



**THE IMPACT OF EMPOWERING LEADERSHIP STYLE
AND LEADER-MEMBER EXCHANGE ON
PERFORMANCE APPRAISAL REACTIONS.**

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Dissertation submitted as partial requirement for the conferral of
Master in Human Resource Management and Organizational Consultancy

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July 2018



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Acknowledgements

First of all, I would like to thank my parents for supporting me throughout my life. They have always stimulated me, which helped me to complete the goals of my study. And I thank friends who encouraged me when I was facing problems in my study.

I also thank the professors in ISCTE Business School who instructed me the knowledge of Human Resource Management and inspired my interest in it. Especially, Professor Silvia Dello Russo who is my supervisor guiding me to do my investigation, and helping me to write my thesis. Moreover, she also gave me some advice for my study and shared her experience in this field.

Abstract

Existing studies about the performance appraisal reactions in the academic field have discussed several factors affecting the quality of it and its role in an organization.

The purpose of this study focuses on contributing the relationship between empowering leadership style and performance appraisal reactions. The LMX is a mediator within this relationship. The empowering leadership level of supervisors were evaluated with a 5-dimension scale and performance appraisal reactions of subordinates were evaluated with a 3-dimension scale by employees. In addition, this study also examined the mediation effect of a variable between empowering leadership style and performance appraisal reactions which is LMX with a 7-item scale. The result came from a great amount of samples which were collected from 219 employees in southern China.

The result of the present study indicated that empowering leadership style is positively related to performance appraisal reactions directly and this relationship is also positively and significantly mediated by LMX quality. Therefore, this study suggested that organizations can increase the quality of performance appraisal reactions with altering the leadership style of supervisors and increasing the LMX quality. The limitation and future study are presented and followed by the conclusion part.

Keywords: performance appraisal reactions; empowering leadership style; Leader-Member Exchange

Resumo

Os estudos existentes sobre as reações de avaliação de desempenho no campo acadêmico discutiram vários fatores que afetam a qualidade do mesmo e seu papel em uma organização.

O objetivo deste estudo concentra-se em contribuir para a relação entre o estilo de liderança e as reações de avaliação de desempenho. O LMX é um mediador dentro desse relacionamento. O nível de liderança empoderadora foi avaliado com uma escala de cinco dimensões e as reações de avaliação de desempenho foram avaliadas com uma escala de três dimensões pelos funcionários. Além disso, este estudo também examinou o efeito de mediação de escala entre a liderança empoderadora e as reações de avaliação de desempenho, que é a LMX com uma escala de sete itens. O resultado veio de uma grande quantidade de amostra que foi coletada de 219 funcionários na China.

O resultado do presente estudo indicou que o estilo de liderança de empoderamento está positivamente relacionado às reações de avaliação de desempenho diretamente, e essa relação também é mediada de forma positiva e significativa pela qualidade da LMX. Portanto, este estudo sugeriu que as organizações podem aumentar as reações de avaliação de desempenho alterando o estilo de liderança dos supervisores e aumentando a qualidade do LMX. A limitação e o estudo futuro são apresentados e seguidos pela conclusão.

Palavras-chave: reações de avaliação de desempenho; estilo de liderança empoderadora; Troca de Membro Líder

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1. Introduction

Recently, performance management is extensively used in organizations because this program helps employees to improve their future performance and working capabilities. The performance appraisal processes is a significant part of this program being used to evaluate the quality and completeness of tasks and work of employees which affect the accomplishment of organizational goals. The purpose of performance appraisal processes can be divided into administrative purpose for organizations and development purpose for individuals (Palaiologos, Panagiotis & Leda, 2011). In administration level, employers can decide employees' salary increase, bonuses and promotion opportunities on the basis of performance appraisal results (Dorfman, Stephan & Loveland, 1986). Secondly, in individual level, the capabilities and competencies of employees can be evaluated with performance appraisal processes as the performance appraisal results can report the advantages of an employee and which kind of capabilities that an employee need to improve as well. The result of performance appraisal processes is also related to employees' personal development (Palaiologos et al, 2011). Thirdly, if a manager wants to encourage subordinates with performance appraisal processes, the result of performance appraisal processes have to be effective and acceptable for subordinates. This can be explained by a high level of satisfaction or justice of performance appraisal processes (Keeping & Levy, 2000). Therefore, in order to measure the effectiveness of a performance appraisal processes, there are some criteria being proposed, including participation in performance appraisal processes, social contexts of performance appraisal processes and employees' reactions to performance appraisal. Performance appraisal reactions is an important criterion for measuring the quality and effectiveness of a performance appraisal processes (Pichler, Varma, Michel, Levy, Budhwar & Sharma, 2016). In conclusion, performance appraisal reactions have significant impact on the future development of organizations. As it can affect the future performance, working attitude, turnover intention and job satisfaction of employees. These factors contribute to the quality, productivity and accomplishment

of organizational goals. It is significant for supervisors to improve performance appraisal reactions. The previous studies it focused on studying the performance appraisal reactions because participation and social contexts of performance appraisal processes are affected by it as well (Pichler, 2012). Performance appraisal reactions also helps leaders to encourage future motivation and improve the quality of future performance of subordinates when the results of that are acceptable for employees. This opinion are supported by several reasons. Firstly, employees can accurately know their advantages and disadvantages from each performance appraisal process. Secondly, employees can perceive supervisor commitment. Moreover, the early study also showed that performance appraisal reactions can be measured separately with four criteria, including satisfaction, fairness, perceived utility and perceived accuracy of performance appraisal processes (Keeping & Levy,2000). The satisfaction and fairness of performance appraisal processes are two criteria being deemed to the most significant criteria.

In order to enhance the quality of performance appraisal reactions, the factors affecting performance appraisal processes are deserving to be studied. First of all, the social contexts of performance appraisal processes is worthy for study. The quality of rater-ree relationship is the key factor defining the social contexts in which performance appraisal occur. This factor affects the experience of subordinates in performance appraisal processes (Elicker, Levy, & Hall, 2006). The relationship quality between a supervisor who is a rater and subordinates who are rates in performance appraisal processes are strongly related to performance appraisal reactions according to the previous study (Pichler, 2012). The Leader-Member Exchange theory presents the quality of supervisor-subordinate relationship as a dyadic relationship which means that a supervisor builds up a relationship with work group instead of individuals, and he or she builds up an in-group relationship and an out-group relationship with subordinates. A high quality leader-member exchange is characterized with trust, respect and concern. In addition, this relationship is influenced by the leaders' behaviors because the leaders who are willing to form high quality relationships will treat their subordinates with trust, respect and obligation

(Graen & Uhl-Bien, 1991). As the LMX was built basing on the role theory which support that the leaders' behaviors have impact on the LMX quality (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964). The previous studies suggested that some of the empowering leadership behaviors are antecedents of LMX (Arnold, Arad, Rhoades, & Drasgow, 2000; Yukl, Donnell & taber, 2009). Moreover, the social exchange between supervisors and subordinates are affected by the organizational support and supervisor support (Eisenberger, 1986). And Eisenberger's study also suggested that the supervisor support is one of the individual outcomes of empowering leadership style because supervisors with high level of empowering leadeship style will pay more attention to subordinates'well-being. Therefore, it is reasonable to infer that empowering leadership style have positive impact on LMX. It is possible for supervisors to improve the performance appraisal reactions by changing their behaviros and enhancing the empwoering leadership style and LMX quality. However, there is only a few researches studied about the relationship between empowering leadership style and performance appraisal reactions via leader-member exchange theory. The purpose of this study is to develop a model for explaining how empowering leadership style impact performance appraisal reactions through LMX.

In order to develop a model about how can empowering leadership style influences performance appraisal reactions through the quality of leadership-member exchange, this study review the previous literature about the relationship between performance appraisal reactions and the quality of leader-member exchange, and the relationship between leader-member exchange theory and empowering leadership style firstly. And there is an investigation was done based on the situation in southern China. The present research measured these three variables with a questionnaire which were collected from employees. The first part of the questionnaire aimed to evaluate the levels of empowering leadership style and the quality of leader-member exchange which were rated by subordinates according to their leaders' behaviors with a 5-dimension scale for empowering leadership style and a 7-item scale for LMX quality. The second part of this questionnaire aimed to evaluate the quality of performance appraisal reactions. Employees who participated in a performance

appraisal processes within a year were asked to evaluate their performance appraisal processes depending on their own feeling. A 3-dimension scale was used to evaluate performance appraisal reactions.

This study includes four parts: introduction, previous studies, present study and conclusion. After introducing the theme of this study, the previous studies relating to performance appraisal reactions, Leader-Member Exchange theory, and empowering leadership style were introduced with literature review. The literature reviews are composed by definition, characteristics and their relationship. The third part of this study is the introduction of present study which started with the proposed hypotheses which were defined basing on the previous studies and concepts. Furthermore, the methodology, measures and the analysis were presented. After presenting the limitation and practical implication of this study, a conclusion was drawn.

2. Performance Appraisal Reactions

This part aims to describe the concept and purposes of the performance appraisal processes, and it also introduces the development of different criteria of that. As one of the criteria for assessing performance appraisal, the performance appraisal reactions will be introduced, including its concept and how does it impact an organization. In addition, it also introduces the performance appraisal reactions being affected by the social contexts of performance appraisal processes and LMX quality..

2.1 The definition of performance appraisal reactions

A performance appraisal processes capacitate employers and employees to define, communicate, and inspect their expectations, goals, and progress in achieving strategic goals (Bacal, 2004). These processes are combined with goal setting, evaluating and regular feedback. The purposes of performance appraisal processes are divided into the organizational purpose and individual purpose. At the organizational level, employers aim to evaluate a set of core tasks and outcomes which are related to employees' position (Shields & North-Samardzic, 2007). Employers can decide the pay increase, bonuses, promotion and retirement of an employee depending on the results of his or her performance appraisal processes (Dorfman, Stephan & Loveland, 1986). In individual level, the quality and accomplishment of their core assignments are evaluated. The results of performance appraisal processes can present the capabilities being used in their work so the capabilities and competencies of employees are also evaluated. The outcomes of performance appraisal processes help employees to know what kind of abilities or competencies they need to improve (Palaiologos et al, 2011). An early studies about evaluating the effectiveness of performance appraisal processes focused on measuring the accuracy and error which are the criteria of performance appraisal processes (DeNisi & Kevin, 2017) because they focused on studying the organizational-level purposes of performance appraisal processes. Following the development of organizations, leaders started to pay attention to employees' personal development relating to the individual-level purposes

of performance appraisal processes. For catering the demands about how to improve employees' future performance and capabilities, subsequent researchers started to study the individual-level purposes of performance appraisal processes. They found that performance appraisal processes must be acceptable for employees, such as measures and procedures of performance appraisal processes (Dipboye & Pontbriand, 1981).

Regarding the researches about individual-level purposes, the research of Wexley, Singh and Yukl (1973) started to study performance appraisal reactions as a criterion for evaluating performance appraisal processes. To be specific, regardless of employees' personality, a ratee's perceived satisfaction and perceived fairness are two criteria of performance appraisal processes. Employees would be motivated to improve their future performance when they thought the results of their performance appraisal processes is acceptable which means that they perceive high level of satisfaction and fairness of performance appraisal processes. However, the early studies did not take the practitioners into account, which means that the researcher did not consider practicability of their studies. It led to impracticability because of the scientist-practitioner gap. Therefore, the subsequent performance appraisal reactions study presented that performance appraisal reactions are evaluated with four criteria (Keeping & Levy, 2000). These criteria included satisfaction and fairness, perceived utility and perceived accuracy of appraisal. Satisfaction of appraisal is composed of session satisfaction and system satisfaction (Giles & Mossholder, 1990), but most of the researches investigated the satisfaction of the performance appraisal session. Justice is defined as the extent that employees feel they were fairly evaluated composing with distributive justice and procedural justice (Cawley, Keeping, & Levy, 1998). The perceived utility is conceptually defined as the effectiveness and practicability of appraisal processes (Keeping et al., 2000). In addition, it was found that significantly related to satisfaction of performance appraisal processes, regardless of LMX theory (Dusterhoff, Cunningham & MacGregor, 2014). Moreover, perceived accuracy is defined as the extent of employees' feeling about the notable fair in a performance appraisal processes being found that significantly related to performance

appraisal effectiveness (Keeping et, al., 2000). Even though there is not any operational definitions of performance appraisal reactions of employees, these reactions of performance appraisal processes can be defined as individual-level attitudinal assessments of performance appraisal processes, and individual-level responses to performance appraisal processes (Pichler, 2012).

2.1.1 Satisfaction of performance appraisal

Satisfaction was the most frequently measured criterion of performance appraisal because it has an influence on some important aspects of human resource practice. An early study shew that a high quality of performance appraisal satisfaction is positively related to the motivation, commitment and productivity of employees (Cawley et, al., 1998). Another reason supporting using satisfaction to measure performance appraisal reactions is that it is possible to evaluate both fairness awareness and simple effect (Organ, 1988). The high level of appraisal satisfaction was found being positively related to intrinsic motivation of employees. With organizational commitment, employees may have an obligation to repay their organizations through a high quality of future work performance. Moreover, appraisal satisfaction is also positively related to overall job satisfaction (Kuvaas, 2006). A previous study about satisfaction of performance appraisal processes presented different separate components about satisfaction. Giles & Mossholder (1990) developed satisfaction with two components, include supervisory session and system contextual. A supervisory session refers to behaviors of supervisors in the performance appraisal session. These behaviors contain goal setting, encouragement of employee participation and perceived supervisor support. These behaviors are also mentioned in the study of Greller (1975). It exhibits that the frequency of the supervisors asking their subordinates about their opinions is significantly related to satisfaction of performance appraisal processes. And the invitation to participate is more related to the manager's managerial style (French, Kay & Meyer, 1966).

2.1.2 Justice of performance appraisal

Generally, justice is used to connote "oughtness" or "righteousness". However, in the field of organizational science, justice is defined as an act that most of individuals perceive it to be so on the basis of empirical studies (Colquitt, Conlon, Porter & Ng, 2001). Specifically, justice in the organization can be described as the subjective perceptions of antecedents and consequences.

The subjective perceptions of consequences refer to the fairness of outcome distributions which is named as distributive justice. In the previous research, most of the researchers focused on distributive justice. Distributive justice was firstly defined as the argument that individuals compare their input-output ratios with others for defining the level of justice (Adams, 1965). It was related to personal-referenced outcomes, and the high level of satisfaction with their salary is positively related to distributive justice (Sweeney & McFarlin, 1993). For example, in an organization, employees may compare their salaries or bonus with their colleagues to know whether they get a reasonable reward. If their rewards are similar to the others, employees perceive fair. Oppositely, they feel unfair about their salaries. This can be explained by distributive justice.

The subjective perceptions of antecedents refer to the procedures by which performance is evaluated, such as allocation or distribution. It was defined as procedural justice which is related to organizational-referenced outcomes, such as organizational commitment and perceived organizational support (Colquitt, 2001). Those individuals prefer to control what happens to them (Thibaut & Walker, 1975) and the high level of procedural justice comes with the possibilities of controlling the outcomes of their performance appraisal processes.

Furthermore, there is also other components of justice called interactional justice which was defined as the interpersonal treatment that employees received from supervisors. The previous study described that interactional justice was defined as one dimension of procedural justice (Colquitt, 2001). However, the subsequent study generally separated them. Interactional justice became the third type of organizational justice (Keeping et al., 2000). Interactional justice was found that highly related to supervisors' behaviors because supervisors are responsible for setting the criteria,

rating subordinates and giving them feedback in performance appraisal processes. In other words, the appraisal processes will not exist without supervisors. If supervisors treat subordinates with respect and explain their decisions to employees, employees will perceive fairness which means that they have a high level of interactional justice.

2.2 Performance appraisal reactions impact organizations

Many researchers pointed out that performance appraisal reactions play a significant role in performance appraisal processes. Some reasons support this point of view. Firstly, performance appraisal reactions are vital to the acceptance of the performance appraisal processes. Secondly, performance appraisal reactions contribute to the effectiveness of performance appraisal processes (Cawley et al., 1998; Keeping et al., 2000; Levy et al., 2004). In addition, performance appraisal reactions are also related to working attitudes and future performance (Pichler, 2012). The research of Pettijohn, Pettijohn, and d'Amico (2001) pointed out that performance appraisal processes is positively related to the job satisfaction and job satisfaction was found that being related to low level of turnover intention, high level of organizational commitment and high level of future performance. However, it also indicated that these factors will be altered and developed when the employees perceive that the performance appraisal processes are valid. The study of Jawahar (2006) supported this opinion as well. It indicated that performance appraisal reactions, especially satisfaction of performance appraisal processes, are positively related to organizational commitment and job satisfaction, while performance appraisal reactions are negatively related to turnover intentions. Thus, performance appraisal reactions as a criterion affecting the valid of performance appraisal processes must be evaluated. This will help employers to predict the future performance of their employees and reduce the potential crisis of their organization such as turnover intention of employees.

2.3 The social contexts of performance appraisal reactions

The recent model of performance appraisal processes includes three main

processes and four types of methods. The performance appraisal processes are composed of goals setting, evaluating and regular feedback, while the methods of that including rated by supervisors, rating by colleagues, self-rating and rating by subordinates (Shields & North-Samardzic, 2007). These models have proposed that the social contexts of performance appraisal processes are an important field of research because the social contexts are where performance appraisal processes operate. The social contexts will influence the quality of performance appraisal reactions which are related to work motivation, working attitudes and future performance (Pettijohn et al., 2001; Jawahar, 2006).

The previous study defined the social contexts of performance appraisal processes as organizational culture, perceived organizational support and leader-member exchange quality (Erdogan, 2002). There is also another category of the social contexts of performance appraisal reactions. The social contexts of performance appraisal processes were divided into leader-member exchange quality and leaders trust (Levy & Williams, 2004).

Organizational culture refers to the historical and social factors which determined the cognition and way of thinking. It was conceptualized as behavioral norms while these behavioral model can be classified as constructive, passive-defensive and aggressive-defensive styles (Cook & Rousseau, 1988). The constructive culture is related to individual development and achievement in an organization. In passive-defensive culture, supervisors try to minimize the interpersonal conflict among their subordinates. Finally, aggressive-defensive style refers to maintain and centralization of state power. The perceived organizational support is defined as an organization values and concerns about its employees' well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986) and it was found that it is positively related to performance appraisal reactions (Erdogan, 2002). The early study also identified two factors affecting the performance appraisal reactions, including leader-member exchange quality and supervisor trust (Levy & Williams, 2004). It is obvious that the leader-member exchange is a social contextual factor that was studied the most.

Furthermore, the previous study also mentioned that participation in performance appraisal processes affects the quality of performance appraisal reactions. The previous research, participation was defined into two types of participation. The first type of participation allows an employee influences the outcomes of performance appraisal processes. Another type of participation allows employees to voice their opinions regardless of influence (Cawley et al., 1998). In performance appraisal processes, participation is defined as a voice which is related to procedural justice (Lind & Tyler, 1988). There are two major influence on performance appraisal reactions, including the value-express explanation and the instrumental explanation (Cawley et al., 1998). The value-express explanation suggested that an employee perceives the opportunity which he or she procedurally express his or her ideas regardless of outcomes. The instrumental explanation suggested that voice increase the controlling over the decisions and it will lead to more favorable outcomes (Tyler & Lind, 1992). The participation enhances the fairness of the processes, including the evaluating process and a goals-setting process (Dulebohn & Ferris, 1999). As subordinates desire to participate in decision-making, especially important organizational activities and bring forward their opinions about it. With this opportunity to voice their opinions, it will be fairer for them comparing with those appraisal processes that subordinates cannot participate in (Giacobbe-Miller, 1995). For example, if employees perceive that they are allowed to participate in the performance appraisal processes and the performance appraisal processes are goal oriented, they will be more positive toward the latest performance appraisal processes (Dipboye & Pontbriand, 1981).

3. Leader-Member Exchange

This part aims to introduce the definition of leader-member exchange theory and how it works in organizations. As noted, a high quality leader-member exchange is a vital social context of performance appraisal reactions so it will also describe the leader-member exchange quality as an antecedent of organizational justice which is

one of the criteria of performance appraisal reactions.

3.1 Defining Leader-Member Exchange Theory

In an organization, leaders and subordinates' relationship plays an important role in their working, for instance, it has an influence on the performance and well-being of subordinates. The Leader-Member Exchange (LMX) theory was built depending on the role theory (Bauer & Erdogan, 2015). The role theory suggested that members of an organization accomplish their work with roles including a set of activities and behaviors (Kahn et al., 1964). The leader is an expectation sender in an organization, and those subordinates are expectation receivers. An expectation sender sends role expectation to expectation receivers, and receivers respond role performance and negotiation of their role. This role-making process is affected by the actions and behaviors of the role sender and the role receivers (Kahn et al., 1964). The previous studies of LMX were developed with role theory (Bauer & Erdogan, 2015). It presented two assumptions about this relationship. The first assumption described that the members within the same group or an organizational unit following the same supervisor are almost equal in terms of their consciousness, constructions and reactions. Therefore, each member can be regarded as an individual entity. The second assumption described that a supervisor treats all the followers the same and a supervisor forms an undifferentiated exchange with them (Dansereau, 1975). Therefore, this relationship between supervisor and subordinate was identified as vertical dyad linkage. However, these assumptions are not legitimate because, in an organization or a group, a supervisor cannot treat all of their subordinates the same. Leaders form different relationships with their subordinates because of interpersonal attraction and member performance. These relationships have different levels of quality (Pichler, Varma, Michel, Levy, Budhwar, & Sharma, 2016). Instead of building a vertical dyad linkage with a subordinate, supervisors form a vertical linkage within a group or organization (Northouse, 2013). According to this theory, a subordinate's response to his or her job is related to the supervisor-subordinate relationship and interactions (Bauer & Erdogan, 2015).

Some researches also integrated LMX theory. Firstly, organizational citizenship behavior (OCB) was put forward. Organizational citizenship behavior is defined as a behavior that individuals voluntarily help others on the job without any extra rewards (Bies, 1989). With OCB, subordinates are willing to perform going beyond their formal job descriptions or requirements, and they do not expect to receive any remuneration or recognition (Deluga, 1994). In addition, according to Deluge's study, OCB is positively relative to LMX and it was summarized as a part of LMX theory. Secondly, perceived organizational support (POS) was also put forward. The POS refers to another construct typically associated with social exchange theory and refers to employees' perceptions about the extent to which the organization values their presence at work and concerns about their well-being (Epitropaki & Martin, 2013). Organization commitment is a vital signal of POS. With high POS, employees' performance and well-being will be recognized and they will get the reward for that. Oppositely, employees suffer from a low-quality exchange which will lead to a low quality performance (Eisenberger, Aselage, Sucharski, and Jones, 2004). Furthermore, high POS employees will trust the organization because the organization serves them social-emotional resources, such as respect, concern and trust. This will help an organization to decrease the potential harm, such as turnover or low performance (Epitropaki & Martin, 2013).

In summary, LMX takes a process that is centred on the interactions between leaders and followers. Leaders form a special relationship with all of their subordinates, and these relationships are unique and they have their own characteristics (Northouse, 2013). Those subordinates who were willing to afford to expanded and negotiated responsibilities are called in-group. On the contrary, those subordinates who only willing to take their responsibilities being included in their job description are called out-group (Sparrowe, & Liden, 1997). The difference between in-group and out-group is that leaders and subordinates have a different exchange. The exchange in in-group relations is a social exchange, while the exchange in out-group is an economic exchange. Only the subordinates with social exchange tends to engender feelings of personal obligation, gratitude and trust (Blau, 1964). The

different levels of LMX quality are also distinguished by different features. The low quality of LMX is characterized by an economic exchange which means that subordinates only finish the work being specified in the employment contract (Sparrowe, & Liden, 1997). While the high-quality LMX is characterized by a social exchange that subordinates extend their work beyond the contract. In addition, in-group subordinates are more dependable, more highly involved, and more communicative than out-group subordinates (Dansereau, 1975).

In general, the quality of LMX has a significant impact on individuals' outcomes that are important for organizations, leaders and subordinates. The study of Grean and Uhl-Bien (1995) suggested that the higher quality LMX produced less turnover intention, more positive and effective performance appraisal processes, and greater organizational a commitment of the employees. Thus, these outcomes of high-quality LMX can help organizations to reduce their potential crisis, such as turnover intention. In addition, for individuals, the high-quality of LMX is related to more desirable work assignments, greater participation and better working attitude of subordinates. These outcomes can increase the future performance of employees which can increase the accomplishment and achievement of organizational goals. Moreover, subordinates would get more attention and support from leaders. Furthermore, for leaders, with a higher quality of LMX, they would feel better and accomplish more than they expected, which leads to organizational success.

3.2 The Leader-Member Exchange Theory in Organization

3.2.1 The Attributes of LMX

LMX theory views the dyadic relationship quality between leaders and subordinates as the key to understanding how does a leader have influence on subordinates, teams and organizations. It is obvious that the quality of LMX depends on the interaction between leaders and subordinates. Therefore, some previous studies summarized some attributes of LMX. In previous research, high-quality LMX are characterized by mutual trust, loyalty, support, obligation, professional respect and open communication (Hsiung & Tsai, 2009). First of all, managerial trust is the vital

particularity of LMX. Dansereau, Graen and Hage (1975) indicated that supervisors have different relationships with subordinates who are trustworthy and those who are untrustworthy. The level of leaders trusting in the capability and consistency, and the level they caring about their subordinate are positively related to LMX quality. In addition, it was also found that subordinates who are more trusted have a better quality exchange with their leaders, and leaders who trust their subordinates are easier to form an in-group relationship with them (Gomez & Rosen, 2001). The second particularity of LMX is expectations. An expectation of subordinates is structured as a prediction about self-fulfill, in which leaders' initial expect to promote subordinates' motivation and performance (Bauer & Erdogan, 2015). According to Liden, Wayne and Stilwell (1993) research, it shew that leader expectation to subordinate was strongly related to LMX quality in the first six weeks. Moreover, subordinates' expectation was still strongly related to LMX at six months. Another study also described that leaders' expectations of their subordinates were positively related to LMX (Wayne, Shore & Liden, 1997).

3.2.2 The LMX and Performance Appraisal Reactions

As noted, LMX is one of the social contexts of performance appraisal processes, and it can influence the quality of performance appraisal processes. The previous study of that focused on the communication and participation (voice) in performance appraisal reactions. Leaders will give in-group member more support and concern than out-group members (Graen, 1982). They also have positive interaction in high-quality LMX (Fairhurst, 1993). According to Fairhurst's research, with high-quality, subordinates had a chance to communicate with their leaders. The high level of communication between leaders and subordinates is positively related to subordinates' satisfaction of their organization and performance appraisal processes. It is possible to infer that high-quality LMX is positively related to performance appraisal reactions. In addition, with a high quality of LMX, leaders are easier to aware the working attitude and well-being of subordinates because they have more opportunities of communication and interaction with each other (Nathan, Mohrman &

Milliman, 1991). Moreover, in-group subordinates have more trust and loyalty to their leaders and they would know more about this procedure when participating in performance appraisal processes, and they also have greater confidence in their capabilities to achieve positive outcomes (Elicker, Levy & Hall, 2006). With more information that they got from communication, they can discuss some important issue with their leaders, such as reward or promotion opportunity (Beer, 1981). With a high quality of participation in performance appraisal, subordinates have a chance to control over their work and performance appraisal, and they feel fairer in performance appraisal (Nathan, Mohrman & Milliman, 1991).

The subsequent research extends these researches. The LMX quality is related to employees' perceptions of participation in leader-member interaction. The perceptions of participation can impact the perception of justice about the performance appraisal process. And LMX quality also was found that it had an effect on employees' performance appraisal reactions, including satisfaction, working motivation, and perception utility (Elicker, Levy & Hall, 2006). Another research separated the social context into supervisor support and trust, leader-member relationship, and relationship satisfaction which are components of LMX quality. It found that all of them are strongly and positively related to performance appraisal reactions. In addition, it also suggests that employees participating in the performance appraisal process is one of the factors that affect their reactions (Pichler, 2012). In conclusion, LMX is positively related to performance appraisal reactions.

3.2.3 The LMX and Organizational Justice

Researchers have investigated the relationship between LMX and justice. LMX is a theory that presents the social exchange between leaders and subordinates, and a social exchange is a vital method to explain the function of organizational justice. Therefore, we can conclude that LMX is an antecedent of organizational justice (Bauer & Erdogan, 2015). The researches about organizational justice focus on justice perception which means the employees' perception of fairness in an organization. Justice perception was also classified into three types of justice, including distributive

justice, procedural justice and interactional justice (Sweeney & McFarlin, 1993; Colquitt, 2001; Keeping et al., 2000), and organizational justice also associated with outcomes of work, such as performance, productive behaviors and working attitudes (Bauer et al., 2015). Once leaders and subordinates started to interact, the in-group and out-group relationships among were formed and subordinates can perceive fairness. As noted, supervisors cannot treat all of their subordinates the same. The group differentiation depending on how leaders treat them (Scandura, 1999). In-group subordinates are more likely to focus on procedural justice because of the high quality of LMX. While those out-group subordinates are more likely to focus on distributive justice as their rewards depend on economic exchange with leaders in low-quality LMX instead of social exchange (Scandura, 1999). However, the LMX is positively associated with both distributive and procedural justice in the USA, Australia and Colombia (Pillai, Scandura & Williams, 1999). Regarding interactional justice, LMX is positively associated with interactional justice because high level of communication is an important part of high-quality LMX (Scandura, 1999). Furthermore, organizational justice is also a mediator between LMX and work outcomes, including job satisfaction, organizational commitment and turnover intention (Bauer & Erdogan, 2015). It can be concluded that LMX is related to performance appraisal reactions because it is related to organizational justice which is one of the criteria of performance appraisal reactions.

4. Empowering Leadership Style

This part is going to introduce empowering leadership style and how it works in an organization. Moreover, the relationship between empowering leadership style and leader-member exchange quality is also introduced in this part because the previous research defined empowering leadership behaviors as antecedents of high-quality leader-member exchange.

4.1 Defining Empowering Leadership Style

Following the demands of higher efficacy and productivity, there are higher requirements and stress for leaders in their work. Therefore, leaders have to work more effectively to ensure the quality of their tasks. In order to increase the effectiveness of their work, leaders started to empower their subordinates in workgroup. With empowerment behaviors, leaders prefer creating motivation for subordinates at work by improving their authority so it can promote the productivity and effectiveness in teamwork.

In the original research of empowerment, it was promiscuous with a self-managing team because their similarity which is high autonomy (Manz & Sims, 1993). However, empowerment in a team was distinguished by a self-managing team with four dimensions of empowerment, including potency, meaningfulness, autonomy and impact (Kirkman & Rosen, 1999). Potency refers to self-efficacy which means that members of a team believe that they can be effective relating to performance (Guzzo, Yost, Campbell & Shea, 1993). Meaningfulness regards to members' reactions to their tasks, such as valuable and worthwhile feeling in working. Autonomy refers to a degree of discretion and delegation in a team. Finally, impact means the degree of importance for an organization (Hackman, 1987). However, in subsequent research, empowerment was defined as two dimensions which are information sharing and team responsibilities (Seibert, Silver & Randolph, 2004). Information sharing refers to providing information about productivity, quality, or something else relating to employees' work. And team responsibilities refer to the level of team members' responsibilities about decision-making (Seibert, Silver & Randolph, 2004). Therefore, there are two ways to define an empowering leadership style. First, empowering leadership style can be defined as a set of behaviors of formal leaders who are willing to encourage subordinates to voice their opinions or ideas, making decisions, and share information with them. Secondly, empowering leadership style can also be defined as a power-sharing process which raises subordinates' autonomy in a team. In sum, the empowering leadership style refers to a process that leaders share their power to their subordinates through a set of behaviors so subordinates have more autonomy and responsibilities in their workgroup. Those

empowered subordinates are promoted to be effective and motivated (Cheong, 2017; Sharm, & Kirkman, 2015; Kirkman & Rosen, 1999; Conger & Kanungo, 1988).

In managerial literature, the delegation and the decentralization of decision-making power is the core content of empowerment concept (Burke, 1986). Participative decision-making suggested that the utilization of various decision procedures allowing others to influence over the leader's decision and it was classified into four categories, including the autocratic decision, the consultation, the joint decision, and the delegation. These categories present different levels of participative decision-making. The autocratic decision means that leaders make a decision alone without asking suggestion or opinion from others, even though these people have a direct influence on this decision. This is the lowest level of participative decision-making because subordinates cannot present their opinion at all. The second level of participative decision-making in consultation with which leaders ask others for suggestions or opinions, but making a decision alone. The third level of participative decision-making is a joint decision. With this level of participation decision-making, leaders ask others' suggestion and opinions before making decisions and they have no more influence over the others on the final decision. The last one is the highest level of participative decision-making. Leaders give individuals or teams the authority and responsibilities for making a decision. In addition, apart from the delegation, goal setting and self-control for subordinates (Sharma & Kirkman, 2015). Goal setting can improve work performance and change behavior of employees when leaders and subordinates set a specific, practicable and sufficiently difficult goal for their work (Locke & Latham, 2002). Leaders and subordinates set a sufficiently difficult goal is supported by a meta-analysis which indicated that a team with a difficult goal was more effective to change subordinates' behavior comparing to a team with an easy goal (Epton, Currie & Armitage, 2017).

4.2 The Empowering Leadership in Organization

According to previous researches, there is some positive effect of empowering leadership style for an organization being found. In the team levels, empowering

leadership style can lead to performance-based outcomes. For example, the empowering leadership influence the firm performance through the top management team (TMT) process which involves behavioral integration which plays a mediation role in the relationship between empowering leadership and TMT potency. The TMT potency was strongly related to firm performance (Carmeli, Schaubroeck & Tishler, 2011). In addition, empowering leadership is indirectly related to performance. For example, empowering leadership is positively related to information sharing and team effectiveness. Both of information sharing and team effectiveness are positively associated with performance (Srivastava, Bartol & Locke, 2006). Furthermore, empowering leadership is positively associated with team members' behaviors. For instance, firstly, empowering leadership to engage team members to develop customer knowledge creation capability associating with performance or outcomes (Menguc, Auh & Uslu, 2013). Secondly, empowering leadership is positively related to the effectiveness process in the sales team and team members with long history empowerment are more beneficial than those with short-term empowerment (Rapp, Ahearne, Mathieu & Rapp 2010).

At the individual level, empowering leadership is associated with the working attitudes and behaviors of employees. For instance, employees would be easier to express their creativity through empowering leadership because employees face to significant risks when they engage in creative behavior. With truth and support for their leaders and organizational commitment, employees would feel less risks about that (Harris, Li, Boswell, Zhang & Xie, 2014). Secondly, with empowering leadership, employees also have a higher level of job satisfaction as they were encouraged to be independent and authority, and cooperation among team members is greater (Vecchio, Justin & Pearce, 2010). Thirdly, leaders with empowering leadership encourage information sharing which increase the quality of decision-making. For example, the quality of the decision will be higher when subordinates know more information and knowledge about solutions or problems which leaders do not know about (Eze, Goh, Goh, Tan, 2013). In addition, the decision acceptance will be higher as subordinates have ownership when making a decision. Their motivation increases to implement it

successfully as the high-level of ownership. Moreover, subordinates are more satisfied with the decision process. Some previous studies suggested that these opportunities to express their opinions before a decision is made can have a beneficial influence on satisfaction level, especially increasing procedural justices level (Earley & Lind, 1987; Lind & Tyler, 1988). Furthermore, the skills of subordinates joining in decision-making can develop because of their experience. For instance, diagnosing the cause of problems, finding a feasible solution, evaluating solutions, and planning how to implement.

4.3 Empowering Leadership and Leader-Member Exchange Theory

As noted, the LMX theory was built depending on the role theory and the role-making process is influenced by the actions and behaviors of expectation sender and receiver (Kahn et al., 1964). Therefore, it is reasonable to infer that leader's behaviors have influence on LMX quality. In the previous research about leadership style and LMX, most of researches focus on the relationship between transformation leadership and LMX. However, empowering leadership is likely to associate with high quality LMX as well because of trust, respect and mutual liking (Sparrowe, & Liden, 1997). Researches examined the leadership behaviors as antecedent of LMX. For example, according to Yukl, Donnell, and Taber's (2009) research, there are seven behaviors being defined as antecedents of LMX, including supporting, recognizing, developing, consulting, delegating, leading by example and envisioning change. These behaviors being defined as antecedents of LMX are also defined as empowering leadership behaviors, including leading by example, participation in decision-making, showing concern, coaching and encouraging (Arnold, Arad, Rhoades, & Drasgow, 2000). In addition, according to the organizational support theory, organizational support refers to a general belief of employees about the level of the organization values their contribution and concerns about their well-being (Eisenberger, Huntington, Hutchinson, & Sowa, 1986). This theory suggests that organizational support and supervisor support have influence on a social exchange approach as they have effect on organizational commitment. As noted, supervisor

support is one of the individual level outcomes of empowering leadership style. Furthermore, as noted, leaders with empowering leadership try to promote the work performance and motivation by the delegation so it enhances the possibility that employees participate in the decision-making process. And participation in decision-making is related to a high quality LMX (Hassan, Mahsud, Yukl, & Prussia, 2013). In sum, a high level of empowering leadership style is likely related to high quality LMX.

5. Present Study

5.1 Hypotheses

Performance appraisal processes is one of the important factors in human resource practices as it can affect both the organizations and individuals as a predictor of future performance, working attitude of employees firstly. It can also help organizations to evaluate their potential crisis (Shields et al, 2007; Palpiologos et al, 2011). Performance appraisal reactions are one of the important criteria for evaluating the quality and effectiveness of performance appraisal processes (Brown et al, 2010). Therefore, it is worthy to study the factors affecting the quality of performance appraisal reactions.

The Leader-member exchange identified the leader-member relationship as different types of exchange, including economic exchange and social exchange. A high quality of LMX refers to a social exchange between leader and subordinate which means that a subordinate trusts his or her leader and be loyal to the organization (Pichler et al, 2016). Therefore, it is reasonable to infer that LMX is related to performance appraisal reactions. Firstly, as noted, the quality of LMX is related to justice of performance appraisal processes because the high quality of LMX is an antecedent of justice of the performance appraisal processes (Bauer & Erdogan, 2015). And justice of appraisal is one of the criteria of performance appraisal reactions (Keep et al, 2000). Secondly, LMX is also one of the social contexts of the performance appraisal processes which affect the quality of performance appraisal processes. As, first of all, with a high quality of LMX, subordinates have an opportunity to express their opinions in social exchange between leaders and subordinates (Fairhurst, 1993). This relationship can affect the acceptance of the performance appraisal processes. Secondly, with a high quality of LMX, those in-group subordinates are more trust in their leaders and be loyal to organizations, so they are more satisfied with the outcomes of performance appraisal processes (Elicker et al, 2006). Hence, regarding the relationship between LMX and performance appraisal reactions, the following expectation was assumed in the current study:

H1(a): The LMX is positively related to satisfaction with performance appraisal processes.

H1(b): The LMX is positively related to procedural justice with performance appraisal processes.

H1(c): The LMX is positively related to distributive justice with performance appraisal processes.

Secondly, the LMX quality is noted that it relates to empowering leadership style because LMX theory is founded based on role theory. The role-making process is composed with expectation sender and receiver and this theory described that leaders are the expectation sender in this process whose behaviors or actions influence the role-making process (Kahn et al., 1964). The previous researches also presented that leader's behaviors are antecedent of LMX, including supporting, recognizing, developing, consulting, delegating, leading by example and envisioning change (Yukl et al., 2009). The empowering leadership behaviors are defined as leading by example, participation in decision-making, showing concern, coaching and encouraging (Arnold et al., 2000). It is reasonable to infer that empowering leadership behaviors are related to LMX because these empowering leadership behaviors are the antecedent of LMX. A supervisor with empowering leadership behaviors also found a high-quality relationship with his or her subordinate as well. Therefore, it can be hypothesized the relation between empowering leadership style and LMX is positive. In addition, as mentioned, LMX is related to performance appraisal reactions because it is an antecedent of justice of performance appraisal processes, and the high-quality LMX comes with truth and loyalty which is positively related to performance appraisal reactions. It can be hypothesized that empowering leadership is related to performance appraisal reactions through LMX. Hence, regarding this relationship, the following hypotheses were assumed:

H2: The empowering leadership is positively related with LMX.

H3(a): The empowering leadership is positively related with satisfaction with performance appraisal processes through LMX.

H3(b): The empowering leadership is positively related with procedural

justice with performance appraisal processes through LMX.

H3(c): The empowering leadership is positively related with distributive justice with performance appraisal processes through LMX.

For presenting the relationship between empowering leadership, LMX and performance appraisal reactions. The model is reported in Figure1.

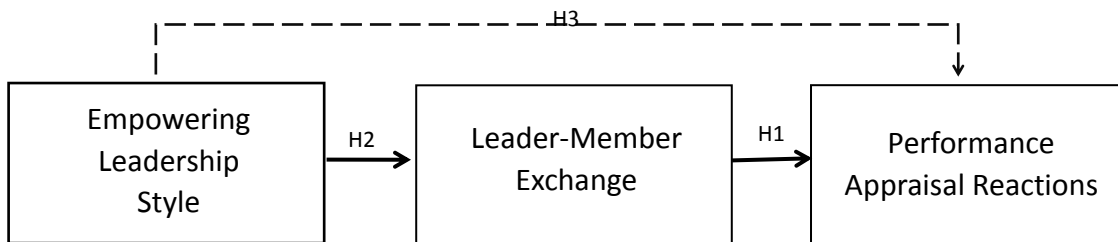


Figure 1: Research model

5.2 Methods

5.2.1. Respondents

In this investigation, there are 219 valid responses being collected. According to this data, 97 respondents are male accounting for 44.3%, while 122 of them are female taken at 55.7%. Secondly, those respondents whose age under 30 years old (included 30 years old) accounted for 55.7%. Those respondents whose age between 31 to 40 (included 40 years old) accounted for 25.1%. The respondents over 40 years old account for 19.2%. The average of respondents age is 32.15 years old and the standard deviation of that is 9.27. The maximum of that is 55 years old as this is the age for retirement in China. Regarding the education level, 84% of respondents have a bachelor degree or above that. However, over half of the respondents are staffs which accounted for 52.5% and 16.9% of them are low-level managers. Regarding the organizational tenure, 46.1% of respondents have 3 years of organizational tenure and there is 9.2% of respondents with organizational tenure between 3 to 5 years. In addition, 22.8% of respondents have 5 to 10 years of organizational tenure and 21.9% of them have organizational tenure over 10 years. The mean of organizational tenure is 6.96 years and standard deviation of it is 7.83. Moreover, regarding dyadic tenure, the mean of dyadic tenure is 3.40 years and the standard deviation of it is 3.99. Furthermore, 76 respondents work in privately-owned companies accounting for

34.7% and 67 respondents work in public organizations at 30.6%. There are 57 respondents work for state-owned companies at 26%. The specific information about the data is presented in the Table 1.

Table 1: Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	97	44.3	44.3	44.3
	Female	122	55.7	55.7	100.0
	Total	219	100.0	100.0	
Education Level	Junior high school degree or below	2	.9	.9	.9
	Senior high school or technical secondary school education	8	3.7	3.7	4.6
	Junior college	25	11.4	11.4	16.0
	College degree	149	68.0	68.0	84.0
	Master degree or higher	35	16.0	16.0	100.0
	Total	219	100.0	100.0	
	Position	Top manager	13	5.9	5.9
Middle management		54	24.7	24.7	30.6
Low-level manager		37	16.9	16.9	47.5
Staff		115	52.5	52.5	100.0
Total		219	100.0	100.0	
Company	State owned company	57	26.0	26.0	26.0
	Privately-owned company	76	34.7	34.7	60.7
	Individually-owned company	7	3.2	3.2	63.9
	Public organization	67	30.6	30.6	94.5
	International company	12	5.5	5.5	100.0
	Total	219	100.0	100.0	

5.2.2. Procedure

For collecting data to support this hypothesis, a questionnaire was designed with personal information and four scales. This data was collected with a Chinese investigation website. In the very beginning, the questionnaire had been translated into Chinese version after which both the English version and the Chinese version

were sent to three persons being professional in English for checking the translation. After correct translation problems, the Chinese version of this questionnaire was uploaded to the Chinese investigation website. The link to the questionnaire was sent to some employees respectively with E-mail and social media in China, such as Wechat and e-mail. These employees who got the link were selected because it is necessary to ensure that they already participated in a performance appraisal in recent months. Otherwise, they would not respond to it correctly depending on how they felt about their performance appraisal process. As it is necessary to collect enough data to support these hypotheses, those employees who got the link to the questionnaire also sent it to their colleagues. Finally, there are 260 responses but 41 of them are invalid because the respondent responded the same to all the scales. Therefore, there are 219 valid responses being collected.

5.2.3 Measures

The empowering leadership was measured with 5-points Likert frequency scale from 1 (very rarely) to 5 (very frequently). In order to measure the level of empowering leadership, empowering leadership was measured with the Empowering Leadership Questionnaire (ELQ) with five dimensions (Arnold et al., 2000). The ELQ scale suggested that empowering leadership level was measured with five empowering leadership behaviors as criteria, including leading by example, participative decision-making, coaching, informing, and showing concern. Leading by example refers to the commitments to his or her work and subordinates as well. With these behaviors, a leader tries to work hard as he or she can. To evaluate these criteria, there are three items being answered by subordinates. For instance, “my supervisor set a high standard for his or her own behavior”. Participative decision-making refers to a leader making a decision with subordinates’ opinion or ideas. The leader with this behavior encourages subordinates to express their opinions or ideas. It was evaluated with three items. For example, “my supervisor encourages workgroup members to express ideas or suggestions”. Coaching refers to a set of behaviors educating subordinates and helps them to know the professional field that their need to improve.

This dimension was evaluated with four items, for example, “my supervisor helps my workgroup see areas in which we need more training”. Informing refers to a leader sharing the information about the company’s goal or its mission with his or her subordinates. This dimension involves three items, for example, “my supervisor explains how my workgroup fits into the company”. Finally, showing concern is a set of behaviors that leaders realizing subordinates’ well-being being evaluated with three items, for instance, my supervisor shows concern for workgroup members' well-being. This five dimension scale is suitable for the present study as it reflects the behaviors being noted that they are related to LMX quality and performance appraisal reactions, such as participation and coaching. The Cronbach’s alpha is 0.923 which means that this scale is reliable for doing research with.

The LMX quality was evaluated with a 5-point Likert agreement scale from 1 (strongly disagree) to 5 (strongly agree). The previous scales of LMX are uni-dimensional scales, such as Dansereau’s (1975) 2-item scale, Liden and Graen’s(1980) 4 items scale, while Liden (1986) rose the multiple dimension of LMX. This scale is used for measuring LMX quality is a 3-dimension scale developing from previous research (Graen & Uhl-Bien, 1995). As mentioned, high-quality LMX is characterized by respect, trust and obligation (Hsiung & Tsai, 2009). These three dimensions involve respect, trust and obligation as well. In order to differentiate this working relationship to personal relationship, this truth, respect and obligation with regard to the individual assessment of professional capabilities and behaviors about their work. Furthermore, this scale is different from the antecedents of LMX as well. Instead of measuring the antecedents of LMX, it evaluates the levels of relationship development from the initial interactions to mature relationships (Graen & Uhl-Bien, 1995). Therefore, this 7-item scale is more suitable for this research which asking employees to evaluate the relationship between leaders and subordinates. The Cronbach’s alpha of this scale is 0.866 which is between 0.8 and 0.9. It means that this scale is reliable for investigation.

Thirdly, performance appraisal reactions are measured with a 5-point Likert scale from 1(strongly disagree) to 5(strongly agree). This scale involves three

dimensions which are satisfaction, procedural justice and distributive justice. These three dimensions are mentioned as significant criteria for evaluating performance appraisal reactions (Keeping & Levy, 2000). The satisfaction of performance appraisal was assessed with 3 items, for instance, I found the appraisal to be a satisfying experience (Greller,1975). This scale aims to evaluate the reactions of performance appraisal process, depending on the levels of participation in the earlier stages of performance appraisal, such as a goal setting process. Hence, it is related to this research which has the homogeneous purpose. The second dimension is procedural justice evaluated with a 3-item scale, for example, my supervisor considered the important aspects of my work when rating me (Dulebohn & Ferris, 1999). As this scale evaluates procedural justice concerning the stages of employees participating in the performance appraisal process. This criterion is related to the high-quality LMX and empowering leadership behaviors with a high level of participation. The last dimension is distributive justice which was assessed with a 3-item scale, for instance, I feel fairly rewarded for the amount of effort I put forth (Moorman, 1991). This scale considers distributive justice as an outcome of performance appraisal so it assesses distributive justice with items about employees own feelings about the outcomes of performance appraisal, such as the rewards or bones they got. Furthermore, the Cronbach' s alpha of the scale testing satisfaction of performance appraisal is 0.82 and the Cronbach's alpha of procedural justice scale is 0.81. That of distributive justice scale is 0.93. These results of the reliable analysis indicate that three scales measuring the satisfaction, procedural justice and distributive justice are reliable.

5.2.4 Statistical Analyses

The data were analyzed with linear regression to analyze the relationship between independent variables which is empowering leadership and the dependent variable which is performance appraisal reactions. The regression analysis examines the relationship between a quantitative response variable or dependent variable, Y, and one or more explanatory variables or independent variables, X1,..., Xk. Regression

analysis traces the conditional distribution of Y-or some aspect of this distribution, such as its mean. With a linear regression model, if the quantitative response variable and explanatory variable is linear, they will be fitted a line to the plot which will be helpful for determining whether this relationship is reasonable or not (Fox, J., 2015). With SPSS, the result of the linear model is shown with coefficient of determination (R^2) which indicate the percentage of variation of Y can be explained by the variation of X. And the adjusted R^2 is similar to R^2 , but it also considers the amount of the sample and independent variables so it will not get close to one because of them. The data were analyzed with SPSS linear model in this study. As this study discusses the relationship between empowering leadership and performance appraisal reactions through LMX, this linear regression analysis consists of two parts. The first step of it analyzes the direct relationship between them, while the second step analyzes this relationship with LMX as a mediator.

In order to analyze the mediation mechanism among this relationship, the data were analyzed with SPSS macro called Process. The mediation analysis is defined as a study of the potential pathway through which the independent variable has an effect on the dependent variable. This pathway can show the effect on the dependent variable at least partially through a mediator (Lachowicz, Preacher & Kelley, 2018). In this study, the Sobel test and the Bootstrapped test were used for establishing mediation. The Sobel test describes the value of an indirect effect with the standardized value, and it indicates whether the relationship is significant with Sobel z value and p-value. In addition, the Bootstrapped test analyzes the indirect effect with the lower limit confidence interval value and the upper limit confidence interval. If the range between these two values does not include zero, it means that the indirect effect is significant.

5.3 Results

5.3.1 Descriptive Statistics and Correlation

Table 2 shows the means, standard deviation, and correlations of study variables. Overall, the independent variable, which is empowering leadership style, was

positively related to the mediator and each criterion of performance appraisal reactions. The mediator LMX was also positively related to each criterion of performance appraisal reactions. Empowering leadership style was positively and significantly related to LMX ($r=0.72$, $p<0.01$). And empowering leadership was also positively and significantly related to satisfaction ($r=0.61$, $p<0.01$), procedural justice ($r=0.65$, $p<0.01$), and distributive justice ($r=0.66$, $p<0.01$). In addition, the LMX was positively and significantly related to satisfaction ($r=0.63$, $p<0.01$), procedural justice ($r=0.68$, $p<0.01$), and distributive justice ($r=0.64$, $P<0.01$). Furthermore, table 2 also indicates the correlation of controlling variables. The position, which is rank-ordered from higher to lower hierarchy, is negatively and significantly related to LMX ($r=-0.20$, $P<0.01$), and satisfaction ($r=-0.17$, $P<0.05$) as well. It means that employees in a higher position will have a high quality of LMX and the high level of satisfaction with performance appraisal.

Table2: Means, standard deviation and correlation among study variables

	M	SD	Correlation											
			1	2	3	4	5	6	7	8	9	10	11	
1. Gender	-	0.50	-											
2. Age	32.15	9.27	-0.07	-										
3. Education Level	-	0.71	0.01	-0.20**	-									
4. Position	-	0.99	0.14*	-0.47**	0.01	-								
5. Organizational Tenure	6.96	7.83	-0.10	0.76**	-0.30**	-0.38**	-							
6. Dyadic Tenure	3.59	3.99	-0.10	0.55**	-0.26**	-0.44**	0.65**	-						
7. Empowering Leadership	3.47	0.74	-0.02	-0.11	0.15*	-0.03	-0.13	-0.05	-					
8. LMX	3.43	0.68	0.03	0.06	0.04	-0.20**	0.02	0.09	0.72**	-				
9. Satisfaction	3.46	0.78	0.07	0.04	0.07	-0.17*	0.00	0.10	0.61**	0.63**	-			
10. Procedural Justice	3.47	0.77	0.06	-0.05	0.01	-0.09	-0.02	0.02	0.65**	0.68**	0.80**	-		
11. Distributive Justice	3.40	0.92	0.05	0.06	-0.03	-0.12	0.01	0.08	0.66**	0.64**	0.81**	0.76**	-	

*: p<0.05; **: p<0.01

5.3.2 Hypothesis Testing

Table 3 indicates the regression analysis for Hypothesis 2. The Hypothesis 2 described that empowering leadership style is positively related to LMX quality. According to Table 3, it can be concluded empowering leadership style is positively and significantly related to LMX quality ($B=0.716$, $p<0.01$). Thus, Hypothesis 2 received support.

Table 3 and Table 4 show regression analysis and mediation analysis for Hypothesis 1(a) and Hypothesis 3(a). Hypothesis 1(a) describes that LMX is positively related to satisfaction. From Table 3, LMX is significantly and positively related to satisfaction ($B=0.380$, $p<0.01$). In addition, Table 3 indicates that empowering leadership style is positively and significantly related to satisfaction through LMX ($B=0.397$, $F=22.936$, $\text{Adj. } R^2=0.466$, $p<0.01$). According to Hypothesis 3(a), empowering leadership style is positively related to satisfaction through LMX so it received support. Hypothesis 3(a) focuses on the LMX mediating the relationship between empowering leadership style and satisfaction. Table 4 shows the indirect effect of empowering leadership style on satisfaction (standardized value=0.25). The result of the Sobel test shows that the indirect effect was significant (Sobel $z=4.45$, $p<0.01$). It shows the result of the bootstrapped 95% confidence interval around the unstandardized indirect effect did not include zero (0.05, 0.40). Therefore, it supports Hypothesis 3(a).

The Table 3 also shows the mediation analysis for Hypothesis 1(b) and Hypothesis 3(b). Hypothesis 1(b) focus on LMX being positively related to procedural justice. According to Table 3, it can seem that LMX is positively and significantly related to procedural justice ($B=0.480$, $p<0.01$) supporting hypothesis 1(b). Hypothesis 3(b) presents that empowering leadership style is positively related to procedural justice through LMX. The Table 3 also indicates that empowering leadership style is positively and significantly related to procedural justice through LMX ($B=0.372$, $F=29.495$, $\text{Adj. } R^2=0.529$, $p<0.01$). Therefore, it supports Hypothesis 3(b). Regarding the mediating level, Table 4 indicates that the indirect effect of empowering leadership style on procedural justice (standardized value=0.31).

According to the result of the Sobel test, it can be concluded that the indirect effect is significant (Sobel $z=5.87$, $p<0.01$). This table also presents the result of the bootstrapped 95% confidence interval around the unstandardized indirect effect did not include zero (0.18,0.45). This result means that LMX is a strong mediator supporting Hypothesis 3(b) as well.

The Table 3 shows the mediation analysis of hypothesis 1(c) and Hypothesis 3(c). Hypothesis 1(c) presents the LMX is positively related to distributive justice. And it was shown based on the Table 3 that LMX is positively and significantly related to distributive justice ($B=0.583$, $p<0.01$) which supports Hypothesis 1(c). Moreover, Hypothesis 3(c) describes that empowering leadership style is positively related to distributive justice through LMX. Table 3 presents that leadership style is positively and significantly related to distributive justice through LMX ($B=0.405$, $F=27.866$, Adj. $R^2=0.515$, $p<0.01$). Regarding the mediator, the second part of Table 3 indicates that the indirect effect of empowering leadership style on distributive justice (standardized value=0.31) and this indirect relationship is significant (Sobel $z=4.69$, $p<0.01$) according to the result of Sobel test. Secondly, the result of the bootstrapped 95% confidence interval around the unstandardized indirect effect did not include zero (0.10, 0.45). Therefore, Hypothesis 3(c) received support.

Table 3: Linear regression on satisfaction, procedural justice and distributive justice of appraisal

Variables and statistic	LMX	Satisfaction of Performance Appraisal		Procedural Justice of Performance Appraisal		Distributive Justice of Performance appraisal	
		<i>Step 1</i>	<i>Step 1</i>	<i>Step 2</i>	<i>Step 1</i>	<i>Step 2</i>	<i>Step 1</i>
Gender	0.029	0.172*	0.135	0.132	0.085	0.148	0.109
Age	0.055	0.003	0.002	-0.007	-0.009	0.012	0.011
Education Level	0.044	-0.001	0.016	-0.084	-0.063	-0.143*	-0.125
Position	-0.202**	-0.101*	-0.060	-0.079	-0.027	-0.055	-0.011
Organizational Tenure	0.017	0.005	-0.004	0.007	0.008	-0.009	-0.008
Dyadic Tenure	0.092	0.018	0.016	-0.002	-0.005	0.010	0.007
Empowering Leadership	0.716**	0.649**	0.397**	0.691**	0.372**	0.852**	0.405**
LMX	1		0.380**		0.480**		0.583**
F		21.673	22.936	24.672	29.495	27.361	27.866
R ² (Adjusted R ²)		0.647(0.418)	0.683(0.466)	0.671(0.450)	0.727(0.529)	0.690(0.476)	0.718(0.515)

*. Correlation is significant at the 0.05 level (2-tailed).;

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4: Mediation analysis of LMX

	Sobel							Bootstrapped				
	Indirect effect and significance using normal distribution							Bootstrap results for indirect effect				
	Unstand ardized Value	SE	LLCI	ULCI	Standar dized Value	z	p	Unstandar dized Value	SE	LLCI	ULCI	Standar dized Value
Satisfaction	0.26	0.06	0.05	0.40	0.25	4.45	0.00	0.26	0.09	0.05	0.40	0.25
Procedural Justice	0.32	0.05	0.18	0.45	0.31	5.87	0.00	0.32	0.07	0.18	0.45	0.31
Distributive Justice	0.31	0.07	0.10	0.45	0.25	4.69	0.00	0.31	0.10	0.10	0.45	0.25

LLCI: Lower level for confidence interval; ULCI: Upper level for confidence interval

5.4 Discussion

This study aims to explain how the empowering leadership style indirect effect on performance appraisal reactions could be mediated by LMX. As mentioned, performance appraisal reactions are evaluated with satisfaction, procedural justice and distributive justice of performance appraisal processes (Keeping et, al., 2000). This relationship between empowering leadership style and performance appraisal reactions are analyzed respectively, which means that the relationship between empowering leadership style and each criterion of performance appraisal reactions are analyzed. This study found that empowering leadership style is positively and directly related to satisfaction, procedural justice and distributive justice according to the results of the linear model. Therefore, it can be concluded that empowering leadership style is positively and directly related to performance appraisal reactions. Moreover, the mediating role of LMX in the relationship between empowering leadership style and performance appraisal reactions were also examined by mediation analysis. The results of mediation analysis supported that empowering leadership style is positively related to satisfaction, procedural justice and distributive justice through LMX. Thus, it is reasonable to conclude that LMX is a mediator among the relationship between empowering leadership style and performance appraisal reactions.

First of all, empowering leadership style includes five behaviors which are leading by example, coaching, participative decision-making, showing concern and encouraging (Arnold et, al., 2000; Cawley et, al., 1998; Tyler et, al., 1992). The quality of performance appraisal reactions was found that being impacted by the opportunities that the employees voice their opinion about the performance appraisal processes (Giacobbe-Miller, 1995). Moreover, the previous studies also indicated that supervisors' behaviors impact the satisfaction of performance appraisal processes because the employees will be more satisfied with the performance appraisal processes when the level of perceived supervisor support is high (French et, al., 1966). With the showing concern behavior of empowering leadership style, subordinates are treated with respect and their well-being are acknowledged by their supervisors. These behaviors contribute to the perceived supervisor support which is a social

context of performance appraisal processes affecting the quality of appraisal reactions (Epitropaki et al., 2013; Eisenberger et al., 2002; Byrne et al., 2012; Harris et al., 2014).

Secondly, empowering leadership behaviors are antecedents of LMX and leaders with empowering leadership style are willing to found a high-quality relationship with their subordinates (Yukl et al., 2009). Moreover, previous studies also presented that LMX is related to performance appraisal. LMX is a social context of the performance appraisal processes (Erdogan, 2002). LMX is also an antecedent of justice of performance appraisal processes (Bauer et al., 2015). Firstly, LMX is related to satisfaction of performance appraisal as subordinates with high-quality of LMX have more chance to communicate with their leaders and it leads to the high level of participation in the performance appraisal processes, which leads to high-quality satisfaction (Graen, 1982; Fairhurst, 1993). Secondly, LMX is related to justice in the performance appraisal processes because of the in-group relationship between them and high-level communication between them (Scandura, 1999; Pillai, Scandura & Williams, 1999; Bauer & Erdogan, 2015). However, the previous researches do not study the relationship between empowering leadership style or only a few studies do some investigations about the relationship between empowering leadership style and performance appraisal reactions through LMX. This study fills this gap. Depending on the previous studies, this study contributed the relationship between empowering leadership style and performance appraisal reactions via LMX.

5.5 Limitation and Future Research

The result of this study should be considered with its limitation which should be noticed. First of all, the data of this study is cross-sectional, which means that it was collected at only one point in time. The data of this study were collected from subordinates from different companies and organizations in southern China. Therefore, the level of empowering leadership style and the LMX quality are evaluated merely by subordinates instead of both supervisors and subordinates. Thus, it cannot entirely present the level of supervisors' empowering leadership style and LMX quality. The

future research should complete this part by doing longitudinal research in some selected organizations and some organization level controlling variables. By doing so, the data can be collected from both supervisors and subordinates' level in the same working group. The level of empowering leadership and LMX quality can be analyzed synthetically because the empowering leadership behaviors and LMX quality will be evaluated with a multisource opinion. In the future study, supervisors can do self-evaluation for the level of empowering leadership behaviors so it is possible to evaluate the level of empowering leadership more comprehensive. The supervisors can also evaluate their subordinates' behaviors in LMX process as LMX process is dyadic meaning that supervisors and subordinates' behaviors have impact on LMX quality. In addition, as the future study should be investigated with specific work groups, the same supervisor will be evaluated by a few of his or her subordinates. It is possible to get a more accurate level of empowering leadership style of a supervisor so it would improve the quality of investigation result. Furthermore, as these data were collected from different selected organizations or work groups in the future study so the data can be categorized by a work group or an organization. These data can be compared with each other. Therefore, it is possible to identify other organization-level controlling variables affecting the empowering leadership style level and LMX quality.

Second, the whole performance appraisal processes is not included in this research. As noted, the performance appraisal processes include goal setting, evaluating and feedback. All of these processes should influence the results and reactions of performance appraisal because the previous research already described the leaders' behaviors among this process could impact the result and quality about appraisal. However, these data were collected in different organizations, it did not consider all of the procedure because the performance appraisal processes in different organizations are different. In addition, subordinates' favorability of the performance appraisal processes is not considered in this study either. If subordinates receive negative performance evaluations, it will impact their reactions about this process and the results they got. The future research should choose some selected work groups in

the same organization for evaluating the quality and favorability of the whole performance appraisal processes. Firstly, by doing so, the performance appraisal processes are the same for the all respondents in the same organization, so these processes can be evaluated by both supervisors and subordinates in order to know their favorability about these processes. For an organization, this information helps this organization to find out how to improve its performance appraisal processes. Some controlling variables within a performance appraisal processes can be found so it is possible to find some moderators or mediators among this processes having an influence on performance appraisal reactions.

5.6 Practical Implications

Regarding the practical implication, this study can be used for the practitioner in human resource management and occupational planning area. The result indicated that the leadership style is a predictor of performance appraisal reactions directly and indirectly. The LMX quality is a mediator within this relationship. As mentioned, performance appraisal reactions play an important role in an organization. In the organizational level, the performance appraisal reactions are vital to the acceptance of performance appraisal processes, but also contributed to the effectiveness of performance appraisal processes (Brown et, al., 2010; Cawley et, al., 1998; Keeping et, al., 2000; Levy et, al., 2004). It was also found being related to organizational commitment and turnover intention (Pettijohn, Pettijohn et, al., 2001; Jawahar, 2006). Thus, performance appraisal reactions as the criteria affecting the valid of performance appraisal must be evaluated and it helps an organization to reduce the turnover intention of employees. Secondly, in the individual level, performance appraisal reactions are also positively related to working attitude, future performance and job satisfaction of employees (Pichler, 2012; Pettijohn, et, al., 2001; Jawahar, 2006; Kuvaas, 2011). Therefore, it helps employers to predict the future performance of employees. The working attitude and future performance of employees' contribution to the group and organizational goals affecting the quality, productivity and accomplishment of them (Kuvaas, 2006b). In conclusion, it is necessary for an

organization to increase the quality of performance appraisal reactions of their employees. The current study recommends supervisors to improve their subordinates' reactions of performance appraisal processes with altering their leadership style and behaviors. The LMX quality is a mediator within this relationship so increasing the LMX quality can increase performance appraisal reactions as well.

Firstly, to improve the level of empowering leadership style, supervisors' behaviors within the organizations should be changed. In general, the supervisors' behaviors can be altered by training. The previous studies suggested that empowering leadership contains five behaviors including leading by example, participation in decision-making, showing concern, coaching and encouraging (Arnold et, al., 2000). Thus, to evaluate their leadership style and behaviors, supervisors should ask subordinates to evaluate their behaviors within working and identify the level of empowering leadership style that they belong to. Each of empowering leadership behaviors should be included in this evaluation. The supervisors can alter their behaviors and improve the empowering leadership level based on the consequence of this evaluation. To improve the leading by example behaviors, the supervisors should set a high requirement for their own performance and perform as well as they can. Giving a high commitment to subordinates is another behavior of leading by example. The coaching behavior requires supervisors to evaluate the performance of subordinates and give them feedback regularly helping their subordinates to know what they need to improve, and supervisors can provide training opportunities to subordinates. The participative decision-making emphasizes asking subordinates' idea when supervisors making a decision. The showing concern behavior asks supervisors to know their subordinates' well-being and treat them with respect. Moreover, the encouraging behavior requires supervisors to encourage their subordinates to solve problems by themselves and acknowledge team efforts. Altering behaviors, the level of empowering leadership of supervisors can be enhanced.

Secondly, regarding the indirect path, as LMX is the mediator in between empowering leadership and performance appraisal reactions, increasing LMX quality can also improve the performance appraisal reactions of employees. The previous

studies about LMX suggested that LMX quality is affected by the supervisors' behaviors, organizational citizenship behavior and perceived organizational support (Bauer et al., 2015; Kahn et al., 1964; Pichler et al., 2016; Deluga, 1994; Eisenberger et al., 2004). Regarding the supervisors' behaviors, there are seven behaviors were concluded as the antecedents of LMX, including supporting, recognizing, developing, consulting, delegating, leading by example and envisioning change. Therefore, supervisors can treat their subordinates with these behaviors. In addition, it requires supervisors to treat their subordinates with trust, loyalty, support, obligation, professional respect and open communication. With these treatments, a supervisor can form a vertical linkage with his or her subordinates within a group or organization so the LMX quality will be increased. Regarding the perceived organizational support, subordinates' well-being need to be recognized and rewarded so supervisors need to acknowledge their subordinates' performance and well-being. For instance, supervisors need to communicate with their subordinates to know their contribution to work and reward their contribution. Thus, subordinates will response it with trust and organizational citizenship behaviors which are positively related to LMX quality.

In sum, according to this study, empowering leadership is positively related to performance appraisal reactions through LMX. Thus, altering supervisors' behaviors for enhancing empowering leadership style and increasing LMX quality can improve employees' performance appraisal reactions which can improve employees' future performance and reduce potential crisis of organizations.

6. Conclusion

To contribute the relationship between empowering leadership style and performance appraisal reactions, this study examined this relationship with LMX as a mediator. The current study presented a quantitative analysis of the relationship between empowering leadership style and performance appraisal reactions through LMX. The finding supported that there is a positive and direct relationship between

empowering leadership style and performance appraisal reactions. It also found that LMX is mediator among this relationship. Hence, it is possible for organizations to improve the quality of performance appraisal reactions with altering leaders' leadership style and increasing the LMX quality. As performance appraisal reactions are not only a predictor of future performance and working attitude in the individual level, but also a predictor of turnover intention and effectiveness of performance appraisal processes in organization level. The leaders can improve the accomplishment and achievement of organizational goals and avoid the potential crisis with these methods.

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