



## Contingent reward transactional leadership, work attitudes, and organizational citizenship behavior: The role of procedural justice climate perceptions and strength

Fred O. Walumbwa<sup>a,\*</sup>, Cindy Wu<sup>b,1</sup>, Bani Orwa<sup>c</sup>

<sup>a</sup> The Arizona State University, 4701 West Thunderbird Road, Phoenix, AZ 85069-7100, USA

<sup>b</sup> Baylor University, One Bear Place #98006, Waco, TX 76798, USA

<sup>c</sup> Kenyatta University, P.O. Box 43844-00100, Nairobi, Kenya

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### ABSTRACT

Using a sample of 212 bank employees, we developed a model in which procedural justice climate perceptions and strength mediated the relationships between contingent reward leader behavior and follower satisfaction with supervisor, organizational commitment, and rated organizational citizenship behavior, controlling for perceived supervisor support. Results from the HLM analysis showed that procedural justice climate perceptions and strength completely mediated the relationships between contingent reward leader behavior and followers' satisfaction with supervisor and levels of organizational commitment, and partially mediated the relationship between contingent reward leader behavior and supervisor rated organizational citizenship behavior. Implications for research and practice of our findings are discussed.

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Contingent reward transactional leader behavior has been a focus of considerable organizational research over the last two decades (see Avolio, Bass, Walumbwa, & Zhu, 2004 for a review). Over these years, the majority of empirical and meta-analytic studies have demonstrated that contingent reward leader behavior has a positive effect on followers' attitudes and behaviors (Atwater, Camobreco, Dionne, Avolio, & Lau, 1997; Bass, Avolio, Jung, & Berson, 2003; Howell & Hall-Merenda, 1999; Lowe, Kroeck, & Sivasubramaniam, 1996; Podsakoff, MacKenzie, Paine, & Bachrach, 2000; Walumbwa, Wu, & Ojode, 2004), although negative associations have also been reported (Howell & Avolio, 1993; Yammarino & Bass, 1990). Two recent meta-analytic reviews reached consistent and positive conclusions regarding the significant unique effect of leader contingent reward behavior on a variety of important employee attitudes, perceptions, and behaviors (Judge & Piccolo, 2004; Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006).

Although previous studies have established a direct link between contingent reward leader behavior and several relevant work attitudes and behaviors, "surprisingly little attention has been given to articulating the reasons why leader reward behavior influences employee criterion variables" (Podsakoff et al., 2006, p. 115). Secondly, although there have been calls for research that uses a multilevel framework when investigating leadership (Graen & Uhl-Bien, 1995; Judge, Piccolo, & Ilies, 2004), relatively few studies have examined the effect of contingent reward leader behavior as a group-level variable on important work attitudes and behaviors. As multilevel researchers have repeatedly noted, a construct studied at the individual level of analysis is rarely equivalent to the same construct conceptualized at higher levels of analysis (Bliese, 2000; Morgeson & Hoffman, 1999; Yammarino, Dionne, Chun, & Dansereau, 2005). Therefore, the effect of contingent reward leader behavior at the individual level cannot be assumed to translate directly to the unit level of analysis; research must be conducted to test these relationships.

\* Corresponding author. Tel.: +1 602 543 6240; fax: +1 602 543 6221.

E-mail addresses: [fred.walumbwa@asu.edu](mailto:fred.walumbwa@asu.edu) (F.O. Walumbwa), [Cindy\\_Wu@baylor.edu](mailto:Cindy_Wu@baylor.edu) (C. Wu), [borwa2000@yahoo.com](mailto:borwa2000@yahoo.com) (B. Orwa).

<sup>1</sup> Tel.: +1 254 710 7672; fax: +1 254 710 1093.

This study is an attempt to address this gap in the literature by developing and testing a framework in which group-level procedural justice climate perceptions (i.e., shared perceptions of procedural justice among individuals within a unit) and strength (within-unit variability in employees' perceptions of justice climate or the dispersion of employees' justice climate rating) mediate the relationship between group-level contingent reward leader behavior and individual followers' satisfaction with supervisor, organizational commitment, and rated organizational citizenship behavior (OCB), using justice judgment model (Leventhal, 1980) as a theoretical framework.

Procedural justice climate—a group-level cognition about how a work group or unit as a whole is treated, has received increasing attention in recent years (Colquitt, Zapata-Phelan, & Roberson, 2005; Ehrhart, 2004; Liao & Rupp, 2005; Mossholder, Bennett, & Martin, 1998; Naumann & Bennett, 2000; Rupp & Cropanzano, 2002). As explained by Rupp, Bashshur, & Liao (2007), interest in general justice climate has been spurred by a number of events, including an increase in the use of team-based work systems within organizations, increase in research in multilevel issues as a method for understanding complex organizational phenomena, and the contemporary theoretical models of workplace justice that shows justice concerns are not always self-interested, but that people also care about the treatment of others, and that *third-party* justice effects are far more common than was once thought. Although research has found positive relationships between justice climate and several relevant organizational work outcomes, there is still need to understand potential antecedents, such as leader behaviors (Cropanzano, Byrne, Bobocel, & Rupp, 2001; Ehrhart, 2004).

Schneider, Gunnarson, & Niles-Jolly (1994) argued that climate perceptions are based on *leaders'* behavior and the actions they reward, because leaders are the “climate engineers” (Naumann & Bennett, 2000, p. 883). In particular, researchers have often suggested that justice climate and strength can arise from mere exposure to the same policies or leaders (Naumann & Bennett, 2000; Schneider & Reichers, 1983; Schneider, Salvaggio, & Subirats, 2003). However, as De Cremer, van Knippenberg, van Knippenberg, Mullenders, & Stinglhamber (2005) noted, “hardly any empirical research has looked at which well defined leadership behaviors may act in tandem with procedural fairness” (p. 3) or serve to create strong justice climate perceptions. Colquitt, Noe, & Jackson (2002) called for research that examines whether “certain management practices or reward systems may serve to create strong and favorable justice climates” (p. 104). The second goal of this study, therefore, is to address this gap in the literature by integrating leadership and organizational justice literatures, examining whether contingent reward leader behavior, as a group-level variable, serve as a potential antecedent to group-level procedural justice climate perceptions and strength. Specifically, we argue that because both contingent reward leader behavior and justice are theoretically rooted in expectancy and social exchange theories (Blau, 1964; Gouldner, 1960), justice climate perceptions and strength may act as powerful mediators of the influence of contingent reward leader behavior on individual follower work-related attitudes and behaviors such as satisfaction with supervisor, organizational commitment, and rated OCB.

In sum, this study offers a unique integration of two of the visible literatures in organizational behavior: leadership and organizational justice (Pillai, Schriesheim, & Williams, 1999; Scandura, 1999) by theorizing and testing a model in which group-level procedural justice climate perceptions and strength mediate the effect of group-level contingent reward leader behavior on follower satisfaction with supervisor, organizational commitment, and rated OCB. In the same vein, we also tested whether group-level contingent reward leader behavior serves as an antecedent to procedural justice climate perceptions and strength.

Below, we present extant research and theory that underpins the relationships among the variables investigated and offer specific hypotheses. The model of the relationships proposed in the present study is summarized in Fig. 1.

## 1. Theory and hypotheses

### 1.1. Contingent reward transactional leadership and level of analysis

Contingent reward transactional (CRT) leader behavior refers to leader behaviors emphasizing clarifying role and task requirements, and providing followers with material or psychological rewards contingent on the fulfillment of contractual obligations (Bass, 1998). Such leadership behavior is focused on clarifying effort-reward relationships and involves exchanges that take place between a leader and his or her followers. That is, a leader discusses with followers what is required and clarifies how these outcomes are to be achieved and the reward they will receive in exchange for their satisfactory effort and performance. In general, CRT leaders provide tangible or intangible support and resources to followers in exchange for their efforts and performance, define rules regarding work duties, maintain standards, and determine the consequences of goal attainment. It is this focus on clarifying roles and expectations that distinguishes CRT leader behavior from transformational leadership. For example, while transformational leadership behaviors result in followers identifying with the needs of the leader, CRT leaders give followers something they want in exchange for something the leader wants. Bass (1998) argued that transformational and transactional are distinct leadership concepts and that “transformational leadership does not substitute for transactional leadership” (p. 21).

There are several plausible levels of analysis at which leadership phenomena can operate (Schriesheim, Castro, Zhou, & DeChurch, 2006). Yammarino et al. (2005) note, “relatively few studies in any of the areas of leadership research have addressed levels-of-analysis issues appropriately in theory, measurement, data analysis, and inference drawing” (p. 10). In the present study, consistent with recent theorizing and arguments that leaders often engage in behaviors which are not directed toward specific individuals but toward the group as a whole (Hogg, 2001; Judge et al., 2004; van Knippenberg, van Knippenberg, De Cremer, & Hogg, 2004; Vecchio, 1982), we conceptualized CRT leader behavior as a group-level construct. We believe it is suitable to examine CRT leader behavior as a group-level variable because, whereas characteristics behavior patterns such as leader contingent reward

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