Leadership Style and Organizational Justice: Does Gender Matter?

Ritu Goyal¹ & Shree Krishna Pokhrel²*¹

¹Kathmandu University School of Management, Gwarko, Lalitpur, Nepal
²South Asian Institute of Management, Mid-Baneshwor, Kathmandu, Nepal
*Corresponding Email: skpokhrel16@gmail.com

Abstract

Purpose: This study examines the relationship between leadership style and organizational justice among bankers working in commercial bank inside Kathmandu Valley. It also investigates the effect of gender on the study variables.

Design/Methodology/Approach: It uses a quantitative approach comprising a self-administrated questionnaire to test hypotheses from 151 bankers. Correlation and one-way analysis of variance (ANOVA) are used for data analysis.

Findings: The results suggest that a positive relationship between leadership style and organizational justice exists. Moreover, it is found that there exists a significant difference between male and female bankers in transformational leadership but not in transactional leadership. Further, gender has significant differences among bankers in relation to organizational justice and its sub-dimensions.

Implications: This research could be insightful to understand the importance of leadership in banks to prevail in organizational justice. It reflects the importance of creating a diverse workforce, especially the necessity of female employees to promote fairness in the organization.

Keywords: Leadership style, Gender, Transactional leadership, Transformational leadership, Organizational justice

Paper Type: Research Paper

Received: August 9, 2023
Revised: October 21, 2023
Accepted: November 20, 2023
Published: December 30, 2023

How to cite this paper:
Introduction

The organization conducts numerous activities to achieve predetermined goals and objectives. Management primarily focuses on the optimum utilization of resources to attain set goals effectively and efficiently. Leadership is a critical and apparent element that predominantly affects management decisions and objectives. It is described as the presence of individual traits, behaviours, situations, role relationships, interaction patterns, and administrative designation (Alblooshi, Shamsuzzaman, & Haridy, 2020). It creates enthusiasm among employees who possess skills, knowledge, and competency to achieve organizational objectives with coordinated efforts (Winston & Patterson, 2006). The existence of leadership creates a significant difference in contribution to the organization. Leadership style (LS) shows leaders’ attitudes towards the job and followers. It influences the organizational culture, affecting overall organizational performance (Khajeh, 2018). Therefore, organizational success largely depends upon the administrator’s leadership style (Bahar et al., 2015).

Justice constitutes the fundamental feature of human life (Melkonian, Monin, & Noorerhaven, 2011). Every employee in the organization wants to be treated fairly and impartially. Organizational justice (OJ) is fairness in making organizational decisions, applying procedures, and administering interpersonal treatment (Sheeraz et al., 2021). It addresses employees’ feelings of being treated equally or fairly (Moorman, 1991). As per the social exchange theory, a reciprocal relationship exists between employees and the organization, i.e., employees respond the same way they are being treated (Chen & Khuangga, 2020). Managers must be concerned about fair and equal treatment of their employees while fulfilling their roles assigned, yet it is rarely expressed or taken seriously (Pillai, Scandura, & Williams, 1999). Justice is regarded as a pertinent issue that is crucial to organizational leadership in the current scenario. Thus, organizational justice is one of the important variables to be studied. Prior empirical studies present the relationship between leadership and justice. However, leadership role attribution supporting employees’ perception of justice has been largely ignored in the justice literature (Lau, 2014). Therefore, previous studies signify the relevance of studying the relationship between these variables and the need for further research.

Banking and financial institutions (BFIs) are a prominent and growing sector of Nepal. Banks are multi-constituency organizations where executives can change risk profiles within a short period without stakeholders’ approval (Becht, Boltan, & Roell, 2011). This risk-taking attitude differs from leadership to leadership. It can be observed that leaders are often biased among employees due to nepotism and favouritism in the Nepali context. Discrimination in placement, training, transfer, and promotion are commonly found in Nepali banks. Moreover, merger and acquisition trends might have increased feelings of injustice among employees. Thus, this study will help reduce organizational injustice prevalent in Nepali BFIs.

Gender is a broad spectrum of being male or female primarily differentiated by socially constructed roles rather than biological characteristics. In the past decade, gender differences among employees regarding values, attitudes, behaviour, and outcomes have received much attention (Ren-Tao & Heung-Gil, 2009). If it is taken as a personal trait, it can influence an employee’s attitude and behaviours. Gender difference is the most researched element of relational demography among organizations (Bell & Mjoli, 2014). Although gender disparity affects leadership, it is rarely the major reason for undertaking leadership field research (Yukl, 2006). Thus, gender is considered one of the important demographic variables not being measured.

Based on the existing literature, this study examines the relationship between leadership style (transformational and transactional leadership) and organizational justice (distributive, procedural, and interactional justice) among bankers in Kathmandu Valley. It also aims to assess the impact of gender on the LS and OJ among them. The workforce in Nepali banks is a mix of both male and female bankers. Thus, the information about the difference between LS and OJ is critical to enhancing the
working environment of Nepali banks. Therefore, the major research issues of the study are:
• What is the relationship between leadership style (transformational and transactional) and organizational justice (distributive, procedural, and interactive)?
• Is there any significant difference in perception of leadership style and organizational justice due to gender?

Literature Review

Leadership Style

Leadership is an influencing process for aiding the completion of group activities (Yukl, 2006). It is a change in an individual or group’s behaviours to attain organizational goals (Northouse, 2013). Different leadership paradigms could affect performance differently, depending on the context. According to Bass (1985), there are three forms of leadership: transactional, transformational, and laissez-faire. On the other hand, Goleman (2000) has proposed six leadership styles/paradigms: coercive, authoritative, affiliative, democratic, pacesetting, and coaching. However, this study focuses on two types of LS: transformational (TF) and transactional (TS).

Transformational Leadership

It is the process where an individual interacts with others and establishes a bond that increases motivation between both leader and followers (Northouse, 2013). According to Avolio et al. (1991), transformational leadership is based on four elements, i.e. idealized influence, intellectual stimulation, idealized influence, and inspirational motivation. Kuhnert and Lewis (1987) highlight that TF occurs when a leader’s end values (internal standards) are adopted by followers, resulting in shifts in followers’ beliefs, attitudes, and goals.

Transactional Leadership

It emphasizes the exchange between a leader and his/her followers. This exchange entails either a leader’s directive or a joint discussion with the followers regarding the conditions for achieving the intended goals (Bass & Bass, 2008). The transactional leader identifies employees’ lower-level demands by determining the target they must meet and communicating how completing those activities will result in their job rewards (Lian & Tui, 2012). It consists of three dimensions: 1) contingent reward, the degree to which the leader sets up constructive transactions or exchanges with followers; 2) management by exception-active; and 3) management by exception-passive. In general, management by exception refers to the extent of taking corrective action based on the outcomes of leader-follower transactions. The timing of leadership intervention differentiates active and passive management (Judge & Piccolo, 2004).

Organizational Justice

It is an employee’s perception of fairness in the workplace. In an organization, it represents employees’ cognitive appraisal of organizational fairness in exchange relationships between employees and the organization (Choi et al., 2014). Although recent theories and models highlight different components, justice experts agree that people judge organizational fairness fundamentally based on three elements: processes, outcomes, and interpersonal interactions (McCardle, 2007). Most of the researchers (e.g., Forret & Love, 2008; Li & Cropanzano, 2009) agree that organizational justice is a multifaceted construct that consists of three factors, i.e. distributive (DJ), procedural (PJ), and interactional justice (IJ).
Distributive Justice

It is the organization’s perceived fairness about the allocation of resources, in which employees make judgments about whether outcomes are as per inputs given by the employees (Cropanzano & Greenberg, 1997). The nature of DJ is about what kind of role participants are given within an organization concerning a decision and the basis of allocating outcomes in a decision-making environment (Lau, 2014). Therefore, distributive justice is the degree to which workers believe their outcomes, such as recognition and reward, are fair.

Procedural Justice

Procedural justice is the explicit standards establishing and administrating the role of employees in the decision-making process (Cropanzano, Bowen & Gilliland, 2007). It prioritizes that employees are affected by the fairness of procedures used in decision-making, not only outcomes (Jeon, 2009). The organization is regarded as supportive if it constantly uses fair procedures while allocating resources and recognizing or rewarding employee efforts (Andrews & Kacmar, 2001). Therefore, PJ describes the extent to which formal procedures exist and whether these procedures are implemented in a way that considers employees’ needs. The formal procedures encompass the extent to which job decisions are made based on complete and unprejudiced information (Fields, 2002).

Interactional Justice

The most recent form of justice deals with the perception of equity in the relationship between supervisor and subordinates (Dai & Xie, 2016). Fundamental characteristics of IJ can be stated as the quality of behaviours against organizational procedures and constituting a polite environment during interpersonal interactions while sharing information (Cropanzano, Bowen, & Gilliland, 2007). IJ has two sub-components, i.e. informational and interpersonal justice. Interpersonal justice treats employees respectfully, whereas informational justice deals with communication between superiors and subordinates (Muzumdar, 2012).

Leadership Style and Organizational Justice

The trait theory of leadership describes that leaders possess innate traits which differentiate them from non-leaders. They should have certain characteristics such as task orientation, people orientation, creativity, integrity, and fairness. When a leader is people-focused and fair, the chances of discrimination diminish. Likewise, the theory of participatory management, equity theory, and bank-wiring test room experiment show the importance of leadership in creating fairness in an organization. Based on these theories, human resource literature describes the association between leadership and OJ (Oguz, 2011). It is assumed that better leadership helps to reduce injustice among employees in the organization. Prior studies show that TF and TS improve perceptions of OJ. If employees perceive that a leader’s decisions and actions are fair, it develops a strong employee perception of inter-organizational justice among employees (Pillai, Scandura, & Williams, 1999).

Tatum et al. (2023) found that transformational leaders focus on social dimensions, whereas transactional leaders focus more on the structural nature of organizational justice. Another study by Lau (2014) concluded that leadership styles (classical, transactional, transformational, and dynamic leadership) are positively associated with OJ and its dimensions. In this context, the following hypotheses were developed to investigate the relationship between LS and OJ among bankers.

H1: Transformational leadership is positively and significantly related to organizational justice.

H1a: Transformational leadership is positively and significantly related to dimensions of organizational justice (distributive, procedural, and interactive justice).

H2: Transactional leadership is positively and significantly related to organizational justice.
H2a: Transactional leadership is positively and significantly related to dimensions of organizational justice (distributive, procedural, and interactive justice).

**Effect of Gender**

A meta-analysis of moral reasoning by Jaffee and Hyde (2000) confirmed that men were slightly more oriented toward justice than women. Likewise, the sexes differ in moral reasoning (Bass & Bass, 2008). Some studies have discussed the effect of gender on the LS-OJ relationship. For instance, a study by Oguz (2011) found that teachers’ perceptions of OJ vary by gender. Positive OJ evaluations were found more in male teachers than in female teachers. Although the effects of gender on specific relationships have not been discussed directly among bankers in the Nepali context, gender is likely to have a significant difference in LS and OJ. Understanding the differences in LS and OJ due to gender is critical for theory, research, and practice among Nepali bankers. Understanding the different perceptions of LS and OJ based on gender will help managers make informed decisions, like promotion decisions, for male and female employees.

**H3: There exist significant differences in the leadership style and organizational justice due to gender**

**Figure 1. Conceptual Framework**

![Conceptual Framework](image)

**Methodology**

This study was conducted using quantitative research methodology. The research design used is a cross-sectional and descriptive study design. The required data is collected from different private banks at the same point in time. This study aims to test the causal relationship between two established constructs.

**Population and Sample**

The population for the study is the total number of employees working in commercial banks in Kathmandu Valley. A total number of 151 participants (72% response rate) from different commercial banks are covered for the study. Participants were taken from different levels, i.e. assistant, officer, and managerial level, to ensure inclusion of all levels. Data about the demographic variables such as age, gender, religion, marital status, educational level, and monthly earnings is also collected.
Measurement

Three sets of questionnaires consisting of general information, leadership style and organizational justice were provided to the participants. General information consists of 7 questions that include participants’ details, like age, gender, religion, marital status, job status, etc.

The relevant items for the present study were extracted from the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio in 1995. Leadership style questionnaires comprise transformational and transactional leadership questions. Transformational leadership consists of 20 items (idealized influence, inspirational motivation, intellectual stimulation and individual consideration), and transactional leadership includes 12 (contingent reward, management-by-exception: active and passive).

Organizational justice includes questions representing distributive, procedural and interactive justice. Distributive justice consists of 5 items, procedural justice contains six items, and interactive justice includes nine items. It was developed by Niehoff and Moorman in 1993. The coefficient alpha for distributive justice ranged from .72 to .74; procedural justice was .85, and interactional justice was .92 (Fields, 2002).

Data Analysis

The collected data is analyzed using statistical tools with the help of SPSS software. Mean, standard deviation and variance among the variables were calculated to measure the deviation of the result. Cronbach alpha was used to test the internal consistency of the sub-scales used to measure the study variables. Correlation analysis was used to measure the relationship between proposed variables. The effect of gender on the study variables was also analyzed using a one-way ANOVA test. The study primarily focused on examining the independent contribution of each variable to organizational justice.

Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-25 years</td>
<td>42 (27.8)</td>
</tr>
<tr>
<td>26-35 years</td>
<td>101 (66.9)</td>
</tr>
<tr>
<td>36 years and above</td>
<td>8 (5.3)</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>68 (45.0)</td>
</tr>
<tr>
<td>Female</td>
<td>83 (55.0)</td>
</tr>
<tr>
<td>Religion</td>
<td></td>
</tr>
<tr>
<td>Hindu</td>
<td>132 (87.4)</td>
</tr>
<tr>
<td>Buddhist</td>
<td>19 (12.6)</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>82 (54.3)</td>
</tr>
<tr>
<td>Married</td>
<td>68 (45.0)</td>
</tr>
<tr>
<td>Divorced</td>
<td>1 (0.7)</td>
</tr>
<tr>
<td>Educational Level</td>
<td></td>
</tr>
</tbody>
</table>
The personal information of the respondents is shown in Table 1. There are 68 (45%) male and 83 (55%) female respondents. In terms of age, most respondents are between 26 and 35 years old, and few respondents are below 25 years of age. Furthermore, most respondents are Hindu, and over 50% hold a master’s degree. Most bankers earn between Nrs. 15000 to 40000 monthly. Finally, the results showed that 68 per cent of the bank employees work at the assistant level rather than managerial and officer levels. Among the respondents of the study, 68 are married, whereas 82 are single.

Table 2. Internal Consistency of Study Variables

<table>
<thead>
<tr>
<th>Study Variables</th>
<th>No. of items</th>
<th>Reliability Test Score (Cronbach Alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TS</td>
<td>11</td>
<td>0.720</td>
</tr>
<tr>
<td>TF</td>
<td>20</td>
<td>0.894</td>
</tr>
<tr>
<td>DJ</td>
<td>5</td>
<td>0.805</td>
</tr>
<tr>
<td>PJ</td>
<td>6</td>
<td>0.863</td>
</tr>
<tr>
<td>IJ</td>
<td>9</td>
<td>0.949</td>
</tr>
<tr>
<td>LS</td>
<td>31</td>
<td>0.911</td>
</tr>
<tr>
<td>OJ</td>
<td>20</td>
<td>0.948</td>
</tr>
</tbody>
</table>

Table 2 above presents the reliability analysis of the instruments used in the study. Cronbach alpha is a measure of internal consistency or reliability of the instrument/scale used. The alpha value ranges from 0 to 1, and the higher score indicates that the scale used is reliable. The Cronbach alpha value of 0.70 or higher is considered a good value, which means the scale is reliable for study. It shows that the alpha value lies from 0.720 to 0.949 in the scales used.

Table 3. Correlations between Variables

<table>
<thead>
<tr>
<th>Mean</th>
<th>Std. Deviation</th>
<th>TS</th>
<th>TF</th>
<th>DJ</th>
<th>PJ</th>
<th>IJ</th>
<th>OJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>TS</td>
<td>2.3329</td>
<td>0.5535</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TF</td>
<td>2.5189</td>
<td>0.5926</td>
<td>0.749**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The personal information of the respondents is shown in Table 1. There are 68 (45%) male and 83 (55%) female respondents. In terms of age, most respondents are between 26 and 35 years old, and few respondents are below 25 years of age. Furthermore, most respondents are Hindu, and over 50% hold a master’s degree. Most bankers earn between Nrs. 15000 to 40000 monthly. Finally, the results showed that 68 per cent of the bank employees work at the assistant level rather than managerial and officer levels. Among the respondents of the study, 68 are married, whereas 82 are single.
Table 3 illustrates the correlation coefficients of the study variables. TS and TF are significantly related to OJ, comprising 0.422 and 0.466 values, respectively. It can be observed that there is a positive and significant relationship between TS and DJ that has a significant value (0.469) at level 0.01. Moreover, the results show that TS has a positive relationship with PJ and IJ with positive values (0.395) and (0.317), respectively. Similarly, TF appeared to have a significant and positive relationship with DJ, PJ, and IJ, with correlation values of 0.429, 0.453, and 0.384, respectively. Therefore, the correlation analysis shows enough evidence to support hypotheses H1, H1a, H2, and H2a.

Table 4. Effect of Gender on Leadership Types and Organizational Justice

<table>
<thead>
<tr>
<th></th>
<th>TS</th>
<th>TF</th>
<th>DJ</th>
<th>PJ</th>
<th>IJ</th>
<th>OJ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F-Value</strong></td>
<td>0.8850</td>
<td>5.1140</td>
<td>5.8440</td>
<td>8.1820</td>
<td>6.5540</td>
<td>8.7300</td>
</tr>
<tr>
<td><strong>Sig.</strong></td>
<td>0.3480</td>
<td>0.0250</td>
<td>0.0170</td>
<td>0.0050</td>
<td>0.0110</td>
<td>0.0040</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2.2861</td>
<td>2.4000</td>
<td>4.0176</td>
<td>4.0098</td>
<td>4.0245</td>
<td>4.0184</td>
</tr>
<tr>
<td>Female</td>
<td>2.3713</td>
<td>2.6163</td>
<td>4.4699</td>
<td>4.5582</td>
<td>4.5529</td>
<td>4.5337</td>
</tr>
<tr>
<td><strong>Total Mean</strong></td>
<td>2.3329</td>
<td>2.5189</td>
<td>4.2662</td>
<td>4.3113</td>
<td>4.3149</td>
<td>4.3017</td>
</tr>
</tbody>
</table>

To examine the bankers’ perception of LS and OJ in commercial banks based on gender, we divided the subjects into two groups, i.e., male and female employees. Table 4 presents the F-statistics from one-way ANOVA conducted to find if any statistically significant difference exists in the perception of LS and OJ among male and female employees. The results of one-way ANOVA indicate that the genders do not have any statistically significant difference in their perceptions of transactional leadership. However, statistically significant differences are found due to gender in their perceptions of transactional leadership.

Discussion

The findings are in the hypothesized direction as TF, TS, and OJ are positively and significantly correlated. These results are consistent with the findings of previous studies (Almansour, 2012; Lau, 2014). More specifically, TS has a stronger relationship with DJ than TF (0.469>0.429), whereas PJ and IJ have a stronger relationship with TF than TS (0.453>0.395, 0.384>0.317). The study by Ismail et al. (2010) supports the result, revealing that a transactional leader is crucial for predicting DJ, whereas TS is essential for predicting PJ. Further, TS motivates through exchange and rewards/punishments. Additionally, distributive justice means fairness in work schedule, pay level, workload, responsibilities, and overall rewards. Therefore, bankers who perceive rewards that are equal for all employees are motivated by a transactional leader. The average earning of a bank employee working in private banks is between NRs. 15000 to 40000, indicating low pay may be a strong probable reason.

TF is motivation through inspiration and emphasizing ownership towards an organization. Likewise, IJ and PJ signify the involvement of employees in decision-making and considering their needs. Therefore, bankers who perceive that their participation is important are motivated by transformational leaders. It infers that the minority group earns above NRs. 40000 (18% approx.) is motivated by a transformational leader and values IJ and PJ rather than DJ. The basic needs of this category of bankers are fulfilled by earning. Thus, they are motivated by a different factor than equal rewards. The study by...
Ismail et al. (2010) supports these findings, where TF and PJ emphasize clear, effective, and transparent communication to disseminate information to subordinates. Additionally, TF and IJ emphasize dignity, respect, professional relationships, and trust at the individual level (Kedenburg, 2014). Therefore, these findings between LS and OJ align with previous findings and literature.

The research found evidence of a statistically significant difference due to gender in bankers’ perceptions of transformational leadership, distributive, procedural, interactive, and organizational justice, except for transactional leadership. The results indicated that females working in banks are more oriented towards TF than TS. It shows that inspirational motivation is a more powerful tool than rewards or financial incentives for female bankers to motivate. However, male bankers consider financial and tangible incentives to be good motivators. It may be because a majority of females in the Nepali context do not bear the financial responsibility as much as males do. Therefore, they perceive inspiration or ownership feeling as a better motivator than financial return and incentives. According to a meta-analysis study by Konrad et al. (2000), men considered income and responsibilities more important than women. Women considered prestige, challenge, task, growth, job security, work environment, good co-workers, and good supervisors important rather than earning. Similar results were found in a study by Anette and Jens (2009), as female leaders exhibited more transformational leadership than male leaders.

Similarly, the result also demonstrates that female bankers are more aligned towards DJ, PJ, and IJ than males, which contradicts the findings of a meta-analysis by Jaffee and Hyde (2000). Similarly, Yahya et al. (2015) found that OJ and its dimensions are less affected by gender. The contradictory result may have occurred due to differences in the cultural context and organizational settings. Females in Nepali banks are more guided by social norms and values due to their social orientation than males.

**Implications and Limitations**

The results have both practical and research implications. It can be a good idea to have a combination of leadership styles to motivate the entire employees of banks. Banks’ hiring and motivation strategies can have valuable input from the current research findings. Additionally, a proper gender mix can help promote organizational justice as female bankers seem more oriented towards distributive, procedural, and interactional justice. From the research perspective, the impact of organizational justice can be further measured in terms of other outcome variables like organizational commitment and employee well-being, which are crucial for organizational performance. Moreover, measuring the mediating effect of organizational structure on the relationship thus studied may be interesting.

This study covers the commercial banks inside Kathmandu Valley only. Thus, the issue of generalization arises. Bankers in remote areas of Nepal may have different perceptions regarding leadership styles and organizational justice. The findings limit applicability in other organizational settings since it undertakes commercial banks as the study domain. The study has fewer participants, which may reduce its accuracy. A large sample size may help derive more accurate results. A convenience sampling method was used, and it seemed unclear to the respondents about the leader to be ranked. Therefore, a new study can use a more robust method for data collection.

**References**


