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# Do organizational justice and leadership trust improve village-owned enterprises performance? organizational learning as mediating

Yesi Mutia Basri\*, Salsa Diva Anatasya, Hariadi Yasni, Taufeni Taufik, Atiton Martwo Putra, Ika Lutviana, Rafina Dewi and Damara Putri Hestia Indrapraja



**AFFILIATION:**

Department of Accounting, Faculty of Economic and Business, Universitas Riau, Riau, Indonesia

**\*CORRESPONDENCE:**  
yesimutia@gmail.com

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**Abstract**

**Research aims:** This research aims to investigate the effects of organizational justice, trust in leadership, and organizational learning on the performance of Indonesian village-owned enterprises (VOEs).

**Design/Methodology/Approach:** The data for this study were collected using a questionnaire survey to 855 respondents affiliated with VOEs in the regencies of Kuantan Singingi, Rokan Hulu, Meranti, and Indragiri Hilir. The data analysis was performed utilizing SmartPLS, a software tool often employed in academic research for structural equation modeling and path analysis.

**Research findings:** The study's findings uncovered notable positive correlations between organizational justice and trust in leadership with the performance of VOEs. Furthermore, organizational learning served as a mediator in the correlation between organizational justice or trust in leadership and the performance of VOEs.

**Theoretical contribution/Originality:** According to the principles of social exchange theory, individuals are more likely to exhibit increased levels of contribution and commitment towards their organization when they see fair treatment and possess a sense of trust in their leaders.

**Practitioner/Policy implication:** This study highlights the significance of establishing a trustworthy atmosphere inside virtual organizational environments of VOEs to foster organizational learning and performance.

**Research limitation/Implication:** By promoting fair practices, building trust in leadership, and encouraging continuous learning, VOEs can improve their organizational performance.

**Keywords:** Social Enterprise; Organizational Justice; Trust in Leadership; Organizational Learning; Village-Owned Enterprise Performance

## Introduction

Currently, it is expected that villages in Indonesia can manage their existing resources to achieve rural economic self-sufficiency. A supporting organization for rural economic activity has been established, acting as a social and commercial entity to achieve this economic self-sufficiency. This organization goes under the name of village-owned enterprises (hereinafter abbreviated as VOEs). Based on the needs and opportunities of the village, VOEs are a commercial entity managed by the community

and village administration. Their objective is strengthening the rural economy (Setiana et al., 2021).

In 2022, there were approximately 60,417 VOs. This number represents an increase from 2014, when VOs were first established, totaling 1,022 (Lokadata.id, 2020). Specifically, in Riau Province, there are 1,591 VOs. However, out of this total, 561 VOs remains in the basic category, while 442 are in the expanding category. The remainder falls under the categories of advanced and developing (Gunawan, 2022). This denotes that most VOs are not yet able to contribute to the village's income (Yudha, 2020).

Organizational academicians underscore the importance of generating novel values by implementing inventive organizational structures and diverse human resource management approaches. This is conducted to guarantee a competitive edge, promote sustainable expansion, and attain peak organizational performance. Under these circumstances, organizational justice is compromised. By fostering loyalty and trust among members via organizational justice, an organization may achieve enhanced performance (Ha & Lee, 2022; Folger & Konovsky, 1989). Based on the social exchange theory by Blau (1964), inequity in the connection of trade between people and the organization will lower organizational performance, have a variety of negative repercussions, and lower member motivation (Adams, 1963). Research by Unterhitzenberger and Bryde (2019) revealed that organizational justice is positively related to project performance. Justice within an organization can enhance employee performance, leading employees to be more motivated to engage in learning, whether peer-to-peer learning within the organization or learning from the organization itself (Unterhitzenberger & Bryde, 2019; Purwantoro & Bagyo, 2019). Organizational learning fosters increased income growth, employee satisfaction, capital improvement, and loyalty (Hendri, 2019; Kumar & Misra, 2021). However, there are differences with the research conducted by Mon and Jennifer (2022), which indicates that organizational justice does not impact employee performance.

As per the social exchange theory, a type of social trade between leaders and employees is trust in leadership (Ohemeng et al., 2020). Social exchange occurs between trusted leaders and increased employee motivation (Håvold et al., 2021; Aidina & Prihatsanti, 2018). Positive expectations about a leader's intentions or self-behavior in risky situations constitute the psychological state of trust in leadership (Khan et al., 2020). Research on business-oriented organizations has consistently shown that trust impacts productivity (Khiong & Utomo, 2023; Mohammed & Kamalanabhan, 2020). Nevertheless, in some studies, the research by (Shafi et al., 2021) also exposed a favorable relationship between project performance and organizational justice.

Although there has been some research on justice and trust in business-oriented organizations, little has been done on tiny, rural firms. It is, thus, vital to look at performance improvement in light of social exchange theory due to many VOs not making a significant contribution. This research uses social exchange theory as a foundation to examine how trust in leadership and organizational justice affect VOs' performance.

Furthermore, this study introduces novelty by developing a model that tests organizational learning as a mediator. In general, organizational learning is defined as the explorative and exploitative ability to optimize the benefit of information explored from inside and outside the organization that can affect organizational performance (Mahmoud & Yusif, 2012). Ha and Lee (2022) unveiled that organizational justice can enhance the trust of organizational members. In addition, S.-Y. Oh (2019) discovered that organizational justice is thought to strengthen collective identity and employee accountability by putting the needs of the group and the organization first. Organizational learning has also been exhibited to impact organizational performance.

According to the above summary, this research aims to investigate and evaluate how organizational justice and trust in leadership affect organizational performance in rural organizations, particularly VOEs. Furthermore, organizational learning is also examined in this study as a mediating component.

## **Literature Review and Hypotheses Development**

The foundation of this study is the social exchange theory by Blau (1964) and the social psychology, which forms the foundation for social exchange theory, by Kelley and Thibaut (1985). Although interactional justice and organizational support are explained by various theories, social exchange theory is where trust has its roots (Blau, 1964). As stated by Blau (1964), the voluntary actions of individuals motivated by the benefits they expect and usually receive in return for what they give is what social exchange means. Organizational members engage in social trade through organizational justice and organizational trust. Group members will behave differently if they believe in justice and trust. Oh (2019) and Louis and Murphy (2017) have discovered that justice and trust affect organizational learning.

### **The Influence of Organizational Justice on VOEs' Performance**

Social exchange theory and organizational justice are closely intertwined. According to social exchange theory, relationships between individuals or groups are based on mutually beneficial exchanges (Blau, 1964). Organizational justice describes how workers feel about decisions, how awards are distributed, and how people are treated (Al-Douri, 2020). According to the social exchange theory, organizational justice is the compensation that workers receive for their labor. Employee retention may improve job performance if employees believe they receive a fair return on their social relationships with the company (Fan et al., 2021). Workers who feel mistreated may avoid social situations, harming their performance and employee retention. The earlier research indicates that organizational justice significantly affects performance (Faeq & Ismael, 2022; Ekingen, 2023). Based on this justification, the authors hypothesize that the fairness experienced by VOE managers in the form of equal compensation will affect the attainment of organizational success. Based on the above framework of thinking, it is hypothesized:

*H<sub>1</sub>: Organizational justice affects VOEs' performance.*

### **The Influence of Trust in Leaders on VOEs' Performance**

Trust is described as the confidence that members of an organization have in their leaders during good times, explicitly reflecting the extent to which members can rely on honesty, sincerity, and objectivity (Gardner et al., 2021). Trust in managers can also enhance organizational effectiveness. When a member receives signals of trust in the group leader, members are willing to assist each other and contribute extra efforts, which enhances trust (Muhammad & Abdillah, 2022). This is also explained by social exchange theory, which posits that relationships between individuals or groups are based on mutually beneficial exchanges (Blau, 2017). Researchers generally agree that trust in the organization will enhance economic performance by reducing transaction costs and monitoring (Leblang et al., 2022). Based on this explanation, the authors suspect that trust in leadership is necessary to improve the performance of VOEs. The proposed hypothesis is:

*H<sub>2</sub>: Trust in leadership affects VOEs' performance.*

### **The Influence of Organizational Learning on VOEs' Performance**

The process by which an organization creates the latest information and applies its current knowledge to acquire new competencies is known as organizational learning. This process is vital in a constantly changing environment (Savitri & Alfizi, 2019). According to Pribadi et al. (2018), organizational learning optimizes performance. Hence, all organizational members need to work together to increase their ability and competency. This is also supported by research findings by Maryam (2021), Wollah et al. (2020), and Hamzali and Arwin (2022) that organizational learning impacts the effectiveness of organizations.

The social exchange hypothesis is applied in this study. The social exchange hypothesis states that if workers feel they are receiving fair compensation for their contributions to the organization, they will be more inclined to continue participating in the learning process, which can lead to improved performance. Employee performance may suffer if they believe they are not getting a fair return on their investment, since they may be less inclined to engage in organizational learning. Based on the above framework, it is hypothesized:

*H<sub>3</sub>: Organizational learning affects VOEs' performance.*

### **Organizational Learning Mediation in the Relationship between Organizational Justice and VOEs' Performance**

The idea of fairness in the workplace, which includes equal resource allocation, equitable processes, equitable information exchange, and equitable interpersonal relationships, is known as organizational justice (Cropanzano et al., 2007). Social exchange theory states that workers who believe their company treats them fairly are more willing to participate in organizational learning (Blau, 1964). Organizational justice can promote a positive organizational learning culture (Chan & Lai, 2017; Donglong et al., 2020). This can lead to increased knowledge sharing and collaboration, which are critical organizational learning aspects (Jiang & Chen, 2017). A study by Wahda et al. (2020) suggests that organizational justice significantly and favorably impacts organizational learning. Based on this description, the hypothesis is proposed as follows:

*H<sub>4</sub>: Organizational learning mediates the influence of organizational justice on VOEs' performance.*

### **Organizational Learning Mediation in the Relationship between Trust in Leadership and VOEs' Performance**

Muhammad and Abdillah (2022) assert that trust in leadership is part of the organizational transition environment. Here, trust is the degree of faith that members of an organization have in the good intentions of their leaders. It reflects explicitly the degree to which members may believe in their leaders' objectivity, honesty, and sincerity. Trust in leadership is another factor that might increase organizational effectiveness. Trust will increase when group members who have grown to trust the leader are more willing to help and go above and beyond for one another.

For knowledge to be transferred from a personal level to an organizational one, trust in leadership is also crucial. Trust is vital to an individual's sense of security in an organization since it makes people more willing to proactively contribute and commit their skills and expertise to advance ongoing work practices (Siemsen et al., 2009). Consequently, the variable trust in leadership is closely related to enhancing organizational learning, impacting organizational performance improvement. Based on this description, the hypothesis is proposed as follows:

*H<sub>5</sub>: Organizational learning mediates the influence of trust in leadership on VOEs' performance.*

Based on the hypothesis development, this study built on the research model depicted in Figure 1.

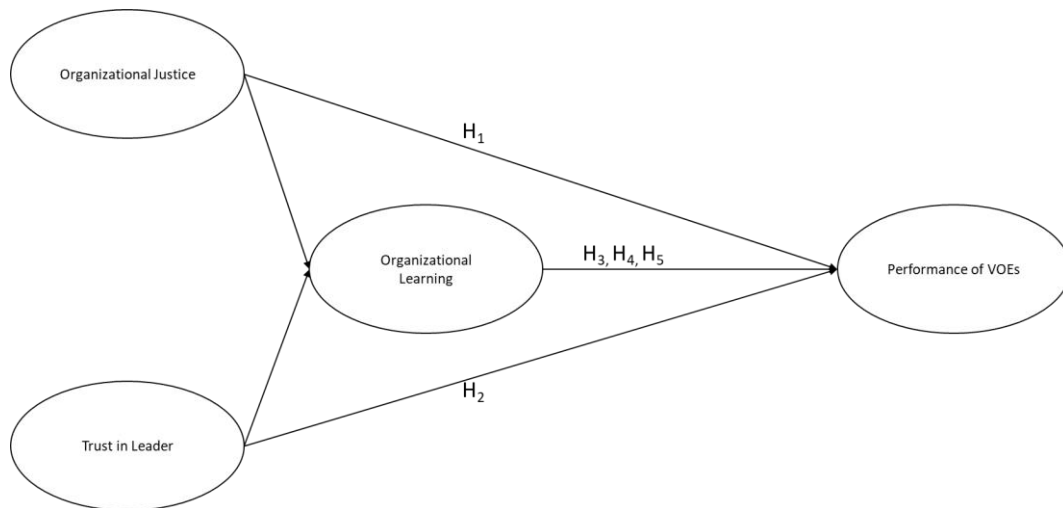


Figure 1 Research Model

## Research Method

The research in this study is quantitative in nature due to the utilization of primary data. Primary data consists of information collected directly from the original source (Pramiyati et al., 2017). The VOs in the Riau Province served as the population for this research. The sample, selected using stratified random sampling techniques, included VOs in the Indragiri Hilir, Rokan Hulu, Meranti, and Kuantan Singingi Regencies. Data collection was conducted through a questionnaire survey. In addition to Google Forms, the research survey was disseminated directly to participants at the research site. Respondents comprised individuals holding managerial positions at VOs, including directors, administrators, treasurers, and managers of units. The selection of respondents was based on why these parties were involved in managing VOs.

The responses to the questionnaire were evaluated using a five-point Likert scale: while five represents strongly agree, one indicates strongly disagree. Performance of VOs, leadership trust, organizational learning, and organizational justice were among the attributes being assessed. Table 1 provides a comprehensive elucidation of the assessed variables concerning their respective indicators.

The structural equation modeling (SEM) method using partial least squares (PLS)-SEM approach was employed in this study to assess the suggested hypotheses. PLS-SEM is a powerful method that is not based on many assumptions. PLS can also be used to explain whether there is a relationship between latent variables.

The analysis carried out in this study involved two separate methods using the Partial Least Squares (PLS) approach (Hair et al., 2014). The first step was testing the measurement model to assess the constructs' validity and reliability by looking at each indicator. The second phase entailed the examination of the structural model, intending

to ascertain the relationships or correlations between variables or measurable constructs by utilizing the t-test of Partial Least Squares (PLS).

Additionally, the research variables were outlined or described using descriptive statistics. Methods of categorizing, summing up, and presenting data more meaningfully are connected to descriptive statistics. To serve as a basis for decision-making, these facts must be appropriately organized and condensed.

The minimum sample size was determined using G\*Power analysis using a significance level ( $\alpha$ ) of 0.05 and statistical power of 0.8. The effect size used was 0.1, considering Cohen et al. (2003). Based on the G power analysis obtained, the number of samples in the statistical test yielded 616.

**Table 1** Operational Definitions of Variables

Variables	Definitions of Variables	Indicator	Scale
<b>Dependent Variable</b>			
Performance of Village-Owned Enterprises	The goals or results that a person, team, or company achieves are referred to as performance. The accomplishment of financial and non-financial objectives is called organizational performance (Jacobson et al., 2006).	Profitability Growth rate Revenue Productivity rate Capital improvement Loyalty Employee satisfaction Customer satisfaction Market share Reputation (Dirlanudin et al., 2010)	Ordinal
<b>Independent Variables</b>			
Organizational Justice	An individual's sense of fairness in judgments made by superiors is known as organizational justice (Damirchi et al., 2013)	Fair resource allocation Fair decision-making Maintaining personal relationships (Kristanto, 2015)	Ordinal
Trust in Leadership	Positive expectations or views about a leader, including the conviction that they will not transgress their policies, words, or deeds and will not act opportunistically, are known as trust in leadership (Robbins & Judge, 2008).	Competence Integrity Policy Predictability (Adams et al., 2008)	Ordinal
<b>Mediating Variable</b>			
Organizational Learning	Organizational learning is an organization's tendency to evolve and adapt (Mavondo et al., 2005).	Open-mindedness Sharing of a vision Learning commitment Sharing of intra-organizational information (Calantone et al., 2002)	Ordinal

Before testing with PLS, this study also tested common method bias (CMB) to avoid causing errors in measurement or testing. The technique used to show CMB was Harman's Single factor test. A study indicates no CMB if a single factor explains more than 50% of the variance (Podsakoff et al., 2003; Harman, 1976).

## Result and Discussion

A total of 1,200 questionnaires were dispersed in four locations, namely Indragiri Hilir, Kuansing, Rokan Hulu, and Meranti. Out of these, 855 (71.25%) questionnaires were successfully collected and could be eligible for processing. The characteristics of the respondents are presented in Table 2.

**Table 2** Characteristics of Respondents

Description	Amount	%
<b>Sex</b>		
Female	513	58
Male	372	42
<b>Age</b>		
< 30	301	34
31-40	357	40.3
41-50	184	20.8
> 51	43	4.9
<b>Educations</b>		
Elementary School	4	0.5
Junior High School	13	1.5
Senior High School	406	45.9
Diploma (D3)	116	13.1
Bachelor (S1)	343	38.7
Master (S2)	3	0.3
<b>Length of Work</b>		
< 1 year	44	5
1 - 5 years	769	86.9
6 - 10 years	72	8.1
<b>Position</b>		
Director	248	28
Secretary	216	24.4
Treasurer	215	24.3
Unit Head	206	23.3

Descriptive statistics were thus used in the computations. The purpose of descriptive statistics is to analyze data by utilizing the responses provided by respondents to each indicator that measures the variable. The terms mean, minimum, maximum, and standard deviation are used in descriptive statistics. Table 3 displays the outcomes of the descriptive statistical analysis of the research variables.



**Table 3** Statistics Descriptive

	Min	Max	Mean	Std. Deviation
Organizational justice	9	30	25.44	3.122
Trust in leader	6	30	26.29	2.799
Organizational learning	6	30	26.65	3.022
Performance of village-owned enterprises	12	60	50.12	8.461

N = 885

It is evident from the data in Table 3 that the mean values were higher than the standard deviation values. This implies that the range between the greatest and lowest numbers was not very variable. This suggests that information about the many factors influencing organizational justice was available, while trust in leaders, organizational learning, and performance of VOEs were stable (Ghozali, 2014).

#### Common Method Bias Test

The results of testing common method bias (CMB) revealed that the percentage of variance had a value single factor of 41.6%. This value was below 50%, as required by Podsakoff et al. (2003), indicating no problem with common method bias.

#### Outer Model Test Results

The data analysis was performed utilizing the Smart PLS software's Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach. The initial phase of the investigation was conducting tests on the outer model. Examining factor loading values and Average Variance Extract (AVE) enables the assessment of convergent validity in the outer model. Reliability was assessed using Cronbach's alpha and composite reliability. The test findings are displayed in Table 4, encompassing data about composite reliability, factor loading, Cronbach's alpha, and AVE (Ghozali & Latan, 2018).

**Table 4** Convergent Validity and Reliability Test Results

	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
<b>Organizational justice</b>				
OJ1	0.599	0.867	0.901	0.604
OJ2	0.789			
OJ3	0.840			
OJ4	0.808			
OJ5	0.785			
OJ6	0.817			
<b>Trust in leader</b>				
TIL1	0.776	0.904	0.926	0.675
TIL2	0.803			
TIL3	0.864			
TIL4	0.848			
TIL5	0.833			
TIL6	0.803			

**Table 4** Convergent Validity and Reliability Test Results (cont')

	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
<b>Organizational learning</b>				
OL1	0.804	0.886	0.913	0.637
OL2	0.799			
OL3	0.836			
OL4	0.787			
OL5	0.803			
OL6	0.756			
<b>Performance of VOEs</b>				
PVOE1	0.887	0.971	0.974	0.759
PVOE2	0.902			
PVOE3	0.877			
PVOE4	0.865			
PVOE5	0.882			
PVOE6	0.890			
PVOE7	0.816			
PVOE8	0.872			
PVOE9	0.885			
PVOE10	0.887			
PVOE11	0.878			
PVOE12	0.807			

All of the indicators utilized had factor loading values greater than 0.5 and AVE values higher than 0.5, according to the findings of the convergent validity test, indicating strong convergent validity (Hair et al., 2019). The composite reliability and Cronbach's alpha were more than 0.7, indicating excellent outcomes (Hair et al., 2019).

Following that, testing was conducted using the Fornell and Larcker criteria, which involve the correlation between latent variables, as shown in Table 5.

**Table 5** Discriminant Validity Test Results

	Organizational justice	Organizational learning	Performance of village-owned enterprises	Trust in leader
Organizational justice	0.777			
Organizational learning	0.524	0.798		
Performance of village-owned enterprises	0.481	0.524	0.871	
Trust in leader	0.507	0.402	0.360	0.822

The results of the discriminant validity testing also disclosed higher values for the correlation of latent variables on the diagonal line compared to other correlations. According to the research, discriminant validity was satisfied (Sholihin & Ratmono, 2021).

### Inner Model Testing Results

The evaluation of the fit model test in the PLS Algorithm report involves using R-Square and Adjusted R-Square fit model values. These metrics indicate the effectiveness of the inner model testing process. The evaluation of model fit in inner model testing involves the utilization of SRMR and NFI as indicators. These metrics assess the degree to which the tested model aligns with the observed data, hence offering a more comprehensive understanding of the model's performance. Table 6 displays the test findings for R-Square and Adjusted R-Square, while Table 7 presents the values for SRMR and NFI.

**Table 6** R Square dan Adjusted R Square

	R-Square	Adjusted -Square
Organizational learning	0.300	0.298
Performance VOEs	0.339	0.337

As the mediating variable, the organizational learning construct had an R-squared value of 0.300, which indicates that it might explain 30% of the variability in the organizational learning construct. The remaining 70% might be influenced by additional factors not included in this analysis. With performance VOEs as the independent variable, the R-Square value was 0.339, meaning that 33.9% of the variance in the performance construct of the VOEs could be explained. Factors not included in this study might influence the remaining approximately 66.1%. The Adjusted R-Square value for the organizational learning mediating variable was 0.298 or 28.8%. Additionally, the dependent variable for performance VOEs had an Adjusted R-Square of 0.337, or 33.7%. As a result, all dimensions are believed to have a modest effect on performance VOEs, including organizational justice, trust in leader, and organizational learning Chin (1998).

**Table 7** SRMR and NFI

	Estimation Model	Criteria	Conclusion
SRMR	0.046	< 0.08	Approve
NFI	0.863	0-1	Good

With an SRMR score of 0.046 for this study—less than 0.08—the model was considered appropriate (Hu & Bentler, 1999). The model used in this investigation might be considered sufficient because the NFI value was 0.863 (Ghozali, 2014).

### Hypothesis Testing Results and Discussion

The testing aims to clarify the relationship between the independent and dependent variables. To fully assess the hypothesis test results, it is recommended to look at the p-values and path coefficients. A significance level of 5% was applied in this investigation. A predefined significance threshold, usually set at 0.05, was compared to the p-value to decide whether the hypothesis was accepted or rejected. The hypothesis is accepted if the computed p-value is less than or equal to 0.05. In contrast, the hypothesis is disproved if the p-value exceeds 0.05. Figure 2 and Table 8 exhibit the results of the hypothesis test.

Based on the analysis of H<sub>1</sub>, it can be inferred that the performance of VOs was significantly impacted by organizational justice. The path coefficient of 0.248 and the statistical significance of the p-value of 0.000 (< 0.005) demonstrated a positive correlation between organizational justice and VOs' performance. In the context of the social exchange theory proposed by Blau (1964), according to the literature, evidence suggests that individuals are more inclined to make more significant contributions to an organization when they perceive that they are being treated fairly by that organization. In this particular scenario, it is seen that VOs tended to exhibit improved performance when they held the perception that the organization offered equitable treatment across several dimensions, including but not limited to incentives, promotions, and performance assessments. The results of this study support Blau's (1964) social exchange theory, indicating that organizational justice can motivate VOs to deliver better performance within the organizational environment. This is crucial for improving productivity and the positive contribution of VOs within the organization.

**Table 8** Hypothesis Testing Results

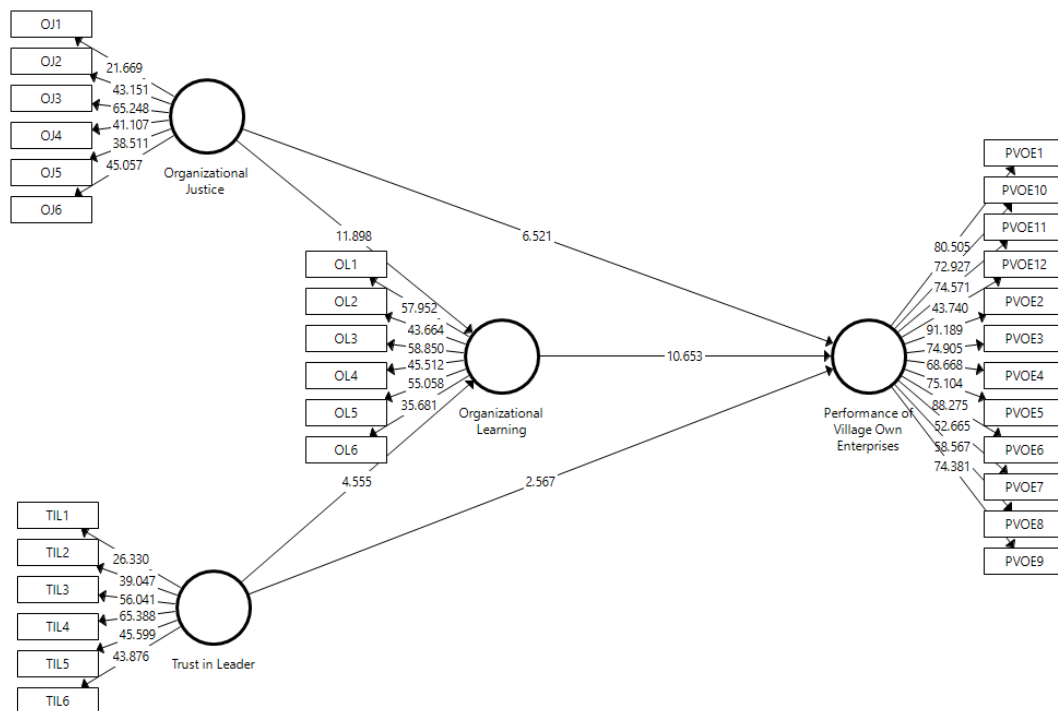
	Original Sample (O)	T-Statistic	Conclusion
Organizational justice -> H <sub>1</sub> Performance of village-owned enterprises	0.248	6.521*	Supported
Trust in leader -> Performance of village-owned enterprises	0.091	2.567*	Supported
Organizational learning -> H <sub>3</sub> Performance of village-owned enterprises	0.358	10.653*	Supported
Organizational justice -> NH Organizational learning	0.432	11.898*	Supported
Trust in leader -> Organizational learning	0.183	4.555*	Supported
Organizational justice -> H <sub>4</sub> Organizational learning -> Performance of village-owned enterprises	0.154	8.212*	Supported
Trust in leader -> Organizational learning -> Performance of village-owned enterprises	0.065	3.932*	Supported

Note: \*p-value < 0.05; NH = not hypothesized.

### The Effect of Trust in Leader on VOs' Performance

The study results of H<sub>2</sub> revealed that the performance of VOs and trust in leadership were significantly correlated. This research indicates a significant relationship between the effectiveness of VOs and the level of trust that employees demonstrated in their leadership. The results described above have essential ramifications for managing VOs. Enhancing VOE performance and achieving predefined goals may be achieved by applying a leadership trust-building strategy. Therefore, it is critical for VOE leaders to build and maintain strong relationships with their members since this might function as a trigger for higher levels of participation and output in the group's operations.

This research also provides empirical support for social exchange theory (Blau 1964). In the context of this research, social exchange theory explains that the level of trust in leaders by VOE members will influence their performance. When VOE members have high trust in their leaders, they are more likely to be motivated to actively participate in VOE activities and contribute to the organization's goals to the fullest. This trust creates a mutual relationship between members and VOE leaders, where members feel they will be treated fairly and benefit from achieving common goals. In this case, trust in leaders is considered a social investment that positively impacts VOEs performance.



**Figure 2** The results of the hypothesis testing

### The Effect of Organizational Learning on VOEs' Performance

The H<sub>3</sub> test results revealed that the efficacy of VOEs was significantly influenced by organizational learning. Social exchange theory offers a suitable rationale for this extraordinary observation (Blau, 1964).

In comprehending the correlation between organizational learning's impact and VOE's performance, the social exchange theory carries substantial weight. According to this theory, social interactions based on giving and receiving within the context of VOEs are critical factors in understanding how organizational learning in VOEs can affect performance. When VOEs members engage in positive and collaborative social exchanges, they are more likely to actively share knowledge, create innovations, and contribute to the growth and sustainability of VOEs. This, in turn, can enhance VOEs performance through increased efficiency, product marketing, and member and customer satisfaction. This research supports prior studies that organizational learning

impacts organizational performance (Maryam, 2021; Wollah et al., 2020; Hamzali & Arwin, 2022).

### **Organizational Learning Mediation in the Relationship between Organizational Justice and VOEs' Performance**

H<sub>4</sub> testing results uncovered that organizational learning mediated the link between organisational justice and VOEs' performance. Convincing results from the research showed that organisational learning strongly mediated the association between organisational justice and VOEs' performance. For this mediating impact, social exchange theory provides an effective explanation.

According to the social exchange theory by Blau (1964), in the context of mediating organizational learning, the connection between organizational justice and VOEs success is highly relevant. Social exchange theory states that people are more likely to participate when they perceive the organization to be treating them fairly. In this sense, it has been observed that the application of organizational justice principles by VOEs in their interactions with members tends to increase members' motivation and participation level in organizational learning. The total performance of VOEs will therefore be positively impacted by an efficient organizational learning process, resulting in a positive feedback loop where organizational justice, organizational learning, and VOEs performance all support one another.

The mediating effect of organizational learning also indicates that the positive influence of organizational justice on VOE performance is channeled through creating a learning-oriented environment. Organizational learning bridges justice and equity in the organizational process and the observed performance improvements in VOE programs (Oh, 2019; Alerasoul et al., 2022). This highlights the crucial role of fostering a fair organizational culture and a learning-oriented approach in enhancing the effectiveness of VOEs initiatives, ultimately contributing to the organization's success (Liu et al., 2023).

### **Organizational Learning Mediation in the Relationship between Trust in Leader and VOEs' Performance**

In this study, H<sub>5</sub> investigated the function of organizational learning as a mediator in the connection between VOE performance and trust in the leader. With a very significant p-value of 0.000 and a path coefficient of 0.065, the research yielded compelling results showing that organizational learning mediated the association between VOE performance and trust in the leader.

The relevance of the context of mediating organizational learning in the relationship between trust in the leader and the performance of VOEs is underscored by Blau's (1964) social exchange theory. As per this theoretical framework, employees are more inclined to make substantial contributions and demonstrate greater commitment to an organization when they perceive favorable treatment and have confidence in their leaders. Trust in the leader of VOE plays a central role in this relationship. When

members of VOEs trust their leaders, they are more likely to engage in ongoing organizational learning processes. These organizational learning processes can then enhance the overall performance of VOEs by helping members develop the skills and knowledge necessary to operate the enterprise more efficiently and effectively.

Thus, social exchange theory explains that trust in the leader serves as the foundation for a mutually beneficial relationship among individuals, the organization, and continuous learning that ultimately contributes to improving VOE performance. The mediating effect of organizational learning signifies that the positive impact of trust in the leader on VOEs performance is channeled through establishing a learning-oriented environment. Organizational learning acts as a bridge, connecting the trust given by employees to their leaders with the observed performance improvements in VOE programs. This underscores the crucial role of fostering trust in leaders and promoting a culture of continuous learning within an organization to maximize the positive outcomes of VOE initiatives on overall organizational performance.

## **Conclusion**

This research's findings suggest a statistically significant and positive correlation between trust in the leader, organizational justice, and VOEs' performance. This strengthens the case for establishing trust in leaders and fostering an equitable environment to improve VOEs' performance. Additionally, the research revealed that organizational learning is a substantial mediator in the connection between leader trust, VOE performance, and organizational justice. Organizational learning becomes an indispensable element in bolstering the performance of VOEs as it enables the development of organizational members' skills and competencies.

The research's practical consequences emphasize how crucial it is to foster a climate of justice, increase leadership trust, and promote organizational learning to enhance VOEs' performance. VOEs may improve their performance and more successfully accomplish organizational goals by encouraging fair practices, developing strong trust between leaders and organizational members, and encouraging continual learning. This study contributes to the knowledge of how organizational fairness, leader trust, and organizational learning affect VOEs' performance within the framework of social exchange theory. Additionally, this research significantly advances the growth of rural organizations, particularly VOEs. Even though it makes a significant contribution, this research has limitations, namely that it was only carried out on a small portion of VOEs in Riau Province. Therefore, to provide more comprehensive generalizations, further research can expand the research focus.

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#### About the Authors

**Yesi Mutia Basri (Y.M.B.)** is a lecturer at Department of Accounting, Universitas Riau, Pekanbaru, Indonesia. His research interests is cover public sector accounting, management accounting, and good governance; email adrees: [yesimutiabasri@lecturer.unri.ac.id](mailto:yesimutiabasri@lecturer.unri.ac.id)

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**Salsa Diva Anatasya** (S.D.A.) is a student at department of accounting, economic and business faculty university of Riau. Her research interest cover public sector accounting, tax accounting, auditing, and corporate governance; email address :

[salsa.diva5922@student.unri.ac.id](mailto:salsa.diva5922@student.unri.ac.id)

**Hariadi Yasni** (H.Y.) is a lecturer at Department of Accounting, Universitas Riau, Pekanbaru, Indonesia. His research interests is cover public sector accounting, financial accounting, and good governance; email address: [hariadi.yasni@lecturer.unri.ac.id](mailto:hariadi.yasni@lecturer.unri.ac.id)

**Taufeni Taufik** (T.T.) is a lecturer at Department of Accounting, Universitas Riau, Pekanbaru, Indonesia. His research interests is cover public sector accounting, financial accounting, and good governance; email address: [taufeni.taufik@lecturer.unri.ac.id](mailto:taufeni.taufik@lecturer.unri.ac.id)

**Atiton Martwo Putra** (A.M.P.) is a student at department of accounting, economic and business faculty university of Riau. His research interest cover public sector accounting, tax accounting, good governance, and auditing; email address: [atiton.martwo0936@student.unri.ac.id](mailto:atiton.martwo0936@student.unri.ac.id)

**Ika Lutviana** (I.L.) is a student at department of accounting, economic and business faculty university of Riau. Her research interest cover public sector accounting and good good governance; email address: [ika.lutviana2794@student.unri.ac.id](mailto:ika.lutviana2794@student.unri.ac.id)

**Rafina Dewi** (R.D.) is a student at department of accounting, economic and business faculty university of Riau. Her research interest cover public sector accounting, and good governance; email address : [rafina.dewi0946@student.unri.ac.id](mailto:rafina.dewi0946@student.unri.ac.id)

**Damara Putri Hestia Indra Praja** (D.P.H.I.P.) is a student at department of accounting, economic and business faculty university of Riau. His research interest cover public sector accounting good governance, management accounting; email address : [damaraputrih.31@gmail.com](mailto:damaraputrih.31@gmail.com)

#### **Author Contributions**

Conceptualisation, Y.M.B., H.Y., and T.T.; Methodology, Y.M.B.; Investigation, S.D.A., A.M.P., R.D., and I.L.; Analysis, Y.M.B., A.M.P., S.D.A., I.L., and R.D.; Original draft preparation, Y.M.B., and D.P.H.I.; Review and editing, A.M.P.; Visualization, Y.M.B.; Supervision, H.Y.; Funding acquisition, Y.M.B.

#### **Conflicts of Interest**

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.

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