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THE ROLE OF LEADERSHIP IN DIGITAL TRANSFORMATION IN THE FINANCIAL SERVICES SECTOR

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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

Johannesburg, 2020

Supervisor: Dr. Manamela Matshabaphala

ABSTRACT

The financial services sector falls within the top three industries that are most susceptible to digital disruption globally. The rise in new digital technologies has transformed business models and how organisations operate – making digital transformation and leadership a key imperative for financial services organisations. Additionally, the recent global pandemic (COVID-19) has accelerated the pace of digital transformation for many organisations and has resulted in virtual work environments; where leaders and subordinates must use digital technologies to achieve business objectives.

The role of leadership is crucial to digital transformation in financial services organisations. Leaders, both globally and in South Africa, are experiencing similar challenges – and are tasked with the responsibility of finding effective leadership strategies that will ensure that their businesses successfully navigate the complexities brought about by new digital technologies. However, most financial service organisations have struggled to build up the necessary leadership capabilities to aid their organisations effectively in the digital transformation process.

This study conducts a detailed literature review on traditional leadership types and introduces the concepts of e-leadership (which considers traditional leadership types and digital factors on leadership). Additionally, the literature review provides a brief overview of digital transformation factors.

The study provides insights on factors accounting for the shortage in leadership trends in financial services, the different technology trends in financial services, and leadership strategies for digital transformation in financial services. Both primary and secondary data were analysed to gain these insights – with the analysis based on the thematic approach. The insights show that technology factors have changed work-life, communication, talent management, and the organisation culture. Furthermore, leaders in financial services organisations have to deploy new leadership strategies to effectively lead digital transformation – with a key focus being on building digital capabilities, digital leadership, embracing flexibility, and creating a diverse workforce.

KEY WORDS

- Digital transformation
- Digital leadership
- Digital
- E-leadership
- Financial services
- Leadership
- Leaders
- Technology
- Virtual teams

DECLARATION

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

Name: Nikitha Gcelu Signature:



Signed at ……

On the 27th day of January 2021.

DEDICATION

I would like to dedicate this to my mother, Dr Ntombizandile Gcelu. Your story is truly admirable and has shaped every aspect of my life, from the humble beginnings of teaching children under a tree to taking the global stage as a thought leader and a rising academic. Thank you for showing me the importance of chasing dreams, taking risks and never giving up. Without your love and support, I would have never achieved my wildest dreams.

Fola!!

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LIST OF ACRONYMS

Acronym	Description
AI	Artificial Intelligence
COVID-19	Coronavirus
CEO	Chief Executive Officer
COO	Chief Operating Officer
CIO	Chief Information Officer
DT	Digital Transformation
DBS	Digital Business Strategy
GDP	Gross Domestic Product
IT	Information Technology
IOT	Internet of Things

CHAPTER 1. INTRODUCTION

This chapter gives a broad overview of the research topic and sets the foundation for analysis. The purpose of this research was to understand the role of leadership in digital transformation in the financial services sector. The researcher started the investigation by looking at leadership from a Global, African and South Africa perspective – and broadly describing leadership trends across all three views.

The research problem was centred around the changes in technology that require leaders in financial services to rethink, both their organisational and leadership strategy in the quest for digital transformation. The chapter further details the research questions and discusses the significance of the study to the knowledge body.

1.1 Purpose of the study

The rationale for this study was to contribute to the body of knowledge that explores the role of leadership in the digital transformation of financial services organisations that conduct business in South Africa. In the context of management, leadership is a crucial concept (Khan, 2016). Leadership is important because it plays a paramount role in the well-being of any organisation. Essentially, the leaders are responsible for creating and communicating the future vision of the organisation, influencing people, and engaging different stakeholders. Through understanding the most effective leadership types, the leaders of the various organisations are able to act more instinctively and adaptively in identifying problems in their institutions (Maskuriy, Selamat, Maresova, Krejcar, & David, 2019) – and carefully selecting the appropriate strategies that would provide a clear direction for their organisation.

1.2 Context of the study

Global leadership perspective

Many studies have been conducted on global leadership best practices, and researchers have found that the global context has evolved rapidly (Salicru, Wassenaar, Suerz, & Spittle, 2016). With accelerated digital technology adoption, increasing global economic integration, and changing business models (Salicru et al., 2016); there is a need for sound business leadership. These changes mean that leadership has become a crucial component in organisations as organisations try to maintain a competitive advantage (Salicru et al., 2016). However, there is currently a shortage of leaders who can drive organisations into the future (Salicru et al., 2016).

A study by Deloitte's Global Human Capital Trends (2014) found that organisations currently lack the appropriate leadership skills vital for organisational success in the digital era. As a result, organisations are tasked with developing leaders who are cross-functional and adaptable (Deloitte Consulting & by Deloitte, 2014). The study also found that only a third of leaders globally had the necessary skills and leadership capabilities to lead organisations across countries and cultures (Deloitte Consulting & by Deloitte, 2014). Currently, there are substantial leadership gaps within organisations, which can hinder the success of businesses in the future (Deloitte Consulting & by Deloitte, 2014).

The Global Leadership forecast (2018) shows that leadership in the digital era is a key differentiator, and that there is an increasing need to leverage technology in business which requires leaders who are digital-savvy. The reports found that digital-savvy leaders outperform leaders who lack digital capabilities (Forecast, 2018). Leaders in the digital era need to leverage on technology, carefully navigate the digital landscape, connect the business with its ecosystem, and drive innovation within the organisation (Forecast, 2018). It has become clear that the digital era requires leadership that has a wide range of skills, including technical, analytical and interpersonal skills (Forecast, 2018).

According to MIT Sloan research on digital business global executives (2015), only 15% of leaders in early-stage digital maturity have the necessary skills to

lead their organisations' digital strategy (Kane, Palmer, Phillips, Kiron, & Buckley, 2015). There are not many business leaders who have an extensive understanding of digital technologies and can effectively drive the digital transformation of businesses.

Leadership was identified as one of the top three human capital trends. The survey MIT Sloan (2015) found that in all ten trends, “importance” outstrips “readiness” – meaning that although the participants of the study acknowledged the importance of the trends, they indicated that they were not fully prepared for them (Volini et al., 2019). As many as 80% of participants agreed that leadership was an essential consideration for the organisation, but only 41% of the participants indicated that their organisations had the necessary leadership skills (Volini et al., 2019). The study also found that 81% of participants in financial services regarded leadership as an essential trend in the sector (Volini et al., 2019).

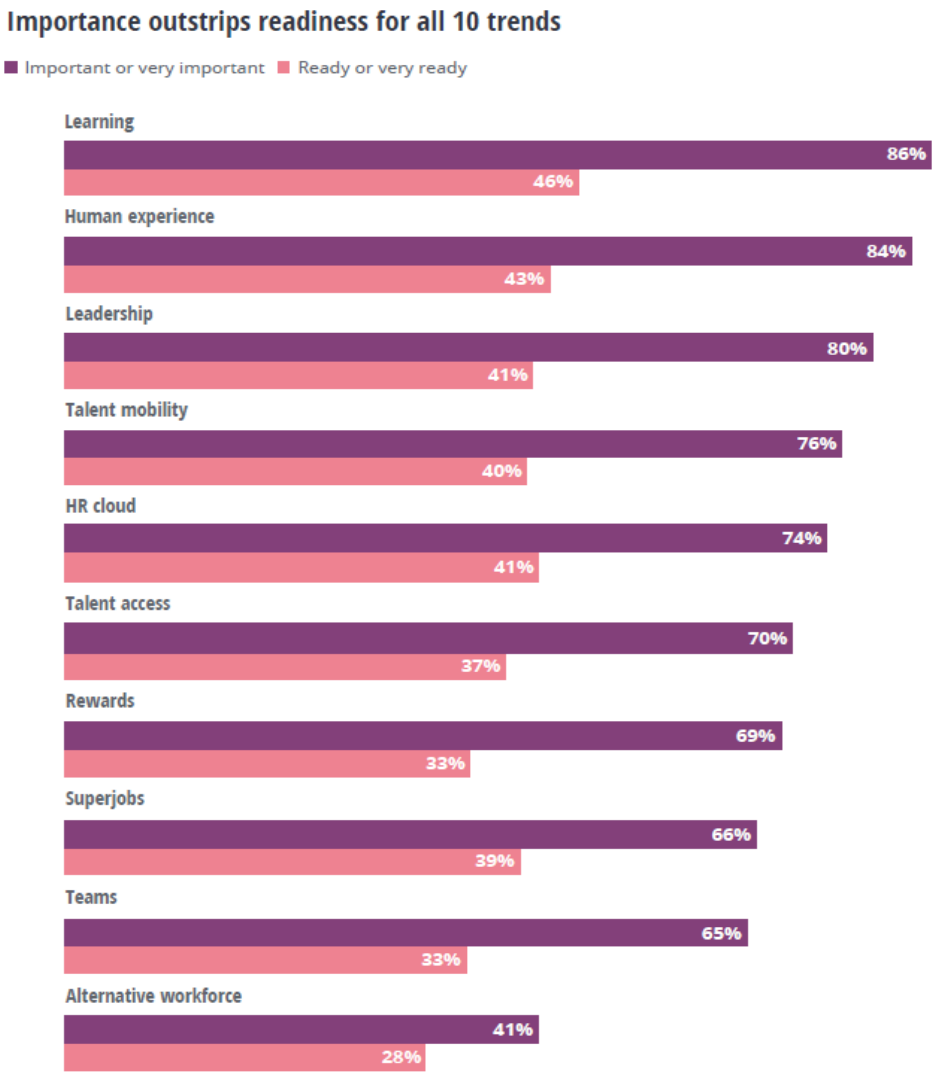


Figure 1: Importance outstrips readiness for all 10 trends (Volini et al., 2019)

Another study by the American Management Association (2012), identified the following critical trends about global leadership development:

- Many organisations have been unsuccessful in developing global leaders even though they recognise that there is a strong connection between overall business performance and international leadership development programs (Association, 2012).
- Global leadership development programs are imperative in achieving the long term goals of an organisation (Association, 2012). Organisations need to prioritise development programs that are aimed at developing global leaders.

- The research identified interpersonal influence and collaboration as the two most essential factors in high performing organisations (Association, 2012). These two factors need to be at the core of global leadership development, and leaders need to focus on strengthening themselves in those two areas.
- Global leadership development is driven by several different value-driven and strategic sources – and senior management needs to drive long-term strategies in an organisation (Association, 2012).
- Cross-cultural innovation and effective use of technology were identified as the most crucial competencies needed by the global leader in the next ten years (Association, 2012). These are vital differentiators and organisations need to put extra emphasis on the development of these competencies.

From a global perspective, it is evident that leadership is vital for digital transformation in organisations. However, there appears to be lack of leaders with the necessary skills and capabilities to drive organisations into the future.

African leadership perspective

Africa has an excellent leadership history, with many of its leaders being known globally (Meacham, Tymms, Moolman, & de Montgolfier, 2012). Such leaders include the likes of Steve Biko, Nelson Mandela and Julius Nyerere, amongst others. However, developed nations have always viewed African countries as corrupt, incompetent and extremely ineffective (Newman, 2020). As a result, the continent has been faced with the challenge of nurturing and shaping new leadership models (Newman, 2020).

Today though, the demand for effective leadership and systematic leadership development in Africa is growing more rapidly than ever before. A critical shortage of leaders is responsible for the underdevelopment of organisations in many African countries (Ugwuegbu, 2001). They are underperforming in relation to their potential, and could improve their performance by strengthening their leadership.

The CEO of Telesure, Leon Vermaak, stated that “while business leaders in Africa today are excited by the many opportunities we see on our continent,

tapping into these opportunities requires significant skill. As international companies rush to conquer this new frontier, being internationally competitive and world-class is an absolute requirement. Developing appropriate offerings, mobilizing staff, and aligning business partners in different countries adds complexity at all levels of leadership. Preparing the organization for the leadership challenges of tomorrow is the chief concern of CEOs in ambitious organizations (Eckert & Rweyongoza, 2010)".

The leadership development in Africa report (2010) found that there is a need for more effective leadership in Africa. By developing the appropriate skills, businesses in the continent could enhance the overall business results, and build more sustainable companies (Eckert & Rweyongoza, 2010). There is currently a massive demand for practical and systematic leadership development on the continent (Eckert & Rweyongoza, 2010).

Research has found that Africa has the following leadership challenges (Eckert & Rweyongoza, 2010):

- effective leadership of diverse teams,
- the ability to adapt to the changed work environment,
- communication and effective collaboration,
- effective coaching of subordinates and knowledge transfer, and
- dealing with complex situations.

The World Economic Forum published a report titled 'Things Africa's future leaders should know' (2016), in which it outlined the need for new leaders in every sector, and the importance of fighting corruption through ethical courage. From an African perspective, there is need for a new breed of leaders to be able to lead the continent into the future.

Many challenges in Africa need to be addressed through effective leadership, as they are essential to digital transformation and are imperative in the digital era. The lack of appropriate leadership skills and capabilities in the digital age will have a tremendous impact on businesses in Africa.

Financial services: South African leadership perspective

From a business perspective, South Africa has a diverse set of leaders; both in ethnic and racial terms (Gordon, 2012). These leaders have to deal with the challenges of the changing environment and prepare their organisations for the digital era.

The financial services sector is at the core of digitisation (Puschmann, 2017), with technology reshaping the industry as we know it today (Westerman, Bonnet, & McAfee, 2014). Without technology, financial services organisations would not be able to operate at the optimal levels (Bankewitz, Aberg, & Teuchert, 2016). The use of appropriate leadership styles is essential in driving the strategic direction of these organisation (Westerman et al., 2014). Leaders need to rethink their strategies, to use digital technologies in creating new opportunities that will help them better position themselves for the future, and to achieve the digital transformation objectives.

Financial services organisations are currently in the process of redefining their overall business strategy to determine the effects of technology, to establish new digital capabilities, and to transform their businesses digitally. The following are some of the words used to describe the current organisational shift at the different financial services institutions, as per their annual financial statements:

"Technology is a critical strategic enabler for the Discovery group in that it supports innovation. Our technology strategy is focused on seamless data collection, direct integration, engagement, and excellent client service, amongst others (Discovery, 2019)".

"Technology is both a business enabler and a catalyst for continuous improvement in executing our strategies in a digital era (Investec, 2019)".

"Digitisation means enhancing our products and processes to continually improve how we meet our clients and employee needs (Standard Bank, 2019)".

The performance of financial services organisations is determined by the type of choices made by the leaders of the organisations. This is why leadership is a crucial component in all organisations. To gain competitive advantage and secure

the future of an organisation, leaders should have a clear vision for the future, think strategically, adapt, and make changes quickly (Daft & Lane, 2011). The calibre of individual leadership matters for any organisation, and that organisations need to invest in the appropriate leadership capabilities to sustain competitive advantage.

The financial services industry is one of the sectors most vulnerable to digital disruption (Loucks, Macaulay, Noronha, & Wade, 2016). For this reason, this research focuses on the financial services industry in the South African context. During the fourth quarter of 2019 - the finance industry contributed the most to South Africa's GDP, with a growth of 2.7% (Statistics South Africa, 2020). Despite the country being in a technical recession, the industry continues to deliver growth, which further corroborates the significance of the sector.

As financial services organisations adapt to changes in the digital era, effective leadership is paramount in ensuring that businesses can effectively transition and maintain a competitive advantage in the changing environment.

A report on the coronavirus (COVID-19) Implications for the Financial Services Industry (2020), suggests that organisations are struggling with severe issues around operations, strategy and workforce, amongst others (Yerchuru & Chidambaram, 2020). The COVID-19 crisis has brought about travel restrictions which mean that leaders in organisations cannot have face to face engagements with clients and teams (Yerchuru & Chidambaram, 2020) – and there have also been workforce disruptions which challenge how teams interact. As a result, leaders have to quickly adapt to using digital tools and finding new ways to influence employee behaviours through digital changes.

Research by Deloitte (2020) has also found that a critical priority for leaders in financial services organisation is rethinking and digitising interactions with critical stakeholders. Thus, technology challenges should be a high priority for organisations (Deloitte, 2020), as leaders are tasked with developing digital strategies and reimaging talent operations.

The implications of COVID-19 have shifted the focus of many leaders in the financial service organisations, and leaders are being forced to focus on the following key priorities (Liddy, 2020):

- Financial services organisations need to use technology as an enabling tool, and find ways to improve productivity (Liddy, 2020). Leaders are being forced to find ways to accelerate their digital transformation roadmaps.
- Leaders in financial services organisations need to find effective ways of reconnecting with clients (Liddy, 2020). This could be achieved through the use of digital tools.
- Financial services leaders need to create vibrant partnerships and ecosystems that will enable them to evolve the business models and offer new value propositions to clients (Liddy, 2020).

The KPMG report by Liddy (2020) found that many leaders in organisations are having difficulty in making the significant changes that are needed. This is due to the lack of appropriate skills and capabilities required to excel in the new world (Liddy, 2020).

The current crisis (COVID-19) has disrupted the global workforce in an unimaginable way (Prendergast & Farazi, 2020). Leaders have to reimagine the future and accelerate their organisations' digital transformation (Prendergast & Farazi, 2020). Debates have centred around remote working, the use of technology to facilitate working from home, and the changing roles of leaders (Prendergast & Farazi, 2020). The national lockdowns have resulted in unintended consequences, and have accelerated digital transformation in financial institutions (Prendergast & Farazi, 2020). The effects of COVID-19 are likely to last post lockdown, and remote working is expected to continue.

Leaders have a tremendous role to play in harnessing digital technologies that will transform their businesses and drive them into the future. Thus, organisations must invest in the appropriate leadership skills, and capabilities needed to ensure that they succeed in the future.

1.3 Clarification of Concepts

1.3.1 *Leadership*

Leadership is a process of managing different types of behaviours in the organisation to ensure that the organisation can deliver on its mission and goals (Bratton, 2020). To successfully lead an organisation, leaders need to understand that different people and teams all have different approaches to solving problems within the organisation (Rosenbach, 2018). The leader has the responsibility of managing these different personalities, fostering creative problem-solving skills, allowing them to have favourable ramifications on the overall performance of the organisation (Rosenbach, 2018).

1.3.2 *Leadership Styles*

Leadership style refers to a specific and reasonably consistent pattern of behaviour that distinguishes a leader (Nanjundeswaraswamy & Swamy, 2014). These varying leadership styles can influence the level of performance and effectiveness of the organisation (Nanjundeswaraswamy & Swamy, 2014). The failure and successes of organisations can be primarily attributed to the leadership style of the leaders in the organisation.

There many different types of leadership styles, but for this study - the focus will be on the following:

Transformational leadership style: Transformational leadership is a style focused on the development and the needs of their followers (Nanjundeswaraswamy & Swamy, 2014). These leaders aim to ‘transform’ by creating development and growth systems that inspire the followers’ abilities. The leaders always uphold the interests of their employees. This type of leadership style is heavily focused on stimulating the interests of the followers and finding a way to align these interests to the goals of the organisation (Leonard & Grobler, 2006).

Transformational leaders are often viewed as highly effective leaders that drive organisations. Transformational leadership is multi-faceted and revolves around what the leader can accomplish, given their relationships with members and their characteristics (DuBrin, 2010).

Transactional leadership style: This leadership style depends mostly on the 'transactions' between the leader and their followers (Nanjundeswaraswamy & Swamy, 2014). The leader essentially compensates the followers for meeting specific performance criteria or goals. This type of leader is focused on achieving a set of clear objectives that are connected to different elements of the job (Bass, 1990). For these types of leaders, the relationship between reward and performance is imperative, and they use this relationship to get a suitable response that motivates the follower to improve their performance.

Transactional leaders place a tremendous amount of value on contingent rewards and active management by exception (Bass, Avolio, Jung, & Berson, 2003). The transactional leaders clearly outline the expectations of their subordinates (Pieterse, Van Knippenberg, Schippers, & Stam, 2010). Essentially, the leader sets objectives and implements corrective measures when the goals are not met. Transactional leaders tend to limit the flexibility of their workforce and keep track of all work in progress (Bass et al., 2003). These type of leaders provide sufficient structure and rewards (Bolden, Gosling, Marturano, & Dennison, 2003) in the form of promotions, salary increase and expensive trips (Bass, 2000). The transactional leader rewards subordinates based on the achievement of expectations.

Charismatic leadership style: This leadership style is centred on how the leader behaves in the eyes of the followers (Sy, Horton, & Riggio, 2018). The leader is greatly supported by the followers and is trusted to bring out organisational change (Sy et al., 2018). A charismatic leader is essentially able to execute on an inspirational vision, which in turn enhances the goal orientation and motivation of the followers.

Charismatic leaders tend to be self-assured, confident in their abilities and committed to the future goals of their organisation (Tucker, 1968). There are two

types of charisma, namely; visionary and crisis responsive (Boal & Hooijberg, 2000). Visionary charisma is concerned with purpose, values and the ability to articulate the vision well (Boal & Hooijberg, 2000); while crisis charisma is responsive and focused on building a world that is extrinsically sound by considering the appropriate actions and crafting the new values of the organisation (Boal & Hooijberg, 2000). These type of leaders tend to be unconventional and risk-takers by nature.

E-leadership: This is leadership in the new era, namely; the information age; which is characterized by the fast development of technology, and by a global economy where businesses continuously move across borders to wherever they can make a profit (Van Wart, Roman, Wang, & Liu, 2019).

E-leadership takes place in the context of an e-environment in which the work is done through information technology, primarily through the internet. In this context, not only the communication but the collection and dissemination of information can take place through the electronic medium between the followers and the leader (Renu, 2014). Here, the leaders are called virtual leaders. They use new technologies to improve their work, to discover new business models, and to communicate with their followers (Renu, 2014).

Digital Transformation: Digital transformation is the process of pervasive digitisation and digitalisation of an organisation, as well as the exploitation of the full spectrum of technological advances to identify, create and capture new sources of business value (Armstrong, 2020).

“Digital transformation requires strengthening the core and building for the future at the same time. And this framework is an all-encompassing digital strategy while leading your entire organisation through the transformation process” (Gupta, 2018).

1.4 Research problem

The financial services industry is faced with the challenges of integrating and utilising modern digital technologies to aid in the quest for digital transformation

(Hess, Matt, Benlian, & Wiesböck, 2016). Many traditional financial services organisations still grapple with legacy systems, which make it challenging to adapt digital strategies that help transform their businesses (Chanias, 2017). As a result, the leadership within the financial services organisation is tasked with the responsibility of developing a digital vision, identifying areas in their businesses that would benefit from the introduction of technology, and launching digital initiatives that will result in competitive advantage (Chanias, 2017). However, there appears to be a shortage of leaders with the appropriate skills and capabilities to lead businesses in their digital transformation efforts. The constant need to integrate technology into overall procedures and processes means that leaders need to use their leadership capabilities to manage the complexities that come with change environments.

This research sought to examine the most effective leadership types that would aid financial services organisations in their digital transformation efforts.

1.5 Research objectives

This research aims determine the factors leading to a shortage of leadership, to identify leadership trends, and determine the leadership strategies for consideration for digital transformation in financial services organisations.

1.6 Research questions

Following the above mentioned research topic, the research question was formulated as follows:

1. *What are the factors leading to a shortage of leadership in financial services?*
2. *What are the leadership trends in financial services?*
3. *What are the leadership strategies for consideration in digital transformation?*

1.7 Significance of the study

A preliminary literature review confirmed that most of the research on leadership was focused on leadership styles and strategies in the traditional business setting. However, the current changes in the business environment brought about

by digital, COVID-19 and technology, required leaders who can lead organisations in the digital transformation efforts. This research sought to add to the pool of academic research that focuses on leadership and digital transformation in the South African context.

At present, there are insubstantial studies that debate the role of leadership in South African financial services organisations (Westerman et al., 2014). From a conceptual perspective, research that argues the correlation between and among leadership, digital transformation, and technology would be hugely beneficial to the financial services body of knowledge.

Additionally, from a more practical point of view – the results of this study will help leaders in South African financial services to draw key insights on leading in the digital era.

1.8 Delimitations of the study

This study was guided by the following delimitations:

I. This study focuses specifically on financial services and excludes other sectors which might be experiencing similar trends.
II. The employee level within the organisation is a huge consideration in the study, as employees need to be in a position that allows them to shape the strategic direction of the firm.
III. The outcomes from secondary data can be rather general and limiting to the decision making of companies.

1.9 Assumptions

For this study, the following assumptions are made:

I. The respondents in the articles used in this research should have willingly agreed to answer the questions pertaining to that article.
II. The respondents were honest and transparent when answering the questions of the articles.

III. The respondents were hugely experienced within their organisation and had sufficient insights to answer the questions objectively.
IV. The respondents were involved in shaping the strategic direction of their organisations.
V. Financial services organisations are all in the process of rethinking their business strategy to integrate new digital technologies.
VI. The leadership of financial services organisation have a huge role to play in the digital transformation process of their organisations.
VII. The different leadership all consider similar factors in the digital transformation process.
VIII. The study assumes that all financial services organisations are experiencing some levels of digital transformation.

The role of leadership is paramount to the digital transformation efforts of all organisations. In the next chapter, the study explores the selected leadership types and suggests a suitable leadership conceptual framework that could aid leaders in their digital transformation efforts.

1.10 Conclusion

This chapter provides a solid foundation for the subsequent chapter by describing the problem and the scope of the study. The discussion in this section introduced all the concepts that will be further explored through the research report. In this chapter, the research highlighted the different leadership strategies and also introduced the concept of digital transformation. In addition, the researcher also introduced the research problem and outlined the research questions which the study attempts to answer.

CHAPTER 2. LITERATURE REVIEW

This chapter builds on the previous chapter, and further explores the concepts outlined in chapter one. The theoretical framework focuses on three leadership styles – transformational leadership, transactional leadership and charismatic leadership. The literature on the three leadership styles is reviewed to determine which leadership style would be more suitable for leading digital transformation in financial services organisations.

The chapter also introduces a conceptual framework on E-leadership, which builds on the theory of transformational leadership; but also takes into account the effects of technology on leadership. An in-depth analysis is conducted to determine if this leadership style would be suitable for leading digital transformation.

The researcher introduces Westerman's model on digital transformation and briefly outlines concepts related to digital transformation, looking at all key factors that need to be considered to ensure successful digital transformation.

2.1 Introduction

The exceptional performance of any organisation in the digital era is not determined by luck. It is primarily attributed to leadership choices and the use of digital technologies that ensure that business is successful in the future (Hess et al., 2016). The purpose of this literature review is to describe the concepts around the selected leadership styles and their impact on digital transformation; and investigate how these leadership styles affect digital transformation in financial services organisations.

The strategic initiation of digital transformation lies purely with top management, as they are in charge of digital transformation efforts, the formulation of the digital agendas and initiation of the conversations around the change (Chanias, 2017). Their role is to fully support all digital initiatives within the organisation and form new digital business units that will help drive organisational change (Hess et al., 2016).

This literature review aims to explore these topics and discuss their significance in the context of this study.

2.2 Theoretical Framework

For many years, researchers have examined leadership styles and developed theories around the different types of leaders found in organisations across the world. Dubrin (2010) suggests that the leader's ability to modify their leadership styles based on specific situations is a good indicator of the leader's effectiveness.

The leadership styles selected are discussed below.

2.2.1 *Transformational leadership style*

Transformational leadership is derived from the work of James MacGregor Burn (1978), who argued that the nature of leadership is either transformational or transactional (Boamah, Laschinger, Wong, & Clarke, 2018).

Many researchers believe that the new leadership genre is represented by transformational leadership (Avolio & Yammarino, 2002). Transformational leadership is multi-faceted and is centred around what the leader can accomplish, the leader's relationship with organisation members, and the leader's personal characteristics (DuBrin, 2010). A leader that posseses this leadership style must be focused on transforming his followers (DuBrin, 2010), and be committed to fulfilling the organisational goals.

Transformational leaders can effectively delegate specific responsibilities to followers; giving them autonomy in decision making and showing remarkable levels of confidence in them (Popa, 2012). Because the transformational leaders have the emotional intelligence to craft visions that are understandable and relatable (Wright & Pandey, 2010), they can successfully involve their followers (Wright & Pandey, 2010). It is paramount that the leader always encourages his or her followers to work towards the organisation's vision.

Transformational leaders must be able to explain the organisation's vision in a way that propels the followers to thrive in achieving the organisation's goals (Boamah et al., 2018) – this can be achieved through emotions and values. As such, researchers who study transformational leaders suggest that this leadership style amplifies the potency of leadership and makes for far greater success than transactional leadership (Chai, Hwang, & Joo, 2017). The ultimate goal for transformational leaders is to identify the problems and take a collaborative approach in solving them to achieve exceptional organisational performance (Chai et al., 2017).

Four main dimensions drive transformational leadership: (a) Idealised influence, (b) Inspirational motivation, (c) Intellectual stimulation, (d) Individual consideration. Steward (2006) carefully examines the work of Avolio, Bass, Burns and Leithhood (2001) to explain these dimensions properly. A transformational leader is likely to use a number of these dimensions to achieve exceptional results (Stewart, 2006).

a) Idealised influence

When looking at idealised influence, the transformational leader involves his employees in the vision and mission determining process (Boamah et al., 2018). The leader essentially acts as a role model to his followers who trust, respect and admire him or her (Boamah et al., 2018). The leader prioritises the needs of others over his own (Boamah et al., 2018) and is of high integrity.

Characteristics of Transformational Leader	The leader is trustworthy and highly credible
Actions of Transformational Leader	Has clear of morals and togetherness
Reaction of Subordinates	Strive towards being like the leader
Example of Behaviour	Has a strong sense of purpose in actions and words

Table 1: Idealised influence summary (Stafford, 2010)

b) Inspirational motivation

This dimension looks at how the transformational leader inspires and motivates his followers (Stewart, 2006). Additionally, it also emphasises the importance of

the actions of the leader in involving his followers in the vision crafting process (Stewart, 2006). The transformational leader harnesses team spirit by fully supporting his team members. The key characteristic of transformational leadership is the ability to articulate the vision to team members (Stewart, 2006) and to motivate followers to achieve organisational goals.

Inspirational motivation only works when the leader can convey his expectations to his followers and identify his most desirable characteristics and apply them to the workplace (Stewart, 2006).

Characteristics of Transformational Leader	Visionary in nature and able to envision the future state of the organisation
Actions of Transformational Leader	Creates alignment between organisational objectives and individuals
Reaction of Subordinates	Willing to go the extra mile for the leader
Example of Behaviour	Able to identify with subordinates emotionally

Table 2: Inspirational motivation summary (Stafford, 2010)

c) Intellectual stimulation

Transformational leaders can encourage their followers to find solutions to problems (Stewart, 2006), and these leaders can offer guidance and support in this process. This type of leader holds innovation and creativity at their core and influences his subordinates to approach problems with a creative and innovative mentality (Stewart, 2006). Additionally, transformational leaders use errors and mistakes as a teaching opportunity (Stewart, 2006), allowing their followers to learn from their mistakes. Intellectual stimulation dimension is imperative, as it outlines how the leader motivates followers to try new methods of doing tasks and to seek learning opportunities always.

Characteristics of Transformational Leader	Challenges status quo, outdated ways and habits
Actions of Transformational Leader	Creates a suitable environment to help subordinates change their ways
Reaction of Subordinates	Willing to change ways and develop new ways of thinking
Example of Behaviour	Constantly identifying new trends and able to shape the subordinates approach to problems and opportunities

Table 3: Intellectual stimulation summary (Stafford, 2010)

d) Individual consideration

Transformational leaders have the responsibility of considering the needs of all their subordinates, and they also have to ensure that their subordinates' expectations are met (Stewart, 2006). This is particularly important because the individual needs of each subordinate are directly proportional to their performance. All the members of the transformational leader's team are highly motivated and have high aspirations (Stewart, 2006). It is paramount that the leader understands, accepts and respects the individual differences of his subordinates (Stewart, 2006).

The leader is also responsible for creating a supportive environment and maintaining open communication channels, which allow for subordinates to share ideas and express themselves (Stewart, 2006).

There is a narrative that suggests that transformational leadership is better than transactional leadership (Bass & Riggio, 2006). Bass and Riggio (2006) explain that transformational leadership is likely to enhance the levels of innovation in the organisation and offer a tremendous amount of growth opportunities. Ejere and Ugochukwu (2013) studied the influence of transactional and transformational leadership style on organisational performance, and they supported this argument by stating that the actions of transformational leaders had a tremendous impact on the success of organisations. The result of the study confirmed that transformational leadership was vital in the performance of employees (Ejere & Ugochukwu, 2013), and transactional leaders tended to have a negative impact on the performance of the organisation.

Characteristics of Transformational Leader	Understanding of individual circumstances and heavily focused on the development of people
Actions of Transformational Leader	Provides oversight for subordinates that need it
Reaction of Subordinates	Continuously seeking to develop and improve
Example of Behaviour	Focus on developing individuals, while keeping in line with individuals' motivation, ability and needs

Table 4: Individual consideration summary (Stafford, 2010)

Gap analysis: Transformational leadership

The literature on transformational leaders confirms that they are visionaries, able to create alignment between the strategic goals and the organisation, and challenge the status quo. Transformational leaders also pride themselves in the development of people in the organisation. These factors are all crucial in digital transformation, but literature on digital transformation theories by Westerman (2014) suggests that transformational leaders would need to develop their leadership skills further, to be successful at leading digital transformation.

Literature on digital transformation states that businesses need to develop a mechanism for measuring value (Boström & Celik, 2017), and actively exploiting data to enhance overall decision making in the organisation through the use of digital technologies (Boström & Celik, 2017). Leaders in the organisation need to invest heavily in digital technologies (Boström & Celik, 2017), and leverage digital technologies to create opportunities for the future.

The business leaders also have a responsibility to drive an organisational culture that embraces the capabilities of digital technologies (Boström & Celik, 2017), and should also help establish a risk-taking culture within the organisation. Business can only make risk-taking a norm if it allows employees to take risks.

The ecosystem is another essential consideration in the journey towards digital maturity (Boström & Celik, 2017), and leaders need to actively seek digital partnerships and effectively manage relations within their ecosystem.

It is clear that technology is a huge consideration in any digital transformation process (Boström & Celik, 2017), and business needs to invest in the development of agile capabilities. The leaders of the organisation should be focused on adopting technologies that bring about favourable benefits for the business (Boström & Celik, 2017), and which can be used as tools for strategic differentiation and to gain competitive advantage.

Technology allows the organisation to enhance capabilities through the use of digital tools. The leaders and their followers are no longer limited to face-to-face interactions, but can now use digital tools for effective communication and collaboration. These new technologies result in change in the organisational cultures, and the traditional leadership style alone is no longer effective in the digital era.

Transformational leaders appear to lack some of the most vital skills and capabilities paramount to successful digital transformation. The concepts of transformational leadership fail to consider the impact of digital technologies on traditional workplace environments.

Although transformational leaders can set clear visions, develop people and challenge the status quo; the leadership style alone does not appear to be the most effective leadership style for leading digital transformation in our technology-driven environment.

2.2.2 *Transactional leadership style*

Transactional leadership was derived from the work of James MacGregor Burn (1978), and outlines how a transactional leader clearly sets his expectations and continuously offers feedback about the set expectations (Pieterse et al., 2010).

This leadership style is the building block of transformational leadership, and it explores the relationship between the leader and subordinates while highlighting the importance of the benefits (Bolden et al., 2003). The transactional leader outlines the role of his or her followers, provides exceptional levels of structure (Bolden et al., 2003), and offers suitable rewards. Transactional leaders primarily engage in transactions with their followers (Jensen et al., 2019).

The transactional leader applies several motivators (especially those derived from the external environment), and organisational rewards such as promotions, salary increases or expensive trips to influence the subordinates to be more effective (Jensen et al., 2019). This type of leader is mostly focused on past performance and rewards performance. Humphrey (2013) argues that

transactional leaders influence the performance of their subordinates through contingent rewards.

Transactional leadership is likely to limit the amount of flexibility in the relationship between the leader and the subordinates (Humphrey, 2013). According to studies by Denton and Vloeberghs (2003), who studied leadership in the South African context, flexibility is paramount in the success of any organisation. This is particularly important because the global and local environment is continually evolving.

The main dimensions of transactional leadership are contingent rewards and active management by exception (Bass, 2000).

a) Contingent rewards

This dimension focuses on the incentives given to followers who are exceptional at their work (Afshari & Gibson, 2016). Intrinsic motivation is paramount because it enables the subordinates to continue their excellent work and further to pursue professional development (Afshari & Gibson, 2016).

Contingent rewards are likely to further motivate exceptional performance (Bass, 2000). Less motivated subordinates are likely to be motivated if they receive adequate feedback and direction (Bass, 2000).

b) Active Management by exception

Active-management-by-exception is more focused on recognition and acceptance (Bass et al., 2003). When the goals and objectives set out by the transactional leader are not met, then the leader will focus on the implementation of corrective measures. Mainly, the transactional leader carefully examines the performance of his subordinates and corrects any mistakes that they make (Bass et al., 2003).

The transactional leader is great at keeping track of work in progress but will not interject unless they foresee costly mistakes by the subordinate (Bass et al., 2003). The leader will use active management by exception approach if the

subordinates are relatively inexperienced or if there is a shortage of people in the team (Bass et al., 2003)

Transactional leadership focuses on transactions (Jensen et al., 2019), and it rarely delivers exceptional results . This leadership style alone leads to mediocrity in most organisations (Jensen et al., 2019).

Gap analysis: Transactional leadership

The literature on transactional leadership confirms that this leadership type is primarily focused on rewarding exceptional performance and only provides guidance when something goes wrong.

The literature on digital transformation states that the scope and objectives of the business are vital in the digital transformation process (Kane et al., 2015). As a result, the leaders of the company need to develop digital strategies that will successfully aid their business in the digital transformation process. The digital strategy should focus on innovation, data-driven decision making, business models, customer experience, and business processes (Kane et al., 2015).

The only way businesses can achieve digital maturity is through an effective digital strategy (Kane et al., 2015). A digital strategy will allow the leaders to drive successful digital transformation. This can be achieved through new business models, recruitment of the appropriate talent and the redesigning of processes (Kane et al., 2015). The leader needs to formulate coherent and clear digital strategies to guide them towards digital maturity.

Organisations need to invest heavily in skills development (Kane et al., 2015) to ensure that the business is able to realise its digital transformation goals. The leaders of the business need to provide employees with the necessary skills and training (Kane et al., 2015), that will equip them with the ability to conceptualise the impact of digital technologies on their organisation. Being able to imagine the effects of digital technologies will ensure that the organisation reaches digital maturity.

To achieve high levels of digital maturity, leaders in organisations need to focus on building a culture of taking risks (Kane et al., 2015). Leaders in the business have a responsibility of making the rest of the organisation less risk-averse (Kane et al., 2015), and to build a culture that allows people to experiment. Additionally, leaders also need to address instances where employees become risk-averse due to the influences of their line managers.

The rewarding of exceptional performance, which is a crucial characteristic of transactional leadership, has the possibility of limiting the team's risk-taking ability. The members of the group may not be willing to take risks because they will not be rewarded if they fail. Risk-taking is a vital element of any digital transformation process – as it allows for a shift in organisational culture when members are willing to experiment.

Technological advances have also changed how teams communicate and collaborate. Organisations are leaning towards the use of digital tools working more effectively. However, with virtual teams, it can be difficult for the leader to monitor the goals and objectives of the group; meaning that the transactional leader might not always be in a position to implement corrective measures when necessary.

Transactional leaders may fail to consider all the other critical elements of digital transformation, such as risk-taking and vision development. They may also lack the appropriate digital skills and capabilities to lead the organisation in the digital era.

It is more likely that transactional leaders will limit risk-taking, and subsequently hinder the adoption of new technologies because members of the team will not be rewarded if they fail to execute any innovative ideas successfully. As a result, this leadership style does not appear to be the most effective leadership style for leading digital transformation due to the key factors that are lacking for successful digital transformation.

2.2.3 *Charismatic leadership style*

Many charismatic leaders have shaped historical events in the past. Some of these influential charismatic leaders are both good and bad, such as Barack Obama, Winston Churchill, Adolf Hitler, Nelson Mandela and Fidel Castro, amongst others (Grabo & Van Vugt, 2016). There are several differences between charismatic leaders, and this has resulted in varied arguments around the common characteristic charismatic leaders share (Grabo & Van Vugt, 2016). Generally, charisma is considered a positive trait, but history has proven that leaders like Adolf Hitler, whose actions deemed him immoral, were also able to influence followers.

The theories of charismatic leadership, refer to persons that are self-assured and progressive in their quest of helping an organisation deliver on its goals (Tucker, 1968). This type of leader tends to be unorthodox in their ways (Tucker, 1968) and is subject to existing status quos. One of the critical characteristics of charismatic leaders is self-confidence (Sparks, 2014). A charismatic leader has a complete sense of confidence in their ability, judgement and vison; and are committed to the future goals of their organisation. They are risk-takers (Sparks, 2014), and are willing to engage selflessly to achieve their vision.

Max Weber suggests that there is a relationship between a leader's behaviour and characteristics (Grabo, Spisak, & van Vugt, 2017). He argues that the attributes of a leader such as superiority, self-security, desire to be influential and steadfast moral stance (Grabo et al., 2017), are all characteristics of a charismatic leader. Additionally, the behaviours conveyed include appreciation and empathy for the followers, and the desire to be a role model (Grabo et al., 2017). Weber's charismatic model outlined two foundational principles. The first principle states that amongst followers, there are specific goals, needs and aspirations that are currently unfulfilled in their current reality (Sparks, 2014). Subsequently, the second principle states that it is because of the first principle that followers tend to submit to leaders that possess charisma to help them reach goals and aspirations (Sparks, 2014), leading to mutual and congruent interests and objectives for both the leader and the follower. Essentially, it is paramount that the follower identify with the charismatic leader.

There are many different theories and varying views around charismatic leadership (Boal & Hooijberg, 2000). Boal and Hooijberg (2000) suggest that there are two types of charisma – visionary and crisis responsive. Visionary charisma is focused on building a world that is intrinsically sound to the follower, and emphasises behaviours that are associated with purpose and values by being able to articulate the vision and goals clearly (Watts, Steele, & Mumford, 2019). Primarily, this type of leaders tends to craft new values that guide how individuals in the organisation think and act, before considering the actions that need to be taken. Crisis responsive charisma is more focused on building a world that is extrinsically sound, and the outcomes achieved by the followers are connected to specific behaviours (Boal & Hooijberg, 2000). In contrast to visionary charisma, leaders that possess crisis responsive charisma start with the actions that allow them to deal with the crisis effectively, and subsequently craft new values that guide how individuals in the organisation think and act.

Another view by Howell and Shamir (2005) state that charisma resides in the connection between a leader who exudes specific characteristics and behaviours of a charismatic leader, and followers that have individual attitudes and perceptions towards the leader.

There are three successive stages of charismatic leadership. Firstly, the leader recognises the needs of their subordinate and their discontentment with the existing status quo (Grabo et al., 2017). In the second stage, the charismatic leader constructs a vision and communicates it to their followers. Lastly, the leader has to implement the vision (Grabo et al., 2017). The charismatic leader has to act in an unconventional and risky manner, which permanently gains the commitment of the subordinates (Grabo et al., 2017).

Charismatic leaders have been witnessed across many organisations and occupy top executive roles (Waldman, Javidan, & Varella, 2004). They are focused on empowerment, envisioning and empathy (Semaan, Ashill, & Williams, 2019). These leaders can envision what the future might look like (Semaan et al., 2019), can create and communicate the vision (Watts et al., 2019), and allow themselves to display a strong sense of sensitivity and emotions to their followers. Additionally, charismatic leaders empower their followers by enabling them to

make choices, influence strategy, and initiate differing projects (Watts et al., 2019). Charismatic leaders can influence the organisation positively.

Leaders in the different organisations will have different leadership styles based on their characteristics. Additionally, some leaders may use a combination of leadership styles based on environmental conditions. The common trend amongst all leaders is that they have followers and they drive the strategic direction of organisations. They have the huge responsibility of ensuring that their organisation continue into the future.

Characteristic	Meaning
Vision	A strong vision, inspirational, able to motivate, generate ideas about the future. Provides strategic goals and helps generate new ideas for the organisation.
Articulation	They are phenomenal public speakers and exceptional presenters.
Environmental sensitivity	Able to identify constraints in the cultural, physical and social environment of the organisation. Able to recognise new opportunities and skills/limitations of members.
Behaviour	Follow none traditional approach in achieving organisational goals and possess unique behaviours that tend to surprise other members.
Personal risk	Risk-takers and are willing to incur high personal costs.
Sensitivity to members	Empathetic by nature and show a tremendous amount of sensitivity

Table 5: Characteristic of charismatic leadership (Semaan et al., 2019)

Gaps analysis: Charismatic leadership

The concepts of charismatic leadership are similar to those of transformational leadership. The key focus is on the vision, empowerment and inspiration of people. Just like transformational leaders, charismatic leaders exhibit some of the characteristics that are necessary for digital transformation, but also lack capabilities that are digitally related.

The literature on digital transformation states that leaders responsible of the digital agenda need to be highly fluent in digital matters (Kane et al., 2015). This ensures that employees maintain confidence in their leader's abilities to execute the digital objectives. Highly fluent in digital technologies means that leaders can

fully articulate the value that can be derived from digital technologies for achieving the organisation's long-term goals.

Leaders in an organisation have a huge responsibility of managing the digital transition. They are tasked with crafting the vision of the organisation and developing future roadmaps (Gupta, 2018). Charismatic leaders are more than capable of crafting a compelling vision and are great at providing inspiration and vision in traditional business settings.

Digital technologies such as predictive maintenance, augmented reality and additive manufacturing need to be considered when digitising operations (Gupta, 2018). Additive manufacturing, for example, allows an organisation to develop better products through customisation. Furthermore, it helps reduce inventory and logistics costs (Gupta, 2018). Finding ways to adapt such technologies is imperative in enhancing the businesses value chain. The charismatic leader may not have the technological inclination to use these technologies to improve the overall organisation capabilities.

Technology is a critical driver in digital transformation; and charismatic leaders may lack the necessary digital capabilities and be likely to lean towards more traditional approaches. Charismatic leadership alone does not appear to be suitable for driving digital transformation.

2.3 Conceptual Framework: E-leadership

The concept of e-leadership was first introduced by Susan Annunzio (2001), and defined as “a new style of business management designed specifically to guide top executives as they retool their businesses to compete in the eWorld.” Over the years, researchers have built on her work, and the concept has become increasingly relevant in the digital era.

Digitisation is fundamentally changing the ways of work and subsequently redefining the concepts of leadership. The changes have resulted in innovative developments in information and communication technologies that have given rise to emerging leaderships like E-leadership (Liu et al., 2018).

Many organisations are currently struggling with the challenges brought about by the rapid advances in technology (Lovelace, 2015), which require organisations to reimagine the processes and procedures. Leaders within these organisations need to be aware of these changes and use their leadership capabilities to manage the anxieties of their followers (Lovelace, 2015)

E-leadership (Electronic leadership) takes place in the context of an e-environment in which the majority of work is carried through the use of digital technologies (Liu et al., 2018). The e-environment completely displaces traditional methods, and digital technologies are the centre of all communication between the leader and the followers, through which all information is collected and circulated (Avolio & Kahai, 2003). These type of leaders can use new technologies to enhance overall work functions, communicate with followers, and develop new business models (Renu, 2014).

According to Savolainen (2014), e-leadership is “a process of social influence where, mainly with the help of advance IT, changes are brought about in attitudes, feelings, thoughts, behaviour and organisation.” The e-leader needs to take the role of the “team direction setter” and use technology to influence organisational change (Avolio & Kahai, 2003). The technological changes in organisations require a change in leadership, due to technological alterations that have changed the way we store, interpret and share information (Avolio & Kahai, 2003). These alternatives have also changed how people are influenced and decisions are made in organisations (Avolio & Kahai, 2003)

An e-leader does not necessarily need to be a technology expert but instead, requires a good understanding of new technologies (Avolio & Kahai, 2003). Additionally, the e-leader needs to effectively build good relationships and fulfil employee needs through digital platforms (Avolio & Kahai, 2003). These virtual leaders provide strategic direction through digital platforms and displace traditional leadership due to current advances in technology.

E-leadership construct

Theories on e-leadership are constructed on traditional leadership traits like transformational leadership (Renu, 2014), but take into account the personal and

professional experiences of leaders when looking at how they use new digital technology to advance the business (Renu, 2014). The skills, knowledge and attitudes of e-leaders differ significantly from those of traditional leaders. Technology has an impact on leadership styles, followers and leaders within organisations (Kahai, Avolio, & Sosik, 2017).

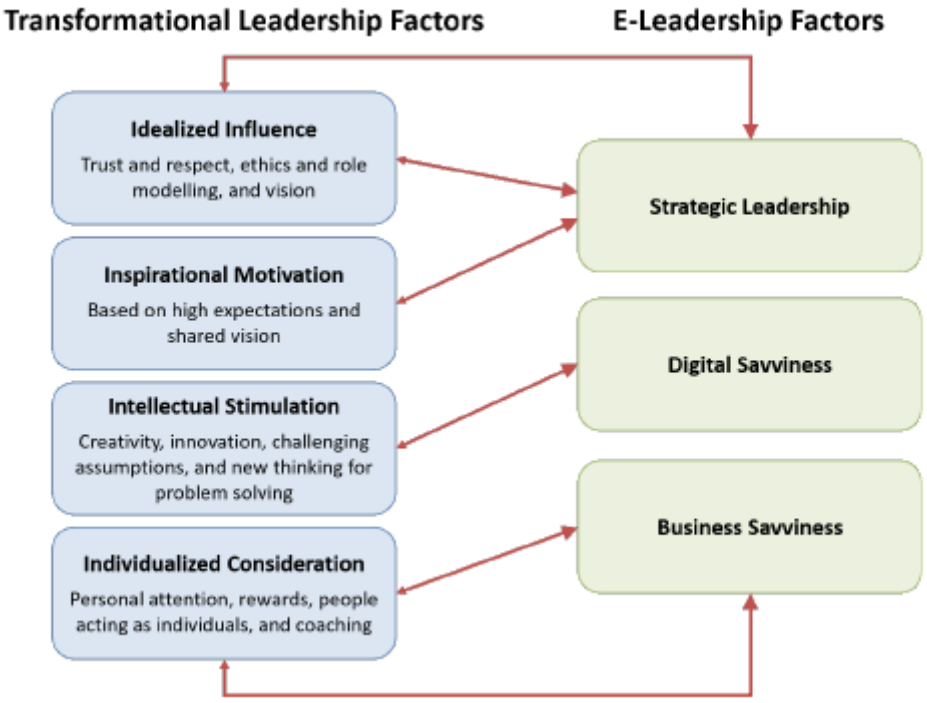


Figure 2: E-Leadership (Belitski & Liversage, 2019)

The model of E-leadership looks at how transformational leadership factors drive e-leadership, and reinforce the narrative that e-leadership is built on traditional leadership traits.

The concepts of transformational leadership were previously discussed in the theoretical review and use intellectual stimulation, promote consideration of different viewpoints, and inspire collective actions to enhance group potency and effectiveness (Kahai et al., 2017). The characteristics of transformational leadership are still relevant, but e-leadership also considers the key factors below, which make an e-leader.

- **Strategic leadership:** This is linked with the idealised influence and inspirational motivation factors of transformational leadership (Belitski &

Liversage, 2019). The e-leader still needs to provide a vision and inspire the organisation (Belitski & Liversage, 2019). Strategic leadership is a critical component that is imperative for driving the organisation into the future. E-leadership essentially provides strategic direction with technology and new digital trends in mind – which are essential for digital transformation.

- **Digital savviness:** The concept of digital savviness is linked to the intellectual stimulation of transformational leadership in the sense that the e-leader needs to envision and drive change in the business by exploring innovative opportunities (Belitski & Liversage, 2019). The e-leader must explore digital trends and use digital technology to encourage problem-solving and a culture of risk-taking. (Belitski & Liversage, 2019). It is paramount that the e-leader develops an understanding of technologies such as the Internet of Things, social media and mobile applications, amongst others (Belitski & Liversage, 2019). E-leadership acknowledges the importance of developing technology skills and using technology to drive organisational change.
- **Business Savvy:** Business savviness is an essential consideration in e-leadership. The e-leader must be able to innovate operating models and business processes to ensure the delivery of value to their organisation (Belitski & Liversage, 2019).

The fundamental principles and basic theories of leadership remain relatively constant, but the skills learned in traditional leadership are being applied to e-leadership (Kahai et al., 2017). Traits like risk-taking, people-focus, and transformational leadership traits are still applicable, but e-leaders have to build relationships faster without regular face-to-face communication.

There are many differences between e-leadership and traditional leadership – and these have been noted as follows:

- **Type of communication:** E-leadership communication channels are mostly on virtual platforms between the leaders and his followers (Renu, 2014); while traditional leadership frequently use face-to-face communication.
- **Members:** In e-leadership, the leader is referred to as a virtual leader, and his followers are virtual. In traditional leadership, the main members are the leader and his followers (Renu, 2014).

- **Places required:** E-leadership has no location boundaries, and members can be anywhere in the world; while traditional leadership requires a particular office or venue (Renu, 2014).
- **Availability of members:** Members in e-leadership are available at any time of the day, while members in traditional leadership are only available during office hours (Renu, 2014).

The implications of technology are far-reaching and leaders in an organisation need to foster a technology-driven culture and empower the followers to seek practical ways of using technology when solving problems (Kahai et al., 2017). The rapid advances in technology mean that leaders need to find effective ways of using digital tools when communicating with members of the teams and clients (Ghilic-Micu, Maracine, Stoica, & Ciocan, 2011).

E-leaders are faced with the challenges of embedding technology to strategic processes and to effectively use technology to support the organisation's digital transformation endeavours (Oh & Chua, 2018). These challenges can be addressed by providing adequate training to employees and by building a culture that uses technology for advancing decision making processes and communication (Oh & Chua, 2018).

Key competencies for E-leadership

Effective e-leaders are focused on developing core competencies which will ensure that they can lead their organisations into the future. There are many differing views on the most critical skills.

According to Mohammad (2009), the following key competencies are essential for e-leaders:

- E-leaders need to develop an understanding of how technology can be used as a strategic enabler.
- They should be aware of different technologies and techniques that are crucial for virtual operations.
- E-leaders need to replace traditional processes with virtual ones.
- The leader must be able to make a calculated decision and implement technologies that add value to the organisation.

- E-leaders should encourage creativity and technological innovation amongst his followers.
- The leader must encourage experimentation and build an organisational culture that is eager to test and implement new ideas.

When focusing on the core competencies of e-leaders, Annunzio (2001) states that e-leaders should develop effective ways of communication with their subordinates and external stakeholders. The e-leaders need to effectively manage information resources, facilitate conversation, empower people, and find effective ways to delegate work (Annunzio, 2001).

According to Kahai et al. (2017), e-leaders have a massive task of maintaining the balance between the old and the new. They need to communicate with intent, use technology to enhance overall organisation operations, and deploy new technologies to ensure effective communication throughout their ecosystem (Kahai et al., 2017).

The different views on the critical competencies of e-leaders are very similar, and it is clear the technology requires leaders who are at ease with technology and can effectively use it in driving organisational goals.

Virtual teams

Globally, there has been a gradual shift towards long-distance teams, and this has recently been exacerbated by the current global pandemic, COVID-19 (Yerchuru & Chidambaram, 2020). Some of these long-distance teams have experienced challenges in communication between members, and have limited business processes and functional leadership (Avolio & Kahai, 2003).

According to Avolio and Kahai (2017), virtual teams can be defined as teams that are functional at multiple locations and can effectively communicate through the use of technology as opposed to face-to-face communication, in their quest to reach organisational goals.

To address the concerns around communication, members of virtual teams need to have the following vital traits (Barnwell, Nedrick, Rudolph, Sesay, & Wellen, 2014):

- **Goal-orientation:** The members of the team must be focused on meeting the required objectives.
- **High-quality technical skills**: The team needs a robust set of professional skills and require limited outside assistance.
- **Strong problem orientation:** When members are problem-orientated, they can learn and adapt quickly. Problem-solving skills are essential for achieving objectives and goals.
- **General sensitivity:** Sensitivity is vital for interpersonal communication with team members.
- **High self-esteem:** Members of virtual teams should have high levels of self-esteem. This will make it easier for them to ask for help when they need assistance and easier to admit to any mistakes.

Virtual teams with these traits can communicate more effectively and solve complex problems with ease. The advances in technology have been crucial to the inception of virtual teams, and have paved the way for e-leadership (Liu et al., 2018). These technologies are transforming organisations, and the e-leader has the responsibility to use both traditional leadership traits, and digital capabilities, to drive the organisation into the future.

Rationale

E-leadership enables tools that have the potential to create a tremendous amount of value of the business through the use of digital technologies (Belitski & Liversage, 2019). The fundamental aspects of leadership have not changed, but the various developments in technology have resulted in the emerging of new leadership styles that are better capable of handling the change.

Organisations are being forced to conduct business through electronic platforms that go beyond the boundaries of traditional leadership (Kahai et al., 2017). As a result, conventional leadership methods have been rendered ineffective and incapable of leading the organisation towards its objectives. E-leadership has a

vital role in providing direction to followers in the age of electronic platforms (Kahai et al., 2017), which are rapidly replacing face to face interactions. In removing the distance and time barriers of the current environmental condition, e-leaders have a considerable role to play.

Such leaders have the necessary digital knowledge and skills to communicate effectively through digital platforms with their followers to ensure that organisational goals are achieved (Liu et al., 2018). This style is useful for organisations where digital technologies are being deployed, and will massively benefit organisations in a rapidly changing environment.

While concepts of traditional leadership are still relevant, the rapid advances in technology have resulted in the need for new ideas of leadership. E-leadership builds on conventional leadership theory and adds critical factors that are essential for leading in the digital era. These factors are paramount in the changing environment and consider the impact of technology on leadership.

E-leadership presents an additional set of capabilities that are key to digital transformation, and it can be argued that these type of leaders are more suitable for driving digital transformation efforts within organisations.

2.4 Digital Transformation

Digital transformation is highly prioritised by leaders in organisations, as businesses are currently faced with the challenge of creating opportunities by deploying digital resources that will enable competitive advantage and help rethink their business models (Mithas & Lucas, 2010). This section briefly looks at the concepts of digital transformation.

According to Westerman et al. (2014), there are four main components to digital transformation: (a) Framing the digital challenge (b) Focusing investment (c) Mobilising the organisation (d) Sustaining the digital transition.



Figure 3: Leading Digital: Turning Technology in Business Transformation (Westerman et al., 2014)

a. Framing the digital challenge

In framing the digital challenge, the leaders of the organisation need to have a clear understanding of the digital technology opportunities and threats that are key to their organisation's digital transformation (Westerman et al., 2014). Additionally, they need to identify strategic assets that could benefit the digital transformation endeavours, and align the vision of the organisation to its digital future (Westerman et al., 2014).

In the digital era, leaders are tasked with the responsibility of setting a clear vision for the organisation (Holotiuk & Beimborn, 2017). This means developing robust feedback loops and focusing on continuous improvement. The leaders involved in the strategy formulation have a responsibility towards building a sense of commitment throughout the organisation by clearly expressing the desired goals and objectives for the future of the organisation (Quaye, Osei, Sarbah, & Abrokwah, 2015).

The firm's vision needs to be clearly articulated in the digital strategy to guide the future direction of the firm, and the type of digital business models that the firm will need to adopt in their digital transformation process (Hess et al., 2016). The company digital transformation approach will be shaped mostly by the strategic vision of the new digital technologies and business models (Hess et al., 2016).

For successful digital transformation, the leaders of the organisation need to think carefully about how they seek to use technology to enhance their value creation (Hess et al., 2016), and should build awareness in the organisation on how digital technologies will be used to secure a digital future.

b. Focus investment

Part of the digital transformation is the conversion of the digital vision into strategic goals, and development of a digital transformation roadmap (Westerman et al., 2014). The leaders of the organisations must also design the appropriate governance structure that will drive the digital transformation and build a substantial portfolio of digital investments (Westerman et al., 2014).

The firm must react faster to change at a multi-level, and enact digital alignment across the organisation (Holotiuk & Beimborn, 2017). The organisation needs to be long term orientated, but have short, vigorous sprints that allow for change (Holotiuk & Beimborn, 2017). Decision making needs to be at the core of the organisation. Kane et al. (2015) suggest that the digital agenda needs to be led from the top; meaning that leaders need to be able to fully articulate the importance of digital technologies for their future organisation.

As the organisation purses new digital agendas, it is imperative that the entire organisation undergoes a massive strategic and cultural transformation process driven by the leadership of the organisation (Chanias, 2017). The leaders within the organisation have a responsibility to create a centralised management system that keeps track and coordinates all new initiatives within the organisation (Chanias, 2017), and develops a digital roadmap for execution.

The organisation must develop dedicated structures to aid digital transformation (Chanias, 2017). These include the introduction of new Chief Digital Officer roles,

the formation of digital transformation units, and the implementation of digital-related processes (Chanias, 2017). These dedicated resources are vital to the formulation and implementation process related to digital transformation. The role of new technologies is paramount in any digital transformation, and leaders need to carefully consider where the different technologies can be implemented to bring about the most value (Hess et al., 2016).

Leaders in the organisation need to invest in innovation hubs, seek direct investments and joint ventures, and build a robust pipeline of digitally-focused deals (Gupta, 2018). This will ensure that the organisation has a balanced portfolio of digital investments that can be used to propel the organisation into the future. The organisation needs to seek investments that help them build the required capabilities. Investment in merger and acquisitions are a great avenue of sourcing the right skills in the organisation (Hess et al., 2016).

Organisations that have clearly defined digital initiatives, governance mechanisms, and suitable digital investments are more likely to thrive in the digital transformation. Leaders should pay careful attention to these factors, as these will help guide the organisation into the future.

c. Mobilising the organisation

The digital benefits and ambitions need to be actively marketed, and the employees in the organisation need to be empowered in the co-creation of digital solutions (Westerman et al., 2014). The leaders are also responsible for the shift in the organisational culture and perception of digital technologies, to ensure practical work and collaboration across the organisation (Westerman et al., 2014).

The organisation is a massive consideration in digital transformation, and leaders need to focus on meeting the needs of the internal environment (Holotiuk & Beimborn, 2017). The business needs to be agile (Holotiuk & Beimborn, 2017). This means organisations need to reorganise and redistribute their resources. In the process of revamping the organisation, change management needs to be radical to ensure that the organisation can manage the rapid change (Holotiuk & Beimborn, 2017).

The leaders need to foster a culture of fast innovation and prototyping (Holotiuk & Beimborn, 2017), as organisations need to be daring in their experimentation processes. Culture and leadership are one of the critical dimensions of digital transformation (Holotiuk & Beimborn, 2017). The leaders of the organisation have a responsibility to create and foster a digital mindset through a digital agenda (Holotiuk & Beimborn, 2017). This can be achieved by establishing a standard set of values that embody digitisation and allow for value creation.

The organisation also needs to rethink its C-level roles (Holotiuk & Beimborn, 2017), to help drive an adaptive and innovative culture. It is also essential that the organisation accepts failure and build a culture that allows people to experiment. Mobilising the organisation will accelerate the pace of digital transformation and enable the business to collaborate effectively in the execution of digital transformation goals.

d. Sustain the digital transition

To sustain the digital transition, the leaders of the organisation need to invest heavily in digital competences and provide appropriate incentives to help drive digital transformation (Westerman et al., 2014). The business also needs to develop effective processes for measuring and monitoring digital transformation (Westerman et al., 2014).

According to researchers from the Massachusetts Institute of Technology, “maturing digital organisations build skills to realise the strategy” (Kane et al., 2015). An organisation with the right set of capabilities can challenge the status quo and rethink its value chain. This means recruiting the appropriate talent and building the necessary digital skills (Holotiuk & Beimborn, 2017). These new skills and capabilities will enable the organisation to design new business models and move the organisation to the forefront of the digital era (Holotiuk & Beimborn, 2017). Subsequently, the firm will be able to retain, acquire and attract new talent (Holotiuk & Beimborn, 2017) – and this why leaders must work towards identifying new human resource potentials.

The rise of new technologies like cloud, social and big data means that organisations need to develop new skills and capabilities within the organisation

(Chanias, 2017). The top management has to dedicate resources that will help build these internal capabilities to handle any developments related to these new technologies.

It is paramount that digital competencies are derived internally through different development programs that seek to enhance the digital skills and attitudes amongst the organisations existing employees (Hess et al., 2016).

One of the most effective ways of developing the necessary skill-sets is by taking employees through training programs that are linked to university qualifications through the business – which attract young talented professionals and graduates who are continuously seeking to improve the competencies (Hess et al., 2016)

According to Gupta (2018), leaders have a responsibility to develop the right incentive systems (Gupta, 2018), improve the organisational capabilities (Gupta, 2018) and ensure that creative solutions are rewarded.

The leaders in the organisations need to find ways to effectively monitor and measure digital transformation (Westerman et al., 2014). This will ensure that issues are identified quickly and corrective measures are implemented to ensure successful digital transformation.

Digital transformation is a multifaceted process that requires the cooperation of the organisation as a whole. The combined efforts of people in the organisation will ensure that businesses can successfully transition and achieve their digital goals.

The role of leadership is paramount in the digital transformation process, as leadership is responsible for crafting the digital vision and driving the organisation towards digital transformation. As such, the leader needs to have the necessary skills and capabilities that will ensure that the organisation can deliver on its objectives. Emerging leadership styles which consider the effect of technology are essential in driving digital transformation, and business should work towards developing these leadership capabilities internally.

2.5 Conclusion

The concepts around leadership are constantly evolving, and are clearly driven by the changing environment. What worked in the past might not necessarily work in the future – and it is paramount that leaders adapt their leadership styles to account for environmental changes.

Technology is reshaping the way in which we do business, and this means that leaders need to fully adapt their ways to ensure that they are effective. Leaders in organisations need to be more digital aware, use technology to solve complex problems, and be able to manage team effectively in virtual working environments. As a result, leaders need to build digitally focused competencies and capabilities that will allow them to be effective leaders.

The basic characteristics of successful leaders have remained fairly consistent – leaders need to be visionaries in nature, be able to collaborate effectively and offer support to their subordinates. Leadership styles like transformational and charismatic leadership still have a place in business, but need to be reinforced with digital competencies.

E-leadership appears to be a suitable leadership framework for the changing environment because it accounts for traditional leadership characteristics; which are still important for business. It also considers the impact of technology on the way we lead organisations into the future. The leadership style could potentially be suitable for leading digital transformation within different organisations.

CHAPTER 3. RESEARCH METHODOLOGY

In the previous chapter, the goal was to review the literature on the selected leadership styles and to outline the concepts of digital transformation briefly. Exploring the critical components of the different ideas and gaining a better understanding of the elements affect both leadership styles and digital transformation. In this chapter, the goal is to provide a better understanding of the importance of research methodology and to introduce the concepts applied to this study.

3.1 Research Methodology overview

Research Methodology

The research methodology is the research process that starts with the formulation of the research questions and ends with the conclusions of the research study (Clark & Ivankova, 2016). Research methodology is the research process that originates from philosophical assumptions and ends with the interpretation and presentation of the results (Creswell, 2014). McMillan and Schumacher (2010) postulate that research methodology refers to a design whereby the researcher selects data collection and analysis procedures to investigate a specific research problem. Kumar (2011) provides more interesting views of research methodology by stating that the research methodology comprises research techniques, procedures and methods that are applied to the collection of information about various aspects of a situation problem.

Research Paradigm

A paradigm guides thinking and actions, and implies a way of looking at the world (Mertens, 2014). Leavy (2017:11) concurs with the idea but goes a step further by stating that a paradigm is a set of assumptions which guides the research process.

I. Transformative paradigm

Mertens (2015) argues that a transformative paradigm addresses the politics in research by “confronting social oppression at whatever levels it occurs.” She further contends that transformative researchers work with less power to bring about social transformation (Mertens, 2014). Leavy (2017) concurs with Mertens (2015) when he writes that, in the transformative paradigm, the researcher is engaged politically and socially in the community with the power to transform and emancipate this community.

II. Pragmatic paradigm

Pragmatists decide what they want to study based on what is essential within their personal value systems (Tashakkori, Johnson, & Teddlie, 2020). This is corroborated by Morgan (2007) who states that the essential emphasis is on actual behaviour (‘lines of action’), the beliefs that stand behind those behaviours (‘warranted assertions’), and the consequences that are likely to follow from different behaviours (‘workability’).”

Leavy (2017) states that pragmatism supports the use of both qualitative and quantitative methods, and makes the research questions the focus of inquiry and subsequently finds common grounds between the methodological decisions and the research questions.

The focus of a pragmatic paradigm is on the consequences of research, on the primary importance of the question asked, rather than the methods; and on the use of multiple methods of data collection to inform the problems under study (Creswell & Plano Clark, 2018).

Research design

Maxwell, Chmiel and Rogers (2015) refers to research design as a ‘type’ of design. It is a widely held view that method primarily involves selecting a particular design from an existing set and then using that design as a model to plan the study.

Five components make up a study’s design (Maxwell, 2012):

- Goals (what the study is intended to contribute or accomplish);
- Conceptual framework (the researchers' theory and assumptions about the phenomena studied and how best to study this);
- Research questions;
- Methods (including the relationships that the researchers establish with participants, as well as sampling/selection, data collection, and analysis); and
- Validity (the potential threats to the study's conclusions that the researchers identified and the strategies they employed to address these).

These five components, which are internal factors in the research design, together with external influences such as researchers' skills, situational constraints, ethical standards, funding and funders' agendas, and prior research; all interact to influence the design and how it may change during the research (Maxwell, 2012). It can therefore, be concluded that viewing the research design as the blueprint of the study provides the researcher with a bird's eye view of the study, allowing the researcher to plan how conclusive results may be drawn to best answer the research questions.

3.2 Research approach

The goal of this research was to determine the factors leading to a shortage of leadership, current leadership trends, and the appropriate leadership strategies for digital transformation in financial services organisations.

The research questions posed by this study were addressed using a qualitative approach. This approach enabled the researcher to identify how a leader's experiences and behaviours are shaped by technology in the context of the work environment (Hennink, Hutter, & Bailey, 2020).

3.3 Research design

This study adopted **qualitative research design** to draw critical insights in leadership and digital transformation. The study used **both secondary** and **primary data analysis.**

The insights were drawn through data analysis – where secondary data in the form of **documents** and **content** was analysed. Selected **executives were interviewed** to gauge their experiences as leaders responsible for digital transformation in financial services organisations.

Secondary data analysis

Secondary data analysis is a systematic process for evaluating various types of documents and content, to gain a deep understanding and to develop empirical knowledge (Bowen, 2009).

The advances in technology have resulted in a vast amount of data that has been collected, compiled and archived (Johnston, 2017). This secondary data was collected and analysed to address the research questions of this study.

Like all research methods, there are both advantages and disadvantages to using secondary data. The following benefits have been identified, amongst others (Bowen, 2009):

- **Efficient data collection:** There is ample data on e-leadership and other leadership concepts – the data analysis will be less time consuming and efficient.
- **Cost-effective:** Secondary data analysis is relatively inexpensive when compared to other research methods. The data is readily available on different online platforms.
- **Extended coverage:** There is a vast number of documents covering a wide range of related topics for many different events and settings. Access to more information is favourable.

The following disadvantages have been identified, amongst others (Bowen, 2009):

- **Insufficient detail**: The documents used to answer the research questions may lack the appropriate level of detail necessary to answer the questions.
- **Low retrievable:** In some instances, the documents may be blocked from public access and thus, making it difficult to gain access to the information.

Primary data analysis

To further address the disadvantages of secondary data analysis, interviews were conducted with a selected number of executives who are responsible for leading digital transformation in the organisation.

These interviews gave insights into individual experiences, which cannot be obtained from secondary data analysis alone.

3.4 Data collection methods

Secondary data collection

For secondary data analysis, information was collected from a wide range of sources that are related to the research questions (Johnston, 2017). The papers were obtained through the Wits Database. Other databases like Scopus, Web of Science and Google Scholar were used to ensure access to the appropriate articles for the study.

Additionally, content on leadership and digital transformation was also viewed and analysed. YouTube content related to the research questions was also used for this research.

Primary data collection

For this study, semi-structured interviews and qualitative questions were the most suitable way of gathering data and documenting additional information to support the finding from document and content analysis (Taylor, Bogdan, & DeVault, 2015).

Semi-structured interviews were the most appropriate data collection method for several reasons. They are efficient because they allow researchers to inquire more and to investigate new ideas in more detail (Taylor et al., 2015). The respondents simply provide answers to open-ended fixed questions and allow for further probing when concepts are unclear.

According to Flick (2018), a researcher must select a method that is appropriate to the research questions. To fully understand the factors leading to the shortage of leadership, the current trends, and proper leadership strategies for digital

transformation in financial services; semi-structured interviews were the most appropriate method to collect detailed empirical evidence to support the document and content analysis (Flick, 2018).

The participants of the study were seasoned executives and have pressing matters to attend to within their organisation. Subsequently, semi-structured interview allowed the collection of information needed in a time-effective manner.

Both secondary and primary data collection methods were befitting for this topic (Flick, 2018). The document and content analysis provided theoretical information on leading digital transformation; while the interviews further corroborated the findings from secondary data analysis, and provided insights on the experiences of individuals leading digital transformation in financial services sectors.

3.5 Population and sample

The following section elaborates on the population and sample of this research report.

3.5.1 *Population*

Population - secondary data collection

The population for this research comprised all secondary data available on different academic databases and online platforms, with a focus on the following topics:

- Leadership
- E-leadership
- Leader
- Digital
- Financial services

These studies had reference to leadership and digital transformation as defined by the boundaries of this study.

Population – primary data collection

The population for primary data collection includes all c-suit executives who are currently responsible for leading digital transformation in financial services organisations.

3.5.2 *Sample and sampling method*

Secondary data sampling

Scope

This research report has a focus on concepts related to leadership and digital transformation in financial services – and academic articles, content and publications from business consulting organisations appeared to be the most suitable for this research. As such, the scope of the study was limited to academic articles such as peer-reviewed journals, unpublished sources and publications from organisations like McKinsey (Johnston, 2017).

Selection criteria

The first step process this research used was a basic keyword based on the title and context of this study. The selected keywords were as follows:

- Leadership
- E-leadership
- Leader
- Digital
- Digital transformation
- Financial services

These keywords needed to be included in the title, abstract or under keywords.

In the search process, the focus was on publications and academic literature, as outlined in the scope section. This was to ensure that publication biases were minimised, and the initial search included recent studies that might have only been published recently (Cortellazzo, Bruni, & Zampieri, 2019). However, articles before 2014 with no citations were excluded.

The second step of the process involved selecting the most appropriate qualitative articles. This was done by considering articles with at least one citation (Cortellazzo et al., 2019) – if they were published before 2014. In academia, citations are acceptable criterion when trying to establish scientific rigour (Cortellazzo et al., 2019). According to Crossan and Apaydin (2010), citations can easily be used as a discrimination tool against more recent publishers. For this reason, articles published after 2014 with no citations were kept.

To ensure that high-quality articles are used for the research, the following considerations are imperative:

- Journals appearing in recognised management, business and psychology areas can be regarded as high quality. The Scimago Journal and Country ranking will be used to verify articles at https://www.scimagojr.com/
- Peer-reviewed and conference articles were also considered as high quality.
- Publication for reputable business consulting firms were also be considered as high quality.

The final selection criteria can be noted as follows (Cortellazzo et al., 2019) :

- The leaders used in the articles or publications are involved in the digital transformation process and responsible for a group of people.
- The article presents a clear connection between leadership and digital.
- The article presents a clear connection between financial service leadership and digital transformation.
- The article has a focus on digital transformation, digital or technology transformation.

Any articles that fell outside the boundary of this criteria were excluded from the study.

The following articles were selected for this study:

Paper	Number of citations	Source	Empirical or theoretical approach

The role of leadership in a digitalised world: A review (2019)	13	Frontier in Psychology	Empirical
Leadership in the digital age – a study on the effects of digitalisation on top management leadership (2016)	75	Stockholm Business School	Empirical
E-leadership: Re-examining transformations in leadership source and transmission. (2014)	282	The leadership quarterly	Theoretical
E-leadership: Implications for theory, research, and practice. (2000)	848	The leadership quarterly	Theoretical
Leading in the connected era (2014)	21	Strategy and Leadership	Empirical
Leading through the Fourth Industrial Revolution: Putting people at the centre (2019)	3	World Economic Forum	Theoretical
Digital disruption and the future of leadership: An interview of Rick Haythronthwaite, Chairman of Centrica and MasterCard (2016)	24	Journal of Management Inquiry	Theoretical
How technology is change work and organisations (2016)	261	Annual review of organisation psychology and organisation behaviour	Theoretical
The digital age leadership: A transhumanistic perspective (2018)	5	Journal of Leadership studies	Theoretical
The virtual teams: e-leaders challenges (2015)	2	Conference paper	Theoretical
E-leadership case study and the impact of (un)faithful appropriation of technology (2017)	2	Conference paper	Empirical
Leading Growth through the Digital Leader (2018)	6	Journal of Leadership studies	Theoretical
Industrie 4.0 and Leadership (2017)	10	Conference paper	Theoretical
Leadership characteristics in the era of digital transformation. (2020)	2	Business & Management Studies: An international journal	Theoretical
District technology leadership then and now: A comparative study of district technology leadership from 2001 to 2014. (2018)	17	Education Administration	Empirical
How does the digital transformation affect organizations? Key themes of change in work design and leadership. (2018)	52	Management Revue	Empirical
Skills for disruptive digital business (2019)	81	Journal of Business Research	Empirical
Digital leadership: The consequences of organizing and working in a digital society (2017)	5	Conference paper	Theoretical

Digital transformation initiative: Unlocking $100 trillion for business and society from digital transformation (2016)	2	World Economic Forum	Empirical
Leadership in the digital business transformation (2018)	11	Conference paper	Empirical
Diversity Continues to Challenge the Financial Services Industry: Benefits, Financial Performance, Demographics, Impediments to Progress, and Best Practices (2019)	1	Journal of Financial services	Empirical
Digital transformation strategy making in pre-digital organizations: The case of a financial services provider (2019)	68	Journal of Strategic Information	Empirical
Master Digital Transformation: The path of a financial services provider towards a digital transformation strategy (2017)	19	Conference paper	Empirical

Table 6: List of selected secondary data articles

Primary data sampling

The selected sampling method for primary data was purposeful sampling because it allowed for the selection of specific individuals who were able to provide information and insights on leading digital transformation in financial services sector (Palinkas et al., 2015). Through this sampling method, I could select specific respondents who were executives (Chief Executives, Chief Operations Officers, Chief Information Officers, etc). Participants of the study needed to hold these particular roles because this study sought to gain insights and from leaders who were responsible for digital transformation (Palinkas et al., 2015).

Seven individuals who were leading in digital transformation in financial services organisation were selected. The participants were selected through LinkedIn, business school networks and other pre-existing networks. The table below shows the list of the chosen participants

Participants	Description of respondent
1	Chief Transformation Officer
2	Chief Executive Officer

3	Chief Operation Officer
4	Chief Information Officer
5	Chief Information Officer
6	Chief Information Officer
7	Executive Head: Learning and Leadership Development

Table 7: List of participants

3.6 The research instruments

For semi-structured interviews **(primary data collection)**, an interview schedule was used to collect data based on the concepts of leadership styles and digital business strategy. The interview schedule detailed all the research questions prepared and guided throughout the research process.

The interview schedule has been included in **Appendix A.**

3.7 Procedure for data collection

Procedure for secondary data collection

The papers for this study were collected through the Wits Database. Other databases like Scopus, Web of Science and Google Scholar were used to ensure access to the appropriate articles for the study.

Procedure for primary data collection

Due to the global pandemic, traditional ways of gathering data were not applicable, and face to face interviews were not suitable. The respondents were approached directly on LinkedIn, and the discussion was conducted on an online platform like Microsoft Teams.

The online platform helped limit the spread of COVID-19 and helped facilitate a more efficient way of gathering data. Additionally, the respondent would potentially be reluctant to have face to face interviews – making the online platform more suitable for conducting interviews.

3.8 Data analysis and interpretation

A systematic coding process was followed in analysing the articles on leadership and digital transformation (Cortellazzo et al., 2019) to determine the origin and evolution of the academic debates related to this research. The process needed to be systematic, recursive and repetitive to ensure that qualitative data analysis was done correctly. The coding process involved labelling and organising the qualitative data to identify the different themes and various relationships.

Thematic analysis need to be deployed to help identify, analyse and report specific patterns within the data (Clarke & Braun, 2018). Semi-structured interviews allow to easily analyse and interpret the data because they are extremely compatible to thematic analysis (Clarke & Braun, 2018). Both semi-structured interview and qualitative question are suitable way to collect data for this research.

The findings from the interviews were used to corroborate insights from the secondary data analysis and to address the concerns gained from document analysis.

3.9 Limitations of the study

The following limitations were noted for this study:

- Secondary research analysis entails analysing data that was collected for a different purpose (Johnston, 2017). The data might not be the best for this study, but the use of keywords ensured that the most appropriate articles are selected for this research,
- The researcher is not involved in the data collection process and does not have a clear idea of how the data was collected (Johnston, 2017) – and as such, peer reviewed articles and credentials of authors were considered.
- The use of secondary data could be overwhelming if the researcher was not selective on which articles to use (McCaston, 2005). The research followed a systematic process in analysis data to limit these effects.
- Determining the quality of the data could be challenging (McCaston, 2005).

- The documents used to answer the research questions could lack the appropriate level of detail necessary to answer the questions (Bowen, 2009).
- In some instances, the documents could be blocked from public access and thus, making it difficult to gain access to the information (Bowen, 2009).

3.10 Transferability, Creditability and Dependability

Validity in a qualitative research study is achieved through transferability, dependability and credibility. The following section details these concepts in relation to this study.

3.10.1 *Transferability*

The concepts of transferability refer to the research findings being adaptable to other similar groups and locations (Merriam & Tisdell, 2015) – primarily looking at that extent to which result can be applied to different settings. The transferability of the study findings is heightened by the level of experience, views and diversity of the contributors. The extensive experience ensured that the findings were informed by relevant past experiences, which could add value in different settings.

3.10.2 *Credibility*

Credibility focuses on the congruency of the research findings to reality (Merriam & Tisdell, 2015). The study had a secondary data analysis approach, which ensured insights from different sources (Merriam & Tisdell, 2015). The similarities between the sources was likely to suggest critical points about the reality. The credibility of the study was also enhanced through the purposeful selection of articles written by subject matter experts in the fields of leadership and digital transformation. The study adopted proven data collection and analysis methods that ensured credibility.

3.10.3 *Dependability*

The concepts of dependability emphasises the importance of research findings that correspond to the data collected during the study (Taylor et al., 2015). Consistency was imperative (Merriam & Tisdell, 2015), and the research needed to be logical. The methods deployed and the articles used in this study enhanced dependability aspects. Furthermore, I ensured that the research process was traceable, and there was a proper audit trail of all data used.

3.11 Demographic profile of respondents

The respondents of this study were equally split between men and women. The respondents had very diverse backgrounds – from experience, education and culture, amongst others. Diversity in respondent was paramount because people of differing backgrounds have different experiences which inform the way they think. By gathering insights from this group of respondents, I was able to gain knowledge from a set of individuals who had differing but similar ways of tackling challenges in their organisation.

Diversity in a demographic profile ensured that I could carefully analyse the different leadership perspectives and identify the common characteristic that ensured organisational success in digital transformation efforts.

3.12 Ethical considerations

Ethical considerations are a vital component of conducting research. This report used both secondary data and primary data analysis – and the ethical concerns were different for the two approaches.

<u>Secondary data ethical considerations</u>

Secondary data was data that was generated by others - and the use of secondary data did not create similar potential harm as did primary data. However, ethical considerations were still relevant. The following ethical consideration were accounted for:

Citations

The secondary research needed to ensure that the sources were cited correctly, and credit was given to the researchers who conducted the primary data collection and analysis.

Primary data ethical considerations

Permission

Permission (ethical clearance) was requested from Wits University before collecting the data for this research. We needed to adhere to the guidelines stipulated by the university.

Privacy and confidentiality

The participants of this study could have been concerned with privacy-related issues, so strict guidelines on privacy and confidentiality were followed. The personal information and identities of the individuals were safeguarded (no personal identifiable information shared).

Informed consent

Participants received online consent forms, outlining information about the research, to read and sign digitally. Participants were also be briefed on the implications of the consent letter.

Voluntary participation

The participants were notified of the option to withdraw from the interview at any time, and that their participation was voluntary. The Wits University guidelines were also adhered to.

Conclusion

The qualitative research approach enabled the gathering of insights related to leadership and digital transformation from existing secondary data. Furthermore, the primary data collection corroborated the findings from the secondary data

analysis. This ensured thorough findings related to the concepts of leadership and digital transformation.

CHAPTER 4. PRESENTATION OF FINDINGS

The analysis conducted by the researcher involved both secondary data analysis and interview questions with selected senior executives. As a result, the chapter is separated into two sections.

Section one of the chapter presents the findings from secondary data analysis.

Section two of the chapter presents the findings from the interviews conducted with senior executives who were involved in the digital transformation process of financial services organisations.

SECTION ONE: SECONDARY DATA FINDINGS

4.1 Introduction - Secondary Data Findings

This section of the chapter presents the findings from secondary data analysis focusing on leadership and digital transformation. The following focus areas emerged from the analysis:

1) Factors leading to a leadership shortage.
2) Technology trends in financial services.
3) E-leadership for digital transformation.

The research questions for this study set to uncover the factors leading to a shortage of leadership in financial services, the leadership trends in financial services, and the leadership strategies for digital transformation. The section presents the different findings from secondary data analysis, and highlights the key themes for each of the questions.

4.2 Secondary Data: Finding of the study

4.2.1 *Factors leading to a shortage of leadership in financial services*

The principal task was to establish which factors were leading to a shortage of leadership in financial services. The data analysed indicated that technology was the key catalyst to current leadership shortages in organisations, as it had displaced traditional ways in which businesses operated, and was reshaping how leaders interacted with various aspects of their company. Based on the data analysis, the following themes were identified as key factors leading to a shortage of leadership in financial services: (1) Technology changing the work-life (2) Effects of technology on communication (3) Technology changing performance and talent management (4) Technology Shifting organisation culture

The figure below is a visual representation of how technology appears to be the key driver of the different changes leading to a shortage of leadership in financial services.

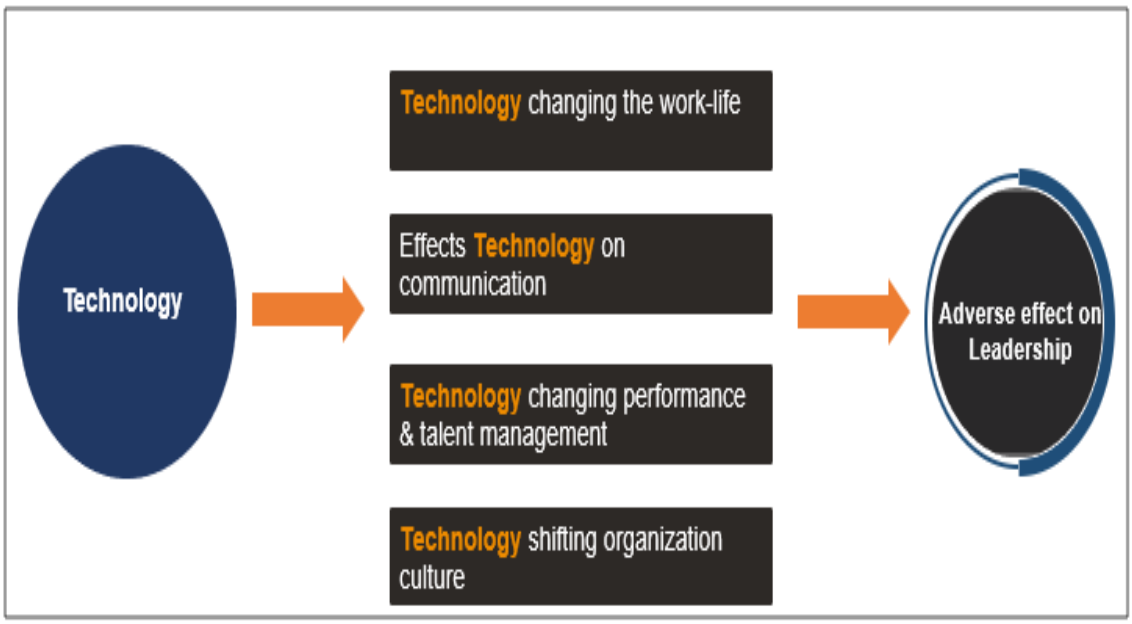


Figure 4: Factors leading to a shortage of leadership in financial services

Technology changing the work-life

The authors agreed that the work-life set-up was changing, and this was largely attributable to the effects of technology. Technology has changed where and how we work – meaning that leaders must manage virtual teams. Subsequently, the role of management has also evolved. The following verbatim quotes relate to how technology is changing work-life:

> *"Technology can be used to enable or to oppress people at work" (Cascio & Montealegre, 2016).*
>
> *"If technology is to enable people at work, it should foster self-motivation and well-being, key elements of self-determination theory; enhance productivity; and promote job satisfaction, organisational commitment, and citizenship behaviours among workers" (Cascio & Montealegre, 2016).*
>
> *"The workplace of the future will usually also be an office workplace. However, this doesn't necessarily mean that the workplace will be located in a corporate company building. Home-office arranges will become more attractive as personal households become increasingly equipped with the most modern communication technologies" (Schwarzmüller, Brosi, Duman, & Welpe, 2018).*
>
> *"Leaders need to ensure that the flexibility of work time and space does not lead to a perceived or actual overload of employees. Change in employee work-life setup seems to require more health management behaviour on the part of the leaders" (Schwarzmüller et al., 2018).*

Effects of technology on communication:

Technology has changed how people communicate in organisations. In the past, members of an organisation would simply organise a face-to-face meeting or send emails when communicating with each other. However, technology has led to an increase in digital tools that allow for effective communication from anywhere in the world. The advances in technology create a huge technology dependency for sharing information, ideas and making decisions. Leaders in

organisations need to find ways of leading effectively using digital platforms. The following verbatim quotes capture the effects of technology on communication:

> *"On the virtual level, only digital tools for communication, connectivity and mobilization of followers, and supportive communities will be used. The leader will increasingly become an online generator of influence and an integrator of virtual identities, united around his/her ideas and goals" (Dimitrov, 2018).*
>
> *"We live in a global world where technology, especially information and communication technology, is changing how businesses create and capture value, how and where we work, and how we interact and communicate" (Cascio & Montealegre, 2016).*
>
> *"Changes relating to the use of information and communication technology in organisations result in increased technologization of work and leadership as well as changes in workplace communication and collaboration" (Schwarzmüller et al., 2018).*

Technology changing performance and talent management:

The authors viewed technology as a critical driver of change in performance and talent management. Previously, a member in an organisation spent a lot of time and effort on tedious tasks, but advanced technology has resulted in tremendous changes in performance and talent management – and leaders are faced with the challenge of redefining the organisation performance and talent management processes. How technology has changed performance and talent management can be captured through the following verbatim quotes:

> "*The increased technologization of work leads to an increased need for IT competencies, with basic computer knowledge required for any jobs. Moreover, as outlined above, particular routine tasks will be automated, confronting employees with increased cognitive demands and therefore, higher need for creativity and problem-solving competencies to*

successfully deal with those tasks remaining to them" (Schwarzmüller et al., 2018).

"Relating to performance management, the higher competency requirements that employees face in the digital age make personnel development a more important leadership task" (Schwarzmüller et al., 2018).

"Ubiquitous computing is based on individuals and companies exchanging continuous data through social media, mobile devices, electronic boards and other means that create mutual awareness to transmit the right message to the right person at the right time to fulfil hiring requirements" (Cascio & Montealegre, 2016).

Technology shifting organisation culture:

The accelerated pace and impact of technology has resulted in a shift in organisational cultures. As a result, leaders are faced with the responsibility of managing the change and developing new ways of doing things. The changing organisational culture requires digital and leadership capabilities that most leaders do not have. The following verbatim quotes highlight how technology is changing organisational culture and subsequently resulting in a shortage of leadership:

"Due to digital tools, an increased participation of employees in organizational decision making is possible, allowing for real-time involvement in a vast variety of topics and decision" (Schwarzmüller et al., 2018).

"Taking responsibility for one's work, in turn, is facilitated by increased information access and enhanced information transparency, which makes it easier to find contact persons for specific topics in the company. Direct contact is possible without going through managers, and knowledge and information become more visible and easier to detect so that having a lead on knowledge and information becomes less of a status characteristic for

leaders'. Overall, the digital transformation at present thus seems to flatten hierarchies" (Schwarzmüller et al., 2018).

According to the secondary data analysis, technology was the critical catalyst for several business changes. The effects of the advances in technology have affected work-life, communication channels, performance management and organisation culture. Subsequently, the rapid changes have resulted in a leadership shortage globally – and the majority of the leaders do not necessarily have all the competencies to manage the change effectively.

4.2.2 *Leadership trends in financial services*

The current environment has resulted in several changes in financial services. These changes have resulted in the adoption of new leadership trends which can assist with managing the changes in the sector. By adopting these leadership trends, organisation leaders are better able to navigate the challenges of the current environment. Based on the data analysis, the following leadership trends have been identified: (1) Digital leadership (2) Building digital capabilities (3) Building a diverse workforce (4) Embracing flexibility and remote working

The figure below shows the key leadership trends in financial services organisations.



Figure 5: Leadership trends in financial services

Digital leadership:

The prevailing view amongst the authors is that organising and working in a digital society requires some form of digital leadership. Essentially, leaders need to manage the complexities that come with technology and uncertain environments. Digital leadership is the process of managing the various new requirements of working in a digital society. The following verbatim quotes further elaborate on what is meant by digital leadership:

> *"The accomplishment of a goal that relies on ICT through the direction of human assistance and uses of ICT" (Van Outvorst, Visker, & De Waal, 2017).*

> *"The most significant consequence of modern communication technology is that information about anything is available to anyone at any place and any time and maybe reported or contributed by any individual or organisation. This effects institutions and influences individuals to make use of modern communication technology. Digital leadership must cover these interactions between technology and institution or individual to enable an organisation or society to make optimal use of modern communication technology and to avoid its downsides" (Van Outvorst et al., 2017).*

> *"Digital leadership has a crucial role in adopting and valorizing technology" (Van Outvorst et al., 2017).*

> *"The new digital reality requires a new kind of leadership, one that understands the rules of the digital season, reinvests businesses from a position of strength, thinks exponentially rather than linearly and develops people to unleash their full potential" (Leurent, Betti, Shook, Fuchs, & Damrath, 2019).*

Building digital capabilities:

The authors agreed that advances in technology meant that some of the skills of the workforce are rendered redundant, and members of organisations will have to develop new skills. Leaders in organisations have a responsibility for fostering a culture of continuous learning and development to ensure that the business has the appropriate skills and abilities to adapt to the changing environment. To support this theme, the following verbatim quotes were selected:

> *"Digital capabilities are the use of technology to change how the company interacts with customers, operates internal processes, or defines its business model" (Buvat et al., 2018).*

> *"The rights skills are important. The right mindset is crucial. Because most workers will change roles multiple times in their career, curiosity and openness to change are as important as having the rights skills to maintain long-term employability. When disruptions lead to significant configuration or even displacement, an open mindset, along with capability, enables the individuals to switch gears, learn fast and make the pivot" (Leurent et al., 2019).*

> *"When digital capabilities are embedded function in the corporation; then organising data analytics develops cross-functional expert teams. This improves services and products where strategy and operations are meeting disruption" (Prince, 2017).*

Building a diverse workforce:

Diversity in the workplace appears to be a common feature amongst the authors. People from different backgrounds and with different experiences, come with a fresh perspective to the work environment. This results in effective idea generation and problem-solving. Organisation leaders have a responsibility of building a diverse workforce to allow people to draw insights from each other and to solve problems effectively.

"Indeed, diversity doesn't just broaden the talent pool; it also creates a positive impression of the organisation that is attractive to people from all sections of the population – 90 percent of financial service CEOs believe it helps them attract talent" (Tucker III & Jones, 2019).

"75 percent or more of financial services CEOs who adopted a strategy to promote diversity believe it is helping them to enhance collaboration, innovation, and customer satisfaction; strengthen the brand, reputation and overall business performance" (Tucker III & Jones, 2019).

"The McKinsey and Company report probably best sums up the relationship between diversity and financial performance. The company attributes the relationship to a firm's ability to link inclusion and diversity initiative to strategic goals and the ability to adapt to local opportunities" (Hunt, Prince, Dixon-Fyle, & Yee, 2018).

Enabling flexibility and remote workers:

Technology has resulted in digital tools that allow people to work from anywhere, and this subsequently increases flexibility for the members of the organisation. Organisation leaders need to find effective ways of leading workers, given the potential to work remotely. Remote working has given rise to numerous challenges, which need to be addressed by leaders in the organisations. The following verbatim quotes support the narrative around flexibility and remote working:

"Review of current literature on e-leadership in virtual teams, it was identified that virtual teams' members and their leaders are facing some challenges in their work. Communication technologies, culture diversity, e-ethics and trusts are considered to be the main challenges faced by both the virtual team members and their leaders" (Lilian, 2014).

"In a virtual environment, an e-leader may have to employ more managerial and leadership skills with their team as opposed to traditional management team tactics" (Lilian, 2014).

"The introduction of digital tools has enabled the organizational structure to become not only flatter and decentralised but also dispersed. One way in which digital technology has shaped organisational life and people management has been by enabling the potential use of virtual teams" (Cortellazzo et al., 2019).

Secondary data analysis confirmed that digital leadership, diversity, digital capabilities, and workforce enablement were some of the vital leadership trends in business.

The leaders need to be able to think about technology differently, and lead the changes that arise from technology. With the rapid advances in technology, organisations are faced with the challenge of developing the necessary digital capabilities. Additionally, leadership also needs to ensure diversity and enable flexibility within their organisations.

4.2.3 *Leadership strategies for consideration in digital transformation*

Central to digital transformation in any organisation are the leadership strategies deployed by the different leaders in charge of the digital transformation process. Digital transformation in financial services organisation is imperative as the sector is experiencing high levels of technological disruption, and the process needs o be driven by the leaders of the organisation. From a digital transformation perspective, the leadership strategies for the digital transformation form part for the following broad sub-categories: (1) Transformational leadership (2) E-leadership.

The figure below shows how traditional transformational leadership strategies reinforce underlying e-leadership strategies – which are critical in digital transformation.

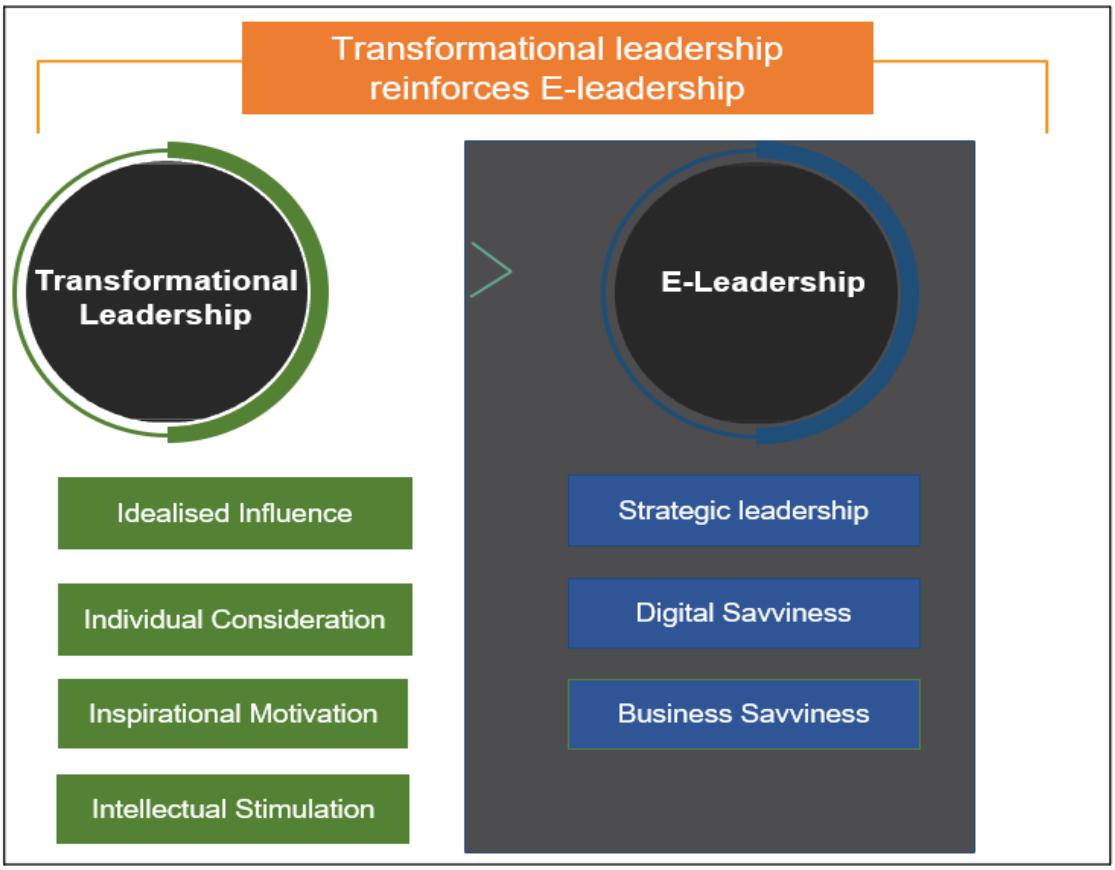


Figure 6: Transformation leadership reinforces e-leadership strategies for digital transformation

Transformational leadership

Transformational leadership has been studied by researchers for decades – and its underlying strategies have proven to be effective in leading organisations through continuous change in the business environment. The core principles are fundamental to effective leadership and can be built on, to ensure that leaders can lead effectively in the digital society. In terms of digital transformation, the strategies of transformational leadership are still relevant. The following verbatim quotes further support this narrative:

> *"A process that enables transformational leadership in e-leadership is crucial to enable learning new ways of commercialising new ideas and knowledge" (Belitski & Liversage, 2019).*

"Avolio et al. (2003) suggest that e-leaders should balance the traditional with the new, communicate their intent, use technology to reach out and touch others, and use technology to deal with greater workforce diversity. Fisk (2002) asserts that the essence of e-leadership is transformational – as such, e-leaders are visionary, engaging, fusing and collaborating" (Mohammad, 2009).

"The manifestation of transformational leadership has taken new forms because of digitalization, and characteristics of digital transformation leadership help empower a leader's motivation through technology, and clarifies the higher purpose of work to others" (Prince, 2017).

E-leadership

The concepts of e-leadership are built from the principles of transformation leadership; which further emphasises the importance of transformational leadership and its underlying leadership strategies. However, e-leadership considers transformational leadership and the impact of technology when leading organisations. As a result, the theories of leadership outline effective leadership strategies which appear to be effective in leading digital transformation in a financial services organisation. The following comments reflect the narrative on the effect of e-leadership in digital transformation:

"So leadership means getting the work done from the people to achieve the objectives of the organisation. But with the development and innovations in the information and communication technology such as the development of e-commerce and the internet, the new style of leadership has emerged, called e-leadership" (Renu, 2014).

"E-leadership can be viewed as a commercialisation tool that enables e-leaders to better leverage business and digital skills to exploit the potential of digital technologies in selling products to the market" (Belitski & Liversage, 2019).

"E-leadership takes place in the context of the e-environment in which the work is mediated by information technology, particularly the internet. In such a context, not only communication between followers and leaders takes place through information technology, but the collection and dissemination of information also takes place through the same mediator" (Mohammad, 2009).

"Global leadership traits established for traditional leaders are equally applicable to e-leaders. What distinguishes e-leaders are the skills, attitudes, knowledge and their professional and personal experiences. E-leaders are neither "technology guru" nor "business wizards". They know technology, its effective use and business direction of the organisation" (Mohammad, 2009).

According to secondary data analysis, traditional leadership strategies are still relevant; but need to be reinforced with digital skills and capabilities. Leaders still need to create visions, inspire people, develop subordinations, and provide support for the members of their organisation. However, digital technologies give rise to additional factors of consideration, like digital savviness and business savviness. Leaders should be able to use technology to solve problems and enable their organisation thrive in the digital age.

SECTION TWO: INTERVIEW FINDINGS

4.3 Introduction – Primary Data (Interview) Findings

The findings from the interviews conducted in this research are presented in the form of direct quotations from the interview participants. These results were extracted during the data fragmentation process from the transcripts, and show the various themes that arise from each research question. The section further corroborates and links the findings from the secondary data analysis with the personal experiences of financial services executives. The result from the

different research questions have been outlined under the headings below and follow a similar structure to the primary data analysis done in section one.

- Factors leading to a shortage of leadership in financial services
- Technology trends in financial services
- Leadership strategies for digital transformation

Seven interviews were conducted with executives from various financial service organisations based on the following criteria:

- The respondents all fell into the executive category in a financial services organisation.
- The respondents were all involved in the digital transformation process in their organisations.

The research questions set to uncover the factors leading to the shortage of leadership in financial services, the leadership trends in financial services, and the leadership strategies in consideration for digital transformation.

All the participants in the study were knowledgeable and experienced to participate in the study.

The following table shows a high-level profile of the executives in the selected sample:

Respondent	Gender	Age	Highest Qualification	Working Experience in Years
Respondent 1 Chief Transformation Officer	Male	40	Masters	20
Respondent 2 Chief Executive Officer	Female	39	Honours	16
Respondent 3	Male	55	MBA	34

Chief Operations Officer				
Respondent 4 Chief Information Officer	Male	50	Honours	26
Respondent 5 Chief Information Officer	Male	42	Doctorate	24
Respondent 6 Executive Head: Learning and Leadership Development	Male	37	Honours	15
Respondent 7 Chief Information Officer	Female	40	Honours	18
Total years' experience				153

Table 9: Demographic profile, highest qualification and experience of the respondents in the sample.

The figure below shows the split between male and female respondents – 71% of the respondents were male, and 29% were female.

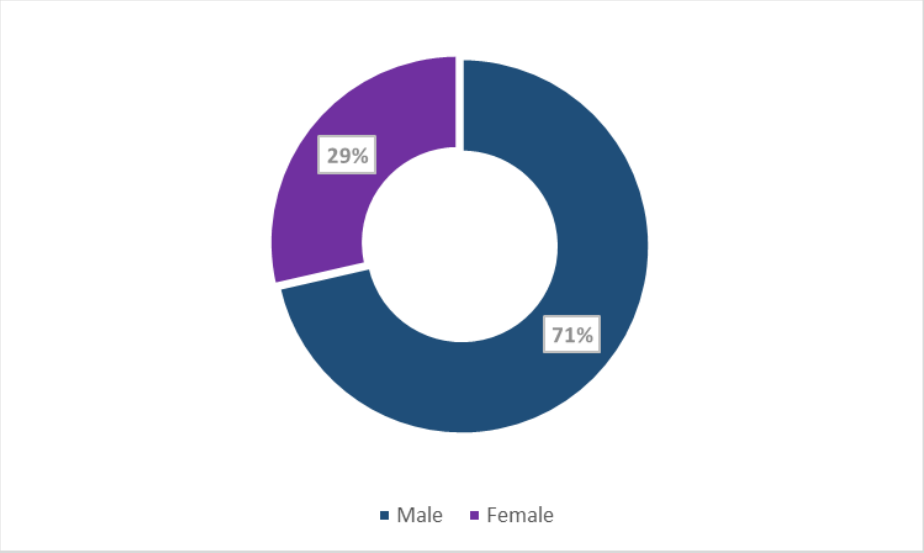


Figure 7: Balance of male and female executive respondents

The figure below reflects the academic qualifications of the executive respondents. With 57% of the respondents having an Honours degree, 29% of the respondents having a Master's degree and 14% of the respondents having a Doctoral degree.

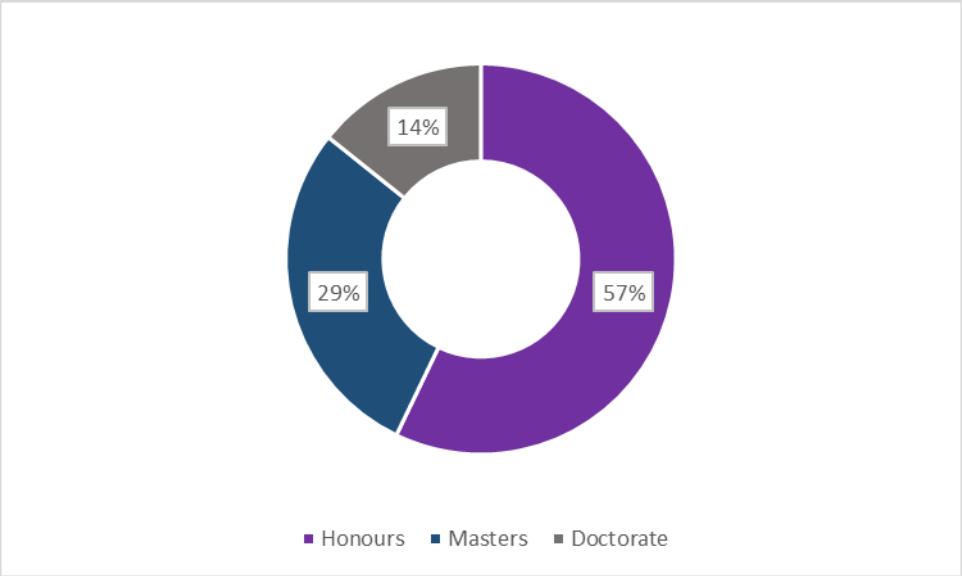


Figure 8: Balance of academic qualifications of the executive respondents in the sample

4.4 Primary Data: Finding of the study

4.4.1 *Factors leading to a shortage of leadership in financial services*

The following aspects emerged from responses on elements that were leading to a shortage of leadership:



Figure 8: Primary data findings – themes related to factor leading to a shortage of leadership

The themes identified from the responses were very similar to those of the secondary data findings. For consistency, the themes from the primary data findings were categorised under the same four themes used for secondary data findings.

Based on the findings of the secondary data analysis, the following themes were identified as the key factors leading to a shortage of leadership in financial services: (1) Changing the work-life (2) Effects on communication (3) Changing performance and talent management (4) Shifting organisation culture.

However, the primary data analysis introduced a new element to the mix that was not previously considered in the secondary data analysis. The environmental

condition for business had changed, and the global pandemic largely influenced the change.

The figure below shows that both the global pandemic and technology contributed to a shortage of leadership in the financial services sector.

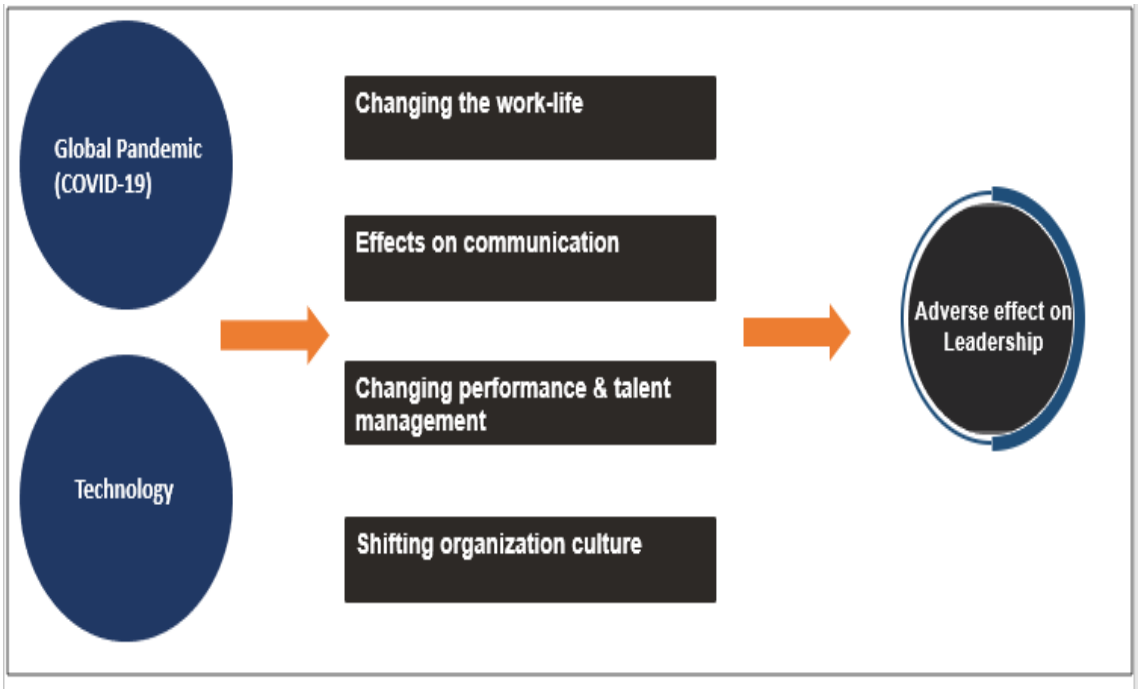


Figure 9: Effects of Global Pandemic and Technology on leadership

Changing the work-life:

The majority of the participants agreed that the work-life set-up was evolving. This was primarily attributed to both the global pandemic (COVID-19) and technology. The global pandemic forced work-life to change and technology-facilitated the process. The following verbatim quotes relate to how technology was changing work-life:

> *"Aside from the tragedy of the pandemic itself, this is all instrumental stuff for the future. Because what it's going to mean is that you're going to have borderless workforces tonight and what determines where you want to be able to work in the future might be time zone and all the rest of it. It's not going to be vague because what we've proven that's not an issue – Respondent 3*

"We went from a regular work from a home workforce of about 1500 working virtually to about 12,000. At one point, we had the entire organisation working virtually" – Respondent 4

"You know, you can't necessarily take away the fact that this virtual environment of working has now taken us to a point where people are working 12 hours, 14 hours, 16 hours a day." – Respondents 5

Effects on communication:

The participants agreed that technology had a considerable impact on the way people communicate in the organisation. The global pandemic had enhanced technology dependency levels for sharing information, ideas and making decisions. Leaders in organisations need to find ways of leading effectively using digital platforms. The following verbatim quotes capture the effects of technology on communication:

"It's like you spend the first 10 minutes of a 30-minute conversation, either just doing introductions, depending on team size or, there'll be network issues, or people will be on video or not on video, which makes it a bit difficult from engaging perspective." – Respondent 1

"Email has become the norm for communication, although it's arguably not a very good way to communicate. So I think you've got things that people naturally adopt because they're useful." – Respondent 4

"WhatsApp has become a key resource in this virtual working environment, you know, everybody has a group for something." – Respondent 5

Changing performance and talent management:

The majority of the participants agreed that technology was changing performance and talent management in organisations. The ability to work from anywhere in the world using technology means that performance and talent

management needs to be redefined. How technology has changed performance and talent management is captured through the following verbatim quotes:

> *"It is much more difficult if you are a new team or a new team member that comes in, who doesn't have a pre-existing relationship with other team members. That's very difficult because you don't have that bonding time, and you can't just walk up to the person to ask." – Respondent 1*

> *"We are seeing a move toward smaller open teams. I think that the contracting engagement is going to move from a full-time to more gig-based workers." – Respondent 4*

> *"How do you onboard effectively new people. It's hard as a new person to join a company." – Respondent 4*

> *"So we've made a lot of investment in technology in a couple of areas. We've implemented a human capital system, which has performance management, talent management, succession planning and learning." – Respondent 6*

> *"The next phase of investment that we are looking at is bringing in what's called a learning experience platform, which will help people build skills. It will also help us when looking at talent and connect people with opportunities that help them take their careers forward. – Respondent 6*

Shifting in organisation culture:

The participants agreed that the global pandemic and technology both have resulted in a changing organisational culture. The environmental changes have resulted in leaders having to find effective ways of managing the corporate culture. The following verbatim quotes highlight how technology was changing organisational culture and subsequently resulted in a shortage of leadership:

> *"We're going back to the silo mentality because we do not see each other. It's not easy. We had a recent strategy session. We had a virtual one, but*

it's not a nice thing when you have new executives and older executives to be having a virtual strategy session." – Respondent 2

"COVID has a bigger impact on our organizational culture than actual cultural training program or the technologies that we said that we wanted to lay down." – Respondent 7

"We've accelerated digital adoption by five years and five months" – Respondent 3

"I think that is still unknown dimensions to organizational culture, and what effective remote working is. It's too early actually to say that, you know. You can start with a lot of social capital and organisation, but when you are going through the change that we are, and the staff started turnover, you must be experiencing this yourself because like how do you come familiar with an organisation when you don't have the physical interaction, the coffee checks the current oldest social." – Respondent 3

"How do you maintain a culture with an entirely remote workforce? How do you deal with people who leave and new people joining? How do you deal with, you know, those individuals for whom this is not suitable that may be very valuable to the business or individuals who maybe need more support to thrive in an environment like this?" - Respondent 4

"We've got an increasing and growing complement of knowledge workers. And I think particularly following knowledge workers, I don't think we've quite corrected the culture that we want to use to manage them, and I think you'll see a diverse range of opinions you know from." – Respondent 6

There appears to be a strong correlation between the findings from both the primary and secondary data analysis. The interview response largely agreed with the results from secondary data analysis. However, the global pandemic had introduced a new element for consideration. Both technology and the global

pandemic were instrumental to the changes in financial services that created leadership issues for some organisations.

The following aspects emerged from the seven respondents' responses to leadership trends in financial services:

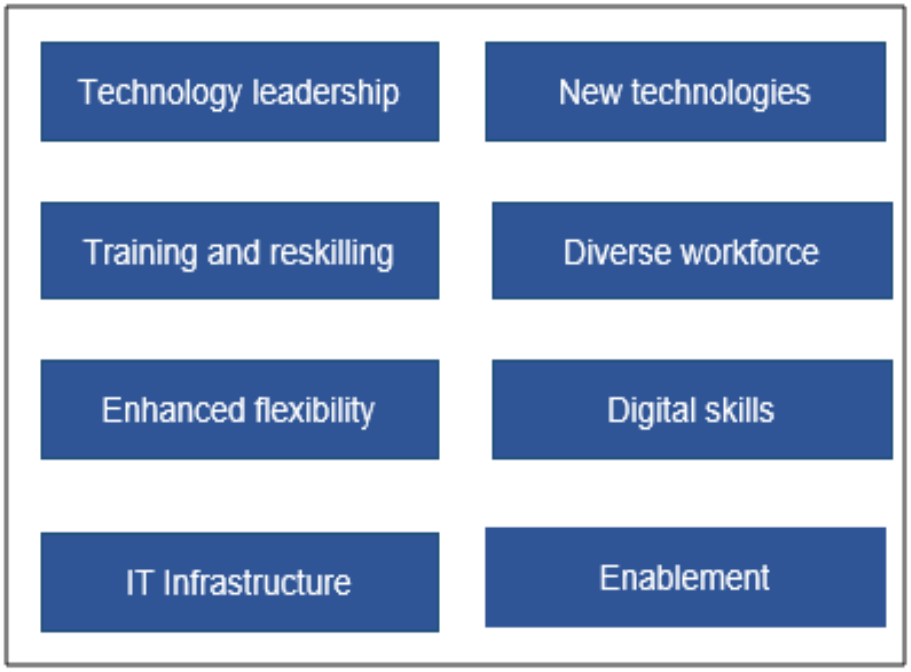


Figure 11: Primary data finding – leadership trends in financial services

The themes identified from the responses were very similar to those of the secondary data findings – and for consistency, the four main themes from the secondary data analysis were maintained. The primary data analysis further corroborates the results from the secondary data analysis.

Based on the secondary data analysis, the following leadership trends have been identified: (1) Digital leadership (2) Building digital capabilities (3) Building a diverse workforce (4) Embracing flexibility and remote working.

Digital leadership

A standard narrative highlighted by the participants was the need to find effective ways of managing the complexities of both technology and the current global pandemic. The uncertain environment has resulted in the need for managing various new requirements that come with working in a digital society. The following verbatim quotes further elaborate on what is meant by digital leadership:

> "*I think there's this chasm that's going be crossed where we have to go into this technology lead perspective in terms of what's best for the customer, how to embed it and lead our organisation properly." – Respondent 1*
>
> *"The role of digital leadership in digital transformation is quite a dynamic one right because you are flooded with such a wide, wide variety array of technologies and how you deploy them is one part. I've got these new shiny tools, let me use them right but they're also training upskilling, you know, get your people to be more and more familiar. You've got the technology set you know and the business problems you're trying to solve." – Respondent 6*
>
> *"You'll find that most top executives are very digitally informed and possibly even at the stage where they're quite capable of making digital decisions." – Respondent 4*
>
> *"So I think there are a couple of managerial and leadership skills that we will still have to get our minds around and improve if we continue working remotely." – Respondent 3*
>
> *"We've already touched on how you move technology away from the functional the technology department and make everybody more comfortable as technology users, and for key leaders across the business. How do you open their minds to the strategic possibilities that technology creates? They may not have to be technology experts, but to move into a*

leadership position, you're probably going to have to understand." – Respondent 7

"If you have people who don't understand the technology and the associated skills that are required to deliver on it, you tend to be spinning in terms of business politics, and you don't necessarily get the right outcomes." – Respondent 5

Building digital capabilities

The participants all agreed that building digital capabilities were a key imperative for the organisation. They emphasised that technology would make some of the skills in the organisation redundant, and there was a need to develop new skills. To support this theme, the following verbatim quotes were selected:

"*There is a shortage of skills. Even before COVID-19, we had been talking about digital transformation. But now, COVID-19 has forced us to do things differently." – Respondent 2*

"Digital transformation was easier before COVID, and it's much more difficult now because you need better skills; you need agility in making a decision." – Respondent 7

"So I think that's what leadership is about imagining a future world; it's about building people's teams and building the skills and competencies of people. It's about moving to a different and reimagined world." – Respondent 3

"I think those three things are creating a complex environment for your senior executives where they are looking to master several new skills, at least to the level where they can use them effectively to make decisions at the same time." – Respondent 4

"In South Africa, I think you've got the added complexity there of black economic empowerment, which you know also I think puts pressure on executive skills and the skills base." – Respondent 6

“Make sure that you've got the right specialists and the right leadership in the right roles.” – Respondent 4

“I think… that constant learning is required at all levels, especially in an environment where technologies change so rapidly. When we get new technologies popping up almost every six months now. The previous curve was about three years- three to four years.” – Respondent 7

Building a diverse workforce

The majority of the participants echoed similar sentiments regarding diversity in the workplace and agreed that having teams of diverse people added a tremendous amount of value to their organisation. To support this theme, the following verbatim quotes were selected:

“You starting to see far more diversity in the workforce in race, gender, worldviews. And I think it's harder, particularly with the younger generation of people coming in now, to be very rigid about the company view. I think you've got to have values still, and I don't think your company should back away from its values. But how do you, from a management style perspective, help people with very different value systems and views, become valuable contributors.” – Respondent 4

“This digital world needs leaders who can build connections and work with other people in multidisciplinary teams and provide leadership and insight that brings other people along on the journey with them.” – Respondent 3

“I think the only way organisations can move forward is by bringing in the new thinking and the new thinking is generally with the new generation of people, but you can also take away the lessons learned through experience.” – Respondent 5

“The work is ongoing, and we continue to build on an inclusive environment because we recognise that, yes, we need to hire diverse people, but also how do we respond to things like gender neutrality and

other things are important which also require us to look at our physical premises and to be inclusive? So, inclusive in the boardroom, inclusive in the everyday world." – Respondent 6

Enabling flexibility and remote workers

The participants agreed that the global pandemic and technology had enabled more significant levels of flexibility. However, working remotely had also resulted in several changes for their organisations. The following verbatim quotes support the narrative around flexibility and remote working:

"I find that this work from home thing has been incredible. There is just something amazing about working from home and being flexible with your time. However, it's quite intense, and I find that my average gain is increased between 10 and 15%. I think productivity has increased." – Respondent 3

"I think one of the environments where we need to focus on is if we move towards creating more virtual teams, is the adoption of advanced technologies associated with virtual teams." – Respondent 5

"It's almost like you've taken the concept of giving somebody a laptop so they can work freely or wherever." – Respondent 1

The responses from the participants indicated that many leaders in financial services were focused on ensuring that they were able to lead effectively in the context of technology – with the majority of them highlighting the importance of building digital capabilities and promoting flexibility with their teams. Additionally, diversity was a key consideration for the respondents who felt it was an imperative leadership consideration.

The interview finding supported the finding from the secondary data analysis.

4.4.2 *Leadership strategies for consideration in digital transformation*

When asked about leadership trends in financial services, the seven respondents identified the following aspects:



Figure 12: Primary data finding – leadership strategies for digital transformation in financial services

The themes identified from the responses were very similar to those of the secondary data findings based on e-leadership. The study participants agreed that new leadership strategies were needed to manage digital transformation in the organisation effectively.

The key phrases used by the participants all related to the concepts of both transformational leadership and e-leadership. They may not have used the theoretical academic words to define the concepts but alluded to them when they explained themselves. The following verbatim quotes support the point:

"Leadership is about creating a vision, about setting a goal right and driving towards that vision of a better future, not just oh we have to make lots of money. I think there's also the empathy element, in terms of understanding how people interact in social systems and almost like looking at behavioural economics to understand what you can, how can you get the best out of people." – Respondent 1

"Leadership is really about leaving things better than how you found them. So, when I look at technologies, they can help us do these things without a shadow of a doubt. However, this is a challenging right, especially when you are virtual. How can you make that emotional connection with somebody? It's not that easy, being face to face and being able to read body language. You can understand if somebody's having a good day or a bad day." – Respondent 1

"I think leaders have been forced to change their leadership style because of COVID. We don't have an option anymore. Our leadership style has been forced to change because you can't insist on working from the office. You need to manage now the output and be clear on your expectations as to what you want from your team and trust them enough if they're saying they're working." – Respondent 2

"So you need to find a way of building trust with your team" – Respondent 2

"That's been very core to my personal development. Understanding these technologies, understanding applications of the technologies, understanding how teams are built effectively." – Respondent 3

"We have recently overhauled our new manager's introduction program and its sort of middle management development program. I believe these programs help issues in the organisation. But I think now you've got a problem

that you're going to take a couple of years to put the majority of managers in good standing." – Respondent 3

"I think now you do need a degree of visionary leadership. Without a vision, you're going to go nowhere. I think the second most important thing is probably the element of bringing the right people on board and then creating the space in which they can thrive." – Respondent 4

"So I think that what we are seeing in any event at the moment is that some of our managers are being forced into conversations with people that are battling the whole working from home thing." – Respondent 4

"Long-winded strategies that now focus on ten years or five years might not necessarily be relevant. Yes, you might have a strategy. But that strategy should be constantly reviewed and monitored against the market movement and the technology movements to see for relevance, and you have to be adaptable as an organization." – Respondent 5

"I strongly believe that there is a shortage of leadership because right now we caught up with leaders who want to sustain, not necessarily grow. And that's not good for the organisation or the society or the country." – Respondent 5

"Fundamentally, it comes down to how do how do you develop leaders for this new for this new world." – Respondent 6

"It's really about having a vision and creating understanding and the commitment of people to drive everyone in the same direction (towards that vision). So, we always talk about having clarity of direction, aligning people around, around that direction, and then generating the commitment to the plan." – Respondent 6

"They say culture eats strategy for breakfast. So, for me, if there's one thing that I would pick that will have to change is leadership behaviour associated with culture regarding the speedier adoption of advanced technologies to enable virtual working environments and virtual teams. All this comes with the

right culture – especially when working within a virtual environment." – Respondent 7

"What's happening is that managers are being exposed to people's family and social circumstances in a way that they possibly in the past have been quite isolated from. And I think it's a battle to deal with it." – Respondent 7

When considering the respondents' responses, it is essential to note the type of words used to describe what they viewed as appropriate leadership skills. Many highlighted words like vision, building trust, influence, digital ability, risking-taking, empathy, technology leadership and people development, amongst others, correlated to the concepts of both transformational leadership and e-leadership.

The findings supported the narrative that traditional and digital leadership strategies were paramount in leading digital transformation in financial services.

4.5 Summary of the findings

The findings from the analysis confirmed that technology was a critical catalyst for the significant changes currently being experienced by financial services over the last couple of years. However, this process accelerated by the global pandemic (COVID-19), which required financial services organisations to adopt virtual teams and other digital technologies faster.

The changes in work-life, communication, performance/talent management and organisation culture due to the advances in technology and COVID-19, have led to some leadership challenges for many organisations.

Leaders in financial services organisations need to explore other leadership strategies that could realise the digital transformation objectives.

CHAPTER 5. DISCUSSION OF THE RESULTS OR FINDINGS

5.1 Introduction

This research report started with an overview of traditional leadership styles, e-leadership and digital transformation. A detailed literature review explored the above concepts to understand the role of leadership in digital transformation.

In chapter 3, the report discussed the research approach – a qualitative study that used both secondary and primary data. Furthermore, it outlined how thematic analysis was used to analyse the data collected.

The previous chapter summarises the findings from the analysis conducted, and this chapter aims to discuss the results related to the following research questions of the study:

- *What are the factors leading to a shortage of leadership in financial services?*
- *What are the leadership trends in financial services?*
- *What are the leadership strategies for consideration in digital transformation?*

The findings presented in chapter 4 are discussed further below, and the study concluded.

5.2 Demographic Profile of Respondents

The seven respondents in the study had many years of experience in financial services organisations and heavily involved in the digital transformation activities of their organisation. Only participants that fell under the executive category were considered for this study, and the genders of the participants had no bearing on the outcomes of the survey.

5.3 Conceptual Framework Recapitulation

In chapter two, the concepts of e-leadership by Susan Annunzio (2001) were introduced into the study. Annunzio (2001) defines e-leadership as “a new style of business management designed specifically to guide top executives as they retool their businesses to compete in the eWorld.” Many researchers have built on these concepts over the years to solidify the theory and make it more relevant in our continually changing environment.

According to Renu (2014), e-leadership theories were constructed on the traditional leadership traits like transformational leadership – but also considers the personal and professional experiences of leaders when faced with new digital technologies (Renu, 2014). The figure below shows the conceptual framework on which this study was built – and illustrations on how transformational leadership factors reinforces e-leadership.

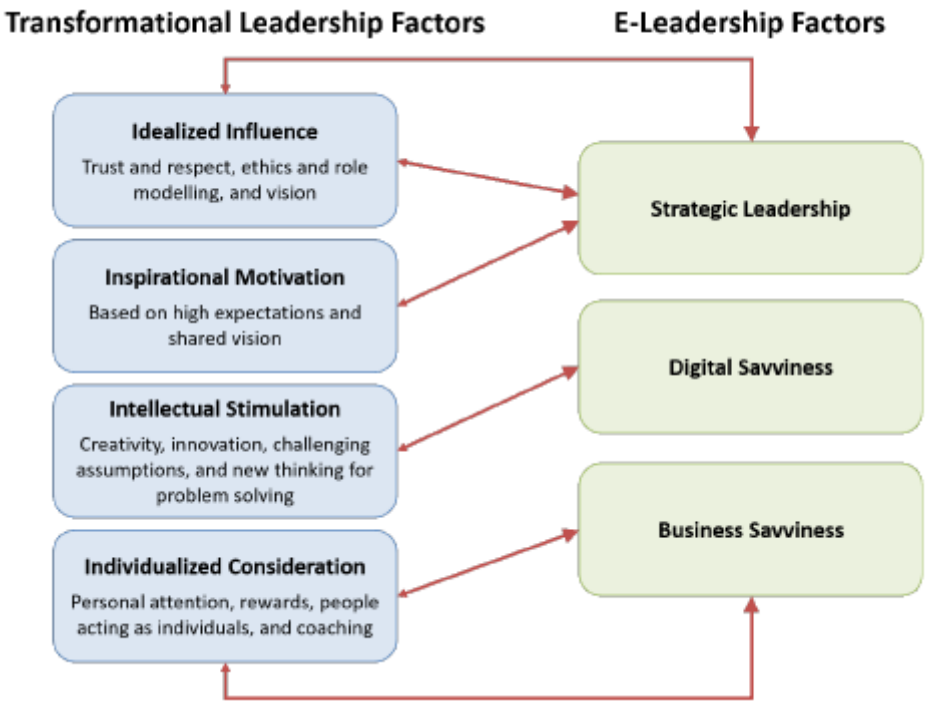


Figure 13: Conceptual Framework Recapitulation

As discussed in chapter two, the e-leadership factors of strategic leadership, digital savviness, and business savviness are built on transformational leadership

theories. The impact of the conceptual framework in digital transformation is discussed further in this study.

5.4 Factors leading to a shortage of leadership

In a study conducted by the Global Centre of Digital Business Transformation, which ranked fourteen different industries on how they were likely to be impacted by digital disruption globally (Wade, Shan, & Noronha, 2017), the financial services sector was ranked fourth. The study outlines how technology was likely to affect business models, and value chains, resulting in substantial changes in the way leaders run their organisation in the financial services sector.

The respondents of the study (Global Centre of Digital Business Transformation) agreed that technology had had a significant impact on leadership skills in financial services. Many of the respondents stated that they firmly believed that there was a shortage of leadership in financial services and that most leaders were more focused on sustaining the current organisation levels rather than growing it. An exciting addition that all the respondents mentioned as one the essential effects (in addition to technology) was the impact of the global pandemic (COVID-19), which resulted in many organisations adopting virtual teams to ensure that business was still able to operate effectively during the unprecedented times.

The response from the respondents indicated that their organisations understood that people could quickly spread the virus at work, and this would have enormous ramifications for their businesses. Fortunately, the advances in technology enabled virtual teams to work efficiently from home and to rapidly adopt digital technologies that have the potential to aid digital transformation in the organisation.

5.4.1 *Changing the work-life*

The work-life has changed drastically over the recent years, and the effects of technology have had a tremendous impact on how and where we work (Cascio & Montealegre, 2016); with virtual teams becoming a new reality. Subsequently,

the role of management also has to change to effectively lead in the context of technology and virtual teams (Schwarzmüller et al., 2018). Leaders in financial services organisations has the responsibility of finding effective ways of leading followers in the new environment – and this means that majority of leaders in organisations might not have the necessary skills and capabilities to lead their organisations into the future effectively. Higher job demands and increased health management appear to be some of the effects of the changes in the work-life environment (Schwarzmüller et al., 2018). With more financial services firms adopting virtual teams and digital technologies, there should be leaders with new capabilities who can overcome the barriers to the new reality and ensure significant digital transformation in their organisations.

The finding from the interviews confirmed that work-life had been significantly impacted by technology and the global pandemic. The experiences of the executives confirmed that all aspects of business had changed, and leaders were being forced to engage in topics like working from home, virtual onboarding and effective use of digital tools to conduct business. A participant shared that their organisation went from having +1,000 regular working from home people to having the entire organisation of +12,000 people working from home. An interesting phenomena to note is that the majority of the participants felt that the lines between work and the home had become blurred – with people working more than 15 hours a day, instead of the regular 8 hour working days.

The workforce of the future appears to be borderless, allowing people in the organisation to work from anywhere in the world. However, this means the role of the leader changes quite significantly; as leaders need effective ways of leading people who might be working from any time zone. A respondent highlighted how we are likely to witness a fundamental change in work-life in the years to come, and leaders in organisations will have to enhance their skills and capabilities to manage the change effectively.

One of the respondents emphasised how there was not a single aspect of business that had not changed, and this coincided with the narrative by Cascio & Montealegre (2016) of virtual teams being a new reality. Technology has enabled a working environment that most did not believe feasible, but it is also clear that

the long-term implication of having entire organisations working virtually are yet to be uncovered fully. Additionally, leaders are faced with the responsibility to develop the necessary skills and capabilities to manage this complex environment.

5.4.2 *Effects on communication*

In traditional work settings, members communication is straightforward, but with technology, communication channels are completely displaced (Schwarzmüller et al., 2018). An increase in technologisation results in high levels of technology dependency; the complexity of characters; urbanisation of personality; a tendency for social alienation; a loss of sense of community; and ease of access to information, decisions and ideas (Dimitrov, 2018). Critical to leadership in the digital age is effective communication through digital media, managing connectivity, high-speed decision making, and developing the appropriate leadership skills for the digital era (Cortellazzo et al., 2019). As a result, leaders in financial services organisations must develop effective ways of navigating these effects and complexities to ensure that their teams are still able to communicate and collaborate effectively.

When questioned about the effect of technology (and the global pandemic), one participant highlighted how they spent the first 10 minutes of the 30 minutes' meeting either doing introductions or managing connectivity issues or technology issues. Indeed, communication in the traditional work setting was relatively simple; but technology has resulted in added complexities. The participants felt that digital tools had grown in importance and had become instrumental for effective communication between members of the organisation.

However, the increased dependency on technology means that leaders need to manage other complexities within the teams. One of the participants indicated that it was challenging to maintain relationships, support people and manage different personalities virtually; but most of the participants seemed to agree that these digital communication tools facilitated information sharing and decision making effectively. What is clear is that leaders in financial services organisations

need to pay careful attention to the needs of their subordinates. The virtual environment has heightened the need for effective and constant communication.

With limited face-to-face interactions, it may be difficult to tell how people are reacting to different issues, and this places a significant responsibility on leaders. One must pay careful attention to the subordinates and ensure that they can support their teams through digital communication tools.

5.4.3 *Changing Performance and Talent Management*

Another critical imperative with technology is how performance and talent management has evolved. This evolution has resulted in increased competency requirements and changes in performance management (Schwarzmüller et al., 2018). The effects of technology have resulted in significant changes in job analysis, career management, recruitment and staffing (Cascio & Montealegre, 2016). Furthermore, the move to virtual teams has had an impact on training and development, performance management and compensation (Cascio & Montealegre, 2016). In this context, the competency requirements for leaders are also shifted (Schwarzmüller et al., 2018), and key focus areas for leaders include developing the necessary skills that will enhance performance and talent management within their organisations. The leader must rethink traditional models of working, and establish a balance between soft and technology skills at all levels of the organisation (Kiron, Kane, Palmer, Phillips, & Buckley, 2016).

The respondents communicated that one of the biggest challenges of virtual teams was that new people would join the organisation, which meant that leaders need to find effective ways of integrating these new members into the organisation. This means that onboarding processes, training and development all need to be redesigned. One of the participants shared that there was currently a skills deficit, and that buying these skills in the market would not help. This meant that leaders need to rethink their talent management strategies.

Another engaging narrative from the responses was the possible evolution in talent management. A few of the respondents noted that contracting engagements were likely to change and could result in gig economies; and that

the ability to work from anywhere in the world would make it easier for people to find work in different geographic locations. This had significant implications for organisation leaders who would be tasked with the responsibility of finding effective and compelling ways of retaining talent. One respondent shared that their organisation had invested heavily in human capital systems, and was exploring digital platforms that would help people build skills and connect people with opportunities that would help them take their careers forward.

There is uncertainty about the long-term effects of technology on performance and talent management, but a key priority for leaders in a financial services organisation. However, the need for innovative solutions and effective leadership that will guide the organisation in the process is evident.

5.4.4 *Shifting organisation culture*

The impact that technology has had on organisational culture is tremendous and has resulted in significant challenges for leaders in organisations (Schwarzmüller et al., 2018). The challenges include the inability to experiment, organisational silos, legacy systems issues, risk-averse culture, and change management amongst others (Van Outvorst et al., 2017). The focus for leaders is to find ways of building a culture that can tolerate risk and failure, to drive scalable learning, and hire for culture fit ahead of technology fit (Kiron et al., 2016). Essentially, leaders need to learn new ways of leading organisations into their digital future.

The secondary data analysis indicated technology to be a crucial driver in changes in organisation culture. While this is true, many of the respondents felt that COVID-19 had a more significant impact on organisational culture than technology. One respondent highlighted how they had accelerated digital adoption by five years in five months. This acceleration had a massive impact on culture, and presented a tremendous amount of challenges for leaders who must manage the change. Furthermore, in their responses, many asked rhetorical questions of “how do we maintain a culture with teams that are working remotely for such extended periods?” This indicated that many organisations could be unclear on how to manage the impacts of both COVID-19 and technology on their organisational culture.

Some of the respondents felt that their organisations were going back to silo mentalities and argued that one of the most significant cultural changes that was very important to leadership was the extensive blurring of traditional functional silos. This narrative supported the sentiments by Schwarzmüller et al., (2018) of organisational silos having a considerable impact on corporate culture. This means that leaders in financial services organisation may be faced with the task of breaking these silos and to facilitate a change management process that allows for efficient cross-functional teams.

According to Van Outvorst et al., (2017), legacy issues, risk-averse culture, and change management are some of the critical challenges with the changes in organisational culture. One respondent highlighted how financial services organisation grappled with legacy system issues, and another highlighted how they felt the need to create spaces that allowed people to take risks and to fail. These are some of the challenges faced by leaders in financial services organisations. Some felt there were many other unknown dimensions that still needed to be considered as a result of technology, virtual teams and other factors.

There is a significant amount of uncertainty around changes in organisational culture. What is certain though, is that many leaders need to think carefully about the impact of these external factors on their organisation as the effects may be adverse if leaders do not act accordingly.

When asked about whether they felt there was a shortage of skills and capabilities that would be able to drive digital transformation in financial services, all the respondents, except one, felt that there was a shortage of leadership skills that could effectively drive digital change in the sector. This narrative shows that COVID-19 and technology had a tremendous impact on the financial services sector.

In a concise space of time, all aspects of the business had been fundamentally transformed. These rapid changes posed a question on whether leadership in financial services organisation could keep up with the continuous changes in their environment. It is important to note that not all organisations were experiencing

the same challenges with equal impact, but it is more likely that the majority leaders in financial services organisation do not have the necessary skills and capabilities to manage all aspects effectively.

5.5 Leadership trends in financial services

Technology is shaping the world as we know it today (Westerman, Bonnet, & McAfee, 2014). It is forcing companies to rethink their strategies and to use digital technologies in creating new opportunities that will help them better position themselves for the future (Westerman et al., 2014). With these radical advances in technology, companies can do things that were not viewed as feasible a decade ago; but the same technology brings about organisational challenges that were not around during the same period (Westerman et al., 2014).

Financial services organisations have become increasingly aware of the operational environment that requires the use of human-centred technologies to drive the strategic direction of the firm (Discovery, 2019). The fourth industrial revolution presents new risks and opportunities to businesses, which need to be exploited to gain a competitive advantage in the changing environment (Standard Bank, 2019). The industry is increasingly faced with issues around digital automation, development of ethical artificial intelligence, and the significance of big data to gain a competitive edge (Discovery, 2019). These changes in the operational environment mean that leaders in financial services organisation need to be technologically aware, especially in the process of strategy development.

As a result of technology, the current leadership trends in financial services can be broadly categorised under the headings below.

5.5.1 *Digital leadership*

Digital leadership is essentially the consequence of organising and working in a digital society (Van Outvorst et al., 2017). The new requirements to communication and the rise of virtual teams that consist of members from differing value systems and cultures, have resulted in the need to find effective

ways of leading the digital change (Van Outvorst et al., 2017). This narrative correlates to the discussion in the literature review that suggests that the age of technology and virtual teams requires a different leadership perspective. According to research by the World Economic Forum (2019), the current digital reality needs a different type of leadership which fully comprehends the rules of the digital age and can reinvent its businesses from a position of strength while ensuring the ability to unleash the full potential of its people. In another study on digital leadership, it was defined as “thinking differently about business strategy, business models, the IT functions, enterprise platforms, mindset and skillset, and the workplace” (El Sawy, Kræmmergaard, Amsinck, & Vinther, 2016). The definition further corroborates the findings in chapter two on digital transformation. Digital gives rise to a new paradigm of leadership which needs to be addressed (Bolden & O’Regan, 2016). The focus should be on managing the uncertain environment, encouraging the deployment of new technologies, and exercising influence rather than power (Bolden & O’Regan, 2016).

The characteristic of digital leadership can be broadly categorised into the general mindset, social attitude and digital business (KLEIN, 2020). The figure below shows the different characteristics of digital leadership.

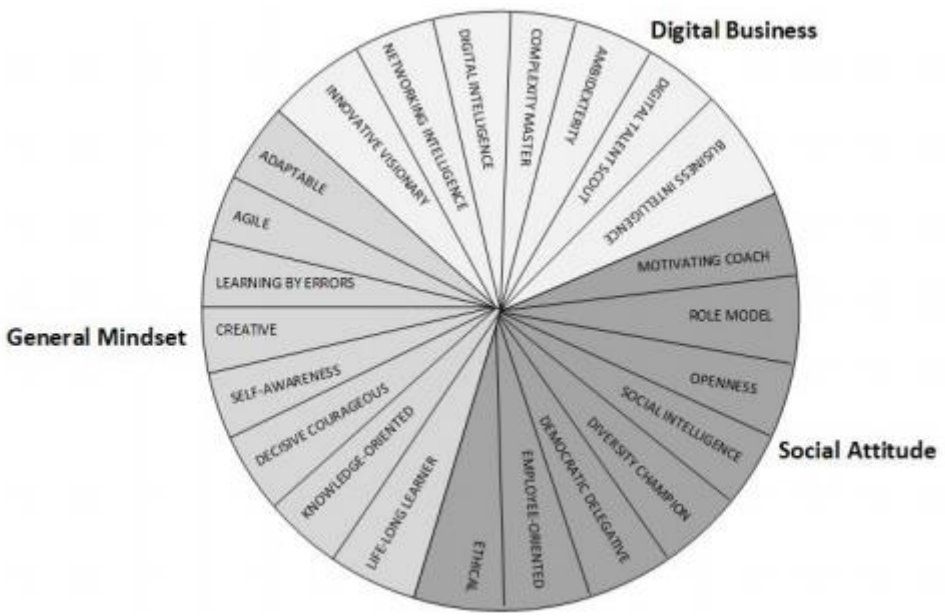


Figure 14: Digital leadership characteristics

The majority of the respondents identified new technologies like artificial intelligence, machine learning and robotic process automation, amongst others, as being crucial for the business. They all highlighted the importance of digital tools in organising and working in digital society. Furthermore, their responses acknowledged that digital leadership was imperative; with one respondent stating that there was a chasm that was being crossed where leaders had to go into a technology lead perspective in terms of what is best for the customer, how to embed it, and lead their organisations effectively. The point supports the argument by Van Outvorst et al., (2017) about digital leadership being essential for working in the digital age.

Another respondent noted that "*the role of digital leadership in digital transformation is quite a dynamic one because you are flooded with such a wide, wide variety array of technologies and how you deploy them is one part. I've got these new shiny tools, let me use them right but they're also training upskilling, and getting your people to be more and more familiar. You've got the technology set you know and the business problems you're trying to solve. And every two minutes, there's a new technology coming outright or a new competitor doing something, so how do you stay the course. You have to think about to keep the purpose of what you're doing centred and how do you are committed to it*." The comment from the respondent clearly summarises the complexities that leaders are currently experiencing in financial services, and it highlights the importance of digital leadership in financial services.

The responses from the executive indicated that many of the leaders in financial services were doing a lot to stay digitally informed because they understand the importance of being able to make digital decisions. However, they also acknowledged that they still needed to get their heads around a couple of managerial and leadership skills that were paramount for digital transformation; if organisations were to continue to work remotely in the future.

The respondents often highlighted a theme around people and technology. Many responses indicated the importance of people in digital leadership – as people are hugely affected by working virtually and the increased adoption of digital tools. A respondent communicated the importance of making everyone more

comfortable as technology users. Leaders need to ensure this across their business. They also emphasised the need to open people's minds to the strategic possibilities that are created by technology.

What is clear from the responses was that leaders do not have to be technology experts, but must understand technology very well to be successful in leadership positions. This would ensure that leaders can manage the uncertain environment efficiently, encourage the deployment of new technologies, and exercise influence rather than power (Bolden & O'Regan, 2016).

5.5.2 *Building digital capabilities*

The changing environment poses several threats to the skills and capabilities for many members in organisations – and subsequently, digital capabilities are viewed by many researchers as being crucial for the digital age. The Harvard Business Review report on "Competing in 2020" highlighted digital skills as a critical consideration for digital transformation (Eswaran, 2017); stating that data skills, collaboration, process automation, user experience design, social media skills and IT knowledge in business were some of the essential capabilities that distinguished the winners from the losers in the digital economy (Eswaran, 2017). In the literature view, Westerman (2014) outlines building foundational skills as a critical imperative for sustaining the digital transition. The narrative is further supported by a report on 'Understanding digital mastery today' (2017), which highlighted understanding customers; developing talent, operation process and business model innovation, as key digital capabilities that organisations need to focus on (Buvat et al., 2018). Like all industries, financial services are not exempt from building their digital capabilities.

The response from the executives highlighted the following key points about digital capabilities:

- There's a general shortage of digital-focused skills in financial services.
- Digital programs and education are important for rectifying the shortage of skills.
- Constant learning would be required at all levels of the organisation.

In the discussions with the respondents, the leaders reflected heavily on implications of the global pandemic and the realisation that most teams did not have the necessary digital skills and capabilities required to navigate the challenging environment. The responses indicated that financial services organisation had many paper-based processes. The adoption of digital tools was previously low, and many leaders did not have experience managing virtual teams, and technology was often viewed as a threat. However, during the pandemic, people were forced to engage and collaborate on digital platforms, to build more digital products for customers, to enhance the adoption of digital chat-boxes, and to use technology to achieve the business objective.

A respondent shared that they believed that leadership was about imagining a future world thus, building the skills and competencies of people in their organisation. There is an apparent shortage of digital capabilities in financial services organisation globally, and senior executives should be investing in digital programs and education that will enhance the capabilities of their workforce. Additionally, continuous upskilling should be focused at all levels of the organisation to ensure that all people are well-equipped to handle the changes in the environment, especially considering the rapid changes in technology.

As suggested by Eswaran (2017), digital skills are a crucial consideration for digital transformation, and to address the current skills shortage in the market; leadership needs to pay careful attention to skills development and ensure that they are building the necessary digital capabilities for the digital age.

5.5.3 *Building a diverse workforce*

Globally, diversity continues to be a challenge for financial services organisations, even though numerous studies have proven the benefits of having diverse people in an organisation (Tucker III & Jones, 2019). The survey by Tucker III and Jones (2019) on diversity challenges in financial services outlines that there are still challenges with recruiting women and minority groups in many organisations. Furthermore, financial services organisations also struggle with the retention of women and minority group in their organisation (Tucker III & Jones, 2019). Many of these organisations are currently looking to find effective

ways of ensuring diversity in their work (Buvat et al., 2018) – and this is not limited to just minority groups, but extends to backgrounds, academic knowledge and experience, amongst others.

In the literature review, as part of sustaining the digital transition in digital transformation, Westerman (2014) explores how people with different professional and academic knowledge are vital for ensuring an innovative work environment. Diversity is paramount in financial services, and leaders have the responsibility of structuring reward and incentive structures to ensure that they are able to attract and retain people from diverse backgrounds (Westerman et al., 2014). All the respondents were supportive of the argument by Westerman (2014), Tucker III and Jones (2019), that the digital world needs leaders who commit to building diverse organisations that are a strong representation of the world they conduct business in.

One of the respondents highlighted the effects of global movements like BlackLivesMatter, which were of massive manifestations and expression; and their relevance in the African context. Another respondent indicated the significance of Black Economic Empowerment and Employment Equity in the context of South Africa. The existence of these groups reflects the need for more diverse societies, and perhaps, explains why diversity is a crucial imperative for many financial services organisations.

“The only way organisations can move forward is by bringing in the new thinking, and the new thinking is generally, with the new generation of people” shared one respondent. When speaking about diversity, it is not only about race, but rather about the full spectrum ranging from gender, age, experience and background amongst others. The general sentiment was that diversity in the organisation would result in more favourable outcomes in the future. It is also important to note that many of the leaders felt that their organisations were starting to realise more diversity in their workforce.

Most of the decision-makers in financial services acknowledge that building a diverse workforce would not be easy, particularly with the younger generation who are newcomers in their organisation. However, leaders in financial services

have a responsibility of helping people with different value systems become valuable contributors to, and creation of, an environment that tackles diversity issues head-on.

5.5.4 *Enabling flexibility and remote workers*

In a report on 'Industry 4.0 and leadership', Prince (2017) states that "Digital transformation is turning our world into a virtual one changing many facets of our understanding of life and the world we live in; being generally disruptive and turning our lives upside down." The statement by Prince (2017) is further supported by the effect that the current global pandemic and technology have had on how we work and do business. Many organisations in the financial services sector were forced to embrace digital tools as part of their everyday life (Cortellazzo et al., 2019); and to allow people to be more flexible in the way in which they work. The advances in digital technologies have transformed organisation life and have allowed people to work virtually from home (Cascio & Montealegre, 2016). In chapter two, virtual teams were defined as interdependent groups of individuals that work across time, space, and organisational boundaries with communication links that are heavily dependent upon advanced information technologies (Cortellazzo et al., 2019), and which allow for a tremendous reduction in costs and enables flexibility. In the current environment that has been hit by a global pandemic, financial services organisations across the world have been left with no alternative but to embrace flexibility and remote working.

With the global pandemic, many organisations globally have been forced to work remotely, and these new ways of work have been applicable for most financial services institutions. All the respondents agreed that enabling flexibility and leading remote workers was paramount, and that the coronavirus has accelerated the adoption of virtual teams and has almost forced leaders to embrace the flexibility that comes with it. Many of the respondents communicated that their organisations were currently exploring future ways of work – which were likely to take the form of a hybrid model where organisations have people who can work from anywhere.

The leaders shared similar sentiments on how most people in the organisations had embraced the flexibility of virtual teams and had often seen increased flexibility. Furthermore, they observed that the move to virtual teams had accelerated the adoption of advanced technologies. To further enable flexibility, the respondents highlighted the importance of addressing connectivity issues being experienced by people without appropriate internet infrastructure. By doing this, leaders ensure the ability to create a work environment that allows people to thrive.

5.6 Leadership strategies for leading digital transformation

Transformational leadership has evolved, partly due to digitalisation (Cascio & Montealegre, 2016). The effects of digital transformation have empowered leaders globally through technology, but there is still a level of ambiguity about leadership in the digital age amongst many business executives (Cortellazzo et al., 2019). The underlying features of transformational leadership, as explored in the literature review, appear to be still relevant but do not consider all the effects of technology on leadership roles. It is appropriate to explore new leadership paradigms which may be useful in leading digital transformation.

E-leadership is a relatively new leadership strategy, which explores the various aspects of leadership in the virtual environment (Gheni et al., 2015). To navigate the complexities of virtual teams, organisations are employing people with e-leadership managerial skills as they demonstrate the capabilities to effectively manage teams in the context of the e-environment (Gheni et al., 2015). E-leadership skills are imperative for achieving digital transformation, and are based on the following key factors (Belitski & Liversage, 2019):

- **Strategic leadership:** Emphasise on soft skills, leading the inter-disciplinary staff and influencing stakeholders across boundaries (functional and geographic) (Belitski & Liversage, 2019)
- **Business Savvy:** Innovate business and operating models, delivering value to the organisation (Belitski & Liversage, 2019)

- **Digital Savvy:** Envision and drive change for business performance, exploiting digital technology trends as innovation opportunities (Belitski & Liversage, 2019)

These above-mentioned e-leadership factors are discussed further below.

5.6.1 *Strategic Leadership*

Vision

The vision of the organisation is arguably one of the most crucial components for successful digital transformation because it informs the future directions of the organisation (Belitski & Liversage, 2019). The e-leader has the responsibility of creating the vision that will guide the organisation into the digital future (Belitski & Liversage, 2019). Furthermore, the leader's ability to communicate the shared vision will inform the levels of inspiration across the organisation (Belitski & Liversage, 2019); essentially providing strategic direction with a strong digital focus; the leader can drive the digital transformation agenda successful.

When responding to questions of leadership strategies for digital transformation, the respondent all shared similar sentiments about the importance of creating a vision. One respondent shared that leadership was about creating a vision, setting goals and driving towards a better vision for the future; while another respondent indicated that without a vision, the organisation was not going to progress. Vision setting is an essential leadership strategy for digital transformation, and it sets the pace for digital transformation. The creation of an excellent vision shows how leadership is committed to driving everyone in the same direction, and fuels inspiration across the organisation.

Westerman (2014) suggests that translating your vision into actions is a crucial imperative for leading digital transformation. E-leaders need to utilise e-visioning to allow them to create opportunities for the future (García, 2015). By focusing on the future, the e-leader can concentrate on the bigger picture (García, 2015), and ensure that they are leading the organisation’s digital transformation endeavour appropriately.

Skills development

There are many challenges faced by both members and their leaders in virtual environments. These are related to cultural diversity, home conditions, communication technologies, and the lack of physical interactions, amongst others (Gheni et al., 2015). As a result, there's a growing need for leaders who show higher levels of soft skills in addition to their competencies (García, 2015). These softs skills will ensure that leaders can manage their teams effectively.

Many of the respondents opined that the heavy dependence on digital technologies had given rise to emotional connection challenges that were in the traditional work environment. The respondents highlighted issues about not being able to read people's body languages or facial, which previously helped when trying to understand whether subordinates were happy or not.

Another respondent shared that they felt managers were being exposed to people's family and social circumstance in a way that they were exposed to in the past. The issues tended to be varied and could range from domestic violence to not having enough space to work. Subsequently, the respondents felt that they had to be more empathetic, improve their listening skills, communicate instruction with clarity, and help resolve conflict, amongst other things. All these skills gaps could be addressed through various leadership programs implemented by the leaders of the organisation. One respondent suggested that financial services organisation invest heavily in new manager and middle management development programs which help tackle critical issues in organisations.

The literature on leadership and digital transformation agrees that skills development is a vital leadership strategy that ensures successful digital transformation; and building foundational skills is a defining factor for digital transformation (Westerman et al., 2014). E-leaders must develop e-trust skills, e-decision making skills, and e-communications skills as part of their leadership strategies (García, 2015).

Trust and ethics

Idealised influenced is centred around trust and ethics (Stewart, 2006), and e-leaders draw on transformational leadership to help address issues around trust, as a result of virtual teams and technology (Belitski & Liversage, 2019).

According to the respondents, trust and ethics are crucial considerations for leaders in the virtual environment. One respondent stated that leaders need to find effective ways of building trust with their teams, and another highlighted the importance of using technologies appropriately, and making sure that they are used ethically. It is rather challenging to build trust between managers and subordinates in the virtual environment because traditionally, being at the office was a measure of productivity, and perhaps, organisations may need to focus more on deliverables. People who are proven that they can deliver exceptional results virtually, can easily be trusted.

In another response, a respondent stated, “I think leaders have been forced to change their leadership style, because of COVID. We don’t have an option any more. Our leadership style has been forced to change because you can't insist on working from the office. You need to manage now the output and be clear on your expectations as to what you want from your team and trust them enough that if they're saying they're working.” The respondent further corroborates the importance of focusing on deliverables and using them to build trust in employees.

Empathy and empowerment are crucial components of e-trust. Leaders need to foster high levels of trust to achieve digital transformation and organisation success (García, 2015). The research by Leurent et al. (2019) on leading through the fourth industrial revolution supports this argument by stating that leaders should inspire people with empathy, trust and transparency (Leurent et al., 2019)

One of the respondents used a few exciting examples to highlight the importance of using technology ethically. The first example spoke to the organisation monitoring the employees through web cameras on computers, and another example was the use of personal data to target consumers and influence them to buy the offering. Both examples can be viewed as unethical – thus, leaders need

to develop ethics programs that govern how technology is used in their organisation. These programs assure people that technology is being used fairly, and ease any fears around digital technologies. This could subsequently lead to higher levels of digital adoption amongst both employees and customers – resulting in positive digital transformation results for organisations.

Literature on e-leadership supports this narrative and suggests that leaders need to implement e-ethics programs which enable high levels of integrity and ethical values in different organisations (Cortellazzo et al., 2019). The implementation of e-ethic programs will allow for the effective monitoring of ethical issues in an organisation, and ensure that leaders consider all moral elements when leading the digital transformation process of their organisations.

Influence Stakeholders

There has been a gradual shift towards long-distance teams, and this has recently been exacerbated by the current global pandemic, COVID-19 (Yerchuru & Chidambaram, 2020). Subsequently, many long-distance organisations have experienced challenges in communication between members – limiting functional leadership and business processes (Yerchuru & Chidambaram, 2020). According to Kahai et al. (2017), e-leaders have a massive task of maintaining a balance between the old and the new. These leaders need to communicate with intent, use technology to enhance overall organisation operations, and deploy new technologies to ensure effective communication throughout their ecosystem (Kahai et al., 2017). Essentially, organisation leaders should be able to influence stakeholders across boundaries (both functional and geographic).

The respondents argued that the ability to influence people across the organisation was paramount, but came with a significant amount of challenges. One of the responses highlighted how the virtual environment resulted in long and more frequent executive meetings in their organisation. Their gatherings facilitated the influence across the organisation – and ensured that people were still carrying out their duties as expected.

The decision-making abilities are a vital consideration for financial services organisations; and the ability to make right decisions timeously appeared was of

utmost importance amongst the respondents. However, there seemed to be contradicting views in some of the responses. Many felt that the decision-making processes had become rigid with too many formal meetings, while others felt that decision making was faster and more efficient when using digital tools. One could possibly argue that some financial services organisation had the ability to adapt quite quickly and became more nibble. Nevertheless, the ability to influence across functional and geographic areas was a crucial leadership strategy and leaders needed to implement appropriate strategies that allow them to maintain that level of influence.

The effects of technology have changed how leaders make decisions and communicate across the organisation; and this has heightened the importance of leadership strategies centred around e-decision and e-communication (García, 2015). E-leadership allows leaders to collaborate across the ecosystem (Leurent et al., 2019) and to use digital tools to enhance communication in complex organisational environments (Cortellazzo et al., 2019).

5.6.2 *Digital Savvy*

When technology is easily accessible and used in an organisation, e-leadership promotes problem-solving and risk-taking (Belitski & Liversage, 2019). Thus, it is paramount that leaders in an organisation develop a strong understanding of technology (Hüsing et al., 2013). The knowledge needed to be technology-focused can range from social media, internet of things, artificial intelligence, mobile apps and other technology (Hüsing et al., 2013). The technological knowledge should guide them in business problem solving, idea generation or product development.

The response from the executives confirmed the importance of understanding the different technologies and being able to apply in the business sense. New technologies like robotics process automation, and artificial intelligence was said to likely have enormous ramifications for financial services organisation. The leaders confirmed that they were exploring these options. One respondent stated that following, “when we have a business problem, we need to start thinking about

how do we use AI to solve it. And this requires the context of how to do things digital but you still solving a business problem." Another shared that their organisations needed people who were "going to marry their digital skills with business needs." These responses indicated that leaders were thinking about technology differently, and adopting digital-savvy leadership strategies.

The global pandemic brought about significant challenges for financial services, and leaders were forced to become more digital-savvy to meet both the employee and client needs. The response indicated that leaders were investing heavily in digital learning platforms and WhatApp chatboxes to service clients, as well as other digital tools that would benefit their entire ecosystem. The ability to adopt new digital technologies and use them to solve business problems was a vital leadership strategy for digital transformation.

Digital savviness is essentially about intellectual stimulation, and leaders should be able to think creatively, innovate, challenge assumptions, and present new ways of solving problems (Belitski & Liversage, 2019). E-leadership acknowledges that organisation leaders can further develop and adopt new digital technologies that boost their organisation (Belitski & Liversage, 2019). Essentially, digital savviness complements business expertise in an organisation.

5.6.3 *Business Savviness*

Business savviness centres around innovative operating and business models that deliver value for the organisation (Li, Liu, Belitski, Ghobadian, & O'Regan, 2016). Furthermore, it also explores high levels of individual consideration, paying careful attention to personal rewards and coaching (Belitski & Liversage, 2019). People factors are a vital consideration for digital transformation, and leaders need to think of innovative ways of supporting their people continuously. Many of the respondents felt that digital transformation and technology was about people; and getting the people elements wrong would have adverse consequences for their organisation.

A study on the role of leadership in a digitalised world states that digital transformation is an unavoidable choice for any company, and leaders need to

think of innovative ways of leading virtual teams (Cortellazzo et al., 2019). Leading virtual teams requires the development of processes that allow for workforce enablement through the use of technology (Buvat et al., 2018), and for effective management of e-teams. A respondent noted that the human question should always be of utmost importance in technology, and leaders to scale technologies across the business and facilitate mass adoption amongst their workforce.

Building your governance structures was outlined as a critical consideration for digital transformation in chapter two (Westerman et al., 2014). Research by Cortellazzo et al. (2019) further supports this narrative by highlighting that the advent of digital transformation and the massive use of data had brought about significant concerns about the integrity of leaders in organisations (García, 2015). Measuring, monitoring and iteration are crucial elements of sustaining the digital transition in the digital transformation process (Westerman et al., 2014). Governance, privacy and security were recurring responses among the respondents, and these were supposed to be monitored appropriately.

There is an opportunity for leaders in organisations to implement strategies that improve working, living and surviving organisational life (García, 2015). When executed correctly, these leadership strategies are also useful for leading digital transformation in organisations (García, 2015). Fundamental to the success of digital transformation, leaders in organisations need to adopt leadership strategies that evolved around people and technology. These strategies will not only ensure that leaders can lead the teams in complex environments, but will also aid the success of digital transformation initiatives. One of the respondents noted how long-winded strategies were no longer relevant and needed to be reviewed and monitored continuously against the market and technology movements to ensure relevance.

The process that enables transformational leadership in e-leadership is crucial to allow learning new ways of commercialising new ideas and knowledge (Vargas, 2015). Critical to the conversation is that e-leadership plays an imperative role in helping leaders direct members through digital tools (Renu, 2014). Many of the respondents felt that the role of the leader in digital transformation was

multifaceted, and it was not just about technology and business performance, but more about the actual individuals and their role in society. The role of the leader in the traditional sense continues to be that of empowering people, but leaders need to be business savvy and adopt these leadership strategies to drive digital transformation in their organisations.

5.7 Conclusion

The chapter discussed the findings from both the secondary and primary data analysis presented in the previous chapter. The focus was on considering the various aspects of the role of leadership in digital transformation. What was evident from the finding was that there was a shortage of leadership to help drive efficient digital transformation in financial services. However, leaders in the sectors were forced to accelerate their digital transformation efforts given the nature of the current environment. As a result, many had started embracing new technologies and were actively looking for effective leadership strategies that would help facilitate their digital transformation objectives.

The factors leading to a shortage of leadership in financial services identified and discussed:

- The rapid advances in technology have had massive ramification for all aspects of business in financial services.
- The global pandemic (COVID-19) has accelerated the digital transformation process of many financial services organisation.
- The work-life has changed significantly, with many organisations adopting virtual teams and other digital tools for work. Subsequently, leaders have been forced to find new ways of managing their teams effectively.
- The communication channels are entirely distorted. Traditional face-to-face interaction is limited, and the adoption of digital tools (Microsoft Teams, Zoom and WhatsApp) has been accelerated. However, this present several challenges for leaders around their ability to communicate effectively
- Organisations have had to rethink their performance and talent management process to accommodate new ways of work. There are increased complexities

around new joiners, training, and development, that need to be managed by leaders.

- The current environment has had a significant impact on organisational culture, and the effects are still unfolding. There were concerns that the overall results would be adverse.

The general sentiment was that financial services were currently experiencing a shortage of leadership.

The leadership trends in financial services identified and discussed:

- Digital leadership is crucial to managing and working in the digital age. Leaders need to focus on developing an organisational mind-set, social attitudes and digital business.
- There is a shortage of skills and priority for leaders in building the necessary leadership skills.
- Diversity is a crucial consideration for the financial services sector. There is focus on building a wide range of skills, recruiting people from minority groups, and attracting people from different backgrounds.
- Leaders have been left with no option but to embrace flexibility and remote working.

The above mentioned were some of the key trends identified in the financial services sector.

The leadership strategies for leading digital transformation were identified and discussed as:

- Strategic leadership was a crucial consideration for leading digital transformation. Focus was on creating and leading the vision, skills development in the organisation, trust, ethics and the ability to influence stakeholders across borders.

- Digital Savviness focused on envisioning and driving change for business performance, as well as exploiting digital technology trends as innovation opportunities.
- Business savviness focused on innovating the business and operating models, delivering value to the organisation.

In conclusion, theory and findings confirm that there is a shortage of leadership in financial services. However, leaders are adopting new technologies and actively applying new leadership strategies that are effective for leading digital transformation.

Chapter 6 concludes the study provides recommendations and suggest areas for future research.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

The chapter aims to conclude the findings and discussions from chapter 5, relating to leadership in digital transformation in the financial services sector. The main results and conclusions for the several research questions are discussed.

To recap, the study aimed to address the following research questions:

- *What are the factors leading to a shortage of leadership in financial services?*
- *What are the leadership trends in financial services?*
- *What are the leadership strategies for consideration in digital transformation?*

The critical recommendations presented related to leadership and digital transformation in financial services based on the study's outcomes. The chapter ends with future research suggestions.

6.2 Conclusions Regarding the factors leading to a shortage of leadership in financial services

The factors leading to a shortage of leadership in financial services are mainly driven by two factors – technology and the global pandemic (COVID-19). The rapid advances in technology have forced organisations to use new technologies as digital transformation tools. Subsequently, leaders need to find new leadership strategies that effectively lead in the changing environment. Furthermore, the global pandemic exacerbated the challenges when it forced organisations to adopt virtual teams and other new technologies that would ensure business continuity.

The work-life has changed drastically, with financial services organisations having the majority of their workforce working virtually. These virtual teams have created complexities that need to be managed effectively by leaders. Leaders are now faced with the responsibility of ensuring organisation-wide digital adoption of

new technologies, managing people from anywhere globally, and ensuring that their teams are still able to deliver on business objectives.

Traditional communication channels have also been completely disrupted – moving away from face-to-face interactions to the enhanced use of digital tools as a method of communication. The increased dependency of digital devices has presented significant challenges for leaders when communicating with their teams. The relationships have been challenging to maintain, as has been managing different personalities virtually. There has been the added support required by members in the organisation.

The adoption of new technologies and virtual teams has significantly affected performance and talent management; and leaders need to find effective ways of managing performance, integrating new members of the organisation, and developing people. These factors pose significant challenges of leaders who do not have the necessary capabilities of managing the change.

The full ramifications of technology on organisational culture are yet to be determined, but leaders in financial services organisation have a huge responsibility of managing the complexities relating to organisation culture in financial services. This requires strong leadership that can tackle issues effectively.

The biggest challenge in financial services organisation is that, many organisations do not have the necessary skills and capabilities to manage all the moving parts effectively. The leadership challenges need to be addressed to ensure successful digital transformation in organisations.

6.3 Conclusions regarding leadership trends in financial services

Central to the leadership trends in financial services is technology. With an organisational focus on digital leadership, building digital capabilities, building a diverse workforce and embracing the flexibility of virtual teams.

Leaders are mainly focused on how they lead their organisation through the digital challenge and the adoption of new technologies to solve business problems. Many have realised the importance of building the necessary digital capabilities internally, by investing heavily on skills and leadership programs with a strong digital focus.

Furthermore, leadership in financial services organisations recognise that diversity fosters innovation and a crucial consideration for the digital age. Diversity of thought, race, background and professional experience, amongst others, is paramount for digital transformation.

The current environment has forced leaders to embrace the flexibility that comes with technology and virtual teams. This means leaders need to enable the organisations with the appropriate technologies that allow for efficiency. Furthermore, many leaders are also considering future work methods that will allow organisational flexibility into the future.

6.4 Conclusions regarding leadership strategies for leading digital transformation

Globally, financial services organisations are experiencing similar challenges relating to leading digital transformation in their organisations; with technology and the global pandemic having a considerable impact on the role of leadership in digital transformation.

In the literature review, E-leadership was introduced as a conceptual framework that builds on traditional leadership strategies, and considers the effects of digital on leadership. E-leadership is centred around strategic leadership, business

savviness and digital savviness (Belitski & Liversage, 2019); which appear to be useful for leading digital transformation in organisations.

Strategic leadership is focused on creating the vision, skills development, trust and ethics, and stakeholder influence. By focusing on these critical elements, leaders can create a compelling digital vision that will allow them to achieve their digital transformation objectives.

Both digital and business savviness are essential leadership strategies. The digital savviness component allows leaders to envision and drive change for business performance, by exploiting digital technology trends as innovation opportunities. While business savviness ensures that leaders can innovate business and operating models to deliver value to the organisation.

E-leadership appears to be an effective leadership strategy for leading digital transformation as it carefully considers both traditional and digital leadership factors essential for digital transformation.

6.5 Recommendations

The digital transformation compass presented in chapter 2 outlines four-pillars that are practical considerations for digital transformation. The four pillars are as follows:

- Framing the digital challenge
- Focus on Investment
- Mobilse the organisation
- Sustain the transition

These four pillars present ways for effective stakeholder engagement when implementing and adopting various digital technologies, and should be a crucial consideration for management to follow.

- **Framing the digital challenge:** The organisation's leaders should focus on building awareness of the threats and opportunities presented by digital. This

process allows for vision creation and assessment of the overall digital maturity of the organisation (Westerman et al., 2014).

- **Focus on Investment:** The leaders need to translate the vision into actionable roadmaps and build cross-silo governance structures. Emphasis should be on funding the digital transformation journey (Westerman et al., 2014).
- **Mobile the organisation:** In mobilising the organisation, leaders should send a strong signal of the digital transformation, and actively engage stakeholders across the organisation (Westerman et al., 2014). The goal of leadership is to set new behaviours and foster an innovative culture by encouraging the workforce to adopt digital technologies that enable people to work more effectively.
- **Sustain the transition:** Leadership needs to build the necessary skills and capabilities that enable digital transformation. The process involves the creation of new digital platforms and the revamping of rewards structures that will enable the organisation to overcome traditional organisational barriers (Westerman et al., 2014)

E-leadership as a leadership strategy strongly aligns to digital transformation compass and presents three fundamental strategies (strategies leadership, digital savviness, and business savviness) that could lead to successful digital transformation. These leadership strategies should be adopted by leaders in financial services organisations.

In addition to the recommendations mentioned above, leaders should also consider the following:

- Development of leadership programs that will address the leadership shortage in financial services.
- Partnerships with tertiary institutions and creating tailored digital programs that match organisational needs.

Leadership is paramount in leading digital transformation in financial services, and leaders need to adopt various strategies to be successful in the digital transformation objectives.

6.6 Suggestions for further research

- Further research should be conducted on the role of leadership in the digital transformation of other sectors. Different sectors might be experiencing leadership challenges that were not uncovered by this study.
- Further research needs to be done on the global pandemic's effects on digital transformation in financial services. The interviews with the respondents suggest that the global pandemic will have huge ramifications for financial services organisation in the future.
- The effects of technology and the global pandemic on the organisational culture are still uncovering. These effects could be explored further, and one could also consider the role of leadership in this nature.
- Further research needs to be done on the long term effects of virtual teams on overall organisational culture and how virtual teams affect digital transformation.
- Research from the perspective of subordinates in digital transformation could also be beneficial, as people are a vital consideration for successful digital transformation.

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Appendix A – Research Instrument

DISCUSSION GUIDE DOCUMENT

TOPIC: The role of leadership in digital transformation in the financial services sector

Tell the participant about the purpose of the study, methods for data collection, confidentiality, length of interview and consent

Ice Breaker:

- Can you briefly describe yourself, age, education, professional background and your role in the organisation.

Introductory Questions:

- How would define digital transformation?
- Who is driving the digital transformation in your organisation?

Section 1: Factors leading to shortage of leadership in financial services

- What impact do you think technology has had on leadership skills and capabilities in financial services?
- Considering the effects of the global pandemic (COVID-19), how has this affected the way you (and other leaders in your organisation) lead and think about digital transformation?
- What are some of the challenges you (and other leaders in organisations) have encountered when working with virtual teams?
- What impact have virtual teams had on your subordinates?
- Can you describe the methods you use when communicate with subordinates and your overall relationship with subordinates?
- Many organisations have adopted virtual teams. Do you feel there is a shortage of leadership skills and capabilities that are able to manage these teams effectively and drive the digital transformation agenda? Give a couple of reasons for your answer.
- To what extent has technology affected people management in your organisation?

- What impact has technology had on the organisational culture?

Section 2: Leadership trends in financial services

- What are some of the key focus areas that need careful attention and development as a result of advances in technology in your organisation?
- Are leaders in your organisation embracing the flexibility that comes with virtual teams?
- How important is diversity in your organisation? Is the workforce diverse in their thinking, professional experience and background?

Section 3: Leadership strategies for digital transformation

- Do think you the use of technology in the process of social influence in an organisation is important for digital transformation?
- How would you describe the role of leadership in digital transformation?
- What type of leadership is needed to drive digital transformation in financial service?
- What leadership strategies (programs or things that can be implemented) are needed to drive digital transformation in financial services?
- How would you describe your overall leadership philosophy and style?
- What have you done to build your digital skills and capabilities to ensure that you are able to lead effectively?

Appendix B – Participant information letter

2 St David's Place
Parktown
Johannesburg
2193
Date_____
Good day Sir / Madam

My name is Nikitha Gcely, and I am a Masters student in The Field of Digital Business at the University of the Witwatersrand in Johannesburg. As part of my studies, I have to undertake a research project and I am investigating "The role of leadership in digital transformation in the financial services sector". The aim of this research projects is to determine effective leadership strategies for digital transformation in the financial services sector.

As part of this project, I would like to invite you to take part in an interview. This activity will involve me asking specific questions relating to the topic, as well as a general discuss 45 and 60 minutes. With your permission, I would also like to record the interview using a digital platform.

You will not receive any direct benefits from participating in this research, and there are no disadvantages or penalties for not participating. You may withdraw at any time or not answer any question if you do not want to. The interview will be completely confidential, and the information you give to me will be held securely and not disclosed to anyone else. I will be using a pseudonym (false name) to represent your participation in my final research report. If you experience any distress or discomfort at any point in this process, we will stop the interview or resume another time.

If you have any questions during or afterwards about this research, feel free to contact me or my supervisor on the details listed below. If you wish to receive a summary of this report, I will be happy to send it to you once completed and accepted by the University. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research

Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email Shaun.Schoeman@wits.ac.za.

Yours sincerely,

Researcher: Nikitha Gcelu, gcelunikitha@gmail.com

Supervisor: Dr. Manamela Matshabaphala, manamela.matshabaphala@wits.ac.za

Appendix C – Participant agreement form

The role of leadership in digital transformation in the financial services sector

Nikitha Gcelu

I, _____ , agree to participate in this research project. The research has been explained to me, and I understand what my participation will involve. Please circle the relevant options below.

I agree that my participation will remain anonymous	Yes / No
I agree that the researcher may use anonymous quotes in his research	Yes / No
I agree that the interview may be recorded	Yes / No
I agree that the information may be used anonymously by other researchers following this study, proved that they receive ethics clearance	Yes / No

Signature _____

Participant name _____

Date _____

Appendix D – Ethics Clearance Certificate

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

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: WBS/BA1847924/169**
PROJECT TITLE	The Role of Leadership in Digital Transformation in Financial Service
INVESTIGATOR	Mr Nikitha Goelu
SCHOOL/DEPARTMENT OF INVESTIGATOR	MM (Digital Business)
DATE CONSIDERED	18 August 2020
DECISION OF THE COMMITTEE	Approved unconditionally
RISK LEVEL	LOW RISK
EXPIRY DATE	30 JUNE 2021

ISSUE DATE OF CERTIFICATE 8 September 2020 **CHAIRPERSON** _____
(Dr MDJ Matshabaphala)

cc: Supervisor: Dr Matshabaphala

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.



_____ 08 / 09 / 2020
Signature **Date**