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Public Legitimacy, Institutional Trust, and Social Trust in Village Governance: Evidence from Indragiri Hilir Regency

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Abstract:
Research aims:
This study examines the effect of Public Legitimacy on Social Trust and investigates the mediating role of Institutional Trust in village governments in Indragiri Hilir Regency, Indonesia.
Design/Methodology/Approach:
A quantitative approach was employed using survey data from 122 village government officials. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).
Research findings:
The results show that Public Legitimacy positively influences Institutional Trust, while Institutional Trust positively affects Social Trust. However, Public Legitimacy does not directly affect Social Trust. Institutional Trust fully mediates the relationship between Public Legitimacy and Social Trust.
Theoretical contribution/Originality:
This study integrates Legitimacy Theory, Institutional Trust Theory, and Social Capital Theory and demonstrates that Institutional Trust serves as the key mechanism linking Public Legitimacy and Social Trust in village governance. This study extends the trust and governance literature by demonstrating that institutional trust serves as the primary mechanism through which perceived legitimacy is transformed into broader social trust within village governance settings
Practitioner/Policy implication:
Village governments should strengthen not only transparency and accountability but also institutional credibility, professionalism, and integrity to enhance citizens' trust and social cohesion.
Research limitation/Implication:
The study is limited to a single regency and cross-sectional data. Future research may include additional governance variables and comparative regional analyses.

Keywords: Public Legitimacy; Institutional Trust; Social Trust; Village Governance; PLS-SEM.

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Introduction

Village governments have become key actors in Indonesia's decentralization agenda since the enactment of Law No. 6 of 2014 concerning Villages. Through the Village Fund Program, the central government has transferred substantial fiscal resources to support local infrastructure development, poverty reduction, community empowerment, and public service improvement. In recent years, annual Village Fund allocations have exceeded IDR 70 trillion, making village governments responsible for managing one of the largest public financing programs at the grassroots level. This significant fiscal decentralization has increased public expectations regarding accountability, transparency, responsiveness, and integrity in village governance.

The importance of effective village governance is particularly evident in Indragiri Hilir Regency, Riau Province, which consists of **197 villages** distributed across geographically dispersed rural, riverine, and coastal areas. Village governments in the regency manage substantial Village Fund allocations, creating significant responsibilities for local administrations in delivering development programs and public services (Badan Pusat Statistik Kabupaten Indragiri Hilir, 2025).. Despite these substantial allocations, governance challenges remain evident. Reports from the Supreme Audit Agency (BPK), the Ministry of Villages, and previous governance studies have continued to identify weaknesses related to accountability, administrative compliance, transparency, and village fund management. Several cases of delayed accountability reports, weaknesses in financial administration, and limited community participation have raised concerns regarding governance effectiveness at the village level. Such conditions may reduce public confidence in governmental institutions and hinder the development of sustainable trust-based relationships between governments and communities.

Several studies have highlighted governance challenges in village administrations. Iznillah & Basri (2019) found that transparency and accountability remain fundamental determinants of effective village financial management. Likewise, Safrizal et al (2022) demonstrated that transparency, accountability, and community participation significantly influence village fund governance in Indragiri Hilir Regency. Furthermore, Basri et al. (2021) reported that weaknesses in governance mechanisms increase the risk of fraud and may undermine public confidence in village administrations. Collectively, these studies indicate that governance quality plays a crucial role in shaping citizens' perceptions of government performance and integrity.

While governance mechanisms have received considerable scholarly attention, recent public governance literature increasingly emphasizes the importance of legitimacy in maintaining citizen support for governmental institutions. Public legitimacy refers to the generalized perception that governmental actions are desirable, appropriate, and consistent with socially accepted norms, values, and beliefs (Suchman, 1995). Legitimacy Theory argues that organizations and public institutions depend on societal approval to obtain support, maintain stability, and secure long-term survival (Suchman, 1995; Deegan, 2022). In village governance, legitimacy is reflected through transparent decision-making processes, responsiveness to public aspirations, accountability in managing village funds, and meaningful citizen participation. When government actions are perceived as legitimate, citizens are more likely to support public policies and cooperate with public institutions (Bitektine & Haack, 2015).

However, legitimacy alone may not be sufficient to explain how citizens develop broader trust toward government. Trust has emerged as a central concept in governance research because it facilitates cooperation, reduces uncertainty, and enhances citizen participation in public affairs (Mayer et al., 1995; Rousseau et al., 1998). The literature distinguishes between institutional trust and social trust. Institutional trust refers to citizens' confidence in the competence, integrity, and reliability of governmental institutions, whereas social trust reflects broader confidence that encourages cooperation and collective action within society (Putnam, 2000). According to Institutional Trust Theory, citizens continuously evaluate public institutions based on their perceived competence, consistency, fairness, and integrity. Positive evaluations strengthen institutional trust, which subsequently influences broader social attitudes and behaviors toward government.

Although the relationships among governance quality, legitimacy, and trust have attracted increasing scholarly attention, important gaps remain in the literature. Existing studies in the village governance context have primarily focused on transparency, accountability, good governance, and fraud prevention as direct determinants of public trust (Basri & Iznillah, 2019; Basri et al., 2021; Safrizal et al., 2022). These studies provide valuable insights into governance mechanisms but offer limited explanations regarding how citizens transform perceptions of governmental legitimacy into broader social trust. Similarly, studies on public trust frequently examine direct relationships between governance practices and trust outcomes, while overlooking the institutional processes through which legitimacy influences trust formation (Grimmelikhuijsen & Knies, 2017).

Moreover, prior studies generally assume that legitimacy directly produces trust outcomes. However, empirical findings in governance research remain inconclusive. Several studies report that transparent and accountable governance enhances trust in public institutions, whereas others suggest that legitimacy alone may not be sufficient to generate broader trust unless citizens perceive governmental institutions as competent, reliable, and credible. These inconsistencies indicate the need to examine potential mediating mechanisms that explain how legitimacy is translated into trust outcomes, particularly within village governance settings where interactions between citizens and government officials are highly personalized and continuous.

A second gap concerns the theoretical fragmentation of prior research. Legitimacy studies primarily explain how institutions obtain public acceptance (Suchman, 1995), whereas trust studies focus on citizens' confidence in governmental institutions (Mayer et al., 1995; Rousseau et al., 1998). Meanwhile, Social Capital Theory emphasizes the role of trust in facilitating cooperation and collective action within communities (Putnam, 2000). Despite their conceptual relevance, these perspectives have rarely been integrated into a unified framework capable of explaining how legitimacy develops into trust-based social relationships, particularly within village governments where interactions between citizens and public officials are highly personalized and socially embedded.

Accordingly, this study argues that public legitimacy does not automatically generate social trust. Instead, legitimacy first strengthens citizens' confidence in governmental institutions, which subsequently evolves into broader social trust. Therefore, Institutional Trust is proposed as a mediating mechanism linking Public Legitimacy and Social Trust. This perspective extends prior village governance studies that predominantly focused on transparency, accountability, and fraud prevention by explaining the trust-formation process underlying citizen-government relationships.

The novelty of this study is threefold. First, it introduces Public Legitimacy as an antecedent of trust within the context of village governance, an area that has received limited attention in previous village fund and local governance studies. Second, it positions Institutional Trust as a mediating mechanism through which legitimacy is transformed into Social Trust, thereby addressing the limited understanding of trust-formation processes in village governance. Third, it integrates Legitimacy Theory, Institutional Trust Theory, and Social Capital Theory into a unified explanatory framework, offering a more comprehensive explanation of how legitimacy evolves into trust-based social relationships. Unlike previous studies that primarily focused on transparency, accountability, or governance quality as direct predictors of trust, this study emphasizes the institutional pathway through which legitimacy influences broader social trust.

Therefore, this study aims to examine the effect of Public Legitimacy on Social Trust and investigate the mediating role of Institutional Trust among village governments in Indragiri Hilir Regency, Indonesia. The findings are expected to contribute to the public governance literature by demonstrating how societal approval of governmental actions is transformed into trust-based social relationships. Practically, the results may provide valuable insights for policymakers and village governments seeking to strengthen public confidence, improve governance effectiveness, and enhance citizen participation in local development.

Literature Review and Hypothesis Development

Theoretical Foundation

This study is grounded in an integrated theoretical framework comprising Legitimacy Theory, Institutional Trust Theory, and Social Capital Theory. These perspectives collectively explain how citizens' evaluations of governmental actions influence trust formation within village governance.

Legitimacy Theory serves as the primary theoretical foundation because public legitimacy represents the central antecedent variable in this study. According to Suchman (1995), legitimacy refers to the perception that organizational actions are appropriate, desirable, and consistent with socially accepted norms and values. Public institutions depend on legitimacy to obtain societal support and sustain their operations over time. In the context of village governance, legitimacy is reflected through transparency, accountability, responsiveness, and citizen participation in public decision-making. When village governments are perceived as acting in accordance with public interests, citizens are more likely to support governmental institutions and positively evaluate their performance (Bitektine & Haack, 2015; Deegan, 2022).

While Legitimacy Theory explains societal approval of governmental actions, Institutional Trust Theory explains how such approval develops into confidence in public institutions. Institutional trust reflects citizens' beliefs that governmental institutions possess the competence, integrity, and reliability necessary to fulfill their responsibilities effectively (Mayer et al., 1995; Rousseau et al., 1998). Citizens continuously evaluate public institutions based on their performance, fairness, consistency, and compliance with established regulations. Positive evaluations strengthen institutional trust, whereas governance failures may weaken public confidence. Consequently, citizens who perceive village governments as legitimate are expected to develop stronger trust in those institutions.

Institutional trust and social trust represent two conceptually distinct forms of trust. Institutional trust refers to confidence directed toward formal governmental institutions and their ability to perform public responsibilities effectively, fairly, and consistently. In contrast, social trust reflects generalized expectations regarding cooperation, reciprocity, and trustworthy behavior among individuals and groups within society. While institutional trust focuses on confidence in government organizations, social trust extends beyond institutions and encompasses broader social relationships among community members. Therefore, institutional trust may serve as a bridge through which positive evaluations of governmental institutions are transformed into broader trust-based social interactions (Rothstein & Stolle, 2008; OECD, 2017).

The ultimate outcome examined in this study is social trust, which is explained through Social Capital Theory. Putnam (1993, 2000) argues that trust constitutes a fundamental component of social capital because it facilitates cooperation, reciprocity, and collective action within communities. Social trust refers to individuals' willingness to engage in social relationships based on expectations of honesty, reliability, and mutual commitment. In governance settings, social trust encourages citizen participation, strengthens collective action, and supports the successful implementation of public programs. Social Capital Theory further suggests that positive experiences with public institutions contribute to the development of broader trust within society.

Integrating these perspectives, this study proposes that public legitimacy strengthens institutional trust, which subsequently promotes social trust. This mechanism is particularly relevant in village governments because citizens interact directly with public officials and continuously evaluate the management of village resources and development programs. Accordingly, this study extends Legitimacy Theory by arguing that societal approval does not automatically generate social trust but operates through institutional trust as an intervening mechanism. Through this integrated framework, the study provides a more comprehensive explanation of how trust-based social relationships emerge within village governance settings.

Hypothesis Development

Public Legitimacy and Institutional Trust

Public legitimacy reflects citizens' collective assessment that governmental actions are consistent with societal expectations, public interests, and accepted norms. Within village governance, legitimacy is established when citizens perceive that village governments manage public resources transparently, respond to community needs, and implement development programs fairly and accountably. Such perceptions reduce uncertainty regarding governmental intentions and increase confidence in the institutions responsible for public administration.

Legitimacy Theory suggests that societal approval serves as an important source of institutional support because it signals that governmental actions are considered appropriate and desirable by stakeholders (Suchman, 1995). When village governments gain public legitimacy, citizens are more likely to perceive governmental institutions as trustworthy and capable of fulfilling their responsibilities. In turn, these positive evaluations strengthen institutional trust by enhancing perceptions of competence, integrity, and reliability. Previous studies have also indicated that legitimacy contributes to trust formation by encouraging favorable evaluations of public institutions and reducing skepticism toward governmental actions (Bitektine & Haack, 2015; Grimmelikhuijsen & Knies, 2017).

In the context of village governance, citizens who perceive village governments as legitimate are expected to place greater confidence in the institutions responsible for managing village affairs and public resources. Therefore, public legitimacy is expected to strengthen institutional trust.

Based on the theoretical arguments and empirical evidence presented above, the following hypothesis is proposed:
H1: Public Legitimacy positively affects Institutional Trust.

Institutional Trust and Social Trust

Institutional trust represents citizens' confidence in the competence, integrity, and reliability of governmental institutions. Such trust plays an important role in shaping broader social attitudes because citizens often use their experiences with public institutions as a basis for evaluating the wider social environment. When governmental institutions consistently demonstrate fairness, transparency, and professionalism, citizens become more likely to believe that social interactions are governed by predictable and trustworthy norms.

According to Social Capital Theory, trust constitutes a critical mechanism for facilitating cooperation and collective action within communities (Putnam, 2000). Institutional trust contributes to the development of social trust by reducing uncertainty and fostering confidence in social relationships. Citizens who trust governmental institutions are generally more willing to participate in community activities, support public programs, and cooperate with other members of society. Consequently, institutional trust extends beyond confidence in government itself and contributes to broader patterns of social trust.

Within village communities, where interactions among citizens and public officials occur frequently and directly, confidence in governmental institutions may significantly influence citizens' willingness to engage in collective activities and support community development initiatives. Therefore, higher levels of institutional trust are expected to promote stronger social trust.

Based on the theoretical arguments and empirical evidence presented above, the following hypothesis is proposed:
H2: Institutional Trust positively affects Social Trust.

Public Legitimacy and Social Trust

Legitimacy not only influences citizens' perceptions of governmental institutions but may also affect broader social relationships. When village governments are perceived as legitimate, citizens are more likely to believe that public decisions are made fairly and that collective interests are adequately represented. Such perceptions may encourage cooperation, participation, and support for development programs, thereby strengthening trust within the community.

From the perspective of Legitimacy Theory, societal approval enhances the willingness of stakeholders to cooperate with institutions and accept governmental decisions (Suchman, 1995). In village governance settings, legitimacy may contribute to social trust by creating confidence that public resources are managed responsibly and that development initiatives are implemented in the interests of the community. Citizens who perceive village governments as legitimate are therefore expected to exhibit higher levels of trust toward collective social arrangements and community-based initiatives.

Previous governance studies have suggested that legitimacy is associated with greater public support, stronger citizen engagement, and more favorable evaluations of governmental performance. Consequently, public legitimacy is expected to contribute positively to social trust.

Based on the theoretical arguments and empirical evidence presented above, the following hypothesis is proposed:
H3: Public Legitimacy positively affects Social Trust.

The Mediating Role of Institutional Trust

Although legitimacy may encourage trust, the relationship between public legitimacy and social trust is unlikely to occur automatically. Citizens typically develop trust through a gradual evaluative process. Before extending trust to broader social relationships, individuals often assess whether governmental institutions are capable, reliable, and committed to serving public interests. Therefore, institutional trust may serve as an intermediate mechanism through which legitimacy influences social trust.

Legitimacy Theory explains that societal approval increases positive evaluations of governmental institutions, while Institutional Trust Theory suggests that these evaluations strengthen confidence in institutional performance. Subsequently, Social Capital Theory argues that confidence in institutions contributes to broader trust-based relationships within society. Integrating these perspectives suggests a sequential process in which public legitimacy strengthens institutional trust, and institutional trust subsequently promotes social trust.

In village governance, citizens who perceive village governments as legitimate are more likely to trust the institutions responsible for managing village affairs. This confidence then encourages broader trust toward community relationships, collective actions, and public initiatives. Therefore, institutional trust is expected to function as a mediating mechanism that translates public legitimacy into social trust.

Based on the theoretical arguments and empirical evidence presented above, the following hypothesis is proposed:

H4: Institutional Trust mediates the relationship between Public Legitimacy and Social Trust.

Based on the theoretical framework and hypotheses developed, this study proposes a conceptual model illustrating the relationships among Public Legitimacy, Institutional Trust, and Social Trust. The proposed research framework is presented in Figure 1.

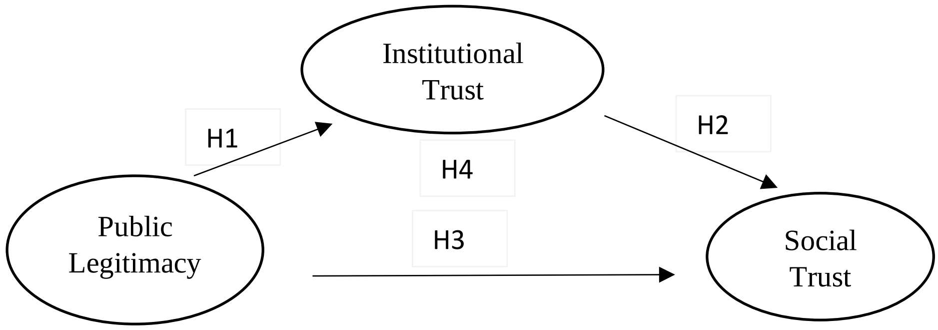

Figure 1. Research Model

Research Method

Research Design

This study employed a quantitative research design to examine the relationships among Public Legitimacy, Institutional Trust, and Social Trust within village governments in Indragiri Hilir Regency, Riau Province, Indonesia. The study specifically investigated the mediating role of Institutional Trust in explaining how Public Legitimacy influences Social Trust. Given the exploratory and predictive nature of the research model and the presence of a mediating construct, Partial Least Squares Structural Equation Modeling (PLS-SEM) was selected as the primary analytical technique (Hair et al., 2022; Sarstedt et al., 2022).

Population, Sample, and Data Collection

This study targeted village government officials from all 197 villages in Indragiri Hilir Regency, Riau Province, Indonesia. Village governments were selected as the unit of analysis because they are directly responsible for managing village funds, implementing development programs, and maintaining accountability to local communities. Questionnaires were distributed to village officials who were directly involved in administrative, planning, and financial management activities and had served in their positions for at least one year. The respondents included village heads, village secretaries, village treasurers, heads of affairs, heads of sections, and other officials involved in village governance.

Although the study initially targeted all villages in the regency, only 122 usable responses were returned and included in the final analysis, representing a response rate of 61.93 percent. Therefore, the final dataset reflects substantial population coverage rather than a complete census. Village government officials were selected as key informants because they possess extensive knowledge regarding governance processes, village fund management, implementation of development programs, and interactions with local communities. Nevertheless, the use of government officials rather than citizens represents a limitation because the findings reflect institutional perceptions and may not fully capture citizens' evaluations of legitimacy and trust.

Data were collected through a structured questionnaire administered between March and May 2026 using both face-to-face and online approaches to maximize accessibility and response rates. Prior to participation, respondents were informed about the objectives of the study and assured that their responses would remain anonymous and confidential. To minimize potential common method bias, participation was voluntary, anonymity was guaranteed, and questionnaire items were carefully designed using clear and concise wording. The questionnaire employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Before the main survey, the instrument underwent expert review and pilot testing to ensure content validity, clarity, and comprehensibility (Hair et al., 2022; Sekaran & Bougie, 2019).

According to Hair et al. (2022), PLS-SEM is suitable for studies with relatively small to moderate sample sizes when the sample exceeds the minimum requirements based on model complexity. Therefore, the final sample size of 122 respondents was considered adequate for the proposed structural model and subsequent statistical analysis.

Variable Measurement

Public Legitimacy (PL) refers to the extent to which village government actions are perceived as appropriate, acceptable, and aligned with societal expectations and public interests. Consistent with Legitimacy Theory, this construct captures citizens' perceptions regarding the acceptance of village government decisions, transparency in public resource management, responsiveness to community aspirations, and public support for village development programs. The measurement items were adapted from Suchman (1995), Deegan (2022), and Bitektine and Haack (2015) and contextualized to reflect village governance practices.

Institutional Trust (IT) reflects citizens' confidence in the competence, integrity, professionalism, and reliability of village government institutions. This construct assesses the extent to which village governments are perceived as consistently implementing regulations, maintaining professional conduct, adhering to formal procedures, and managing public affairs effectively. The measurement items were adapted from the institutional trust framework developed by Mayer et al. (1995) and Rousseau et al. (1998).

Social Trust (ST) refers to citizens' willingness to place confidence in village governance and maintain cooperative relationships with public institutions and community members. The construct captures perceptions regarding trust in village leadership, confidence in the management of village funds, willingness to support future development programs, and mutual trust between village governments and local communities. The measurement items were adapted from Social Capital Theory proposed by Putnam (1993, 2000), as well as subsequent studies on public trust conducted by Grimmelikhuijsen and Knies (2017) and OECD (2017).

All constructs were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Higher scores indicate stronger perceptions of public legitimacy, institutional trust, and social trust.

Data Analysis

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. PLS-SEM was selected because it is suitable for examining predictive relationships and mediation models involving latent constructs (Hair et al., 2022; Sarstedt et al., 2022). The analysis consisted of evaluating both the measurement model and the structural model.

The measurement model was assessed through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Reliability was evaluated using Cronbach's Alpha and Composite Reliability, while convergent validity was assessed using Average Variance Extracted (AVE). Discriminant validity was examined using the Heterotrait-Monotrait Ratio (HTMT) criterion (Fornell & Larcker, 1981; Henseler et al., 2015).

The structural model was evaluated using the coefficient of determination (R^2), predictive relevance (Q^2), and effect size (f^2). Hypothesis testing was conducted through a bootstrapping procedure with 5,000 resamples. Path coefficients were considered significant when the t-statistic exceeded 1.96 and the p-value was below 0.05. The mediating effect of Institutional Trust was assessed through indirect effect analysis using the bootstrapping approach (Hair et al., 2022; Nitzl et al., 2016).

Results

Response Rate

Questionnaires were distributed to village government officials across all 197 villages in Indragiri Hilir Regency. A total of 122 usable questionnaires were returned, resulting in a response rate of 61.93%. All returned questionnaires were complete and suitable for further analysis. The final sample size was considered adequate for PLS-SEM analysis (Hair et al., 2022).

Descriptive Statistics of Research Variables

Descriptive statistics were analyzed to provide an overview of respondents' perceptions regarding the study variables. The analysis includes the mean, minimum value, maximum value, and standard deviation for each construct. The mean value reflects the average level of respondents' agreement with the measurement items, while the standard deviation indicates the degree of variation in responses. Table 1 presents the descriptive statistics for Public Legitimacy, Institutional Trust, and Social Trust.

Table 1. Descriptive Statistics of Research Variables

Variable	Mean	Minimum	Maximum	Standard Deviation
Public Legitimacy (PL)	4.387	2.000	5.000	0.586
Institutional Trust (IT)	4.441	3.000	5.000	0.607
Social Trust (ST)	4.418	1.000	5.000	0.669

As shown in Table 1, all variables exhibit relatively high mean scores, indicating favorable perceptions among village government officials regarding public legitimacy, institutional trust, and social trust. Institutional Trust recorded the highest mean value (Mean = 4.441), followed by Social Trust (Mean = 4.418) and Public Legitimacy (Mean = 4.387). These findings suggest that respondents generally perceive village governments as operating in a legitimate manner, demonstrating institutional reliability, and maintaining positive relationships with local communities. Furthermore, the relatively low standard deviation values indicate a high level of consistency in respondents' assessments across the three constructs.

Common Method Bias Assessment

Common method bias was assessed using Harman's single-factor test. The results showed that the first factor accounted for 33.3% of the total variance, which is below the commonly accepted threshold of 50% (Podsakoff et al., 2003). This finding indicates that common method bias is unlikely to pose a significant threat to the validity of the study and that no single factor dominated the variance explained by the measurement items.

Measurement Model Assessment

The measurement model was assessed to examine the reliability and validity of the study constructs. The evaluation included indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Tables 2 and 3 present the results of the measurement model assessment.

Table 2. Measurement Model Assessment

Construct	Item	Loading	Cronbach's Alpha	Composite Reliability	AVE
Institutional Trust	IT1	0.833	0.610	0.789	0.559
	IT2	0.775			
	IT3	0.619			
Public Legitimacy	PL1	0.763	0.573	0.775	0.536
	PL2	0.765			
	PL4	0.664			
Social Trust	ST1	0.759	0.749	0.833	0.503
	ST2	0.793			
	ST3	0.687			
	ST4	0.557			
	ST5	0.726			

Table 2 presents the results of the measurement model assessment. Prior to the final analysis, several indicators with low loading values were eliminated to improve the reliability and validity of the measurement model. Following the purification process, all retained indicators exhibited loading values above the minimum acceptable threshold of 0.50, ranging from 0.557 to 0.833. Although several indicators, namely IT3 (0.619), PL4 (0.664), ST3 (0.687), and ST4 (0.557), were below the preferred threshold of 0.70, they were retained because their loadings exceeded 0.50 and contributed to maintaining adequate construct reliability and content validity (Hair et al., 2022).

The results further indicate that the Cronbach's Alpha values ranged from 0.573 to 0.749. While the values for Institutional Trust (0.610) and Public Legitimacy (0.573) were slightly below the conventional threshold of 0.70, they remain acceptable for exploratory and theory-development research, particularly when the constructs consist of a limited number of indicators (Hair et al., 2022; Nunnally & Bernstein, 1994). More importantly, all constructs achieved Composite Reliability values between 0.775 and 0.833, exceeding the recommended threshold of 0.70 and demonstrating satisfactory internal consistency reliability. Accordingly, the reliability assessment should not rely solely on Cronbach's Alpha, as Composite Reliability is considered a more appropriate measure of internal consistency in PLS-SEM analysis (Hair et al., 2022).

Convergent validity was assessed using the Average Variance Extracted (AVE). The AVE values for Institutional Trust (0.559), Public Legitimacy (0.536), and Social Trust (0.503) exceeded the recommended threshold of 0.50, indicating that each construct explained more than half of the variance of its indicators (Fornell & Larcker, 1981). Overall, the results confirm that the measurement model demonstrates acceptable reliability and convergent validity and is therefore suitable for further structural model analysis.

Table 3. Discriminant Validity Assessment

Constructs	Institutional Trust	Public Legitimacy	Social Trust
Institutional Trust	**0.748**	0.685	0.702
Public Legitimacy	0.421	**0.732**	0.562
Social Trust	0.500	0.365	**0.709**

Table 3 presents the results of the discriminant validity assessment using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). The square root of AVE for Institutional Trust (0.748), Public Legitimacy (0.732), and Social Trust (0.709) exceeded the corresponding inter-construct correlations, satisfying the Fornell-Larcker criterion. In addition, all HTMT values ranged from 0.562 to 0.702, which are below the recommended threshold of 0.90 (Henseler et al., 2015). Therefore, the constructs are empirically distinct and demonstrate satisfactory discriminant validity.

Structural Model Assessment

After establishing the reliability and validity of the measurement model, the structural model was evaluated to assess the predictive power and explanatory capability of the proposed model. Following the recommendations of Hair et al. (2022), the assessment included the coefficient of determination (R^2), predictive relevance (Q^2), and collinearity diagnostics. These measures provide evidence regarding the model's ability to explain and predict the endogenous constructs as well as the absence of multicollinearity issues among predictor variables.

Table 4. Structural Model Assessment

Construct/Relationship	R^2	Q^2 Predict	f^2	VIF
Public Legitimacy → Institutional Trust	0.177	0.154	0.216	1.000
Institutional Trust → Social Trust	0.279	0.095	0.202	1.216
Public Legitimacy → Social Trust	-	-	0.040	1.216

Table 4 presents the results of the structural model assessment. The coefficient of determination (R^2) indicates that Public Legitimacy explains 17.7% of the variance in Institutional Trust, while Public Legitimacy and Institutional Trust jointly explain 27.9% of the variance in Social Trust. Although the R^2 values indicate relatively modest explanatory power, they are considered acceptable in social and behavioral research, where trust formation is influenced by multiple contextual, institutional, and individual factors. The findings suggest that additional variables, such as leadership quality, public service effectiveness, citizen participation, governance experience, and perceived fairness, may contribute to the development of Institutional Trust and Social Trust in village governance settings. Therefore, future studies should incorporate these factors to enhance the explanatory power of the model. Nevertheless, the results demonstrate that Public Legitimacy and Institutional Trust remain important predictors of trust formation within village governance and provide meaningful explanatory insights into the proposed relationships (Hair et al., 2022).

The predictive relevance assessment further shows that the Q^2 predict values for Institutional Trust (0.154) and Social Trust (0.095) are greater than zero, indicating that the model has predictive relevance. Regarding effect size, Public Legitimacy exerts a moderate effect on Institutional Trust ($f^2 = 0.216$), while Institutional Trust demonstrates a moderate effect on Social Trust ($f^2 = 0.202$). In contrast, the direct effect of Public Legitimacy on Social Trust is relatively weak ($f^2 = 0.040$).

The collinearity assessment indicates that all VIF values range from 1.000 to 1.216, which are substantially below the recommended threshold of 5.00 (Hair et al., 2022). Therefore, multicollinearity is not a concern, and the structural model is suitable for hypothesis testing.

Hypothesis Testing

The proposed hypotheses were tested using the bootstrapping procedure in PLS-SEM. The significance of the relationships was assessed based on the path coefficients, t-statistics, and p-values. Table 4 and figure 2 presents the results of both direct and indirect effect testing

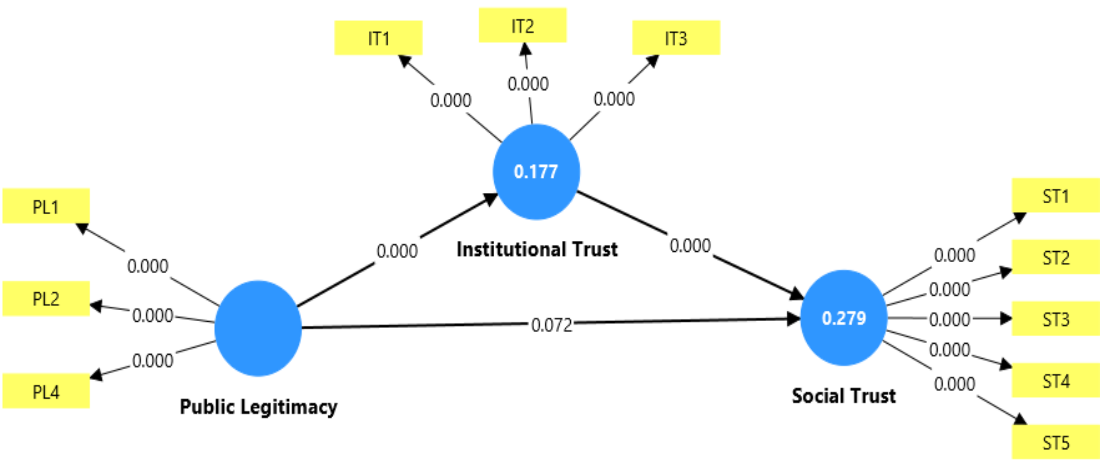

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Table 5. Hypothesis Testing Results

Hypothesis	Relationship	β	t-value	p-value	Decision
H1	Public Legitimacy → Institutional Trust	0.421	5.952	0.000	Supported
H2	Institutional Trust → Social Trust	0.421	4.498	0.000	Supported
H3	Public Legitimacy → Social Trust	0.187	1.799	0.072	Not Supported
H4	Public Legitimacy → Institutional Trust → Social Trust	0.177	3.245	0.001	Supported

Table 5 presents the results of the hypothesis testing. The findings indicate that Public Legitimacy has a positive and significant effect on Institutional Trust ($\beta = 0.421$, $t = 5.952$, $p < 0.001$), supporting H1. Similarly, Institutional Trust exerts a positive and significant effect on Social Trust ($\beta = 0.421$, $t = 4.498$, $p < 0.001$), supporting H2. These results suggest that village governments perceived as legitimate are more likely to gain institutional trust, which subsequently contributes to the development of social trust.

In contrast, the direct effect of Public Legitimacy on Social Trust is not statistically significant ($\beta = 0.187$, $t = 1.799$, $p = 0.072$). Therefore, H3 is not supported. This finding indicates that public legitimacy alone is insufficient to directly generate social trust among citizens.

The mediation analysis reveals that the indirect effect of Public Legitimacy on Social Trust through Institutional Trust is positive and significant ($\beta = 0.177$, $t = 3.245$, $p = 0.001$), supporting H4. Since the indirect effect is significant while the direct effect is not, the results indicate full mediation. This finding suggests that Institutional Trust serves as the primary mechanism through which Public Legitimacy influences Social Trust in village governance.

Endogeneity Assessment

To ensure the robustness of the estimated relationships, an endogeneity assessment was conducted using the Gaussian Copula approach. This procedure is recommended for detecting potential endogeneity issues in PLS-SEM models, particularly when omitted variables or reverse causality may bias parameter estimates (Park & Gupta, 2012; Hult et al., 2018). The results of the Gaussian Copula test are presented in Table 5.

Table 6. Endogeneity Assessment Using Gaussian Copula

	T statistics (|O/STDEV|)	P values
GC (Institutional Trust -> Social Trust) -> Social Trust	0,180	0,857
GC (Public Legitimacy -> Institutional Trust) -> Institutional Trust	1,131	0,258
GC (Public Legitimacy -> Social Trust) -> Social Trust	0,491	0,623

Table 6 presents the results of the Gaussian Copula test. The findings show that all Gaussian Copula coefficients are statistically insignificant, with p-values ranging from 0.258 to 0.857. Specifically, the Gaussian Copula terms for the relationships between Public Legitimacy and Institutional Trust (p =

0.258), Public Legitimacy and Social Trust (p = 0.623), and Institutional Trust and Social Trust (p = 0.857) are not significant. These results indicate the absence of endogeneity concerns in the proposed model. Therefore, the estimated path coefficients can be considered unbiased and reliable for hypothesis testing and interpretation.

Discussion

Public Legitimacy and Institutional Trust

The findings reveal that Public Legitimacy positively and significantly influences Institutional Trust. This result indicates that village governments perceived as transparent, responsive, and accountable are more likely to gain public confidence in their institutional capacity. In the context of village governance, legitimacy is reflected through the transparency of village fund management, openness in communicating budget information, responsiveness to citizens' aspirations, and community participation in village deliberation forums. These governance practices provide signals that village governments operate in accordance with societal expectations, thereby strengthening citizens' trust in public institutions.

This finding supports Legitimacy Theory, which argues that organizations and public institutions rely on societal approval to secure support and maintain stability (Suchman, 1995). Legitimacy reduces uncertainty regarding institutional behavior and promotes favorable evaluations of organizational performance (Bitektine & Haack, 2015; Deegan, 2022). In village settings, where interactions between citizens and government officials occur frequently and directly, legitimacy becomes particularly important because citizens can continuously observe how village resources are managed and how public decisions are implemented.

The result is consistent with previous studies emphasizing the importance of transparency and accountability in strengthening public confidence in government institutions (Grimmelikhuijsen & Knies, 2017). It also supports findings by Basri and Iznillah (2019), who reported that transparent and accountable village financial management contributes to better governance quality. Similarly, Safrizal et al. (2022) found that transparency, accountability, and community participation significantly improve village governance practices in Indragiri Hilir Regency. The present study extends this literature by demonstrating that public legitimacy functions as a key antecedent of institutional trust within village governments.

Institutional Trust and Social Trust

The findings further indicate that Institutional Trust positively and significantly affects Social Trust. This result suggests that citizens who trust village government institutions are more likely to develop broader trust toward collective activities, community cooperation, and future development initiatives. Institutional trust therefore serves as an important foundation for building trust-based social relationships within rural communities.

This finding is consistent with Institutional Trust Theory, which posits that confidence in public institutions influences citizens' attitudes and behaviors beyond the institutional domain. When village governments are perceived as competent, reliable, and fair, citizens become more willing to participate in collective activities and support public programs. The finding also aligns with Social Capital Theory, which identifies trust as a fundamental component of social capital that facilitates cooperation, reciprocity, and collective action (Putnam, 1993; 2000).

In village governance, citizens regularly interact with village officials through public meetings, development programs, and village fund activities. Positive institutional experiences accumulated through these interactions can strengthen broader social trust within the community. This result supports previous studies showing that trust in public institutions contributes to stronger civic engagement and social cohesion (Rothstein & Stolle, 2008; Grimmelikhuijsen & Knies, 2017). Therefore, strengthening institutional trust is likely to generate benefits that extend beyond governance performance and contribute to community solidarity and participation in village development.

Public Legitimacy and Social Trust

Contrary to the proposed hypothesis, Public Legitimacy does not have a significant direct effect on Social Trust. This finding suggests that legitimacy alone is insufficient to generate broader trust-based social relationships within village governance. While legitimacy reflects positive evaluations of governmental actions and their alignment with societal expectations (Suchman, 1995), social trust represents a broader form of confidence involving cooperation, reciprocity, and collective interactions within the community (Putnam, 2000).

This result indicates that citizens may perceive village governments as legitimate without necessarily extending that evaluation into broader social trust. Consistent with Institutional Trust Theory, trust is more likely to emerge when legitimacy is accompanied by confidence in the competence, integrity, and reliability of governmental institutions (Mayer et al., 1995; Rousseau et al., 1998). Therefore, legitimacy may serve as a necessary but insufficient condition for the development of social trust.

The finding is particularly relevant in the context of Indonesian village governance, where trust is shaped not only by formal governance arrangements but also by leadership behavior, direct interactions with public officials, and previous governance experiences. This result supports recent governance studies suggesting that institutional performance plays a critical role in transforming legitimacy into broader trust outcomes (Grimmelikhuijsen & Knies, 2017; OECD, 2022).

The Mediating Role of Institutional Trust

The mediation analysis reveals that Institutional Trust significantly mediates the relationship between Public Legitimacy and Social Trust. Furthermore, the direct effect of Public Legitimacy on Social Trust is insignificant, whereas the indirect effect through Institutional Trust is significant. These findings indicate the presence of full mediation.

This result represents the primary theoretical contribution of the study. Specifically, the findings challenge the assumption commonly embedded in legitimacy research that societal approval automatically generates trust outcomes. Instead, the results demonstrate that legitimacy must first be transformed into confidence in governmental institutions before influencing broader social trust. Institutional trust therefore acts as the missing link connecting public legitimacy and social trust within village governance.

The finding integrates Legitimacy Theory, Institutional Trust Theory, and Social Capital Theory into a coherent explanation of trust formation. Legitimacy Theory explains how village governments obtain societal approval through transparent and accountable governance practices. Institutional Trust Theory explains how such approval develops into confidence in public institutions. Finally, Social Capital Theory explains how institutional confidence contributes to broader trust, cooperation, and collective action within communities. Collectively, these perspectives suggest that trust formation is a sequential process rather than a direct consequence of legitimacy.

The findings also extend previous studies on village governance and public trust by demonstrating that institutional trust functions as a critical intermediary mechanism. In the context of Indragiri Hilir Regency, citizens appear to evaluate village governments based on their competence, integrity, and consistency before extending trust to broader social relationships. Consequently, efforts to strengthen social trust should not focus solely on enhancing legitimacy through transparency and participation. Equal attention should be directed toward strengthening institutional credibility, professionalism, and governance effectiveness. Without institutional trust, public legitimacy alone may be insufficient to foster sustainable trust-based relationships between village governments and local communities.

Conclusion

This study provides evidence that the development of social trust in village governance is not an immediate consequence of public legitimacy. Although village governments may gain public acceptance through transparent, accountable, and participatory governance practices, such legitimacy does not automatically translate into broader trust-based social relationships. Instead, based on the perceptions of village government officials, confidence in governmental institutions emerges as an important mechanism through which legitimacy contributes to social trust. This finding highlights the importance of Institutional Trust as a crucial mechanism in the trust-formation process within village governance.

The study contributes to the literature by integrating Legitimacy Theory, Institutional Trust Theory, and Social Capital Theory into a unified framework for explaining trust formation in local government settings. The findings demonstrate that Public Legitimacy positively influences Institutional Trust, while Institutional Trust positively influences Social Trust. However, the direct relationship between Public Legitimacy and Social Trust is not significant. More importantly, Institutional Trust fully mediates this relationship, indicating that legitimacy must first be translated into confidence in public institutions before influencing broader social trust. Thus, the study extends the legitimacy literature by identifying Institutional Trust as the critical pathway linking societal approval and trust outcomes.

The findings are particularly relevant in the context of village governance, where communities closely observe the management of village funds, public service delivery, and the performance of village officials. Consequently, efforts to strengthen social trust should not focus solely on enhancing transparency, accountability, and community participation. Village governments should also strengthen institutional credibility through consistent implementation of regulations, responsive leadership, professional conduct, integrity, effective public service delivery, and meaningful stakeholder engagement. These efforts are essential for building sustainable trust-based relationships between village governments and local communities.

Research Limitations and Future Research

Despite its contributions, this study has several limitations. First, the study relied on village government officials as key informants rather than citizens. Consequently, the findings reflect institutional perceptions and may not fully capture public evaluations of legitimacy and trust. Second, the analysis was conducted within a single regency, which may limit the generalizability of the findings to other local government contexts. Third, the study relied on cross-sectional data, which restricts the ability to observe changes in trust dynamics over time. Fourth, the relatively modest explanatory power of the model suggests that additional determinants of trust formation may exist beyond Public Legitimacy and Institutional Trust.

Future research may address these limitations by collecting data directly from citizens, employing longitudinal designs, incorporating additional governance-related variables such as leadership quality, public service effectiveness, citizen participation, and perceived fairness, and conducting comparative studies across different regions. Such approaches may provide a more comprehensive understanding of trust development in local government institutions.

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