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MORALITY BEFORE KNOWLEDGE

Building public trust in state-owned financial institutions: Digital transformation, integrity culture, and employee experience as foundations of socio-institutional resilience

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ABSTRACT

Background: Public trust is a key foundation for organizational sustainability, particularly for state-owned financial institutions, which carry both economic and social mandates and function as key actors in sustaining public confidence and social resilience within the communities they serve. Research integrating digital transformation, integrity culture, and employee experience to explain public trust remains limited, particularly in the context of state-owned financial institutions in Indonesia. This study examines the influence of digital transformation, integrity culture, and employee experience on public trust at pawnshops, as a reflection of institutional resilience amid social and technological change. **Methods:** This study uses a quantitative explanatory design. The population included all pawnshop employees, with saturated sampling yielding 182 eligible respondents. Data were collected via a structured five-point Likert survey and analyzed using multiple linear regression in SPSS. **Findings:** All independent variables showed a positive and statistically significant influence on public trust. The regression model demonstrated strong explanatory power (Adjusted R^2 of 0.605), indicating that approximately 60.5% of the variation in public trust can be explained by these three variables collectively. Individually, employee experience emerged as the most influential predictor, followed by integrity culture, and then digital transformation. **Conclusion:** This study concludes that public trust in state-owned financial institutions is not solely determined by financial performance or technological advancement but is significantly shaped by the organization's internal capabilities. These findings highlight employees as key internal actors who translate organizational systems and values into publicly observable service behaviors, contributing to the broader socio-institutional resilience that underpins sustained public trust in society. **Novelty/Originality of this article:** The novelty lies in the integration of digital transformation, integrity culture, and employee experience into a single empirical model to explain public trust, particularly in the specific context of state-owned financial institutions in developing countries and their role in sustaining institutional resilience.

KEYWORDS: digital transformation; employee experience; integrity culture; public trust; state-owned financial institutions.

1. Introduction

Public trust can be considered the primary foundation for the sustainability of any organization, including financial institutions. This is especially true for state-owned financial institutions, which must fulfill their economic and social mandates (Bitektine & Haack, 2015; Schnackenberg & Tomlinson, 2016). In the financial services industry, public

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trust is a strategic asset in determining institutional legitimacy, the sustainability of the organization's relationship with the public, and, of course, operational stability. When public trust declines, it can result in decreased service usage, reputational risk, and ultimately, disruption to financial intermediation (Rousseau et al., 1998; Mayer et al., 1995; Morgan & Hunt, 1994).

The dynamic business environment, accelerated digitalization, and demands for transparency are forcing financial institutions to undertake comprehensive organizational transformation. This transformation focuses not only on the use of digital technology but also encompasses changes in organizational culture and human resource management. Therefore, public trust is no longer built solely on financial performance, but also encompasses aspects of organizational integrity, service quality, and the public's direct interaction experience (Verhoef et al., 2021; Parasuraman et al., 1988).

Indonesia has experienced substantial growth in financial inclusion over the past decade, driven by government initiatives, digital innovation, and the expansion of financial services to previously underserved communities. Despite these improvements, a significant proportion of the population remains categorized as unbanked or underbanked, particularly in rural and semi-urban areas. In such circumstances, state-owned financial institutions play a strategic role not only as economic entities but also as instruments of social development and financial inclusion. Their ability to maintain public trust is therefore critical, as trust influences the willingness of citizens to utilize formal financial services, participate in government-supported financial programs, and engage with long-term financial planning (Demirgüç-Kunt et al., 2022).

Among Indonesia's state-owned financial institutions, PT Pegadaian occupies a unique position due to its long-standing role in providing accessible financing services to low- and middle-income communities. Unlike conventional banking institutions that often require more complex administrative procedures, PT Pegadaian offers relatively simple, fast, and inclusive financing mechanisms, making it one of the most accessible formal financial institutions for economically vulnerable populations. Consequently, public trust represents a critical intangible asset for PT Pegadaian, as the institution's sustainability depends not only on financial performance but also on its ability to maintain credibility, legitimacy, and positive public perceptions.

In recent years, PT Pegadaian has experienced a significant organizational transformation as part of Indonesia's broader financial sector modernization agenda. This transformation includes the implementation of digital service platforms, mobile applications, integrated customer databases, and technology-driven operational processes designed to enhance service accessibility and efficiency. The launch and expansion of Pegadaian Digital Service (PDS), digital gold investment products, and various online transaction facilities reflect the institution's commitment to responding to changing customer expectations in an increasingly digital environment. Such initiatives are expected to strengthen public trust by improving transparency, service quality, and customer convenience. However, previous studies suggest that technological advancement alone is insufficient to guarantee trust formation unless it is supported by organizational readiness, ethical governance, and positive employee behaviors (Warner & Wäger, 2019; Verhoef et al., 2021).

Furthermore, the Indonesian socio-cultural context provides an additional rationale for examining public trust in state-owned enterprises. Unlike purely private organizations, state-owned institutions are often perceived by the public as custodians of social welfare and national development. Citizens frequently expect these organizations to demonstrate not only operational competence but also integrity, fairness, and social responsibility. Consequently, organizational trust within state-owned institutions may be influenced by a broader set of factors that extend beyond service efficiency and financial outcomes. This perspective aligns with institutional legitimacy theory, which argues that organizations gain public acceptance when their actions conform to prevailing societal norms and expectations (Suchman, 1995; Bitektine & Haack, 2015).

Given these circumstances, investigating public trust within PT Pegadaian provides a valuable opportunity to understand how internal organizational capabilities contribute to external stakeholder perceptions. More specifically, this study focuses on digital transformation, integrity culture, and employee experience as three interrelated organizational dimensions that may collectively shape trust-building processes. By examining these relationships within the context of a state-owned financial institution in Indonesia, this research seeks to contribute not only to organizational trust literature but also to broader discussions regarding institutional legitimacy, public accountability, and sustainable organizational development in emerging economies.

Previous empirical studies have generally examined digital transformation, integrity culture, and employee experience as separate determinants of organizational outcomes. Verhoef et al. (2021) reported that digital transformation contributes to customer satisfaction and organizational performance through enhanced service accessibility and operational efficiency. Similarly, Warner & Wäger (2019) found that successful digital transformation strengthens stakeholder confidence when supported by organizational adaptability and strategic alignment.

Research on integrity culture consistently demonstrates its role in promoting organizational legitimacy and stakeholder trust. Kaptein (2015) showed that ethical organizational culture reduces misconduct and strengthens stakeholder confidence, while Sharma & Sharma (2020) found that ethical organizational culture significantly enhances organizational credibility and trustworthiness. These findings suggest that integrity-related practices remain essential for organizations operating in highly regulated and publicly scrutinized sectors.

Employee experience has also attracted growing scholarly attention. Saks (2006) reported that positive employee experiences increase employee engagement and organizational commitment, whereas Bakker & Demerouti (2008) emphasized the importance of workplace resources in stimulating discretionary employee effort. More recently, Liu & Zhang (2020) demonstrated that employee engagement mediates the relationship between organizational practices and organizational performance. Nevertheless, empirical evidence linking employee experience directly to public trust remains relatively limited.

Despite these advances, previous studies have largely investigated these organizational dimensions independently. Limited empirical research has simultaneously examined digital transformation, integrity culture, and employee experience as an integrated framework for explaining public trust, particularly within state-owned financial institutions operating in developing economies. This study seeks to address this gap by examining the combined influence of these three organizational factors on public trust in PT Pegadaian.

Digital transformation is the process of integrating digital technology into all aspects of an organization's operations. This is done to improve efficiency, transparency, and service quality within the organization (Vial, 2019; Gomber et al., 2018; Kane et al., 2019). Digital transformation, particularly widespread in financial institutions, offers the potential to expand service access, improve system reliability, and, of course, strengthen organizational accountability. All of this ultimately leads to strengthened public trust (Gomber et al., 2018; Hinings et al., 2018). Interestingly, several studies have shown that the adoption of digital technology does not always run smoothly and have a positive impact if it is not accompanied by organizational readiness and, of course, employee work behavior (Brennen & Kreiss, 2016; Sebastian et al., 2017; Matt et al., 2015). Recent studies have emphasized the need for digital transformation to foster employee engagement and improve service quality, which are crucial in building public trust.

A culture of integrity is considered a crucial element in determining the success or failure of organizational transformation. This culture of integrity reflects the extent to which ethical values, honesty, and accountability are internalized and consistently implemented. Consistency is key. Communicated values, organizational control systems, and work behaviors are key indicators of a strong culture of integrity (Treviño et al., 2014; Kaptein, 2008; Brown et al., 2005). In financial institutions, cultural integrity is considered to play a key role in shaping public perceptions. Institutional credibility and legitimacy are key considerations amidst increasing public scrutiny and regulation. Furthermore, a culture that upholds strong ethics has been shown to significantly influence employee behavior and perceptions of organizational credibility (Erhard et al., 2019; Sharma & Sharma, 2020).

Furthermore, human resources play a strategic role in building public trust. This human resource is experience. Employee experience is the holistic experience employees have throughout their work cycle. This encompasses psychological, social, and organizational dimensions. Negative work experiences can decrease employee engagement, resulting in lower commitment to the organization. Conversely, positive experiences can convince employees to behave in a manner oriented toward service quality (Saks, 2006; Bakker & Demerouti, 2008; Schaufeli et al., 2002). Service within an organization is reflected in the image of its employees, who directly represent the institution in the public eye. Ultimately, the quality of employee work experiences directly impacts public perception (Heskett et al., 1994). These employee experiences can play a mediating role in efforts to translate organizational policies and existing digital initiatives into behaviors that serve the public.

Existing studies have focused primarily on digital transformation, a culture of integrity, and employee experience separately. However, studies that integrate these three factors, particularly in explaining public trust in an organization, are relatively limited. This is particularly true for state-owned financial institutions in Indonesia. Most studies focus solely on customer perspectives or technology performance, while the role of employee perceptions, as actors within the organization, has not been empirically explored (Kandampully et al., 2015; Donthu & Gustafsson, 2020; Liu & Zhang, 2020). This indicates a gap in research that places internal organizational factors in building public trust.

With this in mind, this study aims to examine the influence of digital transformation, a culture of integrity, and employee experience on public trust in the state-owned financial institution, PT Pegadaian. It is hoped that this research will contribute empirically to the development of organizational behavior, which includes human resources. Employees have an internal role within the organization to strengthen public trust. The research was conducted at PT Pegadaian, a long-established state-owned financial institution with a strategic role in providing financial services to the public.

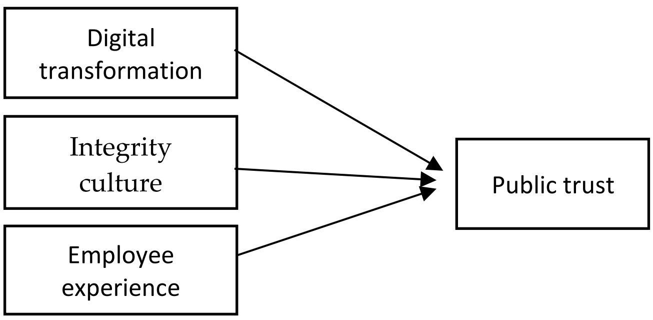

Fig. 1. Research framework

The research framework (Figure 1) draws on organizational behavior theory and organizational trust, which are present in a financial services institution. Digital transformation is described as a means to improve service transparency and quality, a culture of integrity is the foundation of organizational ethics, and employee experience is a determinant of employee service behavior. These factors complement each other in contributing to public trust. Therefore, the research hypothesis is formulated as follows: hypothesis 1, digital transformation has a positive effect on public trust; hypothesis 2, a culture of integrity has a positive effect on public trust; hypothesis 3, employee experience has a positive effect on public trust.

2. Methods

2.1 Study design

This study employed a quantitative approach with an explanatory design to analyze the influence of digital transformation, integrity culture, and employee experience on public trust. Quantitative methods are particularly suitable for examining causal relationships among variables and testing hypotheses using statistical procedures (Creswell & Creswell, 2018). The study was conducted at PT Pegadaian in 2025, considering that the institution is currently undergoing organizational transformation and relies heavily on public trust as a state-owned financial institution. The study adopted a cross-sectional survey design, whereby data were collected at a single point in time to capture employees' perceptions regarding organizational practices and public trust.

2.2 Data population

The study population included all PT Pegadaian employees. The sampling technique used was saturated sampling, thus the entire population was included as respondents. The study employed a census approach in which all members of the target population were included as respondents. This approach is appropriate when the population size is manageable and when researchers seek to obtain comprehensive information from all eligible participants, thereby reducing potential sampling bias and increasing the representativeness of the findings (Etikan & Bala, 2017). A total of 182 questionnaires were distributed and returned. Following the data screening process, one questionnaire was excluded because all responses were identical across all questionnaire items, indicating insufficient response variability and raising concerns regarding response validity. as a result, 181 valid questionnaires were retained for further analysis.

2.3 Data collected, validity, and analysis technique

Data were collected using a structured questionnaire adapted from previous studies and measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire items were modified to suit the organizational context of PT Pegadaian. Digital transformation was measured through indicators related to technology utilization, service accessibility, operational efficiency, and digital responsiveness. Integrity culture was assessed through indicators reflecting ethical behavior, accountability, transparency, and consistency in organizational practices. Employee experience was measured through indicators related to workplace support, employee engagement, work environment, and meaningful work experiences. Public trust was assessed through indicators reflecting credibility, reliability, confidence, and organizational reputation. The research variables consisted of digital transformation, integrity culture, and employee experience as independent variables, while public trust served as the dependent variable.

Validity and reliability tests showed that all instruments met the required measurement criteria. Content validity was established through a review of questionnaire items to ensure their relevance to the study constructs. Construct validity was assessed using item-total correlation analysis, while reliability was evaluated using Cronbach's Alpha coefficients. All variables achieved values above the recommended threshold, indicating satisfactory internal consistency and reliability of the measurement instrument (Hair et al., 2019). Prior to hypothesis testing, classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests, to assess the suitability of the regression model.

Data analysis was performed using multiple linear regression with the help of the Statistical Package for the Social Sciences (SPSS). Multiple linear regression analysis was employed to examine the influence of digital transformation, integrity culture, and employee experience on public trust. Statistical significance was evaluated at the 5% significance level ($\alpha = 0.05$). Additionally, the coefficient of determination (Adjusted R^2) was used to assess the explanatory power of the model, while t-tests were conducted to evaluate the significance of individual predictors.

3. Results and Discussion

3.1 Results

This study uses multiple linear regression analysis to examine the influence of digital transformation, integrity culture, and employee experience on public trust in state-owned financial institutions. Prior to hypothesis testing, classical assumption testing was conducted to ensure the model's feasibility. The results indicate that the regression model meets the required assumptions, allowing for valid interpretation of the estimated coefficients. The regression results indicate that all independent variables have a positive and statistically significant effect on public trust. Furthermore, the overall model demonstrates strong explanatory power in explaining variations in public trust.

Table 1. Multiple linear regression results

Independent variables	Coefficient (β)	t-value	Sig.
Digital transformation	0.214	2.873	0.005
Integrity culture	0.327	4.216	0.000
Employee experience	0.401	5.189	0.000
Constant	1.982	-	-
R^2	0.612		
Adjusted R^2	0.605		
F-statistic (Sig.)	93.47 (0.000)		

Table 1 presents the results of the multiple linear regression analysis examining the effects of digital transformation, integrity culture, and employee experience on public trust in state-owned financial institutions. The regression model demonstrates strong explanatory power, with an R^2 value of 0.612 and an adjusted R^2 of 0.605, indicating that approximately 60.5% of the variance in public trust can be explained collectively by the three independent variables. This level of explanatory strength suggests that the model is statistically robust and substantively meaningful in capturing key internal organizational determinants of public trust.

The F-statistic value of 93.47 ($p < 0.001$) further confirms that the regression model is statistically significant as a whole, indicating that the independent variables jointly provide a better fit to the data than a model with no predictors. This result supports the appropriateness of using a multivariate regression approach to analyze the research problem. Individually, digital transformation shows a positive and statistically significant effect on public trust ($\beta = 0.214$; $t = 2.873$; $p = 0.005$). This coefficient indicates that improvements in digital transformation practices are associated with measurable increases in public trust, although the magnitude of the effect is moderate relative to the other predictors. The significance of this coefficient suggests that digital initiatives contribute meaningfully to trust formation, but they do not operate as the sole or dominant driver.

Integrity culture exhibits a stronger positive effect on public trust ($\beta = 0.327$; $t = 4.216$; $p < 0.001$). The relatively higher standardized coefficient indicates that ethical consistency, accountability, and value alignment within the organization play a more substantial role in shaping trust perceptions than technological factors alone. The strength and significance of this relationship highlights the importance of organizational values and governance mechanisms in public-facing institutions.

Employee experience emerges as the most influential predictor of public trust in the model ($\beta = 0.401$; $t = 5.189$; $p < 0.001$). This finding indicates that variations in employees' overall work experiences—encompassing psychological, social, and organizational dimensions—are strongly associated with changes in public trust levels. The dominance of this variable suggests that employee-related factors represent a critical leverage point through which organizations can indirectly influence public perceptions and evaluations. Overall, the regression results confirm that digital transformation, integrity culture, and employee experience each make statistically significant and distinct contributions to explaining public trust, thereby supporting all proposed hypotheses.

3.2 Discussion

This study provides empirical evidence that public trust in state-owned financial institutions is shaped by a combination of technological factors, organizational culture, and human resource factors. The results show that digital transformation, a culture of integrity, and employee experience have a positive and significant influence on public trust, albeit with varying degrees of influence. These findings confirm that trust is built not only through financial performance or institutional status, but also through the quality of an organization's internal processes and the service experience directly experienced by the public.

In general, the results of this study align with organizational trust theory, which views trust as a social construct that develops through consistent organizational behavior, transparency, and the quality of interactions between institutions and stakeholders. In the context of state-owned financial institutions like PT Pegadaian, public trust is crucial because the institution not only carries out economic functions but also a social mandate that demands high accountability and legitimacy.

The Indonesian socio-cultural context may further explain the observed relationships. Unlike private organizations that primarily pursue commercial objectives, state-owned enterprises are often expected to fulfill broader social responsibilities and contribute to national development. Public trust in such institutions is therefore influenced not only by operational performance but also by perceptions of ethical conduct, accountability, and social value creation. This contextual characteristic is particularly relevant for PT Pegadaian, which serves diverse segments of society, including individuals with limited access to formal financial services. Consequently, trust-building mechanisms in state-owned financial institutions may differ from those found in private-sector organizations, requiring a balanced combination of technological capability, organizational integrity, and employee-centered service delivery.

3.2.1 The impact of digital transformation on public trust

The analysis results show that digital transformation has a positive impact on public trust. This finding indicates that the use of digital technology can improve public perceptions of transparency, ease of service access, and operational efficiency of financial institutions. Service digitization enables faster, more accurate, and better-documented processes, thereby reducing uncertainty and perceived risk among the public.

However, the magnitude of the effect of digital transformation is relatively moderate compared to other variables. This reinforces the view that digitalization alone is not sufficient to build sustainable trust. Consistent with Kane et al. (2019) and also Warner & Wäger (2019), digital transformation must be accompanied by organizational readiness and supportive employee work behaviors. Without integration with cultural and human resource aspects, digital technology has the potential to become merely an administrative tool, rather than a means of building trust.

This finding is consistent with previous studies indicating that digital transformation contributes to stakeholder trust through improved accessibility, transparency, and service responsiveness. Verhoef et al. (2021) argued that digital transformation enables organizations to strengthen stakeholder relationships by creating more efficient and customer-oriented service processes. Similarly, Vial (2019) emphasizes that digital technologies reduce information asymmetry and improve organizational responsiveness, both of which are important antecedents of trust.

For PT Pegadaian, digital initiatives such as online transactions, mobile applications, and integrated service platforms may improve customer perceptions regarding convenience and institutional reliability. However, the relatively smaller coefficient of digital transformation compared to integrity culture and employee experience suggests that technology alone is insufficient to establish deep and sustainable trust relationships. Customers may appreciate digital convenience, but long-term trust remains dependent on ethical organizational conduct and positive service experiences. Therefore, digital transformation should be viewed as an enabling mechanism that supports broader organizational efforts rather than as a standalone trust-building strategy.

Beyond improving operational efficiency, digital transformation may also strengthen institutional legitimacy by signaling organizational adaptability and innovation. In increasingly competitive financial environments, stakeholders often associate digital capability with organizational competence and future readiness. Institutions that successfully adopt digital technologies are generally perceived as more capable of responding to changing customer expectations and market conditions. Such perceptions may contribute indirectly to public trust because stakeholders are more likely to place confidence in organizations that demonstrate an ability to evolve and remain relevant in dynamic environments.

From a practical perspective, the findings suggest that investments in digital infrastructure should be accompanied by efforts to ensure that digital services remain accessible, reliable, and user-friendly. The benefits of digital transformation can only be fully realized when stakeholders are able to interact with technological systems comfortably and effectively. As a result, organizations should continuously evaluate customer experiences with digital platforms and identify opportunities to improve usability and service quality. In the case of PT Pegadaian, ongoing digital initiatives may serve as an important foundation for strengthening customer relationships, provided that technological innovation remains aligned with organizational values and stakeholder needs.

3.2.2 The role of a culture of integrity in building public trust

A culture of integrity has been shown to have a stronger influence on public trust. This finding confirms that consistency between the values communicated by leaders, organizational control systems, and daily work behaviors is a key foundation for building institutional legitimacy. A culture of integrity serves as a moral signal, demonstrating that the organization operates honestly, fairly, and responsibly. In the context of state-owned financial institutions under public and regulatory scrutiny, a culture of integrity becomes a strategic factor. These results are consistent with organizational legitimacy theory, which states that trust is strengthened when an organization's actions align with social values and expectations (Treviño et al., 2014; Kaptein, 2015). Thus, integrity serves not only as a compliance mechanism but also as a strategic resource in building long-term trust.

The present findings are also supported by previous empirical evidence demonstrating that ethical organizational cultures contribute significantly to stakeholder confidence and institutional legitimacy. Sharma & Sharma (2020) found that organizations characterized by transparency, accountability, and ethical consistency are more likely to gain stakeholder support and maintain long-term trust relationships. Kaptein (2015) emphasized that integrity-based organizational systems reduce misconduct and strengthen trust by creating predictable and responsible organizational behavior.

Within state-owned financial institutions, integrity becomes particularly important because such organizations are often subject to greater public scrutiny than private institutions. As a result, stakeholders tend to evaluate these organizations not only based on service performance but also on perceived fairness and accountability. This finding suggests that strengthening ethical leadership, internal control systems, and integrity-based governance practices may represent effective strategies for enhancing institutional legitimacy and public trust.

These findings also indicate that integrity culture contributes to trust formation by creating consistency between organizational values and stakeholder expectations. Public trust is more likely to develop when stakeholders perceive that organizational actions reflect the principles and commitments communicated by the institution. In this regard, integrity functions as a signal that organizational decisions are guided not only by operational objectives but also by ethical considerations and public responsibility. Such consistency is particularly important in financial institutions, where trust is closely associated with perceptions of credibility, reliability, and fairness.

For PT Pegadaian, maintaining a strong integrity culture may support its dual role as both a financial service provider and a state-owned institution with broader social responsibilities. Customers and other stakeholders increasingly expect public institutions to demonstrate responsible conduct while delivering efficient services. Therefore, integrity culture serves as a foundation that supports the effectiveness of other organizational initiatives, including digital transformation and service improvement programs. Without a strong ethical foundation, technological advancements and operational improvements may not be sufficient to sustain stakeholder confidence over the long term. Consequently, integrity culture can be viewed as a reinforcing mechanism that helps ensure that organizational transformation efforts contribute positively to public trust and institutional sustainability.

3.2.3 Employee experience as a dominant factor

The most important finding of this study is the strong influence of employee experience on public trust. These results indicate that positive work experiences—encompassing psychological, social, and organizational aspects—encourage employee behavior oriented toward service quality. Employees who feel valued, supported, and have meaning in their work tend to display more empathetic, responsive, and professional service attitudes.

This finding expands the service-profit chain theory, which emphasizes the relationship between employee internal conditions and external organizational outcomes. In the context of PT Pegadaian, employees serve as direct representatives of the institution in the public eye. Therefore, employee work experiences serve as the primary medium through which organizational policies, digital systems, and integrity values translate into tangible service interactions experienced by the public.

These findings also address a gap in previous research, which tended to focus solely on customer perspectives or technology performance, neglecting the role of employees as internal actors in building trust. Thus, this study confirms that public trust is built from within an organization before ultimately reaching the public.

The dominance of employee experience represents one of the most important findings of this study. It suggests that trust-building mechanisms operate through internal organizational processes before becoming visible to external stakeholders. Employees who experience supportive working conditions, meaningful work, and positive organizational relationships are more likely to demonstrate behaviors that reinforce stakeholder confidence and satisfaction.

This finding is consistent with the service-profit chain framework proposed by Heskett et al. (1994), which argues that employee satisfaction and engagement are critical antecedents of service quality and organizational performance. In the context of PT Pegadaian, employees function as the primary interface between the organization and the public. Consequently, investments in employee well-being, professional development, organizational support, and workplace engagement may generate benefits extending beyond internal performance outcomes and contribute directly to stronger public trust. These findings highlight the importance of adopting a people-centered transformation strategy alongside technological modernization and integrity-based governance.

3.2.4 Theoretical contributions and practical implications

Theoretically, this research contributes by integrating digital transformation, a culture of integrity, and employee experience into a single empirical model to explain public trust. This study enriches the literature on organizational trust by positioning internal organizational factors as a key determinant, particularly in the context of state-owned financial institutions in developing countries.

Practically, the results of this study provide important implications for the management of PT Pegadaian and similar institutions. Efforts to build public trust should not only focus on developing digital technology, but also on strengthening a culture of integrity and improving the quality of employee work experience. This integrated approach enables organizations to align systems, values, and behaviors, thereby building public trust in a more sustainable manner.

This research finding is significant because it demonstrates that digital transformation in state-owned financial institutions will only be effective in building public trust if supported by a culture of integrity and a quality employee experience. By positioning employee experience as a key mechanism for translating organizational systems and values into service behavior, this study emphasizes the importance of a people-centered approach in maintaining institutional sustainability and legitimacy. From a theoretical perspective, this study contributes to organizational trust literature by integrating digital transformation, integrity culture, and employee experience into a single explanatory framework. While previous studies have often examined these factors separately, the present findings demonstrate that trust is shaped through the interaction of technological, ethical, and human resource dimensions. This integrated perspective provides a more comprehensive understanding of trust formation, particularly within state-owned institutions operating in developing economies.

From a managerial perspective, the findings suggest that PT Pegadaian should pursue a balanced transformation strategy. Although digital transformation remains important for enhancing efficiency and accessibility, sustainable public trust appears to depend more strongly on organizational integrity and employee experience. Therefore, management should allocate attention not only to technological investments but also to ethical governance systems, leadership development, employee engagement initiatives, and organizational culture strengthening programs.

These findings also suggest that employee experience serves as a critical link between organizational policies and stakeholder perceptions. While organizations may establish sophisticated digital systems and formal governance mechanisms, the effectiveness of these initiatives ultimately depends on how employees interpret, implement, and communicate them in their daily interactions. As a result, employee experience can influence whether organizational values and strategic objectives are translated into service behaviors that are visible to the public. Positive employee experiences may therefore contribute to greater consistency between organizational intentions and stakeholder experiences, which in turn strengthens public trust.

The results further indicate that employee experience may provide a source of competitive advantage that is difficult for other organizations to replicate. Technological systems and operational procedures can often be imitated, whereas a supportive organizational environment that fosters employee commitment and positive service behavior typically develops over time through sustained managerial effort. For state-owned financial institutions such as PT Pegadaian, creating positive employee experiences may therefore represent a strategic investment that supports both organizational performance and public legitimacy. By strengthening employees' sense of belonging, motivation, and commitment, organizations can encourage service behaviors that strengthen stakeholder confidence and contribute to the long-term sustainability of public trust.

Furthermore, the findings may have broader implications for other state-owned enterprises operating in environments characterized by rapid technological change and increasing stakeholder expectations. Public trust has become an increasingly valuable organizational asset because it influences stakeholder support, institutional legitimacy, and long-term sustainability. The present study suggests that trust-building efforts are most effective when technological innovation, ethical governance, and employee-centered management practices are implemented in a complementary manner. As a result, organizations seeking to strengthen public trust should avoid relying on isolated transformation initiatives and instead pursue a holistic approach that aligns organizational systems, values, and human resources. Such alignment may enable institutions to respond more effectively to changing stakeholder expectations while maintaining credibility and legitimacy over time.

3.3 Limitations of study

This study has several limitations. First, the research was conducted within a single state-owned financial institution, which may limit the generalizability of the findings to other organizational contexts. Second, the study relied exclusively on employee perceptions to assess public trust. Nevertheless, employees were considered appropriate respondents because they directly experience organizational systems, service delivery processes, and stakeholder interactions that contribute to the development of public trust. Although employees possess valuable insights regarding organizational practices, public trust is inherently an external construct that may be more accurately assessed through customers, communities, or other external stakeholders. Future research is therefore encouraged to incorporate external respondent groups and employ comparative designs involving multiple organizations to enhance the robustness and generalizability of the findings.

In addition to these limitations, the cross-sectional nature of the study limits the ability to observe changes in trust formation over time. Organizational trust is a dynamic phenomenon that may evolve in response to technological developments, leadership changes, organizational reforms, and broader socio-economic conditions. Future studies are therefore encouraged to employ longitudinal research designs to capture the temporal dynamics of trust-building processes. Furthermore, comparative studies involving multiple state-owned and private financial institutions may provide deeper insights into contextual differences in how digital transformation, integrity culture, and employee experience influence public trust. Such research would contribute to a more comprehensive understanding of organizational trust formation in developing economies.

The findings of this study also carry broader implications for policymakers and managers of state-owned enterprises undergoing organizational transformation. As public institutions increasingly face demands for greater transparency, service quality, and accountability, efforts to strengthen public trust should be viewed as a strategic priority rather than merely a reputational objective. The results indicate that sustainable trust cannot be achieved solely through technological modernization. Instead, organizations should adopt a balanced approach that simultaneously strengthens digital capabilities, strengthens integrity-based governance, and enhances employee experience. Such an approach may help state-owned institutions improve stakeholder confidence while maintaining their social legitimacy and public service mandate. Future research may further explore the potential mediating and moderating mechanisms that explain how internal organizational factors influence public trust, thereby providing a more nuanced understanding of trust-building processes in both public and private sector organizations.

4. Conclusions

This study concludes that public trust in state-owned financial institutions is not solely determined by financial performance or technological advancement, but is significantly shaped by internal organizational capabilities. The findings demonstrate that digital transformation, integrity culture, and employee experience jointly contribute to the formation of public trust, with employee experience emerging as the most influential factor.

By integrating these three dimensions into a single empirical model, this research contributes to the organizational trust literature by emphasizing the central role of internal organizational dynamics in trust-building processes. In contrast to previous studies that predominantly focus on customer perceptions or technological outcomes, this study highlights employees as key internal actors who translate organizational systems and values into observable service behaviors that shape public trust.

From a practical perspective, the findings suggest that state-owned financial institutions should adopt an integrated transformation strategy. Digital initiatives should be accompanied by strong integrity-based governance and systematic efforts to enhance employee experience. Such an approach enables organizations to align technological systems, ethical values, and human behavior, thereby fostering sustainable public trust and institutional legitimacy.

The findings of this study also highlight the strategic importance of trust as an intangible organizational asset within state-owned financial institutions. In increasingly competitive and digitally connected environments, public trust influences not only stakeholder perceptions but also the long-term sustainability of institutional operations. Trust contributes to stronger stakeholder relationships, greater public acceptance of organizational initiatives, and enhanced institutional legitimacy. For organizations such as PT Pegadaian, maintaining public trust is particularly important because the institution fulfills both commercial and social functions. Consequently, efforts to strengthen trust should be embedded within broader organizational transformation programs rather than treated as isolated communication or reputation-management activities.

The results further suggest that sustainable trust-building requires consistency across multiple organizational dimensions. Digital transformation may improve efficiency, accessibility, and service responsiveness, while cultural integrity strengthens perceptions of accountability and ethical conduct. At the same time, employee experience serves as a critical mechanism through which organizational systems and values are translated into stakeholder interactions. The interaction among these dimensions indicates that public trust is best understood as the outcome of a holistic organizational process rather than the result of a single managerial initiative. Therefore, organizations seeking to maintain legitimacy and stakeholder confidence should adopt integrated strategies that simultaneously address technological, ethical, and human resource development objectives.

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Author Contribution

Conceptualization and research design, C.F.A.; data acquisition and field data coordination, N.; data analysis and data processing, P.K.S.; methodology development, C.F.A. and P.K.S.; writing—original draft preparation, C.F.A.; writing—review and editing, C.F.A. and N.; supervision and project administration, C.F.A. All authors have read and agreed to the published version of the manuscript.

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Ethical review and approval were waived for this study due to the non-interventional nature of the research, which involved an anonymous survey of employees, posed minimal risk to participants, and did not collect sensitive personal data.

Informed Consent Statement

Informed consent was obtained from all participants involved in the study.

Data Availability Statement

The data presented in this study are not publicly available due to organizational confidentiality and ethical restrictions. Data are available from the corresponding author upon reasonable request.

Conflicts of Interest

The authors declare no conflict of interest. One of the authors is employed by PT Pegadaian; However, this affiliation did not influence the study design, data analysis, interpretation of the results, or the decision to publish the findings. The funders had no role in the design of the study; in the collection, analysis, or interpretation of data; in the writing of the manuscript; or in the decision to publish the results.

Declaration of Generative AI Use

During the preparation of this work, the authors used ChatGPT to assist in improving language clarity, coherence, and academic writing style. After using this tool, the authors reviewed and edited the content as needed and took full responsibility for the content of the publication.

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