

INDIVIDUALIZED CONSIDERATION, INTERPERSONAL JUSTICE AND PSYCHOLOGICAL UNCERTAINTY AS PREDICTORS OF JOB PERFORMANCE IN PUBLIC AND PRIVATE SECTORS

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Abstract

This study examines the relationships between individualized consideration (IC), interpersonal justice (IJ), psychological uncertainty (PU) and job performance (JP) among non-managerial employees in Bosnia and Herzegovina's public and private sectors. It investigates whether IC positively influences JP and IJ, with IJ mediating the IC-JP relationship and whether PU negatively affects JP. Data from 449 employees were analyzed using partial least squares structural equation modeling (PLS-SEM) and multi-group analysis (MGA). Results show that IC directly positively affects JP in the public sector but not in the private sector, with a statistically significant difference. IJ positively influences JP in private but not public sector, also with a statistically significant difference. PU negatively affects JP in public but not private sector, though sectoral differences are not significant. These findings underscore the contextual nature of leadership and justice perceptions in shaping JP, emphasizing the need for sector-specific strategies.

Keywords: individualized consideration, interpersonal justice, psychological uncertainty, job performance, multi-group analysis

JEL classification: D23, M1

1. Introduction

Recent years have been marked by significant global unrest, driven by energy market disruptions, the aftermath of the COVID-19 pandemic, high inflation and geopolitical instability. Gasoline prices, which initially declined due to reduced demand during mobility restrictions, rose sharply as COVID-19 measures eased in 2021 and following the Russia-Ukraine conflict in early 2022 (Ozili and Ozen 2023). These disruptions, coupled with inflation eroding purchasing power and persistent supply chain challenges, continue to strain economies (Reynolds 2024). Political unpredictability, including conflicts in Ukraine and across the Middle East, has further exacerbated organizational and individual uncertainty. As organizations navigate periods of crisis, managers often face a paradox, particularly those at lower and mid-level positions who interact most closely with employees and where leader-member attachment is most pronounced. They often operate within rigid procedural structures and resource constraints, with little to no authority over large-scale organizational changes (Cummings and Worley 2014). This is particularly the case in public sector, such as education and healthcare, where policies, reward systems and operational procedures are dictated by higher authorities, such as ministries and regulatory institutions. Similar constraints can occur in the private sector when top management dictates strategic direction and establishes the fundamental operational framework. Yet, managers remain responsible for enhancing employees' job performance (JP) and must leverage leadership approaches and organizational practices within their scope of influence. In this context, individualized consideration of leaders (Kirichu, Ngugi, and Karanja 2024), interpersonal justice in daily interactions (Lee et al. 2024) and perceived psychological uncertainty due to organizational change (Nguyen, Rafferty, and Xerri 2025) emerge as key psychosocial factors shaping job performance.

Selective mechanisms of influence become crucial in uncertain and ambiguous contexts. Transformational leadership is particularly suited to such environments, as it addresses employees' higher-order needs and fosters intrinsic motivation

rather than relying on external rewards or formal authority (Cheng, Li, and Cao 2023), making it more appropriate than transactional or laissez-faire styles in contexts where managers operate under structural constraints with limited control over rewards and formal incentives. Among its dimensions, some, like inspirational motivation and intellectual stimulation, focus on organizational goals by articulating vision and encouraging critical thinking and creativity (Bass and Riggio 2006). In contrast, individualized consideration (IC) emphasizes employees' needs and operates independently of higher-level strategies and procedures. As such, IC represents a particularly powerful lever for managers at lower and mid-level positions, who may lack authority over organizational-level decisions but retain full discretion over how they interact with, support and develop each of their employees.

Among the dimensions of organizational justice, procedural justice is primarily linked to employees' perceptions of upper management and organizational policies, while the dimensions of interactional justice (interpersonal and informational justice) are more directly related to employees' responses to their immediate supervisor and JP (Cropanzano, Prehar, and Chen 2002). Interpersonal justice (IJ) refers to the way in which superiors treat subordinates in everyday interactions (with respect, dignity and courtesy), especially during decision-making and the implementation of organizational procedures (Lee et al. 2024). This form of justice contributes to perceptions of fairness and shapes employees' emotional and cognitive reactions to leaders and the organization itself (Lee et al. 2024).

The environment of constant and sweeping change has heightened employees' need for emotional connection with leaders who can inspire them to perceive change positively rather than as unpleasant or traumatic (Šehić and Penava 2007). Failure to foster such connections often leaves employees unable to predict or assign meaning to future conditions within their work units, a state defined as psychological uncertainty (PU) by DiFonzo and Bordia (1998). Beyond job insecurity, such uncertainty reflects unclear expectations, leadership changes and growing pressure to deliver results

in unpredictable conditions (Tang et al. 2024). Together, IC, IJ and PU thus represent interconnected psychosocial mechanisms through which the quality of leadership and the experience of organizational change shape employees' JP in constrained managerial environments.

Finally, JP refers to the extent to which employees fulfill their work responsibilities and achieve their goals, making it a key indicator of employee value and a basis for promotions and rewards (Wu, Hu, and Zheng 2019). As a reflection of employees' contribution to organizational success, JP is vital to business effectiveness.

Although recent literature recognizes a substantial body of research on leadership and perceived justice (Wojciechowska-Dzięcielak and Szumowski 2021) and highlights the importance of examining differences between the public and private sectors (Perry and Rainey 1988), IC, IJ, and PU and their effects on JP have not, to our knowledge, been examined concurrently across these sectors in a transitional economy. In Bosnia and Herzegovina (BiH), the public sector is widely perceived as a secure employer, particularly in the post-socialist transitional context. In contrast, the small size and limited development of the BiH market constrain the private sector and increase its exposure to market fluctuations.

Accordingly, the aim of the study is to examine three key psychosocial variables: IC, a dimension of transformational leadership that enables a tailored approach to employees (Tang et al. 2024); IJ, the perception of fair and dignified treatment by superiors (Lee et al. 2024); and PU, an emotional-cognitive response to organizational change that may threaten employee well-being and performance (Nguyen, Rafferty, and Xerri 2025). Specifically, the study investigates their effects on JP and compares these relationships across the public and private sectors. It addresses the following research questions: (1) To what extent do IC, IJ, and PU predict JP among non-managerial employees? (2) Do these relationships differ between the public and private sectors? Drawing on equity theory (Adams 1965) and social exchange theory (Blau 1964), the study contributes to the literature and managerial practice by examining these relationships in a transitional economy.

2. Conceptual framework

This chapter presents the conceptual framework of the study through a review of the relevant literature, the theoretical background underpinning the research, and the development of the study hypotheses.

2.1. Literature review

Transformational leadership is a style of leadership that fosters employee development beyond mere compliance by shaping attitudes, beliefs and values through four key dimensions: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass and Avolio 1994). Among these, IC is particularly important for employee growth, as it reflects a leader's attentiveness to individual needs and commitment to mentoring, skill development and career guidance (Bass 1985). It implies a personalized approach to each employee, listening to their needs, providing mentoring and support, which not only strengthens their trust and motivation but also creates an environment in which they feel recognized and valued (Kirichu, Ngugi, and Karanja 2024). Leaders who apply IC contribute to the development of team cohesion and trust, which directly affects team commitment and the quality of services provided, both in the public and private sectors (Tang et al. 2024). In an era where employees increasingly take responsibility for their own career trajectories (Waterman, Waterman, and Collard 2000), IC enables leaders to equip employees with the competencies necessary for success (Kirichu, Ngugi, and Karanja 2024). Over time, the concept of IC has evolved, often blending with supportive leadership, which emphasizes general encouragement and emotional support (Bass and Avolio 1994). However, while supportive leadership contributes to job satisfaction, it does not necessarily enhance motivation or performance (Yukl 1999). In contrast, developmental leadership, which is aligned with the original conceptualization of IC, has a transformational impact by fostering self-efficacy and skills, ultimately leading to improved performance (Rafferty and Griffin 2006).

Interpersonal justice, one of the four dimensions of organizational justice, pertains to the fairness of interactions between authority figures and employees, emphasizing dignity, respect and kindness in workplace relationships (Bies and Moag 1986; Greenberg 1990). This implies acknowledging and respecting the feelings, desires and rights of others. Greenberg (1993) characterized it as the social aspect of distributive justice. While early justice research primarily focused on distributive justice as the perceived fairness of decision outcomes (Adams 1965) and later on procedural justice, which concerns the fairness of decision-making processes (Thibaut and Walker 1975), scholars soon recognized that fairness is also embedded in interpersonal treatment. This realization led to the development of interactional justice, which encompasses both IJ and informational justice. IJ specifically addresses the quality of interpersonal treatment employees receive from those in authority, whereas informational justice concerns the adequacy and transparency of explanations provided regarding decisions (Greenberg 1990). The significance of IJ in organizations lies in its profound impact on employee well-being, trust in leadership and overall workplace dynamics, shaping perceptions of fairness beyond formal policies and procedures (Potipiroon 2024).

This research is set against a backdrop of significant economic and geopolitical instability, including inflation, post-pandemic challenges, labor shortages and war-related disruptions, all of which contribute to heightened uncertainty. Such conditions often necessitate transformational organizational changes, creating psychological discomfort among employees (Probst and Raisch 2005). PU, defined as a subjective state of doubt regarding future outcomes, job stability and personal security, has gained prominence amid global crises (Nguyen, Rafferty, and Xerri 2025). As a powerful stressor, it might disrupt employees' emotional states, lower motivation and negatively impact JP. PU arises when individuals struggle to predict or assign meaning to future events in their work environment (DiFonzo and Bordia 1998), often resulting in stress and reduced control over work outcomes, as well as confusion about roles

and responsibilities, lowering motivation, increasing errors and hindering creativity and innovation (Bordia et al. 2004). Consistent with broader research that defines uncertainty as an aversive psychological state (Carleton 2016), empirical evidence suggests that PU primarily triggers negative emotions such as fear and anxiety (Morris et al. 2022). These emotional responses have direct consequences for JP, as heightened stress and uncertainty have been shown to impair employee effectiveness (Wolor, Supriyatib, and Purwana 2019).

Job performance is defined as a set of employee behaviors that contribute, whether positively or negatively, to achieving organizational goals, and depends not only on employee motivation but also on satisfaction, stress management, the creation of a climate of trust and employee learning (Colquitt, LePine, and Wesson 2019). The definition of JP used in this research is based on Williams and Anderson's (1991) concept of in-role behavior (IRB), which refers to the officially required actions and outcomes that directly support organizational goals. IRB encompasses the tasks and responsibilities employees are expected to perform as part of their formal job roles, aligning with job descriptions, performance expectations and contractual obligations. Unlike extra-role behaviors, such as organizational citizenship behaviors (OCBs), IRB is formally recognized and typically included in performance assessments.

Differences in business operations between the public and private sectors can arise from various organizational factors related to the company's purpose, mission, core values and the selection of key stakeholders. According to Ensslin, Welter, and Pedersini (2022), other characteristics also impact differences across sectors, including the institutional objective of serving users, the prioritization of means versus ends within the organizational structure, and the capacity for change. Lastly, it is noteworthy that recent literature (e.g., Quigley, Chirico, and Baù 2022) explores how the CEO effect varies between public and private companies. It is therefore particularly important to examine JP and its predictors across different sectors, especially in transitional markets characterized by turmoil and fragility.

Over the last three decades, BiH has been undergoing a transition with its economic environment frequently influenced by political and historical factors (Ortlieb et al. 2019). Institutional inertia and ineffective political structures hinder this progress, creating a perception of fragile business environment marked by risk and uncertainty (Berberović et al. 2021). Nevertheless, the shift from a command-planned to a market-oriented economy has introduced more inclusive and participative leadership styles within companies in BiH. As a transitional economy, BiH's fragile business environment stems from an incomplete post-war and post-socialist transformation. Interestingly, while older data from the former Yugoslavia suggest otherwise, recent research found significantly lower uncertainty avoidance scores among current employees, which is attributed to the post-socialist cultural shifts, particularly among younger generations (Kožo, Janković, and Rahimić 2024). Consequently, BiH remains institutionally unstable and culturally fluid. This unpredictability suggests that public and private sector employees' perceptions of internal communication, interpersonal justice and job performance likely differ from those in more mature, stable market economies.

2.2. Theoretical background

In this study, we identify IC and IJ as potential key mechanisms for addressing employee needs and enhancing their performance despite external constraints, and we aim to explore these relationships in the context of BiH, including the role of IJ as a mediator in the relationship between IC and JP. This perspective aligns with Adams' equity theory, which posits that employees evaluate fairness in the workplace by comparing their inputs and outcomes to those of others, influencing their motivation and performance (Adams 1965). In this context, IJ can be seen as a critical factor in shaping employees' perceptions of fairness, particularly in environments where formal reward structures are rigid. According to social exchange theory (Blau 1964), all relationships are formed, maintained, or dissolved based on cost-benefit analysis. In the context of this study, this implies that positive interpersonal interactions, such as those fostered

through IC and IJ, may create a sense of reciprocity, encouraging employees to demonstrate higher performance even in resource-constrained environments.

2.3. Hypothesis development

2.3.1. Individualized consideration and job performance

IC has been found to be positively associated with JP. It fosters a work environment in which employees receive personalized guidance, mentorship, and developmental opportunities, enhancing their motivation, commitment and ability to effectively fulfill their job responsibilities (Tang et al. 2024; Khan, Amin, and Saif 2025). A study by Okafor, Ezech, and Oguejiofor (2020) found a strong positive correlation between principals' IC and teachers' JP in private secondary schools and Khan et al. (2020) also demonstrated that IC has a direct impact on JP. Furthermore, Khalil and Sahibzadah (2017) provided evidence that leaders' IC significantly enhances employees' job satisfaction, which is closely linked to improved JP (e.g., Bakan et al. 2014). Additionally, a strong positive effect of IC on JP was observed in the education sector (Khan et al. 2020). Based on these findings, we propose the following hypothesis:

H1: Individualized consideration positively influences job performance.

2.3.2. Individualized consideration and interpersonal justice

Beyond its role in employee development, IC has been linked to IJ, as leaders who provide mentorship, encouragement and growth opportunities contribute to employees' perceptions of fairness in interpersonal interactions (Cho and Dansereau 2010). Employees who perceive high IC may reciprocate with increased perceptions of IJ, suggesting that IC not only fosters individual growth but also enhances organizational justice (Lee et al. 2024). Understanding these effects is crucial for refining leadership development strategies and justice-related interventions.

To test the above in our context, we propose that:

H2: Individualized consideration positively influences interpersonal justice.

2.3.3. Interpersonal justice and job performance

A significant positive influence of IJ on JP has been confirmed in the hospitality industry (Li, Chang, and Ou 2020). Research by Swalhi, Zgoulli, and Hofaidhllaoui (2017) highlighted the significant impact of interactional justice on JP. Additionally, at a large public university in the U.S., Cropanzano, Prehar, and Chen (2002) demonstrated both a direct relationship between interactional justice and JP and an indirect effect mediated by leader-member exchange. Similarly, Suliman and Al Kathairi (2013) found a positive relationship between interactional justice and JP in government organizations. Building on these findings and focusing specifically on IJ as one of the two dimensions of interactional justice, we propose the following hypothesis:

H3: Interpersonal justice positively influences job performance.

2.3.4. The mediating role of interpersonal justice

Given that organizational justice has been identified as a mediator in the relationship between transformational leadership and JP (Khan, Idris, and Amin 2023), we aim to examine this dynamic by focusing on specific dimensions of these higher-order constructs that are most relevant to our study. Accordingly, we propose the following hypothesis:

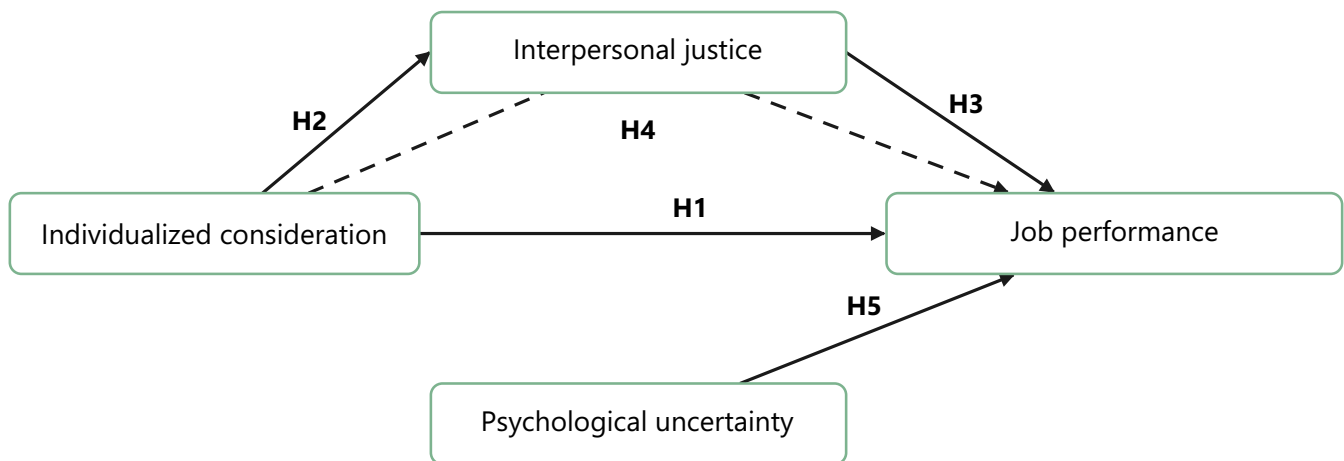
H4: Interpersonal justice mediates the relationship between individualized consideration and job performance.

2.3.5. Psychological uncertainty and job performance

PU has been identified as a predictor of reduced JP (Schweiger and Denisi 1991), emphasizing the need to address uncertainty in organizational settings. When employees perceive a threat of loss of resources, such as job security, predictability, or a sense of control, intense psychological reactions occur that often include withdrawal, anxiety and reduced work engagement (Nguyen, Rafferty, and Xerri 2025). Additionally, the cultural dimension of uncertainty avoidance has been the subject of attention in BiH on several occasions in the last three decades through various studies. Podrug, Pavičić, and Bratić (2006) discuss how BiH scores high on Hofstede's uncertainty avoidance dimension, reflecting a cultural preference for clear rules, structure and predictability. A recent study conducted on a sample of employees, using a follower-centric approach, shows that uncertainty avoidance is one of the cultural dimensions in BiH that is most closely related to preferred leader behavior (Kožo, Janković, and Rahimić 2024). In such environments, PU can trigger stronger stress responses and a heightened desire for stability compared to lower uncertainty-averse cultures. This cultural backdrop justifies the inclusion of PU as a central predictor in our model and underscores its meaningful impact on JP in the BiH context. Consequently, we hypothesize the following:

H5: Psychological uncertainty negatively influences job performance.

The conceptual framework, presented in Figure 1, synthesizes the theoretical foundations and hypothesized relationships outlined above.

Figure 1: Conceptual framework

Four rectangular nodes are connected by arrows. Individualized consideration points to interpersonal justice (H2) and job performance (H1). Interpersonal justice points to job performance (H3). A dashed path labeled H4 represents the mediating role of interpersonal justice between individualized consideration and job performance. Psychological uncertainty points to job performance (H5).

3. Research methodology

Based on the previously presented theoretical findings, this study proposes a conceptual model integrating three key psychosocial variables: individualized consideration, interpersonal justice, and psychological uncertainty as predictors of job performance. It examines how IC shapes perceptions of IJ and how all three predictors jointly and independently influence JP. This research adopts a quantitative approach, using a survey method for data collection. The respondents include employees of different generations from the public and private sectors throughout BiH, ensuring a diverse sample in terms of age, sector affiliation, and work experience.

3.1. Measures

All non-demographic questions were measured using a 5-point Likert scale. IC was assessed with three items from the Multifactor Leadership Questionnaire (MLQ) by Bass and Avolio (1990), where respondents rated statements such as "(My supervisor) helps me develop myself" on a scale from 1 (not at all) to 5 (frequently, if not always).

IJ was measured using three items from Colquitt's (2001) scale, with respondents indicating, for example, "(To what extent does your supervisor) treat you with respect?" on a scale from 1 (to a small extent) to 5 (to a great extent). JP was evaluated through five items from Williams and Anderson's (1991) scale, using statements like "I fulfill responsibilities specified in my job description", rated from 1 (strongly disagree) to 5 (strongly agree), and PU was assessed with three items from Rafferty and Griffin's (2006) scale, including "I am often unsure how severely a change will affect my unit," measured on the same 5-point scale. Originally developed in English, all scales were translated into Bosnian using the Brislin (1970) back-translation method. To ensure conceptual clarity and contextual relevance, an expert panel comprising three representatives from the public sector and three from the private sector reviewed the items before finalizing the questionnaire.

3.2. Data collection and sample

The target population for this research comprises non-managerial employees in BiH. Data were collected over a three-month period, between March

and May 2024. The initial dataset consisted of 550 observations, with 518 collected through an online survey (Google Forms) and 32 obtained via printed questionnaires. To enable comparisons across sectors, a stratified sampling approach was used by dividing respondents into two strata (public and private sector), followed by convenience sampling within each stratum. Respondents were recruited through the authors' professional networks and through organizations that agreed to participate by distributing a questionnaire to their non-managerial employees. According to the Plan on Labour Market Policy Guidelines and Active Employment Measures in Bosnia and Herzegovina for 2024, the average number of employees in BiH in 2023 was 849.9 thousand (Council of Ministers of Bosnia and Herzegovina 2024). However, official data on the number of non-managerial employees in public and private sector organizations are not publicly available in a sufficiently disaggregated form, so strict statistical representativeness at the national level could not be established. Nevertheless, the sampling approach ensured adequate participation from both sectors and from heterogeneous organizational contexts, supporting the study objectives and the requirements of multi-group analysis. Sampling employees across multiple industries and organizational sizes was a deliberate design choice: since IC and IJ operate at the level of the supervisor-employee relationship, and PU reflects individual responses to organizational and environmental changes, neither of these constructs is inherently industry-specific, so a multi-industry sample strengthens the generalizability of the findings, while the theoretically relevant boundary in this study is sector (public vs. private) rather than industry. Missing data were assessed using SPSS version 22, revealing that 3.47% of the dataset had missing values, with the highest percentage for a single variable being 4.9%. Little's MCAR test indicated that the data were missing at random (Chi-Square = 7,474.80, DF = 7,181, $p = 0.008$), justifying the imputation of missing values for scale items using the Expectation Maximization (EM) algorithm, as recommended by Hair et al. (2010).

Following data cleaning, the final sample comprised 449 valid responses, with 233 participants from the public sector (51.89%) and 216 from the private sector (48.11%). Among the respondents, 136 (30.29%) were male and 313 (69.71%) were female. Regarding education, six respondents (1.3%) had primary education, 118 (26.3%) had secondary education, 29 (6.5%) held a higher vocational degree, 224 (49.9%) had a bachelor's degree, 64 (14.3%) had a master's degree, and eight (1.8%) held a doctoral degree. Respondents' ages ranged from 19 to 68 years, with a mean age of 41.5, while work experience varied from 1 to 43 years, with an average of 16 years. Regarding organizational size, 30 respondents (6.7%) were employed in microenterprises (up to nine employees), 134 (29.8%) in small organizations (10 to 49 employees), 174 (38.8%) in medium-sized enterprises (50 to 249 employees), and 111 (24.7%) in large organizations (250 or more employees).

Sample size adequacy was assessed via an a priori power analysis conducted in G*Power version 3.1.9.4, in accordance with contemporary recommendations for PLS-SEM research that emphasize power-based statistical approaches over simplified rules for determining minimum sample size (Hair et al. 2022). The analysis used an F-test for linear multiple regression with a fixed model and R^2 deviation from zero, assuming a medium effect size ($f^2 = 0.15$), a significance level of 0.05, a statistical power of 0.95, and three predictors, and indicated a minimum required sample size of 119 subjects. The final sample of 449 subjects significantly exceeded this threshold, and both subgroups included in the multi-group analysis (MGA) also exceeded the recommended minimum, supporting sample adequacy for the PLS-SEM and MGA procedures.

Prior to the analyses, we assessed common method bias (CMB) using the full collinearity test (Kock 2015) and variance inflation factors (VIFs). Namely, a $VIF > 3.3$ indicates pathological collinearity as well as contamination by CMB, whereas a $VIF \leq 3.3$ implies a model which is free of CMB (Kock 2015). As shown in Table 1, all VIF values were below 3.3, indicating absence of CMB.

Table 1. VIF values – inner model

		IJ	IC	PU	JP
Public	IJ				1.844
	IC	1.000			1.876
	PU				1.026
	JP				
Private	IJ				1.765
	IC	1.000			1.759
	PU				1.030
	JP				

Additionally, Harman's Single-Factor Test was conducted, revealing that a single factor accounted for 33.19% of the variance, well below the recommended 50% threshold (Agić 2018), further confirming that CMB is not a significant concern.

4. Data analysis and results

Structural equation modeling (SEM) was used to analyze the data using SmartPLS 4 software. The analysis was conducted in three phases. In the first phase, the measurement model was tested, assessing the reliability, convergent validity, and discriminant validity of the constructs. In the second phase, the structural model was analyzed, first testing the direct effects between the variables and then examining the mediation effects. Finally, MGA was conducted to identify possible sectoral differences between the public and private sectors.

4.1. Reliability and validity of the measurement model

Construct reliability was checked using Cronbach's alpha (α) and composite reliability (CR). As shown in Table 2, the Cronbach's alpha and CR values for all the constructs exceeded the recommended threshold of 0.70 (Hair et al. 2010) for both strata. Convergent validity was tested using the average variance extracted (AVE), which exceeded the recommended threshold of 0.50 (Hair et al. 2010) for both strata, proving that all the constructs possess convergent validity.

Discriminant validity was assessed using the heterotrait-monotrait (HTMT) ratio. As shown in Table 3, the HTMT values for all constructs were below the recommended threshold of 0.85 (Clark and Watson 1995), confirming discriminant validity.

Table 3. Discriminant validity - HTMT

	Public	Private
IC <-> IJ	0.735	0.722
IJ <-> JP	0.248	0.372
IC <-> JP	0.327	0.239
PU <-> JP	0.220	0.103
PU <-> IJ	0.033	0.182
PU <-> IC	0.158	0.220

The Fornell-Larcker criterion (Fornell and Larcker 1981) was also used. The square roots of the AVEs for each construct exceeded its correlations with other constructs (Table 4), further supporting discriminant validity in the measurement model.

Table 2. Reliability and convergent validity

Construct	Public			Private		
	α	CR	AVE	α	CR	AVE
IC	0.876	0.924	0.801	0.866	0.917	0.787
IJ	0.952	0.969	0.912	0.935	0.958	0.884
PU	0.827	0.894	0.739	0.823	0.867	0.691
JP	0.895	0.923	0.706	0.919	0.940	0.757

Table 4. Discriminant validity – Fornell-Larcker criterion

Public					Private			
	IC	IJ	JP	PU	IC	IJ	JP	PU
IC	0.895				0.887			
IJ	0.674	0.955			0.655	0.940		
JP	0.302	0.237	0.841		0.217	0.353	0.870	
PU	-0.134	-0.029	-0.205	0.860	-0.151	-0.161	-0.111	0.831

4.2. Evaluation of the direct effects in the structural model

This section presents the results of hypothesis testing for the structural model, conducted separately for the public sector and private sector. Path coefficients (β -values), t-statistics, and p-values were used to assess the strength and significance of each hypothesized relationship. A hypothesis was considered supported if $t > 1.96$ and $p < 0.05$, following Hair et al. (2010). Table 5 presents the results of the path coefficient analysis and hypothesis testing.

In the public sector, the results indicate a significant positive relationship between IC and JP ($\beta = 0.223$, $t = 2.723$, $p = 0.006$), supporting H1. This suggests that when leaders in the public sector provide individualized support and mentorship to employees, their job performance improves. H2 is also supported, with a strong positive relationship between IC and IJ ($\beta = 0.674$, $t = 17.827$, $p = 0.000$). This indicates that when leaders demonstrate genuine care and concern for employees, perceptions of fairness in interpersonal treatment significantly improve. The relationship between IJ

and JP is not statistically significant ($\beta = 0.082$, $t = 0.958$, $p = 0.338$), so H3 is not supported. This suggests that while fair treatment from supervisors is important, it may not directly translate into improved job performance in the public sector. Other organizational factors might moderate or mediate this relationship. H5 is supported, indicating a significant negative effect of PU on JP ($\beta = -0.173$, $t = 2.964$, $p = 0.003$). This demonstrates that the negative emotions that PU triggers have direct consequences for employees' job performance and that employees' PU increases stress and cognitive load, impairing decision-making, reducing motivation, and hindering task efficiency.

In the private sector, H1 is not supported, as the relationship between IC and JP is statistically insignificant ($\beta = -0.030$, $t = 0.320$, $p = 0.749$). This suggests that in the private sector, IC may not be a key driver of JP. H2 is supported, with a strong positive relationship between IC and IJ ($\beta = 0.655$, $t = 15.952$, $p = 0.000$). Similar to the public sector, leaders who exhibit IC create a fair and respectful work environment. H3 is also supported, revealing a positive and significant relationship between IJ and JP ($\beta = 0.364$, $t = 3.530$, $p = 0.000$). This suggests that when employees perceive fair

Table 5. Results of hypothesis testing (direct effects)

	Relationship	Hypothesis	Direct effect (β)	t-statistic	p-value	Status
Public	IC <-> JP	H1	0.223	2.723	0.006	Supported
	IC <-> IJ	H2	0.674	17.827	0.000	Supported
	IJ <-> JP	H3	0.082	0.958	0.338	Not supported
	PU <-> JP	H5	-0.173	2.964	0.003	Supported
Private	IC <-> JP	H1	-0.030	0.320	0.749	Not supported
	IC <-> IJ	H2	0.655	15.952	0.000	Supported
	IJ <-> JP	H3	0.364	3.530	0.000	Supported
	PU <-> JP	H5	-0.056	0.539	0.590	Not supported

treatment from their leaders, they are more likely to be engaged and perform well. Unlike in the public sector, where IJ alone may not enhance performance, in the private sector, IJ appears to be a stronger determinant of work outcomes. H5 is not supported, as the relationship between PU and JP is insignificant ($\beta = -0.056$, $t = 0.539$, $p = 0.590$). This suggests that PU may not be a major predictor of JP in the private sector, possibly due to greater adaptability, stronger performance-based rewards, or a more dynamic work environment that fosters resilience.

4.3. Evaluation of mediation in the structural model

Following Nitzl, Roldán, and Cepeda (2016), mediation was assessed by reporting total, direct, and indirect effects. The indirect effect was tested via bootstrapping (5,000 resamples) and significance was determined by whether the bias-corrected 95% confidence interval for the indirect effect excluded zero.

In the public sector, the total effect of IC on JP was significant ($\beta = 0.278$, $t = 4.695$, $p = 0.000$). After including the mediating variable, the effect of IC on JP remained significant ($\beta = 0.223$, $t = 2.723$, $p = 0.006$). The indirect effect of IC on JP through IJ was found to be insignificant ($\beta = 0.055$, $t = 0.954$, $p = 0.340$). Therefore, although the total effect of IC on JP remains significant after including IJ as a mediator, the indirect effect is not statistically significant, as illustrated in Table 6. This suggests that IJ does not mediate the relationship between IC and JP in the public sector, and that the direct effect of IC on JP persists independently of IJ. Consequently, hypothesis H4 is not supported in the public sector context.

In the private sector, the total effect of IC on JP was significant ($\beta = 0.209$, $t = 3.079$, $p = 0.002$). After including the mediating variable, the direct effect of IC on JP became insignificant ($\beta = -0.030$, $t = 0.320$, $p = 0.749$), whereas the indirect effect through IJ was significant ($\beta = 0.238$, $t = 3.303$, $p = 0.001$). According to Nitzl, Roldán, and Cepeda (2016), this pattern indicates full mediation, indicating that the effect of IC on JP operates entirely through IJ in the private sector. Thus, H4 is supported.

Therefore, IC directly enhances JP in the public sector, with IJ playing no mediating role. In the private sector, the effect of IC on JP operates entirely through IJ.

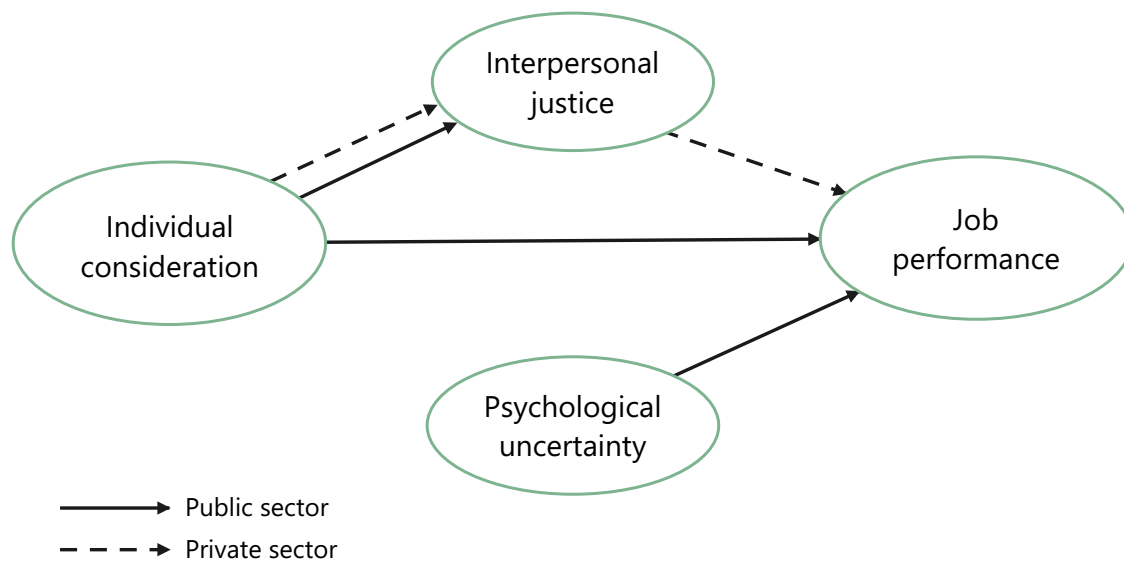
4.4. Summary of the findings of the assessed direct effects and mediation analysis

The results of the assessed direct effects indicate the following differences between the public and private sectors: a) IC significantly influences JP in the public sector, whereas this relationship is not significant in the private sector (H1); b) IJ significantly influences JP in the private sector, whereas this relationship is not significant in the public sector (H3); c) PU significantly influences JP in the public sector, whereas this relationship is not significant in the private sector (H5). Notably, the significant relationship between IC and IJ is confirmed in both the public and private sectors (H2). Figure 2 presents the path estimation results comparing the public and private sectors. These observed differences will be further examined using MGA.

Table 6. Mediation in the public and private sectors

	Total effect (IC->JP)		Direct effect (IC->JP)		Indirect effect of IC on JP					
	β	p-value	β	p-value		β	SD	t-value	p-value	BI (2.5%, 97.5%)
Public	0.278	0.000	0.223	0.006	IC->IJ->JP	0.055	0.058	0.954	0.340	-0.058 0.166
Private	0.209	0.002	-0.030	0.749	IC->IJ->JP	0.238	0.072	3.303	0.001	0.098 0.380

Figure 2. Results of path estimation – public versus private sectors



Four oval nodes are shown. Solid arrows represent the public sector and connect individualized consideration to interpersonal justice and job performance, and psychological uncertainty to job performance. Dashed arrows represent the private sector and connect individualized consideration to interpersonal justice and interpersonal justice to job performance.

Finally, as outlined in the preceding findings of mediation analysis, contrasting results were observed across the public and private sectors: IJ mediates the relationship between IC and JP in the private sector, whereas no such mediation is observed in the public sector. These results are summarized in Table 7.

Table 7: Comparison of mediation effects

IC->IJ->JP	β	t-value	p-value	Status
Public	0.055	0.954	0.340	Not supported
Private	0.238	3.303	0.001	Supported

4.5. Multi-group analysis

We compared public and private sectors based on established theoretical differences in leadership context and leadership effectiveness. Research indicates that transformational leadership is more effective in public organizations due to their intrinsic motivation orientation and limited material incentives, while private organizations respond

more to transactional leadership, tied to performance-based rewards (An et al. 2018). To formally examine whether the relationships in our structural model differ statistically between the public and private sectors, we conducted an MGA using three complementary approaches in SmartPLS: bootstrapping-based MGA, the parametric test and the Welch-Satterthwaite test. Bootstrapping MGA was selected as the primary method because of its robustness and lack of distributional assumptions, making it particularly suitable for PLS-SEM when comparing structural path coefficients across groups through a non-parametric assessment of differences, especially when sample sizes are relatively similar and sufficiently large (Henseler, Ringle, and Sinkovics 2009).

To strengthen the reliability of our findings, we also applied the parametric test and Welch-Satterthwaite test, which assess group differences while adjusting for standard errors and variance. Across all three methods, the results remained consistent, reinforcing the robustness of the identified sectoral differences. The detailed results for each approach are presented in Table 8.

Table 8. Multi-group analysis

Relationship	Bootstrap MGA		Parametric test		Welch-Satterthwaite test	
	Δ	p-value	Δ	p-value	Δ	p-value
IC $\rightarrow$ JP	-0.253	0.043	-0.253	0.041	-0.253	0.042
IC $\rightarrow$ IJ	-0.018	0.743	-0.018	0.741	-0.018	0.742
IJ $\rightarrow$ JP	0.282	0.038	0.282	0.034	0.282	0.036
PU $\rightarrow$ JP	0.116	0.272	0.116	0.323	0.116	0.332
IC $\rightarrow$ IJ $\rightarrow$ JP	-0.183	0.047	-0.183	0.046	-0.183	0.048

Δ : the difference in path coefficients between the private and public sectors

The relationship between IC and JP significantly differs between the public and private sectors ($\Delta = -0.253$, $p < 0.05$), confirming that IC plays a stronger role in enhancing job performance in public organizations. This aligns with our previous interpretation that structured, bureaucratic environments benefit more from personalized leadership support, whereas private sector employees may prioritize other performance drivers.

However, the effect of IC on IJ does not significantly differ across sectors ($\Delta = -0.018$, $p > 0.70$), reinforcing our earlier finding that IC enhances perceptions of fairness similarly in both contexts. The impact of IJ on JP is significantly stronger in the private sector ($\Delta = 0.282$, $p < 0.05$), supporting our previous argument that IJ plays a more central role in influencing performance in performance-oriented cultures, where leadership interactions shape employees' motivation more directly. Lastly, PU does not show a statistically significant difference in its effect on JP between sectors ($\Delta = 0.116$, $p > 0.27$), suggesting that while it negatively impacts performance, its influence may not be inherently stronger in public organizations. While our initial sectoral analysis suggested that PU had a stronger negative effect in the public sector, the MGA findings indicate that this difference is not statistically significant. This suggests that, although public employees may subjectively report greater vulnerability to PU, private sector employees may experience similar challenges that were not as evident in the exploratory comparison. Factors such as job security perceptions, adaptability, or industry-specific resilience mechanisms could be

mitigating the sectoral differences.

The MGA results revealed a statistically significant sectoral difference in the indirect effect of IC on JP via IJ ($\Delta = -0.183$). Across all three approaches (Bootstrap MGA, parametric test, and Welch-Satterthwaite test), the mediation pathway was significantly stronger in the private sector ($p < 0.05$). These findings indicate that in performance-oriented private organizations, leaders' IC enhances employees' perceptions of fairness, which in turn translates more strongly into improved job performance, compared to the public sector.

Overall, these results highlight that while leadership support and justice perceptions function differently across sectors, their influence on JP remains substantial, requiring tailored managerial approaches in both public and private organizations. Public sector organizations benefit particularly from direct leadership support, whereas private sector organizations should prioritize fair interpersonal treatment to improve performance. The results further highlight that while IC fosters justice across both sectors, its ability to drive performance is context-dependent.

5. Discussion

This study aimed to examine how IC, IJ, and PU act as predictors of JP and how these relationships differ between the public and private sectors in BiH. Using a quantitative approach and SEM analysis in SmartPLS, the study provides insights into the psychosocial mechanisms influencing JP in contemporary organizational contexts. A

comparison of results across the public and private sectors is presented below.

The assessment of direct effects reveals that the relationship between leadership support and performance is context-dependent and varies across sectors. Okafor, Ezeh, and Oguejiofor (2020) also highlighted significant differences in responses to IC among principals in private versus public schools. In our study, IC positively affected JP only in the public sector, consistent with Andersen's (2010) discussion of leadership behavior differences between the private and public sectors. In contrast, in the private sector, the relationship between IC and JP was not statistically significant. Importantly, the MGA confirmed that this difference between sectors was statistically significant, underscoring that the strength of the IC-JP link is not uniform across sectors. These findings suggest that personalized leadership is particularly effective in highly structured, hierarchical environments typical of public organizations, whereas in private organizations, where a performance-oriented culture predominates, IC does not directly influence JP. The findings also align with An et al. (2018), who reported that transformational leadership interventions were more effective in public organizations than private ones, reinforcing the context-dependent nature of these mechanisms.

Given that transformational leaders positively impact employee behavior (Sürücü 2021) and foster fairness within organizations (Khan et al. 2020), the consistent support for the relationship between IC and IJ across both sectors was expected. Leaders who provide IC enhance employees' perceptions of interpersonal justice. The strong positive impact of IC on IJ confirms that leaders who show personal interest in their employees significantly contribute to creating perceptions of fair and dignified treatment. Furthermore, the MGA results indicated that the difference between the public and private sectors was not statistically significant, further reinforcing the robustness and consistency of this relationship across sectors.

A direct effect of IJ on JP was confirmed in the private sector, where IJ significantly influenced performance, whereas this relationship was not significant in the public sector. Importantly, the MGA results further demonstrated that this

difference across sectors was statistically significant, reinforcing the distinct role of IJ in shaping performance outcomes. This aligns with Mengstie (2020), who noted sectoral differences in perceptions of interpersonal justice in healthcare organizations, and with Pattnaik and Tripathy (2023), who found no significant relationship between IJ and performance in public sector units. It also supports Krishnan et al. (2018), who observed a relationship between interactional justice and JP among private-sector employees. Overall, perceptions of justice appear to have greater operational significance for performance in private organizations, where employee merit and competition are more pronounced. In private organizations, employees' perceptions of fair treatment influence their performance, whereas public employees may rely more on other dimensions of organizational justice.

Consistent with Schweiger and Denisi (1991), the negative emotions triggered by uncertainty can directly impact employees' performance. In our study, PU significantly reduced JP in the public sector but showed no statistically significant effect in the private sector. At face value, this might suggest that public-sector employees are more sensitive to uncertainty, given their stronger reliance on stability and structure, whereas private-sector employees may display greater adaptability or different expectations regarding change and risk. However, it is important to distinguish between a statistically significant effect within a group and a statistically significant difference between groups. While the path PU-JP was significant in the public sector and non-significant in the private sector, the MGA results confirmed that this difference between sectors was not statistically significant. This means we cannot conclude that the effect of PU on JP is inherently stronger in the public sector; rather, we can only state that it reached significance in one group but not in the other. As emphasized in methodological discussions (Henseler, Ringle, and Sinkovics 2009), MGA provides the formal test of whether differences in path coefficients across groups are statistically meaningful, and in this case, the evidence did not support such a claim. A plausible explanation for this apparent contrast is that differences in statistical power, variance,

or sample-specific sensitivities may underlie the sectoral results. For example, private-sector employees may indeed experience negative effects of uncertainty, but these effects could be less consistently reported due to greater variance in job roles, higher adaptability, or sector-specific resilience mechanisms. Conversely, in the public sector, greater homogeneity in expectations for stability may make the negative effect of PU on JP more readily detectable. Taken together, these findings suggest that while uncertainty clearly undermines performance in the public sector, the absence of significance in the private sector should not be interpreted as evidence of no effect, but rather as a lack of statistical confirmation under current conditions. MGA cautions us not to overstate sectoral differences where the formal test does not support them, underscoring the importance of a nuanced interpretation of exploratory versus comparative analyses.

Mediation analysis further highlighted the complexity and multi-layered nature of these relationships. In the public sector, IJ did not mediate the relationship between IC and JP, indicating that the impact of IC on JP was direct. In contrast, in the private sector, IJ fully mediated the relationship between IC and JP, suggesting that perceptions of justice serve as a key organizational mechanism through which leadership exerts its influence on performance, but only in contexts where individual initiative and fair treatment are valued as crucial success factors. Importantly, the MGA confirmed that the difference in the strength of this mediation effect between the public and private sectors was statistically significant, thereby reinforcing the evidence that sectoral context conditions how leadership behaviors translate into employee performance.

These divergent results indicate that sectoral differences shape the role of justice perceptions in influencing JP. In the public sector, the absence of a mediation effect may stem from structural rigidity, hierarchical decision-making, standardized roles, tasks and responsibilities, or lower emphasis on individual contributions, whereas in the private sector, perceptions of fairness significantly impact employee motivation and performance. Given the strong mediating role of IJ in private organizations,

managers should prioritize respectful communication, dignified treatment and courteous interactions to enhance JP. On the other hand, since IC directly influences JP in public organizations, leaders should consider alternative mediating variables, such as employee commitment, intrinsic motivation, or job satisfaction, which may better explain the mechanisms driving performance.

This study provides several contributions. First, results confirm that justice is universally perceived, regardless of sector. Concurrently, leaders serve as structural mirrors of justice, leveraging specific operational mechanisms to foster perceptions of equality and fairness. Second, the key predictors of JP differ by sector due to the distinct nature of employment. The private sector, driven by entrepreneurial initiative and profit motives, enhances employee performance through organizational justice mechanisms. This occurs because private sector employees must remain competitive and agile, knowing career advancement and rewards depend on fair performance appraisals. Consequently, private sector managers should focus on fostering IJ given its mediating role between leadership and JP. In contrast, employee performance in the public sector, which is driven by public interest and political motives, is predicted by leadership behavior, since advancement there is infrequent and tied to hierarchical relationships. Public sector managers should therefore intensify leadership strategies to directly improve JP. Third, because research exploring the effect of PU on JP across sectors remains scarce, these findings offer a significant practical contribution to understanding how PU impacts performance across sectoral divisions. Finally, the findings regarding the direct and mediating roles of IJ provide a distinct theoretical contribution by highlighting how justice dynamics function differently across sectors. By confirming that IJ directly influences JP in the private sector but operates through alternative structural pathways in the public sector, this study refines our understanding of organizational equity. In the private sector, the significant direct path between IJ and JP underscores IJ as a primary driver of performance, directly reinforcing Adams' equity theory and social exchange theory. Conversely, while the direct path to performance is non-significant in the public sector, the

robust link between IC and IJ across both sectors suggests that the principles of social exchange still apply universally, but are structurally bounded by sectoral motives and employment conditions. Thus, this study avoids a one-size-fits-all assumption, offering a more nuanced application of equity and social exchange theories by demonstrating that the behavioral outcomes of interpersonal justice depend heavily on the institutional context.

While conducted within a transitional economy, certain results align with developed country literature regarding sectoral variations in leadership roles (e.g., Andersen 2010). Because sectoral similarities and differences manifest in both developed and transitional settings, caution is warranted when drawing conclusions that strictly emphasize differences based on an economy's stage of development.

When interpreting obtained results, several limitations should be considered. This study relies on self-reported, cross-sectional data collected via non-probability sampling within each sector in BiH, which limits the representativeness of the sample and generalizability of findings beyond the studied context. Therefore, future research should adopt longitudinal designs and multi-source data to prevent potential perceptual bias and limitations in causal interpretations. Researchers could also examine additional variables, particularly organizational culture and leaders' emotional intelligence as potential predictors, within the proposed model. Given that research on organizational variables across sectors remains scarce, future studies should further examine sectoral differences and similarities. A specific focus should be placed on leadership and justice to account for sector-specific characteristics, thereby facilitating management and enhancing job performance in both sectors.

6. Conclusion

The findings of this study provide valuable insights for leaders and policymakers in both the private and public sectors, highlighting the importance of justice perceptions and the need to mitigate uncertainty in order to enhance job performance. Regardless of the business sector, the connection between leadership and justice is

established, as organizational justice originates from the top of the organization. This sends a clear message to organizational leaders across all sectors about their role in fostering a fair and just environment. Additionally, in the private sector companies in BiH, which feature more complex organizational dynamics than public sector organizations, justice also boosts the impact of leadership on employees' job performance. Sectoral differences highlight that leadership styles and workplace dynamics influence JP differently in public and private organizations. The results indicate that public sector leaders should focus on IC approaches to enhance employees' JP. On the other hand, private sector managers should prioritize fair treatment of employees, as IJ significantly influences employees' JP. Consequently, a one-size-fits-all approach to improving JP may not be effective across all sectors. Public and private organizations should tailor leadership and justice-related strategies to their specific workplace dynamics.

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