

# **Leadership and Digital Transformation in the South African Retail Banking Sector**

**Larry Mutwa**

**Student Number**

**1974236**

**Student Email & Mobile**

[1974236@students.wits.ac.za](mailto:1974236@students.wits.ac.za)

0620264266

+264812848305

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## **ABSTRACT**

The purpose of this study was to explore the role of leaders in embedding a Digital transformation culture within the South African retail banking sector. With a high degree of digital disruptors rapidly penetrating the market space across all industries, business successes are more likely to be attained by those that equip their workforce with digital skills and embrace a culture of digital transformation. Therefore, good leadership is required to effectively embed a culture of digital transformation within the banking sector.

Face to face semi-structured interviews conducted with senior managers in the organisations served as the primary source of data collection. The interviews were recorded and transcribed for analysis. Publicly available documents and observations of the context provided secondary data sources.

The findings of the study show that awareness and organisational learning are critical in the communication and creation of a common and shared understanding of a digital transformation culture and expected behaviour. The leadership reinforces the awareness message for desired behaviour by being exemplary in living out the values through their leadership style.

Organisations have a well-formed compliance culture for risk mitigation. Due to the qualitative nature of this study, the results of this study can be used to highlight the key roles of leaders in embedding a digital transformation culture and in evaluating and creating awareness on the risks associated with the failures of embedding a digital transformation culture.

## **KEY WORDS**

Competitive Advantage, Digital Culture, Digital Disruption, Digital Maturity, Digital Transformation, Digitisation, Organisational Structure

## DECLARATION

I, Larry Mutwa, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Larry Mutwa

Signature: 

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Signed at Johannesburg

On the 29 day of April 20

## **DEDICATION**

This research is dedicated to my lovely mother, Julia Chaka

My son, Opo Mutwa

My late Grandparents, Chief Joshua Muraliswani Mutwa and Mrs Mabuku Mutwa

My late uncles, Mr. Villem Chaka, Mr. Nicko Mutwa and Mr. Stallen Muyoba.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Purpose of Study**

This study explores the role of leadership in embedding a digital transformation culture within the South African retail banking sector. Digital transformation entails the digitisation of processes to solve problems within an organisation (Matt et al., 2015). Digital transformation has become more of a race and a transition that has yielded benefits for those who have kept up with the embedment of a digital culture and made it necessary to understand the role that leadership plays in the process of digital transformation.

Digital transformation, if done incorrectly, can cost an industry great loss. According to Parviainen et al. (2017), different industries have been investing time and manpower on penetrating digitalisation in the most beneficial way possible. The banking sector is an industry that has potential to benefit from digitisation. According to Albawaba (2019), fully digitised services and products will enable banks to on-board and retain existing clients; simultaneously, banking will be more easily available to the unbanked or underbanked population and to SMEs.

South Africa has been integrating digital transformation across industries to close the industrialisation and technological advancement gap with first world countries (Camarate, 2019). The main objective of this integration is to render services at a first world level, whether it is in medicine, education, or banking systems (Limb, 2005). Limb (2005) further states that technological changes have played a crucial part in unlocking value through the way information is processed and customer centric services are rendered. Limb (2005) also adds that the scramble within Africa is now focused on digitisation which is mainly profit driven and has evolved the legacy operations and functions.

This transformation is more and more visible, as evidenced by the scale of digitisation in communication, entertainment, education, business, and banking. For this digital transformation to have been possible, leadership has played a vital role (Kane et al., 2015).

## **1.2 Context of the Study**

Adapting to digitisation is now more crucial than ever before. To remain competitive and relevant, it is important for organisations to embark on a journey of digital transformation where digital technology is used to solve problems (Eadie, 2005). With a high degree of digital disruptors rapidly penetrating the market space across all industries, business successes are more likely to be attained by those that equip their workforce with digital skills and embrace a culture of digital transformation.

The frustration for many businesses within the South African banking sector is that they are falling behind digitalisation (Camarate, 2019). There is, therefore, an urgent need to adapt to new ways of thinking and doing things. Developing a digital strategy is a challenge, especially in an industry that can be very bureaucratic, traditional, and mainly monopolised by the four incumbents, namely Barclays Africa, Standard Bank, Nedbank, and FirstRand (Camarate & Brinckmann, 2017). However, with the right synergy of leadership, resources and digital culture embedment, banking institutes can still reinvent themselves. In addition, banking institutes can be at the forefront of digitalisation not only within the banking, but across all industries in the South African sector (Cuesta et al., 2015).

According to the PwC's Strategy and Global Digital Operations Study of 2018, "two-thirds of companies don't have a clear digital vision and strategy to support digital transformation and culture and in South Africa, digital transformation is conservative and sporadic." The digital age is essentially impacting culture as it forces banks to transform from a product centric approach to a customer centric, from a manual workforce to a technological savvy mind-set team and to the introduction of lean strategies that are more flexible and inclusiveness in their approach (Padmaavathy, 2015).

## **1.3 Research Problem**

Failure of embracing digital transformation and unlocking its value will worsen the existing social and economic ills that range from inequality to escalating unemployment which now stands at 30.1% (Businesstech, 2020). Good leadership is required to effectively embed a culture of digital transformation within the banking sector and shift the mindset to focusing on the opportunities that digital presents rather than on the threat it poses. Leadership should have the ability to shift mindsets from fear of disruption to optimism about opportunities, where collectively, the private sector, regulators and the government embrace the significant value and benefits which are

unlocked through embedding a digital transformation culture in the South African retail banking sector.

The South African banking sector is one of the areas of the economy, leading the charge in the digital revolution (FitchSolutions, 2020). All the major banks are at various degrees of implementing their digital strategies ranging from focusing on customers to operational efficiencies and changing their business models altogether (FitchSolutions, 2020).

The South African financial services industry is highly regulated, and this has enhanced its stability and increased barriers of entry to new entrants and reduced growth opportunities for small and medium-sized banks. Banking licenses determined under the Banks Act, 1990, enforce strict and complex standards in ensuring the compliance and stability of the banks. The strict requirements have led to a very few numbers of banks being registered in the country. Critiques of the South African financial services sector argue that the sector's robust regulatory environment promotes stability at the cost of innovation, competition, and efficiencies (BMI, 2017).

The sector has been facing considerable challenges over the last few years. The World Bank (2020) report indicates the slow and declining economic growth rate that the country has experienced over the previous ten years. The declining growth rate has led to increased unemployment levels and widening inequality that has excluded about 23% of the population from formally engaging with the financial services sector (Intellidex, 2018).

This study explored the extent to which leadership imbeds a culture of digital transformation within the South African retail banking sector. A well-crafted, initiated and well led digital transformation strategy has the potential of unlocking opportunities not only in the banking sector, but across multiple economic sectors. Benefits such as improved accessibility, quality and affordability of health services, education and banking services will be unlocked through digital transformation. The success of embedding a culture of digital transformation is centred on leadership which makes it incumbent to understand the role of leadership in embedding a culture of digital transformation.

## Research Questions

- I. What is the role of leadership in embedding a digital transformation culture within South Africa's retail banking sector?
- II. What is the risk of not embedding a culture of digital transformation in the retail banking sector?

## Significance of Study

This study contributes towards the academic debate on the role of leadership in building and embedding a digital transformation culture that will serve as reinforcement for an effective digital transformation within the South African retail banking sector.

There has been a steady rise over the years of new technologies such as social networks, mobile and big data, with most industries exploiting their benefits for transformation or a competitive advantage (Ries et al., 2018). This rise has come with the transformation in how businesses operate, as well as production processes and business structures. This transition applies a ripple effect that goes as far as society being faced with rapid and radical change as technology continues with its advancement and penetration of different markets while society continues a learning process on how to engage with these changes (Ries et al., 2018).

Companies like Deloitte recognise the importance of digital transformation as evidenced through emphasising that transformation must happen efficiently, and as such, a solid strategy must be applied (Kane et al., 2015). The way that a company looks at digital transformation requires the ability to completely re-evaluate and redefine how a business is constructed and functions in a digital scale, which is pivotal for embedding a digital transformation strategy (Kane et al., 2015). In addition, this whole process depends on strong and reliable leadership.

However, the question remains, how does leadership contribute to embedding a digital transformative space? The findings from this research can help different levels of leaders understand how to build and sustain a digital transformation culture within their organisations. Other entities within the private and government sector, including business leaders, will gain visibility of the gaps in the current culture of digital transformation measures and substantiate a business case for the role of leadership in building and embedding a digital transformation culture.

## Delimitations of the Study

The present research explored how digital transformation depends on leadership embedding it for the transformation process to be effective. This research examined retail banking and the leaders within the South African banking sector. Participants included different levels of leaders who are instrumental in the embedding and sustaining of a digital transformation culture within their organisations.

### **1.4 Definition of Terms**

Competitive advantage - this is gained when organisations outperform their competitors by leveraging on strategy, execution, and qualities that are unique to them (Cegliński, 2017).

Digital culture – this speaks to how technology influences diverse aspects of human culture. This is because the changes that are constantly occurring in relation to the presence of ICTs change how we function, just like when electricity was introduced. Basically, technologies intervene and modify to a certain extent the human environment and in retrospect, changing the circumstances of our existence (Uzelac, 2008).

Digital disruptors – this refers to entities that have managed to “take advantage of digital capabilities in one form or another to create and drive fundamental shifts intentionally or otherwise in their market and perhaps others either by design or as a secondary effect” (Hill, 2017, p. 6).

Digital maturity – this refers to the state of an organisation’s systematic digital transformation (Teichert, 2019).

Digital transformation – this is the rise of new digital technologies being integrated into different industries for efficient production and operations as well as a competitive advantage (Agushi, 2019).

Digitisation – this is the process whereby a digital or electronic version is made of information, events, or real-world objects. This process enables what has been digitised to be stored, displayed, or manipulated over networks like the World Wide Web or general computers (Eadie, 2005).

Digitalisation is the process that involves the transformation of business processes, strategies, and practices to harness digitised assets (Rogers, 2016).

## **1.5 Assumptions**

Governance systems and frameworks enable organisations to define and control internal processes and technology and not the people element of an organisation.

Leaders create the climate within an organisation that either promotes or limits the desired behaviours concerning digital transformation. What gets measured gets done, as the saying goes, thus the leadership should identify appropriate metrics and incentives to drive the desired behaviours while discouraging unfavourable ones.

The design components of the strategic orientation framework usually focus on technology and processes with little emphasis on people. Organisations have well-developed control mechanisms built onto the governance and compliance of their operations, but not much in place to control people and embed a digital transformation culture within the retail banking sector. As such, compliance to regulations and legislation should play a crucial role in this sector but it does not.

## **CHAPTER TWO: LITERATURE REVIEW**

This chapter looks at the different theoretical and conceptual frameworks of the study and explores what other authors have written, and the chapter identifies gaps in existing studies. The significance of the study is also highlighted.

### **2.1 Introduction**

Digital transformation speaks to the rise of new digital technologies being integrated into different industries for efficient production and operations as well as the attainment of a competitive advantage (Agushi, 2019). This is a process that aligns with digitisation as technology continues with its rapid growth and penetration of most if not all commercial, societal, industrial, and agricultural aspects. However, this process gives industries a competitive advantage by leveraging on digitisation (Cegliński, 2017).

Digitisation is a process that involves converting analogue into digital form and it is important to industries for various reasons, inclusive of making information, data, and resources available online for distant reach, making information accessible, and the extension of access to fragile resources and resources that are usually difficult to access (Devi & Murthy, 2005). Digitisation allows for data analytics, which plays a crucial role in assisting leaders to make well informed and data driven decisions. In addition, there is no limit to the advantages that come with digitisation. These include flexibility, the ability to directly send content and for it to be retrieved remotely, a wider audience, extended data recovery, and the ability to allow many users at a time without disruption (Devi & Murthy, 2005).

Digitisation has impacted the way people live and function on a day-to-day basis as well as transforming industry structures while redefining what it means to be a customer or a citizen (Berman et al., 2016). Digitisation involves converting data from hardcopies to softcopies, while digitalisation is more focused on the utility of digital technologies to transform business models and unlock new value that will result in increased revenue (Nwaiwu, 2018).

Digitalisation is the process that involves the transformation of business processes, strategies, and practices to harness digitised assets (Rogers, 2016). This process involves assessing the impact of change within organisations and in the market and society at large. Digitalisation requires leaders with the right set of skills, mindset, and experience to ensure efficiency and effectiveness in exploring value and delivering

excellent service. Talent acquisition is a challenge due to the limited number of digital experts within the banking sector.

This review explores what role leadership plays in embedding a digital transformation culture within the retail banking sector of South Africa, the extent to which leadership can influence an embedding of a digital transformation culture which leads to competitive advantages and increased revenue within an organisation. In addition, the review examines the extent to which there is a common and shared understanding of the significance and implications of the risks posed by not embedding a culture of digital transformation.

## **2.2 The History of Digital Transformation**

Digital transformation can be defined as the integration of digital technologies in the operations of an organisation for efficient operations and a competitive advantage (Reis et al., 2018). This involves using new innovative technologies such as 3D printing, digital banking platforms, and RPA in the operations of organisations. Some organisations or industries that did not catch up to the new digital reality fell off and lost relevancy in a highly digitised society and thus, existing industries have maintained longevity due to the integration of digital technologies (Ries et al., 2018). For digital transformation to be successful, digital technology needs to be fundamental and central to how an organisation or industry operates and there needs to be a reinvention and reimagining of the industry's structure and business models (Kane et al., 2015).

Computerising information, processes and data is not as ancient as one may believe. Computerising started almost 30 years ago and there has been a rapid growth to this day and age where digital activities have been successfully incorporated into how societies and organisation's function (Auriga, 2016). It started off as digital channels being used by companies to connect with their clients/customers and now the process has advanced to the point where digitisation exists to support customer interactions (Auriga, 2016).

Around the 2010s, digitisation was nearly complete and that triggered the next digital revolution which was digital transformation (Heslop, 2019). In addition, digital transformation reimagines the way organisations use people, processes, and digital programmes to steer new business and revenue in alignment to the ever-changing expectations of customers. There was an increased demand for smart electronic devices and social media platforms between the year 2000 and 2015 which

significantly influenced the mode of interaction between people and expectations in terms of efficiency and the availability of multiple channels of communication (Williams & Schallmo, 2018). Furthermore, businesses could also, with time, communicate and engage with their clients, not only in real time but in an individual basis. Most of the new changes that evolved with digital transformation have influenced the mode of interaction between businesses and their clients. Business strategies are more customer centric, thereby improving value proposition and convenience for customers for example, online shopping and remote learning.

### **2.3 Digital Transformation**

Digital transformation is a process more than it is a step because the era of technology is ever changing and developing with time, which to an extent means that any form of digital transformation will continuously develop as the technology does. The purpose of this transformation is to embed a culture of innovation and deliver services that are more customer or market centric (Benioff, 2018). Digital transformation lays a strong foundation that ensures consistency in embedding a digital culture through, reskilling, ICT development and innovation.

The major banks are adopting more customer-centric strategies that leverage their reach, resources, and brand. These customer-centric strategies have seen a massive push towards digital transformation within these larger banks. The change in approach has led to significant closing-down entirely or downsizing of the physical branches in response to changing customer behaviour that is in favour of digital channels of online and mobile banking (Moneyweb, 2019). The downsizing of branches has seen these banks falling to almost half of the peak number of branches, and the need for operational efficiencies mainly drives this. The cost of running a traditional branch is more expensive than that of technology-based banking. Thus, these larger banks are aggressively pushing the migration of customers towards digital platforms, and this has seen intensive efforts in modernising the technology infrastructure, a trend that is set to continue into the foreseeable future (Coetzee, 2019).

Businesses face challenges from client expectations and competitors which pushes them to speed up their digital transformation (Gimpel & Tannou, 2011). In a technological world, it is pivotal for businesses or industries to incorporate some level of technological changes in their business operations as it is the difference between a competitive balance or advantage and facing a shutdown because they have failed to maintain relevancy.

Digital transformation does not only benefit an industry, but it makes the customers experience more comfortable and accessible services without barriers like time, speed, and distance. This is what most digital transformations are centred on; reimagining customer experiences, operational processes, business functionality and business models (Gimpel & Tannou, 2011).

To accommodate the modern-day customer, it is crucial for leaders to ensure that businesses think digital by digitising functions to meet the expectations of the customers. This is just a way of being proactive and reactive to ensure that the customer has a wide and accessible range of channels to seek out support (Kane et al., 2015).

According to Rivard, Jarvenpaa and Galliers (2019), digital transformation involves a process where digital technologies disrupt the current status quo by eliciting strategic responses from competitors or businesses that might seek to change their value proposition while trying to maintain the structural balance and organisational challenges that could result in the success or failure of the digital transformation process.

This all entails that should businesses want to evolve and grow at a rapid pace than digital change occurs in society today, they would have to work to increase proficiency by the incorporation of technology in their business operations and functionality (Marcin, 2018). As an extension to this change, leadership plays a crucial role in ensuring that businesses adopt new and swift values as they digitally transform.

### 2.3.1 Embedding Digital Transformation

Digital transformation and its components over the last decade have become a topic of interest across all industries (Heslop, 2019). Embedding digital transformation does not only look at the process of embedding, but the management of that transformation too. The originality and intricacy of the digital age has led to an increased academic interest in digital transformation and a call from companies that seek support in this process (Anderson et al., 2010).

Leaders must recognise the power that comes with embedding digital transformation not only when it refers to engaging with customers, but on a competitive level too, This approach will allow businesses to have an advantageous streak depending on the extent of the digitisation they have undergone (Anderson et al., 2010). It is often difficult for businesses to know what the expectations of clients are and the direction and speed that technology continues to venture on while trying to embed a digital culture (Snabe & Weinelt, 2014).

Embedding digital transformation basically refers to a business going through a transformative process to become a digital organisation. Being a digital organisation does not only speak to having digital products, services, or customer interactions; being digital means leveraging on technology to enhance the operations and efficiency of a business (Hermeling et al., 2015). There is a common misconception around embedding digital transformation into businesses; just as it was during other industrial revolutions, some workforce individuals will be displaced by new technology, but digital transformation also has the potential to promote inclusive growth. It is no secret that technology can function without human interference and thus adding to unemployment, however, there are many ways in which people can work hand in hand with new technologies (Snabe & Weinelt, 2014).

Finding the best way to integrate or embed digital transformation is a challenge that will pose itself continuously during the transformation of change. Some businesses were not born in the era of digitisation, which causes them to struggle in keeping up with new age businesses that started with technological integration (Barthel et al., 2020). According to Barthel (2020), for the success of digital innovation and transformation, it is pivotal for digital innovation to be decoupled from the organisational logic it seeks to transform. In addition, Hermeling et al. (2015) argue that digital transformation needs the embedding of a culture in a business that complements the change while allowing the company's overarching strategy.

### 2.3.2. Proposition 1

Digital transformation over the past decade has changed the way businesses operate and relate to their customer pool. It has set competitiveness to a new stage that depends on embedding digital cultures in their functionality. The rise of smart devices and social media platforms from the year 2000 to 2015 which significantly altered the way people communicated with businesses as well as the expectations they had with regards to the time it took for businesses to respond and the availability of multiple

channels of communication, resonates with the importance of digital transformation (Williams & Schallmo, 2018).

It is crucial that leaders start recognising why digital transformation is fundamental especially with a clear and strategic method application (Hermeling et al., 2015). The role of leadership plays a crucial role in determining and defining the success of a well embedded digital culture within an organisation. It is equally empirical to identify these roles that leaders need to play to successfully embed a culture of digital transformation. Digital transformation, as stated by Hermeling et al. (2015), comes with important changes that make digitisation compatible to a business that not only apply to the company but equally so, a tectonic change in the actions of employees, their performance, how they interact with each other and their behaviour on an individual capacity, and how they engage with those outside of the business.

Digital transformation has come with benefits to the companies that have incorporated a culture of digital embedment in their models and operations. These benefits include effective resource management, reskilling of employees, transparency, improved customer experience and the first steps towards globalisation (Alsafadi, 2018). Other benefits, according to Melo (2018), include increased productivity, reduced operating costs, opening of new market possibilities and the enhancing of a business's brand. This makes it important for businesses to keep up with digital changes while transforming how they operate.

#### **2.4 Leadership**

A digital transformation strategy is a must for an organisation to remain competitive and relevant, and as such, the organisation needs to have a culture that is aligned to the strategy. A digital strategy involves the application of technologies such as cloud, mobility, analytics, social medial, etc. to business models to create distinct competitive advantages that allow the organisation to create value for its customers while capturing value for its shareholders (Kane, 2015). The realisation of a digital strategy requires alignment of the strategy implementation design components and the strategic objectives. These components include technology, human resources, management systems, and structure (Cummings & Worley, 2014).

How can we foster creative competitiveness, especially in big and established corporate ecosystems? All our management practices need to be updated: how organisations are structured, how we deploy capital, how we interact and collaborate with broader networks, what tools and technology we embrace and deploy, what we

measure, what markets we target, whom we hire and how we lead. Of these, how we lead and the kind of culture we create are the essential starting points. When our goal is efficiency and effective management of retail banking, our concept of leadership includes ensuring standardisation, high levels of coordination, careful assessment of risk, and, of course, the elimination of waste through a lean strategy. When we want to be creative and remain relevant, leadership should focus on the speed of learning and rigorous experimentation. It benefits from an attitude of abundance. The Upper Echelon Theory (Hambrick & Mason, 1984) posits that leadership is central to the implementation of strategy and therefore by extension the development of the organisational culture.

The rise of digitisation as a business platform creates business environments that are increasingly complicated and complex to manage. The complication is due to the increasing number of internal and external factors that need to be considered in the decision-making processes. These considerations include regulatory authorities, shareholders, employees, the society, etc., all with different expectations from the organisation. Complicated situations are difficult; however, they are managed through a set of rules, policies and procedures and the desired outcomes are usually known. Complexity arises from the unpredictable nature of the types and sources of external factors such as virus attacks like the corona virus outbreak. Due to their unpredictable nature, the best way through which a business can manage complexity is through measures to mitigate the effects and not trying to solve for them. Embedding a digital transformation culture presents a challenge for leadership to manage these evolving and escalating complexities within the banking business.

The highly complex and ambiguous business operating environment requires leadership that is flexible and adaptable to the dynamic conditions. The required leadership for the organisations should exhibit both complicated thinking skills and a complex mind-set that demonstrates both transactional and transformational leadership. The transactional part is responsible for managing the complications while the transformational part is responsible for managing complexity (Bass, 1990). However, these characters may not be resident in a single individual, therefore the leadership team must be able to embody these qualities to drive the change in the organisational culture so as to incorporate an embedded digital transformation. An organisation's culture is significantly influenced by its leadership, hence having the right leadership characters is key in the development of the digital transformation culture within the organisation.

#### 2.4.1 Proposition 2

Leadership is responsible for strategic formulation, implementation and guiding the overall performance of the organisation. Strategy implementation requires buy-in from the whole organisation, and the leadership should be able to provide and articulate this vision and create a conducive environment. Leaders need to weigh in the pros that come with digital changes over the risks. It is because of this reason that the leadership can either make or break an organisation based on the environment they create and the culture they embed.

### **2.5 Embedding Culture**

Different groups and gatherings of people with a shared belief system stay connected because of their common culture, also called societal culture (Schein, 2010). Organisational culture is a subset of this societal culture. Organisational culture dictates the commonly shared norms and beliefs of employees within an organisation, and it has the power to influence their behaviours and attitudes.

Culture encompasses values and characteristics that define or identify a group, person, organisation, or industry (Hermeling et al., 2015). Hermeling et al. (2015) also proffer that, organisations that have an embedded digital culture operate faster because the digital culture plays the role of code of conduct which informs employees to function and make decisions on the spot.

#### 2.5.1 Organisational Culture

Organisational culture is a stable, complex, and holistic construct that is shared by members of an organisation and provides the frame of reference for the observed behaviours and attitudes of the organisation; it is often guided by a common history, shared learning, and leadership (Guldenmund, 2000; Schein, 2010); additionally, culture is influenced by both external factors and internal processes of the organisation often at the behest of the leadership.

Culture creates stability and ensures the continuity within the organisation, and this has been known to act as a defence from unknown and unwanted external influences. Organisational culture as such is viewed as the prerogative of an organisation's leadership (Guldenmund, 2000; Schein, 2010). Therefore, the role of leadership within the organisation has a significant influence on the embedment of a digital culture in the organisation.

### 2.5.2 Digital Culture

Digital culture is a subculture within an organisation which focuses on employees' attitudes and behaviour towards digitalisation. Digital culture is about the way technology and the internet are influencing the daily livelihood of people, in relation to interaction, communication and behaviour change (Hermeling et al., 2015). It is basically the relationship between people and technology; of which the people extend to organisations and industries.

Like organisational culture, digital culture is influenced by both external factors and internal processes of the organisation. These external factors are the expectations and demands from the customer base, the advantage that an organisation's competition has and the issue of relevancy (Uzelac, 2008).

The leadership of the organisation builds and embeds the organisational culture; therefore, leadership would be expected to drive and embed the organisation's culture of digital transformation to ensure total buy-in from the whole organisation. This is evidenced in the awareness building initiatives and framing of the message to communicate the dangers of not embracing digital transformation (de Bruijn & Janssen, 2017; Dolan, 2010).

Business processes are supported by technological platforms to provide an environment of digitalisation. Technology reduces the burden on employees from doing repetitive tasks and allows them to focus on more productive and decision-making activities. Embedding a digital transformation culture requires leadership to ensure that digitalisation is naturally embedded into the daily behaviours and attitudes of the employees. Top leadership buy-in can either make or break the success of the development embedding a digital transformation culture.

### 2.5.3 Proposition 3

Shared values and lived experiences are the basis of the culture of an organisation. These influence the behaviours and norms of the individuals within the group. To embed a digital transformation culture within an organisation, leaders should share the same values on the importance of embracing digital transformation and mitigating the risk of not embracing digital transformation.

When leaders ignore how fundamental a digital transformative culture is to the business, there is a high risk of transformative failure. This is because success and advantage lie with digital organisations. A digital culture empowers not only the

employees but the customers too in the way they engage with the business as the rate of service delivery is higher. In addition, a digital culture attracts talent as it appeals to those who have a digitally transformative mentality in how they work and engage with people. It is therefore important that leaders leverage on embedding a digital culture within their organisations as it will set them apart, make them profitable, attract a larger market and grow in their competitive streak.

## **2.5 Conclusion**

Digital transformation is crucial to the success and longevity of an organisation and over the last decade, we have been shown how digitisation transforms the functionality and structure of a business. In addition, the culture of digital transformation is an important aspect that leaders play a pivotal role on embedding within business operations as discussed above.

Digitisation is an important process that is pivotal for industries for various reasons; making information, data, and resources available online for distant reach, as well as making information accessible, and accessing fragile resources and resources that are usually difficult to access (Devi & Murthy, 2005).

Leaders must recognise the power that comes with digital transformation not only when it refers to engaging with customers. They also must recognise where a digital transformation places them in the face of their leadership role depending on the extent of digitisation they have undergone (Anderson et al., 2010)

## **CHAPTER THREE: RESEARCH METHODOLOGY**

This chapter looks at the overall design of the study, that is, the methods and tools that were utilised in collecting and assessing data. The population and ethical considerations of the study are also established in this chapter.

### **3.1 Research Approach**

The research is exploratory in nature, and it adopted a qualitative approach that explored the extent to which leadership embeds the culture of digital transformation within the banking sector in South Africa.

The main aspect of a qualitative research is that it examines and evaluates the way people make sense out of their own real-life experiences by interpreting events in a manner that uniquely reflects their experience (Creswell & Poth, 2017). This information can be depicted from the code of conduct or linguistic expressions (Cropley, 2015). This is the type of research that does not focus on numerical data, rather, it focuses on deeper engagement with subjects through observation or interviews (Jackson et al., 2007).

When it comes to qualitative research methods, the focus is on answering questions relating to why and how regarding human behaviour, opinions, and experience (Bernard, 2000). According to Merriam (2009), qualitative researchers are concerned with determining how people make sense of their world and the experiences they have in the world; basically, the meaning that people have constructed to different phenomenon. In addition, the methods which are aligned to this approach in research are usually observatory or through case studies with the goal of obtaining descriptive accounts that answer a research problem (Parkinson & Drislane, 2011).

Qualitative research is inductive in nature, and the researcher commonly explores meanings and insights in each situation (Strauss & Corbin, 2008; Levitt et al., 2017). It involves collecting and analysing a wide range of data and techniques that use purposive sampling and semi-structured, open-ended interviews (Dudwick et al., 2006; Gopaldas, 2016). The process of collecting qualitative research comprises of interpretive material practices that make the world visible (Denzin & Lincoln, 2005). In addition, researchers turn the world into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self. Qualitative research involves interpreting and giving a fair and transparent approach to the world (Denzin & Lincoln, 2005).

This research approach is compatible to the research problem. Exploring the role of leadership in embedding a culture of digital transformation is not an issue of answering generic questions for simple answers. This research problem requires people to give insights that are based on experience or observation. Qualitative research permitted the researcher to explore the elements of leadership in digitising an organisation and its operations, and how embedding a digital culture has influenced change in the business, the functionality of the staff and the engagement with the customer pool.

Furthermore, garnering information on how certain roles influence a certain culture required in-depth discussions that are not limited by restrictive questionnaires. Rather, addressing this research problem required the participants or research subjects to be examined to determine how to make sense of the research problem out of their own real-life experiences.

### **3.2 Research Design**

A phenomenology research design approach seeks to interpret the essence of a phenomenon by exploring the lived experiences of participants. Phenomenology is the study of human experience and of the way things present themselves to us in and through such experience (Sokolowski, 2000). The data collection was done through in-depth interviews with the individuals experiencing the phenomenon to obtain a complete and clear picture of their experiences (Burns & Grove, 1998). Phenomenological research is designed to gain insights into commonly shared experiences of a phenomenon. Given the fact that the exploring and embedding a digital culture involves the creation of a common and shared understanding of expected attitudes and behaviours of an organisation, phenomenological research renders itself an optimal design approach (Burns & Grove 1998). This research made use of semi-structured interviews to gather insights from the lived experiences of the participants on the phenomenon of this study (Creswell & Poth, 2017).

Semi structured interviews were found to be more appropriate because they allow the researcher the flexibility to explore in depth complicated questions with non-standard responses from the participants (Saunders & Lewis, 2012). The researcher could also ask further questions to test the understanding of the participants' responses and to probe further for deeper insights.

The inductive approach was used to relate the responses of the participants to the semi structured interviews to the literature and theory available for that question (Creswell & Poth, 2017). The inductive approach is appropriate to gather and develop

insights from the lived experience of the participants on the phenomenon of this study. Open-ended in-depth questions were asked in the interviews to allow the researcher to capture a complete picture of the behaviours and attitudes within the organisations.

Due to the research questions focusing on retail banking in South Africa, it was pivotal for the researcher to engage with individuals from departments that were more exposed to digital transformation in their different financial institutions. These individuals comprised of people from sales, ICT, finance, and customer support. Individuals from these departments had better knowledge when it comes to a digital culture as their operations are digitised. Their experience with digital transformation in their occupations allowed them to be more insightful when engaging with the researcher; opening the door for in-depth discussions based on how these subjects define the research problem from their personal experiences.

### **3.3 Data collection methods**

The primary source of data collection was semi-structured interviews with the identified participants, and these were used to gather insights from the lived experience of the participants. South African banks with a clear digital transformation strategy were considered in this study and interviews were conducted with members of the board, the executive team, and middle management who work in specialist areas such as IT and frontline managers. The identified members are involved in the research and developments within the banking sector, and they play a crucial role in making decisions and influencing decisions that can foresee the success or failure of embedding a culture of digital transformation, but most importantly, they are in positions that enable them to provide the data that could answer the research question.

The semi-structured interviews with each participant were expected to last approximately 90 minutes on average. The length of the interview was tested through pilot interviews before the start of the field work (Kallio et al., 2016). This approach helped the researcher in terms of time management in relation to refining and prioritising the right questions. The researcher pursued both face-to-face and online semi-structured interviews as this allowed convenient flexibility and enabled the researcher to observe nonverbal reactions when the participants were responding to the interview questions. The researcher recorded the interviews using recording devices, namely a Dictaphone and Cell phone. Recordings were then transcribed, and they formed the basis for the content analysis. The researcher also took field notes

during the interviews. The main purpose of field notes was to allow the researcher to capture specific observations or insights from the interview.

The format and structure of the interviews was similar for all participants. Seidman (2006) proposes an interview structure that comprises three parts, namely, background and context; present situation; and reflection on past and present experiences with the phenomenon. The researcher started each interview with casual and general questions to ease participants into the process and to also create rapport (Sorrell & Redmond, 1995). Thereafter, the interviewer then focused on the main research questions, starting with questions that focused on the role of leadership in embedding a digital transformation culture within South Africa's retail banking sector. The semi-structured nature of the interview enabled the researcher to ask to follow up questions, where necessary. In such instances, these questions would be based on the participant's last response, and they were intended to probe for further details and deeper insights from the respondents (Creswell & Poth, 2017).

Given the qualitative and semi-structured nature of the interviews, it was imperative for the researcher to actively engage and practice deep listening during the interviews. Deep listening involves techniques of active listening to signal to the participant the researcher's levels of engagement and interest in the interview process (Jong & Jung, 2015). The researcher only asked pertinent and relevant questions while avoiding repeating questions that might have signalled a lack of interest and attention. Deep listening also allowed the researcher to be able to paraphrase the participants' responses using their language, thereby indicating that the research is actively engaged.

### 3.3.1 Interview Protocol

Establishing a good relationship upfront is critical in making the interviewer relate with the subject and the researcher, to ensure that deep and rich insights are extracted from the interview (Jong & Jung, 2015). The quality of the conversation and hence the quality of the qualitative data from these interviews were improved. Through sharing personal experiences, the researcher indicated openness and a willingness to connect with the participant without, however, overshadowing the participant's experiences. Key to this objective was also the researcher's ability to share objective personal stories, where necessary, to increase trust and willingness by the participants to be more forthcoming in their responses.

Documents in the public domain and literature provided the secondary source of data. This data source assisted the researcher in setting the context and providing interpretation to some of the observed findings. Company reports for monitoring and tracking the number of activities in each period provided a measure for the degree of compliancy and progress to the initiatives.

### **3.4 Population and sample**

The unit of study for this research was within the retail banking sector in South Africa whose development and sustainability of embedding a digital culture is driven by the top leadership's decision-making process and lower-level leaders' ability to implement the organisation's objectives. The researcher used members of the financial leadership within the banking sector.

#### **3.4.1 Population**

Qualitative research has smaller sample sizes compared to quantitative research (Guest et al., 2006). A minimum sample of 8 candidates were used, however the actual number of interviews depended on when the researcher achieved data saturation or coding. Data saturation is a common principle used in qualitative research; it is reached when enough information about a study is obtained to develop a valid understanding of a study and when further coding is no longer feasible (Fulsch & Ness, 2015). Coding is how you define what the data you are analysing are about (Gibbs, 2007).

#### **3.4.2 Sample and sampling method**

The sampling method was purposive, and this form of sampling is also known as judgmental, selective, or subjective sampling. Purposive sampling is a technique that is used where the researcher uses their own judgement to determine which members of a population will participate in the study (Etikan, 2016). The researcher compiled a list of requirements that qualified a subject to be included in the research from their different populations. This was to ensure the relevancy of the subjects in relation to the research problem based on real life experience.

This is important when it comes to answering the research problem as it allows the researcher to choose the most relevant samples that can answer the research question with a more informed and experienced view. Moreover, the research will also understand the risk governance of the target organisation such as the utilisation of the King IV and Enterprise Risk Management framework, then the research will aim to interview all three lines of defence because these lines of defence play different roles

of leadership in embedding a culture of digital transformation within the banking organisation.

**Table 1: Profile of respondents (by context):**

<b>POPULATION</b>	<b>DESCRIPTION OF RESPONDENT</b>	<b>NUMBER SAMPLED</b>
<b>Leaders within the banking sector</b>	• Board members	1
	• ICT managers	3
	• Finance Department managers	1
	• Executive team	2
	• Frontline managers	1
<b>Total number of respondents:</b>		<b>8</b>

### 3.5 Research Instrument

The research instrument used was an interview protocol. The respondents did not receive questions from the researcher prior to the interview. This was done so as to avoid preparation for the interview. The aim of the interviews was to ensure that the engagement between the researcher and respondent is organic. The respondents were informed of an upcoming interview without disclosing the research questions. The interview guide in Appendix B was the direction of questioning that was followed by the researcher; in addition, Appendix A informed the respondents of the general idea of the interview as well as a stipulation of their rights during the process.

- **Advantages of Semi-Structured Interviews (Adams, 2015)**
  - They feel more like conversations
  - They leave room for creativity
  - Can be tailored to the desired direction of the researcher
  - Positive rapport between the researcher and subject
  - High validity in collected data
  - Complex questions or sessions can be clarified further
  
- **Disadvantages of Semi-Structured Interviews (Houlis, 2018)**
  - Time consuming and expensive
  - Researcher may influence the respondent through unconscious signals
  - Very dependent on the skill of the researcher

- Researcher may forget the more important discussions due to constant deviations
- They can sometimes be biased

### **3.6 Procedure for Data Collection**

The respondents were contacted via telephone to set up a face to face or online interview that suited both the respondent and researcher. The employee's sample of leaders within the banking organisations was reached through contacting the HR department to obtain the details of the desired characteristics or positions of employees from retail banks. The researcher kept a log detailing the date, time, place, name of participant and the number of the interview as a way of tracking the data collection. All the supporting documentation provided by the participants were also captured in the log. The log, together with the notes, recordings and documents were stored away in a secure and easily retrievable location.

Conducting interviews is a time-consuming activity and the participants are company leaders who are usually constrained for time, as such the researcher specified the expected duration of the interviews in the interview request. The researcher must be time conscious and vigilant in the time management to avoid unintentional overruns (Jong & Jung, 2015). To achieve this, the researcher tracked and kept control of the interview and communicated with the participant when the interview was ending while allowing time for the participant to reflect and draw meaning from their experiences.

The researcher made sure that the duration of the interview was in line with the agreed timeframe. The longest interview lasted for 47 minutes and 17 seconds and the shortest lasted for 32 minutes and 26 seconds. At the end of the session, the researcher followed a protocol for closing the interview that included thanking the participants for their time and stopping all audio recordings before excusing themselves from the interview. However, at the request of the participant, the researcher may continue with an informal discussion if it is convenient to do so. This conversation should not be recorded as it will likely fall outside the written consent thus difficult to use (Seidman, 2006).

### **3.7 Data Analysis and Interpretation**

The qualitative research method involves a continuous interplay between data collection and data analysis (Strauss & Corbin, 2008). To gain an understanding of leaders' lived experiences in embedding a culture of digital transformation within the retail banking, the researcher used the methodology of data analysis and coding. Creswell and Poth (2017) mandate the traditional approach in the social sciences that allows the codes to emerge during data analysis. Coding qualitative data makes it easier to interpret respondents' feedback by quantifying common themes in their languages.

This method of analysis permitted the researcher to use the experiences of the samples to answer the research questions. This method not only engages the respondent with the research problem, as an extension, the researcher will have real life experiences and interpretations from the subjects to compile data on the research question. This coincides with the instrument of research which in this case was semi-structured interviews where the researcher and respondents were engaged in a conversation around the research problem.

A qualitative computer data analysis programme was used in the analysis of the data. ATLAS.ti is a computer data analysis programme which was used in organising, sorting, and searching data from the text files of the transcriptions (Creswell & Poth, 2017).

### **3.8 Limitations of the Study**

- Some of the respondents were not all available to participate in the study mainly due to Covid-19 restrictions, this weakened the collected data and limited the sample size.
- The Covid-19 Pandemic caused difficulties in conducting face to face interviews and this limited the level of engagement especially from the body language perspective.
- Retail banking is a large sector, and the samples may not balance when rationed against the whole population. The study used small sample sizes due to the time-consuming nature of the data collection methods that make it difficult to get as many responses as a survey would provide.
- The research questions were limited to exploring the role of leadership in embedding a digital transformation culture and the risks of not embedding a digital transformation culture within the South African retail banking sector. The

sample size means that the results can be generalised across the whole population due to diligence in the data collection process i.e., chain of evidence and the use of interview protocol.

### **3.9 Transferability, Credibility and Dependability**

#### 3.9.1 Transferability:

Transferability speaks to the degree in which the findings of qualitative research can be transferred to other contexts or settings; primarily the responsibility of the one doing the generalising (Firestone, 1993). This research does not have transferability as it is restricted to the digital culture embedded by leadership which leaves nothing else for interpretation besides the research questions. This can be amended to another context when solely looking at the role of leaders in organisations as a general idea instead of their role in digital transformation.

#### 3.9.2 Credibility

Based on Korstjens and Moser (2017), credibility determines whether research findings contain conceivable information obtained from the respondent's original data, and whether it is an accurate interpretation of the respondent's view. This research meets the criterion of credibility because there is a use of data triangulation through the different populations where samples were drawn from. In addition, there is clear focus and depth that has been placed on the elements of this research problem, which are digital transformation, digital culture, risks associated with failures of not embracing digital transformation and the roles leaders play in this context. Furthermore, the time dedicated for this whole research to be undertaken and the method of data collection, which is through engagement and long interviews, ensured the credibility of the findings.

#### 3.9.3 Dependability

Dependability basically speaks to the transparency the researcher will approach the entire research process. This means the steps that are taken, the findings and the limitations that are expressed in their fullness without alteration or tempering to ensure that there is a clear audit trail that can be followed. All the records that were involved were kept and included in the study to maintain dependability.

#### 3.10 Demographic Profile of Respondents

The demographic profile of this research was not specific as the research problem is not influenced by gender or racial profiles. Rather, it focused more on placements within the retail banking sector in South Africa whose development, embeddedness

and sustainability of a digital transformation culture is driven by the top leadership's decision-making process and lower levels leaders' ability to implement the organisational objectives.

### **3.11 Ethical Considerations**

The researcher respected the rights, opinions, needs, values, principals, and desires of participants and sought their consent to record and use the sensitive information that may be shared in the data collection interviews. The following measures safeguarded the right of the participants:

1. Research objectives were clearly communicated to the participants both verbally and in written form.
2. Written consent to continue with the study was derived from the participants in writing.
3. The participants were notified of all the data collection devices and activities.
4. Validation of the transcription of the interviews was obtained from the participants.
5. The participant could choose to be anonymous.
6. The participants' rights and wishes came first and these were to be respected when it comes to reporting the data.

## **CHAPTER FOUR: FINDINGS**

### **4.1 Introduction**

This chapter presents the research findings based on the analysis of the semi-structured interviews which guided the analysis of the research findings. The focus of this research was on exploring the role of leadership in embedding a digital transformation culture within South Africa's retail banking sector. The following research questions were posed:

#### Research question 1

What is the role of leadership in embedding a digital transformation culture within South Africa's retail banking sector? The question considered the organisational, leadership styles, and strategic plans employed to ensure a successful digital transformation process, as well as the technology, and human resources management systems.

#### Research question 2

What is the risk of not embedding a culture of digital transformation in the retail banking sector? This question focused on risk management, organisational learning, and awareness.

Semi-structured interviews provided insights based on the participants' experiences and knowledge.

#### 4.1.1 Coding Analysis

The method of data analysis and interpretation used in this study was coding analysis, which involves labelling and organising qualitative data to identify different themes and the relationships between these themes. This coding methodology requires the analysing of the transcripts with codes being allocated to groups of similar sentiments from the participants. This grouping of similar and related codes enabled the identification of various themes, which were linked to the research questions based on their theoretical framework (Creswell & Poth, 2017). Thirteen codes were identified using this system.

This chapter presents data with respect to the research questions and questions posed during the interviews. Participants were numbered chronologically in the order they were interviewed.

## 4.2 Research question 1

4.2.1 The question posed was: What is the role of leadership in embedding a digital transformation culture within your organisation?

Three participants highlighted that the leadership of the organisation needs to provide its employees with a compelling vision and appointing experts with both industry and functional experience to lead the digital transformation functions. They highlighted the importance of introducing policies that are more transparent, inclusive and customer centric.

One participant highlighted that technology is advancing at an exponential rate and as such, this evolution is impacting almost every aspect of our lives. The nature of work is changing, as well as the mode of transport and our needs in general. In maintaining with this pace, leaders have the responsibility of creating a suitable and conducive environment that effectively and efficiently caters for our needs. Leaders should introduce new policies that speak to new challenges that are associated with digital transformation. These policies should be transparent in a way that should be able to address the unique challenges that are experienced within the South African retail banking sector; challenges such as the digital divide, skills shortages, crime, etc.

Another participant highlighted that the sequence of digital transformation moves faster than systems being embedded into most organisations, and this leads to habits which can inhibit innovation; therefore, leaders must be very careful in ensuring that people do not fall into a pattern that cannot sustain innovation. This can be addressed by consistently embedding digital transformation with new ways of thinking and continuous learning practices.

**Participant 6:** "I strive for innovation and continuous learning, it's all about continuously raising the floor to break the ceiling and attaining new heights."

Three participants highlighted that, for leaders to effectively execute their role in embedding a digital transformation culture, they should have comprehensive knowledge in management, analytics, and information technology, and should be extremely curious. A well detailed personality and risk-taking personality were some of the highlighted attributes required for leaders to effectively embed a digital transformation culture.

One more participant alluded to the fact that this role requires a person that pays great attention to detail and is curious and must be willing to take risks. Therefore, risk taking should be associated with allowing people to make mistakes and letting them learn from their experience.

#### 4.2.2 What types of leadership style will be appropriate in initiating and leading a successful embedment of a digital transformation culture?

Most participants highlighted that leadership has evolved from authoritative to more of a coaching style of leadership which is more engaging and empowering. The ability of leaders to use motivation more than coercion is a vital attribute. Leaders need to develop a team building spirit and they should be more exemplary in the desired behaviour that they want to be adopted throughout the organisation.

Three participants indicated that leadership is about using experience and expertise to empower and create other leaders. This involves leading by example, coaching, and mentoring so that they can be more effective and make rightful decisions.

**Participant 2:** “My style of leadership is about partnering and teamwork, this approach empowers people and makes them feel special and respected.”

Two participants highlighted that the use of an integrated and flexible approach to leading has proven to be more transparent and effective in improving innovation by allowing the shift away from the standard siloed departmental functions to a coordinated and integrated operational improvement; some business units have been integrated into a single unit. This has presented an opportunity to reimagine new ways of doing things, ultimately improving customer-experience and service excellence while minimising waste.

One participant indicated that working environments mainly consist of people from a diverse cultural background and most of the business solutions are team driven, therefore, leaders have the responsibility of prioritising and initiating team building activities.

#### 4.2.3 How would you describe the existing digital transformation culture within your organisation?

Four participants highlighted that the digital transformation culture within retail banking is experiencing a transitional phase of digital maturity. Digital transformation is one of

the most trending topics in this sector. The will and desire to learn new digital skills is being motivated by the fear of job losses. Four of the participants acknowledged that the leadership's openness and communication had been crucial in shaping the desired organisational culture.

Two participants highlighted that digital transformation culture within retail banking is currently experiencing a transitional phase in terms of improving digital infrastructures, reskilling, downsizing, policy reviews, etc.

**Participant 1:** "We have a variety training programmes that are aimed at equipping employees with necessary skills. Most people are slowly but surely beginning to get a grasp on digital transformation."

Five participants highlighted that communication has been a game-changer. Leaders have been open and honest about the survival of the organisation which heavily depends on digital transformation. This approach to communication has educated most employees about the importance of embracing a digital transformation culture, specifically in relation to learning new digital skills and avoiding retrenchment.

4.2.4 Do you feel that there is sufficient communication and emphasis around digital transformation within your organisation?

Three of the interviewed participants indicated that several interventions have been made to enhance awareness and propel digital transformation, but there is still room for further improvements. They further alluded that several communication strategies using different communication platforms such, as town halls, social media, and expos have been used to make sure that the message on embedding a digital transformation culture is being well received by all stake holders.

Three participants indicated that consultations with experts within the digital fraternity have allowed for engagement with all stakeholders within the banking sector thereby allowing transparency and participation in decision making. This engagement has allowed for an effective and efficient communication process about the relevance of digital transformation by avoiding duplication and the spread of fake news about digital transformation. It is empirical for all stakeholders to speak the same language and have one voice about embedding a digital transformation culture. These engagements are being made accessible through townhall and online streams.

Two of the participants argued that much still needs to be done to ensure that the message on the relevance of embedding a digital transformation culture is effectively

communicated and well received especially in communal areas and marginalised communities, therefore there is still some element of mistrust due to lack of communication in engaging all stakeholders at all levels regarding technological changes due to digital transformation.

**Participant 4:** “Poor ICT infrastructures in certain areas has been a limiting factor.”

Two participants highlighted that awareness should be conducted in all local languages to ensure that all stakeholders are well informed about digital transformation, especially people in rural areas.

4.2.5 What is your organisation’s stance on making sure that the embedment of a digital transformation culture is sustainable and remains relevant within the retail banking sector?

All participants indicated that their organisations’ stance was to fully support embedding a digital transformation culture. Most participants highlighted continuous learning and innovation as some of the key drivers towards sustaining a digital transformation culture and organisational growth. Three participants highlighted resource mobilisation and rewarding best performing employees as some of the crucial steps to motivating employees to continuously learn, improve and strive for perfection.

Two participants highlighted that most organisations have adopted strategies that support building a learning culture. These strategies involve job rotations for example, employees working at different business units for a certain duration or mixing different teams under one business unit to have much broader perspectives on problem solving and knowledge development.

**Participant 5:** “We have training programs which are free for our staff members.”

One participant indicated that organisations have realised the need of increasing their budget to mobilise enough resources and support digital transformation initiatives such as reskilling, scholarship funding and internship.

Three participants highlighted those best performing employees are being rewarded in terms of demonstrating innovation and productivity.

Three participants indicated that some organisations have a rigorous culture about training, and when people do not complete their training, the process automatically locks them out of the systems and only allows accessibility when training is completed.

4.2.1.6 Does the organisation exemplify a digital transformation focused mind-set and culture?

Five participants highlighted that there are dedicated teams that are tasked with the process of fostering a culture of development within the organisation. Hence, when asked for views on culture development, three of the participants were quick to highlight the fact that they had a culture team which is tasked for ensuring transformation.

Three participants acknowledged that organisations have a culture team which is tasked with promoting organisational culture, though learning and understanding the culture of large organisations requires a great deal of experience.

Two participants indicated that the mind-set is being exemplified by hiring experts with diverse knowledge, skills, and relevant experience in digital transformation.

**Participant 1:** “Acquiring a well skilled workforce has helped our organisation in cultivating a culture that is well embedded with digital transformation.”

4.2.1.7 What type of strategic initiatives has management undertaken to ensure a successful embedment of a digital transformation culture within your organisation?

Six participants indicated that their organisations have digital transformation strategic initiatives which tend to be dynamic according to departmental functions. According to four participants, these strategies are characterised by long and short-term initiatives depending on the departmental functions and they are executed accordingly.

Five participants highlighted that some of the strategic initiatives include migrating to a cloud-based platform service which has led to restructuring some of the organisational functions such as outsourcing cybersecurity functions and using interpreted and hybrid strategies to complement newly introduced lean and agile strategies.

**Participant 1:** “Migrating to a cloud platform has improved our efficiency and removed some of the siloed and legacy systems that were less effective.”

One participant indicated that some of the short-term strategies are designed to build up to long term strategies, such as identifying and developing training needs assessments that will develop to build autonomous teams that are able to make their own decisions and make customers feel that they are a key asset to the entire business.

Three participants highlighted that some of these departments are still functioning in a siloed way, and this is creating a poorly coordinated approach to executing some of the strategic digital initiatives. The banking sector has a considerable number of digital strategies in its units, but some units are well ahead, and some are behind in the digital transformation journey, there is thus lack of a well-coordinated effort.

### **4.3 Research question 2**

The second research question which was posed related to organisational risk of not embedding a digital transformation culture within South Africa's retail banking sector.

These experiences informed how they characterised the organisational risks of not embedding a digital transformation culture. Their unique position of being implementers of strategic initiatives within the retail banking sector and proximity to the leadership of the industry made the insights of the participants invaluable.

#### **4.3.1 What is the risk of not embedding a culture of digital transformation in the retail banking sector?**

All participants indicated that digital transformation plays a crucial role in the growth and survival of their enterprise, therefore failure to embedding a digital transformation culture will lead to poor economic performance and result in job losses and business closure. Three participants highlighted that awareness and education play a crucial role in informing people about the risks of not imbedding a digital transformation culture. Below are comments by participants.

**Participant 1:** "Failure of embedding a digital culture will lead to significant downsizing and closing down entirely."

**Participant 7:** "The cost of running a traditional branch is more expensive than that of technology-based banking."

Three participants highlighted that the failure of embracing digital transformation will result in poor economic performance, loss of skilled workforce and job losses.

Two participants indicated that leaders should leverage on embedding a digital culture within their organisations as it will set them apart, make them profitable, attract a larger market and make them grow in their competitive streak.

Two other participants indicated that organisations risk losing a well experienced work force if a digital transformation culture is not embedded in their systems.

4.3.2 How would you describe the perceptions and attitudes of people within your organisation towards digital transformation?

Six participants described their organisations as going through a digital transformation and culture-building phase, therefore there has been a sense of curiosity about machine learning and artificial intelligence, especially with regards to job security. They further alluded that digital transformation is creating more inclusive and transparent organisations. Customer experience, employee wellness and development have been realised as crucial elements in the development and embedment of a digital transformation culture.

Two participants highlighted that there is a high level of curiosity with regards to job security, data privacy and skills requirement. The high sense of urgency around digital transformation and AI is acting as a reinforcement for people to embrace digital transformation.

Five participants highlighted that the negative attitude and perception towards digital transformation is slowly but surely diminishing as people are becoming more optimistic about digital transformation. This change of attitude is due to good leadership and communication about the relevance of embedding a digital transformation culture. Leaders have effectively managed to convince people not to see digital transformation as a threat, but rather an opportunity for positive change and growth.

**Participant 7:** “People have mixed reactions towards digital transformation depending on who you ask, some are quite optimistic and others not, but the leadership is doing a great job through awareness initiatives.”

Another participant indicated that decisions have become data driven and this has improved transparency and the wellness of employees.

#### 4.3.3 What key aspects has information communication and technology played in shaping a digital transformation culture?

Most of the participants highlighted that technology provides the underlying infrastructure that supports and enables the organisation's processes and procedures, including management support. Five participants highlighted that most organisations have invested significantly in technology such as the cloud platform service to enable all employees to work from anywhere at flexible hours. They further alluded that, platform services allow clients to have unlimited banking services at anytime and anyplace, if internet connectivity is being made available and enabled technological services provide user experience that is seamless.

**Participant 7:** "The success of embedding a digital transformation culture is highly influenced by the amount of investment in ICT."

Four participants highlighted that digital transformation has democratised banking by putting the power in the individual's hands. Banking applications allow clients to access their accounts, open a new account and perform all types of queries at any time they feel like.

Three other participants highlighted that the usage of automated bots and RPA enhanced customer experience. Clients can now call the bank at any time and still get assisted, further highlighting that ICT investment has improved the efficiency of resource utility; card printouts and machine maintenance have declined due to digital banking.

#### 4.3.4 Does your organisation's governance and functioning structure support the embedment of a digital transformation culture?

Most of the participants agreed that good leadership and a well governed and coordinated structure has been instrumental in ensuring that appropriate attention and resources are provided to enable the embedding of a digital transformation culture in line with the organisation's strategy.

Two participants highlighted that digital transformation has enabled most banks to reorganise and restructure different business units and integrate them into one unit to have an end-to-end seamless functioning system.

Five participants highlighted that digital transformation is no longer just a buzzword, but a necessary function of the business. Organisations have now recruited digital experts in their organisational structures e.g., information officers, digital and chief

digital officers. Additionally, dedicated agile digital transformation teams are selected and required to monitor and ensure that all digital services operate efficiently and effectively within organisations.

Two participants highlighted that the financial services are a highly regulated sector, and as such, management provides support by establishing systems that provide a framework for governing and ensuring standards and compliance within the organisation. The governance and control function guide the execution of digital transformation strategies.

Most participants highlighted that good governance policies have played a crucial role in laying a foundation for embedding a digital transformation culture through compliance, transparent policies, quality assurance, etc.

#### 4.3.5 What risk management measures are undertaken to ensure compliance?

Three participants indicated that some of the risk management guidelines undertaken include the on-boarding of vendors engaged in digital entrepreneurship and the development of digital tools onto the organisation's environment.

Three participants indicated that all digital vendors or software applications had to undergo a vendor approval process via organisational committees before they were onboarded onto the organisation's environment.

#### 4.3.6 What challenges have you experienced in embedding a culture of digital transformation in your organisation?

All interviewed participants acknowledged the shortage of critical skills and retaining staff members with those limited critical skills as being one of the main challenges. Five participants highlighted that those individuals with digital transformation expertise are scarce. They also highlighted the existing inequality which is leading to increasing the digital divide amongst South Africans.

**Participant 1:** "The limited number of experts with digital skills has always been a problem to our organisation."

Six participants highlighted that recruiting individuals with the right digital experience and skills is a major challenge due to the limited number of qualified experts. Vacancies are being filled as soon as they are made available, and this is done to avoid the risk of losing experienced and skilled candidates to competitors.

One participant indicated that poor ICT infrastructures limit their level of engagement with some of their stakeholders.

One more participant indicated that the challenges involved in the costs of hiring and replacing employees should be considered, therefore they keep and look after their staff members for the development and sustainability of organisational culture.

4.3.7 What motivational mechanisms are employed by your organisation to reinforce the desired behaviour that will foresee a successful embedment of digital transformation?

All participants indicated that their organisations reward their employees with various incentives to reinforce the desired behaviours that will successfully embed a digital transformation culture. Two participants highlighted those employees exhibiting the expected behaviours are rewarded and celebrated.

Two participants highlighted that performance rating mechanisms are used as key motivating factors and talent recognition tools.

Six participants highlighted that, various mechanisms are used for rewarding employees e.g., financial reward, promotion, vacation, shopping hampers, etc.

**Participant 7:** “We do reward our staff members so that they are motivated to promote the desired behaviour.”

## **CHAPTER FIVE: DISCUSSION OF THE FINDINGS**

This chapter interprets the main findings of the study. Codes and themes are highlighted and aligned to the research questions. The interpretations originate from the findings, as practices within the participants' organisations.

### **5.1 Introduction**

Digital transformation is imperative for businesses seeking to remain relevant to their customers and this is driven by the changing customer behaviour and the adoption of technology for improved operational efficiencies and supporting of new business models. The retail banking sector is one of the industries that is experiencing a significant shift in digitally led operations (Gimpel & Tannou, 2011). With this comes new challenges that threaten the survival of organisations as they transform their operations. One of the most significant challenges is that of exploring the roles that leaders need to play in embedding a culture of digital transformation in organisations.

No sector is immune to global trends; however, the banking sector has made significant technological advancements and enhanced its operational processes by introducing new policies that are more customer centric, inclusive, and transparent. However, technology alone is not a sufficient mechanism for embedding a digital transformation within the retail banking sector. Considerations of the people component of the organisation is vital in the formulation of a comprehensive digital transformation strategy and ensuring that employees within the organisations embrace a culture of embedding digital transformation.

This study explored the role of leadership in embedding a digital transformation culture within the retail banking sector of South Africa. The study conducted a series of semi-structured interviews with senior managers within South Africa's retail banking sector. In this chapter, the findings of the study are analysed and discussed according to the themes which emerged from the data. The codes emerged from the interview protocols, and they were assigned to groups with similar sentiments from participants. The grouping of similar and related codes enabled the identification of various themes, which were identified using the theoretical framework of the study and mapped to the research questions. Table 1 below outlines the coding analysis approach:

The first research question interrogated the role of leadership in embedding a digital transformation culture and employed the theoretical frameworks that underpin the study. Leadership and organisational design emerged as themes because the focus is



## **5.2 Discussion on Research Question 1**

### **5.2.1 Leadership Theme**

#### **5.2.1.1 Create a climate for change**

The retail banking sector is a highly regulated industry, and compliance is at the heart of the organisation's culture. However, as highlighted by some of the participants, the digital culture in retail banking was characterised by fear towards embedding a digital transformation culture, mainly fear of job loss. This resulted to stifled innovation and poor communication amongst departments or business units in this sector. Therefore, for digital transformation to be successfully embedded, leaders have a responsibility of transforming the culture that is more optimistic towards digital transformation and creating an environment where innovation will be the order of the day; therefore, an enabling climate emerged as a code when participants were asked about the role of leaders in embedding a digital transformation culture.

Bolden (2010) argues that leaders must share a compelling vision that the employees can relate with to encourage the behaviour change. The organisations seek to appoint experts with both industry and functional experience to lead the digital transformation functions. Leadership as change agents influences the success of the change by role modelling the desired behaviours (Cameron & Green, 2009). One participant highlighted the importance of leadership in walking the talk and espousing the desired values as key to embedding a digital transformation culture.

Kotter (2012) proposes the following as the initial processes of creating the environment for change: 1) creating a sense of urgency; 2) building a guiding coalition; and 3) forming a strategic vision for change. Below is a discussion of how leaders have been able to create an enabling climate for embedding a digital transformation culture.

Culture transformation is about winning the head, heart, and hands of the organisation for change to stick. To align the organisation to the required for change, Kotter (2012) proposes (as a first step) that leadership must create a sense of urgency. One of the participants noted that the leaders of the organisation communicated that the organisation needs to transform into a digitally led organisation or risk becoming irrelevant to the market. Kotter (2012) supports the idea that creating urgency is essential in the process of securing buy-in around a new strategy. Employees' buy-in seeks the commitment of the individual for the proposed changes and the unit of change is the individual employee. However, with the strategy to be digitally led comes new challenges such as the shortage of skills as indicated by the participants and fear

of job loss, and therefore leaders must create a sense of urgency by fostering training, awareness campaigns, resource mobilisation, improving ICT infrastructures, introducing new policies etc., to protect and safeguard the interests of their organisations at large.

Coercion is used in the initial stages of culture-building as people are usually reluctant to change (Reid & Van Niekerk, 2014b). Since culture takes time to create regular and consistent workshops, and training reinforces the desired behaviours, they should be very pragmatic (Bada & Sasse, 2015). The leadership makes the awareness very visible through using various forms of media to communicate the urgency and these could include, storytelling, cite data, video, print, digital, and leadership engagement through town halls with consistent and authentic messaging.

The second step involves the creation of a guiding coalition. Given the size of the organisation, the desired transformation needs to be driven from leadership through collaborating with leaders from various departments and stakeholders. According to one of the participants, “I think culture is almost passed by osmosis”, therefore creating a guiding coalition of business leaders closer to staff, and trust by their people enables the spreading of the message as well as getting feedback and insights from the organisation. The collaboration may be both formal and informal and this is instrumental in driving the desired change throughout the organisation; thus, the formation of the Chief Digital Officer who is part of the organisation’s executive committee, and the formation of Digital officers within the organisational structure.

#### **5.2.1.2 Leadership style**

The organisation’s leadership style is undergoing transformation from a command-and-control culture to an open and more inclusive style of leadership. Given the consistent change in ways of working, which is mainly influenced by technological developments, the leadership style must change to adapt to the new ways of doing things. When asked about the leadership style required for initiating digital transformation, Participant 4 highlighted that: “I tend to not subscribe to too many fundamentals and processes by promoting new ways of thinking and learning strategies.”

The current leadership style is both transactional and active transformational. McKnight (2013) states that these styles of leadership are complimentary. As the organisation operates in a high compliance and regulated industry, active transactional

leadership is adopted to get everyone to complete their training. Incentives and disciplinary action drive behaviour (McKnight, 2013). Three of the participants reported that the consequences for non-compliance with the awareness training led to either being denied access to the organisation's systems or getting a final warning letter.

The transformational leadership style allows leaders to gain the trust of the organisation through the leadership displaying exemplary behaviour. Transformational leadership places focus on the needs of the individual (Holten & Brenner, 2015). This leadership style is vital in trust-building between the leadership and employees, with the organisation promoting innovation, openness, and transparency. Participant one highlighted that leadership is about using experience and expertise to empower and create other leaders. This kind of leadership is associated with intellectual stimulation, charisma, inspirational motivation, and individual considerations (Holten & Brenner, 2015). Organisational commitment to change is significant for transformational leadership and this results in higher adoption of the desired behaviours and attitudes (McKnight, 2013). Organisations have a structure that consists of experts with significant experience such as digital officers, software developers and system administrators who are capable of successfully cultivating and embedding a culture of digital transformation. The appointment of chief digital officers has been vital in developing a compelling vision and strategy for the digital transformation.

### **5.2.1.3 Communication**

Engaging employees creates a connection between the leadership and employees and this is critical in the development of a trust-based relationship. Kotter (2012) suggests that engagement is vital in winning the hearts of the individuals within an organisation. An engaged workforce is more productive and loyal to an organisation (Merritt, 2002). When asked to describe the existing digital transformation culture within the organisation, four of the participants acknowledged that the leadership's ability to openness and communication had been crucial in shaping the desired organisational culture. Organisations utilise sets of platforms such as WhatsApp groups, emails, and town hall sessions to promote open and honest communication through a platform for two-way conversations. Participant 3 highlighted that communication has been a game-changer; leaders have been open and honest about the survival of the organisation which heavily depends on digital transformation. This mode of communication has motivated employees to be more dedicated, engaged, and optimistic towards embedding a digital transformation culture and securing their

job security. Due to effective communication, the existing culture is more optimistic about digital transformation.

Organisations now have access to real time and accurate information while promoting trust between leaders and employees. Through these engagements, the employees feel that they are part of something, and their voices can be heard, and they can contribute to the success of the business. These are all critical aspects which define the roles of leadership that are embedding a digital transformation culture in the retail banking sector.

Communication also appeared when the respondents were asked about the role of leadership. The leadership encourages courageous open communication and conversation engagement as a way of keeping each other honest and accountable. Courageous conversations are conversations that transcend the barriers of hierarchy and patronage (Brisson-Banks, 2010). People are encouraged to make their voices heard and some speak up; however, there are still others that do not trust the system and choose not to speak out due to several reasons, some of which could be personal and political.

#### **5.2.1.4 Culture development**

When asked about the organisation's stance towards reinforcing and supporting the embedment of a digital transformation culture, culture development emerged as a code. Embedding a digital transformation culture is not a once-off event, but rather a continuous and ongoing process that requires a sustained supporting system that may range from budget allocation, training, communication, etc. Seven participants highlighted that their organisations conducted mandatory awareness training at least twice a year. These initiatives are aimed at ensuring that everyone is riding the digital wave and speaking the same digital language; no one should be left out. Embedding a digital transformation culture requires leadership to ensure that digitalisation is naturally embedded into the daily behaviours and attitudes of the employees.

What gets rewarded gets repeated until it becomes a habit. Organisations recognise and celebrate individuals and departments that exhibit exemplary behaviour. The incentives serve to reinforce the desired behaviour as well as encouraging engagement among the organisations. Some organisations within retail banking have won several awards for their digital innovation, and these awards and recognitions serve as a source of pride for the organisations within retail banking sector.

### **5.2.1.5 Digital Transformation Strategy**

In responding to the question about the digital initiative, all participants indicated that, their organisations have digital transformation strategic initiatives which may vary per business unit, but they are aligned to support the main corporate strategy, therefore digital strategy emerged as the code.

External forces due to changing customer behaviours and expectations, coupled with the innate need for increased operational efficiencies are the fundamental driving forces behind most of the organisations' current strategic direction. The transformational change of strategy must be more digitally focused as well as the internal supporting structures. The digital transformation function provides guidance and strategic direction for organisations in successfully embedding a digital transformation culture. As highlighted by participant 8: "The long-term digital transformation strategy is the development of a communication strategy that ensures that the importance of embedding a digital transformation culture filters through the entire bank." The development of a digital transformation strategy and the embedment of a digital transformation culture is supported by the view of Batteau (2011), which suggests that transformational change requires a change in policy and organisational design.

Organisations have functional strategies which mitigate the impact of digital transformation risks on the business and are aligned to the organisational strategy. The digital transformation function and the corporate strategy are aligned to minimise the effect of change fatigue within the organisation (Cameron & Green (2009). Digital transformation initiatives are well supported with a significant budget allocation, reskilling, talent development and corporate social initiatives.

### **5.2.1.6 Summarising the Leadership Theme**

Leaders play a crucial role in insuring that a digital transformation culture is well embedded by initiating effective and innovative strategies that will lead the organisation in the right direction. As highlighted by most participants, leadership style adopted within the South African retail banking sector encourages greater innovation, collaboration, and communication across departments and organisations for greater information-sharing, transparency, and digital maturity.

Despite the limited number of digital experts and strained resources, leaders engage and walk the talk to build trust in their organisations and embed a culture of digital

transformation. This has been amplified by providing training opportunities, investing in ICT, and removing siloed structures and legacy systems and introducing systems that are promote innovation, efficiency, and transparency.

Through the guidance and leadership of experienced experts, with vast industrial experience, digital function is viewed as a business priority, not a value-added service. Leaders can influence and collaborate with other members in leadership positions to drive the embedment of a digital transformation culture within the rest of the retail banking sector.

## **5.2.2 Organisational design theme**

### **5.2.2.1 Technology**

Technology surfaced as a code when respondents were asked about the key aspects of ICT in shaping a digital transformation culture. For an industry that is going through a massive transition and repositioning, there is a risk of creating change fatigue among employees by introducing a lot of new technology at the same time. Technology has been pivotal in driving behaviour change in how employees conduct themselves and carry out their functions. Most organisations are in the process of fully migrating to cloud and providing platform-based services. Some of the participants highlighted that it is part of the digital strategy to heavily invest in technological initiatives and build autonomous teams that can make their own decisions and make customers feel that they are a key asset to the business.

The challenge is that of the existing digital divide which was also mentioned by some of the participants. In February 2019, during the State of the Nation Address, the Honourable President Cyril Ramaphosa announced the establishment of the Presidential Commission on the Fourth Industrial Revolution which was officially established in April 2019 with a mandate of assisting the government in fostering digital transformation (The Presidency, 2019). This commission will help in bridging the digital divide and unlocking more opportunities presented by the digital industrial revolution and position South Africa as one of the major competitive global players within the digital space. One of the participants highlighted the usage of automated bots and RPA which has managed to unlock more value within the supply chain, thanks to the availability of 5G network.

### **5.2.2.2 Organisational Structure**

Most organisations in this sector are designed based on a divisional structure. The divisional structure is outcomes orientated, enabling each business unit to focus wholly

on a particular market and product segment (Absa Group Limited, 2019). Organisational structure emerged as a code during the discussion of organisational governance and the function structure. All participants agreed that good leadership and well governed and coordinated structures have been instrumental in ensuring that appropriate attention and resources are provided for embedding a digital transformation culture in line with the organisation's strategy.

The individual business units, including groups, are designed based on a functional structure. The functional structure enables the business units to be independent entities staffed with specialists and led by experienced leaders (Tiller, 2012). The functional structure highlights one of the disadvantages outlined by Cummings and Worley (2009), of limiting the view of the employees to the holistic organisational task.

The siloed approach of business functions has been unstructured and integrated with business units with similar functions. The centralisation of resources and skills enables the organisation to reduce duplications of services and to optimise the use of talent and resource allocation (Cummings & Worley, 2009; Tiller, 2012). There are several attributes which indicate that digital transformation is being supported by the leadership and one of these attributes has been that of ensuring that organisational structures are well-staffed and coordinated with the appropriate skills and expertise and well-resourced to achieve the targets that are assigned to them.

The findings of this study indicates that, the interdependencies between business units, technology, users, and risk functions has resulted in increased collaboration between the services and improved the provision to a seamless value proposition. The functional structure supports the required degree of cooperation due to the interdependencies between the services. Chief Digital Officers (CDO) are being given the responsibility of setting digital transformation strategies and the screening of new technology in development and preproduction, while Digital officers, Digital marketing and Digital strategy officers do the execution of the digital strategies as per mandate of their organisation.

### **5.2.2.3 Governance and control functions**

A sound management system is critical in supporting the structure to deliver on the overall organisational strategy (Tiller, 2012) and laying a solid foundation for the operations of the organisation (Cummings & Worley, 2009). Digital transformation is a management system which is enforced through the guidelines and frameworks

outlining the Enterprise Risk Management framework, used to manage and mitigate risk.

Governance and control function emerged as a code when respondents were asked about the risk management which is undertaken to ensure compliance. The organisation's well-defined governance and control processes for managing and mitigating risks extend to managing the digital transformation risk. This is attributable to the high degree of compliance required in the highly regulated sector where the regulatory bodies conduct regular audits to ensure compliance. Most of the participants highlighted good governance as having played a crucial role in laying a foundation for embedding a digital transformation culture through compliance, standardisation, and transparency.

The governance and control function serves as a risk monitoring and reporting function. It provides inputs to the governance committee that tracks the organisation's risk appetite and provides mitigation procedures. The governance and control-based frameworks developed from industry best practices define the processes and procedures for managing the risk. It measures compliance with the pre-defined structures. Management systems support the organisation with compliance with regulatory and legislative requirements by providing support for governance and control and reporting on performance. The governance and control functions assess the potential risk, such as safe working environment, employee wellness, environmental impact, and cyber threats, which are based on directives. The outcome of the assessments informs the type of action required to either avoid the risk or absorb the risk. The management systems play an essential role in communicating the desired behaviours and to provide feedback to leadership on the impact of the change (Cummings & Worley, 2009).

The mandatory compliance courses provide the organisational learning of the desired new behaviour and the types of new technological trends and their implications on the business. Compliance courses are delivered as computer-based training via an online portal on the organisation's intranet. Organisational learning is vital in developing a shared understanding and knowledge for improved organisational performance (Wang & Ahmed, 2003).

The learning platform is integrated with the individual performance reports, thereby providing input to the incentive system. Failure to comply can result in disciplinary

action against the individual. Some of the disciplinary actions include system lockout or final written warnings. Full compliance is celebrated and rewarded.

#### **5.2.2.4 Human Resources Management**

An engaged and motivated workforce is more productive and committed to the organisational strategy, and this is observed through the organisational performance (Cummings & Worley, 2009). Employee engagement is achieved by empowering, sharing information, training, and incentivising the desired behaviour (Cameron & Green, 2009). These four elements are interdependent and should be addressed together for maximum output. The leadership through quarterly town hall meetings engages the organisation in two-way conversations to promote inclusivity, openness and transparency, employee retention and the core values of the new organisational culture.

#### **5.2.2.5 Summarising Organisational Design**

Organisations in retail banking sector have a strong compliance culture; therefore, the creation of a digital transformation culture enhances the compliance culture. The process of culture building is slow and protracted, requiring continuous reinforcement; however, alignment to the vision of the organisation and its structure is needed.

Organisations achieved alignment by creating a sense of urgency based on the need to survive in a turbulent market environment that is rapidly transforming. To ensure the whole organisation design is well aligned and understand the expected behaviours; mandatory awareness and training programs are instituted to provide continuous reinforcement on the organisation strategic vision and framework. Through these initiatives, the organisation can create a shared understanding and awareness on the importance of digital transformation and the risk associated with failures of embedding a digital transformation culture. Additionally, organisational design has provided clarity on roles and responsibilities by enhancing accountability with organisation structures.

The organisations are designed in alignment with the organisational strategy, which mostly include centralised digital transformation functions responsible for enhancing the embedment of a digital culture. The approach allows the provision of effective governance and operational support to the other business units within organisations. The centralisation of the services enabled the organisations to leverage the scarce skills and expertise that were localised in the various business units while reducing duplication of systems.

Structured processes and procedures make up part of the management system supporting the embedment of a digital transformation culture. These include the enterprise risk management framework which provides guidelines on how to manage risks, E-governance frameworks which provides guidelines on digital transformation. The computer-based training platform offers a measurable system for which the organisation can measure and report on employee engagement on training or reskilling of digital transformation.

### **5.3 Discussion on Research Question 2**

#### **5.3.1 Risk management Theme**

##### **5.3.1.1 Organisational learning**

It is inevitable that 4IR will disrupt the traditional workspace in organisations and human capital. As indicated by most participants, proposed new solutions require the current workforce to be reskilled and empowered to support the new digital technologies that companies are using. The ethical debates of offering people meaningful work and upskilling them during the revolution is something that the business must consider, to reduce the unemployment rate and contribute positively towards societal and economic growth.

Organisational learning emerged as a code in responding to the question of cultural development and the risks of not embedding a digital transformation culture. All participants highlighted that technology is constantly evolving and so is the nature of work, therefore organisations should adopt a continuous learning strategy which supports a learning culture and equips employees with skills and the knowledge that is relevant for solving current and future challenges.

Several jobs will be affected by the automation initiative, including white collar roles. In a report entitled “The future world of work” by the World Economic Forum (WEF), it is stated that careers such as accountants and financial analysts will become redundant. They further state that, change management and capacity development programmes are required to upskill and repurpose jobs affected by automation. Practical examples of organisations which have implemented digital transformation, RPA solutions and reskilled their work force include Standard Bank, Absa and Ernest & Young (World Economic Forum, 2018).

The WEF also states that core to the success of any workforce’s augmentation strategy is the buy in from a motivated and agile workforce, equipped with futureproof skills to take advantage of new opportunities through continuous retraining and upskilling.

When considering what the future skills are that are required, Bates (2019) states that skills such as communication, thinking independently, critical thinking, teamwork and flexibility and digital skills are some of the skills that will be needed, therefore for organisations within the banking sector to remain competitive and avoid the risk of losing their relevance, leaders should ensure that a culture of continuous learning is well imbedded in their organisation.

### **5.3.1.2 Awareness Building**

The education and awareness training programmes are deliberate techniques used by leadership to create a sense of urgency and to communicate the desired digitally driven behaviours and attitudes. Five interviewed participants agreed that the organisation provides extensive awareness training on digital transformation as well as the desired actions to ensure the embedment of a digitally driven culture.

Awareness emerged again when two participants highlighted the need for conducting awareness in all local languages to ensure that all stake holders are well informed. Reid and Van Niekerk (2014b) argue that awareness alone is not enough to change a culture; the people would like to act out the desired behaviours. Awareness needs to convert into a common understanding that then becomes part of the shared values of the organisation for it to translate into a habit. The process of moving from awareness into practice requires the leaders to display empathy and to be authentic (Reid & Van Niekerk, 2014b).

One more participant highlighted that there are still some elements of fear and mistrust amongst few individuals. This is due to language barriers leading to mistrust, lack of planning and a communication strategy in engaging all relevant stakeholders regarding the operational objectives and the need for the changes in technology systems. Some of the impacted stakeholders opposed and resisted the introduction of the new automated system due to fears that the system threatens their day-to-day workload and relevance. Lack of effective awareness and clarity on the intended goals subjected some of the teams to sabotage and orchestrated delay tactics to preventing a successful implementation to prove against the benefits of digital transformation.

Having identified the opportunities and factors necessitating the need for an awareness building, leaders have the responsibility of ensuring that the cited threat of losing jobs must be confronted and opportunities and benefits must also be highlighted to all relevant stakeholders and making it certain that they are part of the transformational journey. The success of such digitisation of operations is underpinned

by the operations strategy, buy-in and full support from the leadership. Leadership should also ensure stakeholder support and proper planning and measurements criteria as a sustainable way of mitigating risks and improving the integrity of the digital business systems.

### **5.3.1.3 Digital Transformation Risks**

A sound management system is critical in supporting the structure to deliver on the overall organisational strategy and laying a solid foundation for the operations of the organisation (Tiller, 2012). Risk management is a management system which is enforced through the guidelines and frameworks outlining the Enterprise Risk Management framework used to manage and mitigate risk (Cummings & Worley, 2009). Digital transformation risks emerged as a code due to the highlighted risk associated with the failure of embedding a digital transformation culture.

As indicated by some participants, the retail banking sector operates in a highly regulated industry, and compliance is at the heart of the organisation's culture. However, organisations are experiencing a phase of digital transformation. This transition is creating a climate of fear with regards to job security, data privacy and business survival.

All participants were able to identify the potential risks of failing to embed a digital transformation culture. Some of the highlighted risks involved poor economic performance, thereby leading to job losses, unskilled workforce, and business closure. One of the most highlighted risk is that of using legacy systems which function on standard siloed departmental functions which focus on day-to-day repetitive operational tasks, that will inhibit efficiency, skills development, and innovation.

In responding to the question of the risks of not embedding a digital transformation culture, participants also highlighted the importance of embedding a digital transformation culture and alluded to the efforts being made to ensure a successful embedment of a digital transformation culture which included reskilling, ICT improvements, awareness campaigns, etc. The sector's well-defined governance and control processes for managing and mitigating risks extend to managing digital transformation risks. This is attributable to the high degree of compliance required in the highly regulated sector where the regulatory bodies conduct regular audits to ensure compliance (Absa Group Limited, 2019). The enterprise risk management framework is supported by a robust and consistent governance structure and well

defined and robust risk operating model outlining the roles and responsibilities of other stakeholders.

Having identified the opportunities and factors necessitating the need for digitisation, it is imperative for organisations to strategically prepare for the imminent technological disruption which has an impact on operational structures, culture, and workforce skills. The crafting of optimal process designs needs to consider employees' explicit and implicit knowledge management of the workforce and harnessing new digital technologies to achieve a sustainable operational excellence and the embedment of a digital transformation culture.

#### **5.4 Conclusion**

The organisation has a compliance culture as a subculture of its organisational culture; the creation of a digital transformation culture enhances the compliance culture. The process of culture building is slow and protracted, requiring continuous reinforcement; however, alignment to the vision is needed. Through great leadership and resilience, organisations progress by creating a sense of urgency based on the need to survive in a turbulent market environment that is rapidly transforming. Leadership has ensured that organisations are well aligned with their strategic objectives, and they understand the expected behaviours; structured and mandatory awareness and training programmes provide continuous reinforcement. Through these initiatives, organisations can create a shared understanding and awareness on the risk and barriers to embedding a digital transformation culture and the expected actions to enhance, manage and sustain the embedment of a digital transformation culture within the retail sector, efficiently and effectively.

The increasing level of curiosity and change of attitudes from negative to being more optimistic towards digital transformation is an indication that the awareness messages are taking hold in the people, and that leaders are exemplifying the desired behaviour. Rewarding and celebrating individuals who exhibit exemplary behaviours and attitudes to embedding a digital transformation culture is also instrumental in reinforcing the desired culture. The public celebration and rewarding of desired actions align with the need for greater openness and transparency.

Organisations have been redesigned in alignment with the organisational strategy and to prioritise digital transformation initiatives. The service provides governance and operational support to the other business units within the organisation. The integration of business units enabled the organisation to leverage the scarce skills and expertise

that was localised in the various business units while reducing the duplication of systems.

Through the guidance and leadership of experienced experts, with vast industry experience and international exposure, the digital transformation function is viewed as a business priority and a culture, not a value-added service. Leaders can influence and collaborate with other members in the leadership to drive the embedment of a digital transportation culture within South Africa's retail banking sector.

Structured processes and procedures make up part of the management system supporting the creation of a digital transformation culture. These include the enterprise risk management framework which provides guidelines on how to manage risks, including digital transformation, E-governance policies, and data privacy. The computer-based training platform offers a measurable system for which the organisation can measure and report on employee engagement with the awareness training.

Mckinsey (2017) emphasises the importance of leadership buy-in; without a clear leadership operational strategy to digital transformation, efforts may be met with resistance from key stakeholders (Siegman & Karsh, 1962). There are key guidelines to be considered when approaching the digitisation of operations, starting with a clear communicated message from leadership on the why and how embedding a digital transformation culture will impact the organisation. Leaders have an important role of continuously exploiting and innovating new ways of ensuring that a culture of digital transformation is successfully embedded within South Africa's retail banking sector.

Donavan (2018) states that even though there is fear around workers losing their jobs, it is more likely that they will still be needed, and that AI will likely augment their jobs and not fully replace them. This requires them though to upskill and reinvent themselves. It is inevitable that the 4IR will disrupt the traditional workspace in organisations and human capital. Proposed new solutions require the current workforce to be reskilled and empowered to support the new digital technologies that companies are using. The ethical debates of offering people meaningful work and upskilling them during the revolution is something that the business must consider, to reduce the unemployment rate and contribute positively towards societal and economic growth. This approach will be effective in mitigating and reducing the risks associated with embedding a digital transformation culture within South Africa's retail banking sector.

## **CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Introduction**

This study set out to explore the role of leadership in embedding a digital transformation culture in the South African retail banking sector. It focused on managers involved in the embedment of digital transformation from different functions of organisational structures within the retail banking sector. The choice was made based on the role they play in implementing digital transformation strategies. The managers provided insights based on their lived experiences of the initiatives undertaken by the industry's leadership in creating and sustaining a digital transformation culture within their organisations as expressed in their interviews. This is vital in exposing the underlying assumptions, digital maturity, digital culture, and risk management.

This chapter provides a summary of the research process, findings and the conclusions based on the discussions of the two research questions, and the chapter also provides recommendations and areas for future research.

#### **6.1.1 Summary of the research process**

The aim of the study is restated as follows;

- To understand the lived experiences of the managers and explore more roles they should play to ensure that a culture of digital transformation is well embedded within South Africa's retail banking sector. The study focused on how the approaches and methods were used by the organisation's leadership to develop and sustain the digital transformation culture.
- To explore how the risk of not embedding a digital transformation culture can impact the retail banking sector.

In fulfilling the aim of the study, a problem statement was formulated on the adoption of a behaviour-based digital transformation approach focused on the leadership role in embedding a digital transformation culture within the South African retail banking sector. A review of the available literature on the relationship between leadership, organisational culture, risk management and organisational change management provided insights into digital transformation and culture development. Two research questions were formulated to explore the problem, and these were:

1. What is the role of leadership in embedding a digital transformation culture within South Africa's retail banking sector?
2. What is the risk of not embedding a culture of digital transformation in the retail banking sector?

The design of the study was based on leading retail banks in South Africa. The qualitative research study employed semi-structured interviews with a selection of eight candidates who are in leadership positions from one of the leading retail banking organisations as the primary data collection method. Due to the COVID-19 crisis, sample size was reduced from 15 to 8 candidates; therefore most of the interviews were conducted via digital platforms such as Zoom, Teams and only one was conducted at the institute's premise to enable observations of non-verbal cues based on the interactions within the organisations. The observations and publicly available documentations provided a secondary source of data.

Though the interview sought to explore the role of leadership in embedding a digital transformation culture, the institution's policy prohibited some of the top leadership from revealing sensitive information in interviews and some were just simply not available probably due to the unusual circumstances resulting from the COVID-19 crisis. Limited face to face interviews and access to top leadership proved to be a challenge in that this limited visibility into the strategy formulation process and the deep and thorough insights into the desired culture and its relationship to digital transformation.

The following sections discuss the conclusions regarding the two research questions posed in this study.

## **6.2 Conclusions regarding research question one**

Since leadership is navigating the organisation in a new strategic direction, the leadership style adopted encourages greater innovation, collaboration, and communication across departments for greater information-sharing and transparency.

Leaders engage and walk the talk, so they are perceived as authentic and believable in their messaging to build trust in their organisations. Leadership exemplifies collaboration by engaging and sharing information among the leaders from the various sections. This has been amplified by removing siloed structures and legacy systems and introducing integrated and flexible business strategies that have led to reduced

wastage and improved seamless service via platform service, as well as agile and lean business strategies.

As indicated by one of the participants, there is no single standardised digital strategy, instead, different business units and departments use strategies that are efficiently and effectively designed to attain the objectives. It is more of a learn as we go approach which uniquely speaks to the realities of dynamic markets that are being driven by digital transformation.

While all the interviewees acknowledged digital transformation as a significant driver for the success of retail banking, some of the participants still view it as a technology that is of risk to job security. Digital transformation is not only about technology, but it also involves embedding a digital culture and changing the mind-set of people within the organisation; this is a continuous process that requires time and a continuous dedication of resources.

The retail banking sector is saturated with a climate that contains a significant amount of fear of job loss; some employees perceive digital transformation as a process of replacing humans with robots. This perception will consciously or unconsciously lead to resistance of change by employees; therefore, it is empirical for leaders to identify those fear factors and to emphasise that the digital transformation process is an opportunity for employees to upgrade their skills and knowhow to best suit the markets of the future. This will allow leaders to plan and implement strategic initiatives that will unlock value in digital transformation processes instead of reacting to it.

Improvements in the adoption of the desired behaviour are based purely on the sentiments of the increasing positive rating by clients and increased efficiency. This is problematic in the sense that customers might give biased ratings and other micro and macro factors might influence the rate of productivity such as technological trends, psychological factors, etc.

The findings of this study indicate that in some instances, coercion was required to get people to comply with the digital transformation related training, despite the leadership's effort to create an open and transparent culture that motivates individuals. The leadership style was an interesting finding; however, it was not the focus of this study and should be explored in further research.

### **6.3 Conclusions regarding research question two**

The organisational climate focuses on winning the minds of the individuals in the organisation by providing awareness and understanding of the importance of embedding a digital transformation culture. Leaders' behaviours exemplify these behaviours and should always be consistent and authentic for the employees to embody them; in the same vein, leadership has been active in communicating and mitigating the possible risks associated with not embedding a digital transformation culture.

The leadership has created a climate that promotes openness and encourages innovation through a continuous learning culture. There are, however, some individuals within organisations, due to the legacy culture, that distrust leadership's efforts aimed towards the embedment of a digital transformation culture and this behaviour requires coercion because it has the ability of brewing invisible components of a culture that is resistant to digital transformation and not easy to control. This perception leads to resistance of change by employees; therefore, it is empirical for leaders to communicate the risks of not embedding a digital transformation culture to all employees.

Transformation is necessitated by the changing focus on being customer-centric and civil services are not immune to this change. However, there is an opportunity at a leadership level in which the sector's new digital strategic goals can be shared and made clear to all stakeholders. A well-coordinated industrial effort is required to ensure that all impacted stakeholders are well prepared, equipped, and ready to embrace a digital transformation culture.

The behaviours and attitudes exhibited by some of the participants may be attributed to their professional training and expectations, and not as a rule for the whole organisation. The employees rely on the trust and professionalism of colleagues since the organisation empowers them to know what they have to do, and they then do it, but those with Information Technology skills and are highly involved in digital transformation activities and Internal Audit-related experiences demonstrated a higher degree of caution and compliance than their counterparts; therefore failure to prioritise and propel the embedment of the digital transformation culture will inhibit the ability of innovating, and grooming a well-disciplined and compliant workforce, and this has the potential of compromising the integrity of the banking sector.

The high degree of compliance required in the highly regulated sector where the regulatory bodies conduct regular audits to ensure compliance on the quality-of-service delivery is empirical for strategically mitigating the potential risk of an imminent technological disruption which might have a negative impact on operational structures, culture, and the workforce skills of organisations within the retail banking sector.

The awareness training has enabled the creation of a shared understanding and resulted in some early wins with people enrolling for reskilling and training opportunities imitated by organisations which aim to introduce new skills that will be relevant to the survival of organisations within the banking fraternity. This approach will reduce the risk of job losses and unlock more opportunities not just in banking but other sectors as well.

Due to the transitional state of organisations within retail banking, the organisational culture is yet to stabilise, and once it is stable, it might be appropriate to strengthen the embedment of a digital transformation culture, hence the increased focus on awareness building and training. As the new digital culture is yet to mature, so too is the digital transformation infrastructures. The role of leadership, organisational learning and digital transformation awareness has been made part of the corporate structure and this has resulted into a phase of digital transformation consisting of hybrid and risk mitigation strategies that are aimed at improving South Africa's retail banking sector and associating it amongst the frontiers of digital transformation.

#### **6.4 Recommendations**

- The exponential growth of digital transformation has led to the adoption of technology both in the workplace and at home. This has created an informed and knowledgeable workforce opting to be engaged than to be coerced into behaving in a particular manner. Leaders of organisations embarking on digital transformation programmes need to be deliberate in their change management processes. Leaders need to gain more exposure by affiliating themselves with both local and international organisations that are amongst the frontier of digital transformation; this will necessitate knowledge and skills sharing.
- Create a specialised digital transformation team that is empowered with making crucial decisions with a direct reporting chain to the Chief Digital Officer as this will enhance efficiency in terms of resources mobilisation and communication. This digital transformation team should be enabled to facilitate the process of fostering organisational change in culture and risk management, driven by hard

and decisive action, while carefully considering the human capital aspect through consultations, skills evaluation, and reskilling opportunities.

- Conduct a digital maturity level assessment which aims to highlight the digital transformation gap within the finance sector.
- Initiate a new programme to revisit the partially implemented digital transformation solution to identify improvement opportunities and resolve existing barriers.
- Employees require the organisation's leadership to provide them with a compelling case for change to motivate and ignite the sense of urgency for the change within the organisation. This can be achieved by effectively communicating the risk of failing to embed a digital transformation culture.

The strategic objective for the proposed solution will realise both internal and external stakeholder value by automating processes, and minimising wastes and risks by initiating data driven decisions. Employees will be reskilled and freed from repetitive tasks to partake in decision making and focus relevant tasks that will reduce human errors, improve execution consistency, and improve customer experience.

#### 6.4.1 Academics

This research contributes to the body of knowledge of organisational development, focusing on the leadership role in embedding a digital transformation culture within South Africa's retail banking sector. It can provide a foundation for the development of an academic research design for further research into the development and sustainability of exploring the role of leadership in embedding a digital transformation culture within the South African retail banking sector and other industries.

### 6.5 Suggestions for further research

The rapidly changing business environment requires organisations with greater agility to respond to faster evolving market needs and demands. The outbreak of COVID-19 saw a rapid increase in the demand for remote working, therefore remote working and risks associated with it is an example of a rapidly evolving need that requires great detailed assessment and responsiveness in the development of embedding a digital transformation culture.

The participants cited the low level of both corporate and cultural maturity. A potential area for further research would be exploring the digital transformation maturity levels of organisations within South Africa's retail banking sector.

Awareness building is vital in developing a shared understanding within an organisation of the expected behaviours and attitudes. The awareness-building process requires significant investments to create relevant and engaging content that is continuously updated. Based on the findings from this study, there is no adequately defined quantification of the effectiveness of the awareness-training on building a behaviour-based digital transformation culture. Therefore, potential research would be to develop a model to predict the return on investment on awareness-training in improving the embedment of a digital transformation culture.

Digital transformation has necessitated most organisations within the retail banking sector to migrate to cloud and provide platform-based services; this transition has created a platform for a new set of challenges which include cybersecurity. Cybersecurity risk is an example of rapidly evolving threats requiring vigilance and responsiveness in the organisational response. The financial services sector in South Africa is one of the most regulated in the world, with several regulatory bodies providing oversight into the sector's activities. Since the cybersecurity risk is another type of risk-managed through a well-defined risk management framework, one of the participants cited the low level of both corporate and cybersecurity culture maturity. This presents a potential area for further research, which can be looked at through exploring the cybersecurity maturity levels of organisations within the financial services sector.

The findings of this study indicate that in some instances coercion was required to get people to comply with digital transformation related training despite leadership's efforts to create an open and transparent culture that motivates individuals. Though still in the transition phase, most people are aware of the risks involved in not embedding a digital transformation culture; this could be attributed to some significant degree of awareness that has been carried out within the retail banking sector. The leadership style and cultural dynamics are an interesting finding which should be explored further in future research to provide sufficient insights into the logic of this motivation versus the coercion dynamic.

## **6.6 Conclusion**

The main purpose of digital transformation is for organisations of all sizes to gain the competitive advantage required to remain relevant to customers at a time when switching costs are low for customers. These transformations are organisation wide and range from improvements in customer experience, operational efficiencies, and business models. Leaders play a crucial role in realising these changes, while

technological and process controls are available to mitigate and support digital transformation, the human factor remains the most significant aspect of digital transformation due to its ability to embed the desired culture by practicing a set of defined norms and values.

This study discovered that exploring all relevant roles of leadership and making sure that these roles are well executed by well experienced and qualified individuals is vital in embedding a culture of digital transformation. Education through continuous organisational learning and awareness are critical in driving the message of the desired and expected behaviour and attitudes. Numerous methods of exploring leadership roles and generating awareness are employed to drill the message into the hearts of the followers. Due to the high levels of regulations and compliance within the financial services sector, organisations are experiencing a phase of digital transition by moving to merge their already existing compliance culture with the emerging digital transformation culture.

Awareness alone does not translate into cultural change; the leadership within the retail banking sector needs to be explicitly intentional, authentic, and exemplary by ensuring alignment with the desired action. The risk of not embedding a digital transformation have been effectively communicated through different communication channels. Awareness has not been entirely effective in ensuring that all relevant stake holders speak the same language with regards to the relevance of digital transformation, therefore, more still needs to be done to ensure clarity, trust, and teamwork amongst all stake holders.

The organisations support their strategy by creating well-resourced and expertly led digital teams to lead the digital transformation initiatives and to report progress to all relevant stakeholders such as the board's information technology committee. Given the high levels of regulations and compliance standards within the retail banking sector, mitigation risks are well communicated and executed to safeguard the survival of organisations and ensure job security.

Culture takes a long time to develop; retail banking organisations are in the middle of organisational transformation processes, and they are laying the foundation by creating a climate which is aligned to their digital transformation strategy. The findings of the study illustrate that most of the changes are being implemented to focus on creating the right climate to foster the embedment of the digital transformation culture.

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## APPENDIX (A) Interview Protocol

### 1. Participant's self-introduction

**How would you define your role in the business?**

**Probe:**

- ◇ What are your primary responsibilities?
- ◇ How long have you been with the company?

### 2. Leadership

**What is the role of leadership in embedding a digital transformation culture within your organisation?**

**Probe:**

- ◇ How would you describe the leadership roles and responsibilities within your organisation?
- ◇ What types of leadership style will be appropriate in initiating and leading a successful embedment of a digital transformation culture?
- ◇ How would you describe the environment with the organization that the leadership is creating?
- ◇ As a leader, how are you promoting the desired behaviors concerning digital transformation to your subordinates?
- ◇ What type of strategic initiatives has management undertaken to insure a successful embedment of a digital transformation culture within your organisation?
- ◇ In your role, to what extent do you help promote the desired behaviours of encouraging and embedding a digital transformation culture?
- ◇

### 3. Digital transformation culture

**What is your organization's stance towards reinforcing and supporting the embedding a Digital transformation culture?**

**Probe:**

- ◇ How would you describe the perception and attitude of people within your organisation towards digital transformation?
- ◇ How would you describe the existing digital transformation culture within your organisation?

- ◇ Why is imbedding a digital culture important to your organisation?
- ◇ Does the organization exemplify a digital transformation focused mindset and culture?
- ◇ Do you feel there are sufficient communication and emphasis around Digital transformation?
- ◇ If you could change anything about the current organizational culture, what would you like to see more of?

#### **4. Risk management**

##### **What is the risk of not embedding a culture of digital transformation in the retail banking sector?**

- ◇ What has been the challenges experienced in embedding a culture of digital transformation in your organisation?
- ◇ What key aspects has ICT has played in shaping a digital transformation culture?
- ◇ Does your organisation's governance and functioning structure support the embedment of a digital transformation culture?
- ◇ What risk management measures undertaken to ensure compliance?
- ◇ What motivational mechanisms are employed by your organisation to reinforce the desired behaviour that will foresee a successful embedment of digital transformation?

## APPENDIX (B) Ethical approval



**SCHOOL OF GRADUATE SCHOOL OF BUSINESS ADMINISTRATION ETHICS COMMITTEE  
CONSTITUTED UNDER THE UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)**

**CLEARANCE CERTIFICATE**

**PROTOCOL NUMBER: WBS/BA1974236/202**

**PROJECT TITLE**

Leadership and digital transformation in the South African retail banking sector

**INVESTIGATOR**

Mr. Larry Mutwa

**SCHOOL/DEPARTMENT OF INVESTIGATOR**

MM (Digital Business)

**DATE CONSIDERED**

16 November 2020

**DECISION OF THE COMMITTEE**

Approved unconditionally

**RISK LEVEL**

MINIMAL RISK

**EXPIRY DATE**

30 JUNE 2021

**ISSUE DATE OF CERTIFICATE** 25 November 2020

**CHAIRPERSON** \_\_\_\_\_

(Dr MDJ Matshabaphala)

cc: Supervisor: Prof Pillay

**DECLARATION OF INVESTIGATOR**

To be completed in duplicate and ONE COPY returned to the Chairperson of the School/Department ethics committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

**PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES**

