with identifiable authors, publication details, and a DOI or stable publisher page. Earlier studies were retained only when they helped explain the concepts

discussed in the review. However, the search and selection process was not recorded in enough detail for another researcher to repeat it independently. The review should therefore not be treated as exhaustive.

The materials available for this review do not include a complete search log for each database, verified search terms and dates, a deduplicated list of records, documented full-text selection decisions, or completed quality-assessment scores. For this reason, the paper does not report PRISMA flow numbers, a definitive count of included studies, a meta-analysis, or a pooled effect estimate. Findings are discussed cautiously and in line with the methods and outcomes reported in the available sources.

The results should be read as a focused narrative summary of selected research, not as a systematic review or a statistical estimate of the overall relationship.

4. Performance Appraisal Fairness: Concepts and Recent Evidence

4.1 *Organizational justice and social exchange*

Organizational Justice Theory provides a way to understand how employees judge workplace decisions, procedures, and the way they are treated. In an appraisal, distributive justice asks whether the rating and its consequences seem reasonable in relation to the employee's work. Procedural justice concerns whether standards are applied consistently, the evidence is dependable, employees have a chance to explain their perspective, and errors can be corrected. Interpersonal justice is about dignity and respect, while informational justice concerns the clarity and honesty of the explanation given by the manager.

Fairness does not necessarily mean that everyone should receive the same rating. An employee may be disappointed with an outcome but still regard the process as fair if the expectations were clear, the evidence was credible, and the manager explained the decision respectfully. On the other hand, even a good rating may not build trust if employees believe that decisions are inconsistent or biased.

Social Exchange Theory offers another way to understand these responses. When employees feel that their managers treat them fairly and provide support, they may be more likely to trust the organization and contribute to its goals. This is a possible pattern, rather than a guaranteed response. Employees' reactions can also be shaped by leadership, the type of work they do, reward practices, and their wider experiences in the organization.

It is also important to be clear about what each outcome means. Work motivation refers to an employee's willingness to make an effort toward work goals, while motivation to improve performance is more specific. Job satisfaction describes how employees feel about their jobs

overall; appraisal satisfaction refers to how they feel about the review, rating, or appraisal meeting. Engagement, intention to stay, organizational identification, and job performance are related concepts, but each measures something different. This review keeps these outcomes distinct rather than treating them as equivalent.

4.2 ***Appraisal justice and performance-related outcomes***

Lyu et al. (2023) studied 404 employees and their direct supervisors in Chinese high-technology enterprises. Using paired survey data and statistical modelling, they found positive relationships between appraisal justice, work engagement, organizational identification, and job performance. Engagement and organizational identification partly explained the relationship between appraisal justice and job performance. These findings suggest that employees' fairness perceptions may be important to their work experiences and performance. However, the study does not show that appraisal fairness directly increases general work motivation or job satisfaction, as these were not measured as equivalent outcomes.

4.3 ***Appraisal justice and job satisfaction in the Indian IT sector***

Uraon and Kumarasamy (2024) examined the relationship between employees' perceptions of appraisal justice, job satisfaction, intention to stay, and job engagement in Indian IT companies. They distributed 650 questionnaires across 50 companies and received 503 responses. The study is relevant to the Indian context because it directly considers job satisfaction alongside other employee outcomes. This review does not make claims about the size of these effects beyond what is available in the verified publication record.

4.4 ***Antecedents of fairness perceptions in Indian banking***

Taneja, Srivastava, and Ravichandran (2024) studied 600 employees in the Indian banking sector. Their results supported a five-factor model of organizational justice rather than a three-factor model, with interpersonal justice particularly important in this setting. They also reported connections between fairness perceptions, the validity of appraisal criteria, and appraisal training. In practice, this points to the importance of job-related standards and helping managers carry out reviews consistently. Since the study focused on banking employees, its findings should not automatically be generalized to every industry in India.

4.5 ***Transparency, employee voice, and motivation***

Bhatnagar and Banerjee (2024) examined fairness in appraisal systems in relation to employee job satisfaction. Their article highlights transparency, consistency, accuracy, and employee feedback as features that may shape how fair the process feels to employees. The accessible publication record provides limited information about the study's methods, so it is

used here as supporting context rather than as a basis for estimating the strength of the relationship.

Wagh (2025) reported a mixed-methods study of 200 employees across different industries. The study considered appraisal frequency, feedback quality, goal-setting, perceived fairness, motivation, and job satisfaction. Its publication record reports a positive association between fairly implemented appraisals, motivation, and satisfaction. Panchal et al. (2025) surveyed 148 employees in service and manufacturing firms and examined fairness, developmental feedback, goal clarity, motivation, and job performance. They reported that fairer appraisals and better-quality feedback were associated with motivation and performance, and that motivation partly explained the relationship between appraisal dimensions and performance. These studies are relevant to the present topic, but their full texts, measures, publication details, and statistical tables should be checked before making more detailed claims about the results.

4.6 *Fairness in remote and hybrid work*

Aggarwal and Hoang (2026) examined perceived fairness in performance evaluations among federal employees, using data from the 2023 Employee Viewpoint Survey and comparing employees who telecommuted with those who did not. Their findings suggest that work arrangement and leadership support may influence how fair employees consider their evaluations to be. Remote employees' contributions may be less visible to managers, making it especially important to assess people using comparable, job-related evidence rather than physical presence alone.

4.7 *Findings from the 2026 review*

Elabed et al. (2026) conducted a systematic literature review in which they screened 415 records from Scopus and ProQuest and included 33 peer-reviewed studies published between 2014 and 2024. Their review identifies organizational culture, dimensions of justice, appraisal accuracy, feedback quality, and transparency as factors linked to employees' perceptions of appraisal. It also reports relationships between fair appraisal practices and outcomes such as motivation, satisfaction, commitment, and performance, while highlighting concerns about bias and poor communication. These figures and findings belong to Elabed et al.'s review; they do not describe the search process used for the present paper.

4.8 *Rating bias and objective evidence*

Kim and Campbell (2025) used a vignette-based survey experiment to explore possible sources of performance-rating bias among Korean government workers. They found that information unrelated to actual performance could affect ratings. They also reported that raters

who considered themselves high performers gave below-average ratings to low-performing employees. The study found no evidence of a gender-matching effect. These findings underline the value of using documented evidence, clear rating criteria, appraiser training, and calibration between managers.

5. Factors Influencing Perceived Fairness

Across the studies considered, several factors repeatedly emerge as important to perceived fairness: clear and relevant criteria, consistent procedures, respectful treatment, understandable explanations, useful feedback, and support from supervisors.

Employees may be less likely to trust an appraisal if expectations are unclear, evidence is incomplete, similar cases are treated differently, or managers do not explain their ratings. Remote and hybrid work can make some contributions harder to see, while irrelevant information and halo effects may also influence ratings.

The studies reviewed differ in their settings, methods, and measures. As a result, findings about engagement, organizational identification, intention to stay, or job performance should not automatically be interpreted as evidence of higher motivation or job satisfaction.

6. Association with Employee Motivation and Job Satisfaction

Some studies examine motivation or job satisfaction directly, while others focus on related outcomes. Uraon and Kumarasamy (2024), for example, explored appraisal justice in relation to job satisfaction and intention to stay among employees in Indian IT companies, with job engagement considered as a possible mediating factor.

Wagh (2025) reported that fairer appraisal practices were positively associated with motivation and job satisfaction in a mixed-methods study of 200 employees across industries. Panchal et al. (2025), in a survey of 148 employees, reported associations between fair appraisal, developmental feedback, clear goals, motivation, and job performance. These findings are useful, but the full papers should be examined before drawing conclusions about the exact size or strength of the relationships.

Lyu et al. (2023) found positive relationships between appraisal justice, engagement, organizational identification, and job performance in Chinese high-technology enterprises. Their findings reinforce the wider importance of fairness at work, but they should not be treated as direct evidence that appraisal fairness increases general motivation or job satisfaction.

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7. Implications for Organizational Practice

Organizational Justice Theory emphasizes fair outcomes, consistent procedures, respectful treatment, and clear explanations. Social Exchange Theory suggests that employees may respond to fair treatment and constructive support with greater trust and a stronger willingness to contribute. These theories help explain why fairness may matter, but they do not imply that every employee will respond in the same way.

Organizations can make appraisal processes more credible by explaining standards before the review period, giving employees a genuine opportunity to share their views, offering specific feedback, and allowing factual errors to be corrected. Digital and AI-supported tools may help with record-keeping, but they can also carry forward bias or make decisions difficult to understand. Human oversight, transparent decision rules, and regular checks for bias remain important.

8. Recommendations

Explain the appraisal criteria before the review period, including expected results, indicators, evidence sources, and the weight given to each criterion.

Base ratings on documented, job-related evidence rather than one recent incident or a general impression.

Train managers to recognize rating errors and halo effects, apply standards consistently, assess evidence carefully, and communicate respectfully.

Give developmental feedback that explains strengths and areas for improvement, sets out practical next steps, identifies needed support, and includes a follow-up date.

Give employees a meaningful chance to present evidence, explain relevant circumstances, and request a review of factual errors or concerns about the process.

Explain appraisal decisions in plain language and show how the evidence relates to the criteria and final rating.

Check whether appraisal outcomes are fair across remote, hybrid, and on-site employees, and investigate differences that are not related to job requirements.

Measure motivation, job satisfaction, satisfaction with the appraisal itself, engagement, intention to stay, and performance separately.

9. Conclusion

Research published between 2022 and October 2026 suggests that fairness is an important part of how employees experience performance appraisal. Clear standards, consistent

procedures, respectful treatment, understandable explanations, useful feedback, and supportive leadership appear repeatedly across the studies reviewed. Research in Indian IT and banking settings offers insights into specific workplace contexts, while studies of remote work and rating bias show how limited visibility and irrelevant information can undermine trust. At the same time, the studies use different methods and examine different outcomes, so the available evidence does not justify a single causal conclusion or an overall pooled estimate. Organizations can respond by making appraisal decisions easier to understand, grounding them in evidence, involving employees in the process, and providing a way to correct mistakes. Future research using broader samples, validated measures, and studies that follow employees over time would help clarify when and how perceived fairness is linked to motivation and job satisfaction.

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