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## The Impacts of Organizational Changes on Negative Emotion Resulting on Employee Trust in the Insurance Office of PT. Asuransi Sinar Mas Indonesia

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### ABSTRACT

Recently, the insurance industry has been dealing with industrial revolution 4.0, which is a major change in the technology sector that causes many changes in other sectors. The industrial revolution 4.0 begins with the utilization of moveable and controllable machines in the production process. It starts from using simple robots to sophisticated computers. The potential impact of Industry 4.0 is the emergence of employee resistance to change in the organization. This research aims to reveal, analyze, and discuss the role of organizational changes in predicting negative emotions and impacts on trust in organization. The sample used in this research was 207 participants, who were employees at the insurance office of PT Asuransi Sinar Mas Indonesia. Then, the sampling technique used saturated sampling and a questionnaire as a data collection tool. Structural Equation Modeling (SEM) analysis was used as a data analysis technique using the SMART PLS 3 application. The results of this research indicate that organizational change caused significant negative emotions among employees. Eventually, employees became antitrust in organization. The limitation of this research was that it only involved employees of the PT Asuransi Sinar Mas insurance office in all regions of Indonesia, so the generalization of the results of the research could not be conducted.

*Keywords: Organizational Changes; Negative Emotion; Trust; Insurance.*

### INTRODUCTION

A relatively new change from the current condition of the organization or the inter-relationships between components and differential functions, which are integrated entirely or partially refers to an organizational change. The aim is to achieve greater viability in the context of the present and anticipate the future environment (Ataseven, Nair, & Ferguson, 2020). Thus, organizational change is a transformation and modification of methods, strategies, technology, and structures, and assesses the effects of these changes (Sunarsi, Paramarta, Munawaroh, Bagaskoro, & Evalina, 2021; Usman & Haryadi, 2023)

In the insurance sector, organizational change is possibly unavoidable (Parwati, Patiro,

& others, 2024). Metwally (2023) stated that global insurance institutions are currently operating in a highly dynamic market and experiencing external pressure related to the economic crisis due to the Covid-19 pandemic and advanced technology, which requires the ability to seize opportunities to be competitive. Therefore, in Indonesia, the insurance industries have potentially been affected by changes and experienced adverse cases toward the sustainability of the organization itself.

Indeed, this circumstance can affect employees' productivity in the insurance industry. However, changes in the insurance industries may raise employee resistance to change. Employees' resistance to change is a



negative behavioral intention to the implementation of modifications in the organizational structure or work and administrative processes that result in the obstructive attempts of the members of the organization to impede or hinder the process of change (Peng, Li, Wang, & Lin, 2021).

Based on the literature review, in this research, the resistance to change is influenced by emotions (Castro, Zambaldi, & Ponchio, 2020). Meanwhile, emotion is defined as open reactions that express feelings about certain events (Papa, Epstein, Hayes, & Hofmann, 2018). Self-emotion is the ability to recognize feelings when they occur. Emotion management is an individual's ability to handle his or her feelings so that they can be expressed appropriately so that a balance is achieved within the individual (Troth, Lawrence, Jordan, & Ashkanasy, 2018).

Further, in this research, the theoretical gap/disparity relates to the concept of employees' resistance to change in an organization. All this time, change failure in an organization is caused by the existence of employees' resistance to change (Amarantou, Kazakopoulou, Chatzoudes, & Chatzoglou, 2018). The resistance to change is the most frequent issue that will become the implementation issue dealt with by management when introducing changes (Masry-Herzalah & Dor-Haim, 2022).

Parwati (2024), in his research, stated that organizational change will firmly correlate with emotional state, or relate to the frame of an individual's feelings as a member of an organization. This frame of the feelings functions as references and simple patterns in providing meaning for everyone, who is involved in the process of the organizational change (van Dam, 2018).

A change can be seen as a loss, which in this case will raise anxiety (Menzies, Neimeyer, & Menzies, 2020). Furthermore, anxiety is the dominant emotion, where hostility plays a significant role (Lang, 2019). The issues regarding a fundamental change in personnel, strategy, identity, or other organizational issues

frequently trigger strong emotions among the involved people (Sahroni & Suganda, 2022).

The role of emotions in organizational change has not been studied yet. It is because emotions and heart feelings have a significant impact on employees' work methods and comprehension of their work in organizations (Mumby & Putnam, 2019). Recently, researchers in organizational behavior have shown that emotions greatly influence behavior and relevant outcomes with the achievement of an organization (Sembiring, Nimran, Astuti, & Utami, 2020).

Moreover, many researchers who discuss organizational change have disclosed the impact of change on emotions. Additionally, emotions and responses to change have a significant relationship (Rafferty & Minbashian, 2019). Emotion is a significant dimension of an individual's and organization's identity and has a firm influence on daily organizational processes (Bojadjev & Vaneva, 2021).

In doing so, it can be concluded that feeling or emotions, which are experienced by employees during the organizational change, are related to the individual's personality and emotion is one of the other vital subjects, which is necessarily considered when dealing with the resistance to change in the organization.

Typically, emotion is viewed as an individual reaction to an event or stimulation and, fundamentally, it, though not always, is a social phenomenon. To raise emotion, the emotional trigger must drive changes in the organism's feelings.

Emotional episodes in the workplace can have important attitudinal and behavioral consequences, including decreased trust and commitment, increased turnover intentions, and work slowdowns (Lv, Wang, Ghouri, & Deng, 2023). This article focuses on two main consequences of negative emotions: trust in the organization. Trust in management and the organization is an expression of confidence in managements' reliability and honesty in times of risk and uncertainty. Such judgments about reliability and honesty of management are shaped by everyday experiences at work and

give indication as to what to expect from management and the organization in the future. As argued above, ongoing changes may increase the possibility to have daily negative experiences at work, which therefore in turn will negatively affect individuals' judgments about the trustworthiness of their management.

The empirical disparity in this research is, then, related to the background of this research, which is employees of the insurance company in Indonesia. So far, some research on organizational change has been conducted in European and American countries. Specifically, in Indonesia, based on the literature review conducted by the writer, there have been several studies in the last five years regarding organizational change.

Based on those studies, it can be seen that the general objective is to reveal and analyze organizational change in employees' performance. In addition, those studies have not attempted to disclose, examine, and deliberate the impact of organizational change and employees' personalities on emotions and trust in organization. Therefore, the research aims to disclose, analyze, and discuss the role of organizational change in predicting negative emotions and their impacts on trust in organization.

## METHOD

The population of this research was all employees in the insurance office of PT Asuransi Sinar Mas Indonesia, which were 207 employees. The sampling method was saturated sampling or census, in which all members of the population were made as members of the sample. The data analysis technique used variance-based Structural Equation Modeling (SEM). Then, the analysis tool was SMART PLS 3. In this research, the organizational change was measured with variation change indicators, such as form, quality, or circumstances from time to time after the introduction of new methods of working, thinking, and acting in an organization (Cameron & Green, 2019). Negative emotions were calculated using emotional indicators from Antonacopoulou & Gabriel (2001), which consisted of negative emotions (unpleasant and disturbing, such as anger, fear, and sadness). The emotional questionnaire was adopted from research conducted by Vos (2006). Employees trust, in this research, was measured using trust indicators.

The measuring scale used in the research was the Likert scale (1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree).

## RESULT and DISCUSSION

Table 1. Profile of Respondents

Profile	Total	Percentage
<b>Gender</b>		
Male	134	64.73%
Female	73	35.27%
<b>Age (years)</b>		
<25	14	6.76%
≥ 55	10	4.83%
25 -35 years	23	11.11%
36 -45 years	25	12.08%
46-55 years	135	65.22%
<b>Educational background</b>		
Senior High School	0	0
III-Diploma	2	0.96%
Undergraduate	20	9.67%
Graduate	187	90.34%
<b>Term of Service (years)</b>		

≥ 15 years	120	57.97%
11-15 Years	10	4.83%
1- 5 years	20	9.67%
6-10 years	19	9.18%
Blank	38	18.36%
<b>Expenditure</b>		
Above 10,000,000	136	65.70%
1,000,001 – 2,500,000	5	2.42%
2,500,001 – 5,000,000	8	3.86%
5,000,001 – 10,000,000	20	9.67%
Blank	38	18.36%

Table 1 concludes that most of the respondents, in this research, were male, and their age was between 46-55 years, and most of them were employees. The majority of the educational background of the respondents was

graduate, and most of their term of service was over 15 years, 11-15 years, and 1-5 years, respectively. In addition, their monthly expenditure was over 10,000,000

Table 2. Results of Validity and Reliability Tests

Construct	Indicator	Loading Factor	AVE	Composite Reliability	Cronbach Alpha
Organizational changes	PO1	0.784	0.62	0.907	0.876
	PO2	0.636			
	PO3	0.746			
	PO4	0.893			
	PO5	0.723			
	PO6	0.921			
Negative emotions	EN1	0.856	0.61	0.853	0.757
	EN2	0.813			
	EN3	0.9			
	EN4	0.86			
Trust in Organization	TR1	0.813	0.68	0.912	0.901
	TR2	0.816			
	TR3	0.801			
	TR4	0.68			
	TR5	0.79			

The results as depicted in Table 2 demonstrate that, in this research, the validity convergence and internal consistency measurement for constructs were good. It was shown by the AVE value for each construct that was above 0.5. It indicated that the validity convergence for each construct was good. Similarly, it was by the value of the Cronbach

Alpha and Composite Reliability for each construct. However, as stated by Baumgartner and Homburg (1996), the Composite Reliability was assessed better in estimating the internal consistency of a construct. Table 2 shows that the value of the Composite Reliability for each construct was above 0.6.

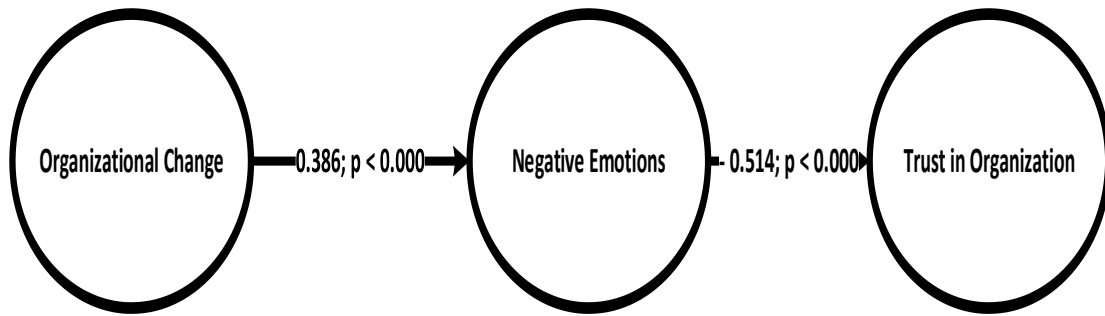


Figure 2. Diagram of the results of the structural model test

Table 3. Results of SEM Estimation and Hypothesis Test

hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P - Value	Conclusion
H1: Organizational change has impacted on negative emotions of the Insurance Office's Employees	0.386	0.389	0.092	5,937	0	supported
H2: Negative emotions of the Insurance Office's Employees have affected trust in organization	-0.514	0.525	0.061	-8.404	0	supported

In this research, the results of hypothesis 1, which stated that organizational change has affected the negative emotions of employees related to changes in the industrial revolution 4.0 at the insurance company PT Asuransi sinar mas Indonesia were supported. The results of the analysis show that organizational change had a significant effect on employees' negative emotions related to changes in the industrial revolution 4.0 at insurance company PT Asuransi sinar mas Indonesia. Furthermore, the results of data analysis depict that a significant CR value (CR=5.937) and standardized estimation value were 0.386 (see Table 3). This figure displays that organizational change had a significant effect on employees' negative emotions related to changes in the industrial revolution 4.0 at the insurance company of PT Asuransi sinar mas Indonesia

The results of this research emphasize that factors, such as interests, values, beliefs, and individual reactions, to change were the result of their emotions about the arising organizational

changes. Academic experts claimed that the term emotion has been defined inconsistently in various behavioral literature.

The dominant definition of emotional characteristics, particularly in organizational behavior, was that emotion is a cognitive response to an event. Furthermore, emotions reflect the interpretation of events that occur in the work environment and can affect rationality about uncertainty, as long as the organizational change occurs.

Emotions affected thinking processes, such as the processes experienced by employees in dealing with a given task and the content of thinking, such as types of information that employees remember, select, interpret, and learn as an affective function when they must deal ambiguous social situations. Emotion-driven behavior was important in the context of various social interactions.

Meanwhile, the results of hypothesis 2, which stated that emotions have affected on

employees' trust toward organization in the industrial revolution 4.0 at insurance company PT Asuransi Sinar Mas, were supported. The results of the analysis demonstrate that employees' emotions had a significant effect on employees' trust toward organization in the industrial revolution 4.0 at insurance company PT Sinar Mas. Furthermore, the results of the data analysis depict that a significant CR value (CR = -8.404) and standardized estimation value were -0.514 (see Table 3). This figure shows that employees' emotions had a significant effect on employees' trust toward organization in the industrial revolution 4.0 at insurance company. The more negative the employees' emotions were, the more negative the trust in organization was formed related to the arising organizational change.

Reaction to change was a cognitive and behavioral response based on adaptation and a comprehensive understanding of how to react to change (Atiyah, 2023). It depended on the efforts of the manager to introduce the change and the extent to which others responded. Typically, a negative reaction to change occurred when the occurring perception perceived the change would result in more workloads, uncertainties, and fatigue, mainly when the change was rapid and touched the entire organization or a large portion of the organization. The existing literature offers several approaches for generating hypotheses about the effect of emotion on trust. Building on an appraisal-tendency framework Dunn and Schweitzer (2005) argue that the effect of an emotion on trust will depend on two factors: the emotion's valence (whether it is positive or negative) and whether the emotion's cognitive appraisal leads the trustor to apply this valence to the trust decision. They further argue that an emotion's control appraisal will be the primary determinan of whether an emotion's valence will influence the decision to trust. Control appraisals determine whether the emotion leads to a sense that oneself is in control of the situation (self-control appraisal) or another person is in control of the situation (other-control appraisal). Dunn and Schweitzer (2005)

hypothesize that an emotion characterized by other control appraisals (e.g., anger) will increase or decrease trust depending on that emotion's positive or negative valence, whereas an emotion characterized by self-control appraisal will have no effect on trust. Thus, anger, a negative emotion with an other-control appraisal, would have a negative effect on trust, whereas guilt, a negative emotion with a self-control appraisal, would not affect trust.

### CONCLUSION

The research findings indicate that organizational changes in the insurance office of PT Asuransi Sinar Mas Indonesia significantly affect employees' emotions. While changes can evoke both positive and negative emotions, larger changes tend to diminish positive emotions and amplify negative ones. Negative emotions, in turn, have a substantial and adverse impact on employees' trust in the organization. For the organization to thrive in a competitive environment, it must fundamentally change its operations, always keeping the importance of employees in mind. Successful change hinges on employees' understanding and collective willingness to adapt. Trust remains a frequent issue, and comprehending the reasons behind employees' lack of trust is crucial.

Intense negative emotions can emerge as a significant response to change, triggered by personally relevant events. Organizational change is unique in that it involves nearly every employee and directly impacts personal objectives, often perceived as a threat, leading to negative emotions such as anger and displeasure. These emotions, influenced by actions and intentions, can obstruct employees' ability to adapt to change, fostering resistance and a lack of trust. Understanding that organizational change is a determinant of negative emotions highlights the need to manage these emotions to prevent resistance.

Based on the research, several suggestions are proposed. Future research should explore additional variables in detail to better understand employees' emotions and resistance in the insurance office of PT Asuransi

Sinar Mas Indonesia. Periodic studies are recommended to capture the evolving dynamics within the organization. Utilizing mediating or moderating variables can provide deeper insights into the impact of emotions on resistance and turnover intentions. Including employees from various regions across Indonesia in future research will enhance the generalizability of the findings.

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