

Effect of Organizational Learning and Organizational Justice on Firm Performance; the Mediating Effect of Trust in Leaders

Muhammad Haneef

Peshawar Development Authority, Peshawar

Email: plannerhaneef@yahoo.com

Abstract: *In today's era challenging business environments in the organizations brusk its management. This article is regarding effect of organizational learning and organization justice on firm's performance under the mediation of trust in leaders. Data is collected from sports items manufacturing industries located in Lahore, Gujranwala and Sialkot. Middle and high level management of 211 firms participated. Organizational learning increases the capability of its employees, processes, and systems in a way that competitive position in the market get to a stable point through which organizational component is capable to well met the customers' expectations despite the abrupt variations.*

Keywords: Competitive advantage, Firm performance, Organizational justice, Organizational learning, Trust in leaders.

1. INTRODUCTION

Firm's performance is the ultimate destination of any organization, the performance is measured through various indicators Organizational performance improvement is related to multiple variables, providing ways to evolve and get competitive advantages over others in the market (Shanker, Bhanugopan, Van der Heijden, & Farrell, 2017). The manufacturing industries stimulate innovation and growth with the help of knowledge transfer. Sharing of knowledge needs to be done through proper procedures so that; its effectiveness can be achieved in terms of firm performance. Organizational learning in an organization increases the competence of its employees, processes, and systems (Wahid, Zahari, Zakaraia, & Bakar, 2019) in a way that competitive position in the market get to a stable point through which organizational component are enabled to handle the unexpected behavior shown by the business environment.

Organizational Learning has attracted multiple aspects in the last decade as it is very much connected with the capability enhancement and training a military of employees which can innovate the process according to the requirement of the market (Svetlik, Stavrou- Costea, Chiva, Alegre, & Lapedra, 2007). This variable supports the flow of knowledge from one department to another and even in the whole system because a system can be more effective when correct information is fitted in it. It has identified that organization learning work is a two side reaction (M. M. Crossan, Maurer, & White, 2011). The organization possesses existing knowledge based on previous experience and the same is also generated by innovation, new ideas and research. The organization learning transfers to employees and the direction is reversed from employees to organizational level in case of new knowledge. This two-way transfer of knowledge (Namada, 2017) enables an organization to manufacture originative goods which ultimately boost its performance and competitive position.

Justice within an organization represents the utterance of honest dealings from higher management because this variable can contribute to the firm performance positively but its absence leads towards the behavior of cynicism in an organization (Popova-Nowak & Cseh, 2015). The nondiscriminatory dealing of management with the employees in terms of hiring, appraisal, training, and remuneration are the features that need to be considered by organizations to enhance individual performance. If the workers believe that their management deal them with just, they in return will offer the best of their service and talent as a perception that their contribution is acknowledged and the only criteria to excel (Unterhitzberger & Bryde, 2019). On contrary, the absence of justice and biasness in an organization retard creativity and lead to the feelings of distrust and low morale among employees (Yu, Lee, Han, & Kim, 2019).

Trust in leaders is a variable that can cause a strong impact on firm performance, lack of trust can even stop the flow of information in the system. In an organization where employees does not trust in the management decision, the firm performance decreases and leg-pulling among employees starts within the organization (Jiang & Chen, 2017). Knowledge sharing in a system requires connectivity among employees on individual and organizational level but lack of trust in upper management is the main reason because of which this connection extinct. Defective information flow not only lowers the learning of employees but also shakes the production and its quality (Lind, 2018). Perception of trust in management among employees shall be developed as it is mandatory for enhancement of performance on both individual and organizational level.

Organizational learning enables an organization not only for the uninterrupted flow of knowledge across the organization but provides them with training to respond to a rapidly changing business environment. Unexpected behavior of business environment is the most important aspect for an organization as it can affect the overall productivity and processes. Organizational justice helps higher management to attain the trust of employees by providing them with equal privileges and using pay for performance rule. In addition to this, an organization can survive in a better position when it has the trust of its employees in higher management. Trust in leaders supports the flow of information in both ways including from organization to employees and vice versa.

The main objective of this research is to know how organizational learning and organizational justice affects the firm performance under the mediation of trust in leaders. In addition to this, the direct effect of organizational learning and organizational justice on trust in the leader will also be considered.

Previous studies have tested the participation of trust in leaders in knowledge sharing on a basic level but it has been recommended (M. Crossan, Maurer, & White, 2013) that there is a need to study the mediation of this variable for the enhancement of relationship between organizational learning and firm performance. Effect of organizational justice has been tested for the enhancement of organizational citizenship behavior by (Karriker & Williams, 2009) but the ultimate result i.e. firm performance was not discussed. The present study will discuss the effect of organizational citizenship on firm performance under the mediation of trust in leaders. The moderating role of trust in leaders has been discussed by the (Oh, 2019; Walumbwa, Cropanzano, & Hartnell, 2009), to study its effect on the relationships of organizational learning and organizational justice on firm performance but the direct effect of organizational learning and organizational justice has not been discussed. This study will discuss the direct effect of organizational learning and organizational justice on firm performance.

Through this research, an organization can get an idea about the importance of organizational learning for the enrichment of firm performance; so it would be easy to define the place for organizational learning in strategic designing. In addition to this, it would become clear for the management that building trusts in the employees regarding their dealings will not only positively affect their relationships but the overall working environment which could lead to vigorous firm performance. Justice in an organization is an important aspect so, this study will be fruitful not only for manufacturing industry but other industries too because an organization can boost the morale of its employees by avoiding chauvinism and maintains an environment of justice.

In order to get competitive advantage in today's challenging business environment firm shall invest in their human resource through continuous learning. Secondly, management can motivate the employees if they all get an equal chance to perform and appraised based on their performance. For this, the organization may need to develop a rich culture in which, justice in the organization can be attained and maintained by the management and all the subordinates are motivated enough to trust in management decisions.

2. LITERATURE REVIEW

2.1 Organizational Learning & Firm Performance

Organizational learning is a component tested by several scholars because it is directly related to the level of firm performance. Organizational learning mostly based on the direction in which knowledge is used by an organization, the carrying behavior of the existing knowledge which is developed over the period, the creation of new knowledge by involving in multiple processes and the sharing of that learned knowledge at right place and right time (North & Kumta, 2018). Previous literature depicts that organizational learning plays its role in enhancing the capability of employees individually and at organizational level to compete and survive in the most pulsating environment. Firm performance need support from multiple dimensions for enhancement and in case of organizational learning, the flow of the information and the learning stocks have been considered as the critical ones (Di Milia & Birdi, 2010). These stocks related to the knowledge which has been delivered within a specific level to enhance the critical competencies and the information about the concerned task. These stocks can be gathered and delivered on both individual and organizational levels.

A study has been conducted by (Mills & Smith, 2011) according to which firm performance can be enhanced through developing competencies on individual and group levels by considering a specific learning process. In addition to this, it is helpful to design the strategies according to the needed flexibility and arranging the processes to increase the overall quality of the end product. Business environment needs to be defined because the heterogeneity in learning courses increases the variation and range of knowledge which assures to get the right idea about the environmental changes and responses which can be helpful (Visser, 2016). Through this knowledge and the linked strategies enable an organization to cope with the hurdles of the environment and getting a competitive advantage even in a highly changing environment. Dynamic behavior in the environment is an aspect to be considered when it is about to explore new knowledge (Oh & Kuchinke, 2017) or enriching the already existing knowledge because the usage

of this knowledge is the best way to respond to the unexpected changes of the environment. Information flow and knowledge sharing both are the concepts that have been considered connected not only to process the already available knowledge from one space to another but the adaptability enhancement according to that knowledge (Lee & Huang, 2012). By following the knowledge sharing forward and backward, an organization can achieve the true meaning of innovation and real-time change which is the ultimate path to competitive advantage.

Some studies have been conducted based on integration done by organizational learning for the enhancement of business performance. Many studies have tested the relationship of organizational learning and business performance by considering the "feedback learning" (Junni, Sarala, Taras, & Tarba, 2013) and the existing knowledge as separate entities while on the other hand, some of the researchers considered the adaptability according to learning and exploration of new knowledge to get stability in terms of competitive advantage. It has been tested through the study of (Raisch & Birkinshaw, 2008) that organizations need to explore the new knowledge all the time because the already existing knowledge sometimes cannot be able to provide the required solution which ultimately can affect the firm performance (Boumgarden, Nickerson, & Zenger, 2012). Based on the above discussion, the following hypothesis has been derived.

H1: Organizational learning has a positive effect on firm performance.

2.2 Organizational Justice and Firm Performance

Organizational justice is considered as the perceived behavior towards the fairness of processes, resource allocation and interactions with different subordinates at workplace. These features in common can make a scenario where an organization can perform at its best. Culture of an organization made of the behaviors which are permanent parts in term of higher management dealing and behavior which may be a little altered with the new entrants in an organization. When employees at a workplace are sure that they will get appreciation for the right they will do, and need to be answered for the wrong, then their focus will be more on positive work instead of leg-pulling. During a critical situation, the management must have focus on the people because innovation at a workplace required a specific supportive environment where everyone is enthusiastic to contribute and share their ideas about any issue. Different minds create a set of solution for a common issue thus creating new knowledge pool. It is only possible only when management has a focus on the scenario, efforts of subordinates and the perspective of the solution according to the business environment instead of just focusing that either solution came from an organizational favorite or a newbie. Organizational justice affects the firm performance, directly and indirectly, both as a study has been conducted by (Mahajan & Benson, 2013) that justice within an organization can make a change from an individual level to a group level and then to organizational level because different dimensions of it covers the entire system. In addition to this, an indirect relationship has been achieved and discussed in results section. Based on the above discussion, the following hypothesis is derived.

H2: Organizational justice has a positive effect on firm performance.

2.3 Organizational Learning and Trust In Leaders

Organization learning being a variable behaves in different inflections from which only the functionalist perspective has been discussed by the previous researchers. By reviewing the dimensions and behavior of this variable, it can be described that there is a need to discuss it in a political and social perspective. Organizations need to adopt organization learning not only to improve the functionality of the processes and quality but there is a need to have clarity in groups, fairness in dealings and trust in the management. If employees trust in the management then it becomes easy to pass on the instructions and proceedings accordingly. Previous researches have analyzed the different reasoning for implementation of organizational learning and one of which is to create a change in organizational level. To bring a change in the organization, it is needed that all the employees should be informed and involved in the process and oppressive behavior shall be removed and fairness in management dealings be introduced so that the trust of employees can be attained. A study has been conducted by (Schilling & Kluge, 2009) which shows that issues related to power and patterns of politics in an organization are major barriers to organizational learning. In detail discussion, the result shows that these barriers may arise on personal level when employees do not have good relations with each other and on organizational level when employees or subordinates do not believe in the fair dealings of their higher management. Considering this discussion, it can be said that an organization that is involved in the process of organizational learning can connect its employees, help them to build trust so that the knowledge sharing process could be smooth. Based on this discussion, the following hypothesis has been derived.

H3: Organizational learning has a positive effect on trust in leaders.

2.4 Organizational Justice And Trust In Leaders

There are many studies conducted by focusing justice on organizational level and the ways it enhances trust in leaders but on the other hand, injustice in a firm can create hurdles for development and learning in the organization (Park & Kim, 2015). The

building of trust can be seen from two different perspectives i.e. the management tries to build trust among employees and the employees tries to have faith in their leaders. The important aspect is management's fair dealing to build trust among employees. One of the previous studies (Jacobs & Coghlan, 2005) identified that sometime just "listening" to an employee at the right time when there is any issue between two, in such situation it is important that the management must have good listening power and fair conduct. Impartial behavior of the management in such critical times not only wins the trust of involved employees but the other fellows as well by setting examples. Organizational justice and trust are the interchangeable variables or the supporting ones because it is about the perception of an employee about its management's fair dealings and decisions. The employees firm believes in management's fairness boost their motivation to attain individual goals. In addition to this, their behavior toward organizational tasks becomes more positive. It is evident that the most important asset of an organization is the human resource, their satisfaction level impact the organizational environment and ultimately, the organization instead of resolving internal conflicts among employees focuses more on competitive advantage in the market. Based on the above discussion, the following hypothesis is derived.

H4: organizational justice has a positive effect on trust in leaders.

2.5 Mediating role of Trust on leaders

Knowledge sharing requires a specific environment for its proceedings to be recognized. A study previously conducted by (Park & Kim, 2015), where around 133 different researches were reviewed which discovered that there are two levels of organizational learning i.e. knowledge sharing and creation of new knowledge on individual and organizational level. By connecting the dots, results show that trust is the basic element that can be a supportive hand for the flow of existing knowledge and the exploration of new knowledge. Another study of (North & Kumta, 2018) identified the support of trust for organizational learning and organizational justice. It could be elucidated that any organization that has trust as a part of their culture, the flow of knowledge would be smooth and team can work without the fear of discriminating behavior. In the same manner any organization possessing the norm of justice maintenance and fair dealings, the employees will work enthusiastically bringing innovation and improved firm performance. Organization justice and trust support each other in a way that the perception of employees remains clear about the fair dealings of the management boosting the organizational reputation. Trust is a variable that need support or verification of different people, the innovative or quality product itself is a sign that the employees of the firm are loyal towards the organization. The good quality of the end product and satisfied customers itself are source of marketing of the product and shows how the employees are committed with the organization. Employees need support from higher management in terms of fairness in their dealings and to understand that the appreciation is based on the input only. Trust in management support the exploration and sharing of knowledge ultimately supporting the overall firm performance. Based on the above discussion, the following hypotheses have been derived.

H5: Trust in leaders has a positive effect on firm performance.

H6: Trust in leaders mediates the relationship between organizational learning and firm performance.

H7: Trust in leaders mediates the relationship between organizational justice and firm performance.

2.6 Research Framework

This research has utilized the organizational learning and organizational justice as the independent variable and firm performance as a dependent variable. While the role of mediator played by trust in leaders on the basis of which higher management is able to motivate the employees to follow the instructions. Different theories can be connected with this model including resource-based,

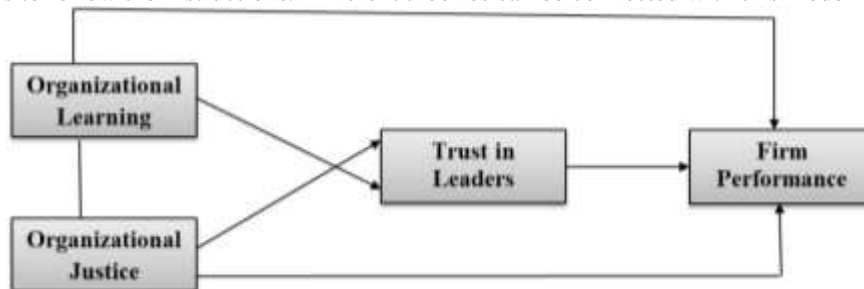


Figure 1 Research framework

equity theory and the critical view. As per the theory of "resource-based view", it can be described that the performance of the firm is directly related to the knowledge which has been generated over the years. This knowledge enables an organization not only to enhance its performance but to get a competitive advantage in the market (Barney, 1991).

Some of the previous researchers argued that overall knowledge gathered at individual and organizational level and the together these two sources of knowledge lead towards market competitive advantage. Different scholars have a point of view that the knowledge can be stored in different forms (Eraut & Hirsh, 2010) for reuse but this storage can be done in different forms at different levels at organizational level (Jyothibabu, Farooq, & Pradhan, 2010). In addition to this, these resources which have generated on different levels are the ones that support and facilitate the flow of knowledge including the existing and the new one which has been generated by the employees (Garcia, Calantone, & Levine, 2003).

Previous literature shows that usually, management uses the knowledge to achieve specific goals but not in strategic planning (Bierema & Callahan, 2014). Research has changed its direction a bit as new studies working on the aspect of developing human relations with the learning (Baxter, Colledge, & Turner, 2017). It is important that employees who are involved in the knowledge sharing should be satisfied with the behavior of management and get rewarded justly. An organization can enhance its performance if the subordinates trust in the decisions of the leaders (Heizmann & Olsson, 2015). Knowledge or information flow is highly dependent upon trust in management and ultimately lead towards the positive performance of an organization (Kim & Park, 2017).

Equity theory which is considered as the critical one explains the way of knowledge transfer where employees would be more motivated and ready to develop themselves if they are treated fairly by their management (Lind, 2001). This treatment is not just limited to remuneration and appraisal but the resource allocation and the working behavior is also considered. Having trust in the leadership enables employees to be more outspoken as they have no fear about the copying of their idea and issue of criticism without logic and reasoning (Burke, Sims, Lazzara, & Salas, 2007). The management needs to win the trust of subordinates if they want their subordinates to behave in the way which they want (DeRosa, Hantula, Kock, & D'Arcy, 2004) and perform a task according to the instructions then it is highly important to increase the trust level in the eyes of subordinates.

3. METHODOLOGY

3.1 Population & Sample Design

The objective of this research is to know about the effect of organizational learning and organizational justice on firm performance under the mediation of trust in leaders. For this study, the manufacturing sector has been chosen because this sector is developing rapidly and considered as an important from GDP point of view. To be more explicit, the sports item manufacturing industry are finalized for data collection. The reason to choose this industry is to know about the information flow in existing structure and the value of trust which has been developed by the leadership because this sector is not performing at its maximum. For data collection, sports item manufacturing companies of Lahore, Sialkot, and Gujranwala have been targeted because these are the central cities from where the relevant data can be gathered. The quantitative approach is adopted under which data will be collected through questionnaires and responses needs to be recorded in the form of numerical values. Convenience sampling technique is followed to choose a sample of 211 respondents which include higher management and middle management of sports manufacturing companies in the selected cities.

3.2 Participants

A sample of 211 respondents have been chosen for data collection by adopting convenience sampling and the unit of analysis which has been chosen belongs to the category of higher management and middle management working for the sports items manufacturing companies based in Lahore, Gujranwala, and Sialkot. Data is collected through quantitative approach with questionnaire and data is coded. Based on the data of respondents, descriptive results show that about 171 (81.04%) male and 40 (18.96%) female participants were involved in data collection. In next step, figures of age show that around 45 (21.32%) participants are in the range of 21 to 25 years of age, around 105 (49.76%) participants are in the range of 26 to 30 years of age, around 49 (23.22%) participants are in the range of 31 to 35 years of age and 12 (5.69%) participants are in the range of 36 to 40 years of age. It shows that most of the participants are in the range of 21 to 30 years of age. Category of experience show that around 41 (19.43%) participants hold 1 to 2 years of experience, 120 (56.87%) participants belong to the range of 2-4 years of experience, 43 (20.38%) participants belong to the range of 4-6 years of experience and only 7 (3.32%) participants belong to range of 7 years or above experience. In terms of a unit of analysis, around 105 (49.76%) participants were supervisors, 60 (28.44%) belong to the level of middle management and 46 (21.80%) belong to the level of higher management.

3.3 Instrument and Data Collection

By following the quantitative approach, a questionnaire was developed considering Likert scale five points. The questionnaire is divided into two portions i.e. descriptive part and the variable related to check relationships of understudy variables. For organizational learning, nine items have been adopted from the study of (Bontis, Crossan, & Hulland, 2002). Organizational justice has different dimensions and for the current study, its scale has been adopted from the study of (Niehoff & Moorman, 1993) which include items for procedural justice and distributive justice. The scale of mediator "trust in leaders" consists of five items and adopted from the research of (Podsakoff, MacKenzie, Moorman, & Fetter, 1990). To measure the organizational performance, the scale has been adopted from the study of (Dess & Robinson Jr, 1984; Prieto & Revilla, 2006) which is already used in different studies. The scale of organizational performance includes sales growth, quality of end product, the overall profit of organization and reputation of the firm at corporate level.

3.4 Data Analysis & Results

For data analysis, the data that has been collected through questionnaires is decoded accordingly and processed through SPSS. Reliability which is considered as the most important milestone to be achieved before proceeding for further analysis is calculated through Cronbach alpha. The threshold for Cronbach is equal to or more than 0.7 (Nunnally, 1978) and the results show values within the range. To test the direct and indirect relationship in the model, process macro is utilized (Hayes, 2015).

4. RESULTS AND DISCUSSION

4.1 Results

For data analysis, SPSS is utilized to know about the relationship between the understudy variables. Under process macro, model 4 has been utilized to run mediation and to know about the direct and indirect relationships of variables.

Before running the analysis, it is important to know about the reliability of the variables which shows that the results of the understudy model remain the same even if reanalysis runs for data. To calculate the reliability, Cronbach alpha is used which has a threshold of equal to or more than 0.7. Reliability values for the understudy variables have been mentioned in table 1 which shows that all the values are within the valid range. Based on this, we can proceed further on the understudy model.

Table 1:

Reliability Statistics		
Variable	N	Cronbach Alpha
FP	211	0.847
OL	211	0.764
OJ	211	0.811
TL	211	0.879

Table 2:

MODEL SUMMARY-TRUST IN LEADERS

R	R-sq	MSE	F	df1	df2	p
.3667	.1345	.6159	18.8424	1.0000	209.0000	.000

Table 2 has the values for the model of trust in leadership which shows the value for R-square equal to .1345 along with the significance value p=0.000. This value of significance is considered the highest achievable value.

Table 3:

MODEL – OUTCOME: TRUST IN LEADERS

	coeff	se	t	p	LLCI	ULCI
constant	2.0983	.3235	6.4861	.0000	1.4605	2.7361
OL	.3977	.0916	4.3408	.0000	.2171	.5784

Table 4:

MODEL SUMMARY – FIRM PERFORMANCE

R	R-sq	MSE	F	df1	df2	p
.6285	.3950	.4090	61.1296	2.0000	208.0000	.0000

Table 4 shows the values for the model of Firm performance which shows the value for R-square .3950 along with the significance value $p=0.000$.

Table 5:

MODEL – OUTCOME: FIRM PERFORMANCE

	coeff	se	t	p	LLCI	ULCI
constant	.9154	.2316	3.9519	.0001	.4588	1.3721
Trust in leadership	.5026	.0650	7.7344	.0000	.3745	.6307
OL	.2269	.0643	3.5284	.0005	.1001	.3537

For the clear description of the above-mentioned values, it is needed to describe this section according to the hypothesis under testing. The first hypothesis is of "*Organizational Learning has a positive effect on firm performance*". This relationship of organizational learning and firm performance can be described by the above-said table values which shows a coefficient value equal to 0.2269 ($t=3.5284$, $p=0.0005$). The mentioned values confirm the positive relationship between organizational learning and firm performance. This relationship has been tested by different studies (Namada, 2017; Oh, 2019) before and with the same outcome. Based on these values, it can be explained that an organization that is involved in continuous learning ultimately achieves the highest firm performance. In the next step, there is a need to identify the significance of the relationship which can be examined by the values of the upper limit (ULCI) and lower limit (LLCI). As per process macro, it can be explained as a relationship will be considered significant if both the upper and lower limit values share the same sign. Both values do not need to be positive, the only sign should be the same either positive or negative. In the case of the above-discussed hypothesis, it is clear that the values of ULCI and LLCI both have the same positive sign which confirms the significance of the relationship between OL and firm performance.

H3 "*organizational Learning has a positive effect on trust in leaders*" can be described through the values mentioned in table 3 according to which, the value of the coefficient is equal to 0.3977 ($t=4.3408$, $p=0.000$). The above-mentioned values show that OL positively affects trust in leadership. This hypothesis has also been tested before (Louis, 2006; Oh, 2019; Park & Kim, 2015) and showed similar results. The result can be explained as an organization that is involved in the process of continuous learning then it shows that it is involved in teamwork and believed in the innovation. When there is teamwork in an organization then it supports building trust in leadership because innovation needed connectivity with higher management. An organization which is involved in the exploration of new knowledge or utilizing the previous knowledge to resolve their issues, there should be involvement by the higher management and employees need to trust before sharing their ideas. In addition to this the values of ULCI and LLCI provides enough evidence for the significance of the relationship between organizational learning and trust in leadership. This way, it can be said that organizational learning leads towards trust in leadership so that hypothesis H3 has been accepted.

The next hypothesis in which values can be described by table 5 is H5 "*Trust in leaders has a positive effect on firm performance*". This relationship is explained through the value of coefficient which is equal to 0.5026 ($t=7.7344$, $p=0.000$). Based on these values, it is clear that trust in leaders has a positive effect on firm performance and this relationship has been confirmed by (Aisyah, Sukoco, & Anshori, 2019; Renzl, 2008; Schilling & Kluge, 2009) previously. This relationship shows that trust is one of the major components to achieve positive firm performance because if employees of an organization do not believe in or trust in their

management then it would become difficult for them to understand the instructions given by higher management. On the other hand, lack of trust lead towards low morale which ultimately demotivates the employees and they cannot perform up to the mark. So, the higher management must build its trust in its employees because it is a major component of getting performance from them. As far as the significance of the relationship is concerned, both LLCI and ULCI share the same positive sign based on which, it confirms that trust has a positive and significant relationship with firm performance. So, H5 has also been accepted.

Table 6:

INDIRECT EFFECT OF X (ORGANIZATIONAL LEARNING) ON Y (FIRM PERFORMANCE)

Mediator	Effect	SE	LLCI	ULCI
Trust in leadership	.1999	.0541	.1052	.3191

Table 6 has the values for the hypothesis H6 according to which, “Trust in leaders mediates the relationship of organizational learning and firm performance”. The table has shown the values for mediation of trust in leadership for the relationship of organizational learning and firm performance through the value of effect which is .1999. In addition to this, both upper and lower limits share the same sign which confirms the significance of the relationship. Based on this value, it is confirmed that trust in leadership mediates the relationship between organizational learning and firm performance. It can be described as a firm which is involved in the process of learning need to involve all the employees in the process for which, having trust in leadership is the foremost need. Without having trust in leadership, it is not possible for employees to explore new knowledge or use previous knowledge because of the correct flow of knowledge can only be decided by higher management. So, an organization that is involved in the process of learning must work for the trust-building. Above mentioned discussion clearly shows that H6 has been accepted. The same hypothesis has been tested previously by (Braun, Peus, Weisweiler, & Frey, 2013; Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, & Rezazadeh, 2013) which show similar results.

Table 7:

MODEL SUMMARY-TRUST IN LEADERSHIP

R	R-sq	MSE	F	df1	df2	p
.5321	.2831	.5101	54.3899	1.0000	209.0000	.0000

TABLE 8:

MODEL – OUTCOME: TRUST IN LEADERSHIP

	coeff	se	t	p	LLCI	ULCI
constant	1.6322	.2479	6.5844	.0000	1.1435	2.1208
Organizational justice	.5229	.0709	7.3749	.0000	.3832	.6627

Table 8 can describe the values for the hypothesis H4 “organizational Justice has a positive effect on trust in leaders”. The values for the relationship of Organizational justice and trust in leadership can be described through the value of coefficient which is equal to 0.5229 (t=7.3749, p=0.000). Based on the values above mentioned, it can be described that Organizational justice positively affects the trust in leaders. It can be explained as organizational justice is one of the major components which can support to build trust in leaders. If higher management works with effectiveness and manages all the resources with fairness then it ultimately builds their trust in their subordinates. Trust is a component that can be built over a certain period. It's a continuous process that demands connectivity and fair behavior towards each employee otherwise; it will lead towards organizational cynicism which can be severe not only for the individual performance but the overall performance of the organization. The above said hypothesis has been tested before by (Kim & Park, 2017; Lance Frazier, Johnson, Gavin, Gooty, & Bradley Snow, 2010).

Table 9:

MODEL SUMMARY – FIRM PERFORMANCE

R	R-sq.	MSE	F	df1	df2	p
---	-------	-----	---	-----	-----	---

.9325	.8696	.0882	839.4749	2.0000	208.0000	.0000
-------	-------	-------	----------	--------	----------	-------

Table 10:

MODEL – OUTCOME: FIRM PERFORMANCE

	Coeff.	se	t	p	LLCI	ULCI
constant	.1581	.0832	1.8998	.0588	-.0060	.3221
Trust in leaders	.1409	.0376	3.7519	.0002	.0669	.2149
Organizational justice	.8097	.0377	21.4957	.0000	.7354	.8839

Table 10 can describe the values for the hypothesis H2 “Organizational Justice has a positive effect on firm performance”. The effect of organizational justice on firm performance can be described by the values of the coefficient which is equal to .8097 ($t=21.4957$, $p=0.000$). The above-mentioned values show that organizational justice positively affects firm performance. The significance of the relationship can be confirmed through values of ULCI and LLCI which show similar and positive sign for the current relationship based on which, the significance of the relationship has been confirmed. The relationship of organizational justice and firm performance can be explained as justice and fairness in an organization motivate the employees to perform better because they have an idea that appraisal of them only depends upon the working or input but not the favoritism. A similar hypothesis has been tested before by the (Devonish & Greenidge, 2010; HAGHIGHI, Ahmadi, & RAMIN, 2010; Wang, Liao, Xia, & Chang, 2010).

Table 11:

INDIRECT EFFECT OF X (ORGANIZATIONAL JUSTICE) ON Y (FIRM PERFORMANCE)

Mediator	Effect	SE	LLCI	ULCI
Trust in leadership	.0737	.0216	.0372	.1224

Hypothesis H7 can be described through the values of table 11 which is “Trust in leaders mediates the relationship of organizational justice and firm performance”. According to the values of the above-mentioned table, mediation is equal to .0737 having both upper and lower limits with similar positive signs based on which, the significance of the relationship has been confirmed. This relationship can be described as organizational justice is a component that is needed in an organization to enhance the firm performance because without having fairness in the dealings including resource allocation, remuneration, and appraisal. Because without this, it is not possible for the subordinates to work with motivation and it ultimately affects the organizational performance. On the other hand, if higher management of an organization play being fair and provide all the employees with the resources and instructions as required for their working process then it can lead towards trust-building. If management is providing justice and subordinates trust the decisions and planning then it would enhance their motivation and boost their morale in a way that they can perform well.

Based on the above values, if the individual values of variables have been discussed then it show that it has .140 and .809 with the SE value of .0216 and the mediation value of .0737. The overall discussion and values describe that trust in leaders mediates the relationship between organizational justice and firm performance. The mediation of trust in leaders has also been tested by (Aryee, Budhwar, & Chen, 2002) and shown similar results.

5. CONCLUSION

This study has followed resource-based model to know about the effect of organization learning and justice on firm performance. In addition to this variable “trust in leaders” mediation has also been considered as it is a fact that loyalty to an organization requires trust of employees in its management (Bierema & Callahan, 2014). Process of organization learning is not just about transfer of knowledge but to deliver and use it in a right sequence, at right time, with right pace at needed quantity. Organizations have to focus on the creation of new knowledge because change in the business environment demands uniqueness and novelty. Human resource is the element which can bring uniqueness to the organization but for this, it is necessary that they can get needed justice in terms of resource allocation and pleasant environment so that they can experiment new ideas. Based on the results, implications of study have been described.

The relationship of organizational and firm performance declared positive through this study which is an addition to the supportive evidence as the same results derived by (Namada, 2017; Oh, 2019). Evidence has been provided that continuous process of learning ultimately enhances organizational performance. Organizational learning process is described in different dimensions, just the existing knowledge flow is not enough in the competitive environment but there is a dire need that organizations shall work to create new knowledge to meet the competitive market requirements. Secondly, it has been identified that an organization must have fair management and a culture of appreciation along with accountability based on the quality of work and innovation instead of sarcasm and favoritism. This study has supported the previous findings about the trust in leadership, an organization cannot perform well unless; its employees do not perceive that their management is fairly dealing with them (Cabrera & Cabrera, 2002). According to results, organizational learning and organizational justice both have a positive relationship with trust in leaders. Through this, it can be concluded that continuous learning creates an environment where sharing of knowledge and interactions happen (Renzl, 2008) and these interactions ultimately build trust in the management. In addition to this, justice in an organization specifically at some critical occasions enhances the trust of management. By considering the social behavior, it is clear that learning in an environment can flow successfully, if it is properly supported, addition of new ideas, experimentation in the processes and the storage of previous knowledge (Contu, 2014; M. M. Crossan et al., 2011). It is a psychological process through which employees trust their management over the time and a long term relationship is developed between the employees and management. This relationship provides an organization with a loyal bunch of employees who work in teams and share knowledge in a system that ultimately enhances the overall firm performance. Another hypothesis explains the mediation of trust in leaders for the relationships of organizational learning and organizational justice with firm performance.

By considering the results of this study, following suggestions have been developed through utilization of which, an organization can improve transfer of knowledge and increase the firm performance through rich culture of justice. Each organization has a culture that has been developed over the years for which, higher management contributes at higher rate because they are the one who made regulations. It has been suggested that management should design the regulations in a way that it can support the justice in environment; employees would be able to trust the system and deliver new ideas. Another point of view which needs to be understood by the management to explore the process of learning is to know about resistance in behavior of employees for the adoption of new policies (Karataş- Özkan & Murphy, 2010). Secondly, learning requires cooperative environment, it would become easy to make a smooth flow of existing knowledge and motivating the employees to discuss innovative ideas to generate new knowledge. Similarly, justice and fairness in a system get support from trust in management and the overall result is firm performance and competitive advantage.

5.1 Limitations & Future Directions

Under this study, relationships of organizational learning and organizational justice have been tested for firm performance under the mediation of trust in leaders. There is a need to enhance this model by adding competitive advantage as the dependent variable because the ultimate objective of achieving positive firm performance is to get a competitive advantage in the market. Secondly, there is a need to test the exploration and exploitation of the knowledge which has been achieved through organizational learning. Analysis approach which has been utilized for this research is quantitative, but the model demands even the detailed point of view of the management and subordinates to have a clear vision. Based on this, it is recommended for future researchers to use a mixed-method so that both areas including a detailed point of view and larger population responses could be covered. Sports items manufacturing industry is one of the biggest industries of Pakistan (data collection from Lahore, Gujranwala, and Sialkot) but the sample which has been drawn is not enough to cover the whole industry, there is a need to increase the overall sample size. In addition to this, current research is limited to the sports items manufacturing industry in Pakistan, for future research, it is recommended to collect data from different countries' sports items manufacturing industries. Through this, the generalizability and validity of the research can be enhanced.

REFERENCES

- Aisyah, R. A., Sukoco, B. M., & Anshori, M. (2019). The effect of relational capital on performance: knowledge sharing as mediation variables in supplier and buyer relation. *International Journal of Logistics Systems and Management*, 34(2), 211-232.
- Aryee, S., Budhwar, P. S., & Chen, Z. X. (2002). Trust as a mediator of the relationship between organizational justice and work outcomes: Test of a social exchange model. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 23(3), 267-285.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Baxter, D., Colledge, T., & Turner, N. (2017). A study of accountability in two organizational learning frameworks: Why accountability for learning is critical. *European Management Review*, 14(3), 319-332.

- Bierema, L., & Callahan, J. L. (2014). Transforming HRD: A framework for critical HRD practice. *Advances in Developing Human Resources, 16*(4), 429-444.
- Bontis, N., Crossan, M. M., & Hulland, J. (2002). Managing an organizational learning system by aligning stocks and flows. *Journal of management studies, 39*(4), 437-469.
- Boumgarden, P., Nickerson, J., & Zenger, T. R. (2012). Sailing into the wind: Exploring the relationships among ambidexterity, vacillation, and organizational performance. *Strategic Management Journal, 33*(6), 587-610.
- Braun, S., Peus, C., Weisweiler, S., & Frey, D. (2013). Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. *The Leadership Quarterly, 24*(1), 270-283.
- Burke, C. S., Sims, D. E., Lazzara, E. H., & Salas, E. (2007). Trust in leadership: A multi-level review and integration. *The Leadership Quarterly, 18*(6), 606-632.
- Cabrera, A., & Cabrera, E. F. (2002). Knowledge-sharing dilemmas. *Organization studies, 23*(5), 687-710.
- Contu, A. (2014). On boundaries and difference: Communities of practice and power relations in creative work. *Management Learning, 45*(3), 289-316.
- Crossan, M., Maurer, C., & White, R. (2013). *Multilevel mechanisms of organizational learning*. Paper presented at the International Conference on Organizational Learning, Knowledge and Capabilities, April, Washington, USA.
- Crossan, M. M., Maurer, C. C., & White, R. E. (2011). Reflections on the 2009 AMR decade award: do we have a theory of organizational learning? *Academy of management review, 36*(3), 446-460.
- DeRosa, D. M., Hantula, D. A., Kock, N., & D'Arcy, J. (2004). Trust and leadership in virtual teamwork: A media naturalness perspective. *Human Resource Management: Published in Cooperation with the School of Business Administration, The University of Michigan and in alliance with the Society of Human Resources Management, 43*(2- 3), 219-232.
- Dess, G. G., & Robinson Jr, R. B. (1984). Measuring organizational performance in the absence of objective measures: the case of the privately- held firm and conglomerate business unit. *Strategic Management Journal, 5*(3), 265-273.
- Devonish, D., & Greenidge, D. (2010). The effect of organizational justice on contextual performance, counterproductive work behaviors, and task performance: Investigating the moderating role of ability- based emotional intelligence. *International Journal of Selection and Assessment, 18*(1), 75-86.
- Di Milia, L., & Birdi, K. (2010). The relationship between multiple levels of learning practices and objective and subjective organizational financial performance. *Journal of Organizational Behavior, 31*(4), 481-498.
- Eraut, M., & Hirsh, W. (2010). The significance of workplace learning for individuals, groups and organisations.
- Garcia, R., Calantone, R., & Levine, R. (2003). The role of knowledge in resource allocation to exploration versus exploitation in technologically oriented organizations. *Decision sciences, 34*(2), 323-349.
- HAGHIGHI, M. A., Ahmadi, I., & RAMIN, M. H. (2010). The effect of organizational justice on employee's performance.
- Hayes, A. (2015). The PROCESS macro for SPSS and SAS (version 2.13).
- Heizmann, H., & Olsson, M. R. (2015). Power matters: the importance of Foucault's power/knowledge as a conceptual lens in KM research and practice. *Journal of Knowledge Management*.
- Jacobs, C., & Coghlan, D. (2005). Sound from silence: On listening in organizational learning. *Human Relations, 58*(1), 115-138.
- Jiang, Y., & Chen, W.-K. (2017). Effects of Organizational Trust on Organizational Learning and Creativity. *EURASIA Journal of Mathematics Science and Technology Education, 13*(6), 2057-2068.
- Junni, P., Sarala, R. M., Taras, V., & Tarba, S. Y. (2013). Organizational ambidexterity and performance: A meta-analysis. *Academy of Management Perspectives, 27*(4), 299-312.
- Jyothibabu, C. d., Farooq, A., & Pradhan, B. B. (2010). An integrated scale for measuring an organizational learning system. *The Learning Organization*.
- Karataş- Özkan, M., & Murphy, W. D. (2010). Critical theorist, postmodernist and social constructionist paradigms in organizational analysis: A paradigmatic review of organizational learning literature. *International Journal of Management Reviews, 12*(4), 453-465.
- Karriker, J. H., & Williams, M. L. (2009). Organizational justice and organizational citizenship behavior: A mediated multifoci model. *Journal of Management, 35*(1), 112-135.
- Kim, W., & Park, J. (2017). Examining structural relationships between work engagement, organizational procedural justice, knowledge sharing, and innovative work behavior for sustainable organizations. *Sustainability, 9*(2), 205.
- Lance Frazier, M., Johnson, P. D., Gavin, M., Gooty, J., & Bradley Snow, D. (2010). Organizational justice, trustworthiness, and trust: A multifoci examination. *Group & Organization Management, 35*(1), 39-76.
- Lee, C. Y., & Huang, Y. C. (2012). Knowledge stock, ambidextrous learning, and firm performance. *Management decision*.
- Lind, E. A. (2001). Fairness heuristic theory: Justice judgments as pivotal cognitions in organizational relations. *Advances in organizational justice, 56*(8).
- Lind, E. A. (2018). Trust and fairness *The Routledge Companion to Trust* (pp. 183-196): Routledge.
-

- Louis, K. S. (2006). Changing the culture of schools: Professional community, organizational learning, and trust. *Journal of school leadership, 16*(5), 477-489.
- Mahajan, A., & Benson, P. (2013). Organisational justice climate, social capital and firm performance. *Journal of Management Development.*
- Mills, A. M., & Smith, T. A. (2011). Knowledge management and organizational performance: a decomposed view. *Journal of Knowledge Management.*
- Namada, J. M. (2017). Organizational learning and firm performance: An empirical investigation in an emerging economy context.
- Niehoff, B. P., & Moorman, R. H. (1993). Justice as a mediator of the relationship between methods of monitoring and organizational citizenship behavior. *Academy of Management Journal, 36*(3), 527-556.
- North, K., & Kumta, G. (2018). *Knowledge management: Value creation through organizational learning*: Springer.
- Noruzy, A., Dalfard, V. M., Azhdari, B., Nazari-Shirkouhi, S., & Rezazadeh, A. (2013). Relations between transformational leadership, organizational learning, knowledge management, organizational innovation, and organizational performance: an empirical investigation of manufacturing firms. *The International Journal of Advanced Manufacturing Technology, 64*(5-8), 1073-1085.
- Nunnally, J. C. (1978). *Psychometric Theory: 2d Ed*: McGraw-Hill.
- Oh, S.-Y. (2019). Effects of organizational learning on performance: the moderating roles of trust in leaders and organizational justice. *Journal of Knowledge Management.*
- Oh, S.-y., & Kuchinke, K. P. (2017). Exploring the role of organizational learning activities in the quality management context. *Leadership & Organization Development Journal.*
- Park, S., & Kim, E.-J. (2015). Revisiting knowledge sharing from the organizational change perspective. *European Journal of Training and Development.*
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *The Leadership Quarterly, 1*(2), 107-142.
- Popova-Nowak, I. V., & Cseh, M. (2015). The meaning of organizational learning: A meta-paradigm perspective. *Human Resource Development Review, 14*(3), 299-331.
- Prieto, I. M., & Revilla, E. (2006). Learning capability and business performance: a non- financial and financial assessment. *The Learning Organization.*
- Raisch, S., & Birkinshaw, J. (2008). Organizational ambidexterity: Antecedents, outcomes, and moderators. *Journal of Management, 34*(3), 375-409.
- Renzl, B. (2008). Trust in management and knowledge sharing: The mediating effects of fear and knowledge documentation. *Omega, 36*(2), 206-220.
- Schilling, J., & Kluge, A. (2009). Barriers to organizational learning: An integration of theory and research. *International Journal of Management Reviews, 11*(3), 337-360.
- Shanker, R., Bhanugopan, R., Van der Heijden, B. I., & Farrell, M. (2017). Organizational climate for innovation and organizational performance: The mediating effect of innovative work behavior. *Journal of vocational behavior, 100*, 67-77.
- Svetlik, I., Stavrou- Costea, E., Chiva, R., Alegre, J., & Lapiedra, R. (2007). Measuring organisational learning capability among the workforce. *International Journal of Manpower.*
- Unterhitzengerger, C., & Bryde, D. J. (2019). Organizational justice, project performance, and the mediating effects of key success factors. *Project Management Journal, 50*(1), 57-70.
- Visser, M. (2016). Organizational learning capability and battlefield performance. *International Journal of Organizational Analysis.*
- Wahid, K. A., Zahari, A. S. M., Zakaraia, S., & Bakar, H. A. (2019). The Mediating Effect of Customer Knowledge Sharing on Organizational Performance. *ABAC Journal, 39*(2).
- Walumbwa, F. O., Cropanzano, R., & Hartnell, C. A. (2009). Organizational justice, voluntary learning behavior, and job performance: A test of the mediating effects of identification and leader- member exchange. *Journal of Organizational Behavior, 30*(8), 1103-1126.
- Wang, X., Liao, J., Xia, D., & Chang, T. (2010). The impact of organizational justice on work performance. *International Journal of Manpower.*
- Yu, J., Lee, A., Han, H., & Kim, H.-R. (2019). Organizational Justice and Performance of Hotel enterprises: Impact of Job Embeddedness. *Journal of Quality Assurance in Hospitality & Tourism, 1-24.*