

The impact of Trust on Transformational Leadership and Commitment to Change

Wustari L. Mangundjaya,^{a*} Arya Adiansyah^a

^a*Faculty of Psychology, Universitas Indonesia, Kampus Baru UI, Depok, 16424, Indonesia*

Commitment to change is needed to support the success of organizational change. Previous studies showed that one of the factors that play an important role in a commitment to change is leadership (e.g., transformational leadership). The concept of transformational leadership implies that there is trust between followers and leaders. Based on that the objective of this study is to identify the role of trust on a leader, and transformational leadership on the affective and normative commitment to change. Respondents of this research are employees (N = 164) from financial sectors (bank and insurance company). The results of this study showed that there is a positive impact of transformational leadership both on affective commitment to change, and normative commitment to change. However, there is no mediation effect of trust on a leader in the relationship between transformational leadership and commitment to change. It can be concluded that transformational leadership directly has a positive impact on affective commitment to change. These results can be implemented for the organization during the process of organizational change.

Keywords: Trust 12on The Leader, Transformational Leadership, Commitment to Change

1. INTRODUCTION

In order to succeed, there are several factors which affect the success of organizational changes, such as content, context, process, and people.¹ Previous studies also showed that individual attitude toward change, and commitment to change are important variables of the organizational change's success.²⁻³ Consequently, a leader with his/her leadership style should be able to inspire and motivate their followers to do what they want including to ask their followers to be committed with the change that has been done in the organization. This kind of leadership can be found in transformational leadership.⁴ The relationship between transformational leader and follower is usually based on trust between followers and their leaders, as without trust on their leader, the followers will not obey of what the leaders ask them to do. The role of transformational leadership is important on commitment to change, however, previous studies about the role of transformational leadership on commitment to change showed inconsistent results, as one study showed a positive significant correlation between transformational leadership and commitment to change,⁵ and other studies showed no significant correlation.⁶ Based on those findings and arguments, this current research is going to study the role of transformational leadership on a commitment to change, with trust on the leader as mediator.

1.1 COMMITMENT TO CHANGE

Herscovitch and Meyer (2002) defined commitment to change as a force (mindset) that binds an individual to this course of action which can reflect (a) a desire to provide support for the change based on the belief in inherent benefits (affective commitment to change), (b) awareness that there is a cost associated with failure to provide support for the change

(continuance commitment to change), and (c) a sense of obligation to provide support for the change (normative commitment to change).

*wustari@ui.ac.id

Meanwhile, there are two behavioral consequences of a commitment to change, namely focal behavior and discretionary behavior, and only affective and normative commitment to change are categorized under discretionary behavior.

1.2 LEADER AND TRANSFORMATIONAL LEADERSHIP

Studies about the importance of leader and leadership on the success of the organization and on the success of organizational change⁷⁻⁸ showed that a) the effectiveness of organizational change depends on the leader factor as a change agent,⁸ b) most people expect that leaders will be responsible for organizational changes that occur,⁹ c) the leaders of an organization have an impact and an important role in organizational change,⁹ including in shaping change,¹⁰ directing change,¹¹ encouraging subordinates to contribute to change and providing examples of actions needed in change.⁹ Transformational leadership is described as leadership through motivating others, empowering their followers, and paying attention to the needs and personal development of their followers.⁴ Transformational leadership consists of several dimensions that include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.⁴

1.3 TRUST ON LEADER

Trust on a leader is trust in the context of interpersonal relations. Interpersonal trust is the extent to which a person is

confident in and willing to act on the basis of, the words, actions, and decisions of another person (leader).¹² According to Dirks,¹³ trust on leader is needed for the team to accept the activities, goals, and decisions of the leader. Meanwhile, Bligh¹⁴ found that transformational leadership behaviors such as consulting teams first before making decisions, communicating vision and values can drive as many as 67% of employees trust in their leaders. The study of Den Hartog, et al.,¹⁵ Bartram and Casimir¹⁶ also showed that the five dimensions of transformational leadership (charisma, vision, intellectual stimulation, individual consideration, and building of trust to others) had a significant and positive relationship with trust in leader

1.4 TRANSFORMATIONAL LEADERSHIP, TRUST ON LEADER AND THEIR RELATIONSHIP WITH NORMATIVE AND AFFECTIVE COMMITMENT TO CHANGE

Many studies^{5,17-18} have shown that transformational leadership has a positive relationship with a commitment to change. However, the study also showed that transformational leadership is not correlated with a commitment to change.⁶ Based on these issues, we argue that the relationship between the two variables still need to be explored, and the hypotheses for this study are developed as follows:

Hypothesis 1: There is a positive impact of transformational leadership on affective commitment to change.

Hypothesis 2: There is a positive impact of transformational leadership on normative commitment to change.

Previous studies by Dirks,¹³ Bakay,¹⁹ and Nyhan²⁰ are relevant on the basis of the argument for the relationship between trust in leader and commitment to change. Trust in leader allows team members to remove personal hesitations and motives that impede performance, even trust in the leader can make team members work to achieve organizational goals.¹³ The same issue can happen in an organizational change condition where trust on the leader will eliminate employees' doubts about organizational changes that are often synonymous with uncertain conditions so that members of the organization will have a positive attitude towards organizational change and enable the emergence of a commitment to change. Meanwhile, the study of Nyhan²⁰ and Bakay¹⁹ strengthened the argument of a relationship between trust in the leader on a commitment to change. The study of Nyhan²⁰ and Bakay¹⁹ also showed that interpersonal trust in the workplace was positively associated with an affective commitment to change. Meanwhile, Herscovitch and Meyer,²¹ stated that commitment to change is the application of organizational commitment to the specific context of organizational change, it can be assumed that trust in leader may be related to affective commitment to change, from this explanation, we assumed that trust in leaders as potential third variables in the relationship between transformational leadership and commitment to change. Based on these discussions, hypotheses are developed as follows:

Hypothesis 3: There is a positive impact of transformational leadership on an affective commitment to change through the role of trust in the leader as mediator.

Hypothesis 4: There is a positive impact of transformational leadership on a normative commitment to change through the role of trust in the leader as mediator.

2. METHOD

2.1 PARTICIPANTS

The sample of this research were employees who worked at financial bank and insurance in Jakarta area, who had or are currently undergoing organizational change. The sample criteria are employees at bank or insurance institutions, permanent employees, who worked for at least two years in the company, and who have a superior that can be assessed their transformational leadership, and with the minimum level of educational level is senior high school graduated. Non-probability sampling method or convenience sampling is used in this research. Respondents were 164 people consisted of 107 men or 65.2% compared to 57 women or 34.8%. Related to the length of work, the respondents who worked for 2-5 years are the majority (72 people or 43.9%), and the majority of respondents were undergraduate (N = 118 or 72%).

2.2 MATERIALS

Commitment to Change Inventory (CCI) was used to measure the commitment to change behavior (affective and normative). CCI was developed by Herscovitch and Meyer,²¹ which has been translated into Bahasa Indonesia, tested and used in various studies by Mangundjaya.²² Commitment to Change Inventory consists of 18 items divided by 6 items of each dimension (affective, normative and continuance commitment to change). However, in this research, the researcher only used the affective and normative dimensions as those dimensions are the ones that represented the discretionary behavior. To measure Transformational leadership, the researcher was used Multifactor Leadership Questionnaire Form 5x (MLQ) developed by Bass & Avolio,²³ which has been translated into Bahasa Indonesia by Mangundjaya.²² This measuring instrument consists of 4 dimensions of intellectual stimulation, idealized influence, inspirational motivation, and individualized considerations. The total items of Multifactor Leadership Questionnaire are 20 items. The employee's trust in the leader was measured by Interpersonal Trust Measures developed by McAllister.¹² We adapted and translated to Bahasa Indonesia and was tested its reliability and validity. This instrument consists of two dimensions namely: affective based trust and cognitive-based trust, with the total, is 11 items.

2.3 Data Analysis

This research used descriptive statistical analysis and Hayes mediation analysis. Descriptive analysis is used to identify the general description of the characteristics of the sample which includes the average score in each variable, frequency, and standard deviation. Hayes Mediation Analysis is used to determine whether there is a mediating role of a variable in the relationship between variables.

3. RESULTS

3.1 REGRESSION ANALYSIS

A statistical analysis was performed using PROCESS for SPSS for hypothetical testing. The PROCESS analysis of Hayes calculates the total effect, direct and indirect effects (through the moderator variable). The result of transformational leadership on a commitment to change can be seen in table 1 below.

The correlation coefficient between transformational leadership with affective commitment to change is 0.29 and this result is significant at the level of significance of $p < 0.005$. It can be said that there was a significant positive correlation between transformational leadership with affective commitment to change. The correlation coefficient between

transformational leadership with normative commitment to change was 0.30 and this result is significant at the level of significance (l.o.s.) < 0.005. There is a significant positive correlation between transformational leadership style with normative commitment to change ($r = 0.30, p < 0.005$). The R² result of 0.09 showed that 9.02% of normative commitment to change can be predicted by employee perceptions of the transformational leadership of their superior. It can be said that transformational leadership as a predictor for normative commitment to change in employees. Furthermore, the results of the correlation coefficient between transformational leadership and normative commitment to

change when involving the mediator variable were 0.30, which was not significant. In conclusion, in the presence of the mediator variable, there is no significant correlation between transformational leadership with normative commitment to change ($r = 0.30, p > 0.005$). The bootULCI and bootLLCI values range are no different from zero indicating that there is no effect of trust mediation on leaders in the relationship between transformational leadership and normative commitment to change. More details can be seen in Table 2 below.

Table 1. Influence Transformational Leadership to Commitment to Change

Variable	R	R ²	T	p	Total Effect
Transformational Leadership Affective Commitment to Change	0.29	0.08	3.87	0.00*	0.33
Transformational Leadership Normative Commitment to Change	0.30	0.09	4.01	0.001*	0.22

*significant at l.o.s $p < 0.001$

Table 2. Influence Transformational Leadership to Commitment to Change when involving Trust in Leader as Mediator

Variable	R	R ²	t	p	Indirect Effect	Boot-LLCI	Boot-ULCI
Transformational Leadership Affective Commitment to Change	0.29	0.09	3.18	0.0018*	-0.04	-0.18	0.12
Transformational Leadership Normative Commitment to Change	0.30	0.09	2.45	0.0152	0.04	-0.08	0.19

*significant at l.o.s. 0.005

4. DISCUSSION & CONCLUSION

The objective of the study is to identify the role of transformational leadership on a commitment to change, with trust on the leader as mediator. The results of the study showed that trust in leader does not serve as a mediator in the relationship between transformational leadership and affective as well as normative commitment to change. This indicates that trust on the leader is not necessary for employees to be committed to the changes that occur in an organization. This condition might be explained as follows: First, employees do not always associate changes that occur with the figure of the leader in the organization so that employee attitudes toward leader are not directly related to the attitude of subordinates to organizational change. In this regard, committed or not committed somebody, it is not by the influence of trust on a leader, as it caused by many different reasons, such as trust in the organization, or psychological empowerment.²⁴ Second, as it was mentioned previously, the dimension of transformational leadership consists of (idealized influence), inspirational

motivation, intellectual stimulation, and delivering individual attention, and individual consideration,²³ it can be argued that under conditions of organizational change, employees are more focused on how the leader gives the influence rather than focusing on whether his leader is a trustworthy figure or not. The results of the study showed that transformational leadership has a positive impact on affective commitment. The results have supported the previous study,⁵ who has and applies transformational leadership as an opportunity to develop a commitment to change. In this regard, management might conduct some development programs for their leaders by providing them with training, coaching and mentoring as well as developing the conducive climate in the organization. Some of the limitations of this research are as follows: First, this research is using questionnaires as a self-report, which might have contributed to biases and social desirability.²⁵ Second, this study is conducted at two financial institutions, which cannot be generalized to other organizations. Further study is needed. Meanwhile, results also showed that there is

no significant impact of trust on the leader in mediating between transformational leadership with affective commitment to change and normative commitment to change. It can be concluded that different variables, instead of trusting on leader might act as a mediator between transformative leadership and affective as well as normative commitment to change, further research should be conducted. These results can be used for change agent and management in order to conduct further research.

References

- H. J. Walker, A. A. Armenakis, and J. B. Bernerth, Factors influencing organizational change efforts an integrative investigation of change content, context, process and individual differences. *Journal of Organizational Change* 20(6), 761-773 (2007).
- W. L. H. Mangundjaya, The predictor of affective commitment to change: Attitude vs individual readiness for change. *Romanian Economic and Business Review*, Special Issue 1, 192-197, Romanian American University. (2013b).
- J. T. Parish, S. Caldwell, and P. Busch, Want to, need to, ought to: Employee commitment to organizational change. *Journal of Organizational Change Management* 21(1), 32-52 (2008).
- B. M. Bass, and B. J. Avolio, *MLQ Multifactor Leadership Questionnaire* Redwood City: Mind Garden (2000).
- D. M. Herold, D. B. Fedor, S. D. Caldwell, and Y. Liu, The effects of transformational and change leadership on employees' commitment to a change: A multilevel study. *Journal of Applied Psychology* 93(2), 346-357 (2008).
- Sulistiono *Pengaruh kepemimpinan terhadap komitmen untuk berubah*. Thesis. Faculty of Psychology. Universitas Indonesia. (2016).
- D. Anderson, *Change Leadership*. *Leadership Excellence* 24(1) (2007).
- L. A. Anderson, and D. Anderson, *The change leader's roadmap: How to navigate your organization's transformation*, (2nd ed.). San Fransisco, CA: Pfeiffer, Wiley Imprint. (2010).
- K. E. Wan, *The role of leadership in organizational transformation*. <https://www.ccollege.gov.sg/Knowledge/Pages/The-Role-of-Leadership-in-Organisational-Transformation.as> (2013).
- M. Higgs, and D. Rowland, All changes great and small: Exploring approaches to change and its leadership. *Journal of Change Management* 5(2), 121-151 (2005).
- R. Bolden, *The Future of Leadership: Synopsis of Initial Windsor Meeting Reports from September 2003–May 2004*. Report for the Windsor Leadership Trust, Centre for Leadership Studies, University of Exeter, UK (2004)
- D. J. McAllister, Affect and cognition based trust as foundations for interpersonal cooperation in organization. *The Academy of Management Journal* 38(1), 24-59 (1995).
- K. T. Dirks, Trust in leadership and team performance: Evidence from NCAA basketball. *Journal of Applied Psychology* 85(3), 1004-1012 (2000).
- M. C. Bligh, Leadership and trust. in Marques, J. & Dhiman, S. (eds.), *Leadership Today* (21-42). Switzerland: Springer International Publishing. (2017).
- D. N. Den Hartog, M. C. Schippers, and P. L. Koopman, the impact of leader behavior on trust in management and co-workers. *SA Journal of Industrial Psychology*, (28), 29-34 (2002).
- T. Bartram, and G. Casimir, The relationship between leadership and follower in role performance and satisfaction with the leader the mediating effects of empowerment and trust in the leader. *Leadership and Organization Development Journal* 28(1), 4-19 (2007).
- J. Shin, M. G. Seo, D. L. Shapiro, and M. S. Taylor, Maintaining employees' commitment to organizational change: The role of leaders' informational justice and transformational leadership. *Journal of Applied Behavioral Science* 51(4), 501-528 (2015).
- A. Gelaidan, and H. Ahmad, The factors effecting employee commitment to change in public sector: Evidence from Yamen. *International Business Research* 6(3), 75-87 (2013).
- A. Bakay, Does interpersonal trust influence organizational behavior. *Eurasian Journal of Business and Economics* 8(15), 219-238 (2015).
- R. C. Nyhan, Increasing affective organizational commitment in public organizations the key role of interpersonal trust. *Review of Public Personnel Administration* 19(3), 58-70 (1999).
- L. Herskovitch, and J. P. Meyer, Commitment to organizational change: Extension of a three-component model. *Journal of Applied Psychology* 87(3), 474-487 (2002).
- W. L. H. Mangundjaya, *Leadership, Readiness for change and commitment to change*, International Management Conference, Bucharest, Romania, 7-8 November, 2013. Proceedings ISSN 22861440, ISSN-L 22861440 (2013a).
- B. M. Bass, and R. E. Riggio, *Transformational leadership* (2nd ed). New Jersey: Lawrence Erlbaum Associates, Inc. (2006).
- W. L. H. Mangundjaya, People or trust in building commitment to change? *The Journal of Developing Areas*, Special Issue on Kuala Lumpur Conference, August 2014, 49(5), 67-78 (2015).
- P. M. Podsakoff, S. B. MacKenzie, and N. P. Podsakoff, Common method in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology* 88(5), 879-903 (2003).