

Transformational Leadership, Organizational Culture, and Employee Readiness in Digital Banking Transformation

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*transformational leadership,
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Abstract

Digital banking transformation requires employees to adapt to changing technologies, work processes, and organizational demands, making employee readiness a critical condition for transformation. This study examines the effects of transformational leadership and EXPRESI organizational culture on employee readiness and tests whether EXPRESI moderates the relationship between transformational leadership and readiness among Bank Jatim employees. A quantitative explanatory design was used with 206 valid responses collected through purposive sampling. Data were analyzed using descriptive statistics in IBM SPSS Statistics and covariance-based structural equation modeling (CB-SEM) with AMOS. The standardized results show that transformational leadership positively and significantly affects employee readiness ($\beta = 0.351$, $p = 0.038$), while EXPRESI also has a positive and significant effect ($\beta = 0.519$, $p = 0.003$). The interaction between transformational leadership and EXPRESI is negative and significant ($\beta = -0.119$, $p = 0.013$), indicating that higher EXPRESI weakens the incremental contribution of transformational leadership to readiness. The final structural model explains 73.1% of the variance in employee readiness. The findings extend change-readiness research by demonstrating a dual role of organization-specific corporate culture: EXPRESI directly supports readiness while simultaneously changing the strength of the leadership-readiness relationship.

INTRODUCTION

Digital transformation has become an important strategic priority in the banking industry as financial services increasingly depend on digital technologies, integrated platforms, and changing customer expectations (Shanti, Avianto, & Wibowo, 2022; Dehnert & Schumann, 2022). However, technological investment alone does not determine whether transformation is successfully implemented. Employees must adapt to new technologies, work processes, roles, and organizational demands, making individual readiness an essential element of digital transformation (Engida, Alemu, & Mulugeta, 2022; Nurhayati, Musa, & Pusparini, 2024; Silva, Marujo, & Senna, 2026). Recent work on employee readiness for digital transformation also emphasizes organizational and individual antecedents, including leadership, organizational support, digital capability, and adaptability (Nurhayati et al., 2024; Silva et al., 2026).

This issue is particularly relevant to Bank Jatim, which has continued to develop its digital banking services as part of its transformation strategy (Bank Jatim, 2025). The development of New JConnect reflects the bank's effort to strengthen digital banking services and respond to changing customer needs (Bank Jatim, 2025). Such transformation requires employees, or Jatimers, not only to operate new digital systems but also to adjust their competencies, behaviors, and ways of working. Employee readiness therefore represents an organizational change condition that connects technological transformation with employee-level adaptation.

Transformational leadership is one organizational mechanism that can facilitate readiness for change. By communicating a compelling vision, providing intellectual stimulation, demonstrating individualized consideration, and motivating employees to adopt new ways of working, transformational leaders can reduce uncertainty and support adaptation (Bass & Avolio, 1994; Tamin, Handono, Mario, & Rohman, 2023). Empirical evidence in Indonesia indicates that transformational leadership is positively associated with readiness for change and related change behaviors (Mujib & Rosari, 2023; Muktarom & Tricahyadinata, 2024; Syah, Indriyanti, Suyitno, Rojuaniah, & Astuti, 2024). Evidence from commercial banking in Kenya also links transformational leadership with readiness for change, reinforcing the relevance of leadership in banking contexts (Gumo & Kising'u, 2023).

Organizational culture is another important contextual condition. Shared values, norms, and behavioral expectations influence how employees interpret organizational changes and how they translate leadership messages into action (Schein, 2010). Indonesian evidence indicates that organizational culture is positively associated with employee readiness for change (Daud, Usman, Fauzan, & Afifah, 2023; Saptari & Dudija, 2024). Research in digital transformation contexts likewise suggests that organizational culture and readiness should be considered together because technological transformation requires corresponding changes in organizational behavior and values (Wintarto, Meiliani, & Carolin, 2023; Purnawan, 2025; Rinaldo, Arkeman, & Cahyadi, 2025). Haffar et al. (2023) likewise examined organizational culture in relation to readiness during digital change, providing additional support for treating culture as part of the organizational context of change.

First, the theoretical gap concerns the limited integration of leadership, organizational culture, and change-readiness perspectives in explaining employee readiness during digital transformation. Organizational Change Theory highlights readiness as a condition for successful change (Weiner, 2009), Transformational Leadership Theory explains how leaders

mobilize employees toward change (Bass & Avolio, 1994), and Schein's organizational culture perspective explains how shared values shape employee interpretations and behavior (Schein, 2010). However, these perspectives are often applied separately. The present study integrates them and further uses a leadership-substitute and contingency perspective to explain why the incremental contribution of transformational leadership may vary across cultural conditions. The competing-values literature also indicates that organizational culture has implications for how organizational processes and effectiveness are structured across different cultural patterns (Hartnell, Ou, & Kinicki, 2011).

Second, the empirical gap concerns the role of organizational culture in the leadership-readiness relationship. Previous studies have examined culture as a direct predictor or mediator of readiness (Engida et al., 2022; Daud et al., 2023), while recent studies have also examined mediation mechanisms linking transformational leadership and readiness (Muktarom & Tricahyadinata, 2024; Shanti, Noermijati, Rofiaty, & Sunaryo, 2025). Contextual moderation has received increasing attention, but existing evidence has often focused on variables such as organizational transparency rather than organization-specific corporate culture (Alarifi, AlThnayan, Bajaba, & Liu, 2024). Thus, there remains a need to test whether organizational culture changes the strength of the transformational leadership-readiness relationship while also maintaining its own direct relationship with readiness.

Third, the contextual gap concerns the limited evidence from regional development banking and from corporate cultures that are specific to a single organization. Bank Jatim has an organization-specific corporate culture known as EXPRESI, comprising Excellence, Professionalism, Integrity, Synergy, and Innovation (Bank Jatim, 2025). Treating EXPRESI as a contextual system rather than as a generic culture score allows the study to examine how a shared corporate value system operates within a regional development bank undergoing digital transformation. This context provides a setting in which culture may both support readiness directly and condition how employees respond to transformational leadership.

Against these three gaps, the study develops an incremental theoretical contribution rather than claiming disruptive novelty. The central proposition is that organizational culture may have a dual role: it can directly support employee readiness while simultaneously changing the incremental contribution of transformational leadership. This perspective extends an additive interpretation of leadership and culture by considering their joint, conditional relationship. The study therefore contributes by integrating four perspectives—Organizational Change Theory, Transformational Leadership Theory, Organizational Culture Theory, and Leadership Substitute/Contingency perspectives—within a digital banking setting.

Accordingly, this study aims to examine the effect of transformational leadership on employee readiness for digital banking transformation at Bank Jatim, examine the effect of EXPRESI organizational culture on employee readiness, and determine whether EXPRESI moderates the relationship between transformational leadership and employee readiness.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Organizational Change Theory

Organizational Change Theory provides the overarching perspective for understanding how organizations and their members respond to changing conditions (Lewin, 1947; Weiner,

2009). Digital banking transformation is an organizational change process because it involves more than the adoption of technology; it also requires adjustments in employee behavior, competencies, work processes, and perceptions of organizational expectations. Readiness for change is therefore important because employees who are psychologically and behaviorally prepared are more likely to support and participate in organizational change (Weiner, 2009).

From this perspective, readiness is shaped by both leadership and organizational context. Leadership can provide direction and motivation, whereas culture can provide shared meaning and behavioral expectations that reduce uncertainty. This study therefore treats transformational leadership and EXPRESI as complementary but potentially non-additive mechanisms in the change process. The model is designed to capture both their direct contributions and the possibility that culture conditions the incremental role of leadership.

Transformational Leadership Theory

Transformational Leadership Theory describes leadership behaviors that motivate followers to transcend immediate self-interest, develop a shared vision, reconsider established assumptions, and embrace new organizational demands (Bass & Avolio, 1994). Four commonly discussed dimensions are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These behaviors are particularly relevant during digital transformation because employees face uncertainty, changing routines, and demands for new capabilities. A systematic review of transformational leadership and employee readiness likewise emphasizes mechanisms such as visionary motivation, intellectual stimulation, individualized consideration, trust, empowerment, and role modelling as pathways through which employees can become more prepared for change (Tian & Hatta, 2024).

The mechanism linking transformational leadership to readiness can be understood through meaning, motivation, and perceived support. Leaders who explain the purpose of change can make transformation more understandable; leaders who stimulate new ways of thinking can encourage employees to reconsider established routines; and leaders who provide individualized support can strengthen employees' confidence in handling new demands. Empirical evidence in Indonesian organizations and banking contexts indicates that transformational leadership is positively associated with readiness for change or related engagement processes (Tamin et al., 2023; Mujib & Rosari, 2023; Muktarom & Tricahyadinata, 2024; Syah et al., 2024).

In the Bank Jatim context, transformational leadership is expected to strengthen employee readiness by helping Jatimers understand the direction of digital banking transformation, develop new capabilities, and adapt to changing work requirements.

H1: Transformational leadership has a positive effect on employee readiness for digital banking transformation at Bank Jatim.

Organizational Culture Theory: Schein's Perspective

Schein's organizational culture perspective emphasizes shared assumptions, values, and behavioral norms that guide members' interpretations and actions (Schein, 2010). Culture therefore creates a context within which organizational change is interpreted. When employees perceive that new behaviors are consistent with shared organizational values, the psychological and behavioral adjustment required by change may become more understandable and

legitimate.

In the present study, EXPRESI represents an organization-specific cultural system composed of Excellence, Professionalism, Integrity, Synergy, and Innovation (Bank Jatim, 2025). These values provide shared behavioral references for Jatimers during digital transformation. Innovation is directly relevant to technological change, synergy supports coordination across changing work processes, professionalism provides standards for adapting work practices, integrity guides behavior under changing conditions, and excellence expresses a performance orientation. These characteristics provide a theoretical basis for expecting a positive direct relationship between EXPRESI and employee readiness.

Empirical studies also support the relevance of organizational culture to readiness for change. Daud et al. (2023) reported a positive relationship between organizational culture and readiness to change, while Saptari and Dudija (2024) found that organizational culture and related organizational factors contribute positively to readiness among Indonesian employees. In digital transformation research, organizational culture is likewise treated as an important organizational capability for translating technological change into changed behaviors and practices (Wintarto et al., 2023; Purnawan, 2025).

H2: EXPRESI organizational culture has a positive effect on employee readiness for digital banking transformation at Bank Jatim.

Leadership Substitute and Contingency Perspectives

The relationship between transformational leadership and employee readiness may depend on the organizational conditions in which leadership is exercised. The leadership substitute perspective proposes that characteristics of the organization, followers, and tasks can reduce, replace, or alter the influence of direct leadership behaviors (Nientied & Toska, 2022). In parallel, contingency perspectives emphasize that leadership effects are conditional on contextual characteristics rather than being identical across all situations. Recent research provides evidence that contextual variables can alter the strength of the relationship between transformational leadership and readiness; for example, organizational transparency has been examined as a moderator of this relationship (Alarifi et al., 2024).

Applied to Bank Jatim, strong internalization of EXPRESI may provide employees with shared behavioral direction before a leader intervenes. In such a condition, transformational leadership can remain beneficial, but its incremental contribution may be smaller because employees already have an established cultural reference for how to respond to organizational change. Where EXPRESI is less strongly internalized, transformational leadership may contribute more through vision, motivation, stimulation, and individualized support. This argument does not imply that culture replaces leadership completely; rather, it suggests that the marginal contribution of leadership may vary with the strength of shared cultural guidance.

This integrated perspective leads to a dual-role expectation. EXPRESI is expected to have a positive direct relationship with readiness, while the interaction between transformational leadership and EXPRESI may be negative if cultural internalization reduces the additional amount of readiness attributable to leadership. This provides the theoretical basis for H3 without assuming in advance that the moderation must be positive.

H3: EXPRESI organizational culture moderates the relationship between transformational

leadership and employee readiness for digital banking transformation at Bank Jatim.

Theoretical Integration and Research Contribution

The four theoretical perspectives are integrated sequentially rather than treated as independent explanations. Organizational Change Theory establishes the outcome of interest—employee readiness—as a condition for implementing change. Transformational Leadership Theory specifies a behavioral mechanism through which leaders communicate direction, stimulate new thinking, and support adaptation. Schein’s organizational culture perspective identifies shared values and norms as a contextual structure that guides interpretation and action. Leadership Substitute and Contingency perspectives then explain why the contribution of transformational leadership may change when employees operate within a strongly shared cultural environment. The resulting model therefore links the level of organizational change, the behavior of leaders, the cultural context, and the conditional nature of their joint relationship.

This integration also clarifies the meaning of the negative interaction predicted in the model. The hypothesis does not propose that EXPRESI is detrimental to readiness. Instead, it proposes that the same cultural system that supports readiness directly may also reduce the marginal amount of readiness attributable to transformational leadership. This distinction allows the study to reconcile a positive main effect of culture with a negative interaction effect and provides a coherent theoretical explanation for the two results occurring simultaneously.

The contribution is therefore twofold. First, the study extends change-readiness research by moving from an additive model of leadership and culture toward a conditional model in which organizational culture can alter the strength of leadership effects. Second, it extends contextual evidence by examining a formal, organization-specific corporate value system—EXPRESI—within a regional development bank undergoing digital transformation. The study does not claim that the observed interaction proves leadership substitution; rather, Leadership Substitute Theory provides a theoretically plausible mechanism for interpreting the interaction, while the empirical test itself establishes the statistical moderation pattern.

Conceptual Framework

Based on the theoretical relationships above, transformational leadership is positioned as the independent variable, employee readiness for digital banking transformation as the dependent variable, and EXPRESI organizational culture as both a direct predictor and a moderating variable. The model therefore represents two simultaneous pathways: a direct effect of EXPRESI on readiness and an interaction effect through which EXPRESI changes the strength of the transformational leadership-readiness relationship.

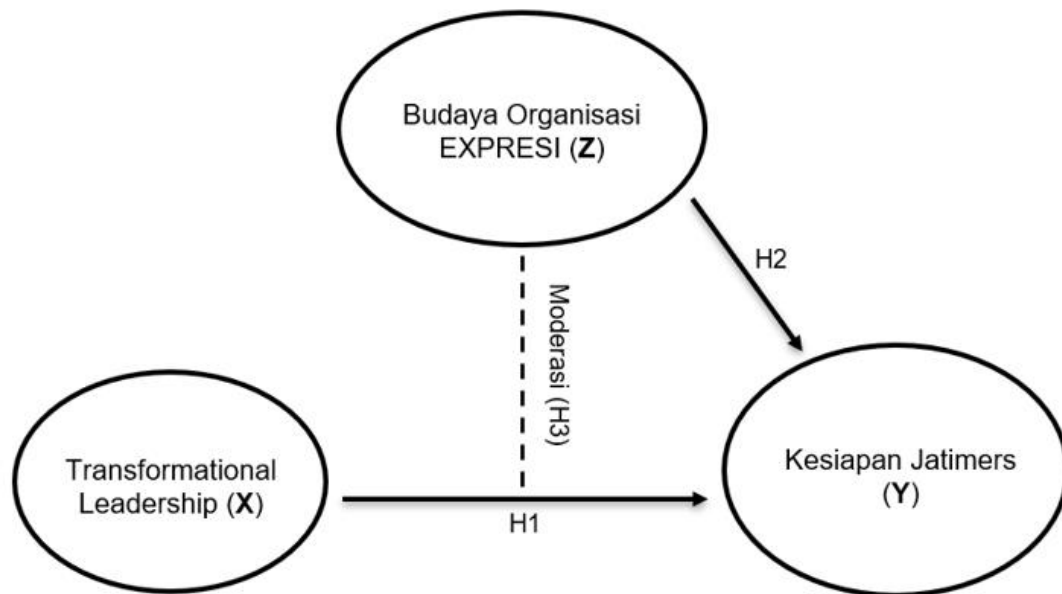


Figure 1. Conceptual Framework

Source: Developed by the authors.

RESEARCH METHODOLOGY

Research Design and Setting

This study employed a quantitative explanatory research design to examine the relationships among transformational leadership, employee readiness for change, and EXPRESI organizational culture in the context of digital banking transformation at Bank Jatim. The study focused on Bank Jatim employees (Jatimers) who were involved in banking operations and had experience with or were affected by the implementation of digital banking transformation. Data were collected through a structured survey.

Population and Sample

The population comprised 7,433 Bank Jatim employees (Bank Jatim, 2025). Purposive sampling was used to select respondents who met the research inclusion criteria: (1) employees of Bank Jatim; (2) involved in banking operational activities; (3) users of Bank Jatim digital systems or involved in the implementation of digital banking transformation; and (4) willing to participate in the study. A total of 206 valid responses were obtained, and all 206 cases were included in the final analysis. SPSS descriptive output also showed a listwise-valid N of 206 for the composite variables, indicating that the cases used in the final analyses were complete for the modeled variables.

Sample-size requirements for SEM depend on model characteristics, factor loadings, path magnitudes, missingness, and the parameter being tested rather than on a single universal rule (Wolf, Harrington, Clark, & Miller, 2013). Accordingly, the present study does not retrospectively describe a formal a priori power analysis as if it had been performed before data collection. Because the data had already been collected, a supplementary sensitivity calculation was used to provide quantitative context for the focal interaction. Using a fixed-effects multiple-regression approximation with one tested interaction predictor, three predictors in the full

model, $N = 206$, and $\alpha = .05$, the sample provides approximately 80% power to detect an incremental effect of $f^2 \approx 0.039$. This calculation is a sensitivity check rather than a formal power analysis for nonlinear CB-SEM moderation, because power for interaction models in SEM is model- and estimation-specific (Jak, Jorgensen, Verdam, Oort, & Elffers, 2021; Irmer, Klein, & Schermelleh-Engel, 2024).

As supplementary evidence, the final AMOS structural model produced a Hoelter critical N of 190 at the .05 level and 203 at the .01 level. These values are treated only as a model-fit diagnostic rather than a general sample-size rule. Taken together with the significant focal interaction and the overall model-fit pattern, the evidence supports proceeding with the observed sample while recognizing that replication with a larger sample would provide more stable evidence for a relatively small interaction effect.

Data Collection and Measurement

Primary data were collected using a structured questionnaire administered to eligible respondents. All measurement items used a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument comprised 21 indicators across three constructs: eight indicators for transformational leadership, eight indicators for employee readiness for change, and five indicators for EXPRESI organizational culture. The measurement structure reflects four leadership dimensions, four readiness-for-change dimensions, and five EXPRESI values, thereby preserving the theoretical domains of each construct rather than collapsing them into a single undifferentiated content domain. Transformational leadership was measured through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, adapted from Bass and Avolio (1994). Employee readiness for change was measured through appropriateness, change efficacy, management support, and personal valence based on Holt, Armenakis, Feild, and Harris (2007). EXPRESI was operationalized through the five corporate values of Excellence, Professionalism, Integrity, Synergy, and Innovation (Bank Jatim, 2025).

Data Preparation and Analytical Sequence

The analysis proceeded in four stages. First, the questionnaire responses were screened and organized in SPSS, with 206 usable cases retained. Second, composite scores were computed using the arithmetic mean of the indicators assigned to each construct. Third, the composite scores for transformational leadership and EXPRESI were mean-centered and multiplied to form the interaction term. Fourth, AMOS was used to evaluate the CFA measurement model and the final structural model containing the interaction variable. This sequence separates measurement evaluation from structural hypothesis testing while keeping the construction of the moderation term transparent.

The centered-score output also provides a direct record of the moderation preparation. TL had a composite mean of 4.1038 ($SD = 0.40641$), EXP had a composite mean of 4.2738 ($SD = 0.42506$), TL_C ranged from -1.10 to 0.90 , EXP_C ranged from -1.27 to 0.73 , and INT_TL_EXP had a mean of 0.1315 ($SD = 0.20574$), with observed values ranging from -0.12 to 0.93 . These values are reported to make the interaction construction reproducible from the original SPSS procedure.

Data Analysis

Descriptive statistics and composite-score calculations were conducted using IBM SPSS Statistics. The three composite constructs were computed as the arithmetic means of their respective indicators: transformational leadership (TL), EXPRESI (EXP), and employee readiness for change (RFC). Covariance-based structural equation modeling (CB-SEM) was then conducted in AMOS. The measurement model was assessed using confirmatory factor analysis (CFA) to evaluate factor loadings, convergent validity, and composite reliability. Standardized factor loadings of 0.50 or higher were considered acceptable, with 0.70 or higher treated as a preferred level; AVE of 0.50 or higher and composite reliability of 0.70 or higher were used as reference criteria (Fornell & Larcker, 1981; Kline, 2023).

The structural model was evaluated using multiple fit statistics, including chi-square (CMIN), the probability value, CMIN/DF, GFI, AGFI, TLI, CFI, and RMSEA. Model adequacy was interpreted jointly because the chi-square statistic is sensitive to sample size and model characteristics (Kline, 2023, 2024). The use of multiple indices is also consistent with the broader practice of evaluating SEM solutions through complementary evidence rather than a single cut-off statistic. Byrne (2016) was used as an additional methodological reference for AMOS-based SEM interpretation. Hypotheses were evaluated using standardized regression coefficients (β), Critical Ratio (C.R.), and p-values.

For the moderation analysis, TL and EXP were first represented by their composite mean scores in SPSS. The two predictors were mean-centered to reduce nonessential multicollinearity between the constituent predictors and their product term. The interaction term, INT_TL_EXP, was created by multiplying the centered composite scores ($TL_C \times EXP_C$). The resulting observed interaction variable was incorporated into the AMOS structural model as a predictor of employee readiness alongside the latent TL and EXP constructs. A statistically significant interaction coefficient was interpreted as evidence that EXPRESI changes the strength of the relationship between transformational leadership and readiness, with the sign of β_3 indicating the direction of the moderation. This explicit description is provided because interaction testing in SEM can be implemented through different procedures and should be reported transparently (Cortina, Markell-Goldstein, Green, & Chang, 2021; Irmer et al., 2024).

The moderation model can be represented as:

$$\eta_{Readiness} = \beta_1\eta_{TL} + \beta_2\eta_{EXP} + \beta_3(INT_TL_EXP) + \zeta$$

where η_{TL} and η_{EXP} represent the latent transformational leadership and EXPRESI constructs, INT_TL_EXP is the observed interaction term formed from centered composite scores, and β_3 represents the moderation coefficient. The coefficient of determination (R^2) was also examined to assess the proportion of variance in employee readiness explained by the final structural model.

RESULTS AND DISCUSSION

Respondent Characteristics and Descriptive Statistics

The study involved 206 Bank Jatim employees, and all responses that met the inclusion criteria were retained in the final analysis. Female respondents represented 64.1% of the sample, while the largest age group was 26–35 years (39.8%). Most respondents held a bachelor's degree

(71.4%), had 11–15 years of work experience (36.9%), and worked in sub-branch offices (45.1%).

The descriptive results show positive perceptions across all three constructs. EXPRESI organizational culture recorded a mean of 4.274, followed by transformational leadership at 4.104 and employee readiness for change at 3.779. Composite-score descriptives in SPSS were: TL mean = 4.1038 (SD = 0.40641), EXP mean = 4.2738 (SD = 0.42506), and RFC mean = 3.7791 (SD = 0.42058).

Moderation Variable Preparation

The SPSS output confirms that the composite predictor scores were mean-centered before the interaction term was formed. TL_C had a mean of 0.0000 and a standard deviation of 0.40641, while EXP_C had a mean of 0.0000 and a standard deviation of 0.42506. INT_TL_EXP had a mean of 0.1315 and a standard deviation of 0.20574. The interaction variable was then entered into the final AMOS model as an observed predictor of employee readiness. Reporting these intermediate values clarifies that the moderation result is based on the centered composite interaction documented in the dataset rather than on an undocumented latent-interaction procedure.

Table 1. Respondent Characteristics

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	74	35.9
	Female	132	64.1
Age	≤ 25 years	62	30.1
	26–35 years	82	39.8
	36–45 years	41	19.9
	≥ 45 years	21	10.2
Education	Diploma	31	15.0
	Bachelor's degree (S1)	147	71.4
	Master's degree (S2)	28	13.6
Length of service	< 5 years	62	30.1
	5–10 years	48	23.3
	11–15 years	76	36.9
	> 15 years	20	9.7
Work unit	Head Office	46	22.3
	Branch Office	58	28.2
	Sub-Branch Office	93	45.1
	IT Division	9	4.4
Total	Total	206	100.0

source: data processed by the author (2026)

Table 2. Descriptive Statistics

Variable	Mean	Interpretation
Transformational Leadership	4.104	Positive
Organizational Culture EXPRESI	4.274	Positive
Employee Readiness for Change	3.779	Positive

source: data processed by the author (2026)

Measurement Model

The measurement model was evaluated using CFA and involved 21 indicators: eight for transformational leadership, five for EXPRESI organizational culture, and eight for employee readiness for change. Standardized factor loadings ranged from 0.636 to 0.768. Although several indicators were below 0.70, all retained indicators were above 0.60 and were supported by the overall reliability assessment.

All constructs achieved composite reliability above 0.70, indicating satisfactory internal consistency. EXPRESI achieved an AVE of 0.517, whereas transformational leadership and employee readiness recorded AVE values of 0.463 and 0.475, respectively. Because the latter two AVE values were slightly below the conventional 0.50 threshold, convergent validity for these constructs is interpreted cautiously. At the same time, their factor loadings were consistently above 0.60 and composite reliability was high, providing supporting evidence for the internal consistency of the retained measures (Fornell & Larcker, 1981; Kline, 2023).

The CFA model without the interaction term produced CMIN = 236.330 with $df = 186$ and $p = .007$, CMIN/DF = 1.271, GFI = .904, AGFI = .880, TLI = .971, CFI = .975, and RMSEA = .036. These figures represent the measurement-model fit and should be distinguished from the final structural model reported below, which includes the interaction term.

Structural Model and Goodness of Fit

The final structural model incorporated transformational leadership, EXPRESI, employee readiness, and the observed INT_TL_EXP interaction term. The final AMOS output produced CMIN = 260.541 with $df = 206$ and $p = .006$. The CMIN/DF ratio was 1.265, TLI = .969, CFI = .973, and RMSEA = .036. GFI = .899 was borderline relative to the adopted .90 reference, while AGFI = .876 was marginal. Accordingly, the final model was evaluated on the basis of the joint pattern of fit indices rather than the chi-square probability value alone.

Table 3. Construct Validity and Reliability

Construct	Loading Range	AVE	Composite Reliability
Transformational Leadership	0.636–0.765	0.463	0.873
Organizational Culture EXPRESI	0.665–0.768	0.517	0.842
Employee Readiness for Change	0.647–0.734	0.475	0.878

source: AMOS output (2026)

Table 4. Goodness-of-Fit Results

Fit Index	Cut-off	Result	Assessment
Chi-square (CMIN)	—	260.541	—
Probability	≥ 0.05	0.006	Does not meet
CMIN/DF	≤ 2.00	1.265	Meets
GFI	≥ 0.90	0.899	Borderline
AGFI	≥ 0.90	0.876	Marginal fit
TLI	≥ 0.90	0.969	Meets
CFI	≥ 0.90	0.973	Meets
RMSEA	≤ 0.08	0.036	Meets

source: AMOS output (2026)

Table 5. Hypothesis Testing

Hypothesis	Relationship	Standardized β	C.R.	p-value	Decision
H1	Transformational Leadership → Employee Readiness	0.351	2.076	0.038	Supported
H2	EXPRESI → Employee Readiness	0.519	2.956	0.003	Supported
H3	Transformational Leadership × EXPRESI → Employee Readiness	-0.119	-2.473	0.013	Supported

source: AMOS output (2026)

The final structural model produced standardized coefficients of 0.351 for transformational leadership → employee readiness, 0.519 for EXPRESI → employee readiness, and -0.119 for the interaction term. The squared multiple correlation for employee readiness was 0.731, indicating that the model explains 73.1% of the variance in employee readiness, with the remaining 26.9% attributable to factors outside the model.

Hypothesis Testing

The hypothesis tests show that all three hypotheses are supported at the 5% significance level. Transformational leadership has a positive and significant relationship with employee readiness ($\beta = 0.351$, C.R. = 2.076, $p = 0.038$). EXPRESI also has a positive and significant relationship with employee readiness ($\beta = 0.519$, C.R. = 2.956, $p = 0.003$). The interaction term is negative and significant ($\beta = -0.119$, C.R. = -2.473, $p = 0.013$), indicating that the strength of the positive transformational leadership-readiness relationship decreases as EXPRESI increases.

The coexistence of the positive direct effect and negative interaction is central to the interpretation of the model. The direct coefficient for EXPRESI reflects its relationship with readiness when the interaction term is held at the relevant reference level, whereas the interaction coefficient reflects how the transformational leadership slope changes as EXPRESI increases. The two coefficients therefore answer different questions and do not represent contradictory findings. This distinction is important for interpreting H2 and H3 together.

Note. β denotes the standardized regression coefficient; C.R. and p-values correspond to the AMOS regression estimates.

Transformational Leadership and Employee Readiness for Digital Transformation

The finding that transformational leadership positively affects employee readiness indicates that leadership behavior remains an important mechanism for preparing Jatimers to respond to digital banking transformation. The result is consistent with Mujib and Rosari (2023), who found a direct positive relationship between transformational leadership and readiness to change among Indonesian startup employees. It is also consistent with evidence that transformational leadership is associated with change readiness and change-related engagement in Indonesian organizational settings (Muktarom & Tricahyadinata, 2024; Syah et al., 2024). In the Indonesian banking industry, Tamin et al. (2023) similarly demonstrated that transformational leadership contributes to change-related outcomes through employee engagement and readiness mechanisms.

The present finding is relevant to the specific demands of digital banking. Readiness at Bank Jatim involves more than accepting a new technology; employees must adjust to changing work processes, service requirements, digital systems, and expectations. Transformational leadership can support these adjustments by communicating the purpose of change, encouraging new approaches, and providing support during adaptation. From the perspective of Organizational Change Theory, this finding illustrates how leadership behavior can help translate an organizational change requirement into employee preparedness (Lewin, 1947; Weiner, 2009).

The theoretical contribution of this result is not that transformational leadership alone determines readiness, but that leadership constitutes one part of a broader change system. The subsequent interaction result shows that the contribution of leadership is conditional rather than universally additive, which motivates the integration of organizational culture and contingency perspectives in the interpretation of the full model.

Organizational Culture EXPRESI and Employee Readiness for Digital Transformation

The positive relationship between EXPRESI and employee readiness indicates that organization-specific culture constitutes an important contextual foundation for employees facing digital transformation. The finding is consistent with evidence that organizational culture is positively related to readiness for change in Indonesian organizations (Daud et al., 2023; Saptari & Dudija, 2024) and with digital-transformation studies that emphasize the role of cultural values in enabling behavioral adaptation (Wintarto et al., 2023; Purnawan, 2025).

The five EXPRESI values—Excellence, Professionalism, Integrity, Synergy, and Innovation—provide shared references for behavior during transformation (Bank Jatim, 2025). In particular, innovation is directly related to openness toward new technologies and work methods, while synergy supports collaboration across changing processes. Professionalism and integrity establish normative expectations during adaptation, while excellence provides a performance-oriented standard. The relatively high composite mean for EXPRESI (4.2738) is consistent with respondents' positive perceptions of these organizational values.

The distinctive aspect of the present finding is the operationalization of culture as an organization-specific corporate system rather than as a generic organizational culture construct. This context-sensitive treatment is relevant because employees in a single organization encounter a common set of formalized values, practices, and expectations. The result therefore extends prior research by showing that a specific corporate culture can be directly associated with employee readiness in a regional development banking context undergoing digital transformation.

The Dual Role of EXPRESI in the Leadership-Readiness Relationship

The most distinctive finding is the significant negative moderating effect of EXPRESI on the relationship between transformational leadership and employee readiness ($\beta = -0.119$, C.R. = -2.473 , $p = 0.013$). The coefficient indicates that higher EXPRESI is associated with a weaker incremental contribution of transformational leadership to readiness. This interpretation concerns the interaction term and should not be confused with the direct effect of EXPRESI, which is positive and significant.

This finding provides the study's central theoretical contribution: organizational culture

exhibits a dual role. First, EXPRESI directly supports employee readiness ($\beta = 0.519$, $p = 0.003$). Second, stronger EXPRESI reduces the incremental contribution of transformational leadership ($\beta = -0.119$, $p = 0.013$). The result therefore challenges a purely additive interpretation in which the effects of leadership and culture are assumed to accumulate independently. Instead, the evidence is consistent with a conditional relationship in which the contribution of one organizational resource depends partly on the extent to which another organizational resource already provides shared behavioral guidance.

One possible explanation is provided by the leadership substitute perspective. Nientied and Toska (2022) argue that characteristics of organizations, followers, and tasks may substitute for or alter the influence of direct leadership behaviors. Applied to Bank Jatim, strong internalization of EXPRESI may give employees an established reference for interpreting organizational expectations and responding to change. In such a condition, transformational leadership remains positively related to readiness, but the additional increase in readiness attributable to transformational leadership may be smaller because employees already receive direction from shared cultural values.

The interaction finding is also consistent with a broader contingency perspective. Alarifi et al. (2024) demonstrated that an organizational contextual variable—organizational transparency—can moderate the transformational leadership-readiness relationship. The present study extends this contextual argument to an organization-specific corporate culture. The difference is substantively important: transparency is a contextual characteristic, whereas EXPRESI encompasses a formal set of shared corporate values intended to guide behavior across the organization.

The negative interaction should not be interpreted as evidence that EXPRESI is harmful to employee readiness. Such an interpretation would be inconsistent with H2. Rather, the two findings should be read together: EXPRESI directly supports readiness, while at higher levels of EXPRESI the marginal contribution of transformational leadership becomes smaller. The appropriate interpretation is therefore substitution or attenuation of incremental influence, not a negative main effect of culture.

This pattern can also be understood as a resource-allocation implication within the change system. When employees already possess a strong shared reference for expected behavior, leadership effort may shift from defining how to respond toward reinforcing, coordinating, and contextualizing those established values. Where cultural guidance is less salient, leadership may carry more of the burden of explaining what the change means and how employees are expected to respond. The empirical model does not directly measure these mechanisms, so they should be regarded as theoretically informed interpretations rather than tested mediation or substitution processes.

For Bank Jatim, the result suggests that leadership development and cultural reinforcement should be designed as aligned elements of the same transformation architecture. Leadership messages about digital transformation should reinforce the behavioral meanings already embedded in EXPRESI, particularly innovation and synergy, while remaining consistent with professionalism, integrity, and excellence. Such alignment can reduce competing signals and clarify how employees should act when established routines change. The finding also indicates that leadership and culture should not automatically be treated as two

interventions whose effects simply add together; their joint effect should be considered in relation to employees' existing cultural reference points.

CONCLUSION

This study examined how transformational leadership and organization-specific corporate culture relate to employee readiness during Bank Jatim's digital banking transformation. The findings show that transformational leadership has a positive and significant effect on employee readiness ($\beta = 0.351$, $p = 0.038$), while EXPRESI organizational culture also has a positive and significant direct effect ($\beta = 0.519$, $p = 0.003$). At the same time, the interaction between transformational leadership and EXPRESI is negative and significant ($\beta = -0.119$, $p = 0.013$). The final structural model explains 73.1% of the variance in employee readiness.

The main contribution is the identification of a dual role of organization-specific corporate culture. EXPRESI directly supports readiness, but stronger EXPRESI reduces the incremental contribution of transformational leadership. This finding extends Organizational Change Theory by incorporating an explicitly contextual relationship among leadership, culture, and readiness and provides a possible explanation through Leadership Substitute and Contingency perspectives. The result does not imply that culture replaces leadership completely; instead, it indicates that the marginal contribution of leadership can vary with the strength of shared cultural guidance.

The findings also provide a methodological contribution in reporting moderation transparently. By documenting the mean-centered composite scores, the observed interaction term, the distinction between CFA and final structural-model fit, and the use of standardized coefficients for hypothesis reporting, the revised analysis provides a more reproducible account of how the reported results were obtained.

Limitations

Several limitations should be considered when interpreting the findings. First, the study was conducted exclusively among Bank Jatim employees using purposive sampling, with 206 respondents; consequently, the findings may have limited generalizability to employees of other banks or organizational contexts. Second, the model includes transformational leadership, EXPRESI organizational culture, and employee readiness for change, but other individual and organizational factors that may affect readiness were not examined. Third, the cross-sectional questionnaire design captures employee perceptions at a specific period and cannot fully represent how readiness changes over the longer course of digital transformation.

A further methodological consideration concerns the moderation test. The interaction term was constructed from mean-centered composite scores and then entered as an observed interaction variable in the AMOS structural model. This procedure is transparent and reproducible for the present dataset, but it is not equivalent to a fully latent interaction approach. Research on latent-variable interactions shows that alternative methods can produce different statistical properties, making replication with a model-specific interaction approach valuable in future studies (Cortina et al., 2021; Irmer et al., 2024).

The study also indicates an important measurement consideration. Although all retained standardized loadings exceeded 0.60 and composite reliability was above 0.70, AVE values for transformational leadership and employee readiness were slightly below 0.50. Future studies

could reassess the measurement items with larger and more diverse samples and examine discriminant validity using additional diagnostics where appropriate.

Implications

Theoretically, the findings suggest that research on employee readiness in digital transformation should move beyond purely additive models and consider how organizational culture changes the marginal contribution of leadership. Practically, Bank Jatim can use the finding to align leadership development with the continued internalization of EXPRESI. Leadership development may emphasize clear communication of digital transformation objectives, intellectual stimulation, individualized support, and consistency with the five corporate values. At the same time, managers can monitor whether leadership messages and established cultural expectations are mutually reinforcing rather than providing competing behavioral signals.

Suggestion

Future research should test the proposed dual-role mechanism in other banking institutions and with larger samples. Longitudinal designs could examine whether the moderating pattern changes as employees become more familiar with digital transformation. Future studies may also incorporate employee-level variables such as digital capability, adaptability, psychological resources, or perceived organizational support to explain the remaining 26.9% of variance in readiness.

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