International Journal of Economics, Business and Management Research

Vol. 7, No.07; 2023

ISSN: 2456-7760

Effect Performance Appraisal Fairness on Motivation to Improve Performance with Leader-member Exchange as a Moderated

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doi: 10.51505/IJEBMR.2023.7707 URL: https://doi.org/10.51505/IJEBMR.2023.7707

Received: July 04, 2023 Accepted: July 12, 2023 Online Published: July 19, 2023

Abstract

Objective study this for analyze the connection between performance appraisal fairness consisting of procedural fairness, distributive fairness, and interactive fairness on motivation to improve performance with leader-member exchange (LMX) as moderation. This quantitative research was conducted at the Indonesian Central Bureau of Statistics (BPS) using the no probability method. Data was collected based on respondents' questionnaires through charging sent online through WhatsApp. Results recapitulation questionnaire 366 answers were obtained, which respondents then analyzed using SEM PLS with smartPLS 3.0. Based on the data analysis, the conclusion is that performance appraisal fairness consisting of procedural fairness, distributive fairness, and interactive fairness relate positively on motivation to improve performance, whereas if the connection between evaluation performance with motivation to improve performance moderated by LMX gets no results effect.

Keywords: performance appraisal, LMX, motivation, performance, organization

1. Introduction

Organizations must care about the enhancement of the performance of employees, planning purposeful interventions to produce awareness of the importance of fairness and connecting healthy leaders and followers in form performance employees (Selvarajan *et al.*, 2018). Evaluation of perceived performance fair will be influential on motivation to improve performance. Perception of employees about fairness consists of the perception of mixed results the organization accepts from the organization (distributive appraisal), the procedure used to make decisions (procedural fairness), and their treatment accepted by the organization or managers (interpersonal fairness). Zwiech (2021) mentions that the perception of employees about fairness in system evaluation performance is an element important from the management source. Power human beings direct can influence the motivation and performance of employees. The study previously stated that evaluation performance aim to enhancement performance (Aguinis & Pierce, 2008; DeNisi & Pritchard, 2006; Rynes *et al.*, 2002) and have results main form motivation employee to improve future performance (Jawahar, 2010; Maurer & Palmer, 1999; Pichler, 2012).

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Application fairness in system performance appraisal on the improve employee performance strengthened with good relationship and quality tall between leaders and employees through LMX (Johnson *et al.*, 2009). A quality LMX tall characterized by a connection of Good between characterized leaders and employees exists trust, respect, and loyalty); otherwise, a quality relationship is low or bad, distrust exists, respect is low, and lacking faithfulness in employees (Morrow *et al*., 2005). According to Tekleab & Taylor (2003), managers and employees need to know their respective obligations to build quality relationships tall no contributions only to the second party but also to acknowledge and appreciate each other's contributions. Green & Uhl - Bien (1995) mention that maturity connection in a manner systematically shaped by the characteristics and behavior of leaders and members based on three factors, namely respect, trust, and obligation together. A mature relationship expected can be intertwined with Good when each other values the ability of others, anticipation deepens mutual trust and existence and hope that obligation will grow and strengthen from time to time. Studies previously state that LMX can moderate connection leadership with Satisfaction work (Scandura & Graen, 1984), value work with Satisfaction work (Erdogan *et al.*, 2004), diversity group work, and performance team (Stewart & Johnson, 2009). However, research by Sullivan (2017) shows that the LMX can moderate the connection between work characteristics and organizational commitment.

2. Literature Review

Leader-Member Exchange (LMX) Theory

Theory base study based on theory Introduced *leader-member* exchange first time by Dansereau *et al.* (1975), i.e., *Vertical Dyad Linkage*, i.e., a theory about influence between leaders and subordinates who have a focus on relationships feedback between leaders and subordinates. Green *et al*. (1982) introduce the term leader-member exchange (LMX) as a replacement for Vertical Dyad Linkage.

Morrow *et al.* (2005) mentioned that LMX 's theory develops supervisor-employee relationships well due to the exchange connection between two individuals. If the connection between supervisors and employees has good quality, it will characterize high trust, respect, and presence loyalty. On the contrary, if the supervisor and employee relationship they have a bad quality can be reflected in low trust, no respect and loyalty, and fewer employees.

LMX theory can be considered a process approach because it emphasizes the importance of interaction dynamics between leaders and subordinates. LMX theory works too characterized as approach transactional because good leader nor follower is considered participant active (Hollander, 1980). Besides the characteristics of members and the characteristics of a leader, several variable interactions like frequency of communication and patterns of communication turn out to be important for high connection quality development (Liden *et al.*, 1997). Connection exchange quality leaders tall found, in turn, correlated with the desired results like satisfaction in work, commitment, performance height, behavior innovation, and behavior citizenship on the part of subordinates (Gerstner & Day, 1997).

LMX theory states that leaders will form connections special and unique with every subordinate to create serious two-way relationships. In connection, exchange quality could be better, interpersonal interaction is partially big for leaders, and subordinates are only limited to fulfilling obligation contract jobs. In LMX, the leaders form connections and exchange quality

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transcending height what is needed work it. Connection exchange this quality tall Because the second split party benefited. As the form is not quite enough to answer leaders to gift high-level tasks to subordinates, leaders can contribute by empowering, giving support on the social network to subordinates, and mentoring (Hughes *et al*., 2019).

Theory Equity

The theory of equity introduced by Adams (1963) focuses on relationship exchange, where an individual gives something and expects something as the reply. What is given individual is called the input, and the other side, what an individual receives called the result. Variable third other than input and output called people or group reference. Group reference this can form colleague work, relatives, neighbors, or group colleague work. That person may be alone in another job or role social other.

According to theory, equity, which motivates people to work, is the perception of equality and inequality or being treated fairly. An employee will compare the work input with the ratio result. If an employee feels inequality, they will act to repair inequality (Al Zawahreh & Al Mahdi, 2012). According to Adams (1963), perceived in appraisal will raise dissatisfaction, anger, and guilt, which will repair the self. People will feel angry or not satisfied when they get more output a little than expected when compared to the input already given.

Carrell & Dittrich (1978) mention that the theory of equity puts forward three point main. First, assume that employees perceive fair returns or equivalent for what they contribute to work them. Second, enter draft comparison social how employees will determine to return what they consider fair after comparing their inputs (effort, skills, education, etc.) results (salary, promotion, job status, etc.) with those of colleagues Work them (comparisons). Third, assume that employees, when considered in a situation that is not fair for them, will try to reduce inequality with distortion cognitive from input and/or result, with an immediate change to the input and/or results, or by leaving the organization.

Performance Appraisal Fairness

System evaluation performance consists of a series of activities and goals for individuals and/ or organizations and includes established criteria used to determine achievement objectives and evaluate performance (Dilts *et al.*, 1994). DeNisi & Pritchard (2006) define evaluation performance as formal and approved events organization as well as usually No happens more than very or twice during One year, which is clear state dimensions and/ or criteria performance used in the evaluation process. Evaluation performance is also described as a monitoring process in employees formally, as usual, enclose evaluation performance based on judgments and opinions from subordinates, comrades workers, supervisors, other managers, and even workers That alone. (Jackson & Schuler, 2003).

Management performance refers to the process by which managers and supervisors can ensure the performance of employees and assign work to them by the organization's objectives. This process needs meaningful insight into the activity, what will be done, and the output that has been achieved, as well as the bait that come back, which need to be given to help employee fulfill hope (James, 2008). Griffin &Ebert (2004) illustrate evaluation performance as the formal evaluation of the performance works of an employee to determine the extent of performance the

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employee did in a manner effectively. The employees will be satisfied with evaluation performance after they own more understanding of the big and agreed criteria applied in the evaluation, feel the results review has an influenced level of compensation, and consider the process in evaluation accurate and fair (Dusterh off *et al.*, 2014). Boswell & Boudreau (2002) mention two reasons typical for evaluation performance: goal evaluation and development. Function evaluative covers evaluating performance for decisions typical human resources like salary and administration salary, promotion, retention, termination connection work, layoffs, giving employee required recognition, and identifying poor performance.

According to Taylor *et al.* (1995), the perception of employees of performance appraisal fairness is considered a criteria important other related to results evaluation performance. Colquitt *et al*. (2001) mentioned three necessary parts to appraise performance fairness: distribution fairness, procedural fairness, and interactive fairness. Distributive fairness is employees' opinion about results performance appraisal fairness and whether it reflects work that has been resolved based on employee effort, contribution, and performance recently. Procedural fairness is size perception about consistency evaluation performance, bias, accuracy, ethics, and ability employee for affect and express view they during evaluation performance as well as the ability for appeal upon results evaluation performance. Interactive fairness is how employees are treated during the assessment process performance, whether they are treated politely, dignified, or respected, as well evaluator withholds self for no use no comments inappropriate during the process.

Motivation for Improve Performance

Robbins (2001) defines motivation as power/energy from someone whose tenacity and enthusiasm can climb in doing something activity. Motivation can originate from the individual himself, called motivation intrinsic, or from a so-called outside individual as motivation extrinsic. Definition According to Ramlall (2004), motivation is a factor and reason that makes employees Work hard in something certain to reach their desired goal.

Motivation is feeling the individual and the process by which the responsible individual to certain stimuli challenged by the environment in workers to improve performance and energy for build in a good way **(**Mbindyo *et al*., 2009). The development company will be far more optimal if whole directors are capable of giving intensive motivation, so employees will experience accelerated performance to use reach objective companies (EK & Mukuru, 2018). According to Motowidlo &Kell (2012), a performance employee is given behavior individual during a period certain to improve organization value. Employee Performance results from the action or achievement of assigned tasks (Suliman, 2001). Employee Performance is the action or behavior individual to reach an objective organization (Honiball, 2008). employee performance describes the quality and quantity of important human output to reach an objective organization and is a combination of skills, motivation, and tools (Ivanchevich & Matteson, 1996). Inputs like personality process knowledge in an organization, providing output as performance work (Coetzee, 2003). Ali *et al.* (2012) mentioned that the main objective evaluation is performance to awaken employee motivation. Motivation employees impact the performance organization as a whole because it is rated as an asset in reaching productivity and goals.

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3. Connection Between Variable

Performance Appraisal Fairness and Motivation to Improve Performance

Motivation is the desire for personal employees to improve performance after they accept the bait back and take advantage result to help improve performance (Ilgen *et al.*, 1979). Employees will be motivated if they consider system evaluation performance accurate without bias, including relevant goals set by the description of work, when there is bait clear return about the appraisal process and outcomes discussed by supervisors, and when the appropriate reward is offered for adapt achievements and levels productivity an employee (Okoth &Ouoch, 2019).

Research conducted by Roberson& Stewart (2006) states that motivation for future improvements in employees is based on results system evaluation performance between procedural fairness and motivation to improve performance, there is a connection positive in context appraisal.

Hypothesis 1:

Procedural Fairness (PF) effect positive on motivation to improve performance (MI)

Hypothesis 2:

Distributive Fairness (DF) effect positively on motivation to improve performance (MI)

Hypothesis 3:

Interactive Fairness (IF) effect positively on motivation to improve performance (MI)

LMX as moderator of performance appraisal fairness on motivation to improve performance

Based on the treatment leaders of to followers, the process of social exchange, like LMX, plays a key role in facilitating behavior among followers (Wang *et al.*, 2005). Quality LMX connection tall has proven to facilitate communication between superiors and subordinates well, improve satisfaction and performance of subordinates as well as lower intention migrating (Gerstner & Day, 1997). Based on a study previously from Johnson *et al.* (2009), LMX can be a relationship moderator between organizational fairness, departmental fairness, performance employees, and relationships between employees and superiors direct.

Hypothesis 4:

The connection between Procedural Fairness (PF) with motivation to improve performance (MI) will be stronger with leader-member exchange (LMX) moderation

Hypothesis 5:

The connection between Distributive Fairness (DF) with motivation to improve performance will be stronger with leader-member exchange (LMX) moderation

Hypothesis 6:

The connection between Interactive Fairness (IF) with motivation to improve performance will be stronger with leader-member exchange (LMX) moderation

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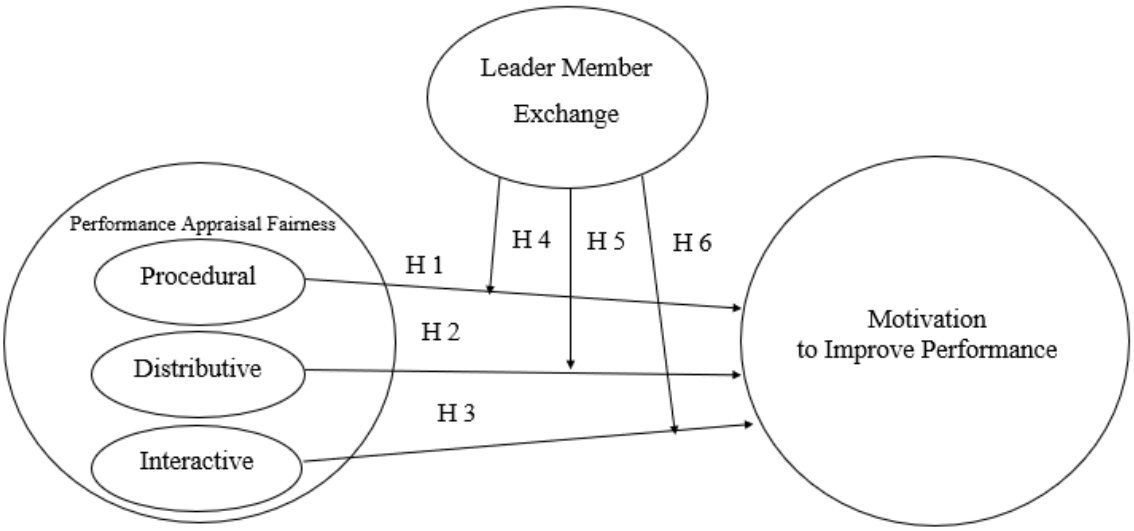

Figure 1. Conceptual Model

4. Method

Study This uses a quantitative method with an approach cross-sectional through the survey. Object in the study: This is public sector employees at the Central Bureau of Statistics in Indonesia. Variable in study This consists of variables dependent, independent, and moderation. The Independent variable used in the study is performance appraisal fairness, and the dependent variable is motivation to improve performance. Variable mediation was used in the study. This is a leader-member exchange. Primary data collection was carried out online with method self-enumerated or charging independent through distribution questionnaire in form google forms. Link survey is distributed via a link in a message on WhatsApp message to employees with the method of non-probability sampling. Questionnaire form stuffing questions from each variable referring research from question each variable in research before. Consideration of the amount of sample taken in the study. This refers to Hair *et al.* (2014) with the minimum amount of sample required in using the Structural Equation Model (SEM) as much as 5-10 times the amount of variable measurable or amount dimensions for secondary confirmatory factor analysis.

4.1 Variables Measurement

Measurement variable performance appraisal fairness uses a questionnaire developed by Colquit (1993) with several question items consisting of 15 questions from variable procedural fairness seven questions, distributive fairness four questions, and interactive fairness four questions. Motivation to improve performance is measured using a questionnaire developed by Fedor *et al.* (1993) with three questions. Leader-member exchange as variable moderation is measured using seven adopted questions from Liden *et al.* (1993). Each questionnaire from each variable is measured with a use scale Likert 5 choices answer starts with 1: absolutely not agree, 2: not agree, 3: neutral, 4: agree, and 5: strongly agree.

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4.2. Data Analysis

Data analysis used in the study uses Partial Least Squares Structural Equation Modeling (PLS-SEM) with the software SmartPLS version 3. The PLS-SEM model has two measurements: the outer and inner (Hair *et al.*, 2019). Outer models are used for test validity and reliability instrument. In contrast, the inner model is used to measure how much accurate something instrument is for measuring what should be measured, including validity convergent and validity discriminant. Path analysis was used to test the connection between variable independent (performance appraisal fairness), variable dependent (motivation to improve performance), and variable moderation (leader-member exchange).

5. Results

5.1 Analysis Descriptive

Respondents who filled out the questionnaire studied as many as 378 respondents. After the outlier questionnaire was discarded, the respondent used, totaling 366 respondents. Based on type gender, respondent men had a percentage more Lots, namely 51.64 percent, whereas respondent females 48.36 percent. Group age respondents who filled out the most spanned 30–39 years, namely 39.61 percent next range 40-49 years, as much as 29.51 percent; aged respondents over 50 years number 20.77 percent and finally, age not enough from 30 years as much as 10.11 percent. Based on the education respondents, more than half of respondents have a background in DIV/S1 education, with the appropriate 52.46 percent with majority level education BPS employees, namely DIV/S1. Next education respondent who filled in after DIV/S1 is S2 at 25.13 percent, SMA/equivalent several at 12.02 percent, diploma at 9.84 percent, and at least S3 at 0.55 percent. Based on years of service, respondents with the most years of service, 10-19 years, fill in at 48.91 percent, and the least respondent with a tenure of 30 percent to the top with 11.75 percent. Based on position, respondents with the position functional certain became respondents the most with a percentage of 70.77 percent, which also shows that Now staff at BPS has already become functional by the regulation of government in bureaucratic reform that civil servants required become functional.

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Table 1. Characteristics Respondents

Variable	Category	Frequency	Percentage
Type Sex	Man	189	51,64
	Woman	177	48,36
	Total	366	100.00
Group Age	< 30 years	37	10,11
	30 - 39 years	145	39,61
	40 - 49 years	108	29,51
	50 years to on	76	20,77
	Total	366	100.00
Education	High School/ Equivalent	44	12.02
	Diploma	36	9.84
	DIV/S1	192	52,46
	S2	92	25,13
	S3	2	0.55
	Total	366	100.00
Working Period	< 10 years	66	18.03
	10 - 19 years	179	48,91
	20 - 29	78	21.31
	30 years to on	43	11.75
	Total	366	100.00
Position	functional Certain	259	70,77
	functional General	89	24,32
	Structural	16	4.37
	Task Study	2	0.54
	Total	366	100.00

5.2 Evaluation of Measurement Models

The model measurement uses validity and reliability tests to ensure that the questionnaire used can measure every variable in a manner that is the precise, accurate, productive consistent answer. The first time in the validity and reliability test with see *outer loading*. Recommended *outer* loading above 0.7 because show construct can explain more of a 50% variance indicator. If the mark *outer loading* is below 0.7, the question items do not fulfill the omitted condition. After the question items do not fulfill the condition omitted, the PLS-SEM algorithm is executed return For get *outer loading* above 0.7 and get a scoring end for *Cronbach's alpha*, *composite reliability*, and AVE as validity and reliability test requirements.

Criteria next after ensure *outer loading* in validity and reliability test in accordance recommendation that is with see mark *Average Variance Extracted* (AVE). Something variable stated fulfills criteria validity concurrent with the AVE value above 0.5. AVE value in study this

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is already worth more than 0.5, which indicates that the variables used already fulfill validity convergence. Question item deletion based on mark *outer loading* also enhances the AVE score. The algorithm also produces a value of Cronbach's alpha (represents lower limit) and composite reliability (represents upper limit), which can be used to evaluate reliability and internal consistency. Items stated their reliability and internal consistency if the second value exceeds 0.7. Variable in study this can state consistent reliability because the Cronbach alpha is above 0.7.

Table 2. Construct realibility and validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
DF	0.917	0.918	0.941	0.801
DF*LMX*MI	1.000	1.000	1.000	1.000
IF	0.886	0.891	0.929	0.815
IF*LMX*MI	1.000	1.000	1.000	1.000
LMX	0.842	0.864	0.886	0.609
MI	0.908	0.908	0.956	0.915
PF	0.873	0.886	0.908	0.664
PF*LMX*MI	1.000	1.000	1.000	1.000

Criteria validity the following is seen from the PLS-SEM algorithm validity discriminant. To state that something variable fulfills criteria validity discriminant, each question item's outer loading value must be bigger than mark cross loading question items other.

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Table 3. Cross Loading

	DF	DF * LMX	IF	IF * LMX	LMX	MI	PF	PF * LMX
DF * LMX	-0,210	**1,000**	-0,208	0,726	-0,163	-0,077	-0,167	0,877
DF1	**0,884**	-0,235	0,480	-0,171	0,554	0,484	0,674	-0,150
DF2	**0,900**	-0,188	0,530	-0,195	0,561	0,506	0,682	-0,161
DF3	**0,916**	-0,173	0,463	-0,123	0,555	0,540	0,695	-0,139
DF4	**0,879**	-0,159	0,491	-0,167	0,590	0,517	0,702	-0,148
IF * LMX	-0,183	0,726	-0,364	**1,000**	-0,256	-0,107	-0.189	0.773
IF1	0.504	-0.163	**0.924**	-0,290	0.576	0.464	0.514	-0.176
IF3	0.497	-0.183	**0.934**	-0.335	0.598	0.476	0.515	-0.187
IF4	0.484	-0.220	**0.848**	-0.364	0.606	0.422	0.533	-0.226
LM1	0.506	-0.140	0,560	-0,202	**0,801**	0,415	0,555	-0,139
lm2	0,549	-0,129	0,563	-0,189	**0,825**	0,513	0,563	-0,088
LM4	0,351	-0,089	0,306	-0,155	**0,702**	0,279	0,447	-0,101
LM5	0,549	-0,136	0,612	-0,231	**0,814**	0,482	0,618	-0,165
LM6	0,459	-0,137	0,438	-0,220	**0,754**	0,349	0,506	-0,110
MI1	0,549	-0,080	0,503	-0,118	0,534	**0,958**	0,562	-0,107
MI3	0,547	-0,067	0,460	-0,086	0,499	**0,955**	0,556	-0,080
PF * LMX	-0,167	0,877	-0,216	0,773	-0,155	-0,098	-0,189	**1,000**
PF1	0,525	-0,104	0,404	-0,118	0,529	0,406	**0,706**	-0,156
PF3	0,637	-0,123	0,449	-0,147	0,552	0,438	**0,832**	-0,157
PF4	0,571	-0,063	0,390	-0,134	0,561	0,452	**0,807**	-0,097
PF5	0,682	-0,137	0,489	-0,158	0,580	0,460	**0,882**	-0,163
PF7	0,695	-0,223	0,579	-0,199	0,604	0,587	**0,838**	-0,188

The value printed thick is the highest loading value For each question item. Size discriminant validity, another introduced by Henseler *et al.* (2014), is Heterotraits Monotrait Ratio (HTMT) with a recommended value below 0.85 or below 0.90. The HTMT value above 0.90 indicates that the variable measured by several measurement items is less. Hair *et al.* (2021) state that it is better to use the HTMT measure than the Fornell-Larcker criterion method in detecting discriminant validity.

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Tabel 4. Heterotrait Monotrait Ratio (HTMT)

	DF	DF*LMX*MI	IF	IF*LMX*MI	LMX	MI	PF	PF*LMX*MI
DF	0.895							
DF*LMX*MI	-0.210	1.000						
IF	0.548	-0.208	0.903					
IF*LMX*MI	-0.183	0.726	-0.364	1.000				
LMX	0.631	-0.163	0.656	-0.256	0.781			
MI	0.573	-0.077	0.503	-0.107	0.540	0.957		
PF	0.769	-0.167	0.576	-0.189	0.696	0.584	0.815	
PF*LMX*MI	-0.167	0.877	-0.216	0.773	-0.155	-0.098	-0.189	1,000

5.3 Evaluation of the Structural Model

Collinearity is whether there is a multicollinearity/very high relationship between the measurement items / outer collinearity that make up the variable. Inspection This can be seen in VIF (Variance Inflated Factor). If VIF > 5 shows multicollinear or otherwise VIF < 5, symptom multicollinear can be negligible (low). VIF values between 3-5 indicate potency multicollinearity exists, and VIF < 3 indicates multicollinear low/can ignore. Multicollinearity between measurement items in the measurement model is formative and important for checking. Multicolonial can cause parameter estimates to be biased or inefficient, i.e., the standard error becomes large, the confident interval path coefficient becomes width, and the yield testing hypothesis becomes inappropriate.

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Table 5. Tabel Variance Inflated Factor (VIF)

	VIF
DF * LMX	**1,000**
DF1	**2,806**
DF2	3,067
DF3	3,416
DF4	**2,580**
IF * LMX	**1,000**
IF1	3,513
IF3	3,724
IF4	**1,918**
LM1	**2,054**
LM2	**1,997**
LM4	**1,774**
LM5	**1,896**
LM6	**2,030**
MI1	3,228
MI3	3,228
PF * LMX	**1,000**
PF1	**1,495**
PF3	**2,321**
PF4	**2,059**
PF5	**2,936**
PF7	**2.013**

5.4 Hypothesis Testing

The hypothesis test uses bootstrapping to evaluate the significant influence between variables using the original samples for resampling. The recommended number of bootstrap samples is 5.000, which must be larger than the original sample (Hair *et al*., 2021). Testing hypothesis on PLS is used to measure the probability of data using the path coefficients menu. Test hypothesis can see through mark t-statistics and scores probability. The value of t-statistics and value probability are significant if mark t-stat > 1.64 (two-tailed) or t-stat >1.96 (one-tailed), and probability value (p-value) < 0.01 (for alpha value 1%) or p-value < 0.05 (for alpha value 5%).

Table 6. Influence Direct and Moderation

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
DF -> MI	0.243	0.246	0.081	2,993	0.003
DF*LMX-> MI	0.085	0.080	0.087	0.973	0.331
IF -> MI	0.193	0.190	0.054	3,597	0.000
IF*LMX-> MI	0.068	0.073	0.065	1.046	0.296
LMX -> MI	0.147	0.150	0.063	2.330	0.020
PF -> MI	0.196	0.195	0.064	3.052	0.002
PF*LMX-> MI	-0.102	-0.096	0.084	1.214	0.225

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Based on the p-values of hypothesis testing, several influences are direct from related research variables. First, procedural fairness/PF on motivation to improve/MI in the study. This own positive and significant relationship (p-value, 0.002 <0.05) (hypothesis 1 is supported). Second, distributive fairness/DF has an effect positive and significant on motivation to improve/MI (p-value, 0.003 <0.05) (hypothesis 2 is supported). Third, Interactive Fairness/IF has an effect positive and significant on motivation to improve/MI (p-value, 0.000<0.05) (hypothesis 3 is supported). Research results this is by a study previously by Selvarajan *et al.* (2018), which produces that performance appraisal fairness is influential and significant on motivation to improve meaningful performance if employees feel fair in the performance appraisal fairness consisting of procedural fairness, distributive fairness and interactive fairness can add motivation to improve performance.

Whereas in connection performance appraisal fairness with LMX as moderation shows the opposite result with a hypothesis, first, the relationship between PF and MI with LMX moderation in research This own negative or negative relationship significant (p-value, 0.225 > 0.05) (hypothesis 4 not supported).Second, the relationship DF against MI with LMX moderation in research This own positive relationship but no significant (p-value, 0.331 > 0.05) (hypothesis 5 no supported); third, the relationship between IF and MI with LMX moderation in research This own positive relationship but no significant (p-value, 0.296 > 0.05) (hypothesis 6 not supported). In a previous study by Selvarajan *et al.* (2018), LMX as a mediator produces a positive and significant relationship between performance appraisal fairness and motivation to improve performance. As a moderator, research shows that LMX can be the intermediate moderator performance appraisal fairness with organizational citizenship behavior (OCB) (Sheeraz *et al.*, 2020). However, neither the LMX can moderate the connection between characteristics of work and commitment organization (Sullivan, 2017).

6. Discussion

Study This development study previously researched the connection between performance appraisal fairness consisting of procedural fairness, distributive fairness, and interactive fairness on motivation to improve performance with LMX as mediation (Selvarajan *et al.,* 2018). As a research suggestion from before, this test connection between performance appraisal fairness consisting of procedural fairness, distributive fairness, and interactive fairness on motivation to improve performance with LMX as moderation.

Study This produces the conclusion as follows. First, performance appraisal fairness consisting of procedural fairness, distributive fairness, and interactive fairness, each effect positive and significant motivation to improve performance. Studies show that the more acceptable appraisal process performance from side procedural, distribution, and interaction between leaders and subordinates, the more can motivate employees to improve performance. From the side procedural, when evaluation performance is consistent, accurate, and employee capable for express view and can appeal upon results evaluation performance so will more motivating to improve performance. From the side distribution, when results evaluation performance reflect effort and contribution employee to work so will impact to motivation employee to improve performance. From the side interaction, when employees are treated with politeness and dignity and feel respected during the assessment process, the more they can motivate employees to

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improve their performance. Performance appraisal fairness can create an environment of good jobs and motivate individuals. For improve performance, employees see objective assessment; there is constructive bait feedback, opportunity development, and the recognition it deserves employees.

Second, LMX as a moderation connection performance appraisal fairness consisting of procedural fairness, distributive fairness and interactive fairness on motivation to improve performance show no results or effect. In the Indonesian Central Bureau of Statistics organization, LMX is not a moderate connection between superiors and subordinates. LMX is not a moderate connection between performance appraisal fairness on motivation to improve performance at the Central Bureau of Statistics, several possibilities because employees more like work in a manner independent or do not want to depend on superiors. If superiors give freedom and support independent subordinates, then the presence of LMX is a positive thing. Between superiors and subordinates to maintain boundaries between personal and professional relationships within the job.

Furthermore, leaders tend to focus on results. Several organizations or projects Possibly put forward results and achievement objectives without noticing interpersonal relationships. If the main objective is performance and results, then the absence of LMX might be considered non-disruptive.

7. Limitation and Suggestion

Study this uses the method of non-probability sampling with a spread questionnaire that is free to employees of the Central Bureau of Statistics in all regions of Indonesia. For study in the future can take the method probability with notice amount employees in each unit work. Hence, the results study is more representative and provides the same opportunity for choosing all member populations. The results study can also be used as a generalization for taking conclusion statistics.

Study with moderation leader-member exchange this sector is public. The study furthermore can try the private sector.

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