



## DOI:

<https://doi.org/10.37715/rme.v9i2.5412>

– Submitted : 13 Dec 2024  
– Revised : 12 Jun 2025  
– Accepted : 08 Sep 2025

## OPEN ACCESS

e- ISSN [2548-3552](#)  
p- ISSN [2548-3536](#)



© 2025 School of Business  
and Management  
Universitas Ciputra

## The Effect of Transformational Leadership on Openness to Change with Organizational Trust as a Mediation

Dea Farahdiba<sup>1\*</sup>, Brian Gregory Adhiehendra<sup>2</sup>

<sup>1,2</sup> Vocational School, Universitas Sebelas Maret, Indonesia

\*Corresponding author: [deafarahdiba@staff.uns.ac.id](mailto:deafarahdiba@staff.uns.ac.id)

### Abstract

The primary objective of this inquiry is to empirically investigate the mediating mechanism of organizational trust within the structural association between transformational leadership and employees' receptivity to organizational change. Specifically, it seeks to determine whether organizational trust acts as a significant mechanism through which transformational leadership fosters readiness for change among employees in Indonesian Islamic banks. The study employs a descriptive quantitative design using Partial Least Squares (PLS) for data analysis. Data were collected through purposive sampling, with a total of 293 banking employees participating by completing a questionnaire distributed via Google Forms. The responses were analyzed using SmartPLS software to test both the direct and indirect effects. The results reveal that transformational leadership positively and significantly influences organizational trust. The results also show that organizational trust directly helps employees become more open to change, confirming that trust acts as a bridge (mediator) in this process. Essentially, a high level of trust makes transformational leadership more effective in helping staff accept new systems. Despite these findings, the study is limited because it only surveyed bank employees and focused specifically on mediation analysis. Nevertheless, the results offer helpful perspectives for stakeholders in Islamic banks, offering strategies to improve employee well-being and adaptability during periods of organizational transformation, especially in the context of recent bank acquisitions in Indonesia.

**Keywords:** Transformational Leadership, Openness to change, Organization Trust, Bank Acquisition.

## INTRODUCTION

Organizational change is an inescapable reality in modern business, requiring sophisticated management strategies to mitigate the resistance inherent in mergers and acquisitions (M&As). Within the contemporary, hyper-competitive corporate landscape, organizational change has shifted from a strategic choice to an operational imperative. This inquiry offers both theoretical and practical contributions; theoretically, it advances extant literature on leadership and change management by elucidating organizational trust as a critical mediating mechanism. From a practitioner perspective, the results provide strategic imperatives for leaders to cultivate a climate of trust, thereby augmenting employee openness to change—a particularly salient issue amidst Indonesia’s large-scale banking consolidations. Central to this process is transformational leadership, which proves exceptionally efficacious in complex, post-acquisition integrations. As change agents, transformational leaders conceptualize a visionary future trajectory and galvanize collective efforts to actualize institutional transformation (Vera & Crossan, 2004).

During mergers, transformational leaders help employees accept change by emphasizing the benefits of a unified future. By inspiring their teams, these leaders keep job satisfaction and performance high, even when employees feel anxious about the transition (Yue et al., 2019). Transformational leadership has received considerable attention for its potential to drive successful change. Leaders who exhibit transformational behaviors—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—are said to inspire and energize followers to exceed expectations. However, high-uncertainty environments such as M&As do not guarantee the effectiveness of transformational leadership. Trust is a key factor that decides whether these kinds of leadership styles lead to openness to change. Mergers and acquisitions (M&A) have become a prominent corporate phenomenon recently, driven by the potential to enhance financial performance, optimize resource allocation, and foster growth and expansion.

The Indonesian Ministry of State-Owned Enterprises (SOEs) instantiated this consolidation paradigm through the tripartite merger of Bank Syariah Mandiri, Bank BNI Syariah, and Bank BRI Syariah into Bank Syariah Indonesia (BSI) on February 1, 2021 (OJK, 2019). This strategic alignment was orchestrated to fortify the national Islamic banking ecosystem and optimize operational efficiencies. However, the integration necessitated the organizational transition of 20,094 personnel, underscoring the imperative for BSI’s leadership to employ adaptive styles to navigate the resulting institutional flux. The extant literature highlights leadership as a paramount determinant of successful organizational transformation. Notably, empirical evidence from the American Management Association (AMA) identifies leadership as the preeminent factor in change efficacy, transcending both corporate values and communication protocols (Gill, 2002). Efficacious leadership not only facilitates the articulation of vision and the recalibration of organizational culture but also serves to empower and galvanize the workforce toward collective transformational objectives.

Building upon this theoretical foundation, the present study investigates transformational leadership as a primary exogenous variable, positing its impact on employees’ openness to change through the mediating mechanism of organizational trust. Transformational leadership is empirically identified as a precursor to the cultivation of trust, institutional pride,

and mutual respect, thereby fostering constructive psychological orientations and prosocial behaviors within the workplace (Braun et al., 2013). Extant research suggests that transformational leadership demonstrates superior efficacy compared to transactional styles, particularly within the volatility of organizational transitions (Hill et al., 2011). As a constitutive element of institutional relationships, organizational trust is established as a pivotal mediator between leadership behaviors and employee attitudes, including job satisfaction (Pillai et al., 1999) and collective performance (Braun et al., 2013). High levels of trust enable personnel to transcend individualistic pursuits, thereby facilitating engagement with institutional change initiatives and augmenting receptivity to transformation (Weibel et al., 2016). This inquiry synthesizes perspectives from change management literature, which delineates diverse behavioral responses such as commitment, readiness, and resistance (Ahmad & Cheng, 2018; Katsaros et al., 2020). Aligned with the conceptual framework of Yue et al. (2019), this study elucidates the structural interplay between transformational leadership, organizational trust, and openness to change within the specific empirical context of the Bank Syariah Indonesia (BSI) merger.

## LITERATURE REVIEW

Transformational leadership is conceptualized as a multidimensional construct wherein leaders galvanize followers by articulating a shared strategic vision, incentivizing innovation, and providing idiosyncratic support (Bass, 1985). By embodying exemplary behaviors, such leaders critically reappraise conventional paradigms and stimulate intellectual engagement, thereby fostering a culture of creative problem-solving and cognitive flexibility among subordinates (Henker et al., 2015). Suifan et al. (2018) posit that transformational leaders cultivate profound affective linkages with their followers, which serve as the bedrock for institutional trust and organizational identification. This paradigm is consistently correlated with heightened employee engagement, normative commitment, and structural adaptability within volatile environments (Mahmood et al., 2019). In the milieu of organizational transformation, these leaders are pivotal in navigating systemic uncertainty by projecting a compelling future state and instilling collective self-efficacy. Furthermore, empirical evidence suggests that transformational leadership optimizes the organizational climate, facilitating the seamless execution of large-scale systemic shifts (Aarons et al., 2011) and enabling employees to cognitively reframe change as a developmental prospect rather than an existential threat (Yue et al., 2019).

Openness to change refers to an individual's psychological and behavioral readiness to embrace new organizational practices, processes, or systems (Wanberg & Banas, 2000). This concept encompasses an employee's positive attitude towards change initiatives, including a willingness to explore new ideas and adapt to evolving organizational demands. Research by Fugate and Kinicki (2008) identified openness to change as a multidimensional construct involving flexibility, willingness to learn, and receptivity to organizational transformation. Furthermore, openness to change serves as a precursor to change readiness, which entails not only the psychological preparation for change but also the proactive steps employees take to implement it (Axtell et al., 2002). Employees who exhibit high levels of openness to change are more likely to support change initiatives and engage in behaviors that contribute to successful transformation outcomes (Yue et al., 2019). Organizational interventions that foster a positive change climate can significantly enhance openness to change, reducing resistance and increasing collaboration during transitions (Thien, 2019).

Organizational trust is a key part of managing change. It is defined as an employee's

willingness to rely on their organization based on expectations of its reliability, competence, and kindness (Mayer et al., 1995). Trust is essential for building employee commitment, encouraging teamwork, and reducing resistance during transitions (Dirks & Ferrin, 2002). When trust is high, employees feel safe and supported, allowing them to adapt to new changes without fearing failure (Rawlins, 2008). Managerial trustworthiness is especially important because it promotes positive attitudes that lead to successful results (Ertürk, 2008). Furthermore, trust helps reduce the stress of uncertainty by reinforcing the belief that the organization has good intentions (Oreg, 2006). Studies show that trust often acts as a bridge (mediator) between leadership styles and employee engagement (Braun et al., 2013). For example, transformational leaders who are honest and transparent create a "trust-rich" environment that helps staff accept change with confidence (Yue et al., 2019).

Extant literature yields divergent empirical findings regarding the efficacy of leadership in fostering trust during organizational transitions. While certain scholarly works (Braun et al., 2013; Hill et al., 2011) demonstrate a robust positive correlation between transformational leadership and organizational trust, others (Oreg, 2006; Ertürk, 2008) contend that within highly volatile environments, leadership interventions alone may be insufficient to mitigate deep-seated skepticism and apprehension. Specifically, employee resistance may persist despite leadership efficacy if a perceived incongruence exists between institutional rhetoric and substantive organizational actions. Nevertheless, numerous empirical inquiries have corroborated the link between transformational behaviors and the cultivation of trust. Aarons et al. (2011) underscore that transformational leadership serves as a critical driver of a constructive organizational climate, particularly within entities undergoing profound systemic shifts. By articulating a strategic vision that harmonizes institutional objectives with individual employee aspirations, transformational leaders institutionalize a climate of psychological safety and reciprocal respect.

Carter et al. (2013) established that transformational leadership substantively augments the quality of dyadic relationships—specifically Leader-Member Exchange (LMX)—during periods of organizational transition. These enhanced relationships, in turn, catalyze superior task performance and foster Organizational Citizenship Behavior (OCB) among subordinates (Farahnak et al., 2019). Transformational leaders cultivate institutional trust by prioritizing the alignment of personnel development with organizational objectives while simultaneously leveraging intellectual stimulation to enable employees to cognitively reframe systemic challenges as catalysts for professional maturation (Braun et al., 2013; Yue et al., 2019). This leadership paradigm not only institutionalizes trust but also galvanizes proactive engagement with change initiatives. Within the specific milieu of the Indonesian Islamic banking merger, transformational leadership emerges as a critical mechanism for navigating institutional flux while simultaneously fortifying organizational trust.

**H1.** Transformational leadership has a positive effect on openness to change.

Trust is a cornerstone of effective organizational change. As validated in numerous studies (Ki & Hon, 2007), trust in leadership and the organization significantly impacts employee attitudes and behaviors during transitions. Yue et al. (2019) emphasized that organizational trust is a key enabler of employee cooperation, communication, and engagement during change processes. Rawlins (2008) argued that trust aligns employee interests with organizational goals, fostering a collaborative environment. Similarly, Ertürk (2008) noted that trust in management promotes positive employee attitudes toward change, reducing resistance and enhancing readiness. Conversely, Oreg (2006) found that a lack of trust undermines perceptions of change legitimacy, leading to increased resistance and reduced engagement. In the context of organizational change, employees with high organizational trust are more likely to support change initiatives and exhibit openness to new opportunities. This study posits that organizational trust significantly influences employees' openness to accepting and embracing

change.

**H2.** Organizational trust by employees has a positive effect on openness to accept change.

Organizational trust is an employee’s willingness to rely on their company because they believe it is capable, reliable, and has good intentions (Mayer et al., 1995). During mergers (M&As), this trust is often damaged by fears about job security, culture clashes, and poor communication. Because of this, it is important to study trust as a "bridge" (mediator) between leadership and change. Research shows that transformational leaders can build trust, which then helps employees accept new changes (Yue et al., 2019). However, trust is not automatic. In a merger, employees may still feel more loyal to their original company. If leadership seems manipulative or ignores the company's past values, they may fail to build any trust at all (Stouten et al., 2018).

Prior research has substantiated that organizational trust plays a central mediating role in linking transformational leadership to openness to change. By emphasizing transparency and value congruence, transformational leaders establish a foundation of trust that is essential for navigating change. As Groves (2016) highlights, the value-driven nature of this leadership style reinforces trust, thereby enhancing the workforce's readiness for transition. Furthermore, Yue et al. (2019) emphasize that the influence of leadership on employee attitudes is often indirect, operating through the lens of trust. This institutional trust enables employees to view change as a constructive opportunity, fostering a climate of acceptance rather than resistance. This research follows this premise, arguing that organizational trust acts as an essential bridge that facilitates and amplifies the effects of transformational leadership on employee openness to change.

**H3.** Organizational trust by employees mediates the relationship between transformational leadership and openness to change.

The hypothesis framework outlined above is illustrated in Figure 1 of this article, providing a visual representation of the relationships among transformational leadership, organizational trust, and openness to change.

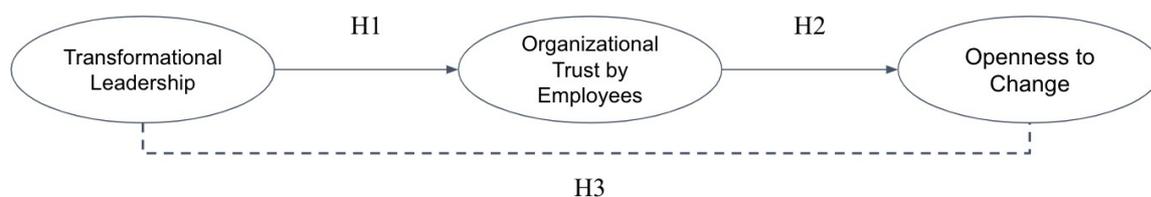


Figure 1. Conceptual Framework

**METHOD**

This study uses a quantitative approach to measure research variables and test hypotheses using statistical analysis (Neuman, 2014). This approach is particularly suited for evaluating the predictive relationships between transformational leadership and openness to change, while simultaneously examining the mediating function of organizational trust. Following the heuristics provided by Hair et al. (2019), Partial Least Squares Structural Equation Modeling (PLS-SEM) was selected due to its efficacy in managing multi-indicator exploratory models, its robustness against non-normal data distributions, and its applicability to moderate sample sizes. The PLS-SEM framework enables a concurrent evaluation of the measurement model (assessing psychometric validity and reliability) and the structural model (facilitating path analysis), thereby affording a comprehensive synthesis of the delineated theoretical framework (Gloria, 2025). Primary data were elicited through structured

questionnaires from a cross-sectional sample, as illustrated in the conceptual framework (Figure 1). This exploratory study aims to elucidate emergent correlations and provide a nuanced explanation of the phenomena associated with the organizational subjects. The sample size was systematically determined utilizing the Slovin formula, with data analysis techniques encompassing both descriptive statistics and multivariate SEM analysis.

Formula:  $n = N / (1 + N * e^2)$

Description:  $n$  = sample size;  $N$  = population size;  $e$  = margin of error (error tolerance)

If the population is 1000 and the margin of error is 5%, then  $n = 1000 / (1 + 1000 * 0.05^2) = 286$ .

Therefore, it can be decided that the number of samples in this study is 293 people, greater than 286 (according to Slovin's calculations). The sample selection in this study used certain criteria, so the technique used was purposive sampling. The first sample criteria are employees of Bank Syariah Indonesia who have worked for three years. This study specifically focuses on employees who have worked for three years or more. We justify this choice because these individuals have experienced both pre- and post-merger organizational climates and leadership styles. Their insights are particularly valuable in evaluating how transformational leadership interacts with long-standing trust relationships and openness to change.

In the Bank Syariah Indonesia (BSI) merger process, employees who previously had their respective leaders, consisting of Bank BNI Syariah, BRI Syariah, and Mandiri Syariah, must experience the merger process with the change in existing leadership. The distribution of questionnaires using Google Forms was limited to 300, and 293 were returned. 7 respondents could not be used because they did not meet the criteria set out in this study, so 293 questionnaires could be processed.

Using SmartPLS 3.2.7 software, the convergent validity of the research variables (transformational leadership, openness to change, and organizational trust) was assessed by evaluating the factor loadings and the average variance extracted. Reliability was confirmed as Cronbach's alpha values for transformational leadership, openness to change, and organizational trust all exceeded 0.7. Individual indicator reliability was established by verifying that outer loadings remained above 0.7; consequently, items OTE1, OTE2, OTE4, TL1, and TL3 were removed following the iterative refinement process recommended by Hair et al. (2014). Convergent validity was further validated by the Average Variance Extracted (AVE), which yielded values between 0.571 and 0.907—well above the 0.50 minimum threshold (Hair et al., 2010). These results collectively indicate that the measurement model possesses satisfactory convergent validity and reliability for subsequent structural analysis.

The process of distributing the questionnaire to employees of Bank Syariah Indonesia was carried out with permission from the branch office in one of the cities in Central Java. With the assistance of an employee, the questionnaire survey link was distributed to several employees of Bank Syariah Indonesia across various regions in Central Java, resulting in a total of 293 respondents participating in this study. Based on the results of data processing in Table 1, male respondents, 152 people or 51.8%, dominated in filling out the questionnaire in this study. There were 141 female respondents, accounting for 48.2% of the total. It can be concluded that employees or workers in banking companies are still more in demand by men compared to women.

The results of data processing also show that the age range that dominates respondents in filling out the questionnaire in this study is 31-35 years, with as many as 114 people, or 38.9%. For employment status, the dominant respondents are at the back-office level with a total of 156 people, or 53.2%. The last educational characteristic that dominates respondents in this study is S1/D4 graduates, as many as 190 people, or 64.8%. Then, for the length of work

of BSI employees who participated in filling out the questionnaire in this study, the work period range is 3 to 5 years for as many as 184 people, or 62.8%.

Table 1. Demographic Characteristics

Demographic Characteristics		Amount	Percentage
Gender	Male	152	51,80%
	Female	141	48,20%
Total		293	
Age	17-20 y.o	0	0
	21-25 y.o	43	14,70%
	26-30 y.o	94	32,40%
	31-35 y.o	114	38,90%
	35-40 y.o	34	11,60%
	>40 y.o	8	1,70%
Total		293	
Employment Status	Frontliner	98	33,40%
	Back Office	156	53,20%
	Manager	34	11,60%
	BOD	5	1,70%
Total		293	
Last Education	SHS/Diploma	69	23,50%
	S1/D4	190	64,80%
	S2	32	10,90%
	S3	2	0,90%
Total		293	
Length of Work	3 - 5 years	184	62,80%
	5,5 - 10 years	56	19,11%
	> 10 years	53	18,80%
Amount		293	

## RESULT

Construct validity was established through Confirmatory Factor Analysis (CFA), with standardized factor loadings exceeding the 0.60 threshold serving as the primary criterion for indicator retention (Hair et al., 2014). Convergent validity was further substantiated by ensuring that the Average Variance Extracted (AVE) for each latent construct surpassed the recommended 0.50 benchmark (Hair et al., 2014). To evaluate the internal consistency and reliability of the measurement instruments, Composite Reliability (CR) was employed, adhering to the conventional heuristic of  $\geq 0.70$  (Hair et al., 2014). As evidenced by the empirical data presented in Table 2, all research constructs demonstrated robust validity and reliability, satisfying the requisite psychometric requirements for further structural analysis.

Following the preliminary pilot study, initial assessments revealed that several indicators exhibited inadequate psychometric properties. To address these deficiencies and stabilize the model, the survey was subsequently administered to a more extensive respondent pool. However, despite the sample expansion, certain items—specifically OTE1, OTE2, OTE4, TL1, and TL3—consistently failed to satisfy the requisite factor loading and Average

Variance Extracted (AVE) benchmarks. Consequently, these indicators were expunged from the final measurement model to ensure structural integrity and maximize the convergent validity of the latent constructs.

In accordance with the heuristics provided by Hair et al. (2017), items exhibiting outer loadings within the 0.40 to 0.70 range were considered for deletion, contingent upon the subsequent enhancement of the construct's reliability and validity metrics. Upon execution of this analysis, all latent constructs achieved AVE values exceeding the minimum 0.50 threshold. This outcome validates the convergent validity of the model, ensuring that the selected indicators explain a significant proportion of the variance in their respective constructs. Consequently, the measurement model demonstrates high structural integrity, providing a robust foundation for the assessment of the structural model.

Furthermore, internal consistency reliability was assessed to ascertain the stability and precision of the measurement instruments employed in this study (Cooper & Schindler, 2014). Within the Structural Equation Modeling (SEM) framework, Composite Reliability (CR) is favored over traditional metrics as it provides a more nuanced evaluation of construct reliability. Pursuant to the heuristics established by Hair et al. (2014), a latent construct is deemed to possess satisfactory internal consistency when its CR value exceeds the 0.70 threshold. The reliability analysis was executed utilizing the SmartPLS 3.0 software suite. As evidenced by the empirical data presented in Table 2, all latent constructs surpassed the requisite 0.70 benchmark, thereby confirming the robust reliability and structural integrity of the proposed measurement model.

Table 2. The Result of AVE and CR

Variable name	Measurement Items	Loading	Average Variance Extracted (AVE)	Composite Reliability (CR)
Transformational Leadership	TL1	0,407	0,724	0,913
	TL2	0,641		
	TL3	0,461		
	TL4	0,554		
	TL5	0,958		
	TL6	0,781		
Organizations Trust by Employees	OTE1	0,195	0,628	0,788
	OTE2	0,363		
	OTE3	0,713		
	OTE4	0,441		
	OTE5	0,967		
	OTE6	0,968		
Openness to Change	OTC1	0,874	0,561	0,831
	OTC2	0,895		
	OTC3	0,793		
	OTC4	0,839		

This study uses data analysis techniques using structural equality modeling (SEM) to test the relationship between independent variables and dependent variables and their

mediation effects. The software used in this study to conduct descriptive statistical analysis is SmartPLS, which is a data analysis tool based on Partial Least Square (PLS). Testing using partial least squares is carried out on model suitability analysis before continuing with path analysis. Kock (2018) created a model suitability category with the following criteria: small suitability if the Tenenhaus GoF value is  $> 0.10$ , moderate suitability if the Tenenhaus GoF value is  $> 0.25$ , and strong suitability if the Tenenhaus GoF value is  $> 0.36$ . Table 3 displays the Tenenhaus GoF value for your reference. Which is 0.169, meaning that the model built has a small suitability. The GoF results suddenly show that the model in this study is not strong, but it can explain the phenomena that occur in this study.

Table 3. Model Fit

Indicator	Result
R-Square =1.000, acceptable if $\geq 0.9$ , ideally = 1	Ideal
Tenenhaus GoF Tenenhaus GoF (GoF)=0.169, small $\geq 0.1$ , medium $\geq 0.25$ , large $\geq 0.36$	Small

To mitigate the sensitivity limitations associated with the Fornell-Larcker criterion and cross-loadings (Henseler et al., 2015), this inquiry employed the Heterotrait-Monotrait (HTMT) ratio as the primary validation protocol (Henseler et al., 2016). A dual-assessment approach was utilized to confirm the distinctiveness of the research variables. The Fornell-Larcker results in Table 4 indicate that the square root of the AVE for each latent variable consistently surpassed its inter-construct correlations. This was further corroborated by the HTMT analysis, where all ratios fell within the prescribed benchmark of  $< 0.90$ . Collectively, these metrics confirm that each construct in the model is statistically unique and theoretically distinct, providing a sound foundation for structural path analysis.

Table 4. HTMT (Heterotrait-monotrait ratio)

Variable	Openness to Change	Organizational Trust by Employees	Transformational Leadership
Openness to Change	0,503		
Organizational Trust by Employees	0,434	0,752	
Transformational Leadership	0,122	0,723	0,757

This inquiry sought to empirically investigate the predictive influence of transformational leadership on organizational trust and openness to change within the strategic milieu of banking consolidations in Indonesia. A focal point of the investigation involved assessing the mediating function of organizational trust in bridging the nexus between leadership behaviors and employee receptivity toward transition. The comprehensive path analysis—synthesizing standardized coefficients and hypothesis validation—is delineated in Table 5 and Figure 2, affording a holistic synthesis of the proposed structural framework.

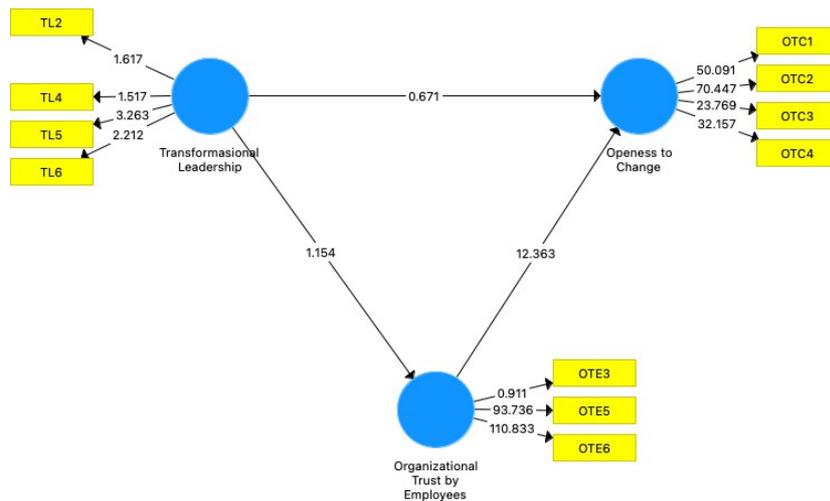


Figure 2. Result of Path Coefficient

Table 5. The Hypothesis Result

Hypothesis	Critical Ratio	Standardized Regression Weight	Hypothesis decision
H1: Transformational leadership has a positive effect on organizational trust by employees.	1,154	0,095	Not Supported
H2: Organizational trust by employees has a positive effect on openness to accepting change.	12,363	0,572	Supported
H3: Organizational trust by employees mediates transformational leadership towards openness to change	0,671	0,043	Not Supported

The path coefficient analysis revealed no support for Hypothesis 1. Although transformational leadership exhibited a positive relationship with organizational trust, this effect was not statistically significant (critical ratio = 1.154,  $p > 0.05$ ). These findings suggest that, in the context of mergers and acquisitions, transformational leadership does not significantly enhance organizational trust among employees. This result is in contrast to prior studies, such as those by Yue et al. (2019), which reported a positive relationship between transformational leadership and organizational trust. This discrepancy may be attributed to the early stages of the merger process, where employees may not have fully developed trust in the leadership.

In contrast to previous findings, Hypothesis 2 received significant empirical support. Statistical analysis indicates that organizational trust is a potent predictor of openness to change, yielding a critical ratio of 12.363 and achieving significance at the  $p < 0.05$  level. This alignment with prior research—such as Yue et al. (2019)—reaffirms that trust is a foundational prerequisite for positive employee orientations during transitions. Furthermore, the data suggests that institutional trust, fostered through transparent communication and inclusive change management, serves as a critical buffer against change-induced resistance. Ultimately, when employees maintain a high degree of confidence in organizational integrity, they

demonstrate significantly higher levels of engagement with new strategic directions.

Hypothesis 3 was rejected as the statistical analysis yielded no significant support for the mediating role of organizational trust ( $CR = 0.671$ ;  $p > 0.05$ ). While transformational leadership maintained a direct positive influence on openness to change, organizational trust failed to bridge this relationship. This finding represents a notable departure from extant literature, such as studies by Yue et al. (2019) and Hill et al. (2011). A plausible explanation for this divergence lies in the recent timing of the 2021 merger. Given that institutional trust is a cumulative construct, the short duration since the merger may mean that employees have not yet established the deep-seated confidence necessary for trust to act as a robust mediator during this transitional period.

In summary, the results of this study reveal that while organizational trust plays a significant role in facilitating openness to change, transformational leadership alone does not appear to have a direct or mediated effect on organizational trust. The lack of significant findings for Hypothesis 1 and Hypothesis 3 indicates that the effects of transformational leadership on trust and change acceptance may be contingent upon additional contextual factors, such as the timing and nature of the organizational change process. The non-significance of Hypothesis 1 suggests that during the early stages of the merger, employees may not have perceived the transformational leadership behaviors as sufficiently impactful to foster trust in the organization. The lack of mediation in Hypothesis 3 implies that employees' openness to change might be more directly influenced by the characteristics of the leadership itself, rather than mediated through the trust employees place in the organization.

The empirical outcomes extend current theoretical frameworks by highlighting the intricate and non-linear dynamics between leadership behaviors and employee receptivity to change during banking integrations. These results call for a more granular exploration of contextual factors; specifically, future research should investigate how the 'timing' of leadership initiatives and the maturity of the organizational climate influence the effectiveness of trust-building efforts during periods of institutional volatility.

## DISCUSSION

The findings of this study offer several important insights into the relationships between transformational leadership, organizational trust, and openness to change, particularly in the context of mergers and acquisitions in Islamic banks in Indonesia. The results of the path coefficient analysis revealed that while organizational trust significantly influenced openness to change, transformational leadership did not have a direct or mediated effect on trust or change acceptance, which warrants further exploration and discussion.

The empirical rejection of Hypothesis 1, which posited a positive correlation between transformational leadership and organizational trust, suggests that transformational behaviors were insufficient to catalyze institutional trust during the nascent stages of the merger. This finding diverges from the foundational theoretical tenets of Bass (1985) and contemporary research by Yue et al. (2019), both of which identify transformational leadership as a primary antecedent of trust. This discrepancy may be attributed to the temporal proximity and ongoing volatility of the bank's consolidation; as personnel navigate significant structural reconfigurations, the crystallization of institutional confidence may be subject to a developmental lag. Furthermore, grounded in social exchange theory (Blau, 1964), trust-building is a cumulative process predicated on reciprocal stability and perceived mutual benefit. In the high-uncertainty milieu of an M&A, the pervasive ambiguity regarding future outcomes likely obstructs the formation of trust, regardless of leadership orientation. This observation is congruent with Hill et al. (2011), who noted that employees undergoing institutional upheavals often exhibit heightened skepticism toward leadership intentionality.

The empirical validation of Hypothesis 2, which demonstrates that organizational trust

exerts a statistically significant positive influence on openness to change, is congruent with the findings of Yue et al. (2019) and Allen et al. (2007). These scholars posit that institutional trust is a pivotal antecedent to employees' willingness to accept and proactively engage with structural transitions. The robust relationship observed in this inquiry suggests that institutional credibility serves to attenuate uncertainty, thereby fostering favorable psychological orientations toward change (Rawlins, 2008). Within the volatile milieu of mergers and acquisitions, the salience of trust appears to be amplified; employees exhibited higher receptivity when they perceived the organization as possessing high integrity and a transparent commitment to the integration's success. Consistent with Rawlins (2008), ethical and transparent communicative practices catalyze trust, which subsequently mitigates change-induced anxiety and resistance. Consequently, in the Indonesian Islamic banking context, organizational trust functions as a critical psychological buffer, facilitating a more seamless transition during the consolidation process.

The non-significant findings for Hypothesis 3, which hypothesized that organizational trust mediates the relationship between transformational leadership and openness to change, present a noteworthy divergence from previous studies (Yue et al., 2019; Hill et al., 2011). While transformational leadership and organizational trust are often seen as key drivers of change, the results suggest that in this particular context, the direct influence of transformational leadership on openness to change may be more pronounced than any mediating effect of trust. This is an interesting finding, as it implies that leadership behaviors, rather than the trust employees place in the organization, may directly impact their readiness to embrace change. The lack of a mediation effect could be explained by the timing of the study, which was conducted at an early stage of the merger process. Employees might have perceived transformational leadership behaviors as a sign of hope or guidance during uncertain times, making them more likely to embrace change directly, rather than through trust-building processes. Additionally, the specific organizational context of Islamic banks undergoing mergers may present unique dynamics that differ from those found in other sectors.

Furthermore, insights from related studies on organizational behavior support these findings. Research on work flexibility and work culture shows that flexibility in adapting to change has a stronger effect on satisfaction and performance than organizational culture, particularly when the latter lacks strong shared values (Fatmawati, 2024). This resonates with the current study, where transformational leadership did not immediately translate into trust, suggesting that employees may prioritize adaptive practices and tangible organizational support over abstract cultural or leadership ideals during times of uncertainty. Similarly, research on group contribution effectiveness highlights the importance of initiative, responsibility, and especially backup behavior in fostering collective trust and effectiveness (Sentosa et al., 2025). These findings reinforce the idea that trust and openness to change are not merely the result of formal leadership behaviors but are also shaped by mutual support, transparent communication, and active involvement within organizational groups. In merger contexts, employees may be more persuaded by practical demonstrations of reliability and collaborative effort than by inspirational leadership rhetoric alone. Taken together, these perspectives suggest that while transformational leadership remains an important framework, its impact on trust and openness to change may be contingent upon contextual factors such as organizational adaptability, employee collaboration, and transparent communication practices.

This calls for future research to further explore how leadership behaviors interact with work flexibility and collective responsibility to foster sustainable trust during organizational transitions. In contrast to studies that portray transformational leadership as universally effective, this research also draws comparisons with prior findings that report different outcomes, especially in contexts marked by cultural or organizational turbulence. For instance, while Braun et al. (2013) support the mediating role of trust, others like Rego & Devila (2017)

caution that leadership behaviors may not translate into trust without consistency in communication and structural support.

## CONCLUSION

The present inquiry yields significant theoretical and empirical insights into the structural dynamics between transformational leadership, organizational trust, and openness to change within the strategic milieu of M&A integrations in the Indonesian Islamic banking sector. The analysis provides divergent empirical outcomes for the proposed hypotheses, offering nuanced findings with profound implications for both theory and practice. The empirical rejection of Hypothesis 1—which posited a positive correlation between transformational leadership and organizational trust—suggests that transformational behaviors were insufficient to catalyze institutional trust during the nascent stages of the merger. This underscores the necessity of accounting for temporal exigencies and contextual boundary conditions that may moderate leadership efficacy during periods of heightened systemic uncertainty. Conversely, the study provides robust validation for Hypothesis 2, confirming that organizational trust is a significant predictor of employee openness to change. This alignment with extant literature reinforces the role of trust as a pivotal psychological mechanism that facilitates change receptivity, suggesting that institutional credibility is a prerequisite for mitigating resistance and fostering proactive engagement during large-scale organizational transitions.

The rejection of Hypothesis 3 indicates that the mediating role of organizational trust was not statistically substantiated, suggesting instead that transformational leadership has a robust direct association with openness to change. This finding implies that in the immediate aftermath of a merger, the visionary and motivational aspects of leadership may impact employee morale more rapidly than the slower process of trust-building. This research highlights the intricate nature of leadership during banking consolidations, where the direct efficacy of transformational behaviors may outweigh mediated pathways in the short term. For practitioners, this emphasizes that while leadership is crucial, building foundational trust is a long-term endeavor requiring consistent, transparent engagement. Future research is encouraged to investigate additional boundary conditions that might influence these relationships and to track the evolution of leadership-trust dynamics over extended post-merger periods.

From a managerial perspective, these findings underscore the importance of fostering organizational trust, particularly during times of significant change such as mergers and acquisitions. However, the results also suggest that transformational leadership alone may not be sufficient to build trust in the organization. Leaders must be aware that their actions during mergers may not immediately translate into increased trust, and they should focus on creating an environment of transparency and communication to alleviate employee concerns. Moreover, while transformational leadership may not directly influence organizational trust, it appears to play a critical role in facilitating openness to change. Therefore, leaders should continue to exhibit behaviors that support and guide employees through change, emphasizing clear communication and emotional support.

## LIMITATION

Several limitations inherent in this study provide avenues for future academic exploration. A primary constraint is the study's cross-sectional nature, which restricts the ability to ascertain temporal precedence between the variables. Future inquiries would benefit from time-lagged or longitudinal approaches to more accurately map the influence of leadership on trust-building over time. Additionally, because the data were elicited exclusively from Islamic banks in Indonesia, the findings may possess limited generalizability to

conventional banking or non-financial sectors. Future research is encouraged to replicate this model across varied organizational landscapes to validate its consistency. Lastly, expanding the structural model to include moderating factors—such as organizational culture or specific types of change resistance—would afford a more nuanced understanding of the complex relationship between leadership behaviors and employee attitudes during large-scale transformations.

In light of the findings, we propose practical recommendations for leaders: beyond employing transformational leadership behaviors, they must also engage in transparent communication and consistent follow-through and involve employees in the change process to proactively rebuild trust. Mechanisms such as frequent feedback sessions, leadership visibility, and authentic acknowledgment of employees' concerns are key. In summary, this research addresses a critical gap by investigating not just the direct effects of leadership on change acceptance, but also the indirect mechanisms through which trust facilitates or hinders this process—thereby providing a nuanced view for both scholars and practitioners.

## REFERENCES

- Aarons, G.A., Sommerfeld, D.H. and Willging, C.E. (2011), 'The soft underbelly of system change: The role of leadership and organizational climate in turnover during statewide behavioral health reform.', *Psychological Services, Educational Publishing Foundation*, Vol. 8 No. 4, p. 269.
- Aggarwal-Gupta, M., Kumar, R. and Upadhyayula, R.S. (2012), 'Success of a merger or acquisition - a consideration of influencing factors', *International Journal of Management Practice, Inderscience Publishers*, Vol. 5 No. 3, pp. 270–286, doi: 10.1504/IJMP.2012.048076.
- Ahmad, A.B. and Cheng, Z. (2018), 'The Role of Change Content, Context, Process, and Leadership in Understanding Employees' Commitment to Change: The Case of Public Organizations in Kurdistan Region of Iraq', *Public Personnel Management, SAGE Publications Inc*, Vol. 47 No. 2, pp. 195–216, doi: 10.1177/0091026017753645.
- Allen, J., Jimmieson, N.L., Bordia, P. and Irmer, B.E. (2007), 'Uncertainty during Organizational Change: Managing Perceptions through Communication', *Journal of Change Management, Routledge*, Vol. 7 No. 2, pp. 187–210, doi: 10.1080/14697010701563379.
- Augustsson, H., Richter, A., Hasson, H. and von Thiele Schwarz, U. (2017), 'The need for dual openness to change: A longitudinal study evaluating the impact of employees' openness to organizational change content and process on intervention outcomes', *The Journal of Applied Behavioral Science, Sage Publications Sage CA: Los Angeles, CA*, Vol. 53 No. 3, pp. 349–368.
- Axtell, C., Wall, T., Stride, C., Pepper, K., Clegg, C., Gardner, P. and Bolden, R. (2002), 'Familiarity breeds content: The impact of exposure to change on employee openness and well-being', *Journal of Occupational and Organizational Psychology, Wiley Online Library*, Vol. 75 No. 2, pp. 217–231.
- Bass, B.M. (1985), *Leadership and Performance beyond Expectations*, The Free Press, New York.
- Blau, P.M. (1964), *Exchange and Power in Social Life*, Transaction Publishers, New Jersey.
- Braun, S., Peus, C., Weisweiler, S. and Frey, D. (2013), 'Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust', *The Leadership Quarterly*, Vol. 24 No. 1, pp. 270–283, doi: 10.1016/j.leaqua.2012.11.006.
- Carter, E.W., Asmus, J., Moss, C.K., Cooney, M., Weir, K., Vincent, L., Born, T., et al. (2013), 'Peer Network Strategies to Foster Social Connections among Adolescents with and without Severe Disabilities', *TEACHING Exceptional Children, SAGE Publications Inc*,

- Vol. 46 No. 2, pp. 51–59, doi: 10.1177/004005991304600206.
- Choi, M. (2011), ‘Employees’ attitudes toward organizational change: A literature review’, *Human Resource Management*, Wiley Online Library, Vol. 50 No. 4, pp. 479–500.
- Colquitt, J.A., Lepine, J.A., and Wesson, M.J. (2014), *Organizational Behavior: Improving Performance and Commitment in the Workplace*, 4th ed., McGraw-Hill, New York.
- Cook, K.S., Yamagishi, T., Cheshire, C., Cooper, R., Matsuda, M. and Mashima, R. (2005), ‘Trust building via risk taking: A cross-societal experiment’, *Social Psychology Quarterly*, Sage Publications, Sage CA: Los Angeles, CA, Vol. 68 No. 2, pp. 121–142.
- Cooper, D.R. and Schindler, P.S. (2014), *Business Research Methods* (12th Ed), Hill Companies, Inc., McGraw.
- Dirks, K.T. and Ferrin, D.L. (2002), ‘Trust in leadership: meta-analytic findings and implications for research and practice.’, *Journal of Applied Psychology*, American Psychological Association, Vol. 87 No. 4, p. 611.
- Ertürk, A. (2008), ‘A trust-based approach to promote employees’ openness to organizational change in Turkey’, *International Journal of Manpower*, Emerald Group Publishing Limited, Vol. 29 No. 5, pp. 462–483, doi: 10.1108/01437720810888580.
- Fatmawati. (2024). Can work flexibility and work culture boost employee performance? Analysis of the role of job satisfaction. *Review Management and Entrepreneurship*, 8(2), 128–140.
- Farahnak, L.R., Ehrhart, M.G., Torres, E.M., and Aarons, G.A. (2019), ‘The Influence of Transformational Leadership and Leader Attitudes on Subordinate Attitudes and Implementation Success’, *Journal of Leadership & Organizational Studies*, SAGE Publications Inc, Vol. 27 No. 1, pp. 98–111, doi: 10.1177/1548051818824529.
- Fugate, M. and Kinicki, A.J. (2008), ‘A dispositional approach to employability: Development of a measure and test of implications for employee reactions to organizational change’, *Journal of Occupational and Organizational Psychology*, Wiley Online Library, Vol. 81 No. 3, pp. 503–527.
- Gill, R. (2002), ‘Change management--or change leadership?’, *Journal of Change Management*, Routledge, Vol. 3 No. 4, pp. 307–318, doi: 10.1080/714023845.
- Gloria, J. V. (2025). Enhancing the impact of transformational leadership on sustainability through agility and resilience with application of Lewins change model in sustainable manufacturing. *Discover Sustainability*, 6(1), 770.
- Groves, K.S. (2016), ‘Testing a Moderated Mediation Model of Transformational Leadership, Values, and Organization Change’, *Journal of Leadership & Organizational Studies*, SAGE Publications Inc, Vol. 27 No. 1, pp. 35–48, doi: 10.1177/1548051816662614.
- Gupta, D. and Gerchak, Y. (2002), ‘Quantifying Operational Synergies in a Merger/Acquisition’, *Management Science*, INFORMS, Vol. 48 No. 4, pp. 517–533, doi: 10.1287/mnsc.48.4.517.209.
- Hair, J., Black, W., & Babin, B. (2010). *Anderson. RE, 2010. Multivariate Data Analysis*. New Jersey, Pearson Prentice Hall.
- Hair Jr, J., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. (2014). Partial least squares structural equation modeling (PLS-SEM) An emerging tool in business research. *European Business Review*, 26(2), 106-121.
- Hair, J., Sarstedt, M., Hopkins, L. and Kuppelwieser, V. (2014), ‘Partial Least Squares Structural Equation Modeling (PLS-SEM): An Emerging Tool for Business Research’, *European Business Review*, Vol. 26 No. 2, pp. 106–121, doi: 10.1108/EBR-10-2013-0128.
- Hair, J.F.J., Hult, G.T.M., Ringle, C.M. and Sarstedt, M. (2017), *A Primer on Partial Least Squares Structural Equation Modelling (PLS-SEM)*, SAGE Publication, Inc, California.
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report

- the results of PLS-SEM. *European business review*, 31(1), 2-24.
- Henker, N., Sonnentag, S. and Unger, D. (2015), 'Transformational Leadership and Employee Creativity: The Mediating Role of Promotion Focus and Creative Process Engagement', *Journal of Business and Psychology*, Vol. 30 No. 2, pp. 235–247, doi: 10.1007/s10869-014-9348-7.
- Henseler, J., Hubona, G., & Ray, P. A. (2016). Using PLS path modeling in new technology research: updated guidelines. *Industrial management & data systems*, 116(1), 2-20.
- Hill, N.S., Seo, M.-G., Kang, J.H. and Taylor, M.S. (2011), 'Building Employee Commitment to Change Across Organizational Levels: The Influence of Hierarchical Distance and Direct Managers' Transformational Leadership', *Organization Science, INFORMS*, Vol. 23 No. 3, pp. 758–777, doi: 10.1287/orsc.1110.0662.
- Hon, L.C. and Grunig, J.E. (1999), *Guidelines for Measuring Relationships in Public Relations*, Institute for public relations, Gainesville, FL.
- Katsaros, K.K., Tsirikas, A.N. and Kosta, G.C. (2020), 'The impact of leadership on firm financial performance: the mediating role of employees' readiness to change', *Leadership & Organization Development Journal*, Emerald Publishing Limited.
- Ki, E.-J. and Hon, L.C. (2007), 'Testing the Linkages Among the Organization–Public Relationship and Attitude and Behavioral Intentions', *Journal of Public Relations Research*, Routledge, Vol. 19 No. 1, pp. 1–23, doi: 10.1080/10627260709336593.
- Lewicki, R.J., Tomlinson, E.C. and Gillespie, N. (2006), 'Models of Interpersonal Trust Development: Theoretical Approaches, Empirical Evidence, and Future Directions', *Journal of Management*, SAGE Publications Inc, Vol. 32 No. 6, pp. 991–1022, doi: 10.1177/0149206306294405.
- Mahmood, M., Uddin, M.A. and Fan, L. (2019), 'The influence of transformational leadership on employees' creative process engagement', *Management Decision*, Emerald Publishing Limited, Vol. 57 No. 3, pp. 741–764, doi: 10.1108/MD-07-2017-0707.
- Mayer, R.C., Davis, J.H. and Schoorman, F.D. (1995), 'An Integrative Model of Organizational Trust', *The Academy of Management Review*, Vol. 20 No. 3, pp. 709–734.
- Men, L.R., Yue, C.A. and Liu, Y. (2020), "'Vision, passion, and care:": The impact of charismatic executive leadership communication on employee trust and support for organizational change', *Public Relations Review*, Vol. 46 No. 3, p. 101927, doi: <https://doi.org/10.1016/j.pubrev.2020.101927>.
- Neuman, W.L. (2014), *Social Research Methods: Qualitative and Quantitative Approaches*, 7th ed., Pearson Education Limited, England.
- OJK. (2019), 'Statistik Perbankan Syariah', available at: [https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Documents/Pages/Statistik-Perbankan-Syariah---Januari-2019/SPS Januari 2019.pdf](https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Documents/Pages/Statistik-Perbankan-Syariah---Januari-2019/SPS%20Januari%202019.pdf).
- Okafor, A. (2019), 'Refocusing on the success enabling factors in mergers and acquisitions', *European Scientific Journal* June, Vol. 15 No. 16, doi: 10.19044/esj.2019.v15n16p172.
- Oreg, S. (2006), 'Personality, context, and resistance to organizational change', *European Journal of Work and Organizational Psychology*, Routledge, Vol. 15 No. 1, pp. 73–101, doi: 10.1080/13594320500451247.
- Pillai, R., Schriesheim, C.A. and Williams, E.S. (1999), 'Fairness perceptions and trust as mediators for transformational and transactional leadership: A two-sample study', *Journal of Management*, Elsevier, Vol. 25 No. 6, pp. 897–933.
- Rawlins, B. (2008), 'Give the Emperor a Mirror: Toward Developing a Stakeholder Measurement of Organizational Transparency', *Journal of Public Relations Research*, Routledge, Vol. 21 No. 1, pp. 71–99, doi: 10.1080/10627260802153421.

- Sentosa, G. R., Djunaidy, A. J., Kellen, L., & Mustikarini, C. N. (2025). Factors influencing the effectiveness of group contribution in student businesses. *Review Management and Entrepreneurship*, 9(1), 108–120.
- Suifan, T.S., Abdallah, A.B. and Al Janini, M. (2018), ‘The impact of transformational leadership on employees’ creativity’, *Management Research Review*, Emerald Publishing Limited, Vol. 41 No. 1, pp. 113–132, doi: 10.1108/MRR-02-2017-0032.
- Thien, L.M. (2019), ‘Distributive Leadership Functions, Readiness for Change, and Teachers’ Affective Commitment to Change: A Partial Least Squares Analysis’, *Sage Open*, SAGE Publications, Vol. 9 No. 2, p. 2158244019846209, doi: 10.1177/2158244019846209.
- Vera, D. and Crossan, M. (2004), ‘Strategic leadership and organizational learning’, *Academy of Management Review*, Academy of Management Briarcliff Manor, NY 10510, Vol. 29 No. 2, pp. 222–240.
- Wanberg, C.R. and Banas, J.T. (2000), ‘Predictors and outcomes of openness to changes in a reorganizing workplace’, *Journal of Applied Psychology*, American Psychological Association, Vol. 85 No. 1, p. 132.
- Wang, M., Liao, H., Zhan, Y. and Shi, J. (2011), ‘Daily Customer Mistreatment and Employee Sabotage Against Customers: Examining Emotion and Resource Perspectives’, *Academy of Management Journal*, Academy of Management, Vol. 54 No. 2, pp. 312–334, doi: 10.5465/amj.2011.60263093.
- Weibel, A., Den Hartog, D.N., Gillespie, N., Searle, R., Six, F. and Skinner, D. (2016), ‘How do controls impact employee trust in the employer?’, *Human Resource Management*, Wiley Online Library, Vol. 55 No. 3, pp. 437–462, doi: 10.1002/hrm.21733.
- Yue, C.A., Men, L.R. and Ferguson, M.A. (2019), ‘Bridging transformational leadership, transparent communication, and employee openness to change: The mediating role of trust’, *Public Relations Review*, Vol. 45 No. 3, p. 101779, doi: 10.1016/j.pubrev.2019.04.012.

