

# THE EFFECT OF ORGANIZATIONAL JUSTICE PERCEPTION OF EMPLOYEES ON INDIVIDUAL AND FIRM PERFORMANCE IN TRANSFORMATIONAL LEADERSHIP CONTEXT

\*Cemal ZEHİR

\*\*Gokhan YILDIRIM

\*Yildiz Technical University

\*\*Beykent University

## ABSTRACT

*The main objective of this article is to determine the effect of three dimensional organizational justice perceptions on employees' individual and firm performance in transformational leadership context. As a result of the research, it is found that not only distributive justice perception of employees' in insurance companies has a positive effect on individual performance but also on firm performance. Also, applications in transformational leadership style have a considerable positive impact on organizational justice perception. Besides, no evidence could be reached that shows positive impact of transformational leadership applications on individual and firm performance of employees in this research.*

**Keywords:** *Organizational Justice, Transformational Leadership, Individual Performance, Organizational Performance*

## INTRODUCTION

Today's business management in which the human ingredient has a huge role, all the business administrators are in the search of a management style according to the new managerial standards of the age (Colquitt et al, 2005). Thus, perception, behaviour and attitude of the employees towards their job are pursued continuously and managed efficiently in the context of some leadership models such as transformational leadership (Bass and Avolio, 1990). Transformational leadership, which offers their followers applications in the "feeling" personality style rather than "thinking" personality style, suggests today's administrators to focus on the organizational processes in which their subordinates take place, their perceptions of events, and how they feel about these events (Charash and Spector, 2001:278; Blader and Tyler, 2003).

As a matter of fact, a lot of research shows that when the employees in an organization think they are treated fairly, they are able to collaborate easily and support their employers' decisions. So, this situation increases both the firm performance of the company and the individual performance of employees (Greenberg, 1987; Greenberg and Robert, 1992; Cropanzano et al, 2001; Charash and Spector, 2001; Blader and Tyler, 2003; Bies, 2009:157; Yung-Husien et al. 2011:88).

Besides, the search of businesses for being on the top of the competition highlighted the importance of organizational justice. The reason is that employees can reach the maximum effectiveness and activity by behaving positively, only if they believe that they are treated fairly (Fuentes et al, 2004). For these reasons, the organizational justice notion that has been discussed frequently by psychologists and sociologists until now, started to be seen as a tool to increase the organizational performance of businesses by managers (Kavanagh et al., 2007:32; Jankington and Rurkkhum, 2012).

Furthermore, it can be said that the achievement of organizational justice is a direct strategy for increasing the business productivity and motivating the employees toward their tasks. The reason is that, the success of the employees of an organization today has become the precondition of the increase in the performance of that organization (Mackenzie et al., 1998).

For instance, if an employee's justice perception is increased, his/her individual performance will be affected positively (Ghosh and Wu, 2007). Undoubtedly, this individual-basis interaction will also be valid in firm-

basis, and as the individual performance of employees increases, the performance of the organization will be positively affected from this situation (Zehir et al., 2010:143).

The fundamental goal of this research is to detect the effects of justice perception of employees' in various insurance companies on individual and business performance in transformational leadership context. In line with this fundamental objective, the research seeks answers to the following two questions: "*Does the structure of organizational justice in a business affect organizational and individual performance?*" and "*How do transformational leaders affect employees' organizational justice perception and performance with their managerial style?*"

## LITERATURE REVIEW

Within the scope of the research, firstly procedural, interactional and distributive organizational justice perception and then transformational leadership model, firm and individual performance notions were examined theoretically as they are defined in the literature.

### Organizational Justice

Justice notion that contains relaxation, symbiosis, and ability to hold different people together is an indispensable part of social life in all the ages and civilizations (Bies et al., 2001:268). As for these days, it can be seen that justice notion was adapted to organizations and organizational justice notion was developed (Moorman et al., 1998; Williams et al. 2002).

Organizational justice, in the simplest way, expresses individual's intuition of justice in an organization (Greenberg et al., 2001:5). Beugre and Baron (2001:326) defined organizational justice as "a perceptual and practical social system that contains individual's perception of his/her relationship with collaborators, superordinates, and institution". As for Begley (2006:706) organizational justice is a social system that contains individual's perception of his/her relationship with collaborators, superordinates, and institution. According to Cropanzo et al (2001:177) the definition of organizational justice highlights "the perception of employees" about fair behaviour in workplace and how this perception affects the outcomes of the organization".

Consequently, organizational justice is the collection of "distribution of organizational resources (reward and punishment), procedures that are used for this distribution, and the rules and norms about how the relationships between people should be while applying these procedures." (Greenberg, 1990:352; Cropanzano et al., 2001:179; Colquitt, 2005:22).

When looking at the progress of the justice theories chronologically, it can be seen that firstly distributive justice appeared and then procedural justice and interactional justice. Distributive justice is formed according to three factors which are fairness, need, and equity (Greenberg, 1990:352). When it comes to the need rule, gains and rewards should be distributed according to the individuals 'needs and the happiness of the employer (Boss, 2001:256; Blader and Tyler, 2003:112; Colquitt, 2005:22).

Procedural Justice is a notion that is related to the fairness of procedures in an organization. Procedural justice can be defined as "The fairness of operations, processes and procedures that are used to reach rewarding decisions" (Charash and Spector, 2001:279). It focuses on the methods and services that are followed when making an organizational decision (Colquitt et al., 2005:22). This kind of organizational justice reflects the figural characteristic of organizational system and focuses on the process about how fair the gain distribution methods are (Khan and Habib, 2012).

Interactional justice which appeared as a different kind of justice than procedural justice focuses on the interaction between employer and employees in the same organization (Folger and Konovsky, 1989). According to Greenberg (2001:7) interactional justice is composed of two specific interpersonal behaviour styles which are "interpersonal justice" and "informational justice". Interpersonal justice reflects how much sensitivity, kindness, seriousness and respect employees receive from the manager. Informational justice is related to giving individuals explanations about why the operations used while making organizational decisions in a certain way, and how their outcomes are splitted in a certain way.

## Transformational Leadership

The changes in administrative domain revealed that traditional models about leadership are inadequate and led to the development of new leadership theories and models (Zehir et al., 2011:51; Gomes et al., 2013:40). Researchers like Bass (1985), Bennis and Nanus (1985), Burns (1978), Kouzes and Posner (1989), Sashkin and Rosenbach, (1993) and Tichy and Devanna (1990) made contributions to development of this notion by analyzing it in organizational context.

Transformational leaders are leaders that explain their projects to staff very well direct them towards the designated purposes and make them believe in these purposes (Bass, 1985). Also, a transformational leader supports self-improvement of their staff as a person who achieves high performance by practising change and regeneration (Burns, 1978). That kind of leaders are innovative and capable of creating new environment for their followers when necessary rather than people reacting only when they have to (Avolio and Bass, 1990). There are four main influential powers that complete a transformational leader's authority. These are idealized (charismatic) effect, being an inspirational source, intellectual stimulation and individual interest (Bies vd, 2001:287).

Transformational leaders that care about mind and try to be rational all the time, support and make using effective ways easy for employees to solve their problems (Dessler, 2004:264; Bolt, 2000:19; Colquitt vd. 2005). Finally, merged interest or individual support is paying personal attention to every individual, making everyone feel valuable and caring everybody's contribution. Therefore, leaders care about their employees' inner world, provide their self-improvement, give them courage and develop their abilities in the most effective way by coaching them (Dessler, 2004:264).

## Organizational Performance

In 21<sup>th</sup> century, the developments in technology and knowledge in particular, caused an increase in the approaches focused on human beings by putting emphasis on qualified human factor (Zehir et al., 2011). Especially after the industrial revolution, the developments in mass production technologies, proliferation of communication and transportation technologies fuelled the global competition (Bottery, 2001; Fuentes et al. 2004; Kavanagh et al., 2007; Gomes et al., 2013).

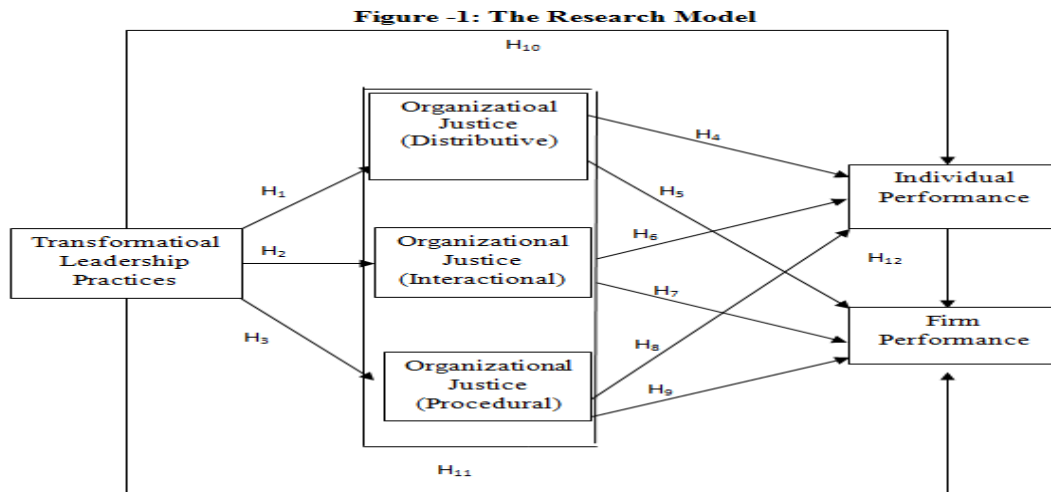
By that reason, the main job of the human resources department is to drive the strategies that are used for enhancing the performance of the staff (Kavanagh vd., 2007:39). In the simplest way performance can be defined as the sum of all the tangible and intangible efforts (Mackenzie et al., 1998). According to another researcher, performance is defined as "the result that the employee gets within a certain amount of time by doing a given task" (Chaudhary, 2012:81).

In management literature, performance notion can be divided into two main headings as individual performance and firm performance (Bottery, 2001; Fuentes et al. 2004; Kavanagh et al., 2007; Zehir et al., 2010; Gomes et al., 2013). Individual performance is mostly micro-scaled and means staff's ability to do a given job in their organizational (or hierarchical) level (Mackenzie et al., 1998). When it comes to firm performance it is the sum of all the macro-scaled efforts that are formed by successfully managing all the factors around the same purpose (Eren, 2011:340). Within the framework of these definitions, the increase in the firm performance is directly related to the increase in the employees' individual performance (Kavanagh et al., 2007).

At this point, it can be said that such practices as fair treatment to staff, avoiding discrimination, prioritizing qualification are among fundamental conditions for elevation in individual and firm performance (Bottery, 2001; Fuentes et al. 2004; Kavanagh et al., 2007; Gomes et al., 2013). Today it is quite natural that human resource, which is the main asset for the businesses wanting to remain competitive and seeking the ways of productivity, is desired to be improved (Eren, 2011:339). For that reason, enabling organizational justice, maintaining increased performance continuously, and evaluating employees' performance are among primary objectives of today's business managers (Kozlowski and Steve, 2012:471).

## METHODOLOGY

This research was conducted in leading insurance companies that operate in Istanbul. In mentioned businesses, 200 people working in different positions are informed into the research with the help of convenience sampling method. Besides, participants who were included in the survey should be working in the insurance company for at least 1 year. Therefore, participants had a rational opinion about the existing justice structures and performance levels of staff in the industry.



The Hypothesis of the study has been established established as fallows;

H<sub>1</sub> : Transformational leadership positively affects distributive justice.

H<sub>2</sub> : Transformational leadership positively affects interactional justice.

H<sub>3</sub> : Transformational leadership positively affects procedural justice.

H<sub>4</sub> : Distributive Justice positively affects individual performance.

H<sub>5</sub> : Distributive Justice positively affects firm performance.

H<sub>6</sub> : Interactional Justice positively affects individual performance.

H<sub>7</sub> : Interactional Justice positively affects firm performance.

H<sub>8</sub> : Procedural Justice positively affects individual performance.

H<sub>9</sub> : Procedural Justice positively affects firm performance.

H<sub>10</sub> : Transformational Leadership applications positively affect individual performance.

H<sub>11</sub> : Transformational Leadership applications positively affect firm performance.

H<sub>12</sub> : Individual performance positively affects firm performance.

There are three scales used in the survey of this research: organizational justice, transformational leadership and performance. Procedural justice perception sub-scale is taken from the studies of Moorman (1991); Khan and Habib, (2012); Mehrabi et al., (2012); the sub-scale about the staff's interactional justice perception is taken from Folger and Konovsky (1989); Greenberg, (1986) Leventhal (1990) Thibaut and Walker, Li-Ping and Sarsfield-Baldwin (1996) Moorman; and finally, distributive justice perception sub-scale is taken from Niehoff and Moorman (1993) and Williams et al.(2002).

In order to understand the employees' evaluations about employers' applications in transformational leadership style, sub-scale is taken from Bass and Avolio (1990) Bass, (1999), Bresctick (1999), Kouzes, (2002). There are six questions in the sub-scale for individual performance. Statements in the scale are taken

Journal of Global Strategic Management | V. 9 | N. 2 | 2015-December | isma.info | 51-63 | DOI: 10.20460/JGSM.2015915573  
 from Bottery, (2001); Fuentes et al.(2004). The second sub-scale associated with firm performance of the companies, it is composed of 6 statements taken from Kavanagh et al., (2007); Gomes et al., (013).

## RESEARCH FINDINGS

Survey data used in this part of the research was subjected to correlation, arithmetic and regression analyses and the findings are shown in tables.

### Reliability and Validity Analysis

In order to test the construct validity of the scales used in the research and to obtain the question groups about the research factors, Kaiser-Meyer-Olkin (KMO) sampling adequacy value is calculated. KMO adequacy value is found to be 0.852 which is higher than the recommended level of 0.50.

**Table -1: Demographic Profiles of the Respondents**

Demographic Profiles	Indicators	Number of respondents	Percentage
Age	18-25	32	16.0%
	25-35	104	52.0%
	35-50	52	26.0%
	50 +	12	06.0%
Gender	Female	120	60.0%
	Male	80	40.0%
Working Duration in Insurance Company	Between 0-2 years	41	20.5%
	Between 2-5 years	68	34.0%
	Between 5-10 years	47	23.5%
	10 years +	44	22.0%
Managerial Level	Non-managerial	105	62.5%
	Bottom-level managerial	38	19.0%
	Mid-level managerial	48	24.0%
	Top-level managerial	9	4.5%
TOTAL		200	100.0%

**Table-2. Factor Loadings**

Questions	Factor Loading					
	Transformational Leadership	Interactional Justice	Distributional Justice	Procedural Justice	Individual Performance	Firm Performance
Q19	.789					
Q22	.752					
Q20	.743					
Q21	.722					
Q25	.687					
Q24	.686					
Q10		.771				
Q9		.718				
Q11		.709				
Q13		.696				
Q8		.633				
Q12		.606				
Q16			.867			
Q18			.836			
Q17			.818			
Q14			.789			
Q15			.755			
Q6				.755		
Q4				.726		
Q3				.661		
Q5				.657		
Q2				.640		
Q1				.600		
Q31					.899	
Q30					.879	
Q32					.830	
Q29					.778	
Q28					.619	
Q27					.562	
Q36						.848
Q33						.816
Q37						.798
Q38						.789
Q34						.764
Q35						.529

\*Principle Component Analysis and Varimax Rotation are used. Total Variance Explained: 81.03%

Factor analysis in Table-2 shows that three indicators in the survey (7<sup>th</sup>, 23<sup>th</sup> and 26<sup>th</sup>) are not loaded onto a single factor, factor loading is not equal or above 0.50 and they are loaded into more than one factor (loading in other factors-cross loadings), and cross loadings are 0.40 or above. So they were deleted and numbers of the survey questions were decreased from 38 to 35. The factor loadings of all remaining 35 questions are above 0.50 and cross loadings are below 0.30. (Field, 2005).

Besides, all the variables are near or above 0.70 and 0.50 which are the recommended threshold values of average factor values (Fornel and Larcker, 1981). Findings indicate that the scales have high reliability. In

order to understand the reliability of the scales used in the research, correlation analysis was applied, and Cronbach's alfa value of the survey questions was calculated:

As can be seen in Table 4, for every factor, Cronbach's alfa value ( $\alpha$ ) is between 0.91 and 0.97. This result shows that question groups for every factor have high reliability.

**Table 3. Results of Correlation and Reliability Analysis**

Factors	Average	Std.Dev.	1	2	3	4	5	6
1. Transformational Leadership	3.463	0.917	(0.97)					
2. Interactional Justice	3.621	0.835	.837**	(0.93)				
3. Distributive Justice	3.145	0.923	.736**	.719**	(0.97)			
4. Procedural Justice	3.413	0.796	.796**	.733**	.701**	(0.95)		
5. Individual Performance	4.143	0.717	.527**	.617**	.452**	.616**	(0.92)	
6. Firm Performance	3.457	0.889	.452**	.529**	.326**	.589**	.577**	(0.91)

\*  $p < 0.05$ ; \*\*  $p < 0.01$  ;() **Cronbach's alfa reliability value**

As can be seen in Table 4, for every factor, Cronbach's alfa value ( $\alpha$ ) is between 0.91 and 0.97. This result shows that question groups for every factor have high reliability.

## Results of Regression Analysis

For the **first hypothesis** of the research was done regression analysis, in order to understand the relation between these two notions and the results are shown in the table below:

**Table 4. Regression Results ( for H<sub>1</sub>)**

	Dependent Variable			
	Distributive Justice			
Independent Variable	Standard Beta ( $\beta$ )	t value	p-value	VIF value
Transformational Leadership	0.73	15.31	.000	1
	$R^2 = 0.54$			
	$F = 234.62$			
	$p\text{-value} = 0.000$			

\*  $p < 0.05$ ; \*\*  $p < 0.01$

When looking at the relationship between transformational leadership and distributive justice, ( $\beta=0.73$   $P < 0.01$ ) it is statistically significant as it can be seen in Table-4. Also, it can be seen that the model about the transformational leadership model and distributive justice perception has explanatory power  $R^2=0.54$  and it is acceptable. This result supports the hypothesis that transformational leadership positively affects the distributive justice perception of insurance company staff (H<sub>1</sub>).

**Second hypothesis** of the research is based on the assumption that transformational leadership has a positive impact on interactional justice perception of employees.

**Table 5. Regression Results ( for H<sub>2</sub> )**

	Dependent Variable			
	Interactional Justice			
Independent Variable	Standard Beta (β)	t value	p-value	VIF value
Transformational Leadership	0.83	21.50	.000	1
R <sup>2</sup> = 0.70				
F = 462.42				
p-value = 0.000				

\* p < 0.05; \*\* p<0.01

When looking at the relationship between interactional justice and transformational leadership (**β=0.83, P < 0.01**) it is statistically significant as it can be seen in Table-5. This result supports the hypothesis that transformational leadership positively affects the interactional justice perception of insurance company staff (H<sub>2</sub>).

**Third hypothesis** of the research is based on the assumption that independent transformational leadership variable has a positive effect on dependent procedural justice perception variable.

**Table 6. Regression Results ( for H<sub>2</sub> )**

	Dependent Variable			
	Procedural Justice			
Independent Variable	Standard Beta (β)	t value	p-value	VIF Value
Transformational Leadership	0.79	18.53	.000	1
R <sup>2</sup> = 0.63				
F = 343.51				
p-value = 0.000				

\* p < 0.05; \*\* p<0.01

When looking at the relationship between procedural justice and transformational leadership, (**β=0.79 P < 0.01**) it is statistically significant as it can be seen in Table-6. Therefore, it is meaningful to say that transformational leadership applications positively affect procedural justice perception of staff. This result supports the hypothesis that transformational leadership positively affects the procedural justice perception of insurance company staff ( H<sub>3</sub> ).

Within the scope of this research, because individual performance is dependent variable in Hypothesis 4, Hypothesis 6, Hypothesis 8 and Hypothesis 10, regression analyses were done in order to test mentioned four hypotheses. Result of these analyses can be shown in the table below:

**Table 7. Regression Results: for H<sub>4</sub>, H<sub>6</sub>, H<sub>8</sub>, H<sub>10</sub>**

	Dependent Variable			
	Individual Performance			
Independent Variables	Standard Beta (β)	t value	p-value	VIF value
Distributive Justice	-0.09	-1.11	0.266	2.509
Interactional Justice	0.51	5.06	0.000	3.681
Procedural Justice	0.47	5.12	0.000	3.022
Transformational Leadership	0.2	1.84	0.067	4.607
R <sup>2</sup> = 0.45				
F = 40.62				

\* p < 0.05; \*\* p<0.01



**The fourth hypothesis** that was developed within the research is based on the assumption that distributive justice perception of the staff has a positive impact on their individual performance. When looking at the relationship between distributive justice and individual performance of the staff ( $\beta = -0.09$  and  $P > 0.01$ ) it is not statistically significant as it can be seen in Table-7. This result does not support the hypothesis that distributive justice perception positively affects the individual performance of insurance company staff ( $H_4$ ).

**In the sixth hypothesis** developed within the research, it is supported that employees' interactional justice perception has a positive impact on their individual performance. When looking at the relationship between interactional justice and individual performance of the staff ( $\beta = 0.51$   $P > 0.01$ ) it is statistically significant as it can be seen in Table-7. This result supports the hypothesis that distributive justice perception positively affects the individual performance of insurance company staff ( $H_6$ ).

**In the eighth hypothesis** developed within the research, it is supported that employees' procedural justice perception has a positive impact on their individual performance. When looking at the relationship between procedural justice and individual performance of the staff ( $\beta = 0.47$ ,  $P < 0.01$ ) it is statistically significant as it can be seen in Table-8. This result supports the hypothesis that procedural justice perception positively affects the individual performance of insurance company staff ( $H_8$ ).

When it comes to the **tenth hypothesis**, it is based on the assumption that transformational leadership applications have a positive impact on individual performance. When looking at the relationship between transformational leadership applications and individual performance of the staff ( $\beta = 0.2$  and  $P > 0.01$ ) it is not statistically significant as it can be seen in Table-8. This result does not support the hypothesis that transformational leadership applications positively affects the individual performance of insurance company staff ( $H_8$ ).

In Hypothesis 5, Hypothesis 7, Hypothesis 9, Hypothesis 11 and Hypothesis 12 within the research, "firm performance" notion is dependent variable. By that reason, multiple regression analysis was done to test mentioned 5 research hypothesis and results are shown in the table below:

**Table 8. Regression Results (for  $H_5$ ,  $H_7$ ,  $H_9$ ,  $H_{11}$ ,  $H_{12}$ )**

Independent Variable	Dependent Variable			
	Firm Performance			
	Standard Beta ( $\beta$ )	t value	p-value	VIF Value
Distributive Justice	0.24	2.95	0.004	2.525
Interactional Justice	0.31	2.90	0.004	4.164
Procedural Justice	0.49	5.07	0.000	3.429
Transformational Leadership	0.17	1.47	0.141	4.687
Individual Performance	0.28	3.93	0.000	1.833
	$R^2 = 0.46$			
	$F = 33.18$			

\*  $p < 0.05$ ; \*\*  $p < 0.01$

**In fifth hypothesis** of the research, the idea depends on the assumption that firm performance of the company is positively affected by staff's distributive justice perception. When looking at the relationship between firm performance and distributive justice ( $\beta = 0.24$   $P < 0.01$ ) it is statistically significant as it can be seen in Table-8. This result supports the hypothesis that distributive justice perception of staff positively affects the firm performance of the company ( $H_5$ ).

**In seventh hypothesis** of the research, the idea depends on the assumption that firm performance of the company is positively affected by staff's interactional justice perception. When looking at the relationship between firm performance and interactional justice, ( $\beta = 0.31$   $P < 0.01$ ) it is statistically significant as it can be seen in Table-8. This result supports the hypothesis that interactional justice perception of staff positively affects the firm performance of the company ( $H_7$ ).

**In ninth hypothesis** of the research, the idea depends on the assumption that firm performance of the company is positively affected by staff's procedural justice perception. When looking at the relationship between firm performance and procedural justice, ( $\beta=0.49$   $P < 0.01$ ) it is statistically significant as it can be seen in Table-8. This result supports the hypothesis that interactional justice perception of staff positively affects the firm performance of the company ( $H_9$ ).

**In the eleventh hypothesis** of the research, the idea depends on the assumption that firm performance of the company is positively affected by transformational leadership applications. When looking at the relationship between firm performance and procedural justice, ( $\beta= 0.17$  and  $P > 0.01$ ) it is not statistically significant as it can be seen in Table-8. This result does not support the hypothesis that transformational leadership applications positively affects the firm performance of the company ( $H_{11}$ ).

**In the twelfth hypothesis** of the research, the idea depends on the assumption that firm performance of the company is positively affected by individual performance of employees. When looking at the relationship between firm performance and individual performance, ( $\beta=0.28$   $P<0.01$ ). It is statistically significant as it can be seen in Table-8. This result supports the hypothesis that individual performance of the employees positively affects the firm performance of the company ( $H_{12}$ ).

## CONCLUSIONS

In this research, in business management and transformational leadership context, the impact of employees' organizational justice perception on their individual performance and firm performance of their firms were detected. These findings are interpreted and results reached are summarized as main headings as can be seen below:

Within the research context, the transformational leadership practices of managers and the effect of those practices on staff's organizational justice perception were examined according to three main dimensions and some findings about the differences between two notions were reached.

As a result of the analysis done in order to understand the effect of transformational leadership on distributive justice, interactional justice and procedural justice perceptions of employees, findings showed that staff's distributive justice perception is positively affected by transformational leadership applications. According to these findings, transformational leadership applications have a positive impact on firstly interactional justice perception, and then distributive and procedural justice perceptions.

Within the research, distributive justice perception of the employees has a negative effect on their individual performance, whereas other dimensions of organizational justice which are interactional justice perception and procedural justice perception have positive impact on their individual performance. By that reason, employees' positive justice perception influences them positively, whereas negative distributive justice perception of the staff causes decrease in individual performance in workplace. As a result of the research, the findings that showed complete organizational justice perception that emerges in three different areas separately (distributive, interactional and procedural) affects firm performance positively.

Consequently, when the results belonging to the three dimensions of the organizational justice were evaluated together, it can be said that in insurance companies, employees' existing distributive, interactional and procedural justice perceptions positively affect the firm performance of the firm.

As a consequence of this research, when looking at the findings that show the influence of transformational leadership practices on individual and firm performance, it was seen that these practices influence neither employees' individual performance nor firm performance of the company. The most important reason for this situation is that the companies in which the respondents work, leaders do not conduct enough transformational leadership application.

Another significant conclusion derived from this article is about the impact of individual performance of staff on firm performance of their company. Based on the analyses done within the research, it is revealed that staff's individual performance positively affects firm performance of the company that they work for.

Particularly in today's globalizing economies businesses that have such labour must put the transformational leadership and organizational justice related strategies recommended and developed for the high performance of staff into practice.

## SUGGESTIONS

After the research findings were interpreted shortly, according to these results, for both business managers and employees and also for people who will do research on this subject, suggestions can be listed as two main headings.

Business manager's should try to administer their subordinates in a team spirit and give positive messages about the future of the company while managing the organizational processes in their employee-related applications and decisions. Besides, managers should give their employees advices about reconsidering their prejudice, constantly support their self-improvement, express his/her proud from working with them, display respectful, polite manner and make their employees enjoy the tasks by showing the appropriate attitude.

Another advice to business managers may be removing all the distributive justice factors that cause a decrease in individual performance of the personnel in their organization and departments. As can be seen in the research, the reason is that in mentioned insurance companies, there is concern about distribution of all kinds of organizational gain, resource, task and responsibility among employees.

Particularly in the companies in which the research was done, it can be easily said that employees' distributive justice perception should be enhanced by reconstructing some organizational processes that aim to positively affect staff's distributional justice perception. Only after those efforts, distributive justice perception will show its positive effect on individual performance.

It is possible to mention three main suggestions for further research that will be done in order to detect the effect of transformational leadership practices on employees' individual performance and business' firm performance.

For the first one, it can be said that dividing individual and firm performance into sub-measures should be appropriate while measuring the effect of three dimensions of organizational justice separately on staff performance. For instance, in addition to sub-indicators like continuity to work, reaching the targeted objectives at work, raising the performance evaluation score, non-financial performance indicators like profitability, increase in the sales figures, and increase in the brand value, financial dimensions of institutional performance can be included in the analysis.

In this research, only transformational leadership model was examined, so no comparison was done with the other leadership models like interactional leadership. So, as another suggestion, in further research when effects of different leadership models on organizational justice and performance are investigated, they should be analysed conjugately .

Finally, the impact of organizational justice on performance is examined in this research. However, this case is totally subjective and perceptual, so before employees' individual performance, their organizational motivation, satisfaction, devotion or loyalty will be influenced by the process. Therefore, in further research, in organizational culture of three dimensional justice perceptions, examining relations with that kind of notions will be helpful.

## REFERENCES

- Bass, B.M.,(1985)Leadership and Performance Beyond Expectations, New York: Free Press, 1985.
- Bass, B.M. and Avolio, B.,(1990), Multifactor Leadership Questionnaire, California Mindgarden: Palo Alto Publishing,
- Begley, T.M., Lee, C., Hui, C., (2006),Organizational Level As A Moderator of The Relationship Between Justice Perceptions And Work- Related Reactions, Journal of Organizational Behavior, Vol. 26.:705-721.
- Bennis, W. and Nanus B. Leaders, Harper and Row, New York, NY.' (1985)'den Akt.: Özaralli, N. "Effects of Transformational Leadership on Empowerment and Team Effectiveness", The Leadership and Organization Development Journal, 24(6), (2003),pp.335-344.
- Beugre, C.D. and Baron, R.A.,(2001),Perceptions of Systemic Justice: The Effects of Distributive, Procedural and Interactional Justice", Journal of Applied Psychology, Vol.31, No: II,pp.312-332.
- Beugre, C.D.,(2002),Post-Privatization Performance Of State – Owned Enterprises In Emerging Economies : A Transformational Leadership Framework, Kent State University , pp.1-13.
- Bies, R.J., (2009),Sounds of Silence: Identifying New Motives, Voice and Silence in Organizations ,Chapter 7, Emerald Group Publishing Limited, pp.157 – 175.
- Bies, R. J., Greenberg J., Cropanzano R.,(2001), Interactional (In)Justice: The Sacred and the Profane: Advances in Organizational Justice, Stanford University Press, California, pp. 262-294.
- Blader, S.L. and Tyler, T.R.,(2003), What Constitutes Fairness in Work Settings? A Four Component Model of Procedural Justice, Human Resource Management Rewiew, Vol. 13, pp.113-115.
- Bolt, F.J.,(2000), Üç Boyutlu Liderliğin Geliştirilmesi: Geleceğin Lideri, İstanbul: Form Yayınları,
- Burns, J.M.,(1978), Leadership, New York, NY:Harper & Row Publishers,
- Charash. C. and Spector, E.P.,(2001),The Role of Justice in Organizations: A Meta-Analysis, Organizational Behavior and Human Decision Processes,Vol:86, No:2, pp.278-321.
- Chaudhary, P.,(2012), "Effects Of Employees Motivation On Organizational Performance: A Case Study", International Journal of Research in Economics Social Sciences, Vol:2, Iss:9,pp.81-89.
- Coloquitt, J.A., Greenberg, J., Zapata, C.P.,( 2005),What is organizational justice? A historical overview of the field". In J. Greenberg & J. A. Colquitt (Eds.), The handbook of organizational justice Mahwah, NJ: Erlbaum
- Cropanzano, R., Byrne, Z.S., Babocel, D.R.,(2001), "Moral Virtues, Fairness Heuristics, Sosial Entities and Other Denizens of Organizational Justice", Journal of Vocational Behaviour, Vol. 58, pp.164-209.
- Dessler, G.,(2004), Management: Principles and Practices For Tomorrow's Leaders. New Jersey: Prentice Hall,
- Eren, E.,( 2011), Management and Organization, 10. Edition, Istanbul: Beta Pub.
- Folger, R. and Cropanzano, R.,(1998). Organizational Justice and Human Resource Management, USA: Sage Publications Inc.,
- Fuentes, F.M., Albacete, M., Saez, C.A. Montes, F.J.,(2004), The Impact of Environmental Characteristics on TQM Principles and Organizational Performance, Omega Review, Vol:32 (6),:425-442.
- Gerome, S.C., (2008),An Examination Of Relationships Between Transformational Leadership Behavior And Interactive Justice Perceptions Among Membership of a Local Chapter Of Human Resource Professionals, Unpublished Doctorate Thesis, USA: Capella University,
- Ghosh, C.L. and Wu, C.C.,(2007) ,Factors that Influence Employees' Organizational Identity After M&A: The Acquirer and Acquired Perspective, African Journal of Business Management, Vol.3, No.11,pp.158-166.
- Gomes, D., Asseiro, R.V. and Ribeiro, N.,(2013),Triggering Employee Motivation in Adverse Organizational Contexts: "Going the Extra Mile" while Holding Hands with Uncertainty?, Business and Management Research, Vol. 2, No:1,pp.1-55.
- Greenberg, J., (1987), "Reactions to Procedural Injustice in Payment Distributions: Do the Means Justify the Ends?", Journal of Applied Psychology, Vol. 72, No.1,pp.55-61.

- Greenberg, J., (1990), "A Taxonomy of Organizational Justice Theories", *The Academy of Management Review*, Vol:12, No:1,pp.397-412.
- Greenberg, J., (2001). The seven loose can(n)ons of organizational justice. In J. Greenberg & R. Cropanzano (Eds.), *Advances in organizational justice* (pp. 245-271). Palo Alto, CA: Stanford University Press.
- Greenberg, J. and Robert, B.J.,(1992), Establishing the Role of Empirical Studies of Organizational Justice in Philosophical Inquiries into Business Ethics, *Journal of Business Ethics*, May,Vol:11,No. 5-6, pp.433-444.
- Greenberg, J., Cropanzano, R. and Folger, R.,(2001).Fairness Theory: Justice as Accountability, *Advances in Organizational Justice*, Stanford University Press, California, 2001.
- Jankinghton, G.K. and Rurkkhum, S. (2012), Factors Affecting Job Performance: A Review of Literature", *Silpakorn University Journal of Social Sciences, Humanities and Arts*, Vol.12 (2),pp.115-127.
- Kavanagh, P., Brown, M. Benson, J.,(2007), "Understanding performance appraisal fairness", *Asia Pasific Journal of Human Resources*, Vol.45,pp.132–150.
- Khan, S. and Habib, U., (2012), "Procedural Justice and Organizational Performance", *Abasyn Journal of Social Sciences*, Vol:4, No.1:pp.36-52.
- Kouzes, M.J. (2002), Örnek Alınacak Liderler, *Exucutive Excellence*, 5 (58),pp.81-97.
- Kozlowski. J. and Steve, W. *The Oxford Handbook of Organizational Psychology*, Oxford: University Press, 2012,pp.471-486.
- Mackenzie, S.B., Podsakoff, P.M. and Ahearne, M.,(1998), Some Possible Antecedents And Consequences Of In Role And Extra-Role Salespersons Performance , *Journal Of Marketing*, 62, pp.87-88.
- Mehrabi, J., Moshref, M.H., Charmian, A., Zadeh, N.D., Tanhaei, M.H., (2012), Studying Relationship between Organizational Justice and Employees' Performance Case Study: Damloran Pharmaceutical Company in Borojerd, Iran, *International Journal of Learning & Development*, Vol. 2, pp.271-280.
- Moorman, R.H.,(1991), Relationship Between Organizational Justice and Organizational Citizenship Behavior: Do Fairness Perceptions Influence Employee Citizenship?, *Journal of Applied Psychology*, Vol:76,pp. 845-855.
- Moorman Robert H., Niehoff, Brian P.,Organ, Dennis W.,(1993),Treating Employees Fairly and Organizational Citizenship Behaviors: Sorting the Effects of Job Satisfaction, Organizational Commitment, and Procedural Justice, *Employee Responsibilities and Rights Journal*, September, Volume 6, Issue 3, pp 209-225
- Podsakoff, P.M., Mackenzie, S.B., Moorman, R.H. and Fetter, R.,(1984), Transformational Leader Behaviors And Their Effects on Followers' Trust in Leader, Satisfaction And Organizational Citizenship Behaviors, *The Leadership Quarterly*, 1,pp.107-142.
- Sashkin, M. and Rosenbach E.W. , (1993), "A New Leadership Paradigm, Taylor R.L.-Rosenbach W. E., *Contemporary Issues In Leadership*", Westview Press Colarado, pp.87-103.
- Tichy, N.M. and Devanna, M.A.,(1990).*The Transformational Leader*, New York: John Willy & Sons Inc.,
- Williams, M.L., Karriker, J.H., (2009), Organizational Justice and Organizational Citizenship Behaviour: A Mediated Multifoci Model, *Journal of Management*, Vol:35,pp.104-117.
- Yung-Husien, H., Mavondo, L.F. Kennedy, R. (2011), "Organisational Justice and Salesforce Motivation", *Business and Management Research*, Vol. 2, No.1,pp.7-96.
- Zehir, C., Muceldili, B., Akyuz, B. and Celep, A., (2010),The Impact of Information Technology Investments on Firm Performance in National And Multinational Companies", *Journal of Global Strategic Management*, June, 07, 143-148.
- Zehir, C. Erdogan, E. and Basar, D.,(2011),The Relationship among Charismatic Leadership, Ethical Climate, Job Satisfaction and Organizational Commitment in Companies, *Journal of Global Strategic Management*, December, 10,pp.49-56.