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Transformational leadership, justice perceptions and follower outcomes.

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Abstract

This study examined the association between transformational leadership and follower outcomes as followers' performance and loyalty, mediated through interactional justice. A cross-sectional research design was conducted, and some of the analysis consisted of mediation regression tests, full structural equation model and confirmatory factor analysis. The study was conducted on a group level, using a sample of 45 leaders and 169 followers in a municipality in Norway. The findings supported our hypothesis, leading to a suggestion that transformational leadership is positively associated with interactional justice and loyalty, when mediated through interactional justice. This study contributes to the research field by extending our knowledge within the concept of transformational leadership and follower outcomes, whilst serving as a foundation for further research.

1. Introduction

A good leadership style stresses the importance of not only leading towards positive organizational outcomes, but also the dynamic relationship between leaders and followers. Due to globalization and a constantly changing environment, leaders play a great role in encouraging followers to learn, grow and face challenges in a positive manner (Jyoti & Bhau, 2015). The concept of transformational leadership (TFL) has been widely explored in the literature since the 1970's, and are one of the most frequent approaches in understanding the relation between organizational and individual effectiveness (Bass, 1985; Ng, 2016; Ding, Zhang, Sheng, & Wang, 2017). As followers' expectations and work conditions have changed throughout the recent years, the importance of understanding the underlying psychological processes in a leader-follower relationship are therefore highly important (Klemsdal, 2013). A theoretical understanding of TFL has been somewhat established in the literature (Bass & Avolio, 1994; Yukl, 2013; Long & Iqbal, 2015), leading a further understanding of how TFL often results in positive follower outcomes to be explored. Moreover, understanding the potential influences in the relationship between TFL and follower outcomes may be answered when exploring the follower's justice perceptions.

Indeed, organizational justice has been linked with transformational leadership as a possible mechanism in the relationship between TFL and follower outcomes (Ismail, Mashkura, Sulaiman & Hock, 2011). Organizational justice was first presented by Greenberg (1987), and concerns the followers' perceptions of decision making and actions within the organization. Various follower behaviors are determined by these justice perceptions, making the followers highly influenced in terms of attitude and behavioral changes (Greenberg, 1987). Previous research provides evidence of a positive relationship between TFL and followers outcomes, however, only a few have investigated how TFL is associated with followers' justice perceptions (Bass, 1999; Piccolo & Colquitt, 2006; Yukl, 2006, as cited in Cho & Dansereau, 2010). For instance, justice perceptions (e.g. fairness and trust) were associated with TFL when used as mediators rather than as follower outcomes (Pillai, 1999, Braun, Peus, Weisweiler, & Frey, 2013). To further illustrate the relationship between TFL and justice perceptions, Cho and Dansereau (2010), collected data from 40 leaders and their 119 followers in a multinational bank in

South Korea. Findings indicated that transformational leadership behaviors depend on followers' justice perceptions in relation to outcomes such as organizational citizenship behavior (OCB). The findings further suggest that positive follower outcomes may be dependent on the degree the leaders focus on promoting positive leadership behaviors such as those characteristics of TFL. Thus, the concept of interactional justice is highly relevant in being explored as a potential mediator in the relationship between TFL and follower outcomes. Furthermore, interactional justice has been linked with transformational leadership as a possible mechanism in the relationship between TFL and follower outcomes, e.g. job performance (Ismail et al., 2011; Bacha & Walker, 2013). Moreover, interactional justice refers to the interpersonal relationship between a supervisor and his/her followers, and concern the followers' perception of treatment and fairness (Greenberg, 1987). Nonetheless, the idea of justice perceptions as an underlying psychological mechanism in relation to TFL has gone largely unexplored, thus, the concept of interactional justice. To our knowledge, the study of Bacha and Walker (2013) is the only research that explored a direct association between TFL and interactional justice. Bacha and Walker (2013) conducted a survey among French firms, collecting data from 100 followers in service sectors. Findings indicated that TFL was strongly associated with procedural justice and interactional fairness. In relation to exploring interactional justice in association with TFL, interactional justice was also shown to be a mediator for job performance in US subsidiary manufacturing firms in Malaysia (Ismail et al., 2011).

Although numerous studies have explored whether follower performance (FP) is related to TFL, the relation still seem somewhat unclear (Wang, Oh, Courtright, & Colbert, 2011; Tims, Bakker, & Xanthopoulou, 2011). Several organizational justice perceptions have been examined in the literature as a potential influence, e.g. procedural and distributive justice, and has further shown to support followers' outcomes such as job satisfaction (Ismail et al., 2011; Ghanbari, & Eskandari, 2014; Viswanathan, 2017) and performance (Zhang, LePine, Buckman, & Wei, 2014). However, there is a need to explore interactional justice as a mediator between TFL and follower outcomes. This study may therefore be one in a few to investigate how TFL affects follower performance, mediated through the underlying psychological concept of interactional justice. Research linking transformational leadership to follower performance shows that job satisfaction,

commitment and trust are often key factors in this relationship (Casimir, Waldman, Bartram & Yang, 2006; Yang, Ding & Lo, 2016). Moreover, follower performance has often been researched on a team-level, looking at overall work engagement, rather than individual task-performance (Schaubroeck, Lam, & Peng, 2011). Thus, leading follower performance to be a topic of further investigation. A recent study provided by Jyoti and Bhau (2015) considered how TFL and leader member exchange (LMX) has an impact on job performance. Findings indicated that LMX affects both transformational leadership and job performance, whereas characteristics of TFL were helpful in creating better relationships with followers (Dubinsky,Yammarino, & Jolson, 1995, as cited in Jyoti & Bhau, 2015). By establishing a close relationship with their leader, followers may perform better as they attempt to please their leader (Jyoti & Bhau, 2015). Moreover, according to Dvir, Eden, Avolio and Shamir (2002), transformational leaders are concerned with the values and beliefs of followers, which may in turn affect follower performance (as cited in Jyoti & Bhau, 2015). Furthermore, follower performance may depend on how each individual within the organization experience the TFL behaviors (Dasborough & Ashkanasy, 2002, as cited in Wang Law, Hackett, Wang and Chen, 2005). Wang et al (2005), investigated the relationship between TFL and follower performance of 162 leader-follower dyadic in China. Findings indicated that through personal and/or social identification, transformational leaders enhanced followers´ acceptance to extra role behaviors or expanding offers. In relation to personal and individual experiences of transformational leadership, justice perceptions may be a possible cause of the followers' personal experiences with their leaders. Interactional justice has therefore been investigated as a potential mediator for the leader-follower relationship (Wang & Jiang, 2015), whereas interactional justice does partially influence supervisor commitment and follower effects (Gumusluoglu, Karakitapoğlu-Aygün, & Hirst, 2013).

Loyalty has previously been investigated as a mediator factor, rather than a follower outcome (Wu & Wang, 2012). Commitment often refers to being loyal to their organization, whereas transformational leaders attempt to increase the followers' awareness of the greater good rather than personal gain (George and Jones 2008, as cited in Tuna, Ghazzawi, Tuna, & Catir, 2011). The study by Tuna et al (2011), shows evidence of transformational leadership being associated with commitment to the organization. Additionally, Bono, Foldes, Vinson and Muros

(2007), provided evidence that TFL was positively correlated with positive emotions and job satisfaction. In respect to the social exchange theory, loyalty makes followers more likely to reciprocate in increased work effort, thus positive social exchange elicits loyalty from followers (Wu, & Wang, 2012). According to the study provided by Wu and Wang (2012), the findings suggests that a transformational leader is highly admired, and thereafter the followers' work performance will be increased in respect to loyalty and emotional commitment, and a further decrease negative follower outcomes e.g. turnover intentions.

Several studies address the relationship between transformational leadership and justice perceptions (Cho & Dansereau, 2010; Ismail et al, 2011; Gillet, Fouquereau, Bonnaud-Antignac, Mokounkolo, & Colombat, 2013), however, the relationship is, to our knowledge, unexplored in a norwegian context. The aim of the current study is therefore to explore the relationship between TFL and followers' outcomes, using interactional justice as a mediator (Cho & Dansereau, 2010; Siemensen Roth, A. & Oliveira, 2010; Colquitt, Conlon, Wesson, Porter & Ng, 2001). Additionally, we will attempt to respond to previous findings by conducting a study researching transformational leadership and followers' outcomes in a Norwegian context. Moreover, we will do an effort in addressing interactional justice as a mediator between TFL and follower outcomes such as follower performance and loyalty. By examining this gap, we may extend our knowledge of the relationship between TFL and followers' outcomes, whilst contributing with novelty to this area of research. How transformational leaders influence their followers has received modest attention, especially in relation to the psychological aspect of the leadership process. Thus, the concept of interactional justice as a mediator need to be explored. Based on the previous research conducted in the field, the following research question will be explored:

"To what degree does interactional justice mediate the relationship between TFL and follower outcomes?"

First, the theory will be explored, before presenting the hypotheses. Thereafter, the methodology and results will be given, followed by a discussion of the findings, including both theoretical and practical limitations. Last, suggestions of future research are provided, before the paper is concluded.

2. Theory and Hypotheses

2.1 Transformational Leadership

The term "leadership" has been defined in various ways since the 1930's, leading a common definition of the concept hard to grasp. Moreover, leadership is often viewed as a process rather than an occurrence due to the transaction and a dynamic relationship between a leader and a follower. The dynamic relationship evolves over time because of internal and external changes, thus a good leadership may style involve continuously influencing and inspiring the follower even when times are changing (Glasø & Thompson, 2013).

The fundament of transformational leadership (TFL) is to transform the values of followers and further inspire and motivate them, whilst contributing in transforming organizations and nurturing positive follower outcomes (Zhen Li, 2013). Bass (1990) defines transformational leaders as those who "(...) broaden and elevate the interest of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group" (p. 21), thereby, the core concept of TFL to motivate followers to achieve their full potential (Bass & Avolio, 1994).

Transformational leaders can both directly and indirectly affect followers on each level in the organization, in both formal and informal ways. For instance, a core characteristics of transformational leaders is to serve as role models, and inspire and motivate their followers to reach goals. Followers of the transformational leader may also serve as potential leaders for others, and therefore attempt to imitate these behaviors in inspiring other lower level followers. Thus, leading the TFL behaviors to influence followers on several levels within the organization (Bass & Avolio, 1994).

TFL is discussed in whether followers can rate their leaders objectively, and the follower's perceptions of their leaders (Glasø & Thompson, 2013). Nevertheless, previous research shows that TFL may lead to higher psychological well-being of followers and increased job performance in organizations (Gillet et al., 2013). According to Cho and Dansereau (2010), transformational leaders perceive employees as valuable resources, and this may in turn lead to respect and commitment towards their leader. Moreover, transformational leadership is

identified as the ability to inspire followers to reach goals and actions, in addition to develop and challenge their followers (Cho & Dansereau, 2010; Yukl, 2013). As mentioned, transformational leadership has been widely explored in the literature, especially in relation to other leadership styles e.g. transactional leadership (TL) (Zhen, 2013; Epitropaki, & Martin, 2013; Tyssen, Wald, & Spieth, 2014). On the one hand, the two concepts may be viewed as quite similar, as both directions aim to set goals and expectations of followers. On the other hand, transformational leadership is viewed as an extension of transactional leadership, as TFL includes behaviors that are superior by engaging in one or more of the "four I's" (Bass & Avolio, 1994):

Firstly, idealized influence behavior refers to leaders behaving in a manner that results in them being viewed as charismatic and role models, in addition to increasing follower identification (Bass & Avolio, 1994). Transformational leaders may sacrifice themselves for the benefit of the followers, and letting the followers be included in risk-taking decision making in the organization. These main components can result in the followers increasing their trust and loyalty towards their leader (Yukl, 2013). Furthermore, the concept of trust is highly important in succeeding in making the followers "on board" with the organization's vision. If the follower has highly positive perceptions of the leader, it may be more likely that the follower will perform in relation to the expectation of leader (Zhen, 2013), hence perform more than expected. Moreover, the power transformational leaders hold is not being used for personal gain, but rather include followers for a greater good (Bass & Avolio, 1994).

Secondly, intellectual stimulation refers to the leader motivating the followers to view challenges and problems with a second perspective, whilst developing enhancing the possibility to create new solutions (Bass & Avolio, 1994). The leader attempts to inspire the followers to be innovative, empowering and risk-taking. As a result, the followers may perform better in the organization and further grow (Yukl, 2013). Additionally, there is no public criticism if any of the followers make mistakes, or further disrespect if the followers speak their mind in relation to new ideas that may be different from others (Bass & Avolio, 1994). Intellectual stimulation means enhancing the followers attempts to find new strategies in respect to problem solving and creative thinking. The leader will in this case attempt to motivate the followers to come up with new ideas, which in turn will make them

feel as they have a meaningful role in the organization. Intellectual stimulation may also increase the follower's performance in the organization, as the they may feel more committed and engaged in respect to exchanging new ideas (Zhen, 2013).

Thirdly, individualized consideration refers to the leader supporting each follower, whilst encouraging innovative thinking. A key component of individualized consideration is recognizing personal values, needs and abilities, in addition to treating their followers as individuals, rather than a collective group of followers (Gumusluoglu et al, 2013). The leader may therefore be considered as a mentor, and thereby enhancing the personal growth of followers. The leader will also consider individual differences, and attempt to let individuals achieve their full potential in focusing on their strengths (Zhen, 2013).

Finally, inspirational motivation refers to transformational leaders establishing a clear vision, and further communicating the vision thoroughly, whilst behave in an optimistic and confident manner (Yukl, 2013). By communicating the vision thoroughly, this will enhance the competitive advantage for the organization. Thereby, when motivating followers in a positive manner this may result followers wanting to invest more time and effort in performing each task. Moreover, the followers may not only feel meaningful to the organization, but also feel a meaning of the work they perform. Additionally, a transformational leader attempts to include all followers to participate in the organizational culture. These leaders also speak positively about the future, and the possibilities for both the follower and the organization (Zhen, 2013).

Transformational leaders who engage in these behaviors on daily basis are more likely to affect followers' feelings for respect and dignity (Carter, Mossholder, Feild & Armenakis, 2014). In turn, these affections may influence the followers' perceptions of fairness and justice (Roch & Shanock, 2006).

2.1.1 Justice Perceptions

Organizational justice and the followers' justice perceptions can be directly linked with attitudes of the followers in organizations, and has therefore recently become a popular topic in the research field. Organizational justice refers to the behavior of the organization, and how followers are being affected by i.e. decision making or processes (Roch & Shanock, 2006).

Followers rate organizational justice in respect to three events: distributive justice, procedural justice and interactional justice. Distributive justice refers to the outcomes and feedback followers receive from the organization (e.g. performance of work tasks and commitment to their organization). Moreover, distributive justice includes followers' perception of the organizational fairness in respect to rewards, expectations or positive reinforcement from supervisor and colleagues (Zhang et al., 2014). Procedural justice refers to fairness in decision making and include all followers to be allowed in participation in decision-making processes, thus the procedures in the organization (Cropanzano, Prehar, & Chen, 2002). Moreover, these procedures are often associated with terminations, performance ratings and promotions (Roch & Shanock, 2006). Followers evaluate the fairness of whether the outcomes are accurate, ethical, and unbiased (Zhang et al., 2014), for instance whether the pay raise is accurate in respect to the work performance (Roch & Shanock, 2006). Interactional justice refers to the followers' perceptions of fairness in respect to the treatment by their supervisor (e.g. respect, sincerity and dignity). When treating the followers with interactional justice, the leader should provide the employees with explanations and honesty, whilst including them in decision making (informational justice) (Zhang et al., 2014).

2.1.2 Interactional Justice

Interactional justice (IJ) is explained as following; "(…) an individual is often sensitive to the quality of interpersonal treatment that they receive from their managers during the enactment of organizational procedures" (Ismail et al., 2011, p. 217). IJ is grounded in the followers' perception of fairness, and often seen in relation to the interpersonal treatment given by authorities (Greenberg, 1987). These perception factors include respect, dignity, motivation and encouragement (Muzumdar, 2012 p.5). Until recently, interactional justice has been divided into two types of justice e.g. interpersonal and informational (Colquitt, 2001). Thus, the leader attempts to explain followers why certain procedures in the organization takes place (Muzumdar, 2012). However, Bies (2001) argues that an updated conceptualization of the term suggests that IJ consist of only interpersonal treatment. Thereby, interactional justice refers to how the leader treat their followers in respect to fairness and dignity.

The characteristics of transformational leadership may have similarities with the characteristics of interactional justice, however, to what degree interactional justice plays a role in the leader-follower relationship is yet to be explored. The underlying psychological processes that will be explored in this thesis is how fairly the followers feel treated by their leader, and the followers' perspectives in justice perceptions.

2.3 Social Exchange Theory

The social exchange theory is described as; "subjective, relationship-oriented interactions between employers and employees characterized by an exchange of social-emotional benefits, mutual trust and commitment (..) "(Lavelle, Rupp & Brockner, 2007 p. 845). Previous research shows that leaders are more likely to motivate their followers in behaviors that result in positive outcomes for the organization when engaged in a high quality social exchange relationship. For instance, when followers receive support from their leader, they tend to feel more committed in the organization. Additionally, individuals tend to identify strongly with the person they are engaged, thus more likely to motivate employees to engage in behaviors that results in positive outcomes for the organization (Rupp, & Cropanzano, 2002). Furthermore, employees may feel a commitment to the organization when they receive a great amount of support from their leader (Rupp & Cropanzano, 2002; Lavelle, Rupp & Brockner, 2007).

A high quality social exchange relationship between a leader and follower may be associated with transformational leadership and interactional justice, as followers may desire to reciprocate similar behaviors towards their leader and organization. According to the social exchange theory, followers may therefore respond differently in perceiving unfairness in interpersonal treatment. Furthermore, interactional justice is viewed in relation to the individual behind the behaviors, thus leader-related attitudes is often the source of interactional justice (Gumuslouglu et al., 2013). Moreover, the social exchange theory has been central in explaining the relationship between a leader and a follower, and further loyalty (Wu & Wang, 2012). Followers may feel the need to reciprocate the favor, often in terms of loyalty or task performance.

2.4 Hypotheses

Based on the empirical and theoretical connections presented, we predict that transformational leadership will be associated with loyalty and follower performance, mediated through interactional justice. The model of this relationship is displayed in figure 1.

Figure 1. Research model suggesting Interactional Justice as a mediating variable between Transformational Leadership and follower outcomes.
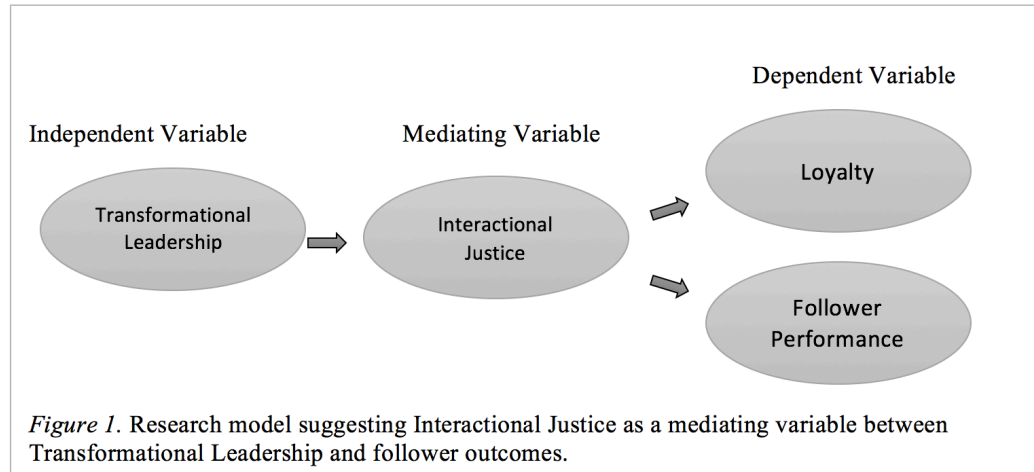
2.4.1 Interactional Justice

The first hypothesis is the idea that there may be a potential relationship between transformational leadership and interactional justice. As briefly mentioned, interactional justice refers to the underlying psychological processes that occur between a leader and a follower, and concerns how fairly the follower feels treated by their leader. Previous research indicates that TFL may have similarities with the characteristics of interactional justice (Carter et al., 2014), leading to an assumption that TFL may be associated with IJ. For instance, when the leader engages in behaviors related to one or more of the four I's e.g. individual consideration (Gumusoglu et al., 2013), the followers may view their leader as more fair than if they ignored the followers' wishes. Moreover, the followers' feelings of interactional justice may be evoked by the behaviors of leaders, for instance if the leaders practice fair treatment (e.g. respect and accountability) in their daily work (Ismail et al., 2011). A transformational leader will act with sincerity and sensitivity, which in turn may increase the trust level between a leader and a follower. As a result, TFL may be associated with IJ in respect to the level of

fairness a transformational leader gives, and what the follower feel they receive. Given this logic, we formulate the first hypothesis (H_1) as follows:

H_1: Transformational leadership is positively associated with interactional justice

2.4.2 Loyalty

The second hypothesis is the idea that there may be a potential relationship between transformational leadership and loyalty, mediated through interactional justice. As briefly mentioned, loyalty refers to followers being motivated for working for the good of the organization, rather focusing on personal gain (Tuna et al., 2011). Previous studies show that loyalty may result in commitment of employees in a high-quality leader-follower relationship (Van Dierendonck, 2011; Muzumdar, 2012), whereas the commitment of employees may further lead to increased follower performance (Gumusluoglu et al., 2013). Organizational commitment is defined as "[the] employee's loyalty towards his organization and his intentions to stay with the same organization irrespective of the external factors of pay rise, higher rank, and more incentives offered by other organization" (Muzumdar, 2012 p. 7). According to Wu and Wang (2012) a leader who emphasises strong personal identification creates loyal and hardworking followers. In addition, the leader builds strong bonds with their followers, which in turn should increase the organizational commitment and loyalty. As transformational leaders emphasize personal values and act as role models (Cho and Dansereau, 2010), one may assume that a transformational leader would have loyal followers. However, as research have mainly focused on loyalty as a mediator (Ismail et al., 2011) there are limited studies of loyalty as a follower outcome. For instance, as transformational leaders focus on individual consideration and inspirational motivation, one may assume that followers would tend to be more loyal in respect to the feeling of social exchange. According to Dierendonck (2011), trust and fairness are two components of interactional justice that are often seen in relation to loyalty. Transformational leadership, loyalty and emotional commitment have previously been associated with one another (Tuna et al., 2011), leading to a prediction that emotional commitments may be affected by the followers' justice perceptions. In relation to the information above, one may further predict that a

follower may be more loyal to his/her leader when viewing the treatment as fair hence interactional justice. Therefore, one may assume that interactional justice may be positively associated with transformational leadership and loyalty. Thus, the second hypothesis (H$_2$) is presented as follows:

H$_2$: *Transformational leadership is positively associated with follower loyalty via interactional justice*

2.4.3. Follower Performance

The third hypothesis is based on the idea that there may be a relationship between TFL and follower performance, mediated through interactional justice. Follower performance refers to performing more than what is expected (van Dierendonck, 2011), and to what degree each follower can fulfill their current commitments (Dvir et al., 2002). Furthermore, performance also refers to "the function of knowledge, skills, abilities and motivation directed at role prescribed behaviors, such as formal job responsibilities" (Jyoti & Bhau, 2015 p. 8). Moreover, follower performance includes behaviors that can be observed and measured in respect to individual contributions of how poorly or well a task has been conducted (Lee & Tan, 2012; as cited in Jyoti & Bhan, 2015). Follower performance is often related to task performance, i.e. the effectiveness each employee acquires when engaging in work related activities (Borman & Motowidlo, 1997; Wu & Wang, 2012). Kelman (1958) explains task performance in relation to personal identification and internalization, in which a leader influences followers' attitudes, motivation and behavior (as cited in Yukl, 1999). Moreover, the leader influence followers in short-term effects in respect to mediation variables such as rewards contingencies or increased optimism and self-efficacy (Yukl, 1999).

A transformational leader can play a great role in motivating followers to perform better, especially through inspiration and clear visions. A follower may in turn feel the need to reciprocate the behavior, and perform exceptionally (Wu & Wang, 2012). Key components of transformational leadership are to encourage followers to reach their full potential, and influence them through individual consideration, e.g. treating them as valuable resources.

Furthermore, as transformational leaders foster their relationship with followers and motivate them to perform better, followers may often feel the need to reciprocate

the influence of the leaders. Thereby, interactional justice may be associated with transformational leadership and follower performance. For instance, followers who are being motivated and inspired may be more likely to engage positive in work-related behaviors with a desire to perform well. In addition, followers may be more willing to reciprocate their leaders with positive contributions in their organization when given individualized consideration (Ng, 2016). In relation to the TFL behaviors, concepts as motivation, empowerment and morality has previously been examined in relation to follower performance (Dvir et al., 2002), whilst justice perceptions are yet to be examined. Thereby, one can assume that interactional justice may influence the relationship between transformational leadership and follower performance. Thus, we positioned our third hypothesis (H_3):

H_3: *Transformational leadership is positively associated with follower performance via interactional justice*

3. Method

To test the above-mentioned hypotheses, we conducted a cross-sectional study in a Norwegian context. Two questionnaires were developed in Qualtrics, one for leaders and one for followers. The present study is measuring the underlying psychological processes. Although qualitative studies are useful for insight in psychological processes in the workplace, a quantitative approach was chosen in this study.

3.1 Participants

Participants were recruited through a contact person in a municipality in Møre and Romsdal, Norway. An information letter including both the aim of the study and link to the survey was sent to both the leaders and followers. A total of 2623 employees from the public sector in the municipality were invited through this e-mail, whereas 74 leaders and 238 followers responded on the given survey.

As the public sector (e.g. municipalities) holds a high amount of the job market, there is a need to research how leadership may affect followers' outcomes in these areas. According to numbers from Statistics Norway, nearly one out of three are employed in the public administration, and in the 4th quarter of 2016,

almost 824 000 had their main job in in this area (Statistisk Sentralbyrå, 2017). The positions held by the participants varies between areas such as the health sector, economy, administration, education, IT, culture, emergency, and personnel. All participants, both leaders and followers, were informed that participating in the study was voluntary with the opportunity to withdraw at any given time.

3.2 Procedure

As briefly mentioned above, the instructions were given through emails with a link to the participants, where the followers were supposed to evaluate their own loyalty, interactional justice and how transformational they ought their leaders to be. The leaders only evaluate the performance of their followers. The was supposed to responded the survey once, while the leaders were supposed to rate their followers individually and submit the survey one time for each of their follower(s). All participants were also given general information about the study, such as the aim of the present study. The respondents are not given any leads to what this survey is measuring to prevent any biased responds. Before the survey was handed out, an IT group within the municipality tested the survey to ensure it was a good fit to the municipality and avoidance of possible errors within the survey. Thereafter, the email was sent to the subordinates, through a contact person and contained information in addition to the links. There were two separate links, one for leaders to rate performance of their followers, and one for followers to rate their leaders.

To connect leaders and followers, and to maintain their anonymity, each of the respondents were given numbers to use in the survey; one for themselves, and one for their leader/follower. By using numbers, one can connect the answers (i.e. 242 has rated 399, and 399 has rated 242).

A cross sectional design includes researching more than one case and collects data at a single point in time, with more than two variables (Bryman & Bell, 2015). The present thesis consists of social surveys given to both leaders and followers in various areas of the organization. A cross-sectional design gives us the opportunity to observe patterns of association between the given variables and provide further possibilities of replicability. The data was collected through an electronic questionnaire made in qualtrics. Qualtrics is with its over 8,500 brands and 99 of the top 100 business school's users, the most trusted enterprise research

platform in the world (Qualtrics, 2017). Thereby, the platform gives us access to making questionnaires and post links connected to these questionnaires in addition to data and analyzing tools.

To ensure validity, the survey was based on items from Bass & Avolio (1995) Niehoff & Moorman (1993) Williams & Anderson (1991) and Podsakoff, MacKenzie, Moorman, & Fetter (1990), who measure the same variables as used in this research. Validity refers to which extent, from the results of an experiment or study, it is possible to draw valid conclusions about the purpose of investigation, (LoBiondo-Wood & Haber, 2010). As briefly mentioned, transformational leadership has been widely explored, and research of leadership often includes two aspects; the construct validity and criterion validity (Martinsen, 2013). Construct validity refers to whether the measures of leadership is meaningful and trustworthy, and criterion validity refers to the theory of leadership researched, and the results in practical working life. A necessary but not sufficient condition for a valid ending is reliability. Reliability should be present in all measurements that have theoretical or practical interest. Reliability refers to the extent to which we measure what we are indeed intending to measure. A high level of reliability is secured through precise and accurate measurement of the indicators in use (LoBiondo-Wood & Haber, 2010; Bryman & Bell, 2015).

3.3 Measures

Four instruments were used to measure each of the constructs: *transformational leadership*, *interactional justice*, *loyalty* and *follower performance*. An overview of the measures are provided in table 1, and consists of all four concepts, examples of some items measuring each concept, and Cronbach's alpha. Followers were asked to evaluate 20 allegations in respect to what degree they perceive their leader as transformational, six in respect to loyalty and nine regarding interactional justice. Leaders were supposed to evaluate five allegations of their followers regarding follower performance. All measurements were conducted on a Likert Scale, varying in points and degrees. TFL, interactional justice and loyalty were measured from the followers' perspective, whilst follower performance was rated from the leader's perspective. The experiences from followers rating their leaders were highly subjective, rating on behalf of their own

experiences. The subsequent paragraphs below explain each measure in detail, independent, mediating and dependent variables.

Table 1
Overview of survey measurements.

Latent Variable	Number of Items	Answered/ Rated by	Example from Survey	Anchors	Cronbach's α
Transformational Leadership	20	Followers	"Articulates a compelling vision of the future", "Treats me as an individual rather than as a member of the group"	Likert scale 0 = Never 1 = Rarely 2 = Seldom 3 = Occasionally 4 = Often.	.95
Interactional Justice	9	Followers	"When decisions are made about my job, the general manager treats me with kindness and consideration"; "When decisions are made about my job, the general manager treats me with respect and dignity"	Likert scale 1 = Strongly disagree 7 = Strongly agree	.80
Follower Performance	5	Leaders	Professional knowledge and judgement", "Overall current achievement", and lastly; "Expected future performance	Likert scale 1 = not satisfactory 7 = outstanding	.87
Loyalty	6	Followers	"I feel quite confident that my leader will always treat me fairly" and "I feel a strong sense of loyalty towards my leader"	Likert scale 1 = Not at all 4 = Absolutely accurate	.92

3.3.1 Measures of Independent Variable: Transformational Leadership Through MLQ

The Multifactor Leadership Questionnaire (MLQ—also known as MLQ 5X short or the standard MLQ) measures a broad range of leadership types from passive leaders, leaders who give contingent rewards to followers, and to leaders who transform their followers into becoming leaders themselves. The program described in the MLQ Trainer's Guide provides a solid base for leadership training. MLQ are used for either assessment/development and for research (Bass & Avolio, 1995). The MLQ identifies the characteristics of transformational (and transactional)

leadership, and consist of nine leadership measurements, thus five concepts measuring transformational leadership and three regarding the transactional leadership style and one concerning passive leadership style (Martinsen, 2013).

The followers in the present study rated their leader in respect to questions as to the extent their leaders performed the TFL behaviors. As the MLQ measures both transactional and transformational leadership, the questions regarding transactional leadership style were excluded, thus the followers only rated TFL behaviors. The MLQ further consist of nine separate measurements, including two different measures of "idealized influence", e.g. attributes and behaviors of supervisors. However, the concept of idealized influence has often been viewed as one item. Thus, transformational leadership, including the four I`s, which is elaborated below, is measured using the MLQ form x5 (Bass & Avolio, 1995). The questionnaire provided items on a likert scale starting at 0 (Never), 1 (Rarely), 2 (Seldom), 3 (Occasionally) to 4 (Often).

3.3.1.2 Intellectual Stimulation

Intellectual stimulation refers to whether the followers are encouraged to be more creative and independent, to think outside the box, to go in new directions and to question the traditions (Zhen, 2013). Intellectual stimulation was measured with the following items: "Reconsider critical assumptions to investigate whether they are relevant", "draws different perspectives when he/she solves problems", "Makes me view problems from several different perspectives", and lastly: "Suggests new approaches in how to implement assignments" (Bass & Avolio, 1995).

3.3.1.3 Idealized Influence

Idealized influence is focusing on the behavior and the characteristics of the leader (Bass & Avolio, 1994). The characteristics of a transformational leader engaging in idealized influence behaviors is acting as a role model, whilst being admired, trusted and respected. Moreover, the leader influences the followers to hold high ethical and moral standards. The followers can identify with their leader, and be influenced in doing the right thing as they would want to emulate their leader (Bass and Avolio, 1994). Items concerning the characteristics of idealized influence are; "Make me proud to be associated with him/her", "Thinking more about the group's best, than own interests"," Acting in a manner that gives me greater respect

for him / her" and "acting with authority and self-assurance". Additionally, a leader that focus on idealized influence emphasis the behavioral perspective, in which the leader speaks openly about main values and beliefs, in addition to increasing awareness in the importance of shared perceptions of goals (Bass & Avolio, 1995).

3.3.1.4 Individual Consideration

A core concept within transformational leadership is individual consideration, which includes the leader paying attention to each individual's needs for growth, and acting as a coach or mentor to inspire followers to reach their potential (e.g. "takes into account that my needs, abilities and ambitions are differ from others" and "helps me develop my strengths"). Individual consideration also includes the leader spending time on individualized training and taking the followers needs into consideration (e.g. spend time on training and guidance", and "treat me as an individual, and not only as a member of a collective group") (Bass & Avolio, 1995).

3.3.1.5. Inspirational Motivation

Inspirational motivation refers to giving signals and visions in a realistic and inspirational way (Yukl, 2013). Additionally, providing both meaning and challenges in the followers' daily work is core characteristics of focusing on an inspirational motivational behavior (e.g. "talks about the future in an optimistic manner" and "talks enthusiastically about assignments"). In turn, this behavior might increase the understanding and awareness of the common goal and visions (e.g. "Expresses a convincing vision of the future" and "Expresses confidence that the goals will be achieved") (Bass & Avolio, 1995).

3.4 Mediating Variable
3.4.1 Interactional Justice

Interactional justice was measured using a questionnaire by Niehoff & Moorman (1993), consisting of nine items, on a 7-point likert scale ranging from 1-7 (not at all to precisely). The followers rated their leader in respect to how they feel treated when their leader made decisions, in addition to what degree they feel the treatment given by the leader was fair (e.g. he or she gives a thorough

explanation (justification)", and "he or she gives explanations that I feel seem reasonable". Moreover, to what degree the leader treated them with kindness, respect and dignity, and awareness of personal needs and justifications (e.g. "he or she treat me with kindness and consideration", and "he or she is aware of my personal needs"). Lastly, being able to explain clearly each decision the leader makes, whilst considering the followers' rights as a group member was highlighted in the items.

3.5 Dependent Variables
3.5.1 Follower Performance

Follower performance was measured by the leader concerning their followers' performance in work-related tasks, on a 5-items performance rating scale developed by Williams and Anderson (1991). The items contained ratings in five different aspects, and were answered on a scale from: 1 (not satisfactory) to 7 (outstanding).

The leader rated each of his/her employees through items as; "Reliability", Planning/Scheduling", "Professional knowledge and judgement", "Overall current achievement", and lastly; "Expected future performance".

3.5.2 Loyalty

When measuring the followers' loyalty to their leaders, we conducted the six items scale measurement from Podsakoff, McKenzie, Moorman and Fetter (1990). Loyalty were measured based on the follower's experience and concerned items as; " I feel completely confident that my manager will always treat me fairly", "My leader would never attempt to gain an advantage by deceiving employees", "I have full confidence in the integrity of my leader/supervisor", "I feel a strong loyalty towards my leader", "I would support my leader in almost any crisis", and lastly; "I have a strong sense of loyalty towards my leader". All items used a 4 point likert scale, ranging from 1 (not at all) to 4 (absolutely accurate).

3.6 Data Analysis

The data was collected using Qualtrics, and was further distributed in Excel (version 15.33) for screening and structuring the responses. At this point, we observed that the followers were rated on a group level, as the leaders rated all of their followers in the same questionnaire. Thereby the followers were not rated on an individual level as intended. Therefore, we chose to analyze on a group level, based on the different departments. Both leaders and followers had answered to what department they belonged The mean score of each department were thereby calculated used in the analysis.

When screening and analyzing the data, SPSS (version 24) and STATA (version 15) were used to calculate descriptive, hence, explore the association between TFL and follower outcomes. When the data were structured, a full structural equation modelling (SEM) was used to estimate the relationship between the independent and dependent variables in the model. SEM analysis goes beyond ordinary regression models to incorporate multiple independent and dependent variables as well as hypothetical latent constructs that clusters of observed variables might represent. By analyzing the data through a SEM analysis, we may determine and explain the relationships, including path analysis for a more detailed analysis of each relationship (Savalei & Bentler, 2010). The relationships between TFL, IJ, FP and loyalty were investigated using the included path analysis. In the SEM model is shown in figure 2 below, circles indicate latent variables while rectangles indicate measured variables. To easily distinguish between the items belonging to the latent variables, the measured variables of each latent variable were named fp1, fp2, fp3 etc.

In this study, the path analysis allows us to explore whether the TFL has an effect on follower performance and loyalty, in either a indirectly and/or directly matter. In addition, when analyzing the mediation effect of interactional justice, we first conducted a mediation regression model, and thereafter a path analysis to ensure a detailed analysis of the mediation effect. When statistically testing the hypothesis, we determined the significance level using a 95% confidence interval.

To find associations among indicators, and further analyzing the hypotheses, a confirmatory factor analysis (CFA) was conducted. CFA is often referred to as restricted factor analysis, structural factor analysis, or the measurement model (Hoyle 2000). In this study, the CFA attempts to explore

directional relations between transformational leadership, interactional justice and follower outcomes. In addition, the study aim to explore the mediating effect of interactional justice. A factor analysis helps us organize and understand the measurements, and further identify and test which of the items in a questionnaire that can be related to each other (Martinsen, 2013).

Figure 2. SEM model showing measured and latent variables.
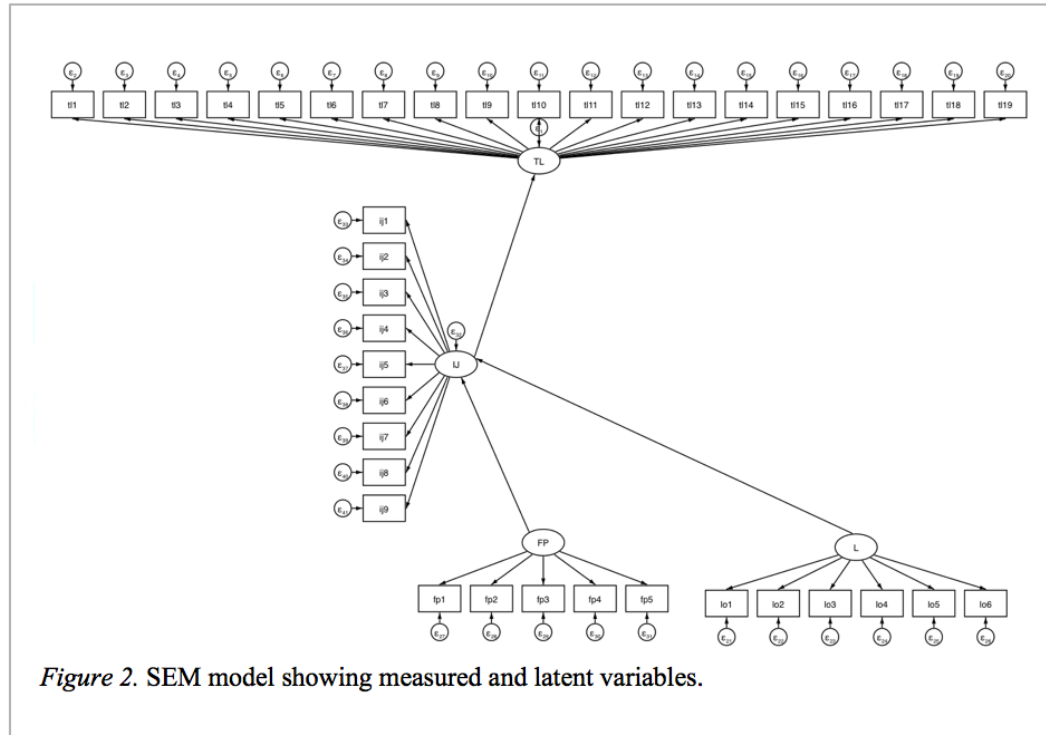
3.6.1 Missing Data Process

As the SEM analysis requires a big sample to avoid variability and to ensure that the answers are stable, the questionnaire was sent out to 2623 employees. When running the analysis, the number of iterations was determined at 5000, to ensure a good estimation. On the one hand, choosing a higher number of iterations could make better calculations and a better fit of the model, but on the other hand, it would also demand more time. A total of 5000 iterations was therefore chosen, as it is recommended in the literature (Galbraith, Moustaki, Bartholomew, & Steele, 2008). When building the SEM-model, latent variables were marked with circles, while the measurement variables has a rectangular form (see figure 2). In addition to the paths included in the SEM model, the direct relationships between FP and Loyalty was also explored. The purpose of SEM analysis is to interactivate estimations, which means repeating attempts to find the parameter estimates that

give the best fit between the model and the data (Hair, Black, Babin, Anderson & Tatham, 1998). Due to some uncompleted responses, much data was missing, and not all questions and statements in the questionnaire were answered. Deleting data due to missing values, would dramatically reduce the sample size. However, keeping data with a lot of missing values will affect the results of the analysis (Galbraith et al., 2008). When importing the online data to Excel, SPSS and Stata, Qualtrics showed how many percentage of the survey each participant had fulfilled, which was one of the chosen ways to delete data. Questionnaires who missed all data regarding TFL, IJ, Loyalty and FP were deleted. They were not useful as they only contained information regarding the first questions such as age, gender etc. Out of the employees who received the email with the invitation to the questionnaire, 74 leaders and 238 followers responded. A total of 98 subordinates, both leaders and followers, did open but not complete the survey, or did only fill in the general questions such as age and gender and were therefore excluded from our results, ending with a total of 214 respondents (74+238-98= 214), whereas 45 leaders and 169 followers.

When following Savalei & Bentler (2010) techniques on handling missing data, a sample covariance matrix S is suggested for datasets with just a few missing values. However, our data items did at some points lacked more than 5% of the data, which is why the other recommended method (ML) was therefore used. ML is a method that bases on the assumption of multivariate normality, obtaining parameter estimates. The method is said to be an extension estimation method to incomplete data as it obtains parameter estimates that maximize the probability of observed incomplete data under the model, assuming an ignorable missing mechanism (Yuan & Bentler, 2000), in Savalei & Bentler, chapter 17, p.30, 2010). After this process, the means of the different variables and items were calculated, and the inserted data did therefore fit well with the observed values.

Moreover, one of the items within "idealized influence" had an extremely low response rate and was therefore removed from our data, as the inserted values would be based on few observations. Thereby, idealized influence consists of only three measured items, instead of four.

4. Results

4.1 Response Rate

The survey was sent to a total of 2623 employees, whereas 74 leaders and 238 followers responded. Out of all the followers and leaders who received the survey, this gave us a total response rate of 11.9% (98+214 = 312, 312:2623 = 0.1189 = 11.9 %). However, since the questionnaire is anonymous, we don't know whether leaders or followers has responded more than once.

4.2 Descriptive Statistics and Confirmatory Factor Analyses

The followers were asked to rate their leader to the extent they found their leader to be categorized as one or more of the following items: individual consideration, idealized influence, inspirational motivation and intellectual stimulation. The results indicated that the leaders in the municipal were close to the means of the leaders in the United States on transformational leadership behaviors.

The sample size of followers consisted of consisted of approximately 25% men and 75% females. The age of the respondents ranged from under 18 years old to 74 years old, whereas most of the followers that responded were between 35-64 years old (80.3%). The nationality of the participants were mostly Norwegians (97%), whereas 0.59% were Finnish and Dutch and Swedish were both 1.18% each.

In respect to leaders, a total of 66.7% were men, whilst 33.3% were females. The age ranged from 25-64 years old, whereas most the respondents was 45-54 years old (46.7%). The leaders responded in this survey was racially homogenous, as 95.6% of the leaders were Norwegians, whilst 4.4% were Germans.

Based on Bass and Avolio (1995) the mean of individual consideration in United States is a 2.66, whereas (SD= 0.93). The leaders in this survey were rated to a mean of 2.47 on individual consideration (SD =1.18). Regarding intellectual stimulation, the leaders scored a total of 2.4, (SD=1.10). In contrast, the mean in the United States is 2.51, (SD=0.86). Furthermore, the leaders scored a mean of 2.72 (SD=1.07) on inspirational motivation. The mean in United States is 2.64 (SD=0.87). Idealized influence is divided in two categories, attributes and

behavior. Regarding the idealized influence (attributes) the mean was 2.64, with the (SD=1.18). In contrast, the United States has a mean of 2.56 (SD= 0.84). In respect to idealized influence (behavior), there were too few respondents on one item, however, the other three items were calculated leading the mean to be 2.66, (SD=1.07). Comparing this mean to mean in USA, again leaves the leaders of this survey with a close score compared to the mean in USA which is 2.64 (SD= 0.85).

The scores of IJ shows a mean of 3.14 (SD=0.81) and FP shows a mean of 5.08 (SD=0.69), both with a maximum score of 7. The scores of loyalty has a mean of 2.95 (SD=0.83) with a maximum score of 4.

In this study, the internal consistency was a 0.95. When determining whether the survey scales were reliable, we used internal reliability testing such as the coefficient alpha. The scale reliability coefficient for all 39 measured variables were calculated to 0.95, and the average interitem covariance was 0.28. As previously mentioned, table 1 shows the reliability through Cronbach alpha for each of the latent variables Tavakol, M., & Dennick, R. (2011).

In the 4-factor research model in this study, there is no missing data (see 3.5.1 Sample Size and Missing Data Process). When running the analysis, maximum likelihood parameter estimation were chosen due to the normal distribution of the data. Even if H_1 and H_2 are confirmed (see 4.2 Hypotheses testing), the SEM model does not seem to have a good fit. Regarding the root mean square error approximation (RMSEA), the model of TFL being associated with follower performance and loyalty, mediated through interactional justice, indicated a bad fit based on the RMSEA =0.1. Even if the RMSEA shows a bad fit, the RMSEA is also depending on the number of observations (Galbraith, Moustaki, Bartholomew & Steele, 2008). RMSEA is an absolute fit index which determines how well the TFL model fits the data from our sample (Hooper, Coughlan & Mullen, 2008). However, when excluding FP from the model, RMSEA increased, as explored in the section below.

Overall, the CFA shows a bad fit in the hypothesized model suggesting IJ as a mediator in relationship between loyalty, FP performance and TFL. In the following section of hypothesis testing, the full explanation of CFA is provided. The results of the Pearson-product correlations between measures of SEM analysis are shown in table 2 below. As shown in the table (and previously in the

SEM and research model), the relationship between FP and Loyalty was not explored, due to our hypotheses.

Table 2
Pearson Product-moment Correlations between Measures for SEM analyses

Observed variable		Mean	Std.Deviation	1	2	3	4
1.	TFL	2.59	1.02	1	-	-	-
2.	L	2.95	.83	.85*	1	-	-
3.	FP	5.08	.69	.06	-	1	-
4.	IJ	3.14	.81	.21*	.39*	-.07	1

*p <.01 (2-tailed)

4.3 Hypotheses Testing

In table 2, the results of all three hypotheses are shown, whereas H_1 and H_2 were supported, whilst H_3 was not supported in respect to our findings. In table 3, the direct, indirect and total effect of the latent variables are presented, and as this table shows, TFL and loyalty are highly correlated.

The first hypothesis concerning transformational leadership being positively associated with interactional justice was supported: $\beta=.21$, $p< .05$. Results of the CFA shoes that the coefficient on the path between transformational leadership and interactional justice had a p-value less than 0.05 (4.84e-12), and confirms that this path is statistically significant, and thereby confirms hypothesis one.

When testing hypothesis two (Transformational leadership is positively associated with follower loyalty *via* interactional justice) and hypothesis three (transformational leadership is positively associated with follower performance *via* interactional justice), we conducted a mediation test, thus a mediated regression analysis. To test hypotheses two and three, the mediation regression analysis was conducted to test the effect of interactional justice as a mediating variable (Baron & Kenny 1986). First, we attempted to determine that the independent variable (TFL) was positively associated with the dependent variables (follower performance and loyalty). This condition was met in respect to hypothesis two: ($\beta=.85,p<.05$) and ($\beta=.39,p<.05$), however the relationship between TFL and FP was nonsignificant, neither directly or indirectly ($\beta=.06,p=.08$) and ($\beta.-.07,p=.25$).

Furthermore, we conducted a factor analysis to describe direct dependencies between the variables of transformational leadership and follower outcomes. The findings still indicated a positive relationship between TFL and loyalty, mediated through interactional justice. H_3 is still not supported. As briefly mentioned, the research model in this thesis was considered as a low goodness of fit, leading us to conduct further analysis to explore what the cause may be. Therefore, we conducted another analysis where FP was eliminated. The goodness of fit thereby increased to 0.085. This information allows us to draw the conclusion that the observations fits the model better by excluding FP, leading to an interpretation that our hypotheses are confirmed (H_1, H_2) and rejected (H_3) on valid terms.

Table 3
Direct, indirect and total effects of TFL on IJ, Loyalty and FP.

		IJ	L	FP
Direct effects	TFL	.21	.85	.06
Indirect effects	TFL	-	.08	-.01
Total effects	TFL	.21	.93	.05

4.4 Findings

The purpose of this thesis was to explore if transformational leadership was associated with follower performance and loyalty, mediated through interactional justice. The findings indicate a positive association between TFL, interactional justice and a strong correlation to loyalty. Moreover, the findings may contribute as an extension of previous knowledge, in addition to contributing with new knowledge in other areas (e.g the findings of follower performance). First, this study may provide useful insight in the psychological processes that arise between a leader and follower relationship, and an understanding in how IJ may affect follower's outcomes. Moreover, transformational leadership has a strong effect on loyalty (β=.85), indicating that these concepts are strongly associated. Compared the four I's of TFL measured in the United States, the followers in this study rated their leaders quite similar in transformational leadership behaviors.

However, the hypothesis that TFL is associated with follower performance via interactional justice, was not supported either directly nor indirectly. On the one hand, previous research states that overall performance is highly correlated with

transformational leadership (Gillet et al 2013; Zhen, 2013). Thereby, this study may contribute with a novelty by suggesting that TFL is associated with performance in general, rather than FP. On the other hand, as the sample size in this study is rather small, further research is needed in determining whether TFL is not associated with follower performance, neither indirectly or directly via interactional justice.

The findings provided in this study may be favorable in i.e. leadership training program, leadership development program or for organizations to build awareness around justice perceptions. Previous findings indicate that a transformational leader is more successful in affecting loyalty, whilst the present study complements these findings by highlighting the importance of interactional justice as a possible mediator. For instance, the social exchange theory highlights the reciprocal effects that a follower may act when being fairly or unfairly treated. Therefore, interactional justice may help in understanding how the relationship between a transformational leader and follower is established.

5. Discussion

The following sections highlights three major issues: First, the theoretical and practical limitations of measuring a psychological aspect being interactional justice as a mediation variable in the association between TFL and follower outcomes. Second, the interpretations and discussion regarding the extensive data analysis process and the practical use of the findings. Third, suggestions for future research needed on the discussed areas of theory and method. Nevertheless, this study has served as a great potential to further understand the influences of transformational leadership in relation to follower outcomes. On the one hand, this thesis can give useful and novel insight in respect to measuring each component of TFL and follower's outcomes, mediated through interactional justice, notably on a group level. On the other hand, there are some strengths and weaknesses that need to be addressed.

5.1 Theoretical and Practical Limitations

This study adds to the literature field by examining interactional justice as a potential mediator between TFL and follower performance, and between TFL and loyalty. Despite the findings that H_1 and H_2 were supported, the findings also indicate a nonsignificant relationship between TFL and follower performance. First,

as mentioned above, the theoretical framework of transformational leadership has been widely researched in the literature field, leading to a somewhat universal understanding of the concept (Bass & Avolio, 1994; Cho and Dansereau, 2010). The question of how TFL is associated with follower outcomes has continuously been attempted answered (Pillai., 1999; Ismail et al., 2011), whereas findings in this study suggest that interactional justice may be a potential mediating variable for this association. For instance, as TFL is suggested associated with loyalty mediated through interactional justice, this may increase our understanding of *how* followers become loyal in the organization. Moreover, as the hypothesis that TFL is associated with follower performance is not supported, this can also increase our understanding in respect to the research conducted on performance, i.e. work performance and job performance (Ismail et al., 2011). This study may therefore contribute as an extension of the knowledge regarding TFL and follower outcomes, and serve as a foundation for further research.

Secondly, the followers who feel highly motivated by their leaders might also show an increase in loyalty due to the social exchange theory. As mentioned, the social exchange theory states that individuals tend to reciprocate the behaviors of others, and in turn, increase trust between each other (Lavelle et al., 2007). In this study, the leaders who are rated high on the characteristics of TFL may experience behaviors such as trust and loyalty from followers in return. However, even though the findings in this study indicate that TFL is positively associated with loyalty via interactional justice, these findings may be plausible. For instance, the social exchange theory may contribute in affecting the followers to feel that they need to reciprocate the behavior. A weakness in this study, and a suggestion for future research may therefore be the challenges in determining whether interactional justice itself is affecting loyalty, or whether the followers are behaving on behalf of the social exchange. Nevertheless, the findings in this study are provided through extensive measurements exploring the underlying psychological mechanism of interactional justice through valid items. Moreover, based on the reliability of this study we may determine that the construct measured is interactional justice and not social exchange theory.

The third limitation is the possibility that individual differences may affect the followers' perception of justice, and thereby affect how the followers rate their present leader. As justice perceptions are often colored by own experiences and

thoughts, this may influence how the follower rate their present leader as high or low in interactional justice. For instance, a previous leader of a follower may not have been engaged in TFL behaviors, leading a follower to rate a present leader higher due to these experiences. Hence, a follower may be shaped by previous leaders' actions when rating their current leader. Moreover, as the data was collected at a single point in time lets us not be able to discover any intra-individual development throughout the study (Ismail et al., 2011). Thereby, as this study collected data from various departments in the public sector, it may be challenging to determine if all participants rated their leaders with the same mindset. Regarding individual differences, the operationalization of the term fairness may affect the mindset of followers (Zhang et al., 2014). In the survey, followers are being asked the question: "Do you feel fairly treated by your leader?", and they might in turn be thinking of external factors (e.g. pay raise, excluded in decision making, etcetera) rather than the interpersonal treatment. Thereby, the followers may rate procedural or distributive justice, rather than interactional justice. Thus, it may be difficult to determine the specific underlying psychological mechanism the follower refers to when answering the questionnaire.

Overall, the theoretical implications in this study can imply that transformational leaders can increase loyalty by focusing on interactional justice. This study helps in extending a theoretical understanding of the underlying psychological construct related to the leader-follower relationship, and thus, follower outcomes. Additionally, much of the previous research has taken on a leader-perspective approach, leading to assumptions that the leader engaging in these behaviors will influence follower performance e.g well-being (Arnold, 2017). However, the followers' mindset, justice perceptions and previous experience may influence their ratings of leaders.

In relation to the practical limitations, the findings in this study can not be generalized to other cultures or sectors as the participants responded on behalf of their own justice perceptions. Moreover, the data was collected from one Norwegian municipality in Møre and Romsdal, in which the work environment may be different than of other sectors, i.e. the private sector. For instance, a municipality is not often viewed as a competitive business, in which employees may hold different justice perceptions of their leaders as the leadership style may be different than in private sectors. Thereby, the followers in a public and private setting may

view their leaders differently based on both transformational leadership style and justice perceptions. Furthermore, our findings indicate that TFL is associated with interactional justice, and that the leaders in this municipality score higher on inspirational motivation to their followers. Moreover, when considering the Norwegian setting, the leader-follower relationship is often based on trust and chemistry, which may explain why the leaders in the municipality is rated high on the aspects of the transformational leadership style. However, whether or not the leaders focus on inspirational motivation or another aspect of transformational leadership may vary from business to business.

In relation to interactional justice as an underlying psychological mechanism, there may be certain practical limitations and biases when measuring the construct in a quantitative matter. For instance, followers may rate their leader on behalf of what they think is the socially correct answer, hence, social desirability bias. Furthermore, this study conducted a self-report survey of variables as loyalty, thus we cannot exclude the possibility of a common-method bias (CMB) (Cho & Dansereau, 2010; Wang et al., 2015). Thereby, reducing CMB in the future may be done through collecting data for multiple sources (Wang et al., 2015). In the future one may attempt to prevent this social desirability bias by asking questions of what the participants think a peer would do, rather than what they would do themselves (Bryman & Bell, 2015). However, as interactional justice was mainly explored in this study, collecting data from other sources e.g. peers, may interfere with the true score of IJ. In addition, measuring interactional justice in a quantitative matter lets us determine reliable results. Therefore, a possible solution in attempting to reduce biases may therefore be to conduct a longitudinal design where the followers were followed-up over a longer period. In addition, considering the other justice perceptions (i.e. procedural and distributive justice) may be of interest.

This study attempts to prevent systematic errors to occur, e.g. biases, to increase the validity and reliability of the study. For instance, the participants were given one questionnaire to prevent them being test-wise. However, in respect to the external reliability, doing a test-retest may provide different results, as the human beings within this study are human beings, rating on behalf of their justice perceptions (Bryman & Bell, 2015). As this study explores associations rather than causality, it is difficult to establish a causal relationship in a cross-sectional design, thus the internal validity is weak. On the other hand, the external validity is

questionable as the data that is collected is not randomly sampled. Moreover, several instruments are used in this study (STATA, SPSS, EXCEL), disrupting the natural circumstances, in which the ecological validity is low (Bryman & Bell, 2015).

In respect to the data collection in this study, a practical limitation arose when the participants were supposed to choose the link in which they were either a leader or a follower. Some leaders may view themselves as both a leader and a follower, depending on the level of employment (i.e. middle leaders). A weakness in this study is therefore the lack of control regarding the distribution of questionnaires, in which future research should ensure that the surveys are distributed to the leaders and followers separately. However, the information letter that was attached explained thoroughly which categorization each participant should belong to, leading us to assume that this error did not have a huge impact on our results.

Another weakness in this study concerns the questionnaires or maybe the information given to the participants, as it seems that the leaders did not understand that the questionnaires were supposed to be answered for each follower, at separate occasions. For instance, the leaders rated their followers in the same questionnaire, which lead us to analyze on group level instead of individual level as first planned. Furthermore, the data from the respondents concerning TFL, IJ and loyalty originated from the same source (Carter et al., 2014), leads to an assumption that this is the reason for why the variables of TFL, IJ and loyalty correlates highly with each other. However, determining the cause of correlation requires extensive research, and due to lack of time this is not accounted for in this study. However, as the transformational leadership behaviors interactional justice and loyalty was rated by followers, we prevented a self-reporting questionnaire in which participants rate themselves.

Moreover, one of the items concerning "idealized influence" had a low response rate and was therefore removed from our data, leaving idealized influence to only three measured items, instead of four. One the one hand, a possible solution for preventing low response rate would be to apply the "forced response" setting in Qualtrics, and thereby ensure higher response rate on every single item in the questionnaire. On the other hand, this setting may also result in more participants to withdraw from the survey halfway, leading to a decrease in responses.

A quantitative method holds several advantages, such as collecting data from a large sample size, or attempting to discover a causal relationship between variables. For instance, as Bryman and Bell (2015) explains: "(...) Quantitative research are merely concerned to describe how things are, but are keen to say why things are the way they are" (p. 174). In this study, a quantitative approach can contribute to explaining how TFL is associated with follower outcomes. On the other hand, as this study is conducted in a cross-sectional research design, the direction of causality is difficult to determine as all the variables have been collected simultaneously in a questionnaire (Cho & Dansereau, 2010; Gumusluoglu et al., 2013). Thereby, we need to infer that TFL is the cause of follower's outcomes as loyalty and performance, however this leads to a risk that the inference may be wrong (Bryman & Bell, 2015). On the other hand, this study aimed to explore *how* TFL is associated with follower outcomes, and not *why* TFL is associated with follower outcomes.

Another criticism the quantitative study has received is the possibility that the respondents do not interpret constructs in a similar matter (Bryman & Bell, 2015). As briefly mentioned, the individual differences may influence the followers' ratings of leaders and vice versa. In respect to the underlying psychological construct of interactional justice, the quantitative method may not consider the differential ways of interpretation of both questions and thoughts. Furthermore, as this study conducts a cross-sectional research design, the procedures for selecting participants, measures of concepts and the analysis, is thoroughly explained, strengthening the possibility of replication (Bryman & Bell, 2015). Nevertheless, certain external influences (e.g. private events, mood and deprivation) may affect the feeling of fairness the follower holds, in addition to human beings responding differently, in which the exact same result may hardly occur.

Based on our findings and limitations, this study may be helpful in creating awareness of followers' justice perceptions, and the influence of the underlying psychological processes as interactional justice. Although previous research often presents transformational leadership resulting in positive follower outcomes, this study may strengthen these indications by presenting interactional justice as a significant mediator for loyalty. This study may therefore be helpful in increasing management skills and focusing on the psychological aspect of leadership styles.

Moreover, this study found unique results in respect to follower performance, which might provide an interesting starting point for future research.

5.2 Future Research

Firstly, this study may serve as an encouragement for further research within the field of transformational leadership, interactional justice and follower outcomes. The findings in this research may provide useful directions for future behavior of leaders. For instance, Cho and Dansereau (2010) found that leaders should emphasize each individual's perception of how he/she is treated, and should in turn be connected with the group's collective perception. Thereby, by complementing this knowledge with present knowledge of this study we may acknowledge that leaders should emphasize not only both individual and the groups perceptions, but also how the perception of followers may affect the leader-follower relationship, e.g. loyalty towards leader.

As mentioned, interactional justice is an underlying psychological process, which should be explored in a deeper matter than what is to be found in questionnaires. As the data collection was drawn from one single municipality at a single point in time, future research could benefit from focusing on longitudinal data collection to ensure that the participants were not influenced by external factors when responding to the questionnaire. Exploring the underlying mechanism of interactional justice in interviews may be favorable, as it may be possible to gain an understanding of interactional justice in relation to the social exchange theory.

Even if the findings in this study indicates a nonsignificant relationship between TFL and follower performance, previous studies have indicated a positive relationship with job performance (Ismail et al., 2011), an interestingly research would be to explore follower performance as a mediator increasing other follower outcomes. For instance, future research could focus on transformational leadership behaviors and follower outcomes, such as loyalty and satisfaction with the leader. One may therefore hypothesize that, due to transformational leadership behaviors, follower performance may contribute to increase loyalty and satisfaction. Moreover, the concept of social exchange theory would also be interesting to further explore. Future research could also focus on each department within a municipality

or several municipalities when researching TFL and follower outcomes. In addition, exploring the issue in the private sector would also be of interest.

6. Conclusion

Overall, this study adds to the literature by examining TFL and the underlying psychological construct of interactional justice in association with follower's outcomes. Our findings suggest that transformational leadership is positively associated with interactional justice and highly associated with loyalty, but not with follower performance. The findings suggest that the leaders within the given municipality in Møre and Romsdal are transformational, with relatively moderate scores on all the four I's; *individual consideration, intellectual stimulation, idealized influence* and *inspirational motivation.* Although the leaders scored moderate on all the four I's, the leaders in this municipality are rated higher on inspirational motivation than intellectual stimulation, idealized influence and individual consideration. Therefore, future research is encouraged on researching TFL and follower outcomes in private sectors, preferably with another approach e.g. qualitative method or longitudinal design to further explore the psychological aspect.

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APPENDIX A

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GRA 19502

Master Thesis

Preliminary Master Thesis Report

Transformational Leadership, Justice Perceptions and Outcomes

Exam Code and Name

GRA 19502 – Preliminary Thesis Report

Hand In:

16.01.2017

Campus:

Oslo, Norway

Supervisor: Geir Thompson

Program: Master of Science in Leadership and Organizational

Psychology

Abstract

The present preliminary master thesis report provides information of "how" transformational leadership is related to follower performance, loyalty and satisfaction with the leader, with interactional justice as a mediator. We use four dimensions of transformational leadership in researching the leader and employee relationship, and further exploring the association with interactional justice. The research design that will be used is a cross sectional design, as the data is collected at a single point in time with a minimum of 240 participants. The questionnaire that will be used is a MLQ 5, given to both leader and followers in a business sector. According to plan, the questionnaires will be distributed January and February, whilst the data collection will according to find place around February, Mars and April.

Table of Content

1.0 Introduction

Transformational leadership (TL) is a widely discussed and explored leadership style, and has been a popular research topic since Burns (1978) identified the TL construct. Since then, several scholars has addressed the concept (Bass 1985; Conger & Kanungo, 1987, 1988; House, 1977; Podsakoff, McKenzie, Moorman, & Fetter 1990; Tichy & Devanna, 1986; Trice & Beyer, 1986; Yukl, 1989, as cited in Lowe, Kroeck, & Sivasubramaniam, 1996). Even if many of the previous studies determines a positive relationship between TL and effectiveness, there are only a few focusing on how TL influences their followers and why followers react a certain way to their leaders' leadership behaviors. These are central questions which a number of scholars argue lacks research (Bass, 1999; Piccolo & Colquitt, 2006; Yukl, 2006, as cited in Cho & Dansereau, 2010). In order to respond to these questions, this thesis considers interactional justice as a mediator between TL and outcomes which will be further be explained.

Cho & Dansereau (2010) explored TL and the mediating effect of interpersonal justice on organizational citizenship behaviors. Their study served a theoretical framework useful for further research, in which transformational leadership and interactional justice is to be explored in practice. The current study will therefore be using interactional justice as a mediator. By examining this gap, this research will extend our knowledge on the existent literature of organizational behavior by exploring transformational leadership and interactional justice. The present thesis will therefore aim to use all four dimensions of transformational leadership, and explore justice perception in practice. According to previous research, the question of "how" transformational leadership affect certain outcomes has not yet been addressed (Cho & Dansereau, 2010). Moreover, previous research has focused on selected dimensions of transformational leadership e.g. charisma and individualized considerations (Cho & Dansereau, 2010). In addition, the earlier researchers does not explore the concept in a

Norwegian context, and the generalizability issue of these studies should therefore be addressed.

The current thesis presents interactional justice as the mediator between TL and follower performance, loyalty and satisfaction with the leader. Follower performance is suggested because transformational leaders inspires their followers to perform better (Jung & Sosik, 2002, as cited in Cho & Dansereau, 2010). Regarding loyalty, interactional justice is proposed as a mediator in the organization, in the name of honesty, sensitivity and respect presented by the leader. This, in turn, may result in how employees feels treated by their leader (Colquitt, Conlon, Wesson, Porter & Ng, 2001; as cited in Gumusluoglu, Karakitapoğlu-Aygün & Hirst 2013). Burton and Peachey (2009) found that transformational leadership may lead to more positive perceptions of satisfaction with the leader, however, interactional justice has not been measured as a mediator to determine this relation.

1.1 Organizational justice

According to Cropanzano, Prehar, & Chen (2002), employees evaluate justice in connection to three events: outcomes they receive from the organization (distributive justice), formal policies by which outcomes are allocated (procedural justice), and the interpersonal treatment they receive from managers (interactional justice). Distributive justice includes the outcomes from the organization. This type of justice emphasis the subordinates input of e.g. performance of work task and commitment, and thereby fairness in treatment from the organization. For instance, evaluation of job performance is often seen in relation to pay raise.

Procedural justice is seen in relation to decision-making, for instance how fair the decision being made is perceived from the subordinate. In relation to distributive justice, the procedural justice is more valid in terms of reactions of fairness to their supervisor.

The third type of justice is interactional justice, and consists of both interpersonal justice and informational justice. Interpersonal justice refers to an individual's perception of how she or he is treated by the leader, and concerns the psychological processes between a leader and employee. Informational justice concerns explanation of reasons for why certain procedures in the organization take place (Muzumdar, 2012).

The present thesis will explore how transformational leadership can be associated with outcomes as follower performance, loyalty and satisfaction with the leader to the degree they feel fairly treated by their leader. Therefore, the concept of interactional justice will be explored as a mediator concerning the relationship of transformational leadership and followers' outcomes.

2.0 Literature Review

Despite the importance of interactional justice as a psychological mechanism in relation to transformational leadership, this perspective has, until recently, gone largely unexplored. To our knowledge, only one study has explored the direct association between transformational leadership and interactional justice. Bacha & Walker (2013) found that interactional justice were partially associated with idealized influence, intellectual stimulation and individualized considerations. However, the employees did not perceive transformational leaders in their study as fair. Other studies have investigated more complex models using interactional justice as a mediator in the relationship between transformational leadership and follower outcomes. Cho & Dansereau (2010) found that psychological processes may affect the relationship between transformational leadership and organizational citizenship behavior, e.g. through charisma. Moreover, transformational leadership both inspire and motivates the subordinates to increase their performance and achieve goals. Thereby, a transformational leader emphasize interpersonal justice and focusing on employees as valuable resources, may create a leader and subordinate relationship based upon respect and commitment.

In relation to another follower outcome, such as performance, Gumusluoglu, et.al (2013) found that committed employees are more likely to be motivated and perform better in work-related activities. Commitment among employees has been positively correlated with organizational performance in respect to whom is monitoring their work behavior. The term loyalty has often been used in relation to organizational commitment, and further in the perception of how an employee experience fairness (Muzumdar, 2012). Moreover, organizational justice is referred to as an antecedent of employee commitment,

and the job performance may be further dependent on how the subordinate experience justice and fairness by their leader (Gumusluoglu et al, 2013). Additionally, how the subordinate perceives their leader ́s behavior, e.g. respect, trust and kindness, may be viewed in relation to loyalty (Gumusoglu et al, 2013). Furthermore, the conceptual model of Van Dierendonck (2011) includes loyalty as a component in a high-quality leader-follower relationship. The concept of loyalty is associated with outcomes as performance and follower commitment in a servant leadership style, in which exploring how the findings may differ due to a transformational leadership style is of interest. Interactional justice is further proposed as a mediator for loyalty in the organization, referring to the degree of honesty, sensitivity and respect presented by the leader, resulting in how the employees feel treated by their leader (Colquitt, Conlon, Wesson, Porter & Ng, 2001; as cited in Gumusluoglu et al. 2013). Other researchers claim that job performance may increase in establishing various appraisal systems, and in turn influence the employees' feelings of interactional justice (Ismail, Mashkuri, Sulaiman & Hock, 2011). Due to various types of performance, researches divides the concept into contextual and task performance (Borman & Motowidlo, 1993;1997). Contextual performance could be defined as "activities that are directed at maintaining the interpersonal and psychological environment that needs to exist to allow the technical core to operate, and argue that contextual performance is important because it 'shapes the organizational, social, and psychological context that serves as a critical catalyst for task activities and processes'' (Borman & Motowidlo, 1993, p. 71). Task performance on the other hand, is defined as ''the effectiveness with which job incumbents perform activities that contribute to the organization's technical core either directly by implementing a part of its technological process, or indirectly by providing it with needed materials or services'' (Borman & Motowidlo, 1993, p. 72). Another aspect of performance, namely job performance, could be defined as "the total expected value to the organization of the discrete behavioral episodes that an individual carries out over a standard period of time" (Motowidlo, S. J., p 39 (2003). The present thesis will include both task performance and job performance as overall performance throughout, in respect to measuring the psychological processes leading to an increase in work performance. Moreover, the psychological processes of how an employee is experiences treatment from

their leader has argued to be related to the quality of work environment. Carter, Mossholder, Feild, & Armenakis (2014) found that racial dissimilarity moderates the mediated effect of transformational leadership on organizational citizenship behavior transmitted through interactional justice. The effect of transformational leadership on organizational citizenship behavior was proven to be stronger for subordinates who were racially dissimilar to their supervisors (Carter et al., 2014). Other studies have found a relation of interactional justice and transformational leadership in respect to quality of work life. Gillet, Fouquereau, Bonnaud-Antignac, Mokounkolo, & Colombat (2013) found that nurses' quality of work life positively predicted their work engagement. Additionally, interactional justice is viewed to affect the work behavior of subordinates, as the concept deals with the psychological processes influencing responses as distress and managerial pressures (Stecher & Rosse, 2005; as cited in Zhao, Peng & Chen, 2014). Interactional justice may therefore guide the behaviors of subordinates, resulting in how fair they feel the are being treated by their leader (Lind, 2001; as cited in Zhao, Peng & Chen, 2014).

Finally, Burton & Peachey (2009) found that transformational leadership may lead to more positive perceptions of satisfaction with the leader. The findings are previously supported by other studies in business areas (e.g.:(Bass, 1985; Bass & Avolio, 1990; Bass et al., 1987; Bycio et al, 1995; Griffith, 2004; Waldman et al, 1987 cited in Wells & Welty Peachey, 2011). Nevertheless, there are some limitations of previous research, leading the concept of transformational leadership and follower outcomes to be researched further. For instance, the findings of Bacha & Walker (2012) were based upon a French sample leading the findings to be explored further across a sample of firms. Additionally, the underlying psychological processes in a leader and subordinate relationship are yet to be explored. Moreover, replicating studies from for example sport settings into other branches, e.g. Businesses may be favorable to ensure validity in the research field of interactional justice (Wells & Welty Peachey, 2011). The concept of loyalty has previously been researched from the leadership perspective of servant leaders, rather than from a transformational leadership perspective. Moreover, loyalty has previously not been viewed as an outcome, but rather as an antecedent (Van Dierendonck, 2011).

Based on recent research, we find a gap in the literature researching the mediating effect of interactional justice on loyalty, follower performance and satisfaction with the leader especially in a Norwegian context. The purpose of this thesis is to explore how transformational leadership affects loyalty, job satisfaction and follower performance, with a mediating effect of interactional justice.

3.0 Research Question

A research question that has received modest attention is how transformational leaders influence followers. The present study therefore addresses this research question by focusing on a psychological mechanism in the transformational leadership processes.

Based on previous research within the field and a gap in literature, our research question is therefore as following;

"How can transformational leadership be associated with employee loyalty, satisfaction with the leader and follower performance, mediated by interactional justice?"

4.0 Theory

4.1 Transformational Leadership: What is it?

The idea of transformational leadership (TL) is based upon four aspects; Idealized influence, Intellectual stimulation, individualized consideration and inspirational motivation.

Idealized influence includes first and foremost that a leader is perceived as charismatic and viewed as role models. Moreover, influencing employees to increase identification with their leader, leading by example and sacrificing for the beneficial of employees are main components of a transformational leader. Furthermore, a transformational leader attempting to influence subordinates by leading by example involves including subordinates in risks and risks-taking decision-making. As a result, the subordinates can increase the trust and loyalty in their leader.

Secondly, according to Yukl (2013) intellectual stimulation includes motivating the employees to perceive challenges and problems with another

perspective, whilst developing new creative solutions in the process. Moreover, a transformational leader attempts to inspire subordinates to be innovative, empowering and risk-taking in order to perform better.

Thirdly, individualized consideration includes supporting and developing employees, whilst encouraging innovating thinking and considering personal values (Yukl, 2013). Additionally, transformational leader treat their employees as individuals, rather than a collective group of workers, and considering their needs and abilities (Gumusluoglu et al, 2013). Furthermore, individualized consideration refers to the leader acting like a mentor for the subordinates, and encouraging personal growth of employees.

Lastly, Inspired motivation as establishing a clear and appealing vision and communicating the vision thoroughly, whilst acting optimistic and confident are further key components characterizing a transformational leader (Yukl, 2013). Moreover, creating meaning of work task can make subordinates wanting to invest more time and effort in performing each task. Inspired motivation also involves including all subordinate to take a part of the organizational culture.

4.2 Hypotheses

We first turn to the potential relationship between transformational leadership and interactional justice. The concept of interactional justice is seen as an important aspect in organizational justice theories as is explained as following; "an individual is often sensitive to the quality of interpersonal treatment that they receive from their managers during the enactment of organizational procedures. If an individual perceives that decision makers (e.g., manager or supervisor) practice fair treatments (e.g., shows respect and accountability) in performance appraisal systems, this will invoke employees' feelings of interactional justice" (Ismail, Mashkuri, Sulaiman & Hock, 2011, p.217). For instance, allowing subordinates to participate in decision-making increase the subordinates feeling of interactional justice (Pettijohn, Pettijohn & d'Amico, 2001; Bradley, Petrescu & Simmons, 2004; as cited in Ismail & Zakaria, 2009). Moreover, interactional justice is grounded in the employee's´ perception of fairness in the interpersonal treatment in the hands of authority figures (Greenberg, 2006). The emphasis of interactional justice is therefore the treatment the employee is given by the leader, and concerns items as respect, dignity, motivation, and encouragement (Muzumdar, 2012 p. 5).

However, the attitudes of transformational leaders may be associated with interactional justice, as key components of transformational leaders are in fact individual considerations. For instance, a transformational leader treat subordinates as individuals rather than collective workers, in which transformational leaders may result in treatment of kindness, respect and trust, hence interactional justice. Therefore, transformational leadership may be positively related to interactional justice, has main components of the transformational leadership style may be associated with components of interactional justice. Thereby, the following hypothesis is presented;

Hypothesis 1: Transformational leadership is positively associated to interactional justice

Investigating the mediating role of a follower's interactional justice, previous studies have focused on different outcomes, such as follower's leader-directed OCBs (Cho & Dansereau, 2010); quality of work life (Gillet, Fouquereau, Bonnaud-Antignac, Mokounkolo, & Colombat, 2012); follower's commitment to their leader (Gumusluoglu, Karakitapoğlu-Aygün & Hirst, 2012), and finally, organizational citizenship behavior (Carter, Mossholder, Feild, & Armenakis, 2014). Surprisingly, no supporting evidence has, to our knowledge, been produced on follower's interactional justice mediating the relationship between transformational leadership and follower performance.

As briefly mentioned, follower performance in this thesis involves organizational citizenship behavior, whereas the employee perform more than what is expected of him or her (Van Dierendonck, 2011). Transformational leaders encourage their subordinates to reach their full potential, which in turn may lead to positive outcomes in job performance on both organization and individual level. They may also influence their followers through individual consideration and treating the employees as valuable. A subordinate may therefore feel fairly treated by their leader and increase performance in order to satisfy their leader. Performance is therefore evaluated in respect to the degree the subordinates fulfill their current commitments (Dvir et al, 2002). However, the question of "how" leaders develop their subordinates needs further research, hence interactional justice. Concepts as motivation, empowerment and morality have previously been examined (Dvir, Eden, Avolio & Shamir, 2002), whilst the

psychological process as how fair the treatment is perceived. Moreover, interactional justice has shown positive results in supervisory commitment, in which it is possible to explore whether this relationship will result in positive organizational performance of the subordinate (Gumusluoglu et al, 2013). Thereby, transformational leaders may help subordinates increase their job performance through interactional justice such as intellectual stimulation, and thereafter enhancing their abilities to solve problems in various ways. In addition, transformational leadership comprises idealized influence and inspirational motivation (Barling, Slater & Kelloway, 2000), and this in turn might motivate for better follower performance. With this in mind, the second hypothesis is presented;

Hypothesis 2: Transformational leadership is positively associated to follower performance via interactional justice

As briefly mentioned, trust and fairness are two components of interactional justice which may lead to loyalty from subordinates to their leader (Van Dierendonck, 2011). Loyalty is defined as: "A person who feels *loyalty* to a nation, cause, or person feels a sense of allegiance, commitment, dedication toward them" (Vocabulary, undated). Moreover, loyalty has been referred in relation organizational commitment, (Muzumdar, 2012). Organizational commitment has further been defined as "employee's loyalty towards his organization and his intentions to stay with the same organization irrespective of the external factors of pay rise, higher rank, and more incentives offered by other organization" (Muzumdar, 2012 p. 7). Loyalty may therefore be seen in relation to respect and making sacrifices for their leader in order to make a unique relationship, in addition to decrease of e.g. turnover intentions (Dirks & Ferrin, 2002). A successful leadership style may further result in trust with the leader and positive follower performance. Trust has recently been perceived as a mediator for transformational leadership and follower performance (Casimir, Waldman, Bartram, & Yang, 2006), however there is a lack in research concerning how the feeling of fairness and trust will result in loyalty. As transformational leaders focus on each employee as valuable, it may be of interest to research whether

transformational leaders may establish loyalty in their subordinates through individual consideration and support (Cho & Dansereau, 2010).

Transformational leaders may affect the loyalty between a leader and subordinate through interactional justice in individualized consideration, hence providing support and encouragement. As discussed in hypothesis 1, there may be a relation between transformational leadership and interactional justice in respect to intellectual stimulation. Thereby, we may state that there is a positive relation between transformational leadership and loyalty, based on characteristics as individual considerations and intellectual stimulations from transformational leaders. With this in mind, we present the third hypothesis.

Hypothesis 3: Transformational leadership is positively associated to follower loyalty via interactional justice

Transformational leaders have shown positive correlation with supervisory commitment, in which the employees are satisfied with their leader. Job satisfaction may refer to positive or negative feelings that arise at work in relation to work-tasks, colleagues and environment, whilst satisfaction with the leader may refer to the quality of the relationship between a leader and an employee (Bartram & Casimir, 2007).
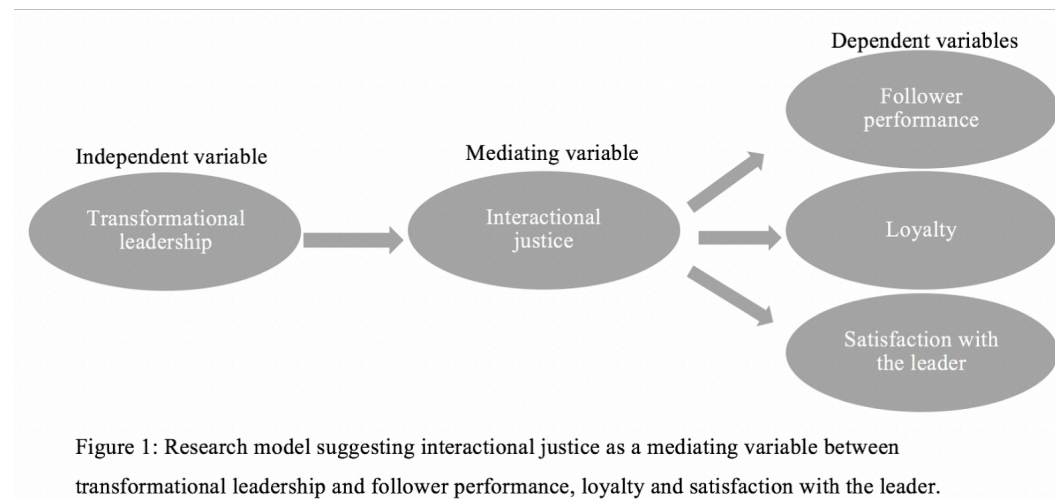
Transformational leadership may be positively associated to satisfaction with the leader in which the transformational leaders treat their employees as individuals, rather than a collective group. Moreover, by emphasizing individual considerations, e.g. respect and kindness as in interactional justice, this in turn may increase the trust from an employee towards their leader (Phillips, Douthitt & Hyland, 2001).

According to the social exchange theory, subordinates who are feeling unfair and inconsiderate by their supervisor may be more likely to reciprocate such behaviour, hence reduce the supervisory commitment. Moreover, interactional justice has shown higher correlation with supervisory commitment, rather than organizational commitment (Gumusluoglu et al, 2013). Additionally, Cropanzano et al (2002) further states that the social exchange theory regards one-to-one transaction with the supervisor, and interactional justice are often associated with one´s individual manager (p. 327). Moreover, employees respond direct to their supervisor, in which interactional justice should be associated with

the transaction between an employee and supervisor. According to Masterson, Lewis, Goldman, and Taylor (2000), supervisors who influence their employees through interactional justice often lead to higher quality work relationship between leader and employee, hence high leader-member exchange relationship (LMX). As a result, employees report a high degree of trust and willingness to do more than necessary for the benefit of the leader. On the contrary, low LMX shows that the leader-employee relationship is characterized with less supportive, less trust and distant employees. A high quality LMX may therefore be hypothesized to lead to higher satisfaction with the leader, and interactional justice may therefore be associated with the degree of satisfaction. Based on the information given, the third hypothesis is as following;

Hypothesis 4: Transformational leadership is positively associated to follower satisfaction with their leader via interactional justice

5.0 Research Model

Figure 1: Research model suggesting interactional justice as a mediating variable between transformational leadership and follower performance, loyalty and satisfaction with the leader.

6.0 Method

Based on the intention of our research, the research design will be a quantitative cross-sectional design. A cross sectional design includes more than one case and collects data at a single point in time, with more than two variables (Bryman & Bell, 2015). As the present thesis will consist of social surveys given to leaders and employees in various organizations, distributed through e-mail only once, the cross-sectional design will be a good fit. A cross-sectional design gives us the opportunity to observe patterns of association between the given variables and provide further possibilities of replicability.

6.1 Participants

Data will be collected from at least 240 respondents in order to achieve a reliable and valid results, from a specific business industry e.g. health industry. The HR departments of each branch will be contacted through phone and email, and invited to take part in the present research. Participants includes leaders and subordinates, in order to compare results of two sources as this increases the validity of the research. This is necessary when measuring variables such as follower performance, in which the leader is needed to rate the subordinate's performance.

6.2 Procedure

A cover letter explaining the aim of the thesis and procedure of the present research will be provided for the involved participants. Thereafter, two separate questionnaires will be presented in an e-mail to both the leader and the subordinate. Moreover, the questionnaires will be electronically distributed and feasible only once. Additionally, and assurance of confidentiality is accounted for in the letter handed out to the respective organizations.

6.3 Measures

In the present thesis, transformational leadership will be measured using multifactor leadership questionnaire (MLQ). The employees are asked how frequently their leader engage in transformational leadership behaviors on a five-point Likert scale ranging from" Not and all" to "Frequently" (Gumusluoglu et al. 2013 p. 2273). The questionnaire includes items as; " Treats me as an individual, rather than as a member of the group" and "Gets me to look at problems from many different angles" (Gumusluoglu et al, 2013 p. 2273).
Interactional justice is measured through the Niehoff and Moorman's (1993) items scale, ranging from strongly disagree to strongly agree regarding whether or not the subordinates felt they were treated by respect and dignity in work decisions (as cited in Zhao, Peng & Chen, 2014). Examples are; "My supervisor was able to suppress personal biases" and "My supervisor provided me with timely feedback about the decisions and their implications" (Gumusluoglu et al. 2013 p. 2273).

Loyalty is measured through how affectionate the employee are towards their leader. Items concerning loyalty may be; " I feel a strong sense of loyalty to my leader" and "if i shared my problems with my leader i know he would respond constructively and caringly" (Dirks & Ferrin, 2002 p. 628).

Satisfaction with the leader is measured through items of Wakabayashi, Gream & Uhl-Bien (1990), and examples of items are; "My manager is a good one" and "Overall, I am satisfied with my manager" (as cited in Cropanzano et al, 2002 p.333).

Follower performance is measured using a 4-item scale where the leaders rated the in-role performance of the followers (Casimir et al, 2006). The four items were: "1) completes his/her work by the time you have specified; 2) works hard; 3) produces work of a high standard; and 4) makes good use of his/her working time. A five-point Likert scale was used (from 0 = strongly disagree, to 4 = strongly agree) (p. 75).

7.0 Schedule and the Objectives of the Thesis

We want to analyze whether interactional justice mediates the effect of the relationship between transformational leadership style and subordinates performance, loyalty and satisfaction with their leader. First, the relationship between transformational leadership and interactional justice will first be explored, before further investigating how transformational leadership is associated to follower performance, loyalty and satisfaction with the leader mediated through interactional justice.

The first step in the schedule, is to send the questionnaires and further collect the data. The plan is to collect data in middle of March (see table 1), and thereafter continue analyzing the collected data.

At this moment, the focus is on gather more companies to collect data. Several organizations have been contacted and a few have already agreed to take part in the research. In order to achieve at least 240 respondents both January and February will therefore consist of preparations and using our network to reach as many companies as possible. The data collection will after our plan be collected between February and April, whilst the analysis takes place in April and May. May and June are held in conducting the methodology of the thesis, thereafter the

conclusions will take place in June and July. Lastly, two months are given to final adjustments, for instance if there are any delay in some of the areas.

8.0 References

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