

Does Transformational Leadership Mediate The Relationship Between Organizational Justice And Work Engagement?

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Abstract

The purpose of current research was to find out the mediating impact of transformational leadership on the relationship between organizational justice and work engagement among the employees of private sector banks working in Khyber Pakhtunkhwa, Pakistan. Data were collected from 453 employees working in Muslim Commercial Bank, Al-Habib Bank, Habib Metropolitan Bank and JS Bank. The results showed a significant positive relationship between organizational justice and work engagement (.428**, $p = 0.000$), organizational justice and transformational leadership (.393**, $p = 0.000$) and transformational leadership and work engagement (.552**, $p = 0.000$). Moreover, the results showed a partial mediating impact of transformational leadership on the relationship between organizational justice and work engagement.

Keywords: Organizational Justice; Transformational Leadership; Work Engagement; Banks; Pakistan.

Introduction

Over the past 20 years, the word "work engagement" has gained a lot of traction and generated a lot of attention in the fields of positive psychology and management. Organisations may gain a competitive edge by having a highly engaged workforce, which is linked to positive organisational outcomes including job satisfaction (Karanika-Murray, Duncan, Pontes, & Griffiths, 2015; Yakın & Erdil, 2012; Yeh, 2013) and organisational commitment (Agyemang & Ofei, 2013; Nazim Ali, Ali, & Khan; ÇAĞRI SAN & Tok, 2017; Kim et al., 2017), and job performance (Breevaart, Bakker, Demerouti, & Van Den Heuvel, 2015; Demerouti, Cropanzano, Bakker, & Leiter, 2010; Sekhar, Patwardhan, & Vyas, 2018).

According to Le and Lei (2017), TL is a leadership style that is typified by individuals who prioritise being clear in their communications about organisational goals, take

the lead within the organisation, actively coach others, encourage the development of new skills in their followers, and persistently look for new opportunities for their organization's growth. Employees are viewed as a significant resource by transformational leaders, who also highlight the significance of emotions, values, and leadership that is focused on promoting constructive and innovative behaviours (Bass, 2000). According to Brown and Keeping (2005), "a leader's ability to articulate a shared vision of the future, intellectually stimulate employees, and attend to individual differences in employees" is a common definition of transformational leadership. Four elements of transformative leadership have been established by leadership experts based on this description (Bass, 1985; Bass & Avolio, 1993).

The first factor is called charisma, sometimes known as idealised influence, and it characterises leaders who uphold high moral and ethical

standards and serve as powerful role models for their followers. Such leaders are regarded, trusted, and identified with by their followers. Individual consideration makes up the second dimension. These leaders provide ongoing coaching, instruction, and feedback to each follower on an individual basis. Intellectual stimulation is the name given to the third dimension. A constant stream of thought-provoking, novel ideas is presented to followers, inspiring them to question not just the organization's and the leader's views and ideals, but also their own. Inspiration is the fourth and last dimension. Through the provision of purpose and challenge, inspirational leaders provide an example for their follower that inspires and drives them to go beyond their own self-interest.

The function of organisational justice in leadership is significant. It has been demonstrated that giving subordinates more opportunity to voice their thoughts improves their perceptions of fairness and their assessments of their supervisors' leadership qualities, particularly in situations where subordinates have little decision-making authority (Tyler, 1986). The field of organisational justice studies how well social justice theories translate to the study of organisational behaviour. One may argue that Stacy Adams was a trailblazer in the field of organisational and management justice study in the 1960s. In general, organisational experts have identified three key forms of justice that are important in organisations. In the topic of leadership, organisational justice is a crucial concern (Pillai, Schriesheim, & Williams, 1999). Justice is essentially determined by people's conceptions of the exchange relationships they engage in, while also emphasizing their perceptions of the duty they have to others (Imamoglu, Ince, Turkcan, & Atakay, 2019; Phong & Son, 2020). Three fundamental elements or components of organisational justice are distributive, interactional, and procedural

justice, according to Abasi, Mohammadipour, and Aidi (2014). Until 1975, distributive justice—a term that describes how fair individuals think their rewards are—was the main focus of justice study. Most of this study was grounded on equity theory (Adams, 1965), which postulates that individuals use social comparisons to assess whether the rewards (i.e., outcomes) they get are fair. By contrasting their own input-output ratio with others' ratios, they achieve this (Hrebiniak & Alutto, 1972). The idea of procedural justice was first presented by Thibaut and Walker in 1975 in order to allay people's worries about fairness in the courts. Leventhal (1980) then applied this idea to organisational settings. How fair people see the processes that lead to judgements on outcomes—such as whether or not a decision-maker is given a voice or if precise protocols are followed—is known as procedural fairness (Lind & Tyler, 1988). The interactional aspect of organisational practises is covered by the last category, interactional justice, which was first presented by RJ (1986). The degree to which individuals believe that those in positions of power treat them with dignity and respect is reflected in this kind of justice.

Ensuring that engagement is distinct from related ideas and has its own attributes and measurement is crucial. The majority of practitioner study findings do not convincingly show that work engagement is different and is only a repackaging of other constructs, despite some researchers' claims that it is a distinct motivational construct with distinguishable characteristics from other constructs like job satisfaction, organisational commitment, or job involvement (Macey & Schneider, 2008). The notion of work engagement is very new and has been conceptualised by several individuals (Wefald, Reichard, & Serrano, 2011). According to (Maslach & Leiter, 2008), work engagement is the amount of energy an individual expends on their own tasks as well as the productivity and

efficiency they are able to achieve. One widely used definition of job engagement is described as a widespread and enduring affective-cognitive state of being marked by energy, devotion, and absorption (Schaufeli, Salanova, González-Romá, & Bakker, 2002). When working, vigour describes states of great energy and mental toughness. The term "dedication" conveys engagement as well as feeling proud and challenged. Being pleasantly and intensely focused on a task is called absorption.

The most recent studies have examined the relationship between transformational leadership and the following areas: job performance, job satisfaction (Belias & Koustelios, 2014; Long, Yusof, Kowang, & Heng, 2014; Medley & Larochelle, 1995), turnover (N Ali & Ahmad, 2021; Ariyabuddhiphongs & Kahn, 2017; Sun & Wang, 2017), organisational commitment (Avolio, Zhu, Koh, & Bhatia, 2004; Thamrin, 2012), job performance (Herman & Chiu, 2014; Lai, Tang, Lu, Lee, & Lin, 2020; Nazim Ali, Ali, & Tariq, 2014), job motivation (Fernet, Trépanier, Austin, Gagné, & Forest, 2015; Piccolo & Colquitt, 2006), and organisational effectiveness (Bass & Avolio, 1994; Özaralli, 2003; Sadeghi & Pihie, 2012). In the field of study, it is necessary to ascertain the connection between work engagement and transformational leadership. The following hypotheses are developed after the above discussion:

H1: OJ and WE among EPSBP (Employees of Private Sector Banks of Pakistan) are significantly connected.

H2: OJ and TL among EPSBP are significantly connected.

H3: TL and WE among EPSBP are significantly connected.

H4: TL mediates the link between OJ and WE among EPSBP.

Research Methods

Sample

The data were obtained from 453 employees working in four private sector banks of Khyber Pakhtunkhwa, Pakistan. These banks were Muslim Commercial Bank, Al-Habib Bank, Habib Metropolitan Bank and JS Bank. A total of 550 questionnaires were distributed to officers grade I, II and III working in the above four banks in KP, Pakistan. All officers were well informed of the purpose of questionnaire and this current study. Four hundred and fifty three bankers voluntarily participated in this study.

Measurement

Organizational Justice

Organizational justice was measured through organizational justice scale (Niehoff & Moorman, 1993). This scale is composed of 3 facets which are "Distributive Justice, Interactional Justice and Procedural Justice". Two examples of "Distributive Justice" include "My work schedule is fair.", and "I think that my level of pay is fair". Two examples of "Procedural Justice" include "Job decisions are made by the general manager (GM) in an unbiased manner", and "To make job decisions, my GM collects accurate and complete Information". Two examples of "Interactional Justice" include "When decisions are made about my job, the GM treats me with kindness and consideration" and "When decisions are made about my job, the GM treats me with respect and dignity". The five-point Likert scale used to capture participant responses ranges from 1 (strongly disagree) to 5 (strongly concur), with 1 representing strong disagreement and 5 representing strong agreement. The reliability of "distributive justice, interactional justice and procedural justice" is .81, .84 and .80 respectively.

Work engagement

Work engagement was measured through the 9-item shortened version Utrecht WE Survey (Bakker, Demerouti, & Verbeke, 2004). This survey is composed of 3 facets which are “vigor, dedication, and absorption”. Example of vigor includes “At my work, I feel bursting with energy”. Example of dedication includes “I am proud on the work that I do”. Example of absorption includes “I am immersed in my work”. The likert scale employed to receive responses from the participants is five, ranging from 1 showing strongly disagree to 5 indicating strongly agree. The reliability of “vigor, dedication, and absorption” is .89, .80 and .85 respectively.

Transformational Leadership

Transformational leadership was measured through the Multifactor Leadership Questionnaire (Bass & Avolio, 1996). This questionnaire is composed of forty-five (45). We have chosen a total of sixteen (16) items. There are four items associated with each dimension of transformational leadership (inspirational leadership scale, idealized influence, intellectual stimulation and individual considerations). The scale used a rating system ranging from 0, indicating not at all occurrence, to 4, indicating frequently if not always. The current research yielded a Cronbach's alpha value of .80 for the inspirational leadership scale, .81 for idealized influence, .85 for intellectual stimulation and .81 individual considerations.

Table 1: Relationship between OJ and WE

	OJ	WE
OJ	1	.428**
WE	.428**	1

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

Table 1 presents the correlation analysis results aimed at analyzing the link between OJ and WE. With a correlation value of .428** ($p = 0.000$),

the data point to a positive relationship between OJ and WE. Thus, we accept H1: OJ and WE among EPSBP are significantly connected.

Table 2: Relationship between OJ and TL

	OJ	TL
OJ	1	.393**
TL	.393**	1

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

Table 2 presents the correlation analysis results aimed at analyzing the link between OJ and TL. With a correlation value of .393** ($p = 0.000$),

the data point to a positive relationship between OJ and TL. Thus, we accept H2: OJ and TL among EPSBP are significantly connected.

Table 3: Relationship between TL and WE

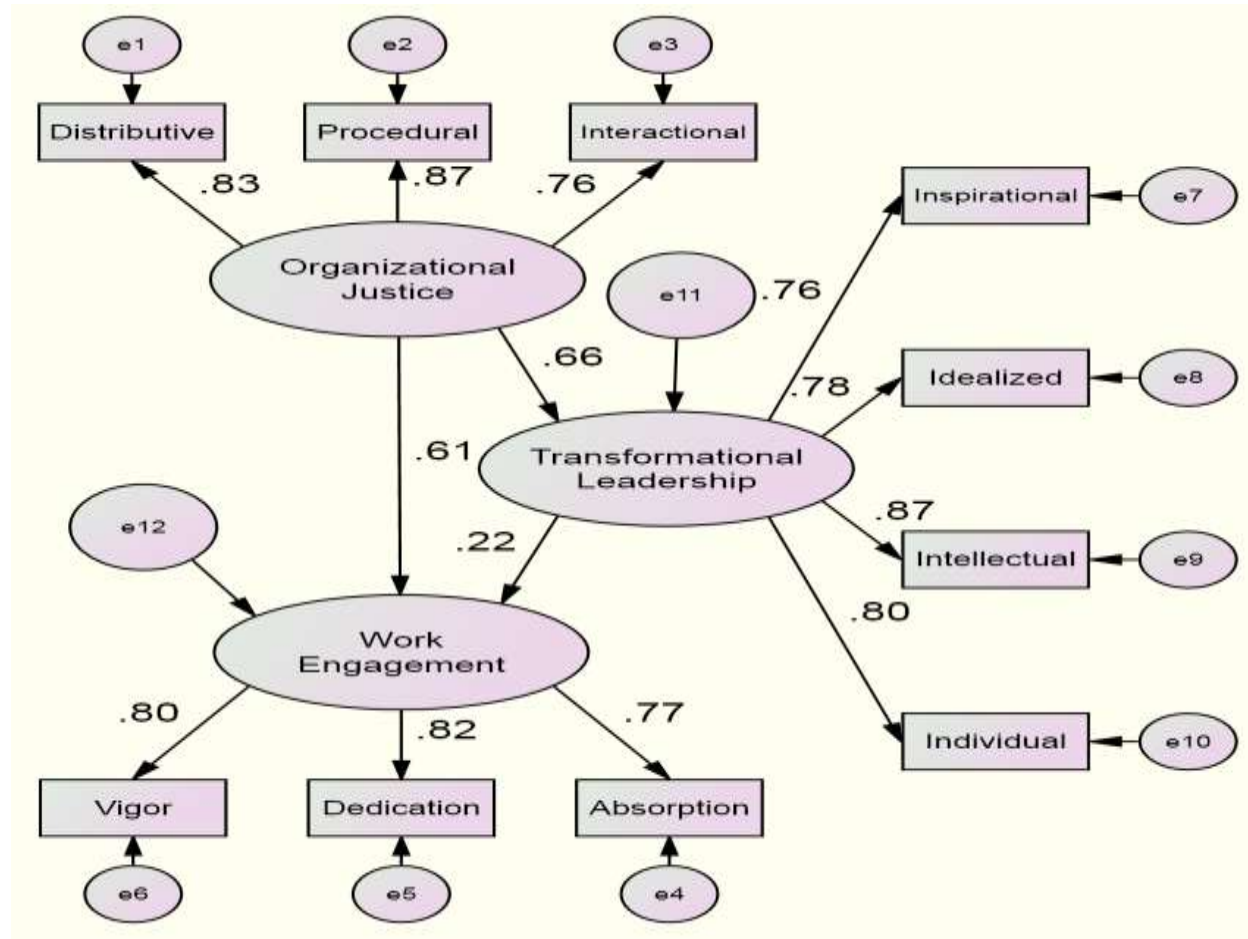
	TL	WE
TL	1	.552**
WE	.552**	1

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

Table 3 presents the correlation analysis results aimed at analyzing the link between TL and WE. With a correlation value of .552** ($p = 0.000$),

the data point to a positive relationship between TL and WE. Thus, we accept H3: TL and WE among EPSBP are significantly connected.

Research Model: Impact of Organizational Justice on Work Engagement through Organizational Commitment



The three-factor model, which consists of OJ, WE, and TL, was examined for validity using structural equation modelling in this study. The statistical indices indicated that the model suited the data very well: Chi Square is 89.277, degrees of freedom, 32, AGFI is.933, RMSEA is.065, RMR, .059, CMIN/DF, 2.790, p-value is.000, and the Goodness of Fit Index, 0.961. With a regression coefficient of .61, the study demonstrated that OJ had a significant impact on WE. Furthermore, TL showed a significant effect on OJ, with a regression value of .66. A

regression coefficient of .22 indicates a strong relationship between the TL and WE. There is an acceptable range of values for the regression coefficients of OJ, WE, and TL variables. When TL was added as a mediator, OJ's impact on WE decreased; the coefficient went from 0.77 to 0.61 as a result. Consequently, this study accepts the following hypotheses:

H1: OJ and WE among EPSBP are significantly connected.

H2: OJ and TL among EPSBP are significantly connected.

H3: TL and WE among EPSBP are significantly connected.

H4: TL mediates the link between OJ and WE among EPSBP.

Table 4: values of CMIN, DF, P, CMIN/DF, RMR, GFI, AGFI, CFI and RMSEA

Indices	value
CMIN	89.277
DF	32
P	.000
CMIN/DF	2.790
RMR	.059
GFI	.961
AGFI	.933
CFI	.977
RMSEA	.065

The values of CMIN/Chi Square, likelihood, CFI, RMR, GFI, and RMSEA are shown in Table 4. Acceptable values include Chi Square = 89.277, degrees of freedom = 32, Goodness of Fit Index = 0.961, CFI = 0.977, AGFI = .933, RMSEA = .065, and RMR = .059, CMIN/DF = 2.790, and $p = .000$. As a result, we approve of the three-factor (OJ, WE, TL) research model.

Conclusion

The purpose of current research was to find out the mediating impact of transformational leadership on the relationship between organizational justice and work engagement among the employees of private sector banks working in Khyber Pakhtunkhwa, Pakistan. Data were collected from 453 employees working in Muslim Commercial Bank, Al-Habib Bank, Habib Metropolitan Bank and JS Bank. The results showed a significant positive relationship between organizational justice and work engagement; organizational justice and transformational leadership and transformational leadership and work engagement. Moreover, the results showed a partial mediating impact of transformational leadership on the relationship

between organizational justice and work engagement.

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