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Linking Transformational Leadership to Organizational Change Capability through Trust-Based

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Abstract

Given the growing importance of organizational change capability as a driver of development and sustained competitive advantage, this study investigates how transformational leadership (TL) shapes organizational change capability (OCC). It further examines this relationship through two distinct mediating dimensions of trust in leadership: disclosure-based trust and reliance-based trust. The study applies structural equation modeling to assess the influence of TL and employee trust on OCC. The analysis is based on survey data obtained from 376 respondents working in 115 small and medium-sized enterprises in China. Empirical results indicate that transformational leadership and both forms of employee trust in leadership significantly and positively contribute to organizational change capability. In addition, disclosure-based trust demonstrates a stronger effect on OCC than reliance-based trust. The findings also confirm that both trust dimensions operate as mediating mechanisms linking TL to OCC. This research advances understanding of the processes through which transformational leaders cultivate differentiated forms of trust in leadership and how these influence organizational change capability. The results extend existing knowledge in organizational behavior and change management and offer a useful framework for explaining the interrelationships among TL, employee trust in leadership, and OCC. The study highlights practical value by suggesting that organizations should adopt transformational leadership practices to strengthen employees' trust in leaders, thereby enhancing organizational change capability.

Keywords: Transformational leadership, Organizational change capability, Employee trust, Disclosure-based trust, Reliance-based trust

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Introduction

The current business environment is characterized by rapid transformation and increasing unpredictability [1]. Change is occurring at an accelerating pace and with increasing complexity, placing considerable pressure on both academics and practitioners to manage organizational adaptation effectively while preserving competitive advantage [2, 3]. Despite extensive efforts to develop various change approaches, organizations continue to struggle with implementation, often experiencing high failure rates in change initiatives [3].

Within organizations, leadership is widely recognized as a central force in enabling change and innovation, as leaders are responsible for setting direction, identifying the need for transformation, and guiding implementation processes [4, 5]. However, many change efforts still fail due to weaknesses in leadership execution and insufficient capability in managing



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change effectively [1, 6]. Against this background, this study seeks to identify a leadership approach that can strengthen organizational change capability (OCC).

Transformational leadership (TL) has been identified as one of the most impactful leadership styles in contemporary organizations, particularly in contexts marked by rapid environmental change [5, 7, 8]. Such leaders encourage followers to embrace change initiatives and motivate them to exceed expected performance by fostering stronger trust in leadership [1, 9, 10]. This mechanism is especially relevant for building organizational change capability, as successful transformation depends heavily on employees' trust, competencies, and skills aligned with evolving organizational demands [5, 11]. Accordingly, this study examines how TL influences OCC through the mediating role of employee trust in leadership. This investigation contributes to leadership and change management literature in several ways.

First, the link between leadership and organizational change remains one of the most debated topics in organizational research, particularly regarding which leadership styles are most effective in supporting change processes [12]. Although transformational leadership is widely considered essential for shaping employee reactions to change and enhancing organizational change capability, empirical studies directly examining the TL–OCC relationship remain limited [1, 5]. Therefore, further exploration of this relationship is necessary to better understand how leadership can effectively support the implementation of change and long-term organizational success.

Second, organizational change is essentially a chain of events that cannot succeed without employees' acceptance and shared agreement toward planned change initiatives [5, 9]. One of the core mechanisms for strengthening organizational change capability (OCC) lies in mobilizing employees' engagement and harnessing their innovative potential [1, 5]. argue that change initiatives are effectively implemented only when leadership successfully involves employees by fostering trust in leaders. However, existing research remains limited regarding how transformational leadership shapes specific dimensions of employee trust to build organizational capacity for change [1, 9]. To address this gap, the present study focuses on how transformational leadership influences employee trust by distinguishing between two forms, namely disclosure-based trust and reliance-based trust, and how these contribute to change capability development.

In addition, trust in leadership becomes especially critical during change processes due to the uncertainty, risk, and unpredictability involved in adopting new strategies and organizational directions [1]. It also serves as a fundamental mechanism that facilitates communication flow, power sharing, and relational exchange between leaders and employees during transformation efforts [9, 13, 14]. Prior empirical findings have established a significant relationship between transformational leadership and employee trust [9, 15], as well as a positive link between employee trust in leaders and organizational change capability e.g. [1, 9, 16]. Despite this, research examining how transformational leadership connects with distinct trust dimensions in shaping organizational change capability remains underdeveloped [1, 9]. Therefore, further theoretical and empirical investigation is required to clarify how TL relates to OCC through the mediating role of employee trust dimensions.

To respond to these gaps, this study builds a conceptual framework informed by transformational leadership theory [17], organizational trust literature, organizational behavior theory [18], and change management theory [4, 19], which is used to develop hypotheses and address the following research questions (RQ).

RQ1. Is there a significant effect of TL on OCC?

RQ2. To what extent does TL influence different dimensions of trust in leadership?

RQ3. Do trust dimensions in leaders function as mediators between TL and OCC?

To investigate these questions, structural equation modeling (SEM) is utilized to examine the relationships among transformational leadership, employee trust, and organizational change capability using data collected from 376 respondents across 115 small and medium-sized enterprises in China. The findings aim to offer practical insights for managers and organizational leaders on how leadership practices can enhance employee trust and strengthen organizational capacity for change.

Literature review and hypotheses

Transformational leadership and organizational change capability

Organizational change capability (OCC) refers to a combination of managerial and organizational competencies that enable firms to respond more rapidly and effectively to environmental shifts than competitors [20, 21]. According to [16], OCC represents an organization's ability to design and implement effective change solutions that respond to evolving internal and external conditions. [19] further describe OCC as a dynamic capability that becomes essential for organizational survival and performance at various stages of development. This capability allows firms not only to continuously reconfigure existing resources in response to environmental change but also to develop new competencies to deal with emerging challenges and opportunities [1, 19]. Based on these views, OCC in this study is understood as an integrated organizational capacity to identify necessary internal changes, recognize emerging opportunities, and respond effectively to environmental dynamics to support development.

Transformational leadership (TL) is widely discussed in the management literature as a leadership style characterized by clear articulation of goals, role modeling, active coaching, encouragement of skill development, and a continuous search for opportunities to enhance organizational growth [8, 22]. Transformational leaders perceive employees as key organizational assets and place strong emphasis on emotional engagement, values, and leadership behaviors that stimulate creativity and positive work behavior [17, 23] explains that transformational leaders inspire employees to perform beyond expectations and help them reach higher levels of potential contribution to the organization. TL theory has therefore become one of the most influential and widely adopted leadership perspectives in academic research [24] and [1]. As a result, examining TL's influence on OCC is essential for identifying leadership approaches that enhance organizational adaptability and change capability.

TL is considered one of the most important components for successful organizational transformation and OCC [1, 6].

Transformational leadership is widely regarded as a central factor in enabling organizational transformation and strengthening organizational change capability [1, 6]. When leaders view employees as key assets, invest in emotional and ethical connections with them, and promote value-driven motivation [15, 25] they are better positioned to manage the human challenges of change and reduce resistance that often undermines implementation success. Prior studies consistently emphasize that transformational leaders are deeply involved in both initiating and carrying out organizational change [1, 10, 26-28]. highlighted that embedding transformational leadership practices is crucial for managers who aim to execute change effectively. In a similar vein, [9] identified transformational leadership as a highly suitable approach for guiding organizational change, with empirical evidence confirming its strong positive relationship with OCC. [27] described transformational leaders as agents of change who reshape employees' internal states, including their motivation, beliefs, and attitudes, elevating them to higher levels of engagement. Their findings also suggested that organizations experiencing frequent change tend to perform better when transformational leadership is present. [1] further argued that transformational leaders enhance change readiness by cultivating collaboration, reinforcing emotional attachment, establishing trust-centered cultures, and actively identifying opportunities conducive to change. [29] reinforced this view by showing that transformational leadership positively affects employees' commitment to organizational change and their willingness to support it. More recently, [10] identified transformational leadership as the most powerful leadership style for driving organizational transformation, demonstrating its significant role in improving employee engagement during change. Similarly, [28] found that transformational leadership strengthens organizational change capability by increasing employees' openness, readiness, and commitment toward change processes.

Taken together, these findings suggest a consistent positive relationship between transformational leadership and OCC. Therefore, the following hypothesis is developed.

H1. Transformational leadership is associated with organizational change capability.

Transformational leadership and employee trust in leadership

Trust refers to an individual's belief in another person's ability and their expectation that the person will act consistently, fairly, and ethically [30-32] noted that trust exists in multiple forms, such as interpersonal, organizational, inter-organizational, political, societal, peer-based, and leadership trust. This study focuses specifically on trust in leadership because it emerges directly from leadership behavior and effectiveness. Leaders build trust when employees perceive them as reliable, consistent, and morally grounded in their actions [15].

[33] defined trust in leaders as employees' willingness to place themselves in a vulnerable position, based on the expectation that the leader will act in their interests. [34] and [15] further divided trust into two dimensions: reliance-based trust and disclosure-based trust. Reliance-based trust reflects an employee's readiness to depend on another person's professional knowledge, competence, and job-related capabilities. In contrast, disclosure-based trust reflects the willingness to share sensitive work-related information or personal views with that person [15]. These two forms are adopted in this study because they capture different vulnerability-related aspects of trust and are specifically designed to reflect trust decisions in leadership contexts [15, 35].

Previous research has repeatedly shown a connection between transformational leadership and trust in leadership. [36] suggested that transformational leaders act as developmental guides, fostering emotional engagement and creating trust-oriented environments [37] found that employees exposed to transformational leadership behaviors tend to develop stronger trust in their leaders [18] demonstrated that leadership behavior significantly affects both disclosure-based and reliance-based trust [38] also reported a strong positive association between transformational leadership and trust in leaders [39] argued that transformational leadership, through individualized consideration and alignment of shared goals, enhances trust in leadership. More recently [15], showed that transformational leaders strengthen employee trust by demonstrating fairness, respect, support, and concern for employee contributions, confirming a positive relationship between TL and trust in leadership.

Overall, existing evidence supports the idea that transformational leadership positively influences trust in leaders. However, except for [18] and [1], limited research has examined how leadership relates to different dimensions of trust, which restricts

a deeper understanding of how trust is formed through leadership behavior [18] Since this study aims to clarify how transformational leadership influences two specific forms of trust in leaders, the following hypothesis is proposed:

H2a.b. Transformational leadership positively affects employees' disclosure-based and reliance-based trust in leadership.

Employee trust in leadership and organizational change capability

Research on the relationship between trust and organizational change capability (OCC) remains relatively limited, though some studies have examined this link from different angles [6] and [16] both stressed that effective OCC cannot be achieved without employees developing trust in both leadership and the organization. In a meta-analytic review [38], found that trust in leaders enhances information sharing, which is essential for enabling organizational change processes. When trust is weak, communication and cooperation, which are necessary for change, tend to decline, making change initiatives harder to implement.

[1] further argued that an organization's capacity to manage change is strongly influenced by employees' trust in both colleagues and leaders. In addition, higher trust levels generally translate into stronger employee commitment and willingness to support and execute change initiatives effectively [6, 40]. also noted that leaders who demonstrate integrity and capability are more likely to elicit employee commitment to organizational change initiatives. Similarly [9], found that employees with strong trust in leadership are more willing to support and follow changes initiated by leaders, and their empirical results confirmed a significant relationship between trust in leadership and OCC [41] identified trust in leadership as a major factor shaping employees' attitudes and behavioral responses toward organizational change, showing that trust positively drives change-oriented behavior.

Overall, these findings indicate that employee trust in leadership contributes positively to OCC. Based on this, the following hypothesis is developed:

H3a.b. Disclosure-based trust and reliance-based trust in leaders have positive impacts on organizational change capability.

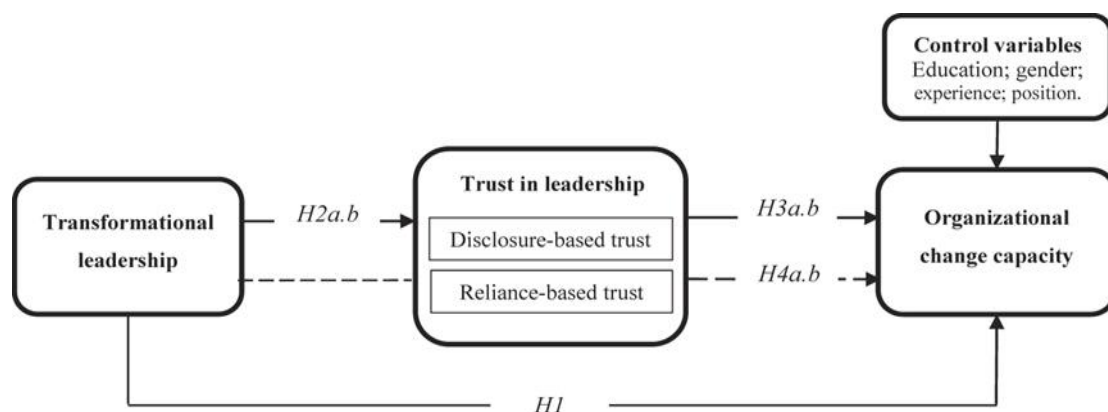
Mediating role of employee trust in leadership between TL and organizational change capability

The preceding arguments suggest that employee trust in leadership serves as a mediating factor in the relationship between transformational leadership (TL) and organizational change capability. Specifically, TL is expected to build trust, which, in turn, enhances change-capability outcomes [9] explained that transformational leaders build employee trust by fostering feelings of respect, pride, and confidence among followers. This strengthened trust serves as a motivational foundation, encouraging employees to engage in and commit to organizational change efforts actively.

[1] further noted that transformational leadership helps create a collaborative organizational environment, which is essential for strengthening trust in leadership and supporting effective implementation of change initiatives. More recently [10], examined how TL influences employee engagement during organizational change and found that its effects operate both directly and indirectly through mediators such as perceived value and trust in leadership.

Taken together, these studies suggest that transformational leadership enhances employee trust, which, in turn, contributes to stronger organizational change capability. Since trust levels may vary across change contexts, TL can play a critical role in elevating employee trust, thereby improving the organization's ability to manage change effectively. Accordingly, the following hypothesis is proposed (**Figure 1**):

H4a.b. Disclosure-based trust and reliance-based trust in leaders mediate between TL and organizational change capability.



Note(s): ----- Indirect effect

Figure 1. Proposal research model.

Research methodology

Sample and data collection

During the summer of 2019, primary data were collected through a questionnaire survey administered to 115 small and medium-sized enterprises in Hunan, Beijing, and Guangdong provinces in China. Initial contact with firms was made via telephone calls and/or on-site visits to explain the study objectives and request cooperation in distributing and completing the survey instruments. The purpose and importance of the research were also clearly stated within the questionnaire, along with assurances regarding the confidentiality and security of participant information.

The target respondents included deputy directors, department heads, team leaders, and employees working in administrative, operational, accounting, planning, and research and development units. These participants were selected because of their familiarity with organizational processes and their regular involvement in information exchange related to the firm's operational environment. Measurement items were adapted from established scales in previous studies to construct the initial questionnaire. A backward translation procedure was applied to ensure equivalence between the English and Chinese versions of the instrument.

Before conducting the full-scale survey, a pilot test was implemented through in-depth interviews with five experienced academic researchers specializing in knowledge management from three universities, as well as 45 participants from five firms. This step was used to evaluate and improve the clarity and effectiveness of the questionnaire. In the formal data collection stage, 700 questionnaires were distributed, of which 512 were returned. After screening and data cleaning, 376 valid responses were retained, resulting in a validity rate of 53.7%. Invalid responses were excluded when respondents did not meet the selection criteria or failed to complete the questionnaire thoughtfully.

To examine potential non-response bias, the procedure suggested by [42] was applied. Chi-square tests and independent-samples t-tests were conducted to compare the first 80 respondents with the last 80 respondents on demographic characteristics, including gender, age, and education level. The analysis revealed no statistically significant differences between the two groups ($P > 0.05$), indicating that non-response bias and common method bias were not significant concerns. Among the final sample of 376 respondents, 233 (62.0%) were male, and 143 (38.0%) were female. Participants responded to items related to the study variables, including transformational leadership, disclosure-based trust, reliance-based trust in leadership, and organizational change capability (OCC).

Variable measurement

All constructs in this study were operationalized using measurement scales validated in prior research (**Table 1**). A five-point Likert scale was employed for all items, ranging from "1" (strongly disagree) to "5" (strongly agree). Respondents indicated the extent to which they agreed or disagreed with each statement based on their organizational experience.

Table 1. Observed variables of latent factors in the research model

Construct	Items	Reference
Transformational leadership (TL)	Eight items capturing participants' perceptions of their leader's transformational leadership style	[43]
Disclosure-based trust in leadership	Five items reflecting employees' willingness to share sensitive work-related information and personal opinions with their leaders	[34]
Reliance-based trust in leadership	Five items measuring employees' readiness to depend on their leaders' work-related skills, abilities, and knowledge	[34]
Organizational Capacity for Change (OCC)	32 items assessing an organization's capability to implement and manage change	[20]

Data analysis methods and multicollinearity

Structural equation modeling (SEM) was adopted for hypothesis testing due to its capacity to simultaneously estimate multiple relationships within a single analytical framework and to handle complex regression structures [44]. Accordingly, SEM was used to evaluate the proposed hypotheses in the conceptual model.

To address potential multicollinearity issues that could distort regression estimates, variance inflation factor (VIF) values were calculated for all independent variables. The results showed that all VIF values were below 3, indicating that multicollinearity was not a significant concern in the analysis.

Results and Discussion

Analysis results

Measurement model

The reliability of the measurement scales was first assessed using Cronbach's alpha coefficients (α) for each construct. The obtained values ranged between 0.92 and 0.98, all exceeding the recommended threshold of 0.7 [45], indicating strong internal consistency.

Following this, a confirmatory factor analysis (CFA) was conducted to evaluate the measurement model's convergent and discriminant validity. **Table 2** presents the descriptive statistics (means and standard deviations), factor loadings, average variance extracted (AVE), composite reliability (CR), and Cronbach's alpha values for all constructs.

Table 2. Standardized loading and reliabilities for the measurement model.

Construct	SD	Mean	Item	Loading	α	CR	AVE
Transformational leadership (TL)	0.58	3.38	TL1	0.86***	0.96	0.96	0.76
			TL2	0.87***			
			TL3	0.88***			
			TL4	0.86***			
			TL5	0.87***			
			TL6	0.88***			
			TL7	0.86***			
			TL8	0.86***			
Disclosure-based trust in leadership (LD)	0.56	3.62	LD1	0.79***	0.93	0.93	0.73
			LD2	0.95***			
			LD3	0.94***			
			LD4	0.70***			
			LD5	0.85***			
Reliance-based trust in leadership (LR)	0.57	3.50	LR1	0.89***	0.93	0.92	0.70
			LR2	0.83***			
			LR3	0.72***			
			LR4	0.92***			
			LR5	0.81***			
Organizational capacity for change (OCC)	0.50	3.75	OCC1	0.80***	0.99	0.98	0.66
			OCC2	0.77***			
			OCC3	0.77***			
			...	...			
			OCC32	0.86***			

Note(s): $\alpha \geq 0.7$; composite reliability ≥ 0.7 ; average variances extracted ≥ 0.5 ; *** $P < 0.001$

To assess convergent validity, and in line with [46], three main criteria were applied. First, indicator factor loadings must be statistically significant and exceed 0.6. Second, composite reliability (CR) values should be above 0.7. Third, average variance extracted (AVE) values should be greater than 0.5.

As reported in **Table 2**, all factor loadings fall within the range of 0.70 to 0.95 (all above 0.6) and are significant at the 0.001 level. The CR values, ranging from 0.84 to 0.98, all exceed the recommended threshold of 0.7. In addition, AVE values range from 0.66 to 0.76 (all above 0.5). Overall, these results confirm satisfactory convergent validity across all constructs.

Discriminant validity refers to the extent to which constructs that are intended to measure distinct concepts are not strongly associated with theoretically unrelated variables [47]. In this study, discriminant validity was assessed using the [47] criterion based on AVE. Specifically, the square roots of AVE were compared with inter-construct correlations (**Table 3**).

Table 3. Correlations and average variances extracted from constructs.

Constructs	Position	Experience	Gender	Education	OCC	LR	LD	TL	SD	Mean
Transformational leadership (TL)								0.87	0.58	3.38
Disclosure-based trust (LD)							0.85	0.43***	0.56	3.62
Reliance-based trust (LR)						0.83	0.53***	0.42***	0.57	3.50
Organizational capacity for change (OCC)					0.81	0.53***	0.64***	0.53***	0.50	3.75
Education				1	0.51***	0.47***	0.45***	0.46***	0.97	2.36
Gender			1	0.05	0.01	-0.03	0.00	0.00	0.48	1.38
Experience		1	0.06	0.40***	0.34***	0.35***	0.40***	0.43***	0.58	2.13

Position	1	0.26***	0.07	0.17***	0.45***	0.18***	0.24***	0.28***	0.50	3.75
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Note(s): ***P < 0.001; Diagonal elements (in italics) are the square root of the AVE

As shown in **Table 3**, the square root of AVE for each construct (diagonal values in bold) is higher than the corresponding inter-construct correlations. Overall, these findings provide strong evidence for construct reliability and for the measurement scales' convergent and discriminant validity.

Table 4 presents the results of the overall measurement model fit. As indicated, all goodness-of-fit indicators reached acceptable thresholds. Therefore, the model demonstrates a satisfactory fit to the observed data and is suitable for testing the proposed hypotheses.

Table 4. Overall fit index of the CFA model.

Fit index	Recommended threshold value	Scores
Absolute fit measures		
CMIN/df	$\leq 2^a$; $\leq 5^b$	1.818
GFI	$\geq 0.90^a$; $\geq 0.80^b$	0.813
RMSEA	$\leq 0.08^a$; $\leq 0.10^b$	0.047
Incremental fit measures		
NFI	$\geq 0.90^a$	0.900
AGFI	$\geq 0.90^a$; $\geq 0.80^b$	0.801
CFI	$\geq 0.90^a$	0.952

Note(s): a, Acceptability: acceptable; b, Acceptability: marginal

Structural model

As noted by [44], structural equation modeling (SEM) is widely used because it allows the simultaneous estimation of multiple regression relationships within a single framework. It is also particularly suitable for examining mediation and interaction effects e.g., [1]. Accordingly, this study employed SEM using maximum likelihood estimation to test the proposed hypotheses. This section presents the main findings on the structural relationships among the latent variables (**Tables 5 and 6 and Figure 2**).

Table 5. Structural model results.

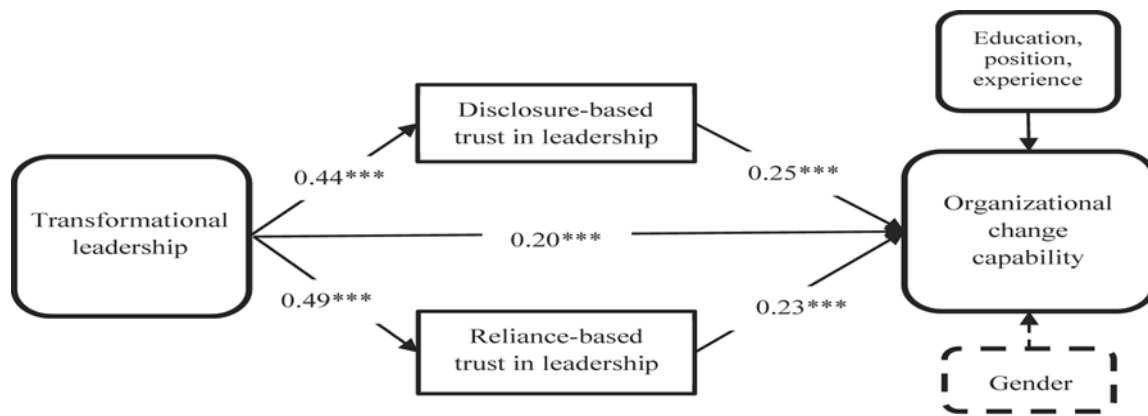
Hypotheses	Proposed effect	Results	P	Estimate
H1. Transformational Leadership (TL) → Organizational Capacity for Change (OCC)	+	Supported	< 0.001	0.207***
H2a. TL → Disclosure-based Trust (LD)	+	Supported	< 0.001	0.445***
H2b. TL → Reliance-based Trust (LR)	+	Supported	< 0.001	0.492***
H3a. LD → OCC	+	Supported	< 0.001	0.253***
H3b. LR → OCC	+	Supported	< 0.001	0.230***
Control variables		Effect	Results	p
Education → OCC	+	Supported	< 0.001	0.114***
Gender → OCC	–	Not supported	0.899	–0.005
Experience → OCC	+	Supported	0.003	0.059**
Position → OCC	+	Supported	< 0.001	0.065***

Note(s): ***significant at the 0.001 level; **significant at the 0.05 level

Table 6. Direct, indirect, and total effects analysis

Predictor/Dependent	OCC	LR	LD
Direct effects			
Transformational Leadership (TL)	0.207***	0.492***	0.445***
Disclosure-based Trust in Leadership (LD)	0.253***		
Reliance-based Trust in Leadership (LR)	0.230***		
Indirect effects			
Transformational Leadership (TL)	0.225***		
Total effects			
Transformational Leadership (TL)	0.432***		

Note(s): ***significant at the 0.001 level



Note(s): *** $p < 0.001$ ----- Non-significant paths

Figure 2. Path coefficients of the structural model.

Direct effect analysis

The results presented in **Table 5** indicate that all examined direct relationships between latent constructs are strong in magnitude and statistically significant. Consequently, all proposed hypotheses receive empirical support, as detailed below.

For H1, the analysis confirms a positive and statistically significant relationship between transformational leadership (TL) and organizational change capability (OCC), with $\beta = 0.207$ ($P < 0.001$).

Regarding H2a,b, the findings reveal that TL has a stronger effect on reliance-based trust in leadership ($\beta = 0.492$; $P < 0.001$) compared to disclosure-based trust in leadership ($\beta = 0.445$; $P < 0.001$).

For H3a,b, results show that disclosure-based trust exerts a slightly higher influence on OCC ($\beta = 0.253$; $P < 0.001$) than reliance-based trust ($\beta = 0.230$; $P < 0.001$).

These results were derived after controlling for demographic and occupational variables, including education level, gender, job position, and work experience. As illustrated in **Table 5** and **Figure 2**, most control variables show significant effects, except for gender, which does not show a statistically significant relationship with OCC.

Indirect and total effect analysis

In addition to direct effects, this study investigates the mechanisms by which transformational leadership influences organizational change capability through disclosure-based and reliance-based trust. The decomposition of effects into direct, indirect, and total components is reported in **Table 6**. The results confirm that both forms of trust serve as mediating variables in the TL–OCC relationship.

Table 6 further indicates that the overall effect of transformational leadership on OCC is notably strong, with $\beta = 0.432$ ($P < 0.001$). This overall relationship is partly driven by a significant indirect pathway ($\beta = 0.225$; $P < 0.001$), confirming that employee trust in leadership plays a meaningful mediating role between TL and organizational change capability.

In today's twenty-first-century organizational context, the ability to adapt quickly to continuous change has become a critical strategic concern for leaders [1, 2]. Despite substantial financial investments in transformation initiatives such as digital systems and technological upgrades, many organizations still fail to achieve expected outcomes [2, 25]. A key reason behind these shortcomings is that leadership often overlooks the behavioral and psychological foundations of change capability. In particular, successful change depends heavily on employees' perceptions, attitudes, and willingness to engage, as well as leaders' own behaviors in guiding transformation [1, 6, 48]. Against this backdrop, the hypotheses developed in this study contribute to both theoretical advancement and managerial practice in change management, as discussed below.

Theoretical contributions

First, this study reinforces the view that organizational change capability should be understood as a dynamic organizational competence that enables firms to better leverage knowledge resources, respond rapidly to environmental uncertainty, and achieve superior performance relative to competitors [21, 49-51]. By empirically examining the link between transformational leadership and OCC, the study extends the existing literature by confirming TL's significant explanatory power in shaping organizational adaptability.

The empirical findings show that transformational leadership plays a strong, statistically significant role in enhancing OCC. This can be explained by the fact that TL is widely considered a highly effective leadership approach for fostering innovation and organizational responsiveness [1, 52]. The results suggest that key behavioral features of transformational leaders—such

as articulating clear organizational direction, serving as role models, understanding employee needs, promoting new ways of thinking, and providing continuous encouragement—are central to strengthening OCC.

These characteristics influence OCC through several pathways: (1) they generate positive emotional reactions toward change by communicating an inspiring and coherent vision; (2) they reduce resistance by positioning leaders as active initiators and supporters of transformation; and (3) they enhance employees' confidence, trust, and willingness to participate in change by offering consistent guidance, recognition, and support.

Second, by examining how transformational leadership (TL) influences two distinct dimensions of employee trust in leadership and organizational change capability (OCC), this study contributes meaningfully to the literature on trust and organizational change. Disclosure-based trust and reliance-based trust represent two qualitatively different expressions of trust in leaders. Specifically, disclosure-based trust reflects employees' willingness to share sensitive and important information with leaders. In contrast, reliance-based trust reflects employees' readiness to depend on leaders' competence and abilities when undertaking actions. These two dimensions are particularly appropriate for capturing variations in how individuals place trust in leadership [15, 35]. A clearer understanding of these differentiated trust dimensions can create more favorable conditions for strengthening OCC and improving the effectiveness of change implementation processes.

Empirical results demonstrate that TL strongly influences both forms of trust, and these trust dimensions, in turn, exert positive and significant effects on OCC. These findings suggest that when employees are willing to disclose sensitive issues to leaders, transformational leaders are better positioned to make informed and effective decisions that support organizational change capability. Similarly, when employees are willing to rely on leaders' competence, transformational leaders are more capable of implementing change effectively, as employees are more likely to accept and execute change initiatives with confidence in their success. Based on these results, managers and organizational leaders are encouraged to adopt and strengthen transformational leadership practices to build employee trust and ultimately enhance OCC.

Third, although earlier studies e.g., [1, 9] have examined the mediating role of employee trust in the relationship between TL and OCC, certain limitations remain. For instance [9] research was limited to non-profit organizations and did not distinguish between different dimensions of employee trust as mediating mechanisms. In contrast, [1] focused only on partial aspects of OCC—namely, innovative culture and change champions—thereby failing to capture the overall organizational change capability and the full complexity of influencing factors. By incorporating both disclosure-based and reliance-based trust as mediators between TL and OCC, this study offers a more detailed explanation of how different forms of trust shape the TL–OCC relationship. The findings confirm that both trust dimensions mediate this relationship, indicating that transformational leadership influences OCC both directly and indirectly by enhancing employees' willingness to disclose information and their reliance on leadership competence.

Practical contributions

This study provides useful insights for managers and leaders of Chinese small and medium-sized enterprises, offering guidance on leadership practice, trust development, and strengthening organizational change capability. Several managerial implications are outlined below.

First, transformational leadership has been widely recognized as an effective approach for developing trust between employees and leaders, particularly by reducing perceived vulnerability and uncertainty in workplace relationships [14, 15]. Trust in leadership encourages employees to become more proactive, committed, and prepared to respond effectively to organizational change demands [10, 28]. Accordingly, this study offers practical guidance for managers seeking to enhance OCC. To create an environment conducive to change, leaders should actively adopt transformational leadership behaviors and strengthen both disclosure-based and reliance-based trust by demonstrating integrity, honesty, fairness, and consistency in decision-making, while also improving leader–employee relationships through openness, empathy, and mutual understanding [10, 17].

Second, analysis of control variables shows that education level, work experience, and job position significantly influence OCC. Based on this, several managerial recommendations are proposed. Leaders should enhance organizational change capability by investing in continuous training and development programs. Greater attention should also be given to insights and suggestions from experienced employees, as their knowledge can support more effective decision-making regarding change. Furthermore, change-related strategies and perceptions should be strongly supported and initiated by senior management and key leadership figures to ensure alignment and effectiveness.

Finally, China is a rapidly developing economy with relatively stable, high growth in recent years. However, many small and medium-sized enterprises still face significant challenges and remain highly vulnerable to technological and innovation-related changes [53, 54]. These firms often lack sufficient financial resources, capital, and R&D capabilities to support large-scale innovation and transformation [1, 54]. As a result, relying solely on heavy investment in technological innovation to enhance change capability is often unrealistic. The findings of this study suggest that adopting transformational leadership practices to strengthen employee trust and intrinsic motivation for change represents a more feasible and effective strategy for small and medium-sized enterprises in China.

Limitations and directions for future research

This study is subject to several limitations. First, the use of a cross-sectional research design to examine relationships among variables in the proposed model limits the ability to draw firm causal inferences, as the associations observed may vary over time. In particular, employee trust in leadership is not static and may fluctuate depending on contextual and temporal factors [40]. Therefore, future research employing longitudinal designs would be better suited to address this limitation and provide more robust validation of the findings.

Second, this study identifies two specific dimensions of trust in leadership as significant predictors of organizational change capability (OCC). However, further research is needed to explore in greater depth how these two trust dimensions interact with different facets of OCC, to develop a more comprehensive understanding of their relationships.

Finally, transformational leadership (TL) has been widely recognized as a key antecedent of multiple organizational outcomes, including innovation, change management, knowledge sharing, employee satisfaction, organizational commitment, and organizational citizenship behavior [55]. Future studies could therefore extend the current theoretical framework by examining how different dimensions of trust in leadership mediate the relationship between TL and these broader organizational outcomes, thereby enriching organizational behavior theory and further maximizing the explanatory potential of transformational leadership.

Conclusion

Overall, this study extends prior research by providing a more detailed understanding of the antecedents and enabling conditions that enhance organizational change capability (OCC). This research makes a meaningful contribution to leadership and change management literature by examining a dual-path mediation model in which employee trust in leadership plays a central role in the relationship between transformational leadership (TL) and OCC.

The findings demonstrate that transformational leadership practices support managers and CEOs in cultivating both disclosure-based trust and reliance-based trust among employees. In turn, these trust dimensions significantly strengthen the change capability of small and medium-sized enterprises.

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