



Vol. 3 No. 8 (August) (2025)

## **The Impact of Transformational Leadership on Organizational Performance: The Mediating Role of Organizational Justice**

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### **ABSTRACT**

This research paper explores the association between transformational leadership and organizational performance where organizational justice is the intermediary variable. With a quantitative research design, a sample of 342 employees in various organizations in the service industry was used to collect data by way of structured questionnaires. The hypothesized relationships were tested using structural equation modeling. Results indicate that transformational leadership has a positive impact on organizational performance ( $b = 0.67$ ,  $p = 0.001$ ). Moreover, organizational justice partly mediates this relationship as it quantifies 34 percent of the overall effect. The research adds to the body of knowledge on leadership by revealing the process by which transformational leaders improve organizational performance. Practical implications indicate that organizations ought to strive towards building transformational leadership skills and also provide equitable treatment and perception of fairness amongst employees. The results confirm the social exchange theory and give evidence on the indirect influence of leadership on performance by the mechanisms of justice.

**Keywords:** Transformational Leadership, Organizational Performance, Organizational Justice, Mediation Analysis, Structural Equation Modeling

### **Introduction**

The modern business world is dynamic and organizations are challenged more than ever before to establish and sustain a competitive advantage and achieve sustainable performance. The role of leadership in organizational success has become a key topic of interest to scholars and practitioners, and transformational leadership is a specific type of leadership that researchers and practitioners started to pay increasing attention to (Bass and Riggio, 2006; Northouse, 2019). Transformational leaders are distinguished by the fact that they inspire, motivate, and intellectually stimulate their followers and offer individualized attention, which ultimately translates into improved organizational results.

The connection between leadership and organizational performance is well investigated, but the processes behind leadership and its impact on performance are half comprehended. Recent studies have emphasized the need to mediate variables in explanations of this relationship, and one of the constructs that are seen to be especially relevant to this is organizational justice (Colquitt et al., 2013; Greenberg, 2011). Organizational justice denotes the view of employees regarding fair play in the workplace and incorporates distributive,



## Vol. 3 No. 8 (August) (2025)

procedural, interpersonal, and informational justice.

Although organizational justice theoretically plays a crucial role in mediation between transformational leadership and organizational performance, the empirical evidence is insufficient and inconsistent. This paper fills this gap because it analyzes the mediating nature of organizational justice in transformational leadership organizational performance relationship. The theoretical foundation of the research is the social exchange theory which hypothesizes that the employees will give back to the leaders that treat them fairly with more effort and commitment and thereby improve the performance of the organization.

### **Research Objectives**

The main aims of this research are:

- To establish the direct relationship between transformational leadership and organizational performance.
- To examine the mediating effect of organizational justice on the transformational leadership-organizational performance relationship.
- To offer practical implications to organizational leaders and human resource practitioners.

### **Research Questions**

This research will use the following research questions:

1. What is the character and the strength of the correlation between transformational leadership and organizational performance?
2. How much does organizational justice moderate the connection between transformational leadership and organizational performance?
3. What are the most pertinent dimensions of organizational justice in mediating the leadership-performance relationship?

### **Literature Review**

One of the most paradigm shifting leadership theories in the study of organizational behavior is transformational leadership theory (initially formulated by Burns 1978 and being revised by Bass 1985). Transformational leaders are characterized by four dimensions of behavioral aspects, i.e. idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass and Avolio, 1994).

Idealized influence is described as leaders who are role models, who are trusted and respected by the followers due to ethical actions and good morality. Inspirational motivation includes the ability to induce fervent visions and narrating optimism towards the future aspirations and thus enabling that kind of motivation to influence the followers to go beyond themselves in favour of the organization. Intellectual stimulation inspires the followers to challenge assumptions, be imaginative, and view problems in new ways. Last but not least is individualized consideration, in which followers are treated as individuals by giving personalized attention, mentoring, and coaching according to their needs and abilities.

Empirical studies have continuously expressed favorable associations amid transformational leadership and other organizational results, such as, employee performance (Judge and Piccolo, 2004), organizational commitment



## Vol. 3 No. 8 (August) (2025)

(Meyer et al., 2002), and innovation (Garcia-Morales et al., 2012). Meta-analytical investigations have demonstrated that transformational leadership is the best explanation of the wide range of the improvement in measures of organizational effectiveness with effect sizes that are moderate to large in various scenarios and cultures.

### **Organizational Performance**

The concept of organization performance is multidimensional and it involves a number of indicators of organizational effectiveness and success. The balanced scorecard methodology developed by Kaplan and Norton (1996) defines four major performance dimensions that are identified as the financial performance, customer satisfaction, internal business processes, and learning and growth. This holistic perspective of performance recognizes that organizations should perform well in various areas to be able to gain sustainable competitive advantage.

Financial performance indicators involve the profitability, return on investment, increase in revenue and cost effectiveness. Measures dealing with customers include customer satisfaction, customer retention, customer and customer loyalty and customer market share. Internal process measures are concerned with efficiency of operations, quality, productivity and the innovation capabilities. Learning and growth indicators look at satisfaction of employees, retention of employees, development of skills in employees and learning capacity in an organization.

Studies have revealed that strong leadership plays a significant part in the performance of the organization on these measures. Leaders control organizational culture, behavior of the employees and make strategic decisions that directly affect performance results. It has been reported that the leadership-performance relationship has been observed at many industries, levels and cultural settings making it have become a core principle in organizational science.

### **Organizational Justice Theory**

Organizational justice theory deals with how employees feel about the fairness in the work place and has come out to be of critical concern in the study of employee attitudes and behaviors. The equity theory by Adams (1965) was the starting point of the field of justice research because it posits that people consider fairness based on their input-outcome ratios to other individuals as the factors that are pertinent. This model has developed as an inclusive theory that has several dimensions of justice.

Contemporary organizational justice theory identifies four primary dimensions (Colquitt, 2001):

**Distributive Justice:** Understandings of equity in terms of resource distribution, compensation and performance.

**Procedural Justice:** Fairness views of the procedures and methods of decision-making.

**Interpersonal Justice:** Just treatment about interpersonal relations, dignity and respect.



## Vol. 3 No. 8 (August) (2025)

**Informational Justice:** Sufficiency and veracity of information that is given in regard to procedures and decisions.

Investigation has established that organizational justice is an important factor that determines the attitudes and behaviors of employees and their performance. Perception of justice has an influence on job satisfaction, organizational commitment, trust, organizational citizenship behaviors, and turnover intentions. Meta-analytical research investigations have revealed moderate and strong correlations between the dimensions of justice and numerous work outcomes, procedural and interpersonal justice tending to be most effective.

### **The Mediating Role of Organizational Justice**

The theoretical basis of the relationship between transformational leadership and organizational performance is the social exchange theory that mediates the nature of organizational justice. This theory holds that social relationships are characterized as two-way exchanges where positive treatment is met with positive behaviors and attitudes.

Transformational leaders can greatly impact on perceptions of justice by the employees based on their behaviors and practices. Through idealized influence, leaders embody trust and credibility, which improves the perception of overall fairness. Inspirational motivation establishes collective vision and targets, which are part of distributive justice perceptions. Intellectual stimulation promotes the involvement in decision-making procedures, which improves procedural justice. Individualized consideration provides equal treatment of individuals and allows sufficient information exchange, which promotes interpersonal and informational justice.

When the employees feel that their leaders are transformational, then most of them will be expected to develop better degree of organizational justice, which will subsequently lead to them giving back better effort, commitment and performance. This forms a positive loop in which transformational leadership leads to increased perceptions of justice that translate to improved individual and organizational performance.

### **Hypotheses Development**

The proposed hypotheses are as follows based on theoretical background and empirical data:

H1: Transformational leadership is significantly positively related to organizational performance.

H2: Organizational justice is strongly positively related to transformational leadership.

H3: Organization justice is positively related to organizational performance significantly.

H4: The connection between transformational leadership and organizational performance is mediated by organizational justice.

### **Methodology**

#### **Research Design**

The research design consists of a quantitative, cross-sectional survey-based study that aims at investigating the connections between transformational leadership,



## Vol. 3 No. 8 (August) (2025)

organizational justice, and organizational performance. The study adheres to a positivist paradigm, as the authors aim to verify hypotheses, which are based on the existing theories, using statistical methods with the help of empirical data.

### Population and Sample

The target group were employees in the service sector organizations that have hierarchical structures. The sampling method was stratified random sampling to cover the various levels of the organization, departments, and demographic features.

G\*Power was used to determine the sample size, taking into consideration the requirements of structural equation modeling and the targeted statistical power of 0.80 and  $\alpha = 0.05$ . The target sample was determined as 400 participants, and the minimum threshold was calculated with 200 as the required sample size because of the possible non-response and lack of data.

The questionnaires were distributed among 15 service sector organizations, which comprised of 400 questionnaires, which included banking, telecommunications, healthcare and consulting firms. Upon the removal of incomplete responses and outliers, the ultimate sample size was 342 useable responses, which translates to an efficient response rate of 85.5 percent.

### Sample Characteristics

**Table 1 Demographic Characteristics of the Sample (N = 342)**

Characteristic	Category	Frequency	Percentage
Gender	Male	186	54.4%
	Female	156	45.6%
Age	20-30 years	98	28.7%
	31-40 years	142	41.5%
	41-50 years	76	22.2%
	Above 50 years	26	7.6%
Education	Bachelor's degree	198	57.9%
	Master's degree	128	37.4%
	Doctorate	16	4.7%
Experience	Less than 5 years	124	36.3%
	5-10 years	118	34.5%
	11-15 years	68	19.9%
	More than 15 years	32	9.4%
Position Level	Non-supervisory	218	63.7%
	Supervisory	89	26.0%
	Managerial	35	10.2%

### Instrumentation

#### Transformational Leadership

The Multifactor Leadership Questionnaire (MLQ-5X) created by Bass and Avolio (2004) was used to measure transformational leadership. The questionnaires were sent to the research team either as sealed envelopes or through secure



## Vol. 3 No. 8 (August) (2025)

online delivery that guaranteed anonymity and minimized the social desirability bias. Respondents were asked to rate the leadership behaviors of their immediate supervisor using a 5-item Likert scale (1 not at all, 2 rarely, 3 occasionally, 4 always).

Sample items include:

"My supervisor talks about his/her most important values and beliefs" (Idealized Influence)

"My supervisor talks optimistically about the future" (Inspirational Motivation)

"My supervisor prefers divergent thinking in solving problems" (Intellectual Stimulation)

"My supervisor spends time teaching and coaching" (Individualized Consideration)

### **Organizational Justice**

Colquitt (2001) Organizational Justice Scale was used to measure organizational justice, with 20 questions that gauge four dimensions: distributive justice (4 items), procedural justice (7 items), interpersonal justice (4 items), and informational justice (5 items). The answers were noted on a 5-point Likert scale between 1 (to a small extent) and 5 (to a large extent).

Sample items include:

Will your output be a measure of what you have done in your work? (Distributive Justice)

Have you been in a position to voice your opinions in those processes? (Procedural Justice)

Has he/she been treating you with dignity? (Interpersonal Justice)

Has he/she covered the procedures well? (Informational Justice)

### **Organizational Performance**

A multidimensional scale based on the works of Kaplan and Norton (1996) and Delaney and Huselid (1996) was used to measure the performance of organizations. First Analysis: Screen data, missing values analysis, outlier analysis, and assumption test. Participants were asked to rate the performance of their organization compared to their competitors on a 5-point Likert scale (1 (much worse) - 5 (much better)).

Sample items include:

"Profitability of our organization relative to competitors" (Financial Performance)

"Our organization's customer satisfaction levels" (Customer Satisfaction)

"Our organization's operational efficiency" (Internal Processes)

"Our organization's employee development programs" (Learning and Growth)

### **Data Collection Procedure**

The data were collected in a period of three months after receiving the institutional review board consent. Participation was requested by contacting organizations via professional networks and official letters. HR departments helped to distribute survey questionnaires after receiving organizational consent. The participants were provided with information sheets about the purpose of the study, guarantees of confidentiality, and the principles of voluntary participation. Structural Equation Modeling: Findings in testing the hypothesized relationships and mediation variables.



## Vol. 3 No. 8 (August) (2025)

### Data Analysis

The data was analyzed by means of SPSS 28.0 and AMOS 24.0 statistical software packages. The interpretation was systematic:

**Initial Analysis:** Data screening, missing value analysis, outlier detection and assumption test.

**Descriptive Analysis:** Means, standard deviations, correlations, and reliability assessment

**Confirmatory Factor Analysis:** Measurement model evaluation and validation

**Structural Equation Modeling:** Verifying the relationships and mediation effects proposed.

**Analysis of Mediation:** Bootstrap analysis to test indirect effects.

### Results

#### Preliminary Analysis

Screening of data indicated that there were no major patterns of missing values or extreme outliers. Normal tests revealed that all variables had acceptable skewness and kurtosis (skewness = 0.0 less than 2.0, kurtosis = 0.0 less than 7.0). There are no concerns of multicollinearity as the multicollinearity assessment yielded tolerance values higher than 0.10 and VIF values lower than 10.0.

#### Descriptive Statistics and Correlations

The means, standard deviations, correlations and reliability coefficients of all the variables of study are given in Table 2.

**Table 2 Descriptive Statistics, Correlations, and Reliability Coefficients**

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. TL Overall	3.68	0.82	(.94)								
2. Idealized Influence	3.72	0.89	.89**	(.92)							
3. Inspirational Motivation	3.64	0.91	.84**	.73**	(.89)						
4. Intellectual Stimulation	3.58	0.88	.87**	.69**	.68**	(.91)					
5. Individual Consideration	3.76	0.86	.88**	.74**	.71**	.72**	(.90)				
6. OJ Overall	3.42	0.78	.64**	.59**	.56**	.58**	.62**	(.95)			
7. Distributive Justice	3.38	0.89	.51**	.47**	.46**	.48**	.52**	.86**	(.91)		
8. Procedural Justice	3.44	0.84	.62**	.58**	.54**	.57**	.59**	.91**	.68**	(.93)	



Vol. 3 No. 8 (August) (2025)

Variable	M	SD	1	2	3	4	5	6	7	8	9
9. Interpersonal Justice	3.46	0.91	.58**	.55**	.52**	.53**	.58**	.89**	.65**	.72**	(.94)
10. Informational Justice	3.41	0.87	.55**	.51**	.48**	.52**	.56**	.88**	.63**	.74**	.76**
11. OP Overall	3.59	0.71	.67**	.61**	.59**	.62**	.64**	.58**	.48**	.56**	.54**

Note. TL = Transformational Leadership; OJ = Organizational Justice; OP = Organizational Performance.  $p < .01$ . The diagonal presents the Cronbach alpha coefficients in parentheses.

Results indicate that the acceptable means and standard deviations of all variables, which are used to represent the responses, demonstrate reasonable variability. All the correlation coefficients are in the anticipated direction and are statistically significant at  $p < .01$ . The range of reliability coefficients (Cronbach’s alpha) is between .89 and .95, which is higher than the recommended level of .70, and it reflects excellent internal consistency.

**Measurement Model Assessment**

The confirmatory factor analysis was used to evaluate the validity and fit of the measurement model. Inspirational motivation identifies employees with company aspirations and vision, which improves performance.

$kh2 = 1,247.89, df = 524, p < .001$

$kh2/df = 2.38$

CFI = .95

TLI = .94

RMSEA = .06 (90% CI: .06 - .07)

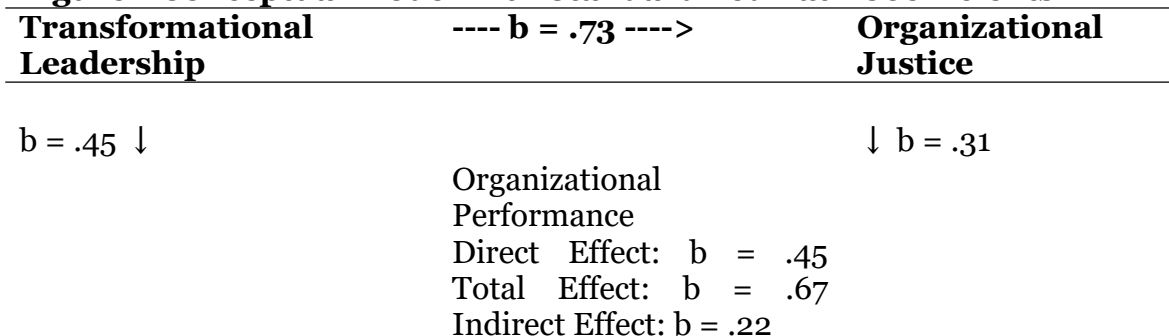
SRMR = .05

Factor loadings were all significant and greater than .70, which represents sufficient convergent validity. The values of average variance extracted (AVE) were between .68 and .74, above the .50 mark. Square root of AVE of each construct was determined as discriminant validity since each was higher than that of the other constructs.

**Structural Model Testing**

The structural equation model was run to test the hypothesized relationships. Figure 1 shows the conceptual framework containing normal path coefficients.

**Figure 1 Conceptual Model with Standardized Path Coefficients**





Vol. 3 No. 8 (August) (2025)

Note. \*p < .001

The structural model fit well:

kh2 = 1,389.45, df = 526, p < .001

kh2/df = 2.64

CFI = .94

TLI = .93

RMSEA = .07 (90% CI: .06 - .08)

SRMR = .06

**Hypothesis Testing**

Table 3 presents the results of hypothesis testing.

**Table 3 Hypothesis Testing Results**

Hypothesis	Path	$\beta$	SE	t-value	p-value	Decision
H1	TL → OP (Total Effect)	.67	.05	13.24	< .001	Supported
H2	TL → OJ	.73	.05	14.86	< .001	Supported
H3	OJ → OP	.31	.06	5.17	< .001	Supported
H4	TL → OJ → OP (Indirect Effect)	.22	.04	5.23	< .001	Supported

Note. TL = Transformational Leadership; OJ = Organizational Justice; OP = Organizational Performance. b = Standardized path coefficient; SE = Standard Error.

Every hypothesis was confirmed. The partial mediation implies that organizational justice is a very important mechanism yet transformational leadership has other impacts on organizational performance. Transformational leadership was also a strong predictor of organizational justice (b = .73, p < .001), which is consistent with H2. H3 was supported by the finding that organizational justice was a significant predictor of organizational performance (b = .31, p < .001).

**Mediation Analysis**

To test the mediation effect, a bootstrap analysis with 5,000 resamples was performed. The results of the mediation analysis are shown in Table 4.

**Table 4 Mediation Analysis Results**

Effect Type	Effect Size	Boot SE	Boot LLCI	Boot ULCI	Interpretation
Direct Effect (TL → OP)	.45	.08	.30	.60	Significant
Indirect Effect (TL → OJ → OP)	.22	.04	.15	.31	Significant
Total Effect	.67	.05	.58	.77	Significant

Note. Boot = Bootstrap; LLCI = Lower Limit Confidence Interval; ULCI = Upper Limit Confidence Interval. 5,000 bootstrap samples.

Transformational leadership indirectly and significantly affected organizational performance via organizational justice (b = .22, 95% CI [.15, .31]) proving H4. The mediation is partial, with the direct effect remaining significant



## Vol. 3 No. 8 (August) (2025)

when a mediator is added to the model.

The mediation proportion .33 (calculated through Indirect Effect / Total Effect = .22 / .67 = .33) indicated that organizational justice explains a motivated 33 percent of the overall effect of transformational leadership on organizational performance.

### Additional Analyses

#### Multi-Group Analysis by Gender

To investigate possible gender differences in the proposed relationships, multi-group analysis was performed. The findings indicated that there were no significant differences between the male and female respondents ( $D_{kh2} = 12.47$ ,  $D_{df} = 8$ ,  $p > .05$ ), which means that male and female groups were not different in terms of using the model.

#### Dimensional Analysis

The relationships were analyzed at the dimensional level to offer more insights into the mechanism. Table 5 shows the relationships between transformational leadership dimensions and organizational justice dimensions.

**Table 5 Correlations Between Leadership and Justice Dimensions**

TL Dimensions	Distributive Justice	Procedural Justice	Interpersonal Justice	Informational Justice
Idealized Influence	.47	.58	.55	.51
Inspirational Motivation	.46	.54	.52	.48
Intellectual Stimulation	.48	.57	.53	.52
Individualized Consideration	.52	.59	.58	.56

Note.  $p < .01$

The findings suggest that individualized consideration demonstrates the highest correlations with each of the dimensions of justice, and procedural and interpersonal justice demonstrate the highest correlations with transformational leadership dimensions overall.

### Discussion

#### Interpretation of Findings

The paper has solid empirical evidence on the relationship between transformational leadership, organizational justice, and organizational performance. The findings contribute to both theoretical understanding and practical applications in organizational leadership and management.

#### Direct Relationship Between Transformational Leadership and Organizational Performance

The large positive correlation between transformational leadership and organizational performance ( $b = .67$ ,  $p < .001$ ) supports H1 and is consistent with the substantial past studies. This close bonding indicates that transformational



## Vol. 3 No. 8 (August) (2025)

leaders can greatly improve organizational performance by inspiring and motivating them with their inspirational actions. The magnitude of the effect is quite high, indicating that transformational leadership is a key success factor in an organization.

This relationship can be explained by the versatility of behaviors associated with transformational leadership. They can be both direct impacts on employee motivation, empowerment and organizational culture or indirect impacts through other mediating factors like trust, commitment or psychological empowerment. The consequences of the results on organizational practice are manifold: Creative problem solving and innovation in processes and results are promoted through intellectual stimulation. One-to-one consideration is based on the principle that the individual needs of employees are addressed, which leads to increased engagement and commitment.

### **The Role of Organizational Justice as a Mediator**

The mediation analysis indicates that the relationship between transformational leadership and organizational performance is mediated by organizational justice, by 33 percent of the total effect. This research has significant theoretical implications concerning the ways in which transformational leadership affects organizational performance.

Social exchange theory can be used to explain the mediating role of organizational justice. Transformational leaders, in their practices, bring into the scene circumstances that make the employees feel that there is fairness at the workplace. Employees give back to the organization by working harder, more committed, and more productively when they feel that they are treated fairly and justly, thereby impacting positively on the organization.

Establishing transparent, standardized, and transparent decision-making. Introducing feedback to evaluate and enhance the perception of justice.

### **Dimensional Analysis Insights**

The dimensional analysis will shed light on which dimensions of transformational leadership have the strongest impact on the perceptions of justice. Individualized consideration demonstrates the best correlations with all justice dimensions, indicating that context-specific attention and treatment by leaders is especially relevant to justice perceptions.

The overall relationships to transformational leadership dimensions are the strongest with procedural justice, which is theoretically consistent since transformational leaders are more likely to engage employees in the decision-making process, present their rationale, and provide equitable procedures. This observation indicates that the formation of procedural fairness behaviors by leaders should be prioritized by organizations that aim to improve the perceptions of justice.

### **Theoretical Contributions**

In conducting the study, several key contributions related to the theories of leadership and organizational justice are made:

**Mechanism Identification:** The study presents empirical support of the mediating form of organizational justice in the transformational leadership-



## Vol. 3 No. 8 (August) (2025)

performance relationship and assists in understanding how transformational leadership establishes its effects.

**Social Exchange Theory Application:** The results reinforce the idea that social exchange theory can be applied in the field of leadership by proving that when leaders treat employees fairly, employees will respond by engaging in positive behaviors.

**Multi-dimensional Understanding:** The study reveals a subtle understanding of the relationship between various aspects of transformational leadership and various types of justice by examining relationships at both overall construct and dimensional levels.

**Cross-sector Validation:** The study confirms the proposed relationships within a variety of service sector organizations, which increases the external validity of the results.

### **Practical Implications**

The self-reports scales are susceptible to common method bias, which can be overcome by other response options and statistical corrections.

### **Leadership Development**

Companies ought to invest in transformational leadership within their managers and supervisors. The close correlation between transformational leadership and organizational performance implies that such investments may have a high payback. The four dimensions of transformational leadership should be addressed through leadership development programs, and the individualized consideration should be treated with specific emphasis due to its high correlation with justice perceptions.

### **Justice Enhancement Initiatives**

Because organizational justice moderates the relationship between leadership and performance, organizations need to adopt programs that promote the perception of fairness. This includes:

- To establish clear, transparent, and consistent procedures for decision-making
- To train managers for fair treatment and effective communication skills
- To implement mechanisms of feedback to assess and subsequently improve justice perceptions
- To create systems mandated with addressing concerns about fairness and grievances

### **Performance Management**

The research indicates that the organizational performance can be boosted not only by direct leadership interventions but also by enhancing organizational justice climate. Fairness principles should be integrated into performance management systems and the employees should feel that evaluation and reward processes are fair and just.



Vol. 3 No. 8 (August) (2025)

## **Selection and Promotion**

In selecting and promoting leaders, organizations should take into consideration the transformational leadership potential and justice orientation. Measures of these capabilities should be incorporated into assessment centers and leadership evaluation processes to make sure that those with the appropriate leadership traits are positioned in key areas.

## **Limitations and Future Research Directions**

Although this work is informative, a number of limitations must be noted:

### **Cross-sectional Design**

The cross-sectional nature of the study limits causal inferences. Although the conceptual framework might imply that the management of organizational justice through transformational leadership impacts performance, longitudinal studies are required to develop temporal associations and causality.

### **Self-Report Measures**

**Moderator Variables:** The study of potential moderators such as organizational culture, industry type, or individual differences would assist in the understanding of the when and how effective the relationships are likely to be. In future studies, the addition of multi-source data collection, such as objective performance measurements and supervisor ratings, can be made.

### **Sector Limitation**

The strong relationship that exists in this study underscores the importance of transformational leadership in contemporary institutions. Other industries like manufacturing, technology, and others can exhibit alternative patterns of relationships because of different organizational contexts and needs.

### **Cultural Context**

The research was done within a given cultural setting, and it might not be applicable in other cultures where people hold other values about leadership and justice. To know how cultural factors mediate these relationships, cross-cultural studies are required.

### **Future Research Directions**

Several promising directions for future research emerge from this study:

**Longitudinal Studies:** It would be more plausible to use longitudinal studies where leadership behaviors, justice perceptions, and performance are monitored.

**Multilevel Analysis:** The analysis of relationships at the individual, team, and organizational levels might give an understanding of the cascade of leadership effects across organizational hierarchies.

**Moderator Variables:** It would be of use to conduct research on potential moderators such as organizational culture, industry type or individual differences to understand when and where such relationships are most effective.



## Vol. 3 No. 8 (August) (2025)

**Alternative Mediators:** It is possible that exploring other possible mediating factors like psychological empowerment, organizational trust, or employee engagement can help to gain a more thorough picture of the leadership-performance relationship.

**Intervention Studies:** Experimental or quasi-experimental studies that apply transformational leadership development interventions may yield more convincing evidence of the practical utility of these results.

### Conclusion

The present study has given solid empirical support to the correlation between transformational leadership and organizational performance, where organizational justice is a prominent mediator. The results indicate that transformational leaders can improve organizational performance not only by their inspirational and motivational actions, but also indirectly by establishing an environment where employees might perceive fairness.

The study advances theoretical knowledge by establishing organizational justice as one of the main mechanisms in which transformational leadership produces its effects, which confirms the social exchange theory expectations regarding mutual relationships between fair treatment and positive employee reactions. The research also offers practical recommendations to organizations that are interested in improving performance by developing leadership and improving justice programs.

Close relationship encountered in this study shows the importance of transformational leadership in contemporary institutions. Due to the growing complexity and competition faced by organizations, the capacity of leaders to inspire, motivate, and treat employees fairly becomes progressively more important to realize sustainable performance benefits.

Future studies should expand on these results by investigating the dynamic nature of these relationships over time, cross-cultural differences, and other mediating and moderating factors. This kind of research will proceed to further explain how good leadership is value creating to the organization and stakeholders.

This study has implications that are not only academic but also practical in the organization. At a time when the employee engagement and retention are pertinent issues, knowing how leadership influences performance by instituting justice mechanisms is insightful to the establishment of high-performing yet just workplaces. It is highly likely that organizations that invest in the development of transformational leadership abilities and secure fair treatment of employees will enjoy high-performance results and sustainable competitive advantages.

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## Vol. 3 No. 8 (August) (2025)

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