UNLOCKING JOB PERFORMANCE: HOW SERVANT LEADERSHIP, PSYCHOLOGICAL SAFETY, AND ORGANIZATIONAL JUSTICE DRIVE SUCCESS THROUGH ORGANIZATIONAL TRUST

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Abstract:

Background: In Surabaya's competitive MSME market, employee performance is essential to the success of the company. Resource limitations, high employee turnover, and the requirement for flexible tactics in ever-changing markets are some of the difficulties faced by MSMEs. Servant leadership, which emphasises the growth and well-being of employees, has become a crucial strategy. Building psychological safety, organisational fairness, and trust is crucial for promoting good performance because they create an atmosphere where workers feel appreciated and inspired to give their all.

Purpose: The purpose of this study is to examine and assess how organisational justice, psychological safety, and servant leadership affect worker performance in MSMEs in Surabaya. It also looks at how organisational trust functions as a mediator in these connections, offering insights into how these elements work together to affect employee performance.

Design/methodology/approach: The SEM-PLS methodology is used in this quantitative study to investigate the correlations between the pertinent variables. 110 MSMEs in Surabaya, Indonesia, were the subject of the study, which used an online questionnaire to gather data.

Findings/Result: According to this study, job performance is greatly impacted by organisational justice, psychological safety, and servant leadership, with organisational trust serving as a mediating factor. In particular, organisational justice and psychological safety boost performance by promoting trust, whereas servant leadership improves job performance by establishing organisational trust. To mediate these connections, trust is essential.

Conclusion: The conclusion highlights how job performance in MSMEs may be greatly improved by cultivating organisational trust through organisational justice, psychological safety, and servant leadership. When paired with a fair and psychologically secure workplace, servant leadership techniques that support staff growth increase organisational trust. Consequently, this trust has a good impact on worker productivity, quality, and creativity.

Originality/value (State of the art): Although similar studies have been done, this study adds new insights by integrating servant leadership, psychological safety, and organisational justice with an emphasis on trust as a mediator. This research advances our understanding of how organisational trust mediates the relationships between leadership styles, workplace safety, and justice concerning job performance, especially in MSMEs.

Keywords: job performance, organizational justice, organizational trust, psychological safety, servant leadership

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INTRODUCTION

Employee performance has emerged as a critical factor in determining organisational success in the context of growing globalisation and digitisation, notably in Micro, Small, and Medium-Sized Enterprises (MSMEs). One of the elements affecting employee performance is leadership style, and in the MSME sector, servant leadership is becoming a notable strategy. This leadership approach places a strong emphasis on empowering and assisting staff members. In addition to leadership, additional elements like organisational fairness, psychological safety, and trust are crucial in creating an atmosphere that encourages better worker performance. Employee performance is further improved by organisational trust, which is thought to operate as a mediating component in the interaction between organisational justice, psychological safety, and servant leadership.

International studies, like those by Liden et al. (2008) and Eva et al. (2019), have demonstrated that the application of servant leadership can increase employee loyalty, motivation, and performance. The concept of servant leadership has gained widespread attention worldwide because it prioritises employee well-being as a key asset for the organisation. In several multinational companies, including Southwest Airlines and Marriott International, servant leadership has been recognised as a key to success in creating a collaborative and productive work culture. For example, Southwest Airlines is known for its strong internal service culture, where company leadership fully supports employees so they can provide the best service to customers. Additionally, studies by Edmondson (1999) show a positive correlation between psychological safety at work and improved employee performance and inventiveness. In the meantime, according to (Greenberg, 1990), organisational justice can increase workers' loyalty and sense of trust in the company. However, the use of organisational justice, psychological safety, and servant leadership in the context of MSMEs is still somewhat restricted and has not been thoroughly investigated in developing nations like Indonesia.

In Indonesia, MSMEs are vital to the national economy, with over 64 million MSMEs contributing significantly to GDP and employment. However, MSME productivity remains relatively low compared to other Southeast Asian nations, partly due to the prevalence of traditional, hierarchical leadership styles that hinder employee growth and innovation. This results in low trust and loyalty among employees (Ausat et al. 2022). Furthermore, a lack of focus on psychological safety and organizational justice hampers the development of a productive work environment. Without psychological safety, employees are less likely to share ideas or provide feedback, ultimately stifling innovation and organizational growth.

East Java, as one of the provinces with the largest economy in Indonesia, has a significant number of MSMEs, reaching over 9.7 million units. MSMEs contribute greatly to the economy of East Java, particularly in the trade, agriculture, and manufacturing sectors. However, despite the rapid growth of MSMEs in East Java, there are significant challenges concerning employee performance. According to a survey conducted by the East Java Cooperative and MSME Office in 2022, many MSMEs in the province face problems in retaining quality employees (Diskop, 2023). One of the main factors is the low implementation of servant leadership and organizational justice in the workplace. Many MSME leaders in East Java still use authoritarian and non-inclusive leadership styles, resulting in low employee motivation and loyalty. Additionally, work conditions that do not support psychological safety also hinder employees from delivering their best performance. Employees who feel psychologically unsafe are less likely to take risks or express opinions, which ultimately impedes organizational development.

As the capital of East Java and the second-largest metropolitan city in Indonesia, Surabaya plays a crucial role in both regional and national economies. The city is home to more than 380,000 MSME businesses in a variety of areas, including services, trade, and the creative industries. Over 60% of the city's workforce is employed by MSMEs, according to data from the Surabaya Cooperative and MSME Office. However, MSMEs in Surabaya suffer major issues with employee performance, just like in other parts of Indonesia. According to a survey by Lalitadevi et al. (2019), one of the main causes of subpar employee performance in Surabaya's MSMEs is a lack of trust between management and staff. A productive workplace is also hampered by the limited application of servant leadership in many of the city's MSMEs. This issue is made worse by the low perception of organisational fairness, which affects both the allocation of compensation and development prospects. To improve

employee performance in Surabaya's MSMEs, it is imperative to look into how servant leadership may be applied to increase organisational trust.

This study aims to fill this gap by focusing on MSMEs in Surabaya, Indonesia, which are characterised by limited resources, centralised decision-making structures, and economic volatility. Several previous studies have looked at the impact of servant leadership, psychological safety, and organisational justice on employee performance, but the results have frequently been inconsistent, especially when it comes to MSMEs in developing countries like Indonesia. This inconsistency highlights a critical research gap because previous studies largely focus on larger, resource-rich organisations or industries with stable economic environments, leaving the dynamics within MSMEs, which operate under unique constraints, understudied.

According to research by Eva et al. (2019), servant leadership greatly improves worker performance by creating a nurturing atmosphere that encourages both professional and personal development. These results, however, are mostly relevant to big, financially secure companies where workers feel appreciated and encouraged by their managers. On the other hand, servant leadership did not significantly affect worker performance in Pakistani small, hierarchical organisations (according to Saleem et al. 2020). According to their research, centralised organisations with limited employee decision-making may find servant leadership less successful. This disparity underlines the need for further research to define the conditions under which servant leadership is effective, especially in resource-constrained situations like MSMEs in Indonesia.

Since its introduction by Edmondson (1999), the idea of psychological safety has been widely acknowledged as a crucial component in encouraging creativity and employee involvement in high-achieving teams, especially in technologically advanced sectors. However, it was noted by (Carmeli et al. 2010) that the impact of psychological safety on performance in MSMEs depends on economic stability. Employees may put job security ahead of creativity or taking risks in situations characterised by uncertainty or financial strain, such as those frequently encountered by MSMEs. This brings up crucial issues about the development of psychological safety in MSMEs and whether or not its effects on performance are substantially different from those seen in bigger, more established companies.

Likewise, studies on organisational justice emphasise how it can improve worker loyalty, performance, and motivation. According to Colquitt et al. (2001), employees' dedication and trust are increased when they believe that policies and procedures are fair, which improves results. But according to (Farndale et al. 2011), MSMEs frequently lack the resources necessary to establish equitable systems, which weakens perceptions of justice and its impact on performance. This highlights the necessity for context-specific research by indicating that the effects of organisational justice may differ greatly based on the organization's resource limitations.

This study aims to close a significant gap in the literature by investigating how organisational justice, psychological safety, and servant leadership interact to affect worker performance in a resource-constrained environment, with a particular focus on MSMEs in Surabaya. Organisational trust is also included in this study as a mediating variable, which offers a more complex understanding of these interactions and useful advice for enhancing organisational and leadership practices in MSMEs.

METHODS

This study employs a quantitative methodology to examine the relationship between work performance and organisational justice, psychological safety, and servant leadership, with organisational trust serving as a mediating variable. From July to September 2024, a survey design was chosen to collect information from MSME owners, managers, and staff in Surabaya through an online questionnaire disseminated via Google Forms. Perceptions of the relevant variables were evaluated using the Likert scale. This design guarantees effective data collection and permits extrapolation to MSMEs in Surabaya and comparable settings.

Purposive sampling was used to make sure participants met the research's relevant criteria, and the final sample of 110 respondents was chosen from a total of 121 participants, guaranteeing a diverse representation of roles within MSMEs, from management to frontline employees. The study focused on MSME owners, managers, and employees in Surabaya, with a particular emphasis on those with direct experience in leadership styles, workplace safety, organisational fairness, and trust processes.

The SmartPLS 3.2 software was used to analyse the data using Structural Equation Modeling-Partial Least Squares (SEM-PLS), which was selected because it can analyse complex relationships between variables in small to medium sample sizes. The reliability, convergent validity, and discriminant validity of the outer model were evaluated, and the explanatory power and predictive relevance of the inner model were evaluated using R-squared and Q-square values. The significance of the relationships between servant leadership, psychological safety, organisational justice, organisational trust, and job performance was validated through hypothesis testing, which offers insights into how these variables interact and impact employee performance in MSMEs.

Literature Review & Hypothesis Development

To comprehend and examine the connections between job performance, organisational justice, psychological safety, servant leadership, and organisational trust, this study makes use of several pertinent theories. To give a strong theoretical basis, each variable is connected to known theories in organisational psychology and management. The ideas underlying each variable are described in detail below.

Literature Review

Servant Leadership (introduced by Robert K. Greenleaf, 1970) challenges traditional leadership models by focusing on the leader's role as a servant to their team. The core objective is to empower and support team members to help them reach their full potential, emphasizing empathy, support, and employee empowerment. Key indicators of servant leadership include supporting employee development through training and mentoring, creating a sense of community by fostering strong social relationships, and encouraging active employee engagement in organizational decision-making. This leadership style contrasts with traditional authoritative approaches, prioritizing team growth over command-based authority.

Psychological Safety, introduced by Edmondson (1999), is crucial for fostering an environment where employees feel safe to innovate, speak up, and acknowledge mistakes without fear of repercussions. When employees feel psychologically safe, they are more open to collaboration, sharing ideas, and learning from feedback. Key indicators include the safety to innovate, interpersonal trust, and freedom of expression. Similarly, Organizational Justice, introduced by Greenberg & Tyler (1987), emphasizes fairness in the workplace, encompassing distributive, procedural, and interactional justice. These perceptions of fairness affect employee motivation, loyalty, and trust. Organizational Trust, as outlined by Mayer et al. (1995), highlights the importance of integrity, competence, and concern for employee well-being in fostering trust between employees and management, thereby enhancing performance and collaboration. Finally, Job Performance, as defined by Robbins (2003), includes work productivity, quality of work, innovation, and collaboration ability, all of which are essential for creating a high-performing and innovative organization.

The Relationship between Research Variables

Servant leadership, which positions the leader as a servant prioritizing the needs and interests of employees, has been shown to positively affect employee performance. (Liden et al. 2008) found that employees led by leaders who encourage personal development and support professional growth are generally more productive and motivated. Research by Amah & Oyetuunde (2020) within the context of SMEs also discovered that servant leadership enhances employee engagement, which ultimately contributes to improved performance. Leaders who serve encourage employees to innovate and feel more responsible for achieving organizational goals.
H1: Servant leadership has a positive and significant impact on employee performance.

Psychological safety allows employees to feel safe to voice opinions, ideas, and even mistakes without fear of sanctions or negative criticism. (Edmondson, 1999) found that psychological safety is directly related to increased collaboration and innovation in the workplace. (Carmeli et al. 2010) Demonstrated that employees who feel psychologically safe are more willing to take initiative, which enhances the quality of work and team efficiency. In SMEs, this is crucial as flexibility and innovation are key factors in maintaining competitiveness.
H2: Psychological safety has a positive and significant impact on employee performance.

Employees' views on fairness within an organization, whether related to the allocation of resources, decision-making processes, or everyday interactions, significantly affect their motivation and job performance. According to Harjanto et al. (2023), when employees feel they are treated fairly, they tend to increase their effort and demonstrate higher loyalty to the organization. (Farndale et al. 2011) further observed that in the context of SMEs, favorable perceptions of organizational justice boost both commitment and team performance.

H3: Organizational justice has a positive and significant impact on employee performance.

Servant leadership impacts employee performance both directly and by enhancing organizational trust. (Mayer et al. 1995) proposed that trust between employees and management strengthens emotional bonds and commitment, which in turn improves employee performance. Research by Ding et al. (2012) supports this hypothesis by showing that servant leadership fosters trusting relationships that motivate employees to contribute their best to the organization, particularly in the SME sector.

H4: Servant leadership has a positive and significant impact on employee performance through organizational trust.

Psychological safety can enhance organizational trust, which in turn positively affects employee performance. (Edmondson, 1999) found that a psychologically safe work environment allows employees to build deeper trust with management. When employees feel supported and treated with respect, they are more likely to trust the organization's good intentions, leading to improved performance (Mogård et al. 2022). Also demonstrated that trust built through psychological safety enhances collaboration and employee effectiveness.

H5: Psychological safety has a positive and significant impact on employee performance through organizational trust.

Organizational justice enhances employees' trust in management, which affects their performance. (Greenberg & Tyler, 1987) stated that perceptions of fairness within the organization increase employees' trust in leadership and organizational procedures. (Komodromos, 2014) found that trust built from perceptions of fairness motivates employees to work harder and contribute more to the organization. In SMEs, positive perceptions of justice create stronger relationships between business owners and employees, reinforcing commitment and productivity.

H6: Organizational justice has a positive and significant impact on employee performance through organizational trust.

Organizational trust plays a crucial role in enhancing employee performance. (Mayer et al. 1995) emphasized that employees who trust the organization are more likely to engage actively in their work and deliver better performance. (Zanabazar et al. 2024) Also found that trust improves job satisfaction and loyalty, which ultimately leads to better performance. In SMEs, where the relationship between employees and business owners is often closer, trust becomes a key element in maintaining high performance and long-term commitment.

H7: Organizational trust has a positive and significant impact on employee performance.

The purpose of this research is to analyze and explore the impact of servant leadership, psychological safety, and organizational justice on employee performance, both directly and through organizational trust as a mediating variable. This study aims to identify how each variable of leadership, psychological safety, and organizational justice can enhance employee performance through the mechanism of trust. The research is expected to contribute to understanding the factors affecting employee performance, particularly in the context of SMEs, and to provide practical implications for developing management strategies that can improve productivity and work effectiveness through enhanced trust and supportive work environments. Figure 1 below explains how this research proceeded according to the rules.

RESULTS

Respondent Characteristics

This research was conducted through an online survey using a Likert scale, with the unit of analysis being MSMEs in Surabaya City, during the period from July to September 2024. Initially, the author obtained responses from 121 participants, but 11 participants did not meet the research requirements, leaving 110 participants as the research sample. Table 1 provides a brief overview of the attributes of the participants who took part in this survey.
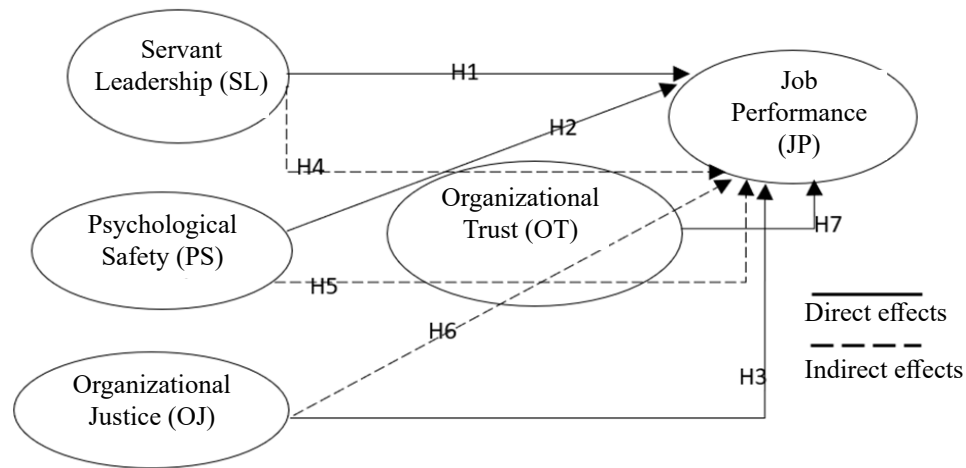
Figure 1. Reseach framework

Table 1. Characteristics of the Respondents

Demographic		Frequency	Percentage
Firm Age	1-5 years	44	40%
	6-10 years	33	30%
	11-15 years	22	20%
	>15 years	11	10%
	Total	110	100%
Gender	Male	66	60%
	Female	44	40%
	Total	110	100%
Respondents Age	15-25 years	17	15%
	26-35 years	39	35%
	36-45 years	33	30%
	>45 years	22	20%
	Total	110	100%
MSMEs Sector	Trade	33	30%
	Service	22	20%
	Culinary	17	15%
	Processing Industry	13	12%
	Agriculture and Livestock	9	8%
	Information Technology	9	8%
	Creative	7	7%
	Total	110	100%
Servant Leadership Implementation	Yes	110	100%
	No	0	0%
Business Location	Surabaya	110	100%

The survey of 110 MSMEs in Surabaya revealed several key demographic trends. Most businesses are relatively young, with 40% of them aged 1-5 years, while only 10% are over 15 years old. In terms of ownership, 66% of MSMEs are male-owned, highlighting a male-dominated entrepreneurial landscape. The majority of owners (35%) are aged 26-35 years, indicating that entrepreneurship is largely driven by the productive age group. Regarding industry sectors, the trade sector dominates with 30% of businesses, followed by services (20%) and culinary (15%). The creative sector is the smallest, comprising just 7% of businesses. Additionally, all MSMEs surveyed reported using servant leadership in their management practices.

Outer Model

In the initial phase of the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis, the focus is on evaluating the outer model to ensure the constructs meet essential validity and reliability criteria. This stage is crucial for confirming that the data used is both accurate and consistent for further analysis.

Convergent Validity

The study of convergent validity looks at how strongly indicators within a construct correlate with one another. Each manifest variable should preferably have a loading factor higher than 0.70 when evaluated with SmartPLS 3.2 software to prove this. Indicators are guaranteed to measure the same underlying construct by applying this criterion. All of the construct-related indicators in our analysis show loading factor values more than 0.70, as shown in Table 2. This demonstrates that the measures are consistently reflecting the intended constructs and validates that the constructs attain the required degree of convergent validity.

Discriminant Validity

To evaluate discriminant validity, one must compare the square root of the Average Variance Extracted (AVE) for each construct with the correlations between constructs; discriminant validity is defined if the square root of a construct's AVE is greater than its correlations with other constructs, ensuring that each construct is distinct and not overly correlated with others. The analysis demonstrates that the model meets the discriminant validity criteria, with the squared AVE values being higher than the corresponding correlation values, indicating that each construct is sufficiently different from the others.

Reliability Test

To verify that the constructs are consistent and reliable, reliability testing entails assessing Cronbach's Alpha and Composite Reliability. For constructs that have reflexive indicators, acceptable reliability is defined as values above 0.60, which guarantees that the constructs measure their respective variables reliably. The results, shown in Table 2, show that all values for Cronbach's Alpha and Composite Reliability exceed 0.60, confirming that the research constructs exhibit satisfactory reliability and validating that the constructs are measured consistently across various indicators.

Inner Model

The second part of SEM-PLS analysis comprises testing the inner model, which uses R-squared, Q-square, and hypothesis testing methodologies to evaluate the model's performance.

Table 2. Measurement Model Analysis

Variable	Item	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Servant Leadership (SL)	SL.1	0.750	0.880	0.910	0.700
	SL.2	0.820			
	SL.3	0.870			
Psychological Safety (PS)	PS.1	0.730	0.850	0.880	0.650
	PS.2	0.800			
	PS.3	0.820			
Organizational Justice (OJ)	OJ.1	0.780	0.860	0.890	0.670
	OJ.2	0.810			
	OJ.3	0.830			
Organizational Trust (OT)	OT.1	0.760	0.870	0.900	0.680
	OT.2	0.840			
	OT.3	0.850			
Job Performance (JP)	JP.1	0.770	0.890	0.910	0.710
	JP.2	0.850			
	JP.3	0.860			

Table 3. Discriminant Validity

Var/Ind	Servant Leadership (SL)	Psychological Safety (PS)	Organizational Justice (OJ)	Organizational Trust (OT)	Job Performance (JP)
SL.1	**0.750**	0.421	0.502	0.431	0.321
SL.2	**0.820**	0.463	0.552	0.442	0.347
SL.3	**0.870**	0.485	0.563	0.453	0.368
PS.1	0.332	**0.730**	0.432	0.382	0.345
PS.2	0.353	**0.800**	0.445	0.407	0.362
PS.3	0.375	**0.820**	0.458	0.423	0.378
OJ.1	0.394	0.425	**0.780**	0.405	0.355
OJ.2	0.414	0.435	**0.810**	0.425	0.365
OJ.3	0.435	0.445	**0.830**	0.435	0.373
OT.1	0.445	0.395	0.375	**0.760**	0.397
OT.2	0.465	0.415	0.388	**0.840**	0.413
OT.3	0.472	0.425	0.395	**0.850**	0.429
JP.1	0.323	0.344	0.372	0.382	**0.770**
JP.2	0.345	0.353	0.383	0.406	**0.850**
JP.3	0.362	0.371	0.397	0.424	**0.860**

R-Square

R-squared assesses the extent to which exogenous constructs influence endogenous constructs. According to Table 4, an R-square value of 0.557 indicates that variables such as servant leadership, psychological safety, and organizational justice account for 55.7% of the variance in Entrepreneurial Learning. The remaining 44.3% of the variance is attributed to factors not covered by this study. Additionally, an R-square value of 0.566 shows that servant leadership, psychological safety, organizational justice, and organizational trust collectively explain 56.6% of the variance in Business Growth, with 43.4% of the variance attributable to external factors. As noted by Hair et al. (2011), R-square values exceeding 0.50 signify that SEM models have acceptable explanatory power, demonstrating moderate-to-strong explanatory capability.

Q^2 Predictive Relevance

Predictive relevance is evaluated by calculating the Q^2 value, where a value greater than 0 indicates adequate predictive capability (Hair et al. 2011). The formula for computing Q^2 is: $Q^2 = 1 - (1 - R1^2) \times (1 - R2^2)$. Using the obtained R-square values:

$Q^2 = 1 - (1 - 0.557) \times (1 - 0.566)$
$Q^2 = 1 - (0.443) \times (0.434)$
$Q^2 = 1 - 0.191$
$Q^2 = 0.809$

One important indicator is the Q^2 value calculation, which in this particular investigation is found to be 0.809. This Q^2 value is significant because it makes it easier to evaluate the model's efficacy in combination with the estimating parameters, assessing their ability to accurately anticipate the observed values by the guidelines provided by Hair et al. (2011).

Hypothesis Testing

Hypothesis testing assesses whether path coefficients are statistically significant, with a common threshold of a P-value less than 0.05 indicating a significant correlation (Hair et al. 2011). The results of hypothesis testing are detailed in Table 5. This evaluation ensures that the proposed relationships between variables in the model are significant and relevant, providing a robust foundation for further analysis.

The impact of servant leadership on job performance

Servant leadership has a favourable effect on work performance in MSMEs in Surabaya because it emphasises helping employees through community building, development assistance, and active involvement. Based on a theory developed by Robert K. Greenleaf in the 1970s, this leadership approach puts employee development ahead of hierarchical systems. Employee competences and confidence are increased by ongoing training and mentorship in Surabaya's MSMEs, which increases production (Pranitasari et al.

2024). Employee motivation to contribute to company objectives increases when they feel supported, which enhances both individual and team performance. According to Sharma et al. (2023), establishing a feeling of community is another crucial element that promotes cooperation, lowers mistakes, and raises customer satisfaction. Increased innovation and job performance result from empowered employees' active idea contributions and improved operational efficiency (Ghani et al. 2023). As a result, servant leadership improves output, quality of work, and creativity, which eventually helps MSMEs in Surabaya succeed and expand.

The impact of psychological safety on job performance

Amy Edmondson coined the term "psychological safety" in 1999 to describe an atmosphere in which workers feel free to express their ideas, innovate, and develop trust. In Surabaya's MSMEs, psychological safety has a significant impact on job performance, including productivity, work quality, and innovation, because employees are more likely to come up with innovative solutions when they feel safe doing so, which increases innovation and business growth. Another important component of psychological safety is interpersonal trust, which boosts productivity by enhancing communication and collaboration, lowering conflict, and promoting a sense of shared responsibility (Bucăţa & Rizescu, 2017). Furthermore, freedom of expression enables workers to participate in decision-making and offer constructive criticism, which raises

standards and improves job quality two things that are essential for competing in the local market (Zhu et al. 2022). According to research, a psychologically safe workplace improves output, quality of work, and creativity in MSMEs in Surabaya, which supports the long-term viability and expansion of the company.

The impact of organizational justice on job performance

Introduced by Jerald Greenberg in 1987, organisational justice encompasses distributive, procedural, and interactional justice and is concerned with how employees perceive fairness in the workplace. In MSMEs in Surabaya, organizational justice positively improves job performance, including productivity, work quality, and innovation, supporting prior study (Pakpahan et al. 2020). Distributive justice, which refers to equitable compensation based on workers' contributions, encourages them to increase productivity, particularly in MSMEs with limited resources. Procedural justice builds trust and guarantees openness and consistency in decision-making by encouraging equity in assessments, promotions, and resource distribution (Schnackenberg & Tomlinson, 2016). According to research, organisational justice improves productivity, work quality, and innovation by fostering engagement, motivation, and creativity—all of which are critical for the sustainability and expansion of MSMEs in Surabaya. Interactional justice, which emphasises respectful interpersonal treatment, fosters innovation because workers feel appreciated and are more inclined to offer ideas (Danish & Usman, 2010).

Table 4. R-Square test

Variable	R-Square
Organizational Trust (OT)	0,557
Job Performance (JP)	0,566

Table 5. Hypothesis testing results

Hypothesis	Path Coefficient	T Value	P Value	Decision
SL → JP	0.520	3.893	0.000	Accepted
PS → JP	0.380	3.245	0.001	Accepted
OJ → JP	0.450	3.678	0.002	Accepted
SL → OT → JP	0.340	3.121	0.006	Accepted
PS → OT → JP	0.390	3.498	0.004	Accepted
OJ → OT → JP	0.420	3.560	0.003	Accepted
OT → JP	0.460	3.789	0.000	Accepted

Noted: Servant Leadership (SL); Psychological Safety (PS); Organizational Justice (OJ); Organizational Trust (OT); Job Performance (JP)

The impact of servant leadership on job performance through organizational trust

Servant leadership, which emphasizes employee development, community building, and engagement, positively impacts job performance in terms of productivity, quality, and innovation. This effect is enhanced by the mediating role of organizational trust, which involves management's integrity, competence, and care for employee well-being. Supporting employee development fosters trust in management's integrity, leading to higher productivity, as employees who feel supported by honest leadership are more committed to their work (Rodriguez & Walters, 2017). Additionally, creating a sense of community within the workplace strengthens organizational trust, especially in management's competence, which improves work quality (Lazaro et al. 2022). Encouraging employee engagement also builds trust in management's concern for employee well-being, fostering innovation as employees feel valued and motivated to contribute new ideas (Yang et al. 2022). Research on MSMEs in Surabaya confirms that organizational trust strengthens the relationship between servant leadership and job performance, contributing to higher productivity, work quality, and innovation, which ultimately supports MSMEs' growth and sustainability.

The impact of psychological safety on job performance through organizational trust

Psychological safety, encompassing freedom to innovate, interpersonal trust, and openness in expressing opinions, has a positive and significant impact on job performance through organizational trust as a mediating factor. This aligns with previous research by Joo et al. (2023). The study conducted among MSMEs in Surabaya explored how a psychologically safe work environment influences employee productivity, work quality, and innovation, with organizational trust playing a key role in mediating these effects. The freedom to innovate encourages employees to share new ideas without fear of failure, leading to increased innovation (Ghani et al. 2023). This is most effective when management's integrity is trusted, as employees believe their ideas will be evaluated fairly. Interpersonal trust, particularly between employees and management, fosters collaboration and improves work quality, especially when management is perceived as competent (Abubakar et al. 2019). Openness in expressing opinions enables employees to provide feedback that enhances productivity, and this is further strengthened when employees feel management cares about their well-being. Overall, the study shows that psychological safety improves job performance, efficiency, creativity, and competitiveness in MSMEs in Surabaya when it is bolstered by organisational trust in management's competence, honesty, and concern for workers.

The impact of organizational justice on job performance through organizational trust

Job performance, as determined by productivity, work quality, and innovation, is strongly impacted by organisational justice, which includes distributive justice, procedural justice, and interactional justice. Organisational trust, which encompasses managerial competence, integrity, and care for the welfare of employees, strengthens this relationship even more. The study conducted among MSMEs in Surabaya verifies these findings, supporting prior research by Mubashar et al. (2022). Distributive justice, which focuses on fair distribution of resources and recognition, builds trust in management's integrity. Employees who perceive fairness in resource allocation are more motivated to improve productivity (Sorn et al. 2023). Procedural justice, involving fair decision-making processes, fosters trust in management's competence, leading to improved work quality (Siagian & Jahja, 2024). Interactional justice, which concerns how management treats employees personally, strengthens trust in management's care for employees' well-being, encouraging innovation (Rogers & Ashforth, 2017). The study concludes that organizational justice enhances job performance through organizational trust, motivating employees to contribute more effectively, thus promoting a productive, high-quality, and innovative work environment in MSMEs.

The impact of organizational trust on job performance

Organizational trust, based on the theory by Mayer, Davis, and Schoorman (1995), includes management integrity, competence, and concern for employee well-being. This trust significantly improves job performance, as measured by productivity, work quality, and innovation, supporting previous research by Rahayuningsih, 2019). In MSMEs in Surabaya, high levels of trust in management lead to notable performance improvements. Management integrity,

characterized by honesty, transparency, and consistency in decision-making, motivates employees to work more productively as they feel their efforts are valued (Cumlat et al. 2023). Trust in management competence, where employees believe management can make effective decisions and provide clear guidance, enhances work quality by providing a structured and efficient environment (Gagan Deep, 2023). Lastly, management's concern for employee well-being fosters a culture of innovation, as employees feel supported and motivated to contribute creatively (Monteiro & Joseph, 2023). Overall, the study demonstrates that organizational trust, built through integrity, competence, and concern for employee well-being, significantly improves job performance, contributing to a dynamic and sustainable work environment in MSMEs.

Managerial Implication

The study's managerial implications indicate that to greatly enhance the performance of MSMEs in Surabaya, management should concentrate on fostering organisational trust via competence, honesty, and care for the welfare of employees. This can be accomplished by putting servant leadership into practice, establishing a psychologically secure workplace, guaranteeing organisational fairness, and actively supporting and involving staff members. Furthermore, fostering managerial skills and sound employee welfare practices will boost output, quality, and creativity while bolstering staff confidence in management, which will ultimately improve overall organisational performance. Nonetheless, MSME management must also be cognisant of the outside forces that impact the success of the organisation. The capacity of MSMEs to maintain growth and competitiveness can be strongly impacted by market rivalry, governmental regulations, and industry developments. Therefore, even while internal plans are important, a thorough approach that takes these external aspects into account will guarantee a more successful and balanced strategy for long-term success. MSMEs can overcome obstacles and seize new possibilities by using proactive tactics to adjust to the external environment, highlighting the significance of both internal and external elements in influencing organisational performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

According to this study, work performance in MSMEs in Surabaya is positively and significantly impacted by a number of elements, including organisational justice, psychological safety, servant leadership, and organisational trust. The examined hypotheses show that servant leadership improves organisational trust, which in turn affects job performance. Similarly, organisational trust acts as a mediator between psychological safety and improved job performance. Organizational justice, through distributive, procedural, and interactional fairness, also positively influences job performance via organizational trust. These results highlight the need to build trust inside the company to improve worker productivity, quality, and creativity.

Recommendations

According to the study's conclusions, MSME management in Surabaya should embrace servant leadership, establish a psychologically secure workplace, and guarantee organisational fairness in every way. To build organizational trust, management should focus on transparency, integrity, competence development, and demonstrate care for employee well-being. Additionally, involving employees in decision-making processes and facilitating innovation through fair and supportive policies can strengthen job performance.

This study has several limitations, including restrictions in generalizing the findings as it only covers MSMEs in Surabaya. The use of a survey method with a relatively small sample size (110 respondents) and a cross-sectional approach limits the ability to draw causal conclusions. Moreover, data were collected through online questionnaires, which may not capture the full range of employee experiences and could affect data quality. Limitations in the analytical model used may also impact the interpretation of results.

Future research is recommended to include a broader and more representative sample of MSMEs from various regions to enhance the generalizability of the findings. Longitudinal studies can be conducted to explore causal relationships between the variables studied. Future research may also explore external factors such as economic conditions or policy changes

that could affect the relationship between organizational trust and job performance. Further studies should also consider new technologies and innovative strategies in performance management and organizational trust to gain deeper insights.

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