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The role of middle management in the execution of digital transformation in a South African Bank

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business

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ABSTRACT

Companies in all industries are rapidly transforming their businesses using emerging technologies to adapt to market pressures and stay competitive, focusing primarily on current business models, customer experience, and organisational process inefficiencies. As a result of digital advances, such as smartphone mobility, enhanced customer experience through social media, and a greater understanding of data and analytics, there is a growing need for companies to rethink how they do business and engage with their customers. This is referred to as digital transformation (DT), and the banking industry is no exception. Much has been written in literature about the C-Suite's role in DT, with little mention of middle management's role in the digital transformation journey and its execution.

This research explored middle management's role and influence in the execution of digital transformation in the South African banking sector. The study investigated the role of middle managers in interpreting DT strategy, the competencies they need to execute effectively, the challenges they experience during DT and analysed the impact of their misalignment to DT. A case study method was used to collect data through semi-structured interviews with ten participants in one of the top banks in South Africa. The participants were identified using purposive sampling, and the data analysed using thematic analysis.

The study discovered that middle managers play an essential role in adopting and implementing DT and emphasised the importance of their participation during the entire DT journey. The findings show that middle managers need to

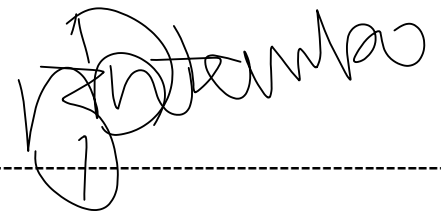
understand DT and its relevance in banking to play a critical role in DT. The results also outline the competencies they need to be effective in DT execution which include effective communication, digital ‘savviness’ and change advocacy. It highlights that their misalignment to DT strategy has a direct impact on DT execution and that they have a role to play in resolving challenges that are encountered during DT.

As more South African companies embark on their digital transformation journeys, the research could aid transformation leadership by developing a middle management strategy to lead various phases of the transformation within their environments while remaining aligned with the overall DT initiative.

Keywords: Digital transformation, middle management, execution, banking.

DECLARATION

I, Zibuyile Nqala, 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.



Zibuyile Nqala

Signed at Fourways

On this……23rd…..day……of…… April…… 2021

DEDICATION

This dissertation is dedicated to my late best friend, Siyasanga Makhwabe-Springfield; Your continuous drive towards your ‘next’, zeal for life and your ‘why not us’ attitude has always inspired me.

To my mother, Nomawabo Mntambo; your unwavering belief in me has removed every imaginable barrier that could have stood between me and where God intended me to be. You have always walked the talk and fought for me to be the very best version of myself. I thank you for your love and consistent support Matshezi.

LIST OF ABBREVIATIONS

DT	Digital Transformation
CEO	Chief Executive Officer
CDO	Chief Digital Officer
CIO	Chief Information Officer
C-Suite	Executive Leadership Team
HR	Human Resources
HRE	Human Resources Executive
COO	Chief Operations Office
CMO	Chief Marketing Officer
CAE	Corporate Affairs Executive
CFO	Chief Financial Officer
CRO	Chief Risk Officer
SA	South Africa
ATM	Automated Terminal Machine
ADT	Automated Deposit Terminal
APP	Digital Banking Application
AI	Artificial Intelligence
IT	Information Technology
FinTech	Financial Technology Company
FCA	Financial Conduct Authority
UK	United Kingdom
USA	United States of America
FNB	First National Bank
SBSA	Standard Bank of South Africa
ABSA	Amalgamated Banks of South Africa

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CHAPTER 1.INTRODUCTION

1.1 Purpose of the study

Organisations are using emerging technologies to radically transform their businesses, focusing on improving key areas, such as customer experience, existing business models and operational process inefficiencies (Vial, 2019; Westerman et al., 2014a, 2014b). For digital transformation (DT) to succeed, it needs to be at the top of the executive leadership's agenda. There need to be management structures in place to co-ordinate its complex activities that usually span different business units and functions within the business (Westerman et al., 2011).

The formulation of DT vision and strategy is typically conducted by the Chief Executive Officer (CEO) and Chief Digital Officer (CDO) with the support of the C-suite leadership (Westerman et al., 2014a). The intention, thereafter, is to extensively communicate the vision and strategy to the organisation, through its management structures, to gain buy-in and to mobilise the organisation (Boutetiere & Reich, 2018). The CDO's core purpose is to drive the DT initiatives and core business functions that will lead to a transformed business (Horlacher et al., 2016). While the role of the CEO and the C-Suite in DT implementation is well document, it is not clear in the literature, however, what contribution middle managers make in the DT process.

Literature indicates that traditionally, middle managers are responsible for interpreting strategy into actionable goals and day-to-day management of the business, influencing organisational change and communication,

operationalisation and execution of the organisation's strategy (Momin, 2018; Rouleau, 2005; Rouleau & Balogun, 2011; Valentino, 2004; Wooldridge et al., 2008). They are also responsible for people management and driving adoption of the strategy with their direct reports from within the organisation (Floyd & Wooldridge, 1996).

The purpose of the study is therefore to explore the role and influence that middle management has on DT and their role in the execution of DT. The study investigates the levers that middle management utilise to deliver on the DT in the context of a South African bank.

1.2 Context of the study

The Fourth Industrial Revolution has brought about opportunities for organisations to relook at how they are currently operating, and to take advantage of the technologies available to reinvent themselves and improve their performance (Westerman et al., 2011). Digital advances, such as mobility (enabling most interaction via smartphones), enhanced customer experience through social media, the understanding of data and analytics, and smart embedded devices are some of the topics with which executives are grappling all over the world (Andal-Ancion et al., 2003; Westerman & Bonnet, 2015; Westerman et al., 2011).

These digital advances are not just about technology, they also involve the business models that drive business value streams, the processes within the organisation that need to be streamlined as well as the intensified engagement with customers (Westerman et al., 2014b). To stay relevant and competitive, organisations should either adopt these new ways of doing business or face the

risk of failure. They have to stress test existing strategies before early adopters of digital technologies carve their way to their customers and disintermediate them (Hirt & Willmott, 2014).

DT is said to disrupt different industries due to the opportunity it presents in using technology to enhance current operating models while significantly reducing operational inefficiencies (Hirt & Willmott, 2014). Financial institutions across the globe are also looking to DT to give them a competitive advantage. Financial services are becoming commoditised, and the traditional revenue streams that industries have enjoyed historically are under threat (Omarini, 2017). The banking industry is one such industry (Citi, 2016). Smartphones have opened new avenues for organisations to engage with customers using faster, streamlined and personalised solutions delivered via mobile applications, and are enabled by some of these key technologies (Westerman et al., 2014a).

It is a point of debate whether there is still a need for extensive physical points of presence for banks, such as branches, when most financial services can be replaced by automated online data-driven contextual solutions, with a strong focus on customer experience and convenience as the major differentiator (Citi, 2016). Banks have thus been engaging in DT programmes taking advantage of technological advances to compete more effectively with other industry players and new entrants, such as FinTechs (Financial Technology Companies) (Liu et al., 2011).

The traditional banks in South Africa (SA) are faced with the same challenges. They have previously competed on segmented value propositions and points of presence, both physically (branches and ATMs) and more recently, digitally (online mobile banking functionality) (Camarate & Brinckmann, 2017). SA banks

have not been oblivious to digitalisation. One of the big four banks, as an example, has used innovation as a key differentiator, focusing digitalisation on driving more customer focused interactions to digital interfaces. Some of these innovations included being the first bank in SA to launch: an automated deposit terminal machine (ADT), a digital banking application (app) with live chat features and opening a bank account on the app using a ‘selfie’ (personal photograph taken on a smart mobile telephone) as proof of identification.

In the digital era, these traditional banks now need to also deal with legacy IT systems that make it difficult to be agile in product cycles. They also have extensive operational costs due to staff and real estate as well as hierarchical and structural considerations (Omarini, 2017). Although the traditional banks have been deliberate about digitalisation, the above challenges make it difficult to compete effectively with new entrants into the banking industry (Hirt & Willmott, 2014).

The SA Reserve Bank has encouraged a welcoming regulatory environment for new digital banks on the horizon (Camarate & Maritz, 2018). These new banks are offering digital-only solutions, low-cost operating models and value-chain integration that enables their value propositions to have great appeal to a SA market that is cash strapped due to a struggling economy (Camarate & Brinckmann, 2017). These new entrants also have the ability to launch new products within a 3–6-month period. Executive leadership in SA traditional banks have also embarked on DT programmes, exploring different aspects of data mining, hyper-segmentation, customer experience and cost-reducing initiatives (Camarate & Maritz, 2018).

Complex DT programmes require a deliberate strategy to utilise the limited resources of any organisation wisely. This includes a strong management team who not only interpret that strategy for the organisation but to lead its execution with the relevant teams (Wooldridge et al., 2008). The role of leadership is an important component of any strategy, more so with a DT strategy because of its overall impact on people, processes, data and technology across the entire organisation (Sainger, 2018). Organisational leadership and management, however, has different layers. Figure 1-1 below depicts such and gives a brief description of the role of leadership at each level.

Figure 1-1: Levels of management in a corporate organisation. Adapted from https://courses.lumenlearning.com/wmintrobusiness/chapter/reading-managers/

The focus of the study is specifically on a senior layer of middle management because they have more authority and influence in the organisation. They also manage and lead large teams within the organisation (Momin, 2018). They have collaborations that require effective communication across business unit functions, and this makes them an appropriate group to study for the purposes of the research (Rouleau & Balogun, 2011).

If DT has an impact on new ways of working, job security and changing expectation, then it will be important to equip middle managers on how to prepare themselves and other employees to deal with such changes (Wooldridge et al., 2008).

1.3 Research problem

DT programmes are complex because they involve the entire organisation due to the nature of transformation required. This typically incorporates digitally enhancing customer experience, optimising business process and business operating models (Westerman et al., 2011). Current research focus is largely on the roles of either the CEO, CDO and executive leadership in DT strategy formulation. Research also emphasises the type of leadership they need to demonstrate in order to execute successfully. These include leaders who signal their intentions, articulate, and create momentum. They also ensure they stay involved in the DT journey throughout, walking the talk and highlighting behaviours and initiatives that are not aligned to DT (Kohli & Johnson, 2011; Westerman et al., 2014a).

Kotter (1995) highlights that a CEO's main role is crafting a transformative vision and communicating it extensively to get employee buy-in. They should provide

direction and create a sense of urgency for the change. Kane et al. (2019) support this view and add that for transformation to succeed, the CEO must also be digitally literate, be adaptable and agile, have a strong digital strategy and foresight. These characteristics will help them navigate the organisation in times of uncertainty and change. Horlacher and Hess (2016) recognise the role of CDOs as that of defining and implementing the digital strategy of an organisation in addition to acting as a digital spokesperson in the organisation. They communicate, negotiate, persuade, collaborate and co-ordinate initiatives and determine the approach to be taken (Berman, 2012). CDOs raise and resolve challenges that might stand in the way of progress.

Detailed research, as above, is not demonstrated in literature to the same extent for the role of middle managers in DT and its execution. This presents a potential limitation in the holistic understanding of key role players in DT, especially when traditionally, middle managers are said to make a significant contribution to the success of the organisation (Floyd & Wooldridge, 1996; Hermkens et al., 2020).

Middle management are at the heart of the organisation. They understand the challenges and fears employees face, the skill levels of the employees, the drivers of productivity, the daily practicalities and the impact of the proposed strategy (Conway & Monks, 2011). Middle managers are considered critical to change initiatives within an organisation, as they facilitative the sense-making process and internalisation of organisational strategy. If done well, it can increase the adoption of these initiatives among employees due to the influence of middle managers (Conway & Monks, 2011; Parry, 2015).

The lack of a deliberate focus on this level of leadership within DT research, therefore, presents an opportunity. Middle management involvement from the

initial stages of digital strategy formulation and planning could have a positive contribution to the adoption of the strategy, for instance. Their misalignment and resistance, however, could have negative consequences to the successful execution of DT. Therefore, the study explores the involvement and influence of middle managers in DT from different perspectives and when their role is most prevalent in the journey.

1.4 Research objectives

To better comprehend the involvement of middle management in DT, the study addresses the objectives laid out below:

1. To understand the role of middle management in interpreting DT strategy for employees
2. To identify competencies needed by middle management to best execute the deliverables and expectations espoused in DT.
3. To evaluate the implications of middle management misalignment to DT.
4. To identify the challenges middle management face during the execution of DT.

1.5 Significance of the study

The role of executive leadership (predominantly CEO and CDO) has been researched quite extensively in DT, and how their roles contribute to the vision and overall direction that the organisation must take, as mentioned in the research problem, is well established (Berman, 2012; Sainger, 2018; Sow & Aborbie, 2018). There is an dearth of research focusing on the role of middle

management and their contribution to the adoption and execution of DT. Preliminary literature on middle management more broadly addresses the role of middle managers in organisational change (Conway & Monks, 2011; Stoker, 2006), in organisational restructuring (Balogun & Johnson, 2004), in the integration of culture in organisations (Valentino, 2004), and in influencing strategy implementation (Ahearne et al., 2014). The role of middle managers in DT research, specifically those that refer to the role of leadership, is rarely featured.

Academically, therefore, this research contributes to the understanding of the role of middle management in literature, with a specific understanding of the role of middle managers in DT. The study provides an understanding of the contribution of middle management to the success factors of DT, and how their involvement in strategy formulation could improve the adoption and the implementation thereof. It also explores whether their involvement will enhance the DT process with input from the ground up. This benefits middle managers by adding clarity to their role in DT and the banking Industry by creating a clear career path for talent development.

From a practical significance point of view, the students registered for studies in Digital Business at the Wits Business School are predominantly existing or aspirant middle managers. The research is a contribution towards an understanding of their roles as middle managers, considering that not all will become CEOs and CDOs in their organisations. This will assist them in adding value.

Finally, the study also investigates the competencies required by middle managers to effectively drive the execution of DT while dealing with a workforce

that combines robotics and humans in future. As more South African organisations embark on their own DT journeys, the research could assist transformation leadership through developing an approach for middle management to lead different phases of the transformation within their environments in alignment to the broader DT initiative.

1.6 Delimitations of the study

The research concentrated specifically on middle managers in banking in SA and excluded other financial service providers. Middle managers in this context include:

i) Senior Managers
ii) Divisional Heads/Managers
iii) Departmental Heads/Managers
iv) Business Unit Heads/Managers
v) Provincial Heads/Managers
vi) Regional Heads/Managers
vii) Functional Heads/ Managers
viii) General Managers

It also excluded front line managers, junior managers, and supervisors. Executive leaders who are fulfilling middle manager functions, for whatever reason, were also excluded.

1.7 Assumptions

- It was assumed that the middle managers that were approached were willing to share their experiences and insights freely and comprehensively.

- It was assumed that middle managers responded honestly to questions posed to them during the interviews.
- It was assumed that the case study was more broadly applicable, based on its context.
- It was assumed that that middle managers played a significant role on the execution and implementation of DT. They are often sidelined in the planning of DT but are key to its successful implementation.

1.8 Definition of terms

Digital Transformation – Westerman et al. (2011) defines DT as the use of emerging technologies, such as Machine Learning, Artificial Intelligence, Big Data, Internet of Things, Robotics, and Cloud Computing, to radically transform a business's performance and reach by focusing on organisational business models, customer experience and operational processes (Westerman et al., 2011).

Chief Digital Officer (CDO) – The CDO is a senior executive who is responsible for defining the digital strategy of an organisation, exploring, and implementing digital innovations and exploiting strategic opportunities. They co-ordinate and drive DT initiatives in an organisation (Horlacher & Hess, 2016).

Middle Management – Middle managers fall between executive leadership (C-Suite) and first level managers. They are responsible for interpreting the strategies set by executive leadership and converting them into specific delivery and operational objectives and goals. They are usually split into a senior layer and middle layer of middle management. Among other functions, they manage

people and are responsible for communicating and driving change in organisations (Wooldridge et al., 2008).

Digital Transformation Strategy - Matt et al. (2015) define DT strategy as a blueprint that helps organisations in governing the transformation that occurs due to integrating digital technologies into its operations. DT strategy acts as a central point of integration for co-ordinating, prioritising, and implementing digital transformation in an organisation.

1.9 Chapter Outline

Chapter one: Introduces the study and unpacks the research problem that has been identified.

Chapter two: Interrogates and evaluates existing academic literature to establish the need for the research. The chapter goes on to outline the propositions made in the study and presents a theoretical framework that needs to be answered.

Chapter three: Outlines and details the research methodology that was used in the study, data collection and analysis methodology and is concluded with how the study proved its quality and credibility and finally, lists limitations of the study.

Chapter four: unpacks the findings of the study, detailing the themes that emerged from the data analysis process. It then reflects how the themes uncovered in the research link to the propositions made in chapter 2.

Chapter five: Compares and contrasts the findings and results of the research against the literature that was reviewed in chapter two and highlights additional findings that may not have surfaced in the literature reviewed.

Chapter six: Provides an overview of the study conducted and its objectives and draws conclusions on propositions derived in chapter two. It also provides recommendations for the field of DT and the banking sector and concludes by making suggestions for future studies

CHAPTER 2.LITERATURE REVIEW

2.1 Introduction

The role of middle management in an organisation has been an area of interest for many authors and has been studied in research on change advocacy and organisational culture influence (Valentino, 2004), strategy making (Barton & Ambrosini, 2013; Floyd & Wooldridge, 1992, 1994, 1996), strategy implementation (Ahearne et al., 2014; Huy, 2002; Momin, 2018) and change implementation (Bryant & Stensaker, 2011; Helfat & Martin, 2015). The authors have argued that middle managers have a critical contribution to make in generating the superior performance of an organisation (Currie & Procter, 2005; Rouleau & Balogun, 2011) and are a critical part of organisational change.

Digital Transformation (DT) is considered a radical, strategic change in an organisation which requires a combination of people, processes and emerging digital technologies to be utilised to transform an organisation to thrive during digital disruption (Boutetiere & Reich, 2018). DT is the type of strategic change that requires a co-ordinated and cohesive effort throughout the different layers of the organisation in order to succeed (Westerman et al., 2011), yet the role of middle management, is not extensively mentioned in research in an era of DT. The study explored the role of middle managers from different perspectives in traditional strategy implementation and strategic organisational change, it then looks at the leadership roles that are cited as being critical for DT. Highlighting the 'missing middle', it proposed that if middle managers have such a significant role to play in strategic organisational change and execution of strategy, then they have a significant role to play in DT.

In the face of disruption, DT has created major opportunities for many industries to relook at their traditional business models, the way they operate and, most importantly, their value propositions to the customer (Westerman et al., 2014a; Westerman et al., 2012). The deliberate re-evaluation of current business practices is done to remain relevant, by ensuring the sustainable growth of their businesses while meeting the changing demands of their customers. Due to the nature and size of the impact of all these changes, executive leadership invests in complex DT programmes to drive multi-dimensional organisational change. The literature explores the critical roles needed for successful formulation and execution of DT at the executive level. These roles include Chief Executive Officer (CEO), Chief Information Officer (CIO) and Chief Digital Officer (CDO), but little literature can be found to determine whether middle managers are considered one of those critical roles (Momin, 2018; Paavola et al., 2017). In the context of banking in South Africa (SA), where banks are increasingly turning to digital solutions, it is even more important to establish the role of middle managers in transformation. Therefore, the current study investigated: what is the role of middle management in DT execution, specifically in a South African bank?

The aim of the literature review was threefold. Firstly, it was to give a brief background on DT informing the study by exploring different definitions and highlighting literature that has an impact on banking. It further explored the impact of DT in the banking industry, specifically focusing on the SA banking industry context. In understanding the impact of DT on banking, the study sought to establish the importance of strategic change for these organisations in the face of a digital era. The study then explored the roles of executive leadership in DT

formulation and implementation, which is more widely studied, noting some of the key challenges faced during DT.

The review then unpacked the role of middle managers in different contexts and their contribution in strategic organisational change and strategy execution, highlighting the implications of middle management's misalignment to DT.

Finally, it created a connection between strategic organisational change and DT. It then questioned whether the middle manager roles that are relevant in the execution of strategy, and strategic organisational change more broadly, are also relevant to the execution of DT.

2.2 **Digital transformation background**

The era of information and technology has introduced a new dynamic into the digital market environment. The introduction of emerging digital technologies, namely, data streaming, artificial intelligence (AI) and machine learning, among others, are changing how quickly data can be processed and interpreted to solve traditional problems faster, more effectively and with less human error (Brynjolfsson & Mcafee, 2017). Customers are rapidly integrating digital technologies into their daily lives, using smart devices to access products and services and to communicate their needs to service providers in unprecedented ways. Rao and Verweij (2017), in their report, discuss how different industries, such as banking and retail, are taking advantage of this to personalise customer value propositions while gaining operational efficiencies.

The opportunities uncovered by the use of technology, have meant that organisations need to think creatively about how they will use these technologies to improve not only how they operate but how to remain competitive (Kiron et al.,

2016). Digital only banks such as Tinkoff, Monzo, N26 use a combination of data and analytics, AI, machine learning and social media platforms to personalise offerings and enhance customer engagement, experience and communication (Tornjanski et al., 2015). They make use of cloud technologies and adopt platform business models to take advantage of network effects and reduce search and transacting costs (Dintrans et al., 2016; Hirt & Willmott, 2014).

Therefore, many organisations, including financial services providers, are realising that in order to truly differentiate themselves, they need to undergo a transformative organisational change to create value for their stakeholders and most importantly, their customers (Berman, 2012; Chanias et al., 2019).

Many mistake digital transformation for being a change that focuses only on technology, but this is not the case (Matt et al., 2015). Specifically, it involves using digital technologies (Piccinini et al., 2015), such as mobile, social media, embedded devices, big data and data analytics (Fitzgerald et al., 2014; Nwankpa & Datta, 2017; Singh & Hess, 2017). These transform an organisation's operational processes radically and demands an overhaul of business models while enhancing customer experience (Horlacher et al., 2016; Morakanyane et al., 2017; Westerman et al., 2011). These digital technologies are thus considered disruptive (Karimi & Walter, 2015; Vial, 2019), which reinforces the need to either transform or face disintermediation or disruption.

Successful DT encompasses companies that implement new technologies to reshape their workforce and organisational culture while leveraging existing and valuable assets in new ways (Westerman et al., 2011). DT strategies map out the approach that an organisation will take in order to leverage existing organisational capabilities while investing in new ones (Matt et al., 2015). Different strategies

will tackle different goals. When approached from a business perspective, they aim to transform processes and products. Implementing new technologies, from a customer perspective, becomes about value propositions, flexibility, agility, experience, and personalisation (Bandara, 2016).

Alignment of business and IT strategy is critical. There is, therefore, a need for a clear intention of placing the customer at the heart of what the organisation is solving (Matt et al., 2015). For instance, investments in IT which are not accepted or utilised by customers, could make these advances expensive or cumbersome, yet those who are more directly involved in customer interactions have their concerns rarely included in the research of these strategies. This is a crucial consideration during the execution of DT.

Executive leadership are instrumental in creating and formulating the vision, strategy and objectives of DT, as played out in each phase (Kohli & Johnson, 2011; Kreutzer et al., 2017). However, there seems to be a gap in discussing the value that middle managers contribute to the formulation, interpretation, and implementation of DT. This is explored further in the study.

2.3 **Digital transformation in banking**

The traditional banking landscape is changing. The change is due to the rapid pace of technological change, along with the rising integration of mobile technology into customers lives, coupled with a need for convenience. Other reasons also include the increasing use of digital technologies more broadly, increasing competition in the financial services industry and the availability of data (Dintrans et al., 2016). DT is among executive leadership's top priorities. Banking

executives have had to continuously look to digitisation to drive innovation (Kohli & Johnson, 2011).

Customers have growing expectations and demands of banks, and over the years, banks have had to adapt in different ways to meet their customers' needs (Bandara, 2016; Larsson & Viitaoja, 2017). A customer-centered DT method has therefore been critical to increasing customer reach and engagement, remaining relevant with products and services (Berman, 2012) and creating sustainable customer value in the banking industry (Schuchmann & Seufert, 2015).

This was further emphasised by the internet revolution in the 1990s, which affected financial markets throughout the world. The use of technology to perform financial transactions lowered overall costs of doing business and reduced time to market (Hirt & Willmott, 2014). These advantages led to the introduction of e-finance (electronic finance). E-finance is the ability to perform financial services, such as insurance and banking, using electronic methods enabled by the world wide web and internet (Lee & Shin, 2018). The banking industry adapted to these changes and introduced digital solutions which enabled customers to partake in e-banking. The intensified digital direction consequently led to the reduction of their physical footprint and directed their focus to developing a strong digital presence (Lee & Shin, 2018) enabled by the increase in the use of mobile phones for transactional purposes. An increase in the use of smartphones and smart devices, supplemented by advances made by technology companies during the mid-2000s enabled the introduction of mobile financial services as an extension of the e-finance services which include remittance and payments (Citi, 2016).

The global financial crisis in 2008 created an opportunity for FinTechs to exploit a gap in the market of unsatisfied customer needs in the payments and

remittance space (Lee & Shin, 2018; Vives, 2019). FinTechs can provide consumers with mobile solutions using internet technology, AI, social networking platforms, big data analytics, and social media. This has introduced new competition for the banking industry from non-traditional financial service providers doing so at a much lower cost compared to traditional banks, with data-driven and personalised customer products and services (Dintrans et al., 2016; Lee & Shin, 2018).

The banking industry is said to be one of the most vulnerable industries to digital disruption (Citi, 2016). Emerging digital technologies reduce barriers to entry for new aspirant entrants into the banking industry. New entrants build digital capabilities that enable them to lower transactional costs as they are also not burdened with legacy system, a large employee base and extensive operational costs. They scale quickly due to their network effect and have introduced the ability for customers to perform financial transactions using digital interfaces with more customer-centric value propositions (Hirt & Willmott, 2014).

2.3.1 *Digital transformation in banking on a global scale*

Globally, the banking industry has been reshaped and can no longer completely rely on traditional revenue streams. FinTechs have entered the market and use digital technologies to create transparency on the costs of services by providing platforms to compare prices for similar products and services. The result of their actions, in certain instances, is leading to the commoditisation of products and services and forcing banks to revisit current pricing models for these products and services. Thus, banks have seen a significant drop in margins (Hirt & Willmott, 2014; Vives, 2019).

Regulations have also had a part to play in enabling FinTechs in different countries. With a single regulator, the Financial Conduct Authority (FCA), a sandbox (which is a controlled environment supervised by a regulatory authority within which existing regulations are relaxed), and open banking, the United Kingdom has created an ecosystem to encourage the entry of FinTech firms and mobile-only neobanks like Monzo, Revolut, and Starling. Banks in the UK are, therefore, transforming existing business models to partner with FinTechs to retain existing customers while gaining new, responsive, and agile customer-driven solutions. In comparison, there are far more impediments in the USA (fragmented regulators and rules that imply the need to have physical branches).

Additionally, banks are being subjected to more stringent regulations (such as increased capital requirements).

The shadow banking sector is gaining traction, and a growing number of non-banks are adopting digital technologies (Vives, 2017). Other more established banks are building their own digital capabilities to establish strong online and digital presence (Vives, 2019). Customer experience is the significant differentiator and data and analytics drives customer insights with technology and enable contextual solutions and customer engagement.

2.3.2 *Digital transformation in banking on a regional scale*

In the African context, these digital technologies have enabled the provision of financial services to the previously unbanked, using mobile phones and digital wallets to facilitate transactions and offering branchless banking (Burns, 2018). In countries that do not have established banking systems and that have a large

rural population such as Kenya, Tanzania, Somalia, Zimbabwe and Uganda, most regulators have reduced barriers to entry into financial services to improve financial inclusion and encourage economic growth (Burns, 2018; Vives, 2019).

In countries where there are more established and sophisticated banking systems and networks, these mobile banking services are provided mostly by more traditional banks because of their existing infrastructure and technological maturity. Fintechs in these environments compete with traditional banks who already have large existing customer bases (Yermack, 2018).

2.3.3 *Digital transformation in banking on a local scale*

The SA banking industry is not exempt from disruption. According to Camarate and Brinckmann (2017), the past 20 years have seen some major changes in the SA banking industry. The top banks in South Africa (SBSA, ABSA, FNB, Nedbank) dominate the industry and must evaluate their current operating models as well as digital strategies in order to defend their current territory and to gain additional market share (Camarate & Brinckmann, 2017). Competition is coming from the most unlikely entrants. Non-financial service providers have entered the financial services industry to take advantage of the customer base they currently service, such as grocery and clothing retailers offering credit card services (e.g. Woolworths, Edgars) and personal loans e.g. PEP stores (Camarate & Brinckmann, 2017).

Traditionally, the branch distribution channel was used to perform all financial transactions in a bank, and it offered its customers convenience, full-service offering, and a face-to-face interaction with the bank. This physical distribution

channel for banking was historically more dominant and used by banks to engage with their customers (Coetzee, 2005). Over the years, innovation and technology have been utilised by banks to migrate functionality to more digital distribution channels to enable customers to self-help. Some of these innovations include Automated Teller Machine (ATM) and Automated Deposit Terminal (ADT), telephone banking, online banking, cellphone banking and more recently, mobile banking. The latter has gained traction due to the smart phone penetration. With the significant shift moving to customer experience, customer satisfaction, convenience, cost and personalisation, banks are using digital technologies to develop their applications in order to engage with their customers where it is most convenient for them (Bandara, 2016).

SA has also seen the rise of insurers, such as Discovery, introducing credit card services in the early 2000s and then subsequently launching a behavioural, retail bank promising data-driven personalised digital solutions (Camarate & Brinckmann, 2017). Old Mutual launched a money account that also provides transactional and savings functionality (Camarate & Brinckmann, 2017). Tyme Bank was granted a banking licence in 2017 with the intention of opening a purely digital bank at the tail end of 2019 (Camarate & Maritz, 2018). Discovery Bank and Tyme Bank will not be marred by legacy systems and long delivery release cycles, which constrain agility and slow down time to market. They also do not carry the cost of an extensive branch network (Camarate & Maritz, 2018). Their value propositions are data-driven, and they use digital technologies to enhance customer engagement and experience. Through these efforts, the intention is to compete with the existing universal banks to get a share of the customer wallet (Camarate & Maritz, 2018).

The digital arena is transforming at a fast pace, especially for SA traditional banks (Camarate & Brinckmann, 2017). It requires a different kind of leadership and a way of operating to thrive in the face of disruption. Leadership must respond to the growing pressure of digitilisation by formulating new integrated strategies to remain competitive. Evidently, things need to change, and strong leadership is needed to help banks with a smooth and effective transition (Parviainen et al., 2017). One way of doing so includes a greater understanding of their customers. High volumes of data are collected during interactions with customers which needs to be analysed in order to gain better insights. These insights can be used to respond to customer needs and demands faster and give the organisation a competitive edge (Bennis, 2013). This in turn, helps retain customers while driving more personalised offerings, moving away from traditional customer segmentation to segments of one. Leadership plays a critical role in decision making towards digital strategies to build such capabilities and should thus participate holistically to drive DT in banking.

2.4 **Importance of strategic organisational change in the face of a digital era**

Workplaces are embracing digital integration, but this is not superficial. It impacts the organisations' culture, employee experience, business models, leadership, operational processes, management, employee practices and the available technology (White, 2012). As organisations determine which capabilities they need to have in place to transform their business, they also need to look at whether their existing employees, operations and technology can enable the

organisation to achieve its DT aspirations (Logical Design Solutions, 2019). The inability to adequately prepare the organisation may lead to resistance from other levels of management and employees within the organisation and hamper the progress and results of the organisational change (Graetz, 2000; Lucas & Goh, 2009; Matt et al., 2015).

Among those affected by DT, employees are essential to consider. Without assisting the employees with planning and preparation for the unavoidable changes to the business model and daily operations, the organisation is set up for failure (Matt et al., 2015). An organisation should spend time investigating, identifying, and understanding the support structures needed to align employees and leadership to the proposed change (Logical Design Solutions, 2019; Sainger, 2018; Stoker, 2006). Employee adoption is then imperative to organisational change success and, therefore, is a vital part of DT strategies and initiatives.

To enable the digital capabilities and take advantage of what they can offer an organisation, the organisation additionally needs leadership (and employees more broadly) that are digitally shrewd and ready (Kane et al., 2019). This allows them to navigate the digital era with agility and flexibility. Involving the different layers of management is key to driving the strategic change and message to every individual in the organisation (Chanias et al., 2019; Lucas & Goh, 2009).

Avoiding the strategic organisational change during the digital era has far-reaching implications on organisational profitability and sustainability (Bughin, 2017). It also affects the organisation's ability to retain top talent, the culture of the organisation, keeping up with customer expectations, and industry and

societal impact. Employees and customers are asking for agility, flexibility and empowerment (Brecher et al., 2016; Westerman et al., 2011). Middle managers additionally have a contribution to make in strategic organisational change, and also look to executive leadership to provide them with direction (Wooldridge et al., 2008).

Critical roles are required to transform the organisation, and management structures need to change to set the organisation up for success (Sow & Aborbie, 2018). These management structures must be in place to continue driving existing sustainable performance while also planning how these objectives will be implemented (Matt et al., 2015). In the digital era, therefore, executive leadership becomes key to understanding the competitive landscape while identifying business strategies that will fulfil organisational objectives and incorporate DT aspirations (Kotter, 1995).

2.5 Role of leadership in digital transformation

Deploying digital technologies, on its own, will not transform the organisation (Sainger, 2018). DT is an organisation-wide phenomenon and cannot be approached with a singular view. It is multifaceted, complex and has implications on the competitiveness of the organisation and its positioning in the minds of its customers. Organisations need to put in place management structures and practices which oversee DT initiatives (Matt et al., 2015).

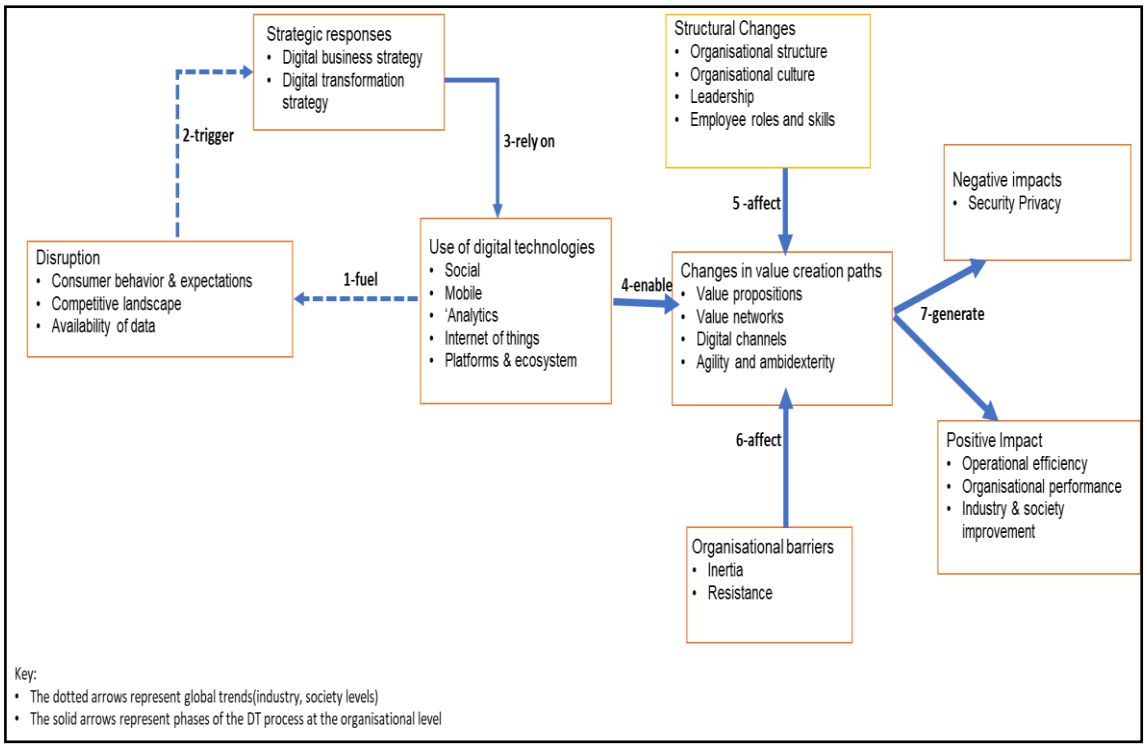

Figure 2-1: Adapted inductive framework, The building blocks of digital transformation (Vial, 2019)

The role of leadership in tackling these aspects has been written about by numerous authors. Executive leadership here is defined as the Chief Executive Officer (CEO) and the executives who support them. Vial (2019), in his inductive framework, explores the building blocks of DT and the factors that influence its process (Figure 2-1). The framework has been adapted to discuss the role that leadership plays in the holistic DT journey. This framework is also used as an anchor for the theoretical framework that is expanded on later in the chapter.

The DT journey for many organisations is prompted by the introduction and use of digital technologies by competitors and the threat and opportunities they pose. There is a significant focus in the literature on the role of executive leadership in the DT process (Doherty et al., 2018; Sow & Aborbie, 2018; Westerman et al., 2014a; Westerman et al., 2011). Kotter (1995) highlights that the leader of the

organisation has multiple responsibilities. For instance, the leader should scout the market and understand the market position (Sainger, 2018). They should understand the competitive landscape and interrogate the financial performance to keep up with technological trends (Kotter, 1995). They should also communicate any threats or opportunities from emerging markets that are being ignored by others. They must additionally identify any crisis or disruption that might emerge while paying attention to changes in customer behaviours and expectations (Vial, 2019).

A key role of executive leaders is to set a clear vision of where the organisation should go (Kane et al., 2019; Kotter, 2013; Parry, 2015; Sainger, 2018). They should also ensure a co-ordinated effort to drive well-planned and adequately communicated execution throughout the organisation and different layers of management. Kreutzer et al. (2017); Westerman et al. (2011) concur: Vision needs to be transformative and forward-looking.

The Chief Executive Officer (CEO) is given the responsibility of giving the organisation a sense of inspiration and direction, while devising a strategic response to different external factors and giving the vision life (Kreutzer et al., 2017; Matt et al., 2015).

Sainger (2018) cites that it is also leadership's responsibility to influence and infuse digital technologies with the cultural changes required to foster a transformative environment. Inability to do this might lead to the organisation's demise (Lucas & Goh, 2009).

When employees are comfortable with the status quo and do not see the need to change, then there will be little inspiration to transform the business. The leader,

therefore, is also expected to create urgency for the organisation to act (Kotter, 1995; Matt et al., 2015; Westerman et al., 2011).

During times of DT, strategic leadership response to market demands can translate into either a digital business strategy or a DT strategy. A digital business strategy defines a business aspiration or business opportunity that is either partially or fully built on digital technologies, but excludes the areas in the business which need to transform (Matt et al., 2015). However, a DT strategy incorporates the use of digital technologies and key areas in the business that need to transform. The business must then reconsider customer value initiatives and analyse the financial implications of these decisions. They also have to understand what structural changes are needed to support these decisions and what impact it will have on employees (Matt et al., 2015).

The Chief Information Officer (CIO), more specifically, is usually identified to articulate a digital strategy and improve the relationship between IT and business, driving collaboration between the two (Doherty et al., 2018; Horlacher & Hess, 2016; Kohli & Johnson, 2011). The CIO also identifies the critical digital capabilities that will take the organisation to its future and must ensure alignment of these capabilities to the overall business strategy and DT strategy (Horlacher & Hess, 2016). They must ensure the organisation has the critical IT skills and engage with HR to drive recruitment, training, reward and incentives, and retention on talent in the IT-sphere in order to promote agility and build capacity. They must also ensure the organisation has the tools and technologies in place to support DT and the associated leadership initiatives.

DT is cross-functional in nature and complex, therefore, the CEO might choose to appoint a dedicated Chief Digital Officer (CDO) to devise and drive a DT

strategy and co-ordinate its execution (Horlacher & Hess, 2016). It is a relatively new role, but there are commonalities in the literature regarding the definition of it (Haffke et al., 2016). The CDO is responsible for crafting the DT strategy, and pulling together a team of change agents and leaders across the business, which drives the DT initiatives (Horlacher & Hess, 2016). The CDO's other functions are communication, collaboration, liaison, motivation, nurturing a culture of learning and failing fast, negotiation and influence when it comes to DT strategy decisions and initiatives (Haffke et al., 2016; Horlacher & Hess, 2016; Singh & Hess, 2017; Singh et al., 2019).

The success of DT is said to also depend on how much executive leadership (such as the CEO, CIO and CDO) equips employees to succeed, by empowering them with whatever is necessary to implement these new initiatives (Kane et al., 2019). Leadership must also work with management and Human Resources to identify the top talent to invest in and drive the development of critical digital skills. Managers in the organisation also need skills to lead networks of teams across different business units, to manage digital resources, they require empowerment and support from executive leadership.

DT requires an effective digital working environment and executive leadership must provide access to digital tools and training, inculcating new ways of working and encouraging collaboration between business units and teams (Ganguly, 2015). All these changes can create anxiety in the organisation, therefore deliberate communication of clearly articulated objectives and goals is needed to provide clarity to employees. It is also important to communicate any organisational structure changes that will be implemented for effective implementation. Leadership should be intentional about communicating

expectations and responsibilities of different leadership and management teams in the organisation with clearly stipulated measurement aligned to the DT strategy to drive success (Kane et al., 2019).

An organisational workforce that is well prepared for digital transformation makes a positive contribution to the successful of its implementation. They contribute to the identification and creation of new value streams and value propositions in an agile and ambidextrous manner through new digital channels such as social media as an example (Vial, 2019).

Executive leadership has a crucial role to play in implementing DT in a way that integrates into the organisational culture, otherwise it may result in resistance. When existing processes and ways of working are so embedded in the organisation, it may delay the rate of transformation due to inertia (Vial, 2019).

Thus, there are clear roles, stipulated in the literature, for leadership in DT. However, these largely focus on executive leadership (Bennis, 2013; Sainger, 2018). The literature also highlights the introduction of a new role, the CDO, to drive DT (Haffke et al., 2016; Horlacher et al., 2016). However, there is little literature articulating the role of middle management in the execution of DT. There is mention of their being the most resistors of change more broadly (Fenton-O'Creevy, 1996). Parry (2015) argues that middle managers resist change, but perform a critical role in implementing change, delivering the benefits to the business while keeping current performance in check. Lucas and Goh (2009) take it further, arguing that in the case of Kodak, had leadership engaged this layer of management on the implications of not transforming and received their buy-in, they might have avoided their demise.

2.6 Middle Management

In exploring the academic literature, it has become evident that the core focus of the roles of employees in DT and DT strategy is that of leadership (Kohli & Johnson, 2011; Kotter, 2013; Westerman et al., 2014a). The research is relatively thin in terms of the role of middle management in both DT and its execution but Paavola et al. (2017) describe how they play different roles at various stages of modular DT, focused on a SERVU case study. Lucas and Goh (2009) articulate middle manager influence in the organisation and how their misalignment can lead to missed opportunities in DT. However, there is extensive literature on the role of middle management in broader strategic organisational change and implementation (Conway & Monks, 2011; Momin, 2018; Salih & Doll, 2013). In this, Wooldridge et al. (2008) state that 25 years of study on the role of middle management has indicated that they are central and critical to organisational outcomes. They are well positioned in the organisation between executive leadership and first-line operational level management. Their unique advantage is access to executive leadership, coupled with the knowledge they have on organisational operations. This gives them a role of connecting the dots while acting as an interface between executive leadership and first-line managers (Floyd & Wooldridge, 1999).

Therefore, due to their positioning, they also tend to be more involved than executive leadership in capability building (Salih & Doll, 2013). Over time, middle management function has moved on from just taking instructions from and giving contribution and input to executive leadership, to one which involves the creation of knowledge and the building of core capabilities which are important for transforming an organisation (Salih & Doll, 2013). It then becomes vital to explore

the various roles that they perform in an organisation with the competencies they need to be effective. It is equally important to see how they influence strategy and its dissemination for the successful execution of strategic organisational change and to identify whether these roles would be relevant to DT.

2.6.1 *Middle Managers' role in interpreting Strategy*

Floyd and Wooldridge (1997) state that middle managers interpret the connection between the strategic intentions of the organisation and the operational level objectives. This is possible because they engage with executive leadership, and their participation in generating ideas and experimentation in a quest for continuous improvement, aids the organisation (Hermkens et al., 2020).

It is not only in their engagement with leadership which makes middle managers valuable. They have exposure to a wider spectrum of the organisation, and can think very differently and influence the outcomes of discussions and decisions from that different viewpoint (Floyd & Wooldridge, 1992). When it comes to strategy, these roles can be used to facilitate conversations about the vision of an organisation, and the strategy. More specifically, they can help in finding ways to interpret and make the strategy relevant to first-level management and their teams (Balogun, 2003). It is not crucial for communication to be relayed in a hierarchical way. Due to their unique positioning, middle managers can help with thought leadership. They can challenge and debate certain strategic aspects based on their knowledge of the organisation and its operations. They do not only synthesise strategy, but they also communicate and promote it into their teams and other circles of influence (Salih & Doll, 2013).

Middle managers, therefore, have a unique opportunity of being able to make sense and use this sense-making through multiple networks to which they have access in the organisation (Pappas & Wooldridge, 2007). They are usually in a privileged position to bring diverse contexts to the conversation, both from a strategic and an operational view point (Rouleau, 2005). This positions them well to effectively interpret strategy to the organisation in support of executive leadership.

Proposition 1: Middle Managers play a pivotal role in interpreting strategy for the execution of digital transformation.

2.6.2 *Middle Managers' role in organisational change*

Floyd and Wooldridge (1992, 1996, 1997, 1999) discuss four strategic roles of middle managers which play a part in the implementation of organisational change, namely, championing alternatives, facilitating adaptability, synthesising information, and implementing deliberate strategy.

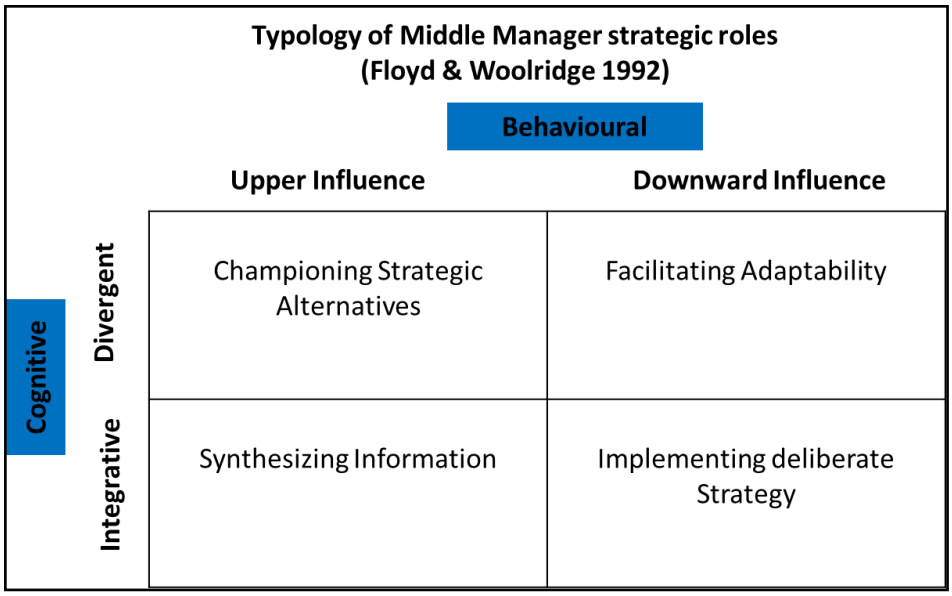

Figure 2-2 Adapted Typology of Middle Manager strategic roles (Floyd & Wooldridge, 1992)

- **Championing strategic alternatives**: The middle manager is consistently communicating proposals of new ways of using existing capabilities while introducing new capabilities to the organisation (Floyd & Wooldridge, 1992).
- **Facilitating adaptability**: Middle managers facilitate cross-business unit communication and problem-solving. Using these opportunities, they generate new ideas, encourage experimentation and adaptability while encouraging flexibility within the organisation (Floyd & Wooldridge, 1992).
- **Synthesising information**: The middle manager extracts the strategic intention from different events and connects ideas generated within teams to strategic challenges. They escalate issues to executive leadership with ideas (Floyd & Wooldridge, 1992).
- **Implementing deliberate strategy**: Once the Middle Manager has understood the strategy, they align the business unit's objectives and actions to the strategy of the organisation and allocate the relevant teams to initiatives in order to deliver and meet organisational objectives (Floyd & Wooldridge, 1992).

Middle managers first need to understand the strategy and the rationale for the organisational change; but the communication of the above is the responsibility of executive leadership (Westerman et al., 2011). If executive leadership involve middle management early in the strategy process, it provides an opportunity for sense-making to happen between employees at different levels in the organisation (Rouleau & Balogun, 2011). They also have an opportunity to

engage with teams to understand what barriers need to be eliminated for the change to be successful. These barriers can be communicated to executive leadership driving change to look into and address (Balogun, 2003). They are also close enough to the ground to understand and identify the key drivers that will influence employee acceptance of strategy, thus connecting the strategic and operational level objectives (Balogun, 2003).

Middle managers are considered intermediaries and can use their layers of networks within the organisation to communicate, plan, drive and highlight challenges. They can effectively be used as “change evangelists” (Balogun, 2003). They are also considered mediators across business units and organisational borders (Rouleau, 2005). During the implementation of change, Balogun (2003) also notes that middle managers have to manage the change in their personal capacity, support others through the change, implement the changes required in their business unit and keep the business running effectively. The middle manager’s role as a synthesiser, communicator, negotiator, organisational evangelist, connector, planner and implementor thus influences the implementation of organisational change.

2.6.3 ***Middle Managers’ competencies used in strategic organisational change implementation.***

Competencies are defined by Robertson et al. (2003) as a set of behaviors that contribute to the achievement of desirable results or outcomes. In the case of middle managers, they have an active role in the continuous improvement of an organisation, including the transformative changes that occur. These changes introduce new ways of working and require changes in behaviour and a shift in

mindset (Hermkens et al., 2020). This also involves a demonstration of key competencies that will drive the implementation of organisational change.

At a foundational level, Ho et al. (2007) argue a core competency of middle managers is in their ability to communicate effectively, both upwards to executive leadership and downwards to lower-level managers and employees. They should also have the ability to communicate influentially across business units with other middle managers who also influence the execution of strategy from a collaboration perspective (Salih & Doll, 2013). Communication also enables a middle manager to disseminate information, offer context, train others, and learn during the time of execution (Peng & Litteljohn, 2001). Communication is crucial at multiple levels of the organisation so that there is an understanding of a common goal towards execution, and misalignment is avoided.

Momin (2018) built a middle manager framework that identifies a combination of characteristics, motives, traits, knowledge, and skills that these managers require in order to successfully implement a strategy.

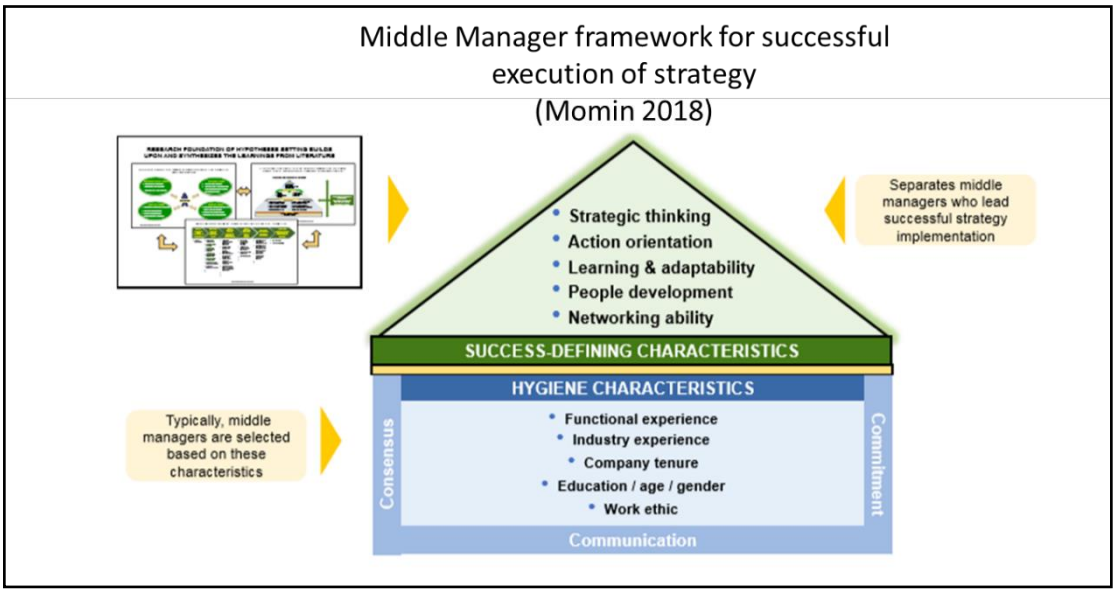

Figure 2-3 Adapted Middle Manager Competency framework for successful strategy execution (Momin, 2018)

In the framework, Momin (2018) details critical success factors that influence the successful execution of strategy. These include characteristics (consent, commitment, communication) that middle managers must possess, selection criteria (work experience, tenure, work ethic and demographics) that must be used to appoint the ideal middle managers for organisational change initiatives and strategy; additionally, there are critical competencies that they must have to drive successful execution. These key competencies include:

1. Strategic thinking is the ability to see the bigger picture and interpret strategy not only at a micro-organisational level but at the macro-organisational level as well; pulling themselves away from the details and synthesising the strategy onto workable activities.
2. Action orientation means that middle managers can draw on their skills of project management, prioritising, planning, allocating resources and co-ordination in order to drive execution effectively. They are agents of change and should be able to challenge the status quo and drive the change towards the achievement of strategic goals.
3. Ability to learn and adapt for the middle managers means embracing the continuous internal and external changes and variations that come with implementing strategic organisational change. Middle managers need to adopt new skills and learnings brought about and demanded by the change and, at the same time, teach others. They must plan for implementation but be flexible to pivot when things do not go according to plans.

4. Developing others is a middle manager's ability to provide support to employees through which the strategy is implemented. They should not only spot top talent but ensure they are given the necessary exposure to grow and become bigger assets to the organisation. They work tirelessly at communicating and creating a level of understanding of strategic objectives while facilitating training intervention for employees who need it to effectively contribute towards the implementation of the strategy.
5. Ability to network refers to the middle manager's way of bridging multi-level communication gaps and creating both formal and informal networks in order to influence, collaborate, communicate, resolve conflict, break barriers, create partnerships inside and outside of the organisation.

Although communication is identified as a characteristic in the framework above, other authors, such as Floyd and Wooldridge (1994); Huy (2002); Rouleau (2005), have identified it as a critical competency for middle managers. Therefore, the combination of these five competencies along with communication should set the middle managers up for successful implementation of strategy.

Proposition 2: Middle Managers require key competencies, such as strategic thinking, communication, learning and adaptability, action orientation, networking, to execute on digital transformation.

2.6.4 *What happens when Middle Managers are misaligned to Strategy?*

Middle managers have been criticised in the past for being rigid and as resistors to organisational change (Lucas & Goh, 2009). It is argued that they resist change based on self-preservation. The middle managers within an organisation fulfil

certain roles, as mentioned, in the implementation of strategy (two of which are interpretation and sense-making of strategy). For this to happen effectively, alignment to the strategy becomes critical. Middle managers may struggle to interpret and implement that strategy when the purpose and expectations of the strategy are not clearly and timeously articulated by executive leadership (Balogun, 2003).

Buy-in of the strategy from all key stakeholders is crucial, if they are not on-board, especially at middle and lower levels management, they may act as a hindrance to the change, preventing the progress of the change (Graetz, 2000; Kotter, 1995). When executive leadership actions are contradictory to their actions and behaviours, it may create mistrust and lead to middle managers not being fully engaged in the organisational change. Disengagement can result in the assumption that middle managers are resistant to change.

Considering that middle managers also fulfil the role of keeping the business running operationally during times of strategic organisational change, misalignment could have further consequences. Graetz (2000) notes that it is essential for executive leadership to assist with prioritising where most of the organisational effort must go; this would enable the middle managers to allocate resources appropriately. If not done, it might lead to operational activities taking time away from interpretation and sense-making efforts within the organisation, as well as not reaching organisational objectives (Kuper et al., 2008).

Proposition 3: The misalignment of Middle Managers to the digital transformation strategy has implications on its execution.

2.7 Challenges experienced during digital transformation

There have been some noted challenges documented during digital transformation in organisations. These challenges include the enablement of digital capabilities and their integration into the core of business operations (Fitzgerald et al., 2014; Henriette et al., 2016).

Information Technology (IT) and Business are historically known to have a volatile relationship which could have an impact on the alignment of IT and business strategies. The collaboration of these two areas, however, is a critical component of DT execution (Westerman et al., 2011). Westerman et al. (2011) also noted that the lack of coordination across business units and processes could hinder the progress of DT. As much as business units can make progress when driving initiatives within their areas, they struggle to influence and affect other business area. Failure to co-ordinate may impact collaboration between business units.

An organisation always has limited resources at its disposal and how these resources are allocated optimally is critical to delivery and sustainability. There is a healthy tension between balancing delivery priorities and allocating resources between building capabilities for the future versus keeping current operations and performance high (Heavin & Power, 2018). If the tension is not managed appropriately by setting clear goals and expectations, it can cause conflict and derail progress.

Furthermore, a shortage of relevant skills to execute the enablement of digital technologies, and investment in the upskilling of the existing employee base

timeously, has been a challenge for many organisations. They end up having to engage with expensive, external consultants that impacts existing employees' morale (Sainger, 2018; Westerman et al., 2011).

The DT journey demands that organisations also introduce new ways of working and new organisational culture norms for DT implementation. These efforts can fail if not introduced through mechanisms that the organisation can embrace. Examples could include leaders demonstrating the behaviours they want to see or employees being rewarded for innovations aligned to DT. Change management and change leadership is needed to facilitate systematic organisational culture changes and the introduction of new norms (Brecher et al., 2016; Kotter & Cohen, 2012).

DT is a relatively new phenomenon and research, as shown above, has looked at challenges at a strategic organisational level. DT must overcome numerous challenges in the organisation and a few of the challenges mentioned need to be addressed by executive leadership in the foundational phases of DT. Those challenges include unclear vision and direction, conflicting strategic priorities and alignment of IT and business strategies.

Little is known of challenges experienced by middle managers in DT. However, challenges related to organisational culture, skills development, balancing priorities, communication, and cross business unit collaboration fall into the realm of these managers' responsibilities that they perform in the organisation. Therefore, middle managers, as part of their duties, should partake in addressing challenges related to DT and its execution.

Proposition 4: Middle Managers play a role in addressing challenges experienced during the execution of digital transformation.

2.8 Theoretical framework

The study addresses four objectives as depicted in Table 1, in order to understand the role of middle managers in the execution of DT in a SA bank. The literature and frameworks interrogated do not individually address all the objectives of the study. There is currently no framework known to the researcher, that articulates the roles of middle management in the execution of DT. Therefore, this necessitated that a combination of three frameworks explored in the study be adapted and leveraged in order to build the proposed middle management theoretical framework for the execution of DT. The theoretical framework articulates the contribution middle managers make in the DT journey as depicted in Figure 2-4 below.

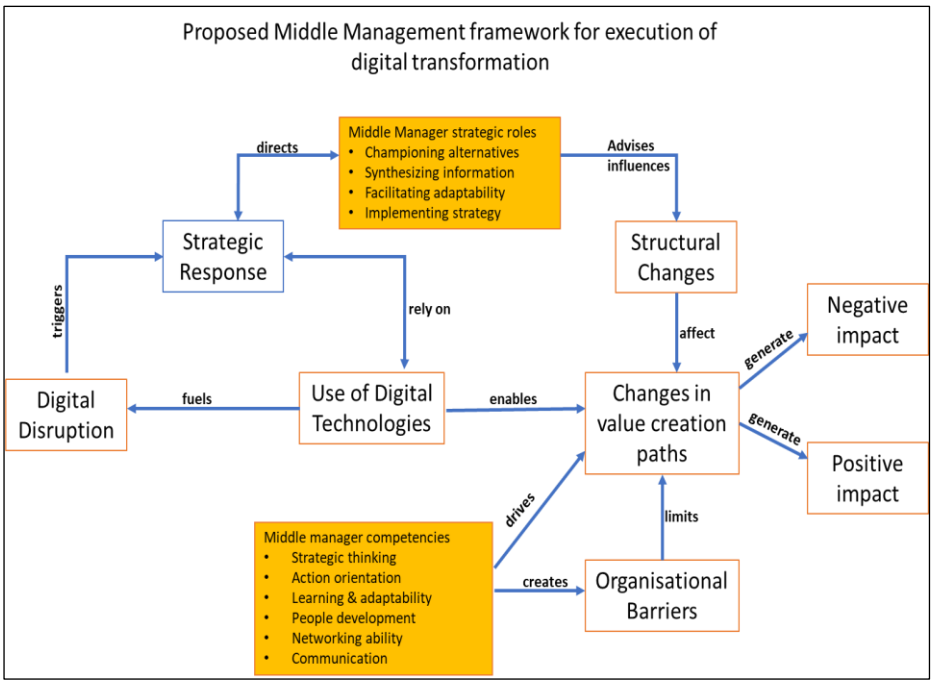

Figure 2-4 Adapted Proposed Middle Management framework for the execution of digital transformation (Floyd & Wooldridge, 1992; Momin, 2018; Vial, 2019)

Aspects of each frameworks have been extrapolated to address the needs of the study and its objectives, and to highlight where the role of middle managers becomes most pertinent in the DT process. Each of the frameworks is commented on below and the combination of these frameworks is visualised in Figure 2-4. The role of middle management has been inserted into the DT process between digital strategy and its execution and critical middle manager competencies required in DT are introduced to demonstrate middle managers' contribution in driving DT objectives into the organisation.

2.8.1 *Building blocks of DT process framework – (Vial, 2019)*

The framework, depicted in Figure 2-4, highlights the DT process and the building blocks that define the core steps. It stipulates that digital disruption is fueled by the use of emerging digital technologies to transform organisations' operational processes, customer engagement and business models. The disruption involves a significant change in customer expectation and behaviour and brings different dynamics into competition, from the most unlikely and non-traditional players. A response is triggered from executive leadership that results in a business strategy and DT strategy. Choosing which emerging technologies to use impacts the intensity of DT. Changes may be required (structural changes, organisational culture, leadership, employee skills) to enable new value paths, in addition to new ways of working for the organisation. If these changes are not managed appropriately or driven with deliberate foresight, by competent managers, organisational barriers will hinder the progress of DT. However, if managed well,

it will lead to organisational growth and sustainability, efficiencies, and contextual customer solutions. There might, however, be unintended negative consequences.

The above framework is used as the anchor of this study's theoretical framework and is appropriate because it enables the researcher to reflect which role of middle managers influences the building blocks. It also allows the researcher to explore which roles are most pertinent during DT strategy formulation and execution in the context of a SA bank. Finally, it highlights the implications of not having competent middle managers driving digital transformation. As depicted in Figure 2-4, middle managers play a consultative role in strategy formulation but play a more active role in the execution of DT, when it involves structural or leadership changes, organisational culture, and employee skills development. They drive tactical DT initiatives to create new value paths for the organisation. Finally, it can indicate when and what challenges middle managers experience in DT execution and presents an opportunity to reflect on positive or negative consequences should they be misaligned with DT.

2.8.2 *Middle Manager Competency framework – (Momin, 2018)*

Momin (2018) comprehensively explores the role of middle managers in the execution of strategy as depicted in figure 2-4, pointing out the different characteristics, traits, competencies and selection criteria needed for identifying the most effective middle managers to implement strategic initiatives. DT requires a new type of leadership especially due to its radical and dynamic nature. The change DT introduces requires agility, flexibility and deliberate balancing and use of an organisation's resources. It requires management that is committed to

learning and teaching others and that exhibits a new way of problem-solving while challenging existing mental models (Senge, 2006). The workforce of the future also requires digitally alert leaders who can balance technology with human capital while managing across networks (Logical Design Solutions, 2019). It is therefore important to identify the critical competencies that middle managers need to be successful at implementing DT. Momin's framework reflects key competencies that are most appropriate for the successful execution of strategy more broadly.

The above framework is used in the theoretical framework to depict the competencies needed by middle managers during DT in identifying and driving key initiatives and behaviours that will transform the organisation. Only the key competencies are extrapolated from the middle manager competency framework and inserted into the theoretical framework to demonstrate the competencies required by middle management to successfully drive DT objectives. There can be negative consequences to the organisation if these competencies are not demonstrated by middle managers.

2.8.3 *Typology of Middle Manager strategic roles – (Floyd & Wooldridge, 1992)*

Floyd and Wooldridge (1992) identify four critical roles that middle managers play in strategy as depicted in Figure 3. These roles have been discussed in detail in a previous section. The typology explores how the middle manager role changes depending on whether they are managing up or down stream. They also play a consultative role in strategy and any resulting changes but have a much more active role in translating the strategy into actionable goals and objectives for

employees. They influence organisational culture and are actively involved in identifying and nurturing talent through skills development and growth opportunities.

The typology of middle manager strategic roles is adapted to depict the role middle managers play in synthesising and communicating DT strategy and translating it to enable employees to deliver organisational objectives. It is also appropriate for the study because it reflects the flexibility and agility required of middle managers depending on the stage of the DT process.

2.9 **Conclusion**

DT is defined as the implementing of digital technologies to transform how organisations enhance customer experience and engagement, improve operational processes and relook business models (Vial, 2019). Organisations initiate DT to stay competitive and grow their businesses sustainably. Because of the nature of the change, it requires the evolution of organisational culture and management structures, along with a different way of leading (Valentino, 2004).

The SA banking industry is not immune to the changes that are happening globally and are vulnerable to its threats. It is therefore critical to look at how DT will impact the SA banking industry and how they will adapt their entire organisations to the change (Camarate & Brinckmann, 2017). This means looking to executive leadership to drive such strategic organisational initiatives. Executive leadership alone, however, is not able to implement such initiatives. In other bigger strategic organisational changes, middle managers are seen to play a significant role in interpreting, synthesising and communicating strategy to the relevant employee groups (Wooldridge et al., 2008). Their role is identified as

being critical in the successful execution of strategy and organisational changes. It, however, does not seem to be reflected in the recent DT literature. It poses the question: What is the role of middle management in DT execution, specifically in a SA bank?

To address this question, the propositions reflected in Table 1, have been developed throughout this chapter to align to the study objectives. The exploration of these, through a case study, hopefully generates some knowledge regarding the role of Middle Managers in DT execution, which can then apply to the SA banking industry.

Table 2-1 Consistency table of research objectives and propositions

RO#	Research Objectives	Prop #	Propositions
1	To understand the role middle management plays in interpreting strategy for employees	1	Middle managers play a pivotal role in interpreting strategy for the execution of DT.
2	To identify competencies needed by middle management to best execute the deliverables and expectations espoused in DT.	2	Middle managers require key competencies such as strategic thinking, learning and adaptability, action orientation, strategic thinking, communication, and networking to execute on DT.

3	To evaluate the impact of middle management misalignment to DT	3	The misalignment of middle managers to the DT has implications on its execution.
4	To identify the challenges middle management face during the execution of DT	4	Middle managers play a role in addressing challenges experienced during the execution of DT.

CHAPTER 3.RESEARCH METHODOLOGY

This chapter discusses the research methodology, design and analysis that was utilised for the study. As the study explored the role of middle management in the execution of DT in a SA bank, it was critical that an appropriate methodology was adopted to address the objectives of the study as stipulated in Chapter 2. This exploratory study used a qualitative research design. It followed a case study approach which had been chosen due to the specific focus of the study on the role of middle managers who are currently employed in a SA bank that is undergoing DT.

Creswell et al. (2007) explain that case studies are bound by either a time, individual, multiple individuals or a system and aim to build an in-depth understanding of a specific context that is believed to add value to a phenomenon, using multiple sources to collect data. Data was collected using in-depth, one-on-one online interviews, The analysis of the recorded and transcribed data was further guided by a six step thematic data analysis approach to ensure consistency and credibility of the results derived (Braun & Clarke, 2006).

The chapter first discusses the research methodology chosen and the research design that was utilised for the study and justifies why it was appropriate to do so. It is then followed by a detailed description of the case site and the sampling methods used. The instrument, analysis and measurements that were used are then discussed. The chapter then highlights some of the limitations encountered during the study and how the credibility of the study was upheld through transferability and dependability. It is concluded with ethical considerations that were considered for approval.

3.1 Research approach

The choice of approach is crucial to the results and the conclusion derived from the study. It has an impact on how the study will be conducted, analysed, and reported upon. A qualitative methodology is used when little information exists on a particular topic and the researcher is attempting to gain a better understanding or get in-depth knowledge (Kemparaj & Chavan, 2013), considering that there is little research on the role and impact of middle managers in DT in South Africa, the methodology allowed for a richer understanding of the topic. The methodology has also been chosen due to its emergent characteristics and flexibility. With the intention of the study to gain deeper knowledge about the topic, it was important to continue to build the understanding as the information emerges (Kemparaj & Chavan, 2013). The data could then be analysed until such time that themes and patterns can be established. It was especially pertinent because the insights are gained directly from established middle managers currently experiencing DT execution (Kemparaj & Chavan, 2013). It was through these engagements that the insights drawn were used to address the research objectives.

In the previous chapter, the literature review, propositions were made for exploration, derived from the research objectives. The propositions are as follows:

- Proposition 1: middle managers play a pivotal role in interpreting strategy for the execution of a DT.
- Proposition 2: middle managers require key competencies such as strategic thinking, learning and adaptability, action orientation, strategic thinking, communication, and networking to execute on DT.

- Proposition 3: The misalignment of middle managers to DT has implications on its execution.
- Proposition 4: middle managers play a role in addressing challenges experienced during DT

The results and conclusion of the study was linked to the objectives and propositions made, thus, making use of an inductive approach.

This research was a cross sectional case study as it was set at a point in time when the interviews were conducted. The findings of the study could then be used to influence how middle managers are deliberately involved in the end-to-end DT journey.

3.2 Research design

The study was a cross-sectional, exploratory research, utilising an inductive, case study design. Vissak (2010) discussed that case studies are useful when tackling a topic where little research has been done and that case studies do not necessarily rely on existing literature but are used to build theory on the new subject to add to the body of knowledge. There is a lack of extensive literature on the role of middle managers in DT execution and the evaluation undertaken had no clear or established results or hypotheses, an inductive approach would therefore enable the generation of theory on the topic (Patton & Appelbaum, 2003). This was the core reason the approach was deemed appropriate.

Case studies are also bounded by time, an organisation, an individual or a group of individuals (Creswell et al., 2007). In the case of this study, it was bounded by the organisation, Bank A, on which the study was based. It was also bound by

the level of management applicable and was analysing their role during the time of the interviews, hence its cross-sectional nature (Creswell et al., 2007).

The study was exploratory in nature, it aimed to look through different lenses in order to analyse different facets of the roles and impact of middle managers and gather insights for better understanding of the topic (Baxter & Jack, 2008). It was used to explore, interrogate and discover different factors that influenced middle managers in this specific context, such as competencies needed and challenges experienced, and enabled depth in both the investigation and the analysis (Baxter & Jack, 2008).

Creswell et al. (2007) cautions that it is typically difficult to generalise from one case study to the next due to the nature and the context of the case studies being different. It is believed, however that Bank A has some similar characteristics to other more established banks in South Africa that its context could be similar to the other banks that still need to undergo DT and thus add value from that perspective. Bank A could also use the study to understand better the value their middle managers add to the journey and deliberately incorporate them into the DT process over and above execution.

3.3 **Data collection methods**

In qualitative research, where the data is not measured by its quantity but analysed for its depth and methods, it is important to pick a data collection method that gathers material about participant opinions, experiences and beliefs regarding a particular phenomenon (Labuschagne, 2003; Ryan et al., 2009). Interviews are identified as a method to attain information and draw insights informed by people's perceptions (Ryan et al., 2009).

When attempting to build a theory or gather in-depth information, it is imperative to pick an interview approach that provides sufficient flexibility (Wilkinson & Birmingham, 2003). The interviewee should be allowed to expand on their responses at will, and to deviate from the order of the questions, especially where there is emphasis required (Ryan et al., 2009). Thus, an in-depth interview approach was adopted in the study.

In-depth, one-on-one, open-ended interviews were conducted as one of the methods for data collection to generate rich data from which themes were identified on the roles of middle managers in DT execution. Interviews have been found to be most effective in this context because of the range of functions middle managers perform in the organisation, and the value that can be realised from their varied understanding of the contributions they make in the execution of DT (Wilkinson & Birmingham, 2003). Another reason why they are appropriate for the study is that the interviewer has an opportunity to simplify, clarify or rearticulate questions for the middle managers where that is required, leading to more accurate information being collected and greater depth obtained (Alshenqeeti, 2014).

A set of open-ended questions were compiled and posed to this group of managers. Responses received gave a better understanding of what the middle managers believed their role was as well as critical competencies they believed they should have to execute DT successfully. The results of the interviews provided insights based on their experiences, thus enabling the drawing of some conclusions through analysis.

The interview method is also appropriate because different questions can trigger different thoughts and responses from each interviewee, which could also add

more insights to the topic. Secondly, interviews provide an opportunity to probe further should a question either not be sufficiently responded to or lead to a new thought (Kajornboon, 2005). Interviews, therefore, broaden the level of understanding of a phenomenon which cannot be achieved with a more structured data collection approach (Alshenqeeti, 2014).

3.4 Population and sample

3.4.1 *Case Site*

The study was conducted using a SA bank context, in particular, one undergoing DT. The structure of a SA bank is usually determined by the segmentation of their customers. The segmentation structure is then supported by functional areas which enable the facilitation of product development, value chain management and product distribution channels to the customers. At the top of the organisation, there is an Executive Leadership team that comprises the Chief Executive Officer (CEO) of the bank, the Retail, Commercial and Corporate Segments Executives, the support function Executives such as Finance (CFO), Human Resources (HRE), Operations (COO), Marketing (CMO), Corporate Affairs (CAE), Technology (CIO), DT (CDO), Risk (CRO). The above team is referred to as executive leadership. Each of these executives leads a team of senior managers who are responsible for different functions to enable solution design, development and delivery, customer experience and other support functions. Bank A also has a second layer of CEO's within its Retail Segment structure. This is because these senior managers also lead large business units and divisions. For the purposes of the research, this second layer of CEO's shall be referred to

as Heads. An example of a structure for one of the segments would include Sub-Segment Heads, Sales Heads, Product Heads, Regional Heads (regional coverage and support teams), and support functions (HR, Marketing, Operations, Finance, Risk, Technology), which have a direct reporting line into the Segment Executive and an indirect reporting line to the Functional Executive in the executive leadership team. Each of these Heads also manages teams that are focused on execution. Specialist roles would also form part of these middle management teams.

Middle managers are considered as the line managers just below the executive leadership tier but above the frontline management level or the supervisory level of an organisational structure. They are considered to implement executive leadership's decisions, and are key players in the organisation (Barnes et al., 2001). Figure 6 below depicts a typical organisational structure of a bank in South Africa.

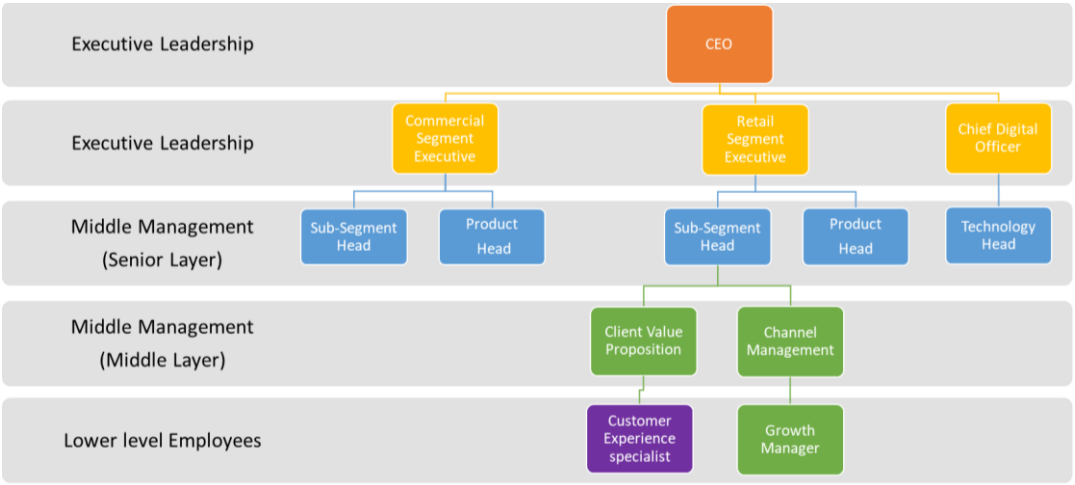

Figure 3-1 Bank Organogram of South African Bank

The study further scrutinised middle management into a senior and a middle layer and focused specifically on the senior layer as they seemed to have the most direct engagement with executive leadership. They also seemed to be in the best

position to not only interpret organisational strategy into actionable initiatives to drive organisational success. They also execute these strategic initiatives through the teams that they lead (Floyd & Wooldridge, 1994).

3.4.2 *Sample and sampling method*

Gathering data is a critical part of research as it builds an understanding of the topic of interest and choosing the most suitable method to gather data will assist the researcher in getting accurate information from those with the relevant experience (Etikan et al., 2016). Data collection also evaluates the relevance and validity of the theoretical framework described in Chapter 2. As the researcher did not have access to the full population, the non-probability sampling method was used to select the group of middle managers approached for the study (Sharma, 2017).

A two-pronged approach was taken in applying the non-probability sampling method. Firstly, the researcher used the purposive sampling method, using judgement, to deliberately select middle managers on the senior layer of the bank, who are located at the Head Office in Johannesburg. These managers must have had knowledge and experience in influencing strategic organisational change initiatives, played an active part in DT and delivered towards business objectives. Should the potential participants, upon hearing and understanding the purpose of the study, recommend other middle managers whom they felt would add value with similar characteristics, then the snowballing sampling method would have been used (Etikan et al., 2016; Sharma, 2017).

Samples sizes in qualitative research are sometimes small depending on the outcome that research is after (Marshall, 1996). Ten middle managers were

approached. These managers fulfilled different functions across Bank A and held positions of influence and authority. Some of the positions held included Divisional Head, Product Head, Financial Head, DT Programme Director, Provincial Head, Sub Segment Head, Customer Contact Centre Head. The selection gave a varied account of their views on their role in the context of the functions they performed. Below is a table that depicts the senior layer of middle managers who were approached, and the functional areas in which they belonged.

Table 3-1: Middle Managers approached by position and functional areas

Position Held	Functional Area
Divisional Head	Commercial
Customer Contact Centre Head	Retail
Sub Segment Head	Commercial
Sub Segment Head	Retail
Regional Head Gauteng North	Commercial
Provincial Head Gauteng South	Commercial
Product Head	Retail
DT Programme Director	Central Support
Organisational Development Head	Central Support
Human Resources Head	Central Support

3.5 The research instrument

A semi-structured interview schedule was used as the research instrument in the study. The research instrument comprised the following themes to extrapolate the relevant information from the participants:

- Understanding DT and its importance in banking
- Role of middle managers in DT execution
- Misalignment of middle managers to DT
- Middle manager competencies
- Challenges of DT

It was used to guide the open-ended, one-on-one interviews. Interviews were appropriate for the study because they facilitated conversation and a view of how the individual felt and had experienced a certain topic (Alshenqeeti, 2014). They were also used in this context to explore, in a qualitative manner, the formal and informal roles of individuals occupying middle management positions as they pertained to DT. Interviews are also interactive enabling the interviewer to make the participant feel comfortable enough to share their experiences (Alshenqeeti, 2014).

Interview questions derived for the interviews incorporated the objectives of the study in Chapter 1, the literature review and theoretical framework highlighted in Chapter 2 as a basis for theory, and the resulting propositions put forward in Chapter 2. The composition of the questions was created to draw out information from interviewees, to allow them to reflect deeply and share insights. The interview questions were designed to enable flexibility and permit some deviation as needed, to capture views on the role of middle managers in the execution of

DT in a bank (Englander, 2012). The researcher looked to identify themes during the interviews which would have been difficult to obtain had it been a structured interview. The research instrument can be found in Appendix 1.

3.6 Procedure for data collection

The potential participants were sourced through networks within the bank. They were identified based on the layer of middle management, the role they were currently performing, experience with strategic organisational change, active participation in DT and their position of authority and influence. For interviews to be effective, the interviewee needs to feel comfortable to share their experiences, insights, thoughts, and feelings about the topic that needs to be discussed. For this to happen the interviewer needs to inform the interviewee of details of the interview (Kajornboon, 2005). The potential participants were contacted by email, requesting their involvement in the study, and requesting an interview. This was followed up by a call to provide clarity on any issues that the potential participant might have had.

When prospective participants had decided to participate in the research, they received a structured email three weeks prior to the interview. The email explained why they had been chosen, the purpose of the interview, an overview of the study and what it attempted to achieve, information on the potential length of the interview and that it would be recorded, and finally, where and when the interview would take place. A meeting invitation was sent to the participant, attached to the invitation was a consent form to participate and the interview guide. These were provided to assure the participant on the confidentiality of the

interview and the nature of the data being collected. Ethical considerations were communicated regarding the use of the data collected.

The current Covid-19 lockdown introduced a new dynamic which required the interviews to be conducted online. Microsoft teams was, therefore, used for this purpose. Meetings were set up for 1 hour to 1 hour 30 minutes, and video functionality was used where the participant was comfortable, to make it as personal as possible. If a face-to-face meeting had been requested, it would have been accommodated with the appropriate protection and precautionary measures considered. The participants were asked to digitally sign the consent form before the interview occurred. The participants were notified that the interview would be recorded and that hand-written notes would also be taken (for observation during the interview).

Once the interviews were completed, the recordings were processed, verified, and transcribed by the researcher, additionally they were also transcribed by a subcontracted transcriber. The combination of data collected, which included voice recordings, hand-written notes, and transcriptions, was analysed.

Table 3 below indicates the alignment between the interview questions and the research propositions.

Table 3-2: Mapping of research propositions to interview questions.

Propositions	Questions
	Opening questions **Question 1:** How long have you worked for the bank?

	Question 2: Can you tell me briefly about the roles you have fulfilled in the bank?
Proposition 1: Middle managers play a role in interpreting strategy in DT	**Question 3**: What is your understanding of digital transformation in banking? **Question 4**: In your view why is digital transformation important in banking? **Question 5**: As a leader, what do you see as your role in the digital transformation of the bank?
Proposition 2: Strategic thinking, learning and adaptability, action orientation, communication and networking are key competencies for middle managers during DT	**Question 10**: What competencies do you think you need as a leader during digital transformation execution? **Question 11**: What other competencies do you think managers need to have?
Proposition 3: The misalignment of Middle managers will have implications the execution of DT.	**Question 12**: From your perspective, why is important is it for you to understand the digital transformation? **Question 13**: In your opinion what would happen if you did not understand it or buy into it?

Proposition 4: Middle managers play a role in addressing challenges experienced during the execution DT	**Question 6**: What are some of the challenges experienced in digital transformation? **Question 7**: What do you see as your role in resolving such challenges? **Question 8**: As a leader, what do you see as your role in the execution of digital transformation in the bank? **Question 9**: What do you think would happen if you were not involved?

3.7 Data analysis and interpretation

Qualitative research can produce large amounts of data in the form of transcriptions and notes and it is, therefore, crucial for the researcher to think clearly and have a deliberate approach to how the data will be analysed and reported (Pope et al., 2000). It is crucial to identify the best data analysis approach that will enable the exact data interpretation that should be achieved (Alhojailan, 2012). The data collected through the interviews was transcribed, analysed, and coded in order to interrogate it in more detail, using a thematic approach.

The analysis was tackled in two phases. The first phase of the analysis was derived during the interviews with any additional insights that were acquired through probing. This led to an additional depth of information being obtained by the study. The second phase of the analysis happened once the interviews were

all concluded. Themes and patterns were extrapolated from the data collected by analysing the information through the lens of the research propositions as well as the interview questions.

The questions had also been designed to identify themes and patterns during the interviews. Fereday and Muir-Cochrane (2006) describe thematic analysis as searching for themes that surface as being important in describing the phenomenon. It is the method of identifying and analysing patterns of relevance in order to interpret the data according to the research propositions resulting from the literature previously reviewed (Braun & Clarke, 2006).

Theoretical thematic analysis was found to be the most appropriate method. This allowed the researcher to analyse, group, and report the themes that were found relevant to the propositions and from the data collected in the in-depth interviews conducted, recorded and transcribed (Alhojailan, 2012; Braun & Clarke, 2006). Braun and Clarke (2006) formulated a thematic analysis which followed a six-phase approach. The thematic analysis of the study followed this six-phase approach:

1. **Familiarise yourself with your data**: The researcher reviewed transcriptions resulting from the voice recorded in-depth interviews a few times to understand the depth of the data collected and noted any key ideas that emerged from the data and listened to the recordings again to ensure a solid grasp of what was covered. These were also be checked against the hand-written notes. The summaries formed a foundation for the codes that were derived, to find patterns in the data and draw additional insights.

2. **Generating initial codes**: The researcher went through the transcribed interviews and the handwritten notes carefully to identify the initial high-level codes. The insights gained in the literature review, in addition to those which illuminated the propositions made, were also used to collate any data relevant to each code identified. The data was organised and grouped into as many meaningful categories and patterns as could be derived.
3. **Searching for themes**: Spider maps were used to collate the codes into possible themes. The researcher also went through the data again to ensure all data relevant to the identified theme was linked to it.
4. **Reviewing themes**: An iterative bottom-up approach was taken in reviewing the themes identified to understand whether they worked with codes that had been extracted already.
5. **Defining and naming the themes**: The researcher continuously refined each theme to make sure that the data and codes within it were coherent and the overall analysis made sense. Each theme was named according to its relation to the propositions that were put forward in chapter 2. All themes were refined to get an overall cohesive story and a clear indication of what each theme was and was not.
6. **Producing the report**: A final analysis of all collected data was done, taking the previously collated themes, propositions made in chapter 2 as well as all insights gained during the literature review as input into the process and linkages were created across them accordingly. Key extracts identified were analysed and linked back to the propositions made in chapter 2 and tied back to the literature and finally to the objectives of the

study. A comprehensive report of the analysis was compiled to present final findings.

3.8 Limitations of the study

- The results of the case study cannot be readily generalised due to the sample being ten middle managers in a specific organisation (Patton & Appelbaum, 2003).
- The researcher could have affected the quality of the interview due to not having done any formal training in conducting interviews. The researcher also did not have experience in conducting one-on-one interviews for research (Agee, 2009; Kajornboon, 2005).
- An advantage of a face-to-face interview is the ability to read the body language of the participant and take non-verbal cues, and this is not always possible with online interviews. The connection and rapport that interviewer and interviewee build during an interview could be lost in online interviews. During online interviews, there is also a possibility of dropped calls and audibility challenges (Seitz, 2016).
- The case study was also regionally bound to the head office of the bank in Johannesburg. A wider regional reach might have given a wider variety of experiences and insights that included the dynamics of operating away from the head office, and whether that impacted the role of middle managers in DT. (However, such reach might obscure specific insights in a small sample).
- The sample was small and bound to a senior layer of middle managers within the same organisation. The middle layer of middle managers could

have brought different experiences and perspective (Baker & Edwards, 2012; Pope et al., 2000).

3.9 Transferability and Dependability

Qualitative research methodology is still considered with scepticism and accused of being subjective and lacking in facts. Numerous authors have written on how to improve its rigour and critically look at aspects of the validation of participants, data collection, analysis, interpretation, sampling techniques and the usefulness of the report (Houghton et al., 2013; Lincoln & Guba, 1986; Patton, 1999; Pope et al., 2000).

An iterative process of studying and analysing the data collected during interviews was undertaken to minimise some of these concerns. It was supplemented with the insights gained during the literature review and by reviewing literature from different authors to gain different perspectives on the role of middle managers. It was checked against the research objectives and propositions posed in chapter 2 (Lincoln & Guba, 1986). A method of member checking was also utilised by continually providing the research to the supervisor at different stages to interrogate and challenge.

3.9.1 *Transferability*

Transferability refers to whether the research finding can be transferred to another research in a similar context while still upholding its own meaning. This implies that comprehensive rich data must be collected should another researcher wish to replicate the steps for another context (Houghton et al., 2013; Lincoln & Guba, 1986). A deliberate effort was applied by providing a

comprehensive and detailed description of the case site, and how the data was collected from the Senior layer of middle managers in a bank, while still ensuring anonymity and confidentiality of subjects. With this, researchers should understand their perspectives about the role they play in DT and its execution.

The six step thematic approach that was followed (Braun & Clarke, 2006) has also been detailed to create transparency. This could be used to determine whether middle managers in banking fulfil similar roles during different stages of DT. A semi-structured interview guide was created and a step-by-step process of how the interviews were prepared and how they were conducted, transcribed and analysed was outlined. The approach was taken to enable scrutiny and transferability.

3.9.2 *Credibility*

Credibility must be carried throughout the study and tested against key principles. To increase credibility and trustworthiness of the study, the transcripts were provided to the participants to determine whether their views have been captured appropriately and are representative of what was intended (Cope, 2014), once the online interviews were completed and transcribed, and prior to analysis. The number of participants selected varied in function and experience and brought depth and different perspectives to the study. This enabled a more representative view.

Literature reviewed on the different roles that middle managers currently fulfil was done in chapter 2 to get a better understanding of the context within which the study was being conducted. Studies on DT in banking were also reviewed and these insights were used to inform and enrich the study (Cope, 2014).

3.9.3 *Dependability*

A deliberate and systematic method of analysis was used in order to ensure the data collected was interrogated thoroughly and was reviewed by the researcher's supervisor to identify personal bias and ensure the decision trail was followed through effectively and consistently (Houghton et al., 2013). This would reflect whether the study was congruent and the conclusions reached could be reached by another reader that had to go through the study (Kemparaj & Chavan, 2013).

3.10 **Ethical considerations**

Conducting interviews can raise numerous ethical concerns specifically for the interviewee. It is, therefore, crucial to ensure all steps are taken to address these ethical issues and to make the interviewee comfortable that confidentiality has been observed with the data collected from the interview and the insights gained from the interview (Kajornboon, 2005).

As described earlier, prior to the interviews, the potential participants were sent an email requesting their participation and giving details of the study, why they had been chosen to participate and given assurance that the data collected from the interview would be treated confidentially. Once participants had agreed to participate in the interview, they were sent a consent form (stipulating their rights) to participate in the interview and they were requested for permission to record the interview. The participants needed to be comfortable that their input would not be used in a devious manner. Prior to the interview commencing, the participant were requested for permission to record the online interview and to also use the video functionality for the interview.

The interviews were voluntary. Should a participant have felt uncomfortable during an interview for whatever reason, the interview could either have been cancelled or postponed. The interviewer's conduct throughout the interview was also ethical in how questions were posed or probed for further information (Kajornboon, 2005). The participants could remain anonymous and this was stipulated in the consent that they were requested to sign prior to participating in the interview (Ryan et al., 2009).

The relevant ethics documentation and ethics clearance was also requested from the university prior to the commencement of the research and interview.

CHAPTER 4.FINDINGS OF THE STUDY

4.1 Introduction

In this chapter, the results related to the propositions stipulated in Chapter 3 are presented. The results presented are from the analysis of the semi-structured, in-depth interviews. In order to ensure uniformity between the literature review, research propositions, data collected, and the method of analysis used, a consistency matrix was compiled and used. This section is split into three sub-sections. The study starts by outlining the participants' demographic profile, followed, thereafter by the findings and then the conclusion. The findings were analysed and synthesised using thematic analysis. Data is presented through quotes that are interpreted individually or jointly to support the themes that emerged during the interviews.

4.2 Background information on the participants

This sub-section presents the participants' demographic profile, which consists of gender, race, number of years at Bank A, and their qualifications. Interviews were conducted with ten respondents during this study. Purposive sampling was used to identify the individuals, who were all middle managers from different Bank A areas, performing senior management roles in the bank. These managers were perceived to have the required level of knowledge and experience due to their tenure at the Bank, previous leadership roles held, and current senior management positions they were fulfilling. These middle managers were selected to get various perspectives on what they believed their role was in DT execution.

4.2.1 *Gender, race and age profile of participants*

The sample of participants was made up of eight males and two females. From a race perspective, the distribution across the race groups was predominantly African participants. This gender and race representation level could not have been pre-empted, as this study was neutral on gender and race. Most of the participants were between the ages of 40 to 45 years and had built their careers in the Bank through various roles in different areas. The participants held post-graduate qualifications and had an average tenure of 12 years in the Bank, signifying their knowledge of Bank A and their experience. All participants held senior management positions such as Sub-Segment Heads, Provincial and Regional Heads, Human Capital Heads, Divisional Heads, Product Heads and DT Head. These participants had been exposed to strategy formulation and execution and had direct participation in the DT journey of Bank A. Although the participants' demographics were captured, the researcher felt they had no bearing on the results derived.

4.3 **EMERGENT THEMES**

The purpose of the study was to explore the role and influence that middle management has on DT and its role in DT's execution. The study investigated the levers that middle management utilise to deliver on the DT in the context of a South African bank. The study addressed the objectives laid out below:

- To understand the role of middle management in interpreting DT strategy for employees
- To evaluate the implications of middle management misalignment to DT.

- To identify competencies needed by middle management to execute best the deliverables and expectations espoused in DT.
- To identify the challenges middle management face during the execution of DT.

The following themes have emerged from the study findings. These themes were then related to the four propositions that the study addresses and are unpacked in detail.

- The role middle managers play in DT
- Challenges experienced in the implementation of DT
- The role of leaders in resolving these challenges
- Middle managers competencies used in strategic organisational change implementation.
- Misalignment of Middle managers to strategy

4.3.1 *The role middle managers play in DT*

One of the key themes that have emerged in the study is the role that middle managers play in DT. Based on this theme, four important areas are discussed; these are the understanding of DT, the importance of DT in a bank and the role of a leader in DT of the Bank and Middle Manager role in the execution of DT.

a. *Understanding DT*

The DT journey in Bank A commenced with the C-Suite of leadership, crafting the vision and strategy, and disseminating it through different communication

methods across different layers of the organisation. Alignment within the C-Suite on the DT strategy was very important otherwise it would have sent mixed messages to the organisation. It is important to ensure there is a common understanding of what DT is to ensure consistency and buy-in. In Bank A, a DT Programme team was appointed to drive the creation principles, frameworks, and communication mechanisms for the DT journey within Bank A. This team would also support the organisation through the execution of the DT journey. The participants did not always have a common understanding of DT and seemed to use digitisation and digitalisation characteristics interchangeably. The rationale for DT in banking was commonly understood, with eight of ten participants highlighting customer experience as a key focus and seven of ten of the participants mentioning efficiency through integrated systems. The following three areas were identified as the most dominant characteristics of understanding DT.

- Automation and the global economy
- Customer focus and experience
- Integrated systems and efficiencies

i. Automation and the global economy

Some of the participants defined DT as enabling an organisation to move away from manual processes and engagement to more automated ways of doing business to expand reach across barriers and borders, using new technologies on digital platforms. Other participants understood it to be anchored by customer-centricity and using technology to respond to customer needs and delivering the

solutions not only face-to-face anymore but through digital interfaces. Due to DT and technologies used, organisations can scale their business and are no longer limited by the constraints of location. The advances brought about by the technologies and digital platforms enabled organisations, such as Bank A, to offer their products and services to other countries globally, where there would previously have been limitations. This enables participation in the global economy and expands business reach and growth. One of the participants also highlighted that the world was going through a shift and that Bank A was going through DT as a response to global trends and to participate in the global economy. Participant 4 shared her views as follows:

> *"So, the entire world is going digital and digital is not your typical automation or process automation. Not only AI. I think it's the whole combination of technologies and intelligence that connect the world in a way that it hasn't been connected before". –* ***Participant 4***

The following is an extract made by one participant:

> *"For me, DT's how an organisation shifts itself, moves itself from, in terms of its product, service offering, from one style of doing business to a digital offering to its clients. you've moved from that old way of doing business on a one-on-one basis to be able to move quite quickly, seamlessly on a digital platform, and clients are interacting with your business electronically, any time of the day or night, not depending on people physically"* ***– Participant 10***

This Participant believed that Bank A had the right intention, and that the strategy was aligned to the world's direction. This was also highlighted by another

participant on the importance of data in automation, which introduces additional capabilities of building data governance and enrichment of customer context. See extract below:

> *"So digital transformation is about digitising many manual ways of doing things and to shift more into a more digital way of doing things…for me is really about moving to a world of where there's a data trail for everything and that gives us the ability to understand as well as an ability to automate."* – ***Participant 1***

ii. Customer focus and experience

DT was also seen by several participants to reinvent how an organisation changes its business models, using technology, to focus more on delivering value for employees and customers. Nine of ten participants showed an appreciation for the importance of solving customers needs, using insights and data to build solutions that respond to those customer needs rather than pushing Bank A's products onto customers. There was recognition of enhanced customer experience being enabled by technology and DT and attracting new customers, retaining existing customers and differentiating with customer experience. Participant 7 mentioned that:

> *"Digitisation is how you automate using tech. DT is that plus and the plus really is it's about rethinking the way you create value for clients, for employees for, in fact, all participants in any eco-system are. Rethinking how you create value using digital technology."*- ***Participant 7***

"So digital transformation for me, I think the big thing is placing that capability in the control of the consumer because inevitably that's the demand at the moment. it's just that mind shift from kind of how we do things traditionally…. digital transformation kind of brings that you're open for business 24/7 365… So, it's really understanding the crux of what our customers are asking us, what the customer's needs are so that we're actually positioning the right things" – ***Participant 3***

Participant two also reflected on how the automation and integration of systems enhances customer experience.

"I see DT as bringing processes and systems that are disconnected from each other into those that are integrated and in one place that it creates a more intuitive and enhanced user or customer experience" – ***Participant 2***

Participant six also highlighted how DT is about empowering the customer to bank at their own convenience. They also indicated that accessing the bank's solutions digitally and not being restricted by the traditional operating hours of the bank enhanced customer experience even further. This view is shared in the extract below:

"So I think, moving into the digital space, it's about how do you take all of those capabilities and you empower the customer to be able to start doing that themselves and that has significant benefits of course for the customer in terms of you can do it when it suits you, whenever it suits you, wherever

*it suits you as opposed to almost being confined to whatever the operating hours of the bank actually are"- **Participant 6***

iii. Integrated systems and efficiencies

The participants highlighted that DT also encapsulated how technology, data and processes integrate to change the organisation's business model while driving efficiencies and cost reduction. The participants also reflected on how integrating systems into a single platform enabled better management and use of data and reduction of duplication. Data and insights were mentioned as catalysts to this process to ensure the survival of traditional banks by using the insights they have to provide more customised experiences across different interfaces and reusing capabilities to reconfigure these for different purposes. Participant four expressed their views on integrated systems and efficiency as follows:

*"So, you'll always have processes, you'll always have data but it's how those come together and how they're enabled by Artificial Intelligence, how they're enabled by technology structures just to drive to a completely different way of being"– **Participant 4***

Participant three weighed in on the optimised use of data, efficiencies and benefits it brings, in the extract below:

*"The key drivers to digital transformation are data. It must be managed in one place for efficiencies and single view of customer. Understanding the data and understanding what customers are telling us and insights we have on our customers to customise solutions will differentiate us." – **Participant 3***

Participant one identified more benefit of integrated systems below:

> *"The new integrated systems are easier to configure because of technologies and enable us to keep up with what's happening in the digital space. The integrated system is very profitable, we remain relevant and sustainable, and we bring down our cost. –* ***Participant 1***

b. *Importance of DT in banking*

The participants mentioned that the world is going through a global change with new FinTechs that do not have legacy systems as baggage. These FinTechs provide mobile customer solutions at a fraction of the cost and time. They felt it was important for all banks to embrace this new way of doing business or face being deemed as irrelevant by their customers. They highlighted the following three areas as the most critical reasons why DT was important in banking.

- Cost reduction
- Relevance
- Market share growth

i. Cost Reduction

When exploring why DT is important in banking, seven out of 10 ten participants highlighted the costs of legacy systems, manual processes, human errors, and operational costs were reduced significantly with DT. DT enables organisations to build new systems, leveraging common capabilities and infrastructure, thus reducing costs. Using new technologies increases flexibility, adaptability, and sustainable growth. Participant six shared their opinion on the impact of DT on costs below:

"The advantage of digital is that it does come with a massive cost advantage so by actually enabling digital capability within your operations, you are able to reach a much larger audience within the country and more importantly be able to offer them services I think in a much more affordable manner." – ***Participant 6***

"I think if you look at the cost of running a traditional bank that is not digitised, the old core system it's very costly, it's very disruptive and it can't go anywhere - legacy cost" – ***Participant 7***

ii. **Relevance**

The participants all agreed that customers have multiple options in banking, especially with new digital competitors. DT is a way of relooking how an organisation operates to respond to customer needs using innovative processes to provide solutions that are relevant in their everyday lives and save customers' time. This enables competitiveness, attracts, and retains talented employees within organisations. DT brings relevance to customers and employees, drives growth and continued innovation. Participant five reflected on what happens when an organisation does not embrace DT below:

"There is that element where if you are left behind as financial services provider, and everyone else is innovating and digitising their processes and interactions then it means that your employees will want to go where the fun is, so it's also important in terms of retention and attraction of some of the best talents that is available out there." – ***Participant 5***

Participant seven also echoed these thoughts below:

> *"DT is a way of responding to competition. New entrants are coming into the market with digital solutions. We need to keep up with what's happening in the digital space, remain relevant, keep our customers and then lastly I would say also just being able to attract the best employees within the industry."* – ***Participant 7***

Participant six also highlighted that with customer demands growing, banks needed to digitally transform in order to meet their expectations and complete effectively and remain relevant to their customers.

> *"It's going to be very difficult to compete with the guys who are transitioning because the quality and the value of the services that they offer and the price-point at which they'll be able to do that and very difficult to compete, so I think digitisation is a business priority for financial services."*- ***Participant 6***

iii. Growing market share

The participants have expressed that DT enables organisations to provide their solutions to a much more comprehensive range of customers faster because physical presence and borders are no longer a barrier, thus having an opportunity to grow their market share and stay competitive. Seven out of the ten participants emphasised this in the interviews. Some of the participants felt that DT enabled organisation to compete effectively and gain new customers, thus increasing their market share, as illustrated in the quote below

"I think it's about competitiveness, it's about your cost to income ratio, it's about efficiency, it's about your ability to grow your market share as a business. I mean you're certainly able to access more customers, you've got global reach, you're able to transcend borders, transcend so many physical barriers, it's far more efficient and your scalability is achieved by having a digital platform business." ***– Participant 10***

Participant nine highlighted below the importance of global reach:

"you've got global players that want to now have reach through anywhere in the world, borders are no longer becoming a constraint or a barrier" – ***Participant 9***

c. *The role of a leader in the DT of the bank*

DT in Bank A is considered a strategic imperative and requires leadership to pay careful consideration to essential functions to ensure its success. The participants identified essential functions that they perform; these two areas were most emphasised:

- Understanding what DT means to the team
- Execution of strategy

i. Understanding what DT mean for my team

Eight of the ten participants indicated that as much as Executive leadership communicate the vision of DT, middle managers' role is to interpret vision and strategy into executable tactical plans for the team to follow to execute.

"Yeah, I think at the C-suite it's getting the vision for the digital transformation, they need to formulate that vision and they need to share that vision. They then need to mobilise the organisation to pursue that vision and then on top of it they need to create an environment that recognises people who contribute to that vision." – ***Participant 6***

"Okay so if you think about it traditionally it's the role of senior management to, I guess shape the vision, set the strategy and then articulate that down to people teams and the next team of leadership that ultimately need to go and execute. Where the real execution happens is middle management, I think ultimately middle management is ultimately where the takkie hits the tar." – ***Participant 7***

Middle managers indicated that they must analyse and understand the overall impact, positive or negative, fundamental changes and tools that may be needed to set their team up for success. Five participants indicated that they should raise any questions they have as middle managers with Executive leadership to create clarity for themselves to have a good foundational understanding before approaching employees. Should there also be certain things that they feel will not work, they should also raise them with leadership and engage with their colleagues to close operational gaps that may surface before discussions with employees. Participant 4 reflected on the translation of the strategy below:

"I have to be able to translate strategy from a strategic execution perspective into tactical strategies that can be implemented in the business. So that would involve understanding what digitalisation means

in the context of our business and in banking. How does that translate into a people impact, talent impact and organisational impact from a work perspective?" ***– Participant 4***

Participant 8 mentioned the importance of getting clarity on strategy before approaching employees below:

"It is my role to get clarity where I believe it's not clear on certain areas so that when I go to the people, I don't have the same questions they may have." – ***Participant 8***

ii. Execute the new strategy

A key role identified by seven participants was preparing the teams and executing on DT. Once Executive leadership had formulated the strategy, then middle managers must understand and analyse strategy for impact on employees and identify current organisational processes to be transformed. Some of the participants also said they create buy-in, break strategy up into executable tactics, allocate them to the relevant team, communicate up and down the line, and carry out aspects of the strategy. DT, in this instance, is the strategy that they must execute. Participant 8 was encouraged that in Bank A space had been created for middle managers to be vulnerable and ask questions and get clarity and expressed it in the following way:

"My role is to drive the team to execute. It is me who must buy-in and understand so that I can run my team and say guys, let us execute, these are the benefits …..It is my role to get clarity where I believe it's not clear on certain areas so that when I go to the people, I don't have the same

questions they may have. My role is, as I said, influencing up and managing downwards" – ***Participant 8***

"I have to be able to translate strategy from a strategic execution perspective into tactical strategies that can be implemented in the business". – ***Participant 9***

d. *Middle Manager role in the execution of DT*

i. Manage the execution phase

The participants emphasised that the execution of DT is one of their core roles. They indicated that they must balance priorities between keeping Bank A operations running while building future capabilities and solutions. This was challenging at times because delivery was through the same teams and expectations from Executive Leadership was that both needed attention and had to be delivered on appropriately for business sustainability. This would require them to align to DT and ensure their teams are on board. The middle managers would need to gear up the overall skills level of their teams relevant to the DT journey, create tactical plans that will ensure delivery of DT, and allocate resources to those specific tactics. They would then drive the identified deliverables through their teams, providing feedback on progress upwards and downwards to keep leadership informed and teams motivated and highlight any challenges experienced. These aspects are imperative in order to deliver on the expectations of DT.

“We’re still expected to achieve the same level of results, but you also need to make some sort of investment towards this transformation, juggling priorities”– ***Participant 5***

“Okay so if you think about it traditionally it is the role of senior management to shape the vision, set the strategy and then articulate that down to people teams and the next team of leadership that ultimately need to go and execute. Where the real execution happens is middle management, I think ultimately middle management is ultimately where the takkie hits the tar.” – ***Participant 7***

“My role is to drive the team to execute once a decision is taken from the C -suite, I belong in the execution team. It is me who must buy-in and understand so that I can run my team and say guys, let us execute and these are the benefits” – ***Participant 8***

DT introduces challenges into the organisation ranging from lack of change management, securing private information, to employee fear of job loss. The middle managers play a role in resolving these challenges by engaging with employees and taking them on the DT journey, having honest and authentic conversations about the different stages of DT and the impact on the employees. Being a change champion, and also providing direction to their teams are key roles middle managers play. Equipping employees with the relevant skills also enabled employees to remain relevant and secure where it made sense. Middle managers also identified this as a role they played in resolving challenges. An important role they have identified is that of execution which includes interpreting

strategy and translating it into plans and tactics and allocating it to their teams to deliver for the execution of DT.

4.3.2 *Summary of the role middle managers play in DT*

When an organisation undergoes digital transformation, it is critical for the executive leadership to have a vision and strategy to respond to the demands of customers, driven by the rapidly changing technological advancements. Should organisations not participate in DT, they risk irrelevance to customers and employees, the ability to scale their businesses at a reduced cost, play in the global economy and increase their market share.

Middle managers need to understand what DT is and why it is important to the organisation so that they can translate the vision and strategy into executable plans for their teams, keeping customers at the heart of their customised solutions, and execute on the strategy of the organisation.

Challenges experienced in DT

a. *Challenges with DT*

When the data from the interviews was analysed, it was discovered that the participants had a lot in common when it came to the problems, they faced during DT. The two key areas below emerged as the main challenges that are discussed further:

- Lack of change management
- Fear of job loss

i. Lack of change management

Nine participants stressed the people factor as the most crucial challenge in DT. They reflected that people inherently do not like change, especially when they do not believe it is required. The participants highlighted that change management, or lack thereof, is an aspect that can impact the course and progress of DT should it not be planned for and dealt with from the onset in the organisation. It is also noted that employees will internalise the change at different paces because of perceived personal impact. A few participants noted that should the vision and strategy not be understood by everyone in the organisation, it may result in a lack of buy-in, resulting in delays in execution. This view was also shared by participant nine below:

> *"One of the things I've seen is that if there's no buy-in, people end up using so much energy fighting over petty thing that can cause so much delay in the broader vision and timelines in what has been agreed on, on the strategy."- **Participant 9***
>
> *I think the big thing is that we've got to get the change management component right. If you automate stuff, there's plan where people know how they fit into this and what they need to do in order to fit into this otherwise there is fear"- **Participant 3***

Participant seven and five respectively, reflected on the people factor and linking the dots between strategy and execution as challenges that need to be resolved in the DT journey to make employees more comfortable with the change.

"It's the people aspect, by far and large the hardest part of the journey. "– **Participant 7**

"the ability to link the strategy itself to what needs to get done has been a challenge" – ***Participant 5***

ii. Employees fearing for their jobs

Participants noted that DT often entails process optimisation, which could be translated into job rationalisation in some cases. Employees are fearful of losing their jobs as a result of this. In some instances, it is the 'fear of being replaced by machines' that can have a crippling effect on employees. The transition must be handled carefully to avoid disruption.

"…as you transition, there's a lot of fear and there's a lot of uncertainty and the reality is most people tend to see digitisation as "no, you're going to replace us with robots". ***– Participant 6***

"So firstly, you're going to get massive resistance because people don't understand and the reasons why they don't understand could be fear… fear that I don't know if I have the skillset that is required" – ***Participant 6****"DT brings that uncertainty and fear of losing jobs"* – ***Participant 8***

4.3.3 *The role of leaders in resolving these challenges*

Some of the participants reflected that it becomes the role of the middle managers to engage employees, translate the strategy to their immediate reports, and explain the impact of strategy on the team and the expectations in terms of execution and delivery. First, however, they need to get employees on board, reskill them appropriately and alleviate job loss fears through clear and honest communication.

a. ***Engaging more with employees and being a change champion***

Seven participants agreed that engaging employees from the onset was critical and taking them on the change journey and what it means, leaving no one behind. It was also to give them an opportunity and a space to ask questions and make sense of DT. A crucial step in this process was having authentic conversations about their fears and providing honest feedback to address their concerns. Constant engagements throughout the execution were necessary to get to a level of understanding of DT to enable successful execution. They also felt being the change champion is another essential role in resolving these challenges by driving the change with their teams and being open to being questioned about the rationale for the change while reinforcing the benefits of the change to their teams.

> *" So, what we've really tried hard to do is create this space in the environment where people can sense make and contribute towards our transformation journey in a safe space where they can be a bit vulnerable and ask questions where it might sound stupid at the time."* ***– Participant 7***
>
> *"So, my role is in the engagement of these discussions because it's influencing down and up…. you propagate a particular topic until somebody says, "what do you mean, explain? Let's put it into our agenda", it gets more airtime.."* ***– Participant 8***
>
> *"if I look at the employee one it is 100% up to the leadership team to get employees to buy in. And you must remember, employees generally*

perform better or respond better to change when they feel like they were consulted before." – ***Participant 5***

One of the participants reflected that in Bank A, although lots of time was spent on conversations within the Executive Leadership level, the same amount of time was not spent with the rest of the employees.

"A lot of the times the conversations were being held with the top leaders, senior management and the conversations were held there for a very long period of time and they were not necessarily filtering into the rest of the organisation." – ***Participant 6***

b. ***Reskilling employees***

Some of participants also felt that it was part of their role to prepare the employees with future skills required for DT. They felt that by identifying critical skills gaps to provide customer solutions and service, they could set up the necessary training programmes or retrain employees, based on their aptitude, with new skills geared towards DT. This would enable participants to provide employees with the right skills and tools to do their jobs. It could also alleviate fears of job loss.

…It's about inclusiveness as much as we can and also build out where we have to for processes or people that we can't cater for, giving people the right tools to do their jobs, it's providing digital solutions for the customers

from digital interfaces but also to make sure that our employees are trained" – ***Participant 4***

"Other people will be skeptical because they are worried if they'll be relevant in this new normal that you are trying to move towards. So we must be very clear and bold enough in terms of upskilling people." – ***Participant 9***

"We must ensure that the employees are adequately skilled, trained, motivated and engaged" – ***Participant 2***

"Participant six also indicated that once the strategy has been understood and the impact thereof on the team, the middle manager then needed to identify how to upskill their teams for the future.

"okay, cool, what does it mean within my space? And okay cool, what do I now need to do differently" And once you've agreed on that, that is doing it to change your operating model, you need to change your structures. You also need to look at the skillsets of the people within your space, you need to upskill them in any particular skills, so you definitely get those particular considerations."- ***Participant 6***

4.3.4 *Middle managers competencies used in strategic organisational change implementation*

The participants identified several competencies during the interviews they felt a leader should possess during organisational change implementation. Some of

these competencies included problem-solving, sense-making, storytelling, listening, execution bias, collaboration, negotiating, tenacity, agility, and flexibility. However, four key areas discussed as the most common competencies among the participants. These were:

- Effective communication
- Willingness to learn.
- Change agent and good people skills.
- Digital 'savviness'

a. *Effective communication*

The participants highlighted that effective communication was the cornerstone of DT. It was the most impactful way of ensuring the vision and strategy were disseminated to the rest of the organisation. They also felt that the communication was not only important to their teams but between themselves as colleagues to sense make and then up to Executive Leadership to clarify any questions they had about the vision and strategy in order to not only create buy-in down the line but to enable the execution of strategy.

> *"...It is my role where I believe it's not clear on certain areas so that when I go to the people, I don't have the same questions they may have. My role is, as I said, influencing up and managing downwards" –* ***Participant 8***

"I spent enormous amounts of time talking to them again and again about what the customer experience needed to look like and then having conversations

around how we think that translates into the workforce" – ***Participant 4***Participants also felt that if there were things that did not make sense in the strategy, they also needed to communicate with influence on Executive Leadership to ensure concerns were taken into consideration and addressed. Finally, the DT journey requires constant communication, using story-telling techniques to make it relatable and sense-making to ensure employees feel like they are part of the journey and understand the part they play in it. Communication of progress, challenges, key decisions, and resource allocation is necessary to keep the organisation engaged.

> *"Where I may have concerns, which does exist because you may see things differently or you may think there's something that could have been missed. It's important that you take it back to the C-suite and have conversations around it."* ***– Participant 6***

> *"Leadership skills so certainly inspiring leaders… they need to have an element of vulnerability and be courageous… I guess charisma, inspiration, good story-tellers, good listeners…a good connector, I mean the ability to connect with people and connect with teams hey, I mean that's a very powerful part of this people story."* ***– Participant 7***

> *"Courage. It is very important to be courageous, being a communicator is very critical as well and being a clear communicator, other one is being a team player and competence in terms of strategy formulation and strategy execution."* – ***Participant 9***

Participant 5 emphasised that employees needed to feel part of the journey and selling your story to achieve that was important as depicted below:

> *"You have to be able to communicate certain things and I think when your team looks at you, they have to find you relevant, and you have to be able to sell your story to employees in a way that they understand."* – ***Participant 5***

b. ***Willingness to learn***

Some of the participants felt that Bank A is a bank that embraces innovation. They felt that the leadership and employees in the organisation are therefore used to change. DT, however, introduced new ways of working with different expectations on middle managers. Participant 7 mentioned that one had to be comfortable with being uncomfortable as new concepts, technology, operating models, and structures were introduced simultaneously.

> *"I think also the skillsets of getting people comfortable to be uncomfortable if that makes sense so that's a skill, we all need to learn a bit more of because a lot of people don't like, to sit with discomfort of the unknown and something that's emerging, and they don't quite know what the answer is and to be okay with that."*-***Participant 7***

> *"I also think a level of self-awareness is critical, I mean I need to get to a point where I understand how uncomfortable this makes me…change agility so it's developing a degree of comfort with ongoing change. And then resilience I think is also something"* – ***Participant 4***

The participants also indicated that they needed a willingness to learn and stay ahead of the curve and understand industry and customer trends. This would inform the changes that needed to be made in responding to customer expectations during DT. They also needed to learn to be adaptable and flexible as things were always changing at a fast pace, specifically in technology, so digital 'savviness' also helped to understand key DT concepts and language in order to translate the strategy appropriately to employees.

> *"It is purely the zeal, the willingness to change. It is sufficient enough on its own that propels you to be able to learn what you don't know. For me those are the competencies that a leader requires"* – ***Participant 8***

> *"I'm totally there because we all learn all the time but if I could not grasp the concepts and push myself to get smarter and figuring this out, and collectively the organisation started getting smarter at filtering the message through better, imagine how much damage we could have caused and can continue to cause because the middle layer just didn't get it."* – ***Participant 3***

c. *Change Agent and good people skills*

DT introduces changes in the business operating model, automation of processes and new technologies. This has impacted how some employees need to perform their jobs. Therefore, the participants all agreed that change agility and resilience were critical competencies to have. The ability to manage the change

that the people in the organisation were going through was critical and needed to be handled at different organisation levels. Firstly, by understanding the change and its impact on themselves as leaders, the employees and organisation at large were critical in cascading the change, the operational impact, and expectations of their teams towards DT execution.

> *"I think the ability to engage is key…The ability to negotiate is key…The ability to be a mediator is key…it's the ability to articulate that vision…it's all about story-telling as a skill…tenacity and resilience…I think also empathy."- **Participant 6***

> *"I think the big thing is that we've got to get the change management component right… filter a consistent clear message, inclusive message that can also make this thing happen… if you automate stuff there's plan where people know how they fit into this and what they need to do in order to fit into this" – **Participant 3***

The people component can be a hindrance to success if not managed properly. The participants indicated that if people do not understand the purpose of DT, they do not support or buy into it. The participants also highlighted the need to communicate to different people within and outside their teams to enable collaboration towards successful execution of DT. Therefore, finding ways to engage with people at different levels to communicate, influence upwards and downwards, help employees through the transition, listen, and have difficult conversations while getting buy in for the strategy is paramount to DT success.

"..my role is to drive the change, give the people the picture we have, get their buy-in, to be a change agent" – ***Participant 8***

"you do need to be able to communicate to a range of stakeholders. You need to be able to have the ability to break down that strategy very simply for anyone, so they are able to understand it. You also need to be able to see where you can collaborate. Be good in storytelling…people must be open to listening but listening because you want to understand and work together and go forward together." ***– Participant 1***

d. ***Digital 'Savviness'***

A few of participants felt it important for middle managers to be digitally 'savvy' and understand the different components of DT and the implications on the banking industry and Bank A. This will enable them to communicate internally and externally more convincingly and assist them with getting buy-in from employees to drive the DT agenda within their teams and within the organisation at large.

"I think today's leaders need to understand a little bit about digitisation and a little bit about technology and understand the benefits of DT when we talk about technology, we need to have an idea of what that means within the context of banking". – ***Participant 5***

"We really need to also take time reflect and to read and to not be ignorant about what's happening in industry and the world so in terms of the fourth

industrial revolution, block chain, AI technology, cloud computing, 5G, you can name a couple other things, just not to be totally ignorant on those type of things. To understand just in terms of where that wave is going, which direction the world is moving and to communicate it in such a fashion that we can make it understood to others." – ***Participant 2***

Participants four and one shared their opinions on the importance of digital 'savviness' below:

"The other one is something around digital savviness and advocacy so if I don't buy into what being digital is about and if I don't really on a fundamental level understand what it means to digitise, I'm not going to walk the talk as a leader." – ***Participant 4***

"So, I think you've got to be, from a leader's point of view, you've got to be technologically astute. You're trying to create a sense of comfort through confidence about a topic that is totally at the heart of technology." – ***Participant 1***

DT is a complex organisational change and required middle management participation in ensuring its seamless execution. Certain competencies have been identified by the participants that will enable this. These competencies include effective communication at different levels of the organisation to create clarity, purpose, and direction towards execution. Middle managers must also be willing to learn about global trends and terminologies of DT and drive this change

through their teams and the rest of the organisation. This requires good interpersonal skills to deal with different types of individuals and understand what communication mechanism or support is required to equip employees to deliver on DT expectations. They were also required to have a level of digital 'savviness' in order to convincingly speak of DT within the organisation and externally to increase their level of understanding of DT and to enable them to execute.

4.3.5 ***Misalignment of middle managers to strategy***

Participants highlighted that understanding and buying into the vision and strategy of the organisation and the direction in which Bank A was moving was important for middle managers. They needed to recognise the impact to customers and employees in order to communicate the same and get buy-in from employees to drive the strategy execution through their teams.

> *"If I don't understand it and if I don't buy it, there is no way my staff would buy better than I do or would be able to execute what I'm not clear or what I don't buy in."* ***– Participant 8***
>
> *"It's important to understand that to see where you'll allocate resources down the line because of course with the digital transformation, redundancy will come…"- **Participant 2***

The participants noted reasons why it is important to align with the strategy and repercussions of misalignment. Three prominent reasons were mentioned as most prevalent across the participants' views. These include the allocation of resources, relevance, and delayed execution.

a. *Allocation of resources*

Participants mentioned a need for middle managers to continue to run the business whilst building capabilities for the future, most of the time utilising the same teams. It is thus imperative to understand DT to decide how resources will be allocated to keep the business afloat as it transitions during DT. Should this not happen, there will be conflicting priorities between either too little or too much time spent on current operational tactics that benefits of DT are lost or too much time spent building for the future state that current operations are compromised. Middle Managers indicated that they need to find a way to allocate resources to both new initiatives for DT while running the existing bank initiatives because Executive leadership still expects the current business operations to thrive while transitioning to DT.

> *"..., chances are you're doing new things, you're building new capabilities so how do you start moving your capacity and your resources from the old stuff of let's run to let's build the new capabilities that we need without a good understanding of the strategy*?" – ***Participant 6***
>
> *You've always had the competing priorities of run the bank and build the bank and what you typically find a lot of run the bank, it's about optimising the way we used to do things, fixing what has not been working but it's not necessarily changing how you operate.* – ***Participant 5***

b. ***Relevance***

When participants reflected on their misalignment to strategy, they indicated that if they do not have a good grasp of the vision and strategy, they cannot translate the strategy into the correct operational tactics for execution. This also impedes their ability to communicate correctly and effectively with employees. It would also negatively impact the direction they provide to their teams during execution. They also indicated that their contribution to the Executive Leadership and execution of DT would lose relevance. Below are a few views expressed by the participants of what happens when middle managers are misaligned to strategy:

> *"I mean we lose the confidence of our shareholders. We lose the confidence of our talent, our capable employees and leadership and staff and we lose the confidence of our customers."* ***– Participant 3***

> *"Well, they'll be left behind because it's moving on regardless so you'll be left behind, and you will become extinct like a dinosaur"* ***– Participant 4***

> *"You'd get left out. You'd completely become irrelevant. Anxiety develops, you feel people sideline you because you're becoming irrelevant to the conversation, you're becoming irrelevant in meetings, you're becoming irrelevant in a lot of things."* – ***Participant 8***

> *"So, if I don't have a very good grasp of what we're trying to achieve strategically, what I put on the table is not going to be relevant to the business moving forward."* – ***Participant 4***

c. ***Delayed Execution***

Participants indicated that when middle managers are not aligned to the vision and strategy, they can lead the execution teams down the wrong path due to their lack of understanding or buy-in. This could trickle downstream, creating unnecessary friction around the strategy. They could also drive the incorrect operational tactics or invest in the wrong technology, which would waste Bank A's financial resources and delay the execution of DT.

The participants also reflected that if they are misaligned, their teams would be misaligned to the strategy. This would impact the team's energy and drive to execute timeously while focusing their efforts on the right things.

> *"So firstly, you're going to get massive resistance because people don't understand and the reasons why they don't understand could be fear… fear that I don't know if I have the skill set that is required"* – ***Participant 2***

> *"I would probably be the person contributing to the distractions, I would be the detractor, continuously reinforcing the view that this is not going to work, this is going to fail, this is not delivering and any time that there is a view of that nature is raised, you contribute to the negativity whereby even people who may have been trying to buy into the strategy are suddenly now no longer convinced and they suddenly become a bit nervous and wary of what we're trying to do."* – ***Participant 6***

> *"One of the things I've seen is that if there's no buy-in, people end up using so much energy fighting over petty things that can cause so much*

delay in the broader vision and timelines in what has been agreed on, on the vision." – ***Participant 9***

The participants also indicated that if middle managers do not address concerns raised by employees honestly, it might break trust and impact traction on delivery of DT.

"So, I think part of just ensuring that you have the conversations with your teams and having honest, courageous conversations, that's key. I think to me if you don't address the concerns and the fears there is a lack of trust in terms of what's being done and then you will sometimes find that you're not getting traction or progressing. Meanwhile people are resisting because they don't feel like they can trust you on the journey that you're taking them on." – ***Participant 6***

Alignment to the vision and strategy of the organisation is paramount for middle managers otherwise it may impact negatively to how they allocate resources, maintain relevance in the organisation or their teams and ultimately impact the timeous execution of DT.

4.4 Linking themes to propositions of the study

4.4.1 *Themes related to proposition 1*

Proposition 1: Middle managers play a pivotal role in interpreting the strategy for the execution of DT.

Interview questions 3-5 were posed to understand what the participants defined as DT if they believed DT was important in banking and the role they played in DT. The participants' responses highlighted that there was not a common understanding of DT in Bank A. However, their understanding of DT and what it means in banking helped middle managers translate what DT was, why it was necessary, what it meant for the team, and what needed to be done by the team to execute on DT. Although not all employees may see the need for DT due to personal impact, nine out of ten middle managers agreed it was their role to get employees on board and make sure there was no disturbance to customer service. They felt it important that customers get to take advantage of the benefits of DT. These aspects speak to the middle managers' ability to interpret strategy to equip the team for DT's execution. Theme 1 - The role middle managers play in DT is broken up into the sub-themes below related to proposition 2.

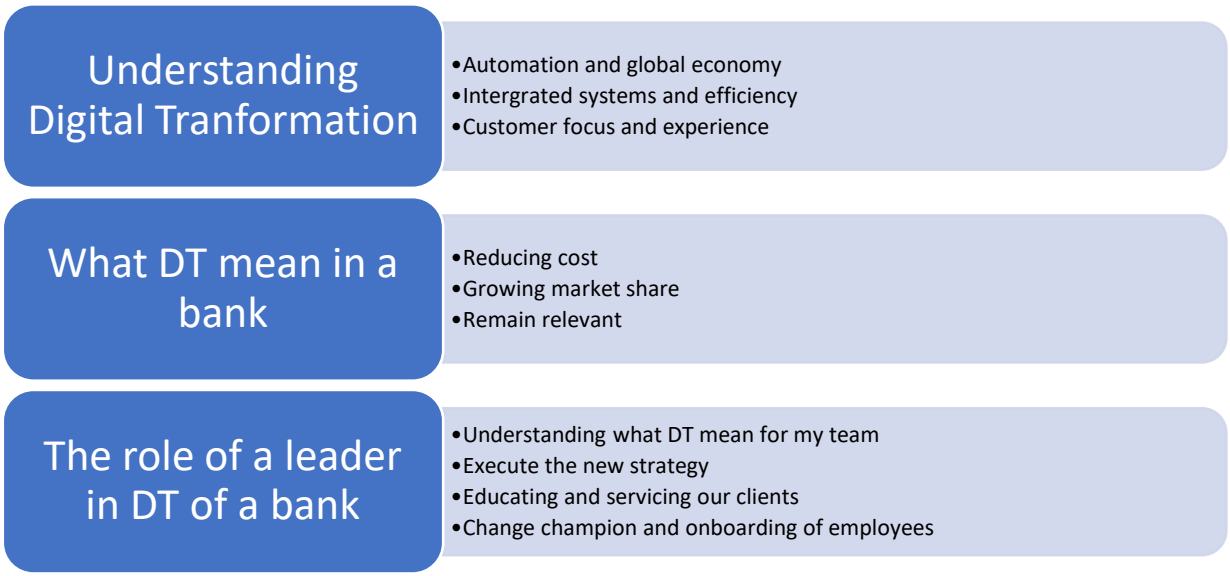

Figure 4-1 Themes relating to proposition 1

4.4.2 *Themes pertaining to Proposition 2*

Proposition 2: Strategic thinking, learning and adaptability, action orientation, communication and networking are key competencies for Middle managers during DT

When asked what competencies middle managers needed during DT, competencies and skills were used interchangeably. There were varying views on the most critical elements such as storytelling, courage, facilitating sense-making, self-awareness, and flexibility from a few participants. Effective communication was identified by seven of the participants as being a crucial competency to have as portrayed in the themes that emerged and portrayed below. Participants also mentioned the ability to articulate the strategy. This aligns with effective communication as well.

Effective communication can be interpreted as using the relevant communication method to get the point across. This would require different levels, media, and communication methods to be done by middle managers at different stages of the DT journey. Having the willingness to learn was mentioned by six of ten participants as important due to DT being a new phenomenon and introducing a lot of change. It follows that eight participants highlighted change advocacy and it is imperative to have good people skills. Three participants mentioned the ability to think ahead, being strategic and understanding the bigger picture. Finally, digital 'savviness' was mentioned as a key competency. DT has technical terminology that needs to be understood by Middle managers in order to communicate effectively, and willingness to learn about DT and other related concepts seems to be linked.

4.4.3 *Themes related to proposition 3*

Proposition 3: The misalignment of Middle managers has implications on the execution of DT.

The participants felt strongly about how critical it was for them to be aligned to the DT. The role they play in understanding DT, communication of DT to their teams, and buy-in would be impacted if they were not aligned to DT. A few themes emerged. One of the key functions that middle managers perform is allocating resources to different initiatives. Seven participants indicated that they would end up misallocating resources. The contribution they make to their teams in terms of guidance and leadership through the DT journey would also be negatively

impacted, affecting the team and Executive Leadership's relevance. They could also become detractors, which would impact how their direct reports and teams buy-in to DT. Finally, five participants also indicated that DT's deliverables would be delayed because of misallocated efforts.

4.4.4 *Themes related to proposition 4*

Proposition 4: Middle managers play a role in addressing challenges experienced during the execution DT

Middle managers were asked about challenges experienced in DT and what they believed their role was in the resolution of these challenges. These questions were probed through Interview questions 6-9 in the interview guide. Eight out of ten of the participants emphasised that they played a big part in resolving challenges such as change management and fears of job losses. Seven of ten participants believed it was their role to engage with the employees to discuss DT, provide clarity and direction to alleviate these challenges. Seven participants across different middle management roles raised that being change agents with their team would help employees feel included. This demonstrated that most of the participants felt that they played a key role in resolving the challenges experienced during the execution of DT, as portrayed by theme 2 - Challenges experienced in DT.

4.4 Consistency Matrix

For ease of reference, the table below depicts a summary view of the research objectives, research propositions as well as research themes related to the research propositions.

Table 4-1: Consistency Matrix

Research Objective	**Research Proposition**	**Research Themes**
1. To understand the role middle management play in interpreting strategy for employees	**Proposition 1:** Middle Managers play a pivotal role in interpreting strategy for the execution of digital transformation.	**Theme 1: The role Middle managers play in DT** • Understanding DT • Importance of DT • The role of a leader in the DT of the bank • Middle Manager role in the execution of DT
2. To identify competencies needed by middle management to best execute on the deliverables and	**Proposition 2:** Middle Managers require key competencies such as strategic thinking, communication, learning and	**Theme 2: Middle managers competencies used in strategic organisational change implementation** • Effective communication

expectations espoused in DT.	adaptability, action orientation, networking to execute on digital transformation.	• Willingness to learn • Change agent and good people skills • Digital 'savviness'
3. The evaluate the impact of middle management misalignment to DT	**Proposition 3:** The misalignment of Middle Managers to the digital transformation strategy has implications on its execution	**Theme 3: Misalignment of Middle managers to strategy** • Allocation of resources • Being relevant • Delayed Execution
4. To identify the challenges middle management face during the execution of DT	**Proposition 4:** Middle Managers play a role in addressing challenges experienced during the execution of digital transformation.	**Theme 4: Challenges experienced in DT** • Change management • Employees fearing for their jobs/Job security The role of leaders in resolving these challenges • Engaging more with employees and being a change champion • Reskilling employees

4.5 Conclusions on the findings

The role of middle managers was explored through themes that emerged using the thematic analysis approach. There was general agreement among the participants that middle managers played a role in strategy. What also emerged quite strongly was the theme of keeping customers in the loop as the DT journey continued to ensure customers inform the solutions that are enabled by DT and that they also understand how to access and utilise the solution with enhanced customer experience.

The competencies that emerged from the participants were not completely aligned to those proposed in proposition 2. However, change advocacy and digital ‘savviness’ were competencies that were rated highly by most of the participants. There was consensus across the participants that their misalignment to strategy would have a negative impact on the execution of DT in Bank A. Finally, there was a strong view that due to the different functions they perform in Bank A, especially one of being the channel between Executive Leadership and employees, middle managers had a significant role in managing the change with their employees and resolving challenges that arose during the execution of DT.

CHAPTER 5.DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses the research results in relation to the adapted proposed middle management framework for the execution of digital transformation formulated from the literature reviewed in chapter two, the research propositions derived in chapter three and the results depicted in chapter four. The results are then also discussed in relation to the findings derived from the in-depth semi-structured interviews conducted with ten Senior Managers from Bank A. The literature reviewed in chapter two did not specify in detail the role of middle managers in the execution of digital transformation and thus highlighted a gap in the academic literature. To answer proposition 1, the study uncovered themes, which are explored in depth before the proposition's conclusion. These themes serve as a basis for determining how middle managers interpret strategy for DT execution. The discussion on this proposition is covered in more detail than the other propositions to provide context.

The study offers new insights from experienced leaders in the banking industry in South Africa on the role and influence middle managers have on the execution of DT in a South African Bank.

5.2 Discussion pertaining to objective 1

Objective 1: To understand the role of middle management in interpreting DT strategy for employees

To address this objective, the adapted inductive framework, the building blocks of digital transformation (Vial, 2019) was used as reference in evaluating the role that middle managers play in the execution of digital transformation. Interview questions 3,4 and 5 were crafted to determine an understanding of digital transformation, the importance of DT in banking, to understand the role of a leader in DT, as well as to then establish middle manager's role in the digital transformation of the bank.

5.2.1 *Understanding DT and its importance in Banking*

The rapid changes happening in the banking landscape, due to technological advances, are forcing traditional banks to relook how they conduct their business, address customer needs and stay relevant and competitive (Bandara, 2016). Banking has become commoditised and new fintech players are introducing mobile financial solutions at a much lower cost than traditional banks and providing more customisation to their needs (Dintrans et al., 2016). To compete effectively, banking executives need to find innovative ways to drive digitisation in their organisations (Kohli & Johnson, 2011). Sainger (2018) mentions that it is critical for the executive leadership in banks to understand what is happening globally and craft visions and strategies that are aligned to modernising their organisations, using the relevant technologies to digitally transform their businesses in response to pressures from both customers and competitors.

These views were strongly aligned to the feedback received during participant interviews. They indicated that digital transformation was a necessity for Bank A to stay relevant by automating its manual processes and digitising its solutions for customers using digital platforms. The literature also aligns to their

understanding that using these digital technologies and platforms helps gain efficiencies in the organisation and helps the organisation address customer needs in a convenient way (Bandara, 2016). There was, however, a misalignment in the participants' definition of digital transformation and concepts of digitisation, digitalisation and digital transformation were used interchangeably. This is a common problem is other organisations and industries as well, as depicted by Schallmo et al. (2020). What was consistent was what needed to be done from a digital transformation execution perspective.

According to Camarate and Maritz (2018), the dominant South African banks are facing competition from new entrants who deliver digital banks that incorporate systems using their popular digital capabilities. This makes delivering personalised contextual solutions that are data insights driven a lot easier and improves efficiencies because digital banks do not have legacy systems. The participants agreed with this view and felt this was important because developing digital capabilities that could be commonly used by other areas in Bank A would reduce duplications and lead to cost efficiencies and a better customer experience. One participant indicated that how data, processes and technology came together was critical in driving a new way of doing things and solving customer needs.

Digital transformation helps the organisation to remain competitive, grow its market share and stay relevant. Brecher et al. (2016) indicated that digital transformation affected an organisation's ability to retain talent. This was echoed by the participants by highlighting that being relevant to customers also helped with employee retention and attracted new talent to Bank A because talent prefer to be part of a progressive and winning environment.

5.2.2 *Customer Focus and Experience*

One of the elements that came across strongly both in literature and in the interviews, was how digital transformation enables customer focus and customer experience. Customers have an increasing need for instant gratification when it comes to products. Banks therefore need to revolutionise their infrastructure and systems and modernise the way they use customer data to move away from general segmentation of customers to personalised products and services that are convenient and relevant with enhanced customer experience (Bandara, 2016). The participants agreed with this sentiment and believed this could not be achieved without the use of digital technologies such as big data, machine learning, AI and digital platforms, to mention a few. Every participant indicated that enhancing customer experience through DT would attract new customers, retain existing ones, and differentiate the organisation.

5.2.3 *Role of a leader in DT of a Bank*

The literature focuses mostly on the role of C-Suite in digital transformation which is predominantly to scan the environment for opportunities and threats, develop vision and strategies to respond, communicate expectations, give a sense of aspiration and inspiration and create a sense of urgency around the change (Kotter, 1995; Matt et al., 2015). Executive leadership must provide other layers of management with support required to empower employees with skills and tools and digital knowledge during DT.

Participants' opinions on the role of the C-suite was also supported by the findings from the literature. They also indicated that once the C-Suite had formulated the vision and strategy, it was middle managers' responsibility to execute on the

agreed expectations, even going as far as to say middle management is where the rubber hits the tar.

5.2.4 *Middle managers role in DT*

There is extensive coverage on the role of the C-Suite in DT in the literature. The role of middle management in DT has not been covered to the same extent. It was therefore necessary to determine whether the role of middle managers in DT is the same or similar to the role literature describes as their role traditionally in the organisation. Middle managers have a unique position in the organisation in that they are the interface between executive management and the rest of the employees in the organisation and come with the operational knowledge. That means that when the vision and strategy are formulated by the C-suite, middle managers must unpack it and make it real for their teams (Wooldridge et al., 2008). Participants also agreed with this view and saw it as part of their role to understand the vision and strategy to determine the implications of DT for their teams. They also indicated that they needed to understand the tools and training their teams needed to succeed in DT.

They also connect the dots for the execution teams and continue to be an interface between the C-Suite and first level management and employees (Floyd & Wooldridge, 1999). Conway and Monks (2011) note the role of middle managers in strategic change and its implementation. Participants felt it was their role to translate the strategy into operational plans and execute on DT strategy, escalating any gaps or aspects they felt would not work to executive leadership. Salih and Doll (2013), in the literature, discuss middle managers' role of synthesising strategy and getting buy-in from both employees and their other

circles of influence, through different engagements. The participants agreed with this view, also highlighting that reducing the anxiety of employees through sense making sessions, enabled more effective buy-in from employees. This is a stance that was also raised by Pappas and Wooldridge (2007) in literature, thus showing further alignment.

The literature stresses that the traditional role of middle managers includes involvement in strategy formulation, synthesising and interpretation of strategy into executable actions. They also play a role in reducing apprehension created by strategic changes and engage regularly with employees to get buy-in for strategy. The research findings have revealed that middle managers play a critical role in creating the link between strategy and operational objectives, demystifying any fears or barriers employees experience, creating a space to sense-make to create buy-in therefore emphasises the pivotal role middle managers play in interpreting strategy for the execution of DT and answering objective 1.

5.3 Discussion pertaining to objective 2

Objective 2: To identify competencies needed by middle management to best execute the deliverables and expectations espoused in DT.

This objective was addressed through scrutinising the typology of middle manager strategic roles (Floyd & Wooldridge, 1992) and the adapted middle manager competency framework for successful strategy execution (Momin, 2018), extracting from relevant literature in chapter two, as well as contrasting feedback synthesised during analysis. Interview questions ten and eleven were

also utilised to gain insights on which competencies middle managers felt were crucial in the execution of DT in a South African bank.

Wooldridge et al. (2008) in the typology of middle manager strategic roles identify championing strategic alternatives, facilitating adaptability, synthesising information, and implementing deliberate strategy as roles that middle managers play in the implementation of organisational change. There was overall alignment with these strategic roles which translated to some of the competencies that participants felt they needed in order to execute of DT. Floyd and Wooldridge (1992) highlighted that middle managers synthesise information and provide input into the strategic process and help shape what is achievable, based on their understanding of the strategy and knowledge of what can be achieved on the ground. The participants, through engagements with the C-Suite and their team, also had the opportunity to identify and raise any challenges they felt would prevent DT progress when they engaged with their teams. This interaction with the C-Suite also improved their level of understanding and equipped them with the necessary information to cascade the vision and strategy into their teams, thus facilitating buy-in and adaptability with their direct reports and teams.

Rouleau and Balogun (2011) indicated that it was middle managers' role to identify any concerns or barriers that they felt would hinder DT progress because of their positioning and influence in the organisation. Having these conversations between the C-Suite and middle management enabled sense-making at different levels of the organisation and allowed for these concerns and barriers to be eliminated to drive the successful execution of DT (Balogun, 2003). The participants mirrored these views saying that as they internalised the vision and strategy and understood the implications of it, they had the opportunity, in Bank

A, to engage with the C-Suite to sense-make and get clarity on the vision and ask relevant questions that would impact their teams.

Floyd and Wooldridge (1992), in their extensive study, suggested that implementation is one of the key roles of middle managers once they have understood the C-Suite's vision and strategy, by aligning business objectives with strategy and allocating resources to deliver on the strategic objectives and facilitating organisational change. The insights analysed revealed were similar to this view and participants also identified the execution of DT as a critical role that they fulfilled. They raised that they were responsible for balancing priorities and the allocation of resources to deliver on the expectations of DT. They also highlighted that they were responsible for ensuring the current business operational objectives of Bank A were met so that there was no disruption to the organisation as DT transition was in progress.

When middle managers are part of strategic organisational change, they identify different ways of doing things for the strategic change to be impactful (Hermkens et al., 2020; Stoker, 2006). They use their influence with upper levels of leadership and network across business units. Their engagements with their teams, to drive different initiatives, facilitate adaptability of strategic change (Floyd & Wooldridge, 1992, 1997). This notion supported a view cited by participants in the study that due to their knowledge, engagements with other business areas and employees, they were able to understand how the bigger picture fits together and find ways to get their teams to buy into DT and adapt to the new way of doing things.

Although there was overall alignment to the roles depicted in this model to the insights gathered from the interviews, the role of championing alternatives, did

not come across strongly. In the DT of Bank A, there was a team mandated to identify new capabilities required in DT while the middle management layer continued to balance building these new capabilities according to DT expectations and the daily functions of running the bank.

Momin (2018) undertook a study to create a competency framework to identify the ideal middle managers during organisational change programmes and strategy. This framework also identified the essential competencies such as strategic thinking, action orientation, ability to learn and adapt, people development and networking ability. These competencies were imperative for middle managers to possess to drive execution. Ho et al. (2007) argued that effective communication was a foundational competency and middle managers needed to communicate upwards to executive leadership, across to other middle managers from a collaborative perspective and downwards to lower- levels managers and employees. Peng and Litteljohn (2001) also noted that effective communication is a primary requirement of implementation of strategy. It allows middle managers to distribute information with context, enables training and learning during the time of execution.

There were some similarities between what the literature reviewed and what the participants identified as critical competencies required for a successful execution strategy, although articulated differently. Participants identified effective communication, willingness to learn, change agent, good people skills and digital ‘savviness’ as competencies required for the execution of DT.

Effective communication was described by the participants as one of their most important competencies in the execution of DT. They emphasised that it was required to sense-make with executive leadership and their colleagues and gain

clarity of the vision while allowing them to disseminate information to their teams and employees using different communication techniques, like story-telling. They also indicated that constant communication with employees was needed to take them along on the DT journey and influential communication was required to gain acceptance from their teams.

Middle managers should have the ability to step back from the day-to-day activities and have a helicopter view of what is happening globally and locally in industry. This conceptual skill enables them to make sense of strategic direction, identify and link certain initiatives and organise them into a logical view (Momin, 2018). Currie and Procter (2005) further specify that seeing and understanding the bigger picture allows middle managers to intellectualise how a strategy can be simply translated into actionable tactics and plans, thus, identifying how their business unit contributes to greater strategy implementation and which initiatives will be required to achieve it. This was not stressed as a key competency by the participants, but they rather considered it part of their role to understand the global and customer trends and their impact in both the banking industry and Bank A. Strategic thinking would enable middle managers to better articulate DT and drive an understanding of what DT was and why it was necessary in Bank A with their teams.

Willingness to learn was emphasised in both literature and insights from the interviews (Momin, 2018). The participants felt that because change occurs so continuously and rapidly during this digital era, it was imperative for middle managers to keep themselves up to date and to move outside of their comfort zone as new digital concepts were being introduced in DT. They needed to be comfortable with not knowing everything and readily having all the answers. With

new knowledge and information available all the time, they needed to have the ability to get themselves up to speed quickly and synthesise the new information. They also mentioned that middle managers were required to be adaptable and flexible through the different changes that Bank A would undergo so that they could prepare themselves and their teams. Execution is not always predictable, and they needed to know when to pivot to a different course when required. Leaders that struggled to adapt would struggle to respond to the different demands of DT. Momin (2018) supported this observation by noting that strategic implementation featured ‘twists and turns’ and variations of information, knowledge and skills demanded by DT needed middle managers to adapt and learn continuously. Inability to be resilient through change could impede the success of implementation of strategy.

The participants recognised that DT introduces continuous change into an organisation in the form of business model, automation of processes and new technologies and felt that change agility and resilience were critical competencies to manage the pace of change. These changes inherently come with people impacts and needed middle managers to understand the changes in the context of the organisation and their business units. They need to understand the impact on their teams and the expectations of Executive leadership for the execution of DT. Participants reflected that middle managers had to have good people skills to influence and communicate upwards, across and downwards. They had to prepare their teams for the change by identifying the tactical plans needed and what skills were required. They had to drive the change through their teams, support, listen and have the necessary conversations, difficult or not, to get acceptance. Momin (2018), in the literature, emphasised leadership and the

development of people as core competencies, approaching it from a perspective of leading people through the organisational change by providing direction and structure, emotional support, skills development, monitoring during execution, performance management, communication and buy-in as well as motivation. Although the competencies may not be identical in literature and data insights gathered during interviews, however, the underlying function performed by middle managers was aligned.

Middle Managers, by virtue of their role, become the implementers of strategy and by implication, also become change agents. They must have the ability to drive activities within their business units towards successful execution of strategy (Balogun, 2003). It also becomes their role to deal with challenges that surface during execution and prioritise, co-ordinate, allocate resources, plan and launch activities as well as monitor both employee morale and strategy initiatives (Momin, 2018). Middle managers, therefore need action orientation as a core competency in order to fulfil the demands of implementing strategy (Momin, 2018). Although the data insights collected did not reveal action orientation as a competency, the participants emphasised that execution and its related responsibilities and functions were a core role they performed. They highlighted the balancing of priorities, the creation of tactical plans to achieve strategic objectives, allocation of resources, driving DT deliverables, dealing with obstacles that surface, communicating effectively while keeping the team motivated as some of the functions they fulfilled.

Participants also identified digital ‘savviness’ as a critical competency needed during the execution of DT in Bank A. DT presents new concepts and terminology which are critical for middle managers to understand to keep up with global

trends, understand DT and communicate convincingly upwards and downwards. This will empower them to get buy-in from employees. Customer behaviour has changed significantly as they have become accustomed to using mobile devices to perform multiple functions for lifestyle and banking needs (Ganguly, 2015). Digitally ‘savvy’ leadership is also able to relate better to customers and become more open to learning, more receptive to instantaneous customer feedback and innovation (Westerman et al., 2011). Digital ‘savviness’ as a competency was not cited as one of the critical competencies in the literature, however, the participants felt without it, their relevance to the DT journey would reduce.

The literature reviewed, identified strategic thinking, communication, learning and adaptability, action orientation, networking as core competencies required for execution of strategy. DT is often seen as a strategic intention of an organisation. The findings from the research were partially supported and could not all be confirmed by the participants. The competencies that were found to be common were strategic thinking, communication, learning and adaptability and action orientation. The participants’ collective view was that being a change agent, having digital ‘savviness’ and interpersonal skills were also core competencies required for the execution of DT.

5.4 Discussion pertaining to objective 3

Objective 3: To evaluate the implications of middle management misalignment to DT.

The role middle managers play in organisational change has been written about by many authors. Conway and Monks (2011) suggest that middle managers are intermediaries between levels and business units, they are change agents and

are responsible for building capabilities in an organisation through radical change. Huy (2011) saw middle managers as maintaining continuity while managing change and providing employees with emotional support. He argued that although historically where middle managers have been seen as resistors of change due to self-protection, their role in radical change is elevated in creating an environment conducive to change. Balogun (2003) noted that an important aspect that is at times overlooked, is the middle managers' role in the interpretation and translation of strategy and change to their teams which determines their actions and has a direct impact of execution. Middle Managers also connect the strategic and operational objectives and drive execution (Floyd & Wooldridge, 1997). The optimal performance of their function is guided by a clear understanding of the vision and strategy of an organisation (Balogun, 2003). Through this they would in turn, communicate and get buy-in from their teams while dealing with any concerns that the teams were raising. If middle managers firstly, do not understand the vision or do not believe in it, it becomes increasingly difficult to get buy-in for something they do not believe in. Secondly, it has negative implications on the execution of strategy, as they could be distracting and a hinderance to the execution journey (Graetz, 2000; Kotter, 1995). It is imperative for executive leadership to assist with prioritising business objectives to enable middle managers to allocate resources accordingly. Misalignment could lead to resources being inappropriately allocated to focus on initiatives that are not part of the DT roadmap. Misalignment could also lead to miscommunication, distraction and a delay in the execution of DT thus not meeting organisational goals (Kuper et al., 2008).

There was a direct alignment between the literature and the insights collected. Participants agreed that their understanding of the vision and strategy of Bank A had a direct impact of how the message is interpreted and translated into actionable objectives to their teams in order to drive execution and get acceptance from their teams. They emphasised that their misalignment to the strategy would have repercussions on the execution of Bank A's DT journey. They reflected that if they were misaligned to the strategy, then they would not necessarily balance resources between operational running of the bank functions versus activities that were required for DT. This could also lead to wastage of Bank A's limited resources.

The insights revealed that middle managers felt that their teams looked to them for direction in terms of tasks to be done and expectations of delivery. Their misalignment could also result in the wrong focus, friction in the Bank, and investment in improper technology, thus impacting the pace of execution considering the corrective measures that would need to be taken before getting on course again. This would cause unnecessary delays in the execution.

Participants indicated that they played a role in sense-making and communicating strategy and dealing with concerns raised by employees. They felt if they did not resolve issues and concerns raised by employees, then it may break the trust relationship and thus impact the timeous execution of DT. Insights also highlighted that participants would lose credibility if they were not aligned to the strategy because they would be unable to articulate and translate the strategy into tactical plans. They would struggle to communicate effectively, and their leadership would be questionable thus also impacting their relevance to both their

teams as well as executive leadership. This reason did not surface in the literature but was highlighted by a few of the participants.

The findings from the research insights confirmed that middle managers have a role to play in understanding DT, understanding DT's impact on banking and Bank A, synthesising what it means for teams, what job needs to be done and what are the expectations on the execution of DT. Middle managers are considered intermediaries between executive leadership and employees and connect dots between strategy and operational objectives. They are also drivers of change and execution. If they are not aligned to the strategy, it impedes their ability to effectively plan and communicate DT to employees and can have negative implications on the effective execution on DT. The findings have thus answered and confirmed objective 3.

5.5 **Discussion pertaining to objective 4**

Objective 4: To identify the challenges middle management face during the execution of DT**.**

As with any strategic organisational change, certain challenges have been documented during digital transformation. The alignment of IT and business strategy is one such challenge and the collaboration of these two areas is critical for the execution of DT (Westerman et al., 2011). Westerman et al. (2012) also mentioned that the lack of collaboration and co-ordination between business units could lead to failure of DT execution. These two challenges were not prevalent in the findings from insights gained during interviews.

An unclear vision and strategy can cause confusion and frustration in the organisation. It can also have a negative impact on the delivery of DT (Kotter &

Cohen, 2012). This was also raised by the participants, echoing the view that if executive leadership do not articulate a clear vision, it became difficult to connect the dots between strategy and execution for employees.

Organisations generally have scarce resources at their disposal. They must ensure these resources are allocated in a way that is optimal and will set the organisation up for success. Leadership has to achieve a balance between the conflicting goals of allocating resources to build new capabilities for future sustainability versus allocating resources to current operational demands and realising value (Heavin & Power, 2018). This can create a healthy tension in the system. Participants agreed that the balancing act was part of their function, however, it was not reflected as a core challenge for middle managers.

DT requires organisations to rethink how they organise themselves and their resources to take advantage of the opportunities presented by DT. Leadership must develop their teams to support their DT and experiment with new ways of organising work. They must develop a diverse, digitally 'savvy' workforce that can support customers through DT and encourage flexible, agile new ways of working (Brecher et al., 2016).

DT is not just about technology but people as well, and the success of DT will also depend on how well the people in the organisation embrace the change. Change management and change leadership become a critical part of any strategic transformational initiative to facilitate the organisational changes and introduction of new ways of working (Kotter & Cohen, 2012).

The insights revealed that although there were numerous challenges identified for DT, two key challenges experienced by participants in DT was lack of change

management and employees' fear of job loss. This was aligned to the literature reviewed in chapter two. Participants reflected that people do not like change and when the change impacts their working conditions, there needed to be a compelling reason to change, supported by a captivating vision and strategy. Change management and change leadership was then required from the onset of DT to take employees through the different phases of the change otherwise it would negatively impact the execution of DT. The communication, engagement and discussions on DT needed to happen at all levels of the organisation so as not to leave anyone behind. Participants saw it as part of their role to become a change champion and continuously engage employees, listening to their concerns and having honest and authentic conversations about DT and its implications. They also indicated that they needed to escalate concerns or challenges to Executive leadership and influence decisions when required. Their role of synthesising the strategy would enable them to create a clear understanding of why the change needed to happen and what expectations there were on the teams while emphasising the benefits.

Leadership must shift the skillset of the current workforce to suit DT and heighten employee engagement for the DT journey and understand what cultural adjustment will need to be made (Brecher et al., 2016). As more elementary tasks become automated, employees will be expected to take on more complex value adding roles that require problem-solving and data related functions. Communication, strong business acumen and negotiation skills will be in higher demand (Brecher et al., 2016).

The insights also uncovered that employees feared losing their jobs during DT because of the introduction of automated processes and the heightened use of

new technologies. This created anxiety in the system. The study results showed that identifying skills gaps and upskilling of employees was one of the roles participants fulfilled to prepare the workforce for future skills and tools required by DT. Digital dexterity being a minimum requirement and driving different programmes to address the gaps identified in their teams. These initiatives would be supported by a strong human capital function as well.

There are challenges that are resolved by Executive Leadership related to clarifying the vision and strategy and communication of that across the organisation. The literature revealed that there are certain challenges experienced during strategic organisational changes that are resolved by middle managers. Findings have thus confirmed that firstly digital transformation is considered a strategic organisational change and challenges that arise from digital transformation, such as change management, upskilling employees, balancing priorities between strategic and operational activities are the responsibility of middle managers.

5.6 The Proposed Middle Management Framework for execution of digital transformation

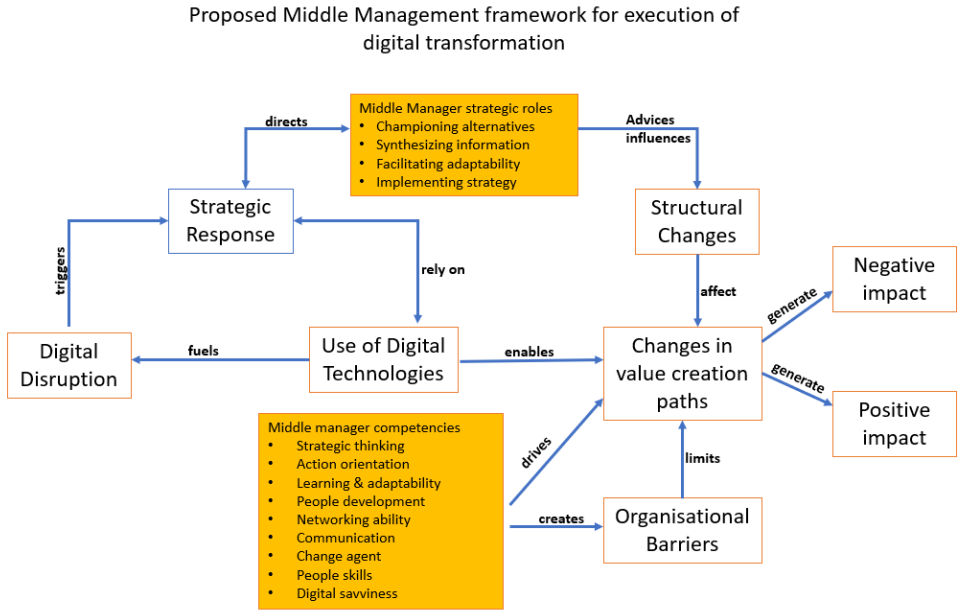

Figure 5.1 Adapted Proposed Middle Management Framework for execution of digital transformation (Floyd & Wooldridge, 1992; Momin, 2018; Vial, 2019)

The proposed middle management framework for the execution of digital transformation, derived from literature by Vial (2019), Floyd and Wooldridge (1992) and Momin (2018), highlighted that middle managers have a critical role to play in the DT journey of an organisation. Vial (2019) defines the building blocks of DT and the different triggers that drive certain actions within the journey. Sainger (2018) identifies the C-Suite of Leadership as the main role players to scan the market and the organisation's market positioning. They must understand the competitor landscape and identify opportunities and threats presented by emerging markets fuelled by DT, focusing on customer behaviours and expectations (Kotter, 1995). In response, they must formulate a clear and compelling vision and provide the organisation with a DT strategy (Kane et al.,

2019; Parry, 2015). They must also articulate the vision and strategy to the organisation while understanding the overall implications of DT in the organisation such as organisational changes required, new technologies and capabilities needing investment, new value potential and creation as well as organisational barriers that need to be overcome (Kreutzer et al., 2017; Sainger, 2018; Westerman et al., 2011).

To understand when the role of middle management is most pertinent in the DT journey, three frameworks were analysed and adapted. The role of middle management was introduced into the DT process between digital strategy and execution. The critical competencies required of middle managers were also presented to demonstrate the middle manager role in driving DT execution and objectives and the influence they have on outcomes. The three frameworks analysed were:

- Building blocks of DT process framework - (Vial, 2019)
- Middle Manager Competency framework - (Momin, 2018)
- Typology of Middle Manager strategic roles - (Floyd & Wooldridge, 1992)

5.6.1 *Role of Middle managers in DT of a South African Bank*

The research findings highlighted that middle managers in Bank A get involved with DT strategy once the C-Suite had formulated and shared the vision and DT strategy. Alignment within the C-Suite to the DT strategy was very important otherwise it sent mixed messages to the organisation. They also indicated that there was a lot of sense-making between this layer of management and the C-

Suite to ensure understanding, and the interrogation of DT strategy. They stressed that buy-in from them had to happen prior to communication to the rest of the organisation. They felt more time could have been spent on this sense-making phase.

The middle managers in Bank A took responsibility for assessing the impact of DT to their business units and teams, creating a safe space for conversation with their teams and facilitating approval of DT strategy. These efforts were supported by a DT programme team. Middle managers formulated plans to execute the strategic objectives. They were also responsible for balancing priorities, identifying relevant skills needed to execute and drive the execution of DT in Bank A in collaboration with other middle managers and teams. This meant juggling multiple initiatives at the same time.

Over and above these functions, there was an affinity towards understanding deeply what customers needed and how to solve their anxiety through DT transformation. It was highlighted that DT was about enabling enhanced customer experience and better customised solutions, however, if customers were not educated and taken on the journey, then Bank A would have failed in their efforts. The success of DT was also dependent of how customers adapted to new capabilities and functionality introduced. With that said, they emphasised that employees would be the biggest threat and their approval of DT was critical.

Based on the insights gained from the research, the placement of middle management in between strategy and execution is relevant however, there was less emphasis on championing ideas as a strategic role in the Bank's context and more focus on being customer-led in how they built solutions, capabilities, and experiences.

5.6.2 *Middle Manager competencies required to execute digital transformation in a SA Bank*

Middle manager competencies extracted from the Middle Manager framework for successful execution of strategy (Momin, 2018), were also incorporated into the adapted proposed middle management framework for execution of DT to demonstrate the competencies that middle managers needed in order to drive DT execution successfully. Momin (2018) identified strategic thinking, action orientation, learning and adaptability, people development, networking, and communication, as key competencies.

Insights derived from the research highlighted that the above competencies were relevant according to the participants, however, additional competencies were also identified. Being a change agent was identified as a core competency in driving DT execution. Having the appropriate interpersonal skills would assist middle managers in having difficult conversation, dealing with detractors as well as influential engagements with employees at different levels of the organisation to collaborate and drive the expected outcomes of DT. Finally, digital ‘savviness’ was considered a critical competency by participants in Bank A as they felt it equipped them with the ability to communicate effectively and convincingly, internally and externally.

The rationale for adapting three frameworks to create the proposed middle management framework for the execution of digital transformation (Floyd & Wooldridge, 1992; Momin, 2018; Vial, 2019) was due to the unavailability of an existing theoretical framework that could capture the role of middle management in the execution of DT in a South African Bank. This creates an opportunity to understand South Africa-specific nuances in DT as well as to capture the context

within which South Africa banks operate in a contextualised framework that can be referenced in future studies.

5.7 Conclusion

Research proposition 1 was aimed at establishing the pivotal role middle management play in interpreting strategy for the execution of digital transformation. The findings were able to answer this proposition by highlighting the importance of understanding DT and its implications in banking. Findings also noted that by gaining the understanding of DT, middle managers were able to interpret DT into executable actions and set the expectations of DT. Additionally they had to balance priorities between strategic future initiatives and day-to-day operational initiatives with a keen focus on meeting customer expectations and enhancing the customer experience.

Research proposition 2 attempted to define the competencies middle managers needed in order to successfully execute DT. The literature revealed that strategic thinking, communication, learning and adaptability, action orientation, and networking were required to execute TD. The research, however, indicated that networking ability was not considered one of the most pertinent competencies, however, change advocacy, interpersonal skills and digital ‘savviness’ were additional competencies that were emphasised.

Research proposition 3 aimed to identify the implication of middle managers’ misalignment to strategy. The insights derived from the research indicate that middle managers play a crucial role in the execution of DT. It would therefore be imperative for middle managers to buy in and be aligned to DT otherwise it could

impact their relevance negatively, lead to ineffective and misleading communication, disengagement and ultimately, delays in the execution of DT.

Research proposition 4 sought to understand the role middle managers played in resolving challenges experienced during DT. Westerman et al. (2011) identified collaboration between business and IT and the alignment of strategies as challenges in DT. Other challenges identified were related to skills shortage, balancing priorities and cultural considerations (Kotter & Cohen, 2012; Sainger, 2018). The research findings emphasised that over and above the identified challenges, lack of change management and employees fearing for their jobs as prominent challenges in Bank A's DT journey. Middle Managers took responsibility for resolving these challenges through different interventions and continuous engagement with employees to take them on the DT journey, build trust and gain momentum for the execution of DT.

CHAPTER 6.RECOMMENDATION AND CONCLUSION

6.1 Introduction

This chapter presents the conclusion and recommendations based on the research objectives introduced in chapter 1, as well as propositions formulated in chapter 2. The recommendations include those made to the field of digital transformation as well as to the banking sector. Finally, suggestions are articulated for future studies in digital transformation and middle management.

This study sought to understand the role of middle management in the execution of digital transformation in a South African Bank. Literature reviewed shows extensive research on the role of the C-Suite of leadership in digital transformation and little had been written on the role and influence of middle management in the digital transformation journey as well as middle management involvement in the implementation of digital transformation. The study has undertaken to understand the role of middle management from different perspectives within digital transformation as well as competencies required to execute DT effectively.

6.2 Overview of the study and objectives

In the past several years, the world has continued to undergo a global phenomenon where organisations are using technologies to transform their businesses, focusing specifically on business models, customer experience and process inefficiencies, in order to remain competitive and relevant (Westerman

et al., 2014a, 2014b). These changes are happening rapidly and if an organisation does not reflect on its own operation and transform, it might be forced to face its demise (Bughin, 2017). The impact of this digital disruption is felt across all industries and the banking sector is no exception (Vives, 2017). It, however, presents opportunities to relook how organisations currently operate and conduct business and using digital technologies, transform themselves and improve their performance (Tornjanski et al., 2015). This phenomenon is known as digital transformation (DT) and organisations across all industries are looking to DT, which requires the use of a combination of emerging technologies, people and processes, to transform their organisations and to provide them with a competitive advantage (Boutetiere & Reich, 2018).

The nature of digital transformation, which is considered a strategic organisational change, requires a co-ordinated effort across the different tiers of an organisation in order to be a success (Westerman et al., 2011). However, the role of middle management has not been expanded upon in literature, specifically in digital transformation. The study, therefore, explored the role of middle management from different viewpoints, and sought to address the following objectives:

- To understand the role of middle management in interpreting DT strategy for employees
- To identify competencies needed by middle management to best execute the deliverables and expectations espoused in DT
- To evaluate the implications of middle management misalignment to DT
- To identify the challenges middle management face during the execution of DT

During the literature review, the researcher then formulated research propositions which have been expanded upon and investigated through transcribed and synthesised in-depth interviews. The conclusions of which are discussed in the upcoming sections.

6.3 Conclusions regarding research propositions

The role of the C-Suite has been extensively covered in literature and some of their responsibilities involve scanning markets for opportunities and threats, understanding the organisation's positioning and creating compelling visions that the organisation can galvanise behind (Westerman et al., 2012). DT requires a deliberate strategy because of its complexity and the involvement of people, process and technology and strong leadership and management teams to interpret and execute this strategy (Sainger, 2018; Wooldridge et al., 2008). In Bank A, Digital Transformation became the strategy that encompassed both IT and business strategy.

The question arose on the participation of middle management in the digital transformation journey, because traditionally, middle management are involved in a variety of responsibilities and functions. These include driving strategic change and challenges that arise, balancing priorities for purposes of operations and execution, dealing with employee related matters and communicating upwards, across and to the rest of the organisation to name a few (Hermkens et al., 2020). The research uncovered that the same roles that middle managers fulfill traditionally in organisations are just as relevant in digital transformation.

The research also identified additional roles and aspects that needed to be taken into consideration in the context of a South African Bank.

6.3.1 *Conclusion pertaining to Proposition 1*

Proposition 1: Middle Managers play a pivotal role in interpreting strategy for the execution of digital transformation.

Through the study, it was revealed that middle managers play a significant role in the digital transformation journey. Middle managers looked to the C-Suite to define the vision and strategy of where the organisation was going. They also expected the C-Suite to be aligned on this vision to avoid mixed messages going into the organisation and creating confusion. For middle managers to be well equipped, they first needed relevant information on what DT is and why it is important in banking and specifically what role they played in DT as well as in its execution. This information would enable middle managers to unpack the impact of DT on themselves and their teams, the skills and tools required, the dependencies as well as actionable plans needed to execute DT successfully. A critical component identified was effective communication to employees and leadership to make the strategy a reality.

Although in Bank A there was no consistent and common understanding of DT, the middle managers, however, were clear on what needed to be delivered. The researcher recommends that specific modules and communication be done on the difference between digitisation, digitalisation and digital transformation to create a common understanding of DT. Perhaps a maturity matrix can be crafted and utilised to understand in which stage different areas in Bank A are to create a view of the impact DT will have on the business units. It will help with

transparency and the management of expectations from an execution perspective.

Due to the positioning of middle management in the organisation, their contact and understanding of customers, their reach and influence within and across the business, it could be beneficial to include them in strategy formulation as they can bring insights that can help build an achievable and sustainable DT strategy for an organisation.

6.3.2 *Conclusion pertaining to Proposition 2*

Proposition 2: Middle Managers require key competencies such as strategic thinking, communication, learning and adaptability, action orientation, networking to execute on digital transformation.

Digital transformation is complex because it involves changes in business operating models, people, processes and technology and thus, its execution requires management teams and structures that will support the journey and the different nuances and challenges that will be encountered throughout. Middle managers are well positioned to deal with these complexities however, both literature and the study have uncovered that they need certain competencies in order to manage the preparation and execution of digital transformation. Additional to the competencies identified by Momin (2018) in the middle management framework for successful execution of strategy which has been referenced in the study, are digital ‘savviness’, change advocacy and interpersonal skills as key competencies that middle managers should possess. These have been highlighted specifically because of the need to translate and communicate effectively internally and externally about DT. These competencies were viewed to assist middle manager in driving the DT journey with their team

and manage any fears, frustrations and detractions that may come due to the dynamics and nuances of this strategic change in Bank A. Although networking is not flagged as one of the competencies that the study uncovered, collaboration is a key aspect that is used to engage across teams within different business units to build common capabilities and deal with the dependencies that unfold. The researcher recognises that networking might be considered synonymously as being a collaborator within Bank A's context and therefore although not explicitly mentioned, it should be considered a critical competency.

6.3.3 *Conclusion pertaining to Proposition 3*

Proposition 3: The misalignment of Middle Managers to the digital transformation strategy has implications on its execution

The digital transformation journey requires a deliberate strategy and a well-co-ordinated execution. Having uncovered middle manager's role in the execution of digital transformation and the impact and influence they have on DT through the study, their alignment to strategy is critical for execution. The study highlights that middle managers drive buy-in from employees, set out plans and what their teams need to do to execute, balance priorities in order to keep the business running while building new capabilities. They also communicate up the line if there are any challenges that they feel need to be dealt with by the C-Suite. When middle managers are misaligned to DT strategy, then these critical steps will be misguided and both literature and research echo that this may lead to unnecessary frustrations, delays and in the execution of DT.

One of the considerations that the C-Suite could also consider is to identify the most critical priorities that the organisation should focus on at different stages of

DT instead of trying to do too many things at the same time. This would also strengthen middle managers' alignment to DT strategy and create a deeper focus on the execution.

6.3.4 *Conclusion pertaining to Proposition 4*

Proposition 4: Middle Managers play a role in addressing challenges experienced during the execution of digital transformation.

Traditional banks face numerous challenges during DT, especially because there are new entrants, such as Fintechs, that offer digital financial solutions at a fraction of the cost. This exacerbates the pressure on traditional banks to transform to remain relevant and retain market share. Organisations generally have limited resources to spread across the different strategic and operational initiatives they need to fulfill, therefore even during DT, there needs to be careful consideration on how these resources will be optimally leveraged. In the study, people are identified as one of the biggest challenges in DT because inherently they do not like change, especially when it leads them into an unknown sphere. Although DT is predominantly considered a technology-related transformation, many would argue that it is the people transformation that requires a disproportionate amount of attention. The study also emphasised this and that middle managers felt it was their role to drive the change by being change agents within their teams and have regular engagement with them to discuss any fears or concerns their teams may have about DT. Middle managers also felt that identifying critical skills required for DT and providing opportunities to reskill employees, would also alleviate challenges related to a shortage of skills within the organisation. Middle managers, through daily engagement with teams and

peers across business units, knowledge of business and its operations, are well positioned to address these challenges.

Bank A was deliberate in driving change leadership to internalise DT within their leaders and teams. The intention was to create a more sustainable change during DT and beyond. Employees and middle managers were, however, more familiar with change management as a concept. This was evident in the participants' views. The researcher did not get the impression that change leadership was well understood by middle managers during the interviews, hence their identification of lack of change management as a challenge of DT.

6.4 Limitations of the study

The sample size of 10 middle managers used in the study was small. This was driven by time limitations as well as the availability of middle managers during the Covid-19 pandemic lockdown period. This research was based on a single financial institution through the lens of Bank A's digital transformation journey, the nuances of other financial institutions within the broader African sphere and their context could differ and bring different dynamics to the role of middle managers in digital transformation.

This research was also conducted in a specific industry and based on literature, as much as the role of middle management in strategy execution might be generic, the context and conditions of digital transformation in other industries could bring new light to other aspects of the impact and influence that middle managers have on digital transformation.

6.5 Recommendations

6.5.1 *For the field of Digital Transformation*

a. *Establish a common understanding of digitisation, digitalisation and DT*

There is a need to develop a common understanding of the difference between digitisation, digitalisation, and digital transformation. These terms seem to be used interchangeably in certain instances. The misunderstanding of these terminologies could lead to the misinterpretation of what they are and what they aim to achieve, thus impacting the overall planning and execution of digital transformation. It is recommended that concerted effort is put in place at the initial stages of DT to ensure these terms are well understood across the organisation*.*

b. *Change leadership versus change management*

To drive DT effectively, change initiatives are necessary to get buy-in from employees, encouraging collaboration across business units, integrating DT in new ways of working and ensuring employees feel part of the journey from the onset. Traditionally, change management would be integrated into the planning of any strategic organisational change however, more sustainable change is achieved through change leadership due to the significant difference in approach. Change management is considered an event or a once-off occurrence. Change leadership, according to Gill (2002), however, deals with the intellectual, spiritual, emotional and

behavioural dimensions and requirements of leadership to internalise and drive change. Change leadership also incorporates vision, values, culture, strategy, empowerment, motivation, and inspirations to drive sustainable change.

DT requires a different way of driving change due to its pace, demands and impact on people, process, and technology. It may be beneficial to incorporate change leadership as a cornerstone of the DT journey in order to assist middle managers internalise the change for themselves and reduce any fears or concerns they may have on the impact of DT prior to their engagement with their teams.

The researcher suggests that time be spent creating an understanding of change leadership and its benefits and how it complements DT. This would address the need for change management and increase more sustainable change leadership within middle management.

c. *Involvement of Middle Managers throughout the different stages of DT starting with strategy formulation.*

Vial's (2019) inductive framework, depicting the building blocks of digital transformation, shows the step-by-step DT journey with triggers, inputs and outputs of DT. It also highlights how the journey is kicked off by the emerging technologies that create digital disruption which then triggers strategic responses in the creation of a vision and strategy, guided by changes in customer behaviours and expectations.

The literature emphasises the role of the CEO is creating a compelling vision and the C-Suite's involvement in creating a strategy as a response to the disruption created by emerging technologies (Westerman et al., 2011). The study has revealed the role played by middle managers in digital transformation, their influence and engagement with employees and customers as well as the knowledge of customers and the different perspective they bring to the organisation. Middle managers, through their influence upwards and downwards, have a unique opportunity to understand what works and does not work well and thus, are able to communicate such. There are also more middle managers than the C-Suite, leveraging them deliberately during DT, especially those who have influence within their organisation would enable greater and faster buy-in for DT. This positions them to add value to the entire DT process and it is recommended by the researcher that they become an active part of DT strategy formulation to add value as early in the DT journey as possible.

6.5.2 *Banking Sector*

a. *Understanding the skills requirements of DT and impact to SA workforce*

DT brings about new ways of working, optimisation of automated processes and an evolution of traditional jobs in certain instances. In the banking sector, this means more manual work can be fulfilled by technology through digitalisation. In the South African context, this may create redundancy of certain roles and have implications on job security should the organisation chose to also make structural changes and optimize its workforce.

Covid-19 has also fast-tracked digital transformation in most industries as well as in banking but has also seen organisations rationalising their workforces due to the impact of the imposed lockdown. This has affected both unionised and non-unionised industries. With the unemployment rate rising in South Africa, it is recommended by the researcher for the banking sector to understand the skills requirements of DT and create programmes to upskill and reskill their workforces to reduce the impact of job loss and create sustainability in the industry.

6.6 Suggestions for future studies

6.6.1 Digital Transformation

a. ***A study to determine whether DT can occur if digitisation and digitalisation have not been fully realised in an organisation.***

Literature indicates that DT should be preceded by digitisation and digitalisation. Digitisation refers to the creation of a digital representation of a physical object, such as the automation of a manual form. Digitalisation refers to the improvement of processes through emerging technologies and data. Complex organisations, however, tend to be at different stages of these two phases and due to the rapid pace of digital disruption, organisations are forced to transform in order to remain relevant. This can sometimes cause an overlap between digitisation and digitalisation. A study can be conducted on whether an organisation can undergo DT successfully even though both these preceding phases have not been

completed or fully realised. In addition, further studies should explore the following:

- Investigation of the impact of Covid-19 on DT in South African organisations
- Investigation of DT models and theories that address the context of developing countries

6.6.2 Middle Management

The role of middle management has been highlighted as crucial in the execution of DT in a South African bank. It would however be interesting to explore how middle managers contribute to DT in different contexts and the creation of SA relevant frameworks that can be referenced in future studies. Below are some of the suggested future studies:

a. A study of the role of middle managers in the execution of DT across different industries

b. A study whether the presence of middle managers in DT has enhanced the DT journey during Covid-19 pandemic

***c. Creation of a framework that depicts a South African context of DT in banking, taking labour and the impact of Covid-19 on DT into consideration*.**

6.7 Conclusion

Three frameworks were explored to gain further insights from literature. Vial's (2019) inductive framework on the building blocks of DT was used to understand the building blocks of DT and adapted to indicate the role of leadership in DT. The typology of middle management strategic roles by Wooldridge et al. (2008) gave insights on the role of middle management in the implementation of organisational change and finally, Momin's (2018) middle manager framework for successful execution of strategy was used to understand the competencies, skills and characteristics required by middle managers in order to successfully execute strategy. These frameworks were reviewed and adapted to create a proposed middle management framework for the execution of digital transformation to depict the role of middle management in DT as well as where their role was most prevalent in the DT journey.

From the research, middle managers were viewed to play a significant role in interpreting strategy for employees. Although there were a few preceding steps, such as the creation of a compelling vision and strategy by the C-Suite, alignment of leadership, synthesising and sense-making. The analysis helped the researcher to conclude that middle managers needed to have a good understanding of DT and its impact in banking in order to effectively interpret DT strategy to employees. They needed to be equipped with the relevant amount of digital ‘savviness’, interpersonal skills and change advocacy to communicate effectively, plan for the execution of DT and get buy-in from employees. These were identified as some of the core competencies that were required for successful execution of DT over and above those cited in literature.

DT came with certain challenges due its complexity and type of strategic organisational change, some of which had to be dealt with by the C-Suite. However, there were those middle managers who were better positioned to deal with these challenges, such as employee related challenges, skills development, managing change and collaborating across business units. Change leadership needs to be a bigger focus than just change management as it creates more sustainable change and better buy-in from employees and organisation wide.

The misalignment of middle managers to DT strategy has negative implications on the execution of DT which could lead to unnecessary frustrations, distractions, and delays. Middle managers require support from the C-Suite in agreeing key priorities to enable a better balance between current operational objectives and building DT capabilities and a stronger focus on execution.

The data collected in the study, through transcribed and synthesised in-depth interviews, therefore answered the objectives introduced in chapter 2, which were also mostly supported by literature and emphasised additional contextual aspects to be taken into consideration when looking at the role of middle management in DT in a South African bank.

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APPENDIX A Research Instrument

a. *Interview Guide*

Number	Question
1	How long have you worked for the bank?
2	Can you tell me briefly about the different roles you have fulfilled in the bank?
3	What is your understanding of DT in banking?
4	In your view why is digital transformation important in banking?
5	As a leader, what do you see as your role in the digital transformation of the bank?
6	To your knowledge, what are some of the challenges that are experienced in digital transformation?
7	What do you see as your role in resolving such issues?
8	What do you see as your role in the execution of digital transformation in the bank?
9	What do you think would happen if you were not involved?
10	What competencies do you think you need as a leader during digital transformation execution?
11	What other competencies do you think managers need to have?
12	From your perspective, why is it important for you to understand the digital transformation?
13	In your opinion what would happen if you did not understand it or buy into it?

Appendix B Consistency Matrix

Research Objective	Research Proposition	Research Themes
1. To understand the role middle management play in interpreting strategy for employees	**Proposition 1:** Middle Managers play a pivotal role in interpreting strategy for the execution of digital transformation.	**Theme 1: The role Middle managers play in DT** • Understanding DT • Importance of DT • The role of a leader in the DT of the bank • Middle Manager role in the execution of DT
2. To identify competencies needed by middle management to best execute on the deliverables and expectations espoused in DT.	**Proposition 2:** Middle Managers require key competencies such as strategic thinking, communication, learning and adaptability, action orientation, networking to execute on digital transformation.	**Theme 2: Middle managers competencies used in strategic organisational change implementation** • Effective communication • Willingness to learn • Change agent and good people skills • Digital ‘savviness’

3. The evaluate the impact of middle management misalignment to DT	**Proposition 3:** The misalignment of Middle Managers to the digital transformation strategy has implications on its execution	**Theme 3: Misalignment of Middle managers to strategy** • Allocation of resources • Being relevant • Delayed Execution
4. To identify the challenges middle management face during the execution of DT	**Proposition 4:** Middle Managers play a role in addressing challenges experienced during the execution of digital transformation.	**Theme 4: Challenges experienced in DT** • Change management • Employees fearing for their jobs/Job security The role of leaders in resolving these challenges • Engaging more with employees and being a change champion • Reskilling employees

APPENDIX C Interview Consent Form

INTERVIEW CONSENT FORM

THE ROLE OF MIDDLE MANAGEMENT IN THE EXECUTION OF DIGITAL TRANSFORMATION IN A SOUTH AFRICAN BANK

Researcher: Zibu Nqala, Masters in Digital Business student at the Wits Business School (WBS)

I am conducting research on the role of middle managers in the strategy formulation, interpretation and execution of digital transformation strategy. I am trying to find out more about what role middle managers play in interpreting strategy, what challenges they face during digital transformation and what competencies make them successful in executing against the deliverables of digital transformation strategy.

The interview is expected to last about an hour, your participation is voluntary, and you can withdraw at any time without penalty. The interview will be conducted online, via Microsoft teams and audio recorded for my benefit to ensure that I do not lose any key points. The recording is also voluntary, and you may choose not to be recorded. All data will be kept confidential and any references used will be kept anonymous.

If you have any concerns, please contact my supervisor or myself. Our details are provided below:

Zibu Nqala	Ayanda Magida
1990228@students.wits.ac.za	ayanda.magida@wits.ac.za
083 505 6532	082 907 1104

Participant's Name: _____
Signature: _____

Date: _____

Researcher's Name: _____
Signature: _____

Date: _____

APPENDIX D Ethics Clearance Certificate

Ethics Clearance Certificate

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

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

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: WBS/BA1990228/903**
PROJECT TITLE	The Role of Middle Management in the execution of digital transformation in a South African Bank
INVESTIGATOR	Mrs. Zibuyile Nqala
SCHOOL/DEPARTMENT OF INVESTIGATOR	MM (Digital Business)
DATE CONSIDERED	20 July 2020
DECISION OF THE COMMITTEE	Approved unconditionally
RISK LEVEL	MINIMAL RISK
EXPIRY DATE	30 JUNE 2021

ISSUE DATE OF CERTIFICATE 4 August 2020

CHAIRPERSON _____
(Dr MDJ Matshabaphala)

cc: Supervisor: Miss Magida

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 are 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**