


CHANGE LEADERSHIP ABILITY TO IMPROVE EMPLOYEES' READINESS TO CHANGE

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| ARTICLE INFO   | <u>ABSTRACT</u>   |
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| <p><b>Article history:</b></p> <p><b>Received</b> 20 February 2023</p> <p><b>Accepted</b> 22 May 2023</p>  | <p><b>Purpose:</b> The objective of this theoretical review is to reveal the interaction of constructs that may predict employees' readiness to change. This aims to examine the change leadership ability in improving the employee readiness to change.</p>   |
| <p><b>Keywords:</b></p> <p>Change Leadership;<br/>Employee Readiness;<br/>Self-Efficacy;<br/>Resilience;<br/>Trust in Leader.</p> <div data-bbox="172 947 480 1193" style="text-align: center;">  </div> | <p><b>Design/methodology/approach:</b> This is a theoretical examination to explore the factors that affect employee readiness to change based on phenomena at oil &amp; gas sector in state-own enterprise Indonesia.</p> <p><b>Findings:</b> Change leadership may have significant impact to strengthen employees' readiness to change with the existence of individual psychological attribute, supported by trust in leaders.</p> <p><b>Research limitations/implications:</b> This research examines theoretically the change leadership ability to affect the employees' readiness to change. Therefore, researchers should use this research as a basis to make empirical research to prove its truth and obtain other valuable findings.</p> <p><b>Practical implications:</b> This research is useful to enhance change readiness concept in its relations to change leadership. The review can be used as basis to make an empirical research.</p> <p><b>Social Implications:</b> The findings shows that change leadership may have significant impact to strengthen employees' readiness. It will support management as well as the employees to manage change readiness during organization transformation.</p> <p><b>Originality/value:</b> This research explores theoretically antecedent factors that affect employee readiness to change based on phenomena at oil &amp; gas sector in state-own enterprise Indonesia.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i6.1971">https://doi.org/10.26668/businessreview/2023.v8i6.1971</a></p> |

CAPACIDADE DA LIDERANÇA DE MUDANÇA PARA MELHORAR A PRONTIDÃO DOS  
FUNCIONÁRIOS PARA A MUDANÇA

RESUMO

**Objetivo:** O objetivo desta revisão teórica é revelar a interação dos construtos que podem prever a disposição dos funcionários para a mudança. O objetivo é examinar a capacidade da liderança de mudança para melhorar a disposição dos funcionários para a mudança.

**Projeto/metodologia/abordagem:** Trata-se de um exame teórico para explorar os fatores que afetam a prontidão dos funcionários para mudar com base em fenômenos no setor de petróleo e gás em uma empresa estatal da Indonésia.

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**Conclusões:** A liderança de mudança pode ter um impacto significativo no fortalecimento da disposição dos funcionários para a mudança com a existência de atributos psicológicos individuais, apoiados pela confiança nos líderes.

**Limitações/implicações da pesquisa:** Esta pesquisa examina teoricamente a capacidade da liderança de mudança de afetar a disposição dos funcionários para a mudança. Portanto, os pesquisadores devem usar esta pesquisa como base para fazer uma pesquisa empírica para provar sua veracidade e obter outras descobertas valiosas.

**Implicações práticas:** Esta pesquisa é útil para aprimorar o conceito de prontidão para a mudança em suas relações com a liderança para a mudança. A revisão pode ser usada como base para a realização de uma pesquisa empírica.

**Implicações sociais:** Os resultados mostram que a liderança de mudança pode ter um impacto significativo no fortalecimento da prontidão dos funcionários. Isso ajudará a gerência e os funcionários a gerenciar a prontidão para mudanças durante a transformação da organização.

**Originalidade/valor:** Esta pesquisa explora teoricamente os fatores antecedentes que afetam a prontidão dos funcionários para a mudança com base em fenômenos do setor de petróleo e gás em uma empresa estatal da Indonésia.

**Palavras-chave:** Liderança de Mudança, Prontidão do Funcionário, Autoeficácia, Resiliência, Confiança no Líder.

## CAPACIDAD DEL LIDERAZGO DEL CAMBIO PARA MEJORAR LA PREPARACIÓN DE LOS EMPLEADOS PARA EL CAMBIO

### RESUMEN

**Propósito:** El propósito de esta revisión teórica es revelar la interacción de los constructos que pueden predecir la disposición al cambio de los empleados. El objetivo es examinar la capacidad del liderazgo del cambio para mejorar la disposición al cambio de los empleados.

**Diseño/metodología/enfoque:** Se trata de un examen teórico para explorar los factores que afectan a la disposición al cambio de los empleados basado en fenómenos del sector del petróleo y el gas en una empresa estatal de Indonesia.

**Conclusiones:** el liderazgo del cambio puede tener un impacto significativo en el fortalecimiento de la disposición al cambio de los empleados con la existencia de atributos psicológicos individuales, apoyados por la confianza en los líderes.

**Limitaciones/implicaciones de la investigación:** Esta investigación examina teóricamente la capacidad del liderazgo del cambio para influir en la disposición al cambio de los empleados. Por lo tanto, los investigadores deberían utilizar esta investigación como base para realizar investigaciones empíricas que demuestren su veracidad y obtengan otros hallazgos valiosos.

**Implicaciones prácticas:** Esta investigación es útil para refinar el concepto de disposición al cambio en sus relaciones con el liderazgo para el cambio. La revisión puede servir de base para realizar investigaciones empíricas.

**Implicaciones sociales:** Los resultados muestran que el liderazgo para el cambio puede tener un impacto significativo en el fortalecimiento de la preparación de los empleados. Esto ayudará a la dirección y a los empleados a gestionar la preparación para el cambio durante la transformación organizativa.

**Originalidad/valor:** Esta investigación explora teóricamente los factores antecedentes que afectan a la preparación de los empleados para el cambio basándose en fenómenos del sector del petróleo y el gas en una empresa estatal de Indonesia.

**Palabras clave:** Liderazgo del Cambio, Preparación de los Empleados, Autoeficacia, Resiliencia, Confianza en el Líder.

### INTRODUCTION

Developments and competition in business world encourage any companies to be ready to face the dynamics of environmental changes. One of common strategy to strengthen company performance in the current business is to merge with other companies, including strategy taken by state-own enterprise (SOE) in oil & gas sector to takeover foreign companies

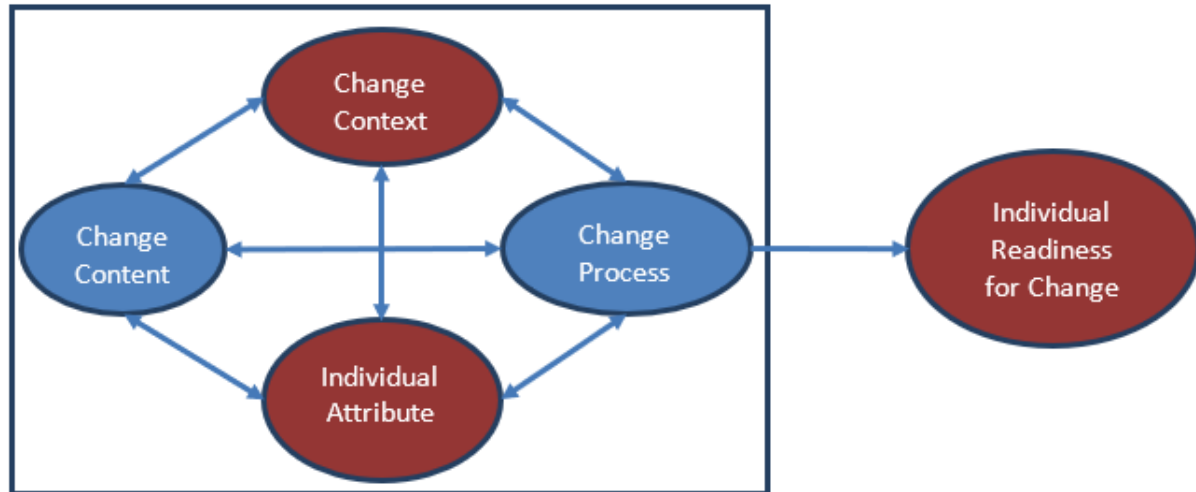
in Indonesia. This initiative may potentially leading to ambiguity issues experienced by transferred employees which mostly related to confusion of the identity, reputation, leadership, membership, information, and appearance post takeover (McEntire and Bentley, 1996). Manifestations of ambiguity problems observed include but not limited to the following: (1) the difficulties of transferred employees to adapt with the new work culture, (2) tendency to always openly seeking explanation from the management on the issuance of new policy, even though this is not a common practice within state-owned enterprise in Indonesia; (3) communication issue; (6) high attrition rate; and (5) differences in leadership styles (Hamour, 2023).

Efforts to reduce ambiguity issues become one of the leadership challenge since it will create potential barrier to achieve mutual comprehension after the takeover and lead to a “long-term turbulence” situation (Badaracco, 1991 in McEntire and Bentley, 1996) if not properly managed. Ambiguity issue may caused by company's inability to prepare employees' readiness to face major changes due to the tendency to merely focus on financial readiness, operational readiness, business processes, or organizational capacity (Weeks et al., 2004) and analysis of change benefit (Jones et al., 2005; Alderfer., 1977; Armenakis & Bedeian., 1999; Friedlander & Brown 1974 in Oreg et al., 2011). However, employee readiness and the reaction of employees to organization changes are the main determinants of change success (Oreg et al., 2011; Hakim et al., 1999). The employees must bear the responsibility in bringing, implementing and managing the change (Oreg, 2006; Thakur and Srivastava, 2018; Choi, 2011).\

Employee readiness to change will determine employee choice of behavior, whether to support or reject organization changes and it will determine the effectiveness of change implementation (Armenakis et al., 1993; Kotter, 1996). Thus, the SOE as the new management should examine the employees' readiness to change to minimize failure of organization changes as a major factor to sustain high performing organization post the takeover process.

Thus, the objective of this theoretical review is to reveal the interaction of constructs that may predict employees' readiness to change. This study is based on change readiness theoretical framework developed by Holt et al. (2007) who mentioned about four interacting change factors that influence the employees' readiness to change, namely change context, change content, change process, and individual attributes, as illustrated in figure 1.

Figure 1. Employee's Readiness to Change



Source: Theory of Change Readiness (Holt et al., 2007)

The theoretical framework of Holt et al. (2007) show readiness to change can be increased through organizational aspects such as the content, context, and change processes (Saruhan, 2013; Choi, 2011; Holt et al., 2007) and employees' individual aspects (Lizar et al., 2015; Mangundjaya, 2013; Tavakoli, 2010; Thakur and Srivastava, 2018). Organizational aspects will interact with individual aspects (Holt et al., 2007; Oreg et al., 2011) and ultimately will determine the employee attitudes as the recipients of change. (Susan and Cameron, 2006). Employees are actors who play an active role in responding to the environment changes (Greenhalgh et al., 2004; Hall and Hord, 1987; Isabella, 1990; Lowstedt, 1993).

Change leadership is one of the change contexts, and considered as the most important factor to predict the level of employees' readiness to change (Waldman et al., 2001 in Teo and Lee, 2017). Change leaders are agents who will become the driving force to direct and manage the change process (Hughes et al., 1999 in Mangundjaya, 2013). Change leadership is not a leadership style, but reflects the leadership's ability to influence and stimulate others through advocacy, vision, and strong energy to implement change (Higgs and Rowldan, 2000).

Therefore, general objective of this theoretical study is to develop and reconstruct a change readiness framework from Holt et.al (2007) to reveal the interaction of constructs to predict employee readiness to change in oil & gas sector in Indonesia state-own enterprise.

## THEORETICAL REVIEW

### Employees' Readiness to Change

Holt, Armenakis, Feild, and Harris (2007) define individual readiness to change as individual psychological and physical readiness to understand the changes needed by

organization & individual to implement the planned changes and belief that the changes have a positive effect, both for themselves and organization. Armenakis (2007) revealed that individual readiness is a comprehensive attitude, influenced by organizational factors and individuals characteristics involved in the change. Employees readiness to change are manifested in employee behavior of accepting or resisting the change (Bernierth, 2004) which indicates a person's capacity on a continuum scale ranging from a strong positive attitude (e.g. openness to change) to a strong negative attitude such as cynicism about organizational change or resistance (Bouckennooghe, 2009).

The content factor is an initiative attribute to explain "what" is changing. It indicates the substance of change, for example restructuring, company mergers or business process reengineering. Context factor is environmental attributes to explain "why" the change should occur. This factor shows the strengths and environment conditions as organizational culture and climate, trust in organization and perceived organizational support. Process factor is the steps to implement the change and describing "how" the change will be managed and indicate the actions to implement the change. The last is individual attribute factor that has different attributes of each employee who experience changes such as psychological conditions, age, gender, education level, etc. Individual attribute will determine psychological comfort that is considered as a critical prerequisite to predict the level of readiness for change (Schein, 1996 in Choi, 2011, Suwaryo et al., 2016; Lizar et al., 2015).

### **Change Leadership**

Change leadership is defined as leader's ability to influence and stimulate others through advocacy, vision and strong energy and access to resources needed to build a strong foundation for the change implementation (Higgs and Rowldan, 2000 in Wulandari et al., 2015).. Furthermore, Herold (2008) and Liu (2010) state that change leadership behavior leads to specific behaviors consisting of creating a change vision, gathering ideas, empowering employees, monitoring the change process and helping employees in adaptation process (Mangundjaya, 2013).

This concept stems from theory of change implementation focused on change strategies determination and action plans to implement organizational change (Liu, 2010) because humans are not passive recipients of change (Susan and Cameron, 2006). Change leadership is one of most important factors in leadership concept to manage the change. It encourages the

behavior of change agents as a driving force to direct and managing the change process (Graetz, 2000). The change can happen in following situations.

1. Challenging the status quo and creating readiness to change for followers (Kouzes and Posner, 1995; Stata, 1992; Kotter, 1995; Tichy and Devanna, 1990).
2. Inspiring a shared vision and personally communicates the future directions with clearly and honestly to help followers answer the what, why, and how questions of change. This enables employees to find change goals that are emotionally appealing and at same time clearly understand how they will contribute to achieving those goals (Jackson, 1997; Hamel and Prahalad, 1994).
3. Become a sponsor at various levels of organization by involving as many people as possible to build change commitments.
4. Empowering others to act with energy, building teams, providing real support appropriately for implementation of change programs
5. The modeling way shows new behavior either in form of words or real behavior to show management involvement and commitment. Senior management involvement is seen as fundamental to success of transformation process (Kotter, 1995; Stata, 1992; Stace and Dunphy, 1996; Kanter et al, 1992; Nadler et al, 1995; Bertsch and Williams, 1994; Blumenthal and Haspeslagh, 1994).
6. Communicating the change message repeatedly, up, down, and across the organization. Communication by senior management is seen as a powerful driver in gaining commitment and building consensus for needed change.

### **Trust in Leader**

Trust can be defined as a condition to rely on promise of another party for a certain period of time (Rotter, 1967 in Thakur, 2018), with expectation that other party will take actions that are important to him even without monitoring (Mayer et al., 1995 in Vakola (2014) and the result of a consistent behavior of leader over time (Morin, 1990). In other words, trust implies the belief that leader will take positive actions that are beneficial or at least not detrimental for employees. This belief stems from roles, rules, and structured relationships within organization (McCauley and Kuhnert, 1992), a belief in company's goal to benefit employees (Gilbert and Tang, 1998).

The leadership literature show that trusted leaders trigger positive work attitudes and will ultimately improve the performance of their followers (Jefta, 2023; Connell et al., 2003 in

Shu-Chuen and Lee, 2018), although trust can be faked or pseudonymous so that it can give results that are not always positive (Bass and Steidlmeier, 1999 in Shu-Chuen and Lee, 2018). The impact of trust on leaders has been well demonstrated in academic publications (Mulder et al., 2009 in Shu-Cuen and Lee, 2018) that employees trust to a leader makes them listen, follow, and show more productive actions (Mayer et al. al., 1995; Coloquitt et al., 2007). Employees who believe to leaders can act positively; their behaviors more accept and support the change (Martin, 1988; Wanberg and Banas, 2000; Eby et al., 2000 in Vakola, 2014).

### **Self-Efficacy**

Self-efficacy is psychological attribute that the most used reference related to readiness to change (Paglis and Green, 2002; Rafferty and Simons, 2006; Wanberg and Banas, 2000 in Choi (2010). The employees with more self-efficacy show a higher readiness to implement the change (Cunningham et al., 2002 in Choi, 2010).

Bandura (1997) revealed the important role of self-efficacy in performance; it affects individual choice, effort, and persistence. The research on self-efficacy revealed a positive relationship with performance, problem solving, and employee attitudes (Gully et al., 2002), including attitudes to respond the organizational change.

The concept of self-efficacy in socio-cognitive theory is the most powerful self-motivation regulatory mechanism to affect the behavior (Bobbio and Manganelli, 2009) and defined as "an individual's perception or belief about how well a person can carry out the actions needed to handle certain situations" (Bandura, 1986 in Luthans, 2002. Furthermore, Luthans (2002) defined self-efficacy in more detail as "an individual's belief (or self-confidence) about his ability to mobilize the motivation, cognitive resources, and actions to do a particular task successfully in a given context".

Many studies examined the effect of self-efficacy on human function in 4 processes, namely cognitive, motivation, affective and action processes (Flammer, 2015). Cognitive processes reveal the role of self-efficacy to plan the future based on experience and knowledge, anticipate possibilities and risks, and plan actions. Furthermore, self-efficacy contributes to motivation to set goals; how much the effort; how long the individual endures in face of adversity; and individual resistance to failure. Someone with low self-efficacy will have self-doubt and give up quickly. Self-efficacy in affective processes will affect the ability to manage stress in threatening or difficult situations to keep individual's mindset to avoid anxious and worried feeling about things that may not necessarily happen. Finally, self-efficacy can

determine the person life by influencing the choice of actions and situations that they consider capable to handle through the development of competencies, interests, and social networks for personal development.

The concept of Flammer (2015) is a development of self-efficacy theory from Bandura (1997) which describes individuals with high self-efficacy as motivated, resistant to difficulties, goal-oriented, and able to think clearly even under pressure. Luthans et al. (2007) stated that individual personal experiences generally so that it creates a sense of optimism to dispel obstacles.

### **Resilience**

Everyone meet with one or more painful or stressful events (such as the death of a relative, loss of a friend, physical or sexual assault, or a life-threatening traumatic event). The psychological resilience plays an important role in determining the individual's strength to fight difficulties in life.

Resilience and self-efficacy are used very similarly, but conceptually different (Luthans, 2002). The main difference between self-efficacy and resilience is the resilience tends to have a smaller and reactive domain, while self-efficacy is more proactive (Huey and Weisz, 1997; Hunter and Chdanler, 1999 in Luthans, 2002). Resilience of leaders and employees has a positive impact on effectiveness and performance improvement. High resilient individuals have effective function in various life experiences (Coutu, 2002; Block and Kreman, 1996 in Luthans, 2002). In addition, self-efficacy and resilience are not static, but a processes of adaptation (Southwick, et al., 2016) and can be developed through certain approaches (Luthans, 2007) according to individual experience.

Resilience is the most relevant attribute associated with change leadership based on resilience activation theory (Teo and Lee, 2017). It can become active through the interaction of leaders and members in process of social connection and interpersonal relationships and communication. Intensive social connection and interaction with leaders in various contexts will increase awareness and to work together by utilizing interpersonal networks (Fairhurst and Uhl-Bien, 2012 in Teo and Lee, 2017). This will lead to self-confidence to survive in change pressures in togetherness and will ultimately affect efforts to follow and implementing the changes planned by their leaders.



## CONCEPTUAL FRAMEWORK

Organizations are complex systems and cannot be predicted radically, even small changes can have large and unpredictable effects (Burnes, 2004 in Choi, 2011). The phenomenon of organizational change due to management takeover is a planned, proactive major change caused by external factors (Hatch, 1997). Changes due to management takeover basically have similar issues to the changes due to acquisitions (Kotter, 1997). The main problems are organizations inability to prepare employees for major changes (Desplaces, 2005; Kotter, 1995 in Choi, 2011; Erwin and Garman, 2010; Maurer, 1996 in Thakur and Srivastava, 2018), including companies' inability to overcome the ambiguity problem due to changes in organizational culture (Dauber, 2012) after SOE takeover. Individual readiness to face change is a fundamental prerequisite for success in organizational change (Holt et al., 2007).

Researches on antecedent factors of employees readiness to change will help researchers to develop a theoretical framework for readiness to change (Holt et al., 2007) by considering the relationship between organizational behavior and individual psychological conditions aspects simultaneously. The change leadership and trust in leader variables are organizational aspects to affect the change, while self-efficacy and resilience are individual psychological attributes (Luthans, 2002). The theoretical framework of Holt et al. (2007) has been widely studied for various contexts of organizational change in Western countries as well as in Asian countries, including Indonesia. However, researchers have not found a study that specifically examines the model framework of Holt et.al (2007) in context of organizational change due to management takeover.

The conceptual framework in this study was built based on research gaps, literature review and results of previous research related to complex interaction of relationship between change leadership and Individual readiness to change, with self-efficacy and resilience as mediators, and trust in leadership as moderators.

## PROPOSITION DEVELOPMENT

### **Relationship Between Change Leadership and Employees' Readiness to Change**

Change leadership relates with leadership in organizational change at certain situations and having episodic nature to get support from employees to accept and implementing the change (Liu, 2010). Previous researches on relationship between change leadership and Individual readiness to change still have not produced consistent evidence (Wulandari et al., 2015; Choi, 2011; Mangundjaya (2013); Mangundjaya et al., 2015). Various theories about

change leadership behavior indicated the person ability to lead, direct, and manage the change process (Choi, 2011).

Liu (2010) showed a hierarchical linear modeling of behavioral aspects in change leadership. The change selling and change implementing behavior indicate have a different relationship to attitude of employees in dealing with change. Change selling behavior positively affects affective commitment to change, while change implementing behavior does not significantly affect on affective commitment which ultimately determines readiness to change.

A leader who has strong change leadership behavior, especially regarding change selling behavior, has ability to create a sense of urgency (Kotter, 1996), to determine the need for change (Galpin, 1996), to strengthen affective commitment behavior of employees (Liu, 2010). It will motivate employees to be more ready to accept change. Given that attitudes towards change arise from willingness, motivation and attribution (Allen and Meyer, 1990), change leadership should increase the Individual readiness to change through motivating efforts, creating positive will among employees (Kotter, 1996; Burke, 2002; Herold) and increasing the affective commitment of employees (Liu, 2010) to accept and carry out change initiatives. Based on above description, proposition 1 is formulated below.

- Proposition 1: Change leadership increases Employees' readiness to change

### **Relationship Between Change Leadership and Self-Efficacy**

Self-efficacy in theory of social cognition (Bandura, 1986, 1997) is considered as the most relevant central construct for behavior prediction (Ng, et al., 2008; Bobbio and Manganelli, 2009). Self-efficacy can be formed and strengthened through the modeling of leader competence, social persuasion ability, success capability (Flammer, 2015) as a manifestation of change leadership behavior.

The change leadership requires the leader personal characteristics who skilled in communication, social competence, relational and managerial competencies, and high self-efficacy (Judge et al., 2004; Locke et al., 1991; Northouse, 2001 in Bobbio and Manganelli, 2009). A change leader will become a role model when he has the competence to convey knowledge and strategies effectively to manage pressure and providing verbal persuasive encouragement to his employees that they have the ability to master the given activity to increase self-efficacy (Flammer, 2015), motivation (Graetz 2000), and better perspectives on change (Bobbio and Manganelli, 2009). In other words, stronger the change leadership will

increase his efforts to motivate employees, to provide social persuasion to increase self-efficacy of followers to solve challenges in organizational change.

McCormick et al. (2002) in Bobbio and Manganelli (2019) revealed that change leaders have a goal to: (1) determine the direction in which the work group should be led; (2) gain follower commitment to change goals; and (3) overcoming obstacles that hinder the achievement of change goals. Jimmieson et al. (2004) revealed that process to overcome the obstacles can be done by strengthening the self-efficacy of followers because self-efficacy affects one's adaptability when facing organizational change.

Previous empirical studies by Liu (2010) revealed that change leadership relates with self-efficacy through its relationship to affective commitment to change which is part of manifestation of self-efficacy to form motivation (Liu, 2010), determining employee attitudes in accepting change (Susan and Cameron, 2006). Based on description above, proposition 2 is formulated below.

- Proposition 2: Change leadership increases the self-efficacy

### **Relationship Between Change Leadership and Resilience**

Resilience as a construct can be activated through the mechanism of social and communication processes that foster a relationship of mutual trust, a feeling of mutual understanding to triggers a positive emotional relationship between leaders and their employees to strengthen organizational and individual resilience (resilience) which functions as social, emotional, and social cognitive resources (Teo and Lee, 2017). The leadership perspective in context of social relations between leaders and their employees (Innocenti et al., 2011) shown a significant contribution to activate resilience which raises awareness to work together to enable employees to adjust psychologically, emotionally, and socially in their difficult situation (Teo and Lee, 2017).

Teo and Lee (2017) indicated that a leader affect the resilience creation with his employees through three main pillars: the organization as a network structure, leader as an actor who has social relationships within this network, and resilience as a process to develop a network to allows individuals adaptation to the changing situations. In other words, stronger change leadership of a leader will increase the social interaction and emotional connection between the leader and employees, which in turn will increase the resilience of employees. Based on description above, the proposition 3 is formulated below.

- Proposition 3: Change leadership increases Resilience

### **Relationship Between Self-Efficacy and Employees' Readiness to Change**

Resilience refers to employees ability to respond and solve their own problems when faced with difficulties, even going beyond the original state to achieve their goals (Luthans et al., 2007; Luthans, Youssef-Morgan, and Avolio, 2015; Hsu et al., 2019). Previous studies have not consistently explained the relationship between resilience and employee readiness to change. In other words, resilience does not necessarily have a relationship with readiness to change. Several researchers found a significant positive relationship between these two variables (Gani et al., 2019), while Saragih (2015) found something different, namely resilience did not have a significant impact.

Referring to theory of resource conservation (Ming-Chu and Meng-Hsiu, 2015), an individual will collect the resources he has to adapt or overcome threats, including the challenges of change that can be perceived as threats by employees because of potential for job loss, or the potential for changing compensation, changing positions, etc., so that it can trigger stress and affect the psychological condition of employees (Ming-Chu and Meng-Hsiu, 2015). Employees with good resilience or "resilience" will overcome these stresses and challenges by using their psychological resources when facing difficulties (Luthans et al., 2007) because resilience will affect the cognitive, emotional, motivational and behavioral processes of employees (Teo and Lee., 2017) which in turn will affect his attitude in dealing with organizational change. Based on description above, proposition 5 is formulated below.

- Proposition 5: Resilience increases Employees' readiness to change

### **Relationship Between Change Leadership and Employees' Readiness to Change Through Self-Efficacy and Resilience**

The relationship between change leadership and Individual readiness to change was not consistent. To fill the research gap, it is necessary to identify the mediating variables in form of self-efficacy and resilience with following arguments. First, self-efficacy affects affective commitment which acts as the most powerful self-motivation regulatory mechanism (Brickman, 1987; Eagly and Chaiken, 1993; Herscovitch and Meyer, 2002 in Liu, 2010). This affective commitment is a psychological reaction as an indication of readiness to move forward with organization in determining attitudes when facing change (Liu, 2010), because basically humans are not passive recipients of change (Susan and Cameron, 2006).

Second, level of self-efficacy plays a role in stress-strain relationships to affect the adaptation process to a change (Jimmieson et al., 2004) which reflects the adaptation ability to

change (Stajkovic and Luthans, 1998 in Chuen and Lee, 2018). Employees with high self-efficacy will see the changes in work environment not as stressors; they feel less stress and high adaptation in face of change compared to employees with low self-efficacy. This is consistent with Bandura's (1986, 1988) suggestion that low self-efficacy will substantially increase perceived threats when assessing environmental demands, including the threat of organizational change. In addition, Ashford (1988 in Jimmieson et al., 2004) proved that self-efficacy reduces the negative effects of stress in context of adjustment to environmental changes.

Third, self-efficacy affects effort and persistence to carry out task challenges, including organizational change challenges (Bandura, 1997 in Shu-Chuen and Lee, 2018). The level of employees resilience is another psychological construct that also have a mediating role that directly proportional to individual's positive emotions (Luthans, 2002) which makes a person display a passionate and energetic approach in facing challenges, have curiosity and open to new experiences (Kim-Cohen and Turkewitz, 2012 in Southwick et al., 2014). Individuals with a high level of resilience not only cultivate positive emotions within themselves, but also transmit positive emotions to others, which creates a supportive social network to assist the process of overcoming problems (Zehir and Narcikara, 2016). This will certainly provide psychological capital that is very positive on employees' readiness to face change. The social and interpersonal interactions between leaders and employees in concept of change leadership will activate the employees resilience (Graetz, 2000; Teo and Lee, 2017).

In other words, change leadership behavior of leader does not directly increase the employees readiness to change. Change leadership plays a role in creating conducive psychological conditions for employees, but this behavior only relates to employees readiness to change. Employees with self - efficacy and resilience in face of difficulties that make them goal-oriented can think clearly when under pressure of change (Bobbio and Manganeli, 2009). This will ultimately increase affective commitment to affects self-readiness to accept change. Based on description above, following proposition 6 and 7 is formulated below.

- Proposition 6: Change leadership increases the employees' readiness to change through self-efficacy as a mediator
- Proposition 7: Change leadership increases the employees' readiness to change through resilience as a mediator

## **Relationship Between Trust to Leader in Moderating the Relationship Between Change Leadership and Employees' Readiness to Change**

This study analyzes the moderating effect of trust in leader based on several considerations. First, trust in leader is one of driving forces (Holt et al., 2007) which indicates the existence of high collective support from employees towards their leaders (Huy, 2002 in Thakur, 2018). Second, trust in leaders will reduce the level of uncertainty and facilitating the change (Thakur, 2018) and suppress resistance (Saruh, 2013). Third, previous studies have shown that trust in leaders significantly relates with attitude of employees' acceptance to change (Rousseau and Tijoriwala, 1999 in Thakur, 2018) because it increases the chances of individuals to work harder to implement changes for their good and come from intention of both impartial leaders (Korsgaard et al., 1995 in Thakur and Srivastava, 2018). Fourth, Hanpachern et al., (1998) also proved a positive correlation between employees and leaders with readiness level for change, and social relations between employees and leaders can activate resilience (Bandura, 1986) and foster a sense of security and trust in superiors and co-employees (Saruh, 2013).

Past research has found a strong relationship between high trust and acceptance of change by employees (Rousseau and Tijoriwala, 1999 in Thakur, 2018). Trust in leadership creates higher collective support from employees during organizational change to leads to an easier transition (Huy, 2002 in Thakur, 2018). Leaders who implement change in organization should build trust among employees to encourage and continue change (Webb, 1996 in Wang and Kebede, 2020) because doubts about the leadership are one of elements that lead to resistance to change from employees (Wang and Kebede, 2020). The trust in leaders is a driving force in organizational change to reduce the level of uncertainty and facilitating the change (Thakur, 2018).

Trust has a moderating role in perspective of context of social relations in leadership (Neeraj, 2009 in Goodwin et al, 2011), because trust in leaders increase the repetitive behavioral interactions (Walumbwa et al., 2009) and stimulates employee commitment. towards change initiatives and ultimately foster better preparation to deal with change (Goodwin et al, 2011). In other words, change leadership will be more effective in influencing the employees readiness to face change if employees have a high level of trust in change leader because employees will tend to be more receptive to change direction from a trusted leader in dealing with difficult situations, and in end will increase the employees readiness to change. Based on description above, proposition 8 is formulated below.

- Proposition 8: Trust in leadership strengthens the influence of change leadership in increasing employees' readiness to change.

## CONCLUSIONS AND SUGGESTIONS

Change leadership may have significant impact to strengthen employees' readiness to change with the existence of self-efficacy and resilience as individual psychological attribute, supported by trust in leaders. The propositions above are generated from theoretical study and previous research. There is no empirical support that proves the truth of this proposition. Therefore, researchers should use this research as a basis to make empirical research to prove its truth and obtain other valuable findings.

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