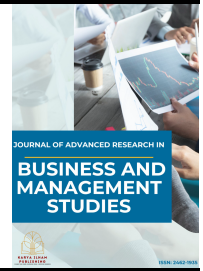




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Linking Fairness and Transparency to Employee Trust in Performance Appraisal Systems: A Conceptual Review and Framework for Malaysian Public Universities

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ABSTRACT

Performance appraisal (PA) is a key human resource practice in Malaysian public universities because its outcomes influence promotion, rewards, and career progression. In KPI-driven university environments, employees are likely to assess whether appraisal processes and outcomes are fair and whether the decision rules are transparent, clear, and accurate. While previous studies have examined appraisal fairness and effectiveness, limited attention has been given to the role of transparency in shaping employee trust. This conceptual paper addresses that gap by developing a framework that links perceived fairness, transparency, and employee trust in Malaysian public universities. Drawing on organisational justice theory, perceived fairness is conceptualised through distributive, procedural, and interactional fairness. The framework also incorporates organisational transparency, reflected in disclosure, clarity, and accuracy. It proposes that perceived fairness influences employee trust both directly and indirectly through transparency. When appraisal systems are viewed as fair and transparent, employees are more likely to trust the institution and the appraisal process. This paper contributes by extending PA literature through the inclusion of transparency as a mediating mechanism, while offering a contextually relevant framework for Malaysian public universities. It also proposes hypotheses and outlines an empirical approach for future testing.

1. Introduction

1.1 Background of the Study

Performance appraisal (PA) is used to evaluate employee contributions, guide development, and allocate outcomes such as rewards and promotion. In higher education, PA spans multiple domains (e.g., teaching, research, supervision, service, and administration) and is increasingly shaped by

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measurable performance expectations. When appraisal is high-stakes, employees often assess the legitimacy of both outcomes and processes.

Recent scholarship emphasises that appraisal implementation features—such as process clarity, feedback quality, and perceived fairness—continue to shape employee reactions and organisational outcomes. In higher education, appraisal fairness is associated with appraisal effectiveness and satisfaction [1]. At the same time, transparency perceptions influence trustworthiness judgements through disclosure, clarity, and accuracy, creating a direct informational pathway from appraisal communication quality to trust [2].

1.2 Problem Statement

In KPI-intensive environments, appraisal systems may be perceived as overly metric-driven or inconsistently applied across departments. Where criteria, evidence requirements, weighting, moderation rules, and appeal pathways are unclear, employees may interpret decisions as subjective or influenced by bias. Such perceptions can weaken acceptance of appraisal outcomes and undermine trust.

While fairness and trust have been studied across sectors, fewer frameworks explicitly model how transparency operates as a mechanism through which fairness perceptions translate into trust in university settings. Contemporary evidence in public-sector organisations supports strong relationships among perceived justice, trust, and work outcomes [3]. This conceptual paper responds by integrating fairness and transparency into a single trust-oriented framework tailored to Malaysian public universities.

1.3 Research Objectives

Main Objective:

To examine the influence of fairness and transparency in performance appraisal systems on employee trust in Malaysian public universities.

Specific Objectives:

RO1: To explore academic and administrative staff perceptions of fairness (distributive, procedural, and interactional) in PA systems.

RO2: To evaluate the role of transparency in shaping staff acceptance of appraisal outcomes.

RO3: To examine the relationship between perceived fairness and employee trust in PA.

RO4: To investigate the mediating role of transparency between fairness and employee trust.

RO5: To provide recommendations for designing a fair, transparent, and trusted PA framework for Malaysian public universities.

1.4 Research Questions

RQ1: How do academic and administrative staff perceive distributive, procedural, and interactional fairness in PA systems?

RQ2: How does perceived transparency shape staff acceptance of appraisal outcomes?

RQ3: What is the relationship between perceived appraisal fairness and employee trust?

RQ4: Does transparency mediate the relationship between fairness and employee trust?

RQ5: What design recommendations can strengthen fairness, transparency, and trust in university PA systems?

1.5 Scope and Assumptions

This concept paper focuses on Malaysian public universities and considers both academic and administrative staff as relevant stakeholders in PA. The framework assumes that employees form perceptions of fairness and transparency based on observed procedures, communication practices, and the consistency of outcomes over time. Because this is a conceptual paper, the methodology section presents a feasible plan for empirical validation rather than reporting primary findings.

1.6 Conceptual Definitions

Perceived fairness refers to employees' judgement that appraisal outcomes, procedures, and interpersonal treatment are justifiable and appropriate. Transparency refers to employees' perception that the appraisal system provides sufficiently disclosed, clear, and accurate information about how performance is evaluated and how decisions are made [2]. Employee trust refers to confidence that the PA system and its administrators act competently and ethically, and that decisions are dependable and consistent [4][5].

2. Literature Review

2.1 Performance Appraisal in Higher Education

Higher education appraisal systems must address heterogeneity of roles and outputs. For academics, performance may include teaching quality, research productivity, supervision, and service. For administrative staff, performance often reflects operational effectiveness, service quality, compliance, and institutional support. Recent higher-education evidence indicates that appraisal practices and perceptions remain linked to engagement and staff outcomes [6].

2.2 Fairness in Performance Appraisal

Fairness perceptions in PA are commonly discussed through distributive, procedural, and interactional dimensions. Distributive fairness concerns proportionality of outcomes (ratings, rewards, promotions) to contributions. Procedural fairness concerns consistency, bias suppression, correctability, and voice in procedures. Interactional fairness concerns respectful treatment and adequate explanations.

Recent studies continue to demonstrate that justice perceptions are associated with key employee outcomes, including trust and turnover intentions in public employment contexts [7]. Within appraisal research, contemporary work also underscores the importance of appraisal fairness mechanisms for shaping satisfaction and performance-related outcomes [7].

2.3 Transparency as an Informational Governance Mechanism

Transparency has gained renewed attention in organisational governance and HRM because it shapes how stakeholders interpret decision legitimacy. Recent work conceptualises transparency perceptions through three components: disclosure (availability), clarity (understandability), and accuracy (correctness) [2]. In PA, these components can be operationalised via accessible documentation of criteria, clear rubrics and weighting, and accurate explanations of how scores translate into outcomes.

Related work on performance feedback also suggests that the structure and source of continuous feedback can shape employee reactions, making transparency of feedback and evaluation channels especially relevant [9].

2.4 Employee Trust in Formal Evaluation Systems

Trust in formal systems reflects the belief that organisational procedures are competently and ethically administered. Recent research continues to refine trustworthiness judgements and their measurement in organisational contexts [4][5]. In public-sector organisations, perceived justice and trust are closely associated and relate to performance outcomes [3]. This evidence supports the expectation that appraisal systems perceived as fair and well-explained are more likely to be trusted.

2.5 Research Gap and Rationale

Although fairness and trust relationships are established in many organisational settings, fewer models explicitly position transparency as a mediating mechanism in university PA systems. This gap is particularly salient where KPI regimes increase the salience of appraisal decisions. Accordingly, this concept paper proposes and theorises a fairness → transparency → trust pathway and provides testable hypotheses.

2.6 Summary of Key Constructs (Conceptual)

Construct	Working definition	Indicative dimensions
Perceived fairness	Perceived justifiability of outcomes, procedures, and interpersonal treatment in PA.	Distributive; Procedural; Interactional
Transparency	Perceived disclosure, clarity, and accuracy of PA information and decision logic.	Disclosure; Clarity; Accuracy
Employee trust	Confidence that PA decisions are dependable and ethically administered by competent actors.	Trustworthiness/credibility; Dependability

3. Conceptual Framework and Hypotheses

3.1 Theoretical Positioning

The framework integrates fairness as an evaluative cue and transparency as an informational cue. In appraisal contexts, fairness signals legitimacy and integrity in governance. Transparency improves employees' capacity to understand and verify how decisions are made, strengthening trustworthiness judgements [2].

3.2 Proposed Model

Perceived Fairness → Transparency → Employee Trust

The model predicts that higher perceived fairness improves transparency perceptions by promoting consistent procedures, clearer documentation, and more credible explanations. Greater transparency then strengthens trust by reducing uncertainty and perceived arbitrariness.

3.3 Hypotheses

H1: Perceived fairness in performance appraisal positively influences perceived transparency of the appraisal process.

H2: Perceived fairness in performance appraisal positively influences employee trust in the performance appraisal system.

H3: Perceived transparency of the performance appraisal process positively influences employee trust in the performance appraisal system.

H4: Transparency mediates the relationship between perceived fairness and employee trust in performance appraisal systems.

3.4 Conceptual Framework

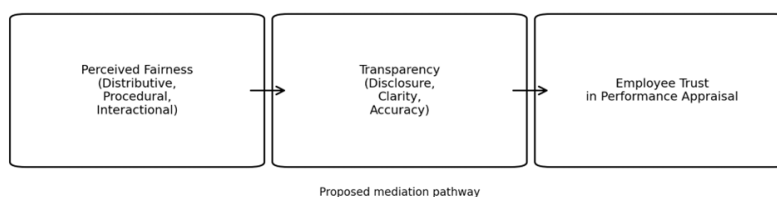


Fig. 1. Conceptual Model

Perceived fairness (distributive, procedural, interactional) → transparency (disclosure, clarity, accuracy) → employee trust in performance appraisal.

Figure 1 presents the proposed conceptual model: perceived fairness (distributive, procedural, interactional) → transparency (disclosure, clarity, accuracy) → employee trust in PA.

4. Proposed Methodology

4.1 Research Design

A quantitative, cross-sectional survey design is proposed to test the hypothesised relationships among fairness, transparency, and trust. This design is suitable for capturing perceptual constructs across employee groups and estimating mediation pathways.

4.2 Population and Sampling

The target population comprises academic and administrative staff in Malaysian public universities. Stratified sampling is recommended to represent both staff categories and major organisational units. A robust sample size is recommended to support structural modelling and multi-group analysis.

4.3 Measures and Operationalisation

Fairness can be measured using distributive, procedural, and interactional indicators aligned to appraisal justice literature. Transparency can be operationalised through disclosure, clarity, and accuracy dimensions as recommended in contemporary transparency research [2]. Employee trust can be measured using validated trustworthiness-focused scales and adapted to the PA context [4].

4.4 Data Collection and Ethics

Data collection may be conducted via an online questionnaire distributed through institutional channels. Participation should be voluntary and anonymous, with informed consent provided at the start of the survey. Ethical approval should be obtained from the relevant university research ethics committee prior to data collection.

4.5 Data Analysis Plan

Structural equation modelling (e.g., PLS-SEM) can be used to test direct and mediated relationships. The analysis should evaluate measurement reliability and validity and estimate structural paths using bootstrapped confidence intervals for indirect effects. Where appropriate, multi-group analysis can compare academic and administrative staff.

5. Discussion And Implications (Conceptual)

RO1 (Fairness perceptions): Distributive, procedural, and interactional fairness provide core evaluative cues for employees' judgement of legitimacy. In university PA, fairness concerns may arise when narrow output metrics dominate or when procedures vary across departments.

RO2 (Transparency and acceptance): Transparency is expected to improve acceptance by clarifying what counts as performance, how domains are weighted, and how evidence is judged. Transparency perceptions—disclosure, clarity, accuracy—support trustworthiness judgements by improving confidence in interpreting organisational decisions [2].

RO3 (Fairness and trust): Fairness is expected to strengthen trust by signalling ethical governance and consistent decision-making. Public-sector evidence indicates justice and trust are strongly related and relevant for performance outcomes [3].

RO4 (Mediation): Transparency is a plausible mediator because fairness is more persuasive when employees can observe and understand how decisions are derived. Clear documentation and consistent communication translate fairness principles into transparent practice, strengthening trust.

RO5 (Framework design): A trusted PA framework should integrate ethical design (fairness) with informational design (transparency) and be supported by standardised rubrics, calibration practices, and high-quality feedback.

5.2 Theoretical Implications

The model extends trust-oriented HR governance by integrating transparency perceptions into the fairness–trust pathway. By treating transparency as a mediating mechanism, the framework clarifies how employees move from fairness cues to trust judgements, especially in KPI-intensive contexts.

5.3 Practical Implications for Malaysian Public Universities

The model suggests that universities can strengthen trust by improving outcome proportionality and role-sensitive recognition, standardising evaluation rubrics, calibrating scores across units, and institutionalising structured feedback. Continuous feedback research indicates that feedback process design influences reactions [9], reinforcing the need for clear, consistent appraisal communication.

6. Conclusions and recommendations

6.1 Conclusion

This concept paper proposes an integrated framework explaining how perceived fairness and transparency in performance appraisal systems influence employee trust in Malaysian public universities. The framework is grounded in contemporary transparency scholarship specifying disclosure, clarity, and accuracy as distinct transparency perceptions shaping trustworthiness judgements [2]. It is supported by recent higher-education evidence on appraisal fairness relevance [1][6] and by public-sector evidence linking justice and trust to performance outcomes [3]. The model offers testable hypotheses and a feasible plan for empirical validation.

6.2 Recommendations (RO5)

- 1) Balance appraisal criteria to reflect holistic contributions (research, teaching, supervision/mentoring, service, leadership, and administrative workload) to strengthen distributive fairness.
- 2) Standardise rubrics, evidence requirements, and rating anchors across faculties and departments to strengthen procedural consistency.
- 3) Implement calibration/moderation meetings and documented decision rationales to reduce inconsistent scoring and strengthen legitimacy.
- 4) Strengthen interactional fairness by requiring structured feedback and written explanations linked to evidence.
- 5) Publish a transparency pack detailing criteria definitions, weights, evidence standards, scoring logic, moderation process, and appeals, aligned to disclosure–clarity–accuracy principles (Tomlinson, 2022).
- 6) Establish a clear, time-bound appeal mechanism and communicate policy updates early to reduce uncertainty and improve acceptance.
- 7) Monitor perceptions of fairness, transparency, and trust through periodic staff surveys to support continuous improvement.

6.3 Limitations and Future Research

As a conceptual paper, the framework requires empirical validation. Future studies should test the model using multi-group comparisons (academic vs administrative staff; across universities) and

extend outcomes to include appraisal acceptance, organisational commitment, and turnover intention. Longitudinal designs could examine how reforms in transparency and fairness shift trust over time.

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