

Leadership practices and digital transformation: A case of a South African Bank

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ABSTRACT

This research report explores the leadership practices required for effective digital transformation in the South African retail banking context, focusing on understanding the leadership practices of operational level employees undergoing digital transformation. The research explores whether the leadership practices at operational management level are aligned to those of senior management and whether there are any other prevailing leadership practices that contributes towards successful digital transformation. The existing scholarly literature examines leadership frameworks and key mindset development against its relativity to leadership positions and the impact thereof in the execution of digital transformation initiatives, however much of the literature is focussed either at a corporate level, executive leadership level or broadly speaks to the collective mindset and values that companies should either instil or foster in employees.

This study was conducted utilising an empirical, qualitative research approach in which semi-structured interviews were held with fifteen sampled participants within the retail division from one of the five major traditional banks in South Africa that prioritised digital transformation as a strategic objective. The sampled participants were identified based on their managerial role and experience in implementation of digital transformation initiatives within their Information Technology function. The study findings support that much of the leadership practices used by executives are indeed also employed by operational managers, however the operational manager focuses on the altro-centric or people-oriented aspects of digital maturity and correctly influencing staff holistically, through focussing on leadership culture & competencies, people centred transformation and transformational practices during digital transformation. Based on the findings of the study, four recommendations have been made in order to further expand on the theoretical and business Body of Knowledge (BoK) in leadership practices and digital transformation within financial services organisations namely, measures for evaluating the situational effectiveness of leadership practices, collective managerial learnings on leadership, the impact of rewards-based innovation & digital transformation and educational investment & retention of talent.

KEYWORDS

Digital transformation

Leadership mindsets

Leadership practices

Operational level management

Retail banking

DECLARATION

I, Virgil Duane Rustin, declare that this research report is my own work except as indicated in the references and acknowledgements and 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. This research report has not been previously submitted before for any degree or examination in this or any other university.

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DEDICATION

To my children, it's never too late to achieve your dreams, may this serve as a reminder to you one day.

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To my wife and children, Olivia, Connor, Kai and Willow Rustin, thank you for the endless support and sacrificing of our family time in order to achieve the completion of this degree. Your sacrifices made this possible!

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LIST OF ACRONYMS

ALP – Altruistic Leadership Practices

DLC – Digital Leadership Competencies

DT-LP – Digital Transformation as a Leadership Practice

LC1 – Leadership Culture

LC2 – Learning Culture

LEP – Leadership Enabling Practices

LTP – Lead Technology Partner

OT – Organisational Transformation

PCP – Pervasive Change Practice

SA – South Africa

SE – Service Engineering

TC – Transformative Culture

VP – Vice President

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

The purpose of this qualitative study is to explore the key leadership practices that represent the hallmarks of successful leadership within retail banking in South Africa. The aim is to further the understanding of their relationships in an operational level management context, as it relates to successful digital transformation journeys.

1.2 Background of the study

This study expands further on the link between business leadership and its relativity to successful strategic digital transformation journeys in the South African retail banking context, specifically focusing on the operational management level. The focus on the operational management level was conducted to determine whether the leadership practices at operational management level were aligned to those of senior management or determine whether there are other prevailing practices that contribute towards successful digital transformation. The mindsets referred to within this qualitative study relate to the beliefs, being implicit or lay theories or beliefs, that people have about the fixedness or malleability of human traits (Murphy & Reeves, 2019).

The importance of further qualitative research into mindsets within an individual and organisational context is also supported by (Murphy & Reeves, 2019) who advise that further mindset research at individual and organisational level, within the context of the workplace could identify new perspectives on organisational behaviour questions.

A distinction and correlation between leadership and management must be understood as they are not mutually exclusive but can be distinguished by a role within an organisation, e.g., operational management. The distinction between leadership and management as made by (John Kotter, 1990) is that management

works towards order and stability whereas leadership strives to deliver constructive organisational change and movement (Kotter, 1990 as cited in Bargau, 2015).

Ready et al. (2020) conducted a global executive study which reviewed the mindsets of organisational leadership, leading to the recognition that to transform an organisation, the leadership and their teams would have to transform their mindsets. The study focussed specifically on global leaders, executives and emerging leaders, identifying four key mindsets representing the characteristics of distinguished leadership in the digital economy, which should exist collaboratively between managers and employees namely;

- Producers – are digitally savvy individuals that are obsessed with the customer, making disciplined decisions and who excel at executing;
- Investors – pursue a high purpose, develop continuously operate sustainably and benefit the community;
- Connectors – create a sense of belonging through the creation of tested partnerships, relationship building and development of networks.
- Explorers – are incurably curious, seeking only broad inputs, operating at the edge of chaos, continuously testing, trying and learning.

Ready et al. (2020) also highlighted the three fundamental reasons why leaders are not as ready to lead in the digital economy, namely;

- Deficient skill sets or outdated mindsets.
- Blind spots that cloud perspective
 - Strategic
 - Cultural
 - Human Capital
 - Personal
- Embedded tensions threatening trust and creating cultural inertia.

Digital transformation within the context of this study is defined as “the sum total of all organisational change efforts in response to technological disruption. It

results in a marked change in the form and nature of the organisation, especially so that the organisation is improved” (Armstrong & Lee, 2021; p.495).

The South African financial services sector consists of banking, insurance, asset management and stock exchange. The context within this study focusses specifically on leadership practices within retail banking.

Within the SA financial services sector, there are thirteen local banks and four mutual banks (ADV Ratings, 2021). Of these thirteen banks, five are major traditional retail banks and three are digital banks. Digital transformation is currently a key priority within retail banking as banks look to unlock further value from customers through digitalisation and stem competition from both traditional banking competitors and digital banks.

1.3 Research problem

Although current research and scholarly literature including that of (Mukherjee, 2020) examines key mindsets that contribute to digital transformation, much of the literature is focussed either at a corporate level, executive leadership level or broadly speaks to the collective mindset and values that companies should either instil or foster in employees. The importance of further qualitative research into leadership practices within an individual and organisational context is also supported by (Murphy and Reeves, 2019) who advised that further mindset research at individual and organisational level, within the context of the workplace could identify new perspectives on organisational behaviour questions.

This qualitative research study aims to focus on understanding the leadership practices of operational level employees during digital transformation and whether their practices are aligned to the current executive practices or if there are new key practices that could be identified that aids in the resultant successful digital transformation journey.

The problem that this study addresses is the lack of knowledge in leadership practices of operational managers undergoing digital transformation at the workplace.

1.4 Research objectives

The research objective is to explore leadership practices required by operational managers for effective digital transformation.

1.5 Rationale

South African retail banks are all currently in the process of digital transformation and the journey towards a successful transformation and digital maturity is reliant on the leadership practices employed at all levels of management. Failing to understand the link between existing mindsets and leadership practices of current leadership and those of the operational management could result in either the failure in execution of the company digital vision or a substantial delay in the timeframe for achievement of the transformational strategy. The leadership challenges experienced by organisations undergoing digital transformation are not limited to the top management only, this also highlights how underexposed middle management are to these challenges given their key role within the digital transformation process.

The research aims to identify, through a set of individual semi-structured interviews with senior and operational management at a retail bank, whether the prevailing leadership practices of the respective leadership within retail banking is present at the operational management level or if other more predominant practices are evident and that contributed towards successful digital transformation.

The research may benefit managers or leaders in retail banking with new insights into the leadership practices of operational managers and how these could be leveraged to improve their company digital vision execution at operational levels.

Table 1 provides an outline of the anticipated theoretical and practical contributions of this study.

Table 1 - Anticipated Contributions of the Study

Theoretical Contributions	Practical Contributions
Adding to the Body of Knowledge (BoK) on the following research areas: a) Leadership practices b) Digital Transformation	At an organizational level, the following contribution is anticipated: The research may benefit managers or leaders in retail banking with new insights into operational manager leadership practices and how these practices could be leveraged to improve their company digital vision execution at operational levels.

1.6 Delimitations of the study

This study is limited to understanding the leadership practices of operational level management in South African retail banking. The study focusses on business leadership practices and its relativity to successful strategic digital transformation journeys.

1.7 Definition of terms

Table 2 - Definition of Terms

Term	Definition
Digital Transformation	Digital transformation within the context of this study is defined as “the sum total of all organisational change efforts in response to technological disruption. It results in a marked change in the form and nature of the organization, especially so that the organization is improved” (Armstrong & Lee, 2021, p.495).
False Growth Mindset	“The false growth mindset is a collection of beliefs and misunderstandings about mindset that are inconsistent with mindset research and literature” (Dweck, 2015; Dweck, 2017 as cited in Murphy & Reeves, 2019).
Fixed Mindset	The “Fixed mindset” are beliefs that “a certain trait – like intelligence, personality, ability, etc. – is relatively static and cannot be changed much” (Murphy & Reeves, 2019).
Growth Mindset	The definition of “Growth mindset” are beliefs “that a trait is relatively malleable and can be developed and expanded by learning, effort, persistence through challenges, good strategies, and help seeking” (Murphy & Reeves, 2019).
Leadership	Leadership is defined “in terms of traits, behaviour, influence, interaction patterns, role relationship, and occupation of an administrative position” (Yukul, 2002 as cited in Bargau, 2015). Leadership strives to deliver

	constructive organisational change and movement (Kotter, 1990 as cited in Bargau, 2015).
Leadership Mindset	Chase (2010) defined leadership mindset, based on the definition of mindset by (Dweck, 2006), as “individuals’ personal beliefs about the antecedents of leadership ability and its influence on their leadership behaviour” (Chase, 2010). Leadership mindset would therefore be a combination of the definitions of leadership and mindset as a collective in the context of an administrative position.
Leadership Practices	Leadership practices focuses on the behaviour of leaders at their best and their ability to effect exceptional change within organisations (Kouzes and Posner, 2017).
Mindset	Murphy and Reeves (2019) define mindset as being related to the beliefs, being implicit or lay theories or beliefs, that people have about the fixedness or malleability of human traits.

1.8 Assumptions

It is assumed that the selected participants would provide their independent views on leadership practices based on prior experiences within their professional and personal capacity. It is also assumed that the participants are not in the process of exiting the organisations employment at the time of conducting the interviews.

1.9 Study Outline

Table 3 - Study Outline

Chapter	Outline Description
1	The purpose of the study, the background of the study, research problem, research questions, significance of the study, its delimitations and definitions of key terms.
2	The literature review of the study; this chapter provides a summarised contextual background to academic literature discussing leadership versus management, leadership practices and the mindset evolution.
3	The methodology used within the study relating to the research approach, design, data collection methods, population and sample, research instrument, quality assurance, ethical considerations and proposed research schedule.
4	The presentation of the results obtained from the data analysis of the interviews.
5	The discussion of the results and findings.
6	Conclusions and recommendations.

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter focusses on the thematic literature review of the key concepts related to leadership and its relevance to digital transformation. A brief background description is provided to introduce the concepts in relation to leadership versus management and the mindset evolution, followed by a review of prior studies conducted and concluding remarks on the prior studies.

2.2 Background discussion

Leadership and Management

Bargau (2015) discussed the distinction between leadership and management, noting that although both are distinctive, they work as a complementary process for the development and functioning within the workplace.

John Kotter (1990) was of the view that leadership, in contrast to management, aims to deliver constructive continual change and movement in order to continually improve organisations within a continuously changing business environment. Bargau's academic interpretation of Kotter's view was that "managers make the vision of leaders work".

Bargau (2015) finds that (Katz, 1955; Kappa, 1991; Kotter, 2001; Northouse, 2007) all support that the management process is used to achieve organisational objectives. Management responsibilities are generally more task oriented than leadership responsibilities.

Bargau (2015) indicated that previous views of leadership are characterised as 'personal ability', however individuals' leadership traits depend on their personal abilities as well as characteristics, within a situational and environmental context.

Bargau indicated that “interest and commitment” of individuals within an organisation is significantly influenced by the organisational type or style of leadership. Leadership is often described in relation to organisational hierarchy, emphasising strategy and vision as its function whereas leadership could also be described in relation to "transformational aspects of management" relating to staff motivation and change management.

Bargau (2015) reflected on the different views of (Kotter, 2001) and (Ricketts, 2009), where (Ricketts, 2009) made a clear distinction between leadership and management but proposed that an individual can “practise” both concurrently with the correct knowledge; (Kotter, 2001) however indicated that leadership and management are complementary and equally necessary for achievement of organisational goals.

Bargau (2015) concluded that leadership was essential for inspiring employees' commitment to their organisations and taking the organisation into its future state.

Mindset Evolution

Murphy & Reeves (2019) reviewed the evolution of mindset theory and its importance and role thereof in an organisational context distinguishing the differences between 'fixed mindset', 'growth mindset' and the misconceived 'false growth mindset'; exploring how organisational mindset culture influences individual and organisational motivation, behaviour and outcomes in the workplace.

Mindsets relate to an individual's beliefs about the manipulability of their intelligence, talent and ability. The historic research has largely labelled the two types of mindsets as either a fixed (traits that remain generally static) mindset or growth (traits that can be developed) mindset. In essence the lay definitions would imply that a person with a fixed mindset believes that you are either born a leader, whereas a growth mindset would state that leadership is something that is developed through education, effort and challenges. Mindset researched by (Emerson & Murphy, 2015; Murphy & Dweck, 2010; Canning et al., 2020) has looked at the role of organisational mindsets and their influence on the

behavioural norms of employees, managers, performance and organisational outcomes.

There has been a general misconception that individuals could only have either a fixed or growth mindset, or false mindset belief as defined by (Dweck, 2015), however (Murphy & Reeves, 2019) pointed out that research has shown mindsets exists on a continuum as individuals may be inclined towards one mindset but can however shift between mindsets given the correct exposure. Four situations that trigger a specific mindset response were identified by Susan Mackie in conversation with (Carol Dweck, 2016), namely; Evaluative situations, High effort situations, Critical Feedback and the Success of others. Through the identification of an individual's mindset triggers, we can create better engagements between individuals that shift everyone towards a normative growth mindset at work.

Leadership mindset beliefs within organisations influence the organisational mindset via their communications of policies and procedures. The difference between fixed and growth mindset organisations is largely based on the same principle that the one rewards what it deems talented employees whereas the other focusses on the improvement and development of its employees (Canning et al., 2020; Murphy & Dweck, 2010) as cited in (Murphy & Reeves, 2019).

Definitions of Literature Reviewed Terms

Leadership Definitions

Kotter (1990) viewed leadership in contrast to management, which aimed to deliver constructive continual change and movement in order to continually improve organisations within a continuously changing business environment.

Hogan and Kaiser (2005) defined leadership as a consequential phenomenon, which is influenced by the personality of the leader, that promotes the effective performance of teams, groups and organisations.

Winston and Patterson (2006) identify leaders as individuals that identify, equip, train and influence followers that have diverse skills sets and capabilities, and energetically direct the followers according to the achievement of objectives and mission of the organisation in a coordinated effort.

Leadership is often described in relation to organisational hierarchy, emphasising strategy and vision as its function, whereas leadership could also be described in relation to "transformational aspects of management" relating to staff motivation and change management (Bargau, 2015).

Leadership Practices

The Five Practices of Exemplary Leadership framework (Kouzes and Posner, 2017) namely, Model the Way – demonstrating values and beliefs through behaviour, Inspire a Shared Vision – having a clear future-oriented vision and ability to have others believe and follow the vision, Challenge the Process – adopting and promoting experimental change in order to learn and innovate, Enable others to Act – building trustworthy relationships with followers through collaboration, and Encourage the Heart – being aware of the socioemotional needs of followers through the rewarding of desired performance; focuses on the behaviour of leaders at their best and their ability to effect exceptional change within organisations.

Mindset Definitions

Fang et al. (2004) defined mindset as “the basic assumption, beliefs, core values, goals and expectations shared by a group of people who are committed to a specific field, and what they will use as rules to guide their attitudes and practice in the field.”

Mindset as per (Dweck, 2006) are people’s constructed beliefs about their abilities which are based on their own assumptions or understanding of information. Dweck (2006), distinguished between what has been termed a “fixed mindset” and “growth mindset”.

Gollwitzer and Keller (2016) defined mindset as “a set of activated cognitive procedures”.

Murphy & Reeves (2019) defined mindset as being related to the beliefs, being implicit or lay theories or beliefs, that people have about the fixedness or malleability of human traits.

Chase (2010) defined leadership mindset, based on the definition of mindset by (Carol Dweck, 2006), as “individuals personal beliefs about the antecedents of leadership ability and its influence on their leadership behaviour” (Carol Dweck, 2006). Leadership mindset would therefore be a combination of the definitions of leadership and mindset as a collective in the context of an administrative position.

Digital Transformation definitions

“Digital transformation encompasses both process digitization with a focus on efficiency, and digital innovation with a focus on enhancing existing physical products with digital capabilities” (Berghaus & Back, 2016).

“Digital transformation is the profound and accelerating transformation of business activities, processes, competencies, and models to fully leverage the changes and opportunities brought by digital technologies and their impact across society in a strategic and prioritized way” (Demirkan et al., 2016).

Liere-Netheler et al. (2018) defined digital transformation as technology that enables business improvement.

Digital transformation is defined as “the sum total of all organisational change efforts in response to technological disruption. It results in a marked change in the form and nature of the organization, especially so that the organization is improved” (Armstrong & Lee, 2021; p.495).

2.3 Prior Studies

This section relates to the prior studies conducted and referenced in Appendix A Prior Studies, that relate to specific key concepts of leadership mindset, digital transformation and how this relates to digital mindsets necessary for successful digital transformation.

2.3.1 Leadership and Digital Transformation

A study conducted by (Caniëls et al., 2018) to determine if and how the proactive personalities of employees are related to their “Engagement” - commitment to organisational goals, values and overall organisational success, and identify whether there is a three-party relationship between proactive personality, growth mindset and transformational leadership, found a positive relationship between proactive personality and transformational leadership in employee engagement. The relationship between proactive personality and work engagement was found to be moderated by transformational leadership with growth mindset employees.

The study conducted by (Crane, 2021) identified two incorrect assumptions that most organisations make during identification and educating of new managers, namely, productive individuals make good management candidates and new managers can be trained to become effective through skillset development without focussing on their mindset development. The study highlights the importance of mindsets in relation to leadership development and how conflicting mindsets can inhibit individuals from becoming successful managers.

Research conducted by (Keller & Schaninger, 2019 as cited in Crane, 2021) finds that current research shows that those businesses that recognised and focussed on mindsets have a higher success rate versus businesses that overlooked mindsets. Crane (2021) distinguishes between the mindsets of individuals compared to effective leaders, identifying four mindsets that individuals commonly hold prior to management promotion and their respective limitations in relation to management; and then identifies the four mindsets of effective leaders

that organisations should be looking for and guiding individuals towards fulfilling their management roles as detailed within Table 4.

Table 4 - Mindsets of individual contributors vs. effective leaders

Individual contributor mindset	Performance goal mindset	Implementation mindset	Prevention mindset	Inward mindset
Individual orientation	Seeks situations to appear competent	Focus on the implementation of a decision	Minimizing pain and avoiding problems	View work as an opportunity for personal gain
Effect on team	Team lead avoids situation where they may fail; positive feedback is privileged or developmental feedback	Teams engage in self-serving biases and extreme positions	Avoid challenging goals that may cause problems; discourage making and reporting mistakes	Individuals compete for scarce resources; reduced collaboration and information sharing
Leadership mindset	Learning goal mindset	Deliberative mindset	Promotion mindset	Outward mindset
Individual orientation	Reflects a focus on expanding one's abilities by mastering difficult situations	Open to new or disconfirming information that informs a decision	Identify and pursue challenging goals	View work as an opportunity to help others
Effect on team	Team shares and learns from experience, mistakes	Individuals share information prior to and following decisions that are made	Increased clarity, focus, persistence, and effort	Team members are connected to the leader and experience increased motivation

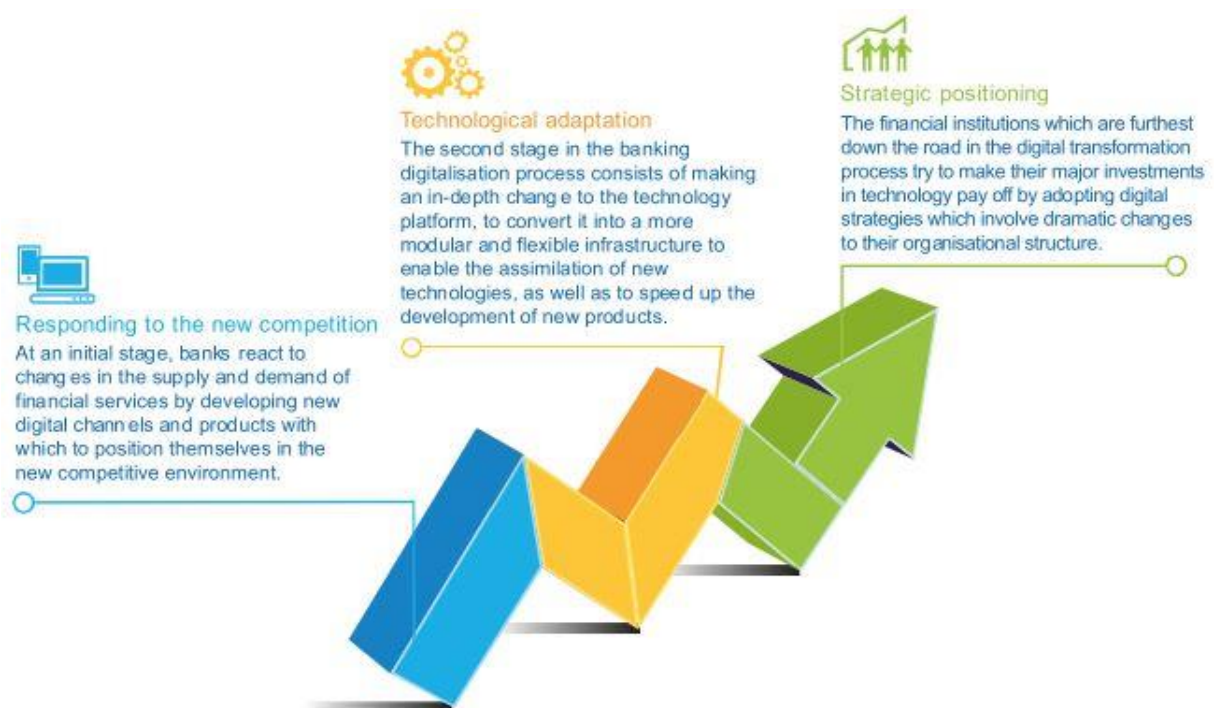
The identification and development of leaders, at all levels within an organisation, should not be limited to skills development and should include the identification of the individual's mindset to look beyond inward mindsets related to performance, prevention and implementation mindsets; to facilitating the change mindset towards outward mindsets related to learning goals, promotion and deliberative mindsets.

Kouzes and Posner (2019) evaluated the correlation between the fixed or growth mindset of managers in a corporate environment and how their mindset influences their leadership behaviour utilising The Five Practices of Exemplary Leadership framework (Kouzes and Posner, 2017) namely, Model the Way, Inspire a Shared Vision, Challenge the Process, Enable others to Act and Encourage the Heart. Utilising (Kouzes and Posner, 2017) Five Practices of Exemplary Leadership framework that focuses on the behaviour of leaders at their best and their ability to effect exceptional change within organisations, the study found that all five leadership practices were displayed in managers that had a growth mindset.

Cuesta et al. (2015) highlighted that digital transformation and digitalisation within banking is driven by competition created by FinTech companies and a change in the way consumers have integrated technology into their lives and their new requirements for ways in which financial services can be consumed.

Figure 1 depicts the process of transformation towards digital banking (Cuesta et al., 2015) where the three successive stages of digitalisation in banking are defined as; Development of new channels and products, the Adaptation of the technological infrastructure, and Profound changes within the organisation to achieve strategic positioning in the digital environment.

Figure 1 - The process of transformation towards digital banking



Cuesta et al. (2015) highlighted that most banks have offered internet banking services since the late nineties however the focus has now shifted towards mobile access and distribution channels given the proliferation of mobile devices and connectivity penetration.

Although new digital products focussing on retail payments are being created during the initial digitalisation phase, these products are bolted-on to the pre-existing infrastructure and not fully integrated, creating further complexity.

During the second phase of technological adaptation a re-architecture of the technology infrastructure platform from centralised to decentralised needs to be adopted in order to allow for faster and easier integration of new technology, coupled with intelligently automated processing of repetitive manual tasks utilising artificial intelligence.

During the third phase of strategic positioning, it is imperative for appropriate metrics to be in place in order to quantify the business return on the digitalisation investment in relation to customer and business value. In order to achieve a customer centric digitalised strategy, the organisation itself undergoes a cultural and operational transformation to achieve productivity and efficiency improvements.

Henriette et al. (2015) defined digital capabilities as technological assets that are used to improve and transform business activities. These digital capabilities are listed as Digitisation or Dematerialisation, Internet Technologies, Analytics, Mobility, Social Network, Knowledge and Skills. The impact of digital transformation on human resources is also noted given the evolution of job roles against the changing nature of job activities during transformation.

Henriette et al. (2015) described the implementation of digitalisation as the conversion of an asset from physical to digital. The convergence of technologies and opportunities created by new digital capabilities, create market extensions, resulting in the transformation of business models in order to capitalise on these new opportunities.

The research identified that user experience was a key driver of digital transformation given the maturation of users understanding and use of the technologies in their personal and professional capacities, thereby changing their ways of interacting and working. The research identified two impacts on operational processes due to digitalisation namely, process transformation due

to new technology implementation and selective digitalisation of an elected process.

The study conducted by (Sebastian et al., 2017) identified customer engagement and digitised solutions as the two digital strategies that provided direction for the digital transformation of pre-digital economy companies.

The customer engagement strategy is reliant on customer analytics to understand and predict customer requirements. The customer engagement strategy enables a seamless omnichannel customer experience, thereby instilling customer loyalty and trust in the way that customers access, transact and receive support during their engagements with the organisation. The digitised solutions strategy combines existing competencies with digital technology capabilities to proactively reformulate the organisations value proposition to customers through the integration of its data, products and services. The success in executing the two digital strategies was crucially dependant on having a combination of an operational backbone to support efficiency and operational excellence; and a digital services platform to support rapid innovation and agility, as technology enabled assets (Sebastian et al., 2017).

Kazim (2019) determined that providing clear executive vision, support and commitment, enables operational leaders to adapt their ways of working in the execution of digital transformation initiatives. The execution of digital transformation initiatives can be positively impacted through cultural shifts in leaders influence and adoption of inclusive methodologies at all levels within organisations that allow for the reduction of failure costs through experimentation and empowerment of employees and teams (Kazim, 2019).

2.3.2 Leadership Mindset and Digital Transformation

Ready et al. (2020) identified four key mindsets representing the hallmarks of great leadership in the digital economy, which should exist collaboratively between managers and employees namely;

- Producers – are digitally savvy individuals that are obsessed with the customer, making disciplined decisions and who excel at executing;
- Investors – pursue a high purpose, develop continuously operate sustainably and benefit the community;
- Connectors – create a sense of belonging through the creation of tested partnerships, relationship building and development of networks.
- Explorers – are incurably curious, seeking only broad inputs, operating at the edge of chaos, continuously testing, trying and learning.

Ready et al. (2020) also highlighted the three fundamental reasons why leaders are not as ready to lead in the digital economy, namely;

- Deficient skill sets or outdated mindsets.
- Blind spots that cloud perspective
 - Strategic
 - Cultural
 - Human Capital
 - Personal
- Embedded tensions threatening trust and creating cultural inertia.

The study conducted by (Henderikx & Stoffers, 2022) found that the disruptive effects of digital transformation results in new ways of working across the entire organisation, requiring altro-centric leadership styles to be employed as the soft-skills (empathy, humility, integrity, compassion) associated with altro-centric leadership styles increase in importance relative to the comprehension of digital technology application. The study identified how Artificial Intelligence could be responsibly and ethically employed to perform quantifiable management tasks for data driven performance management in order to allow managers to rather focus on the empowerment of staff through coaching, motivating and other soft skills. The study established the necessity to “redefine leadership requirements in an increasingly digitalized world” (Henderikx & Stoffers, 2022).

Henderikx and Stoffers (2022) highlighted that the leadership challenges experienced by organisations undergoing digital transformation are not limited to

the top management only and highlighted how underexposed middle management are to these challenges given their key role within the digital transformation process. They highlight the two key parts of the digital transformation workforce, namely people with different mindsets and skillsets, and a different kind of workplace.

Kane et al. (2015) determined that the power of digital technologies resulted from how companies integrated technologies to transform the business and how the business operates. Digital maturity is driven by clear digital strategy in combination with collaborative and transformative culture, change mindset and digital leadership, 80% of participants from digitally maturing companies, within the conducted surveys indicated that their companies had a well-defined and comprehensible digital strategy. The scope and objectives of a digital transformation strategy are the key elements to transforming an organisation as more digitally maturing organisations develop digital strategies that focus on transforming the business versus the latter that have a more operational focus based on singular technologies.

Kane et al. (2015) found that in digitally maturing organisations, investment into the development of employee skills enabled strategy realisation. Digitally enabled organisations attracted employees as evidenced within the study, and as such organisations need to focus on retaining existing employees and alluring potential employees based on the digital opportunities that organisations could provide. Digitally maturing organisations enable a culture of risk taking in order to learn from failure and become less risk averse. The ability and competence of either an individual or group of individuals within an organisation, to display and communicate the value of digital fluency in relation to the organisation's future prospects, inspires confidence to employees.

The study conducted by (Dubru, 2017) found that a combination of business, reasoning and persuasion skills were essential in digital transformation within the banking sector. Although traditional competencies and leadership theories were still applicable in the South African banking context, they were not completely adequate for digital transformation. The study identified additional competencies

deemed to be crucial for digital leadership namely, an entrepreneurial mindset, being integrative, futuristic thinking and experiential learning (Dubru, 2017).

Hoe (2019), found that systems thinking was becoming a crucial element in the development of new digital ecosystems and in order for organisations to remain competitive they needed to grow a digital culture which could be enabled by implementing the remaining four disciplines of the learning organisation.

The study conducted by (Hoe, 2019) indicated the relevance of each of the disciplines as indicated below:

- The application of systems thinking in order to identify the various internal as well as external technical and business ecosystems and connect them in order to achieve a greater synergy and meet customer needs during digitalisation.
- The application of personal mastery in digital skills, technical and non-technical, to address digital competency gaps through training.
- Challenging mental models relating to ways of working to rethink solutioning for challenges caused by digital disruption.
- Creating a shared vision, aligning cross-departmental interests and commitment towards a common goal.
- Enabling diverse team learning through agile collaboration, in order to respond to rapidly fluctuating markets.

Forsythe and Rafoth (2022) found that the key enabler or prohibitor of digital maturity was the culture and mindset of an organisation, as organisations that do not align their culture to their digital vision normally fail at transformation. The right organisational culture needs to exist in order to adopt and accelerate the technical transformative changes. A digital mindset sets the environment within which the correct organisational culture can thrive. Digital mindsets are required in order to deploy the right solutions. The innate traits of a digital organisation are: democratizing information and flattening decision hierarchies.

2.4 Analytical Framework

2.4.1 *Path-Goal Theory*

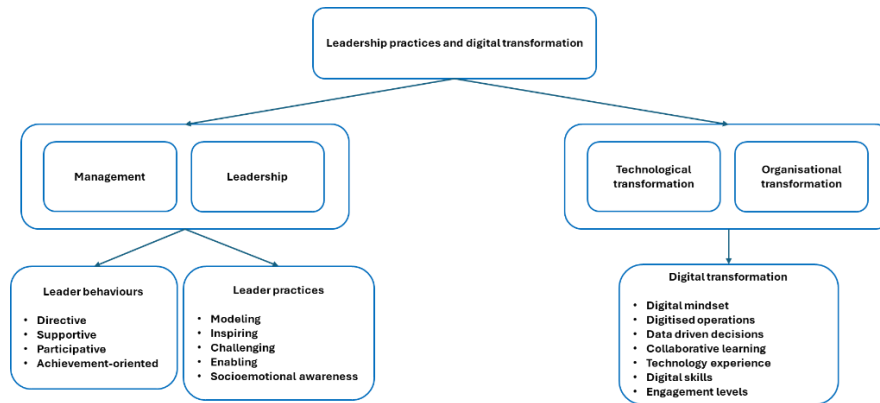
Path-Goal theory, which is rooted in expectancy theory and grounded in empirical research, looks at how leadership behaviour influences the degree to which their employee's realization of their personal and work goals are affected by the leader's behaviour (House & Mitchell, 1975). The theory focusses on the effects of four specific leader behaviours; Directive, Supportive, Participative and Achievement-oriented leadership behaviour; on the three employee attitudes or expectations namely; employee satisfaction, employee acceptance of leader, and employee expectations that their effort would lead to valued performance and rewards. Path-Goal theory infers that the strategic functions of a leader consist of:

- Recognition of employees needs for outcomes over which the leader has some degree of control.
- Increasing reward and recognition to employees for work-goal achievements.
- Making the path to reward and recognition easier to attain through directing and coaching.
- Clarifying expectations to employees.
- Reducing obstacles
- Increasing opportunities for reward and recognition contingent on effective performance

House & Mitchell (1975) indicated that the relationship between a leaders directiveness and employee satisfaction is contingent upon the personal characteristics of the employees and the environmental pressures and demands under which the employees need to accomplish their goals.

2.4.2 Conceptual Framework

Figure 2 - Conceptual Framework Diagram



2.5 Conclusion of Literature Review

The researched literature demonstrates that the mindset of individuals in relation to their leadership positions, impacts their ability to adapt their ways of working in the execution of digital transformation initiatives. Caniëls et al (2018) established a correlation between proactive personality and transformational leadership in employee engagement. The relationship between proactive disposition and work activity is managed by transformational leadership when employees have a growth mindset. The importance of mindset development in relation to leadership selection and development is highlighted by (Crane, 2021) and how conflicting mindsets can inhibit individuals from becoming successful managers. Kouzes and Posner (2019) also found that the Five Practices of Exemplary Leadership framework was more prevalent in managers with a growth mindset. The research conducted by (Keller & Schaninger, 2019 as cited in Crane, 2021) found research to support those businesses that recognised and focussed on mindsets have a higher success rate versus businesses that overlooked mindsets. Kazim (2019) determined that providing clear executive vision, support and commitment,

enables operational leaders to adapt their ways of working in the execution of digital transformation initiatives.

Henriette et al. (2015) noted the impact of digital transformation on the evolution of job roles and how digitalisation results in the transformation of the business model, noting that user experiences had become a key driver of digital transformation which is further supported by the digital transformation strategies of (Sebastian et al., 2017) relating to customer engagement and digitised solutions. (Henderikx & Stoffers, 2022) highlighted the importance of altro-centric leadership style adoption based on the impact that digital transformation has on our new ways of working and how data driven performance management could allow more focus on the empowerment of staff, highlighting the underexposed middle management and emphasising the two essential components of digital transformation relating to the workforce as; people with different mindsets and skillsets, and a different kind of workplace.

Kane et al. (2015) indicated that digital maturity was driven by clear digital strategy in combination with collaborative and transformative culture, change mindset, also supported in (Ready et Al., 2020) and digital leadership which is also found to be common in the findings of (Hoe, 2019 and Forsythe & Rafoth, 2022). Dubru (2017) found that business, cognitive and influencing skills combined are essential for digital transformation within the banking sector, identifying additional competencies deemed to be crucial for digital leadership namely, an entrepreneurial mindset, being integrative, futuristic thinking and experiential learning (Dubru, 2017).

Although current research and scholarly literature including that of (Mukherjee, 2020) does examine key mindsets that contribute to digital transformation, much of the literature is focussed either at a corporate level, executive leadership level or broadly speaks to the collective mindset and values that companies' should either instil or foster in employees.

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Research approach

This study employs an empirical, qualitative research approach in order to explore and gain a deeper insight into the leadership practices of operational managers within retail banking as it relates to digital transformation.

3.2 Research design

This study employs an empirical, qualitative research approach in order to explore and gain a deeper insight into the leadership practices of the selected sample of participants, who are experiencing digital transformation, through the individual semi-structured interviews conducted, contextualised within the operational management level in retail banking.

3.3 Data collection methods and procedures

Data collection was conducted utilising the purposive technique for the selection of participants, who were interviewed via Microsoft Teams, due to the location and availability of the participants. Each individual interview was scheduled for one hour and followed a semi-structured format with questions being posed to the participants in a sequential manner, to provide their responses and insights to the questions which focussed on the thematic areas related to leadership practices and digital transformation. Once the initial data had been analysed, a brief session of thirty minutes was scheduled with some participants to perform member checks, to test for and limit, any biases that could have occurred during the analysis and interpretation of the results.

The following process were followed:

- I. The identified participants were contacted telephonically to acquaint them with the study and its outlined purpose. Participants were informed that the

study would not make use of or reference the participants name or the organisation that they were employed by.

- II. The identified participants were requested to participate in a recorded and transcribed interview process.
- III. Upon the agreement of participation in the study, an interview was scheduled with the participant at a date and time that was convenient to the participant.
- IV. The full set of interview questions was sent to each participant one week prior to the scheduled interview, to allow the participant to familiarise themselves with the questions.
- V. At the start of each interview the participants were requested to provide their informed consent to the interview and use of their answers in the research, as well as being informed of their right to have their responses removed from the study upon their request.
- VI. At the end of each interview the participant was afforded an opportunity to provide any additional insights related to the questions.
- VII. Participants were thanked for their participation and the interview was ended.
- VIII. A thirty-minute member check session was conducted with some individual participants after the initial data analysis to limit potential biases.

3.4 Population and sample

3.4.1 *Population*

The population was limited to a retail banking institution within financial services, framed within the context of operational managers working at the head offices of the institution.

3.4.2 Sample

In this study, the subset of the population or sample that was focussed on were the operational managers engaged in the implementation of digital transformation initiatives.

3.4.3 Sampling method

The sampling method made use of a non-probability technique utilising convenient, purposive sampling at an identified institution as the participants were identifiable and accessible for the purpose of the research. The profile of the sampled participants was that of being employed by the same institution for longer than 5 years and holding an operational manager role that was responsible for the execution of digital transformation initiatives currently or within the past five years. The sample size was fifteen participants.

3.5 The research instrument

The research instrument consisted of a set of semi-structured interviews that were based on the research objective specified in chapter two. The interview questions, as listed in the Interview Guide - Appendix D, consisted of a combination of standard questions adapted from the Leadership Practices Inventory (LPI) (Kouzes and Posner, 2017) to understand how frequently operational managers engaged in various leadership behaviours, the digital transformation self-assessment tool developed by (MIT Sloan Management and Capgemini Consulting, 2015 as cited by Kontić & Vidicki, 2018) and questions adapted from the “Mindful Digital Transformation” webinar (Weber, 2017), (Dörner & Meffert, 2015) and (Goel, 2021).

The questions adapted from (Kouzes and Posner, 2017) focused on the five leadership practices that are displayed in effective leadership, namely; Model the Way, Inspire a Shared Vision, Challenge the Process, Enable others to Act and Encourage the Heart. The digital transformation questions evaluated the factors of a digital first mindset, digitised operations, data driven decisions, collaborative

learning, technology experience, digital skills and high engagement. The objective of this research is to explore the leadership practices that are effective for digital transformation.

3.6 Data analysis strategies and interpretation

The data within the study was analysed using a combination of inductive and deductive thematic coding of the transcribed interviews held with the participants. The inductive approach was used to reveal the codes and themes from the responses to the exploratory questions based on the participants' experiences and the deductive approach was used, based on the theoretical concepts related to leadership practices and digital transformation.

Braun and Clarke (2012) outlined the six phases of thematic analysis as follows:

- I. The first phase involves acquainting yourself with the data by analytically reading and understanding the transcribed interviews, listening to the recordings or watching the videos, to understand the meaning of the data and identify things relevant to the research question.
- II. Phase two entails systematically constructing your initial codes, whether descriptive, interpretive or a combination of both, that are associated to the research question in order to encapsulate the variability and patterns within the data meaningfully.
- III. Phase three involves actively looking for distinctive, collective and miscellaneous themes through the review of overlapping and similar coded data identified in phase two and discovering the connection between themes. An output of this phase is the production of a thematic map in order to start a review of themes in the next phase.
- IV. Phase four initiates a quality and cross check by reviewing the themes identified in phase three against the coded data and data set.
- V. Phase five defines and names the themes by scope, focus and purpose in relation to the research question through thematic analysis.

- VI. Phase six involves producing a report of the data based on the analysis in order to answer the research question

3.7 Possible limitations and challenges of the study

The research conducted within this qualitative study was limited to a single retail banking financial institution due to the limited timeframe (six months) in which the research was to be conducted. The result of the study are expected to vary if conducted at other various financial institutions as the context of leadership, digital maturity, management and digital transformation in relation to the research tool might differ based on the managerial level at which the research is targeted.

3.8 Quality Assurance

Trustworthiness is the methodological accuracy and adequacy of a research inquiry used by peers as a criteria for evaluation (Holloway & Wheeler, 2002 as cited in Anney, 2014). Credibility, dependability, conformity and transferability are used in the trustworthiness criteria for qualitative research and is applicable to this research (Guba, 1981; Schwandt et al., 2007 as cited in Anney, 2014).

3.8.1 *Transferability*

The transferability of the research is indicated in two ways; through “Thick description” (Anney, 2014) the detailed description of the research context, methodology, processes and resultant final report that is to be contained within this document and the purposive sampling technique employed to focus on a specific group of individuals who are knowledgeable and experienced in operational management and digital transformation initiatives for greater insights.

3.8.2 *Credibility*

The credibility of the research findings are supported by; the immersion into the worldview of the participant (Bitsch, 2005) as cited in (Anney, 2014) through

requesting the participants to provide their personal views as it relates to leadership and digital transformation; the use of peer debriefing (Guba, 1981; p. 85) as cited in (Anney, 2014) with the allocated supervisor providing feedback and scholarly guidance in relation to improving the quality of the study and incorporate the supervisors perceptions towards the development of the study' conclusion (Bitsch, 2005 as cited in Anney, 2014); member checks (Lincoln & Guba, 1985; Onwuegbuzie & Leech, 2007 as cited in Anney, 2014) were conducted with some of the individual participants once the initial data had been analysed in order to test for and limit, any biases that could have occurred during the analysis and interpretation of the results.

3.8.3 *Dependability*

The dependability of the research was maximised through the participation of the participants throughout the data analysis process as stated by (Cohen et al., 2011; Tobin & Begley, 2004 cited in Anney, 2014) and improved utilising the code-recode strategy of (Chilisa & Preece, 2005 cited in Anney, 2014) to compare the coding results one week after the initial coding.

3.9 Ethical considerations

The identified participants in the study were contacted telephonically to acquaint them with the study and its outlined purpose. Participants were informed that the study would not make use of or reference their name or the organisation that they were employed by, instead they would be referred to under an alias to respect their privacy and maintain confidentiality throughout the study. The participants were requested to participate in a recorded and transcribed interview process, at an agreed time and date convenient to them upon their agreement to participate. Prior to the interview the full set of interview questions were sent to each participant one week prior to the scheduled interview, to allow the participant to familiarise themselves with the questions. The participants were informed that they could refuse to answer any questions they wish and could abandon the study if not prepared to continue. At the start of each interview the participants were

requested to provide their informed consent to the interview and use of their answers in the research, as well as their right to have their responses removed from the study upon their request.

CHAPTER 4. PRESENTATION OF FINDINGS

4.1 Introduction

This chapter outlines the findings of the empirical, qualitative research conducted with the participants of the retail banking institution, herein referred to as 'Bank Y', to explore and gain a deeper insight into the leadership practices of operational managers within retail banking as it relates to digital transformation.

The analysis was conducted using a combination of inductive and deductive thematic coding of the transcribed interviews held with the participants. The inductive approach was used to reveal the codes and themes from the responses to the exploratory questions based on the participants' experiences and the deductive approach was used based on the theoretical concepts related to leadership practices and digital transformation.

4.2 Background Information

4.2.1 Background on Bank Y

The research was conducted within one of the five major traditional retail banks headquartered in Johannesburg South Africa, that has prioritised digital transformation as a strategic objective. Bank Y is one of the five major JSE listed banks based within South Africa and operating in 15 African countries. The bank views its purpose as enabling possibilities through the application of innovative technology to produce value to its customers and shareholders. Bank Y consists of 4 core clusters; Everyday Banking, Product Solutions, Relationship Banking and Corporate and Investment Banking clusters; which are supported and enabled by six functions; Legal, Risk, Compliance, Finance, Corporate affairs and Information & Technology. The figure 3 below provides a graphical representation of this view.

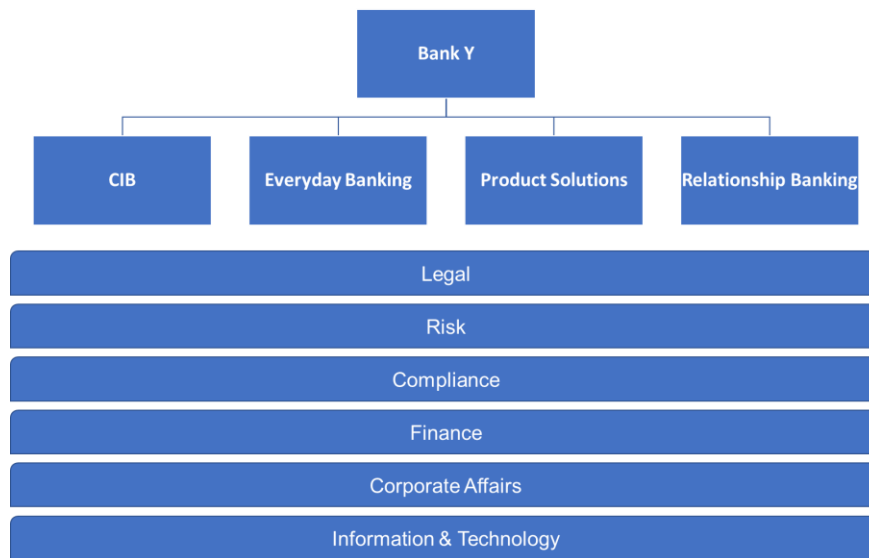


Figure 3 - Bank Y organisational structure

- **Everyday Banking Cluster:** The business unit consists of three areas, namely: Customer Value Management, Physical Channels and Digital Products, through which transactional solutions, personal loans, credit cards, savings and investments accounts are provisioned and managed to customers.
- **Product Solutions Cluster:** This business unit consists of vehicle financing, individual home loan financing, life insurance, short term insurance, collections and non-banking financial services.
- **Relationship Banking Cluster:** This business unit is responsible for the management of relationships between retail and business banking partners.
- **Corporate and Investment Banking Cluster (CIB):** This business unit is responsible for the provision and management of banking and investment solutions to corporate clients.

4.2.2 Participant Background

The research conducted focused on the operational managers working at the head offices of Bank Y who engaged in the implementation of digital

transformation initiatives within the Information & Technology function supporting the Everyday Banking and Relationship Banking clusters.

The profile of the fifteen sampled participants was that of being employed by the same institution for longer than 5 years and holding an operational manager role that is responsible for the execution of digital transformation initiatives presently or within the past five years, included within this sample are three executive managers, in order to compare whether the leadership practices were similar between the two roles. As per the ethical clearance obtained for this study the anonymity and confidentiality of the participants have been safeguarded, therefore the participants will be referred to as code P1, P2, P3 until P15. The table below reflects some general information on the participants.

Table 5 - Participant Information

Code	Supported Cluster	Department	Corporate Job Level	Tenure (in years)	Management Experience (in years)
P1	Everyday Banking	Information & Technology	LTP (VP)	> 20	14
P2	Everyday Banking	Information & Technology	LTP (VP)	> 15	11
P3	Everyday Banking	Information & Technology	LTP (VP)	> 30	25
P4	Everyday Banking	Information & Technology	Executive	> 15	11

P5	Everyday Banking	Information Technology &	SE Manager (VP)	> 5	5
P6	Everyday Banking	Information Technology &	SE Manager (VP)	> 5	8
P7	Everyday Banking	Information Technology &	Executive	> 10	10
P8	Everyday Banking	Information Technology &	Executive	> 20	11
P9	Everyday Banking	Information Technology &	LTP (VP)	> 5	7
P10	Everyday Banking	Information Technology &	LTP (VP)	> 10	6
P11	Everyday Banking	Information Technology &	SE Manager (VP)	> 10	7
P12	Everyday Banking	Information Technology &	SE Manager (VP)	> 15	10

P13	Relationship Banking	Information & Technology	SE Manager (VP)	> 5	5
P14	Everyday Banking	Information & Technology	LTP (VP)	> 10	10
P15	Everyday Banking	Information & Technology	SE Manager (VP)	> 5	5

4.3 Research Objective

The problem that this study addressed was the lack of knowledge into the leadership practices of operational managers undergoing digital transformation at the workplace and explored whether there was an alignment of these practices or if there were new leadership practices that aided towards achieving a successful digital transformation journey.

4.4 Data Analysis utilising the Thematic analysis process

The data within the study was analysed using a combination of inductive and deductive thematic coding of the transcribed interviews held with the participants. The inductive approach was used to reveal the codes and themes from the responses to the exploratory questions based on the participants' experiences, the deductive approach was used based on the theoretical concepts related to leadership practices and digital transformation.

As stated in section 3.6 the six phases of thematic analysis (Braun and Clarke,2012) method was employed.

4.4.1 *Acquainting yourself with the data*

The transcripts of the interviews were checked against the audio recordings of the individual interviews to ensure accuracy as well as capturing of initial impressions, inuendo and emotional responses in the feedback received, that related to the research objective.

Initial Impressions relating to the research objective

Company strategy, the communication thereof, understanding of the strategy and co-ownership of the strategy by staff, was viewed as highly important in order to digitally transform.

A strong impression of people-oriented leadership was evident where operational managers felt compelled to create 'Safe spaces' for staff to build on professional interpersonal relationships between teams and collaborate on innovations. Learning through failure was seen as a necessary catalyst for innovation, however not always possible due to committed deadlines and the time required for staff to learn, generate and test innovative ideas.

The participants' views on leadership were very much aligned to that of (Bargau, 2015) as it pertains to "transformational aspects of management" relating to staff motivation and change management and that leadership was essential for inspiring employees' commitment to their organisation and taking the organisation into its future state.

The participants references to both company and team culture featured predominantly when responding to questions related to successful digital transformation.

4.4.2 *Construction of initial codes*

The initial codes were generated using a combination of pre-set codes for two questions and open-coding for the remaining fourteen questions. These codes

were then refined during the coding process. Microsoft Excel was employed as the tool for the coding and identification of themes.

Codes were initially grouped by research question categories, from which themes were later derived. Table 6 reflects the initial codes that were generated grouped by research question category.

Table 6 - Initial Codes

Leadership questions:	Digital Transformation questions:	Combined questions related to Leadership and Digital transformation:
People-oriented Leadership	Change - Business/Culture/People/Processes	Communication of a common Vision and Business/Customer Benefits
Supportive Leadership	Technology Digitization	Team culture & Collaboration sessions
Servant Leadership	Improved customer experience	Leaders being passionate about change
Participative Leadership	Faster way to do things	Guidance
Directive Leadership	People	Providing learning opportunities
Achievement-oriented Leadership	Slow adoption rate	Rewards & Recognition
We learn and innovate through failure	Budget	Team culture & Collaboration sessions
Failure is a prerequisite for growth	Legacy Systems	Create a 'fail-safe' environment
Enables staff to learn faster	Skills shortage	Providing learning opportunities enabling innovation
Manage failure without penalising staff	Security concerns	Participative Leadership
Helps us understand how people deal with pressure	Growth Mindset & Change Culture	Recognition and Reward
Create a safe space for people to learn and innovate through failure	Skilled staff development & retention	Directive Leadership
Not always possible to allow for failure	Leadership & Alignment with Business Strategy	Servant Leadership
Through regular, Open, Honest and Transparent communication & Feedback	Customer Experience	Readiness to adopt and adapt to continual technology change
EQ - Emotional Intelligence	Technology	Achieved Customer and Business derived benefits from the technology
Relationships	Market competitiveness	Innovative mindset and company Culture
Providing a safe and supportive team environment	Budget	Increased rate of process maturation
Removing the barriers between manager and team members	Strategy	Sufficiently trained and resourced staff
None judgemental culture	Business & Customer Benefit	Lessons learnt from past mistakes
Recognition of contributions	Competitive landscape	Slow culture adoption
Operationally reactive	Speed of transformation	Open, collaborative & innovative culture
Learn from failure	Customer Demand	Our leadership styles have become customer centric
People EQ	Technology	Empowered Employees
Expect Failure and plan for it	Budget	Company enforced focus on adoption
Communication	Increased productivity	Culturally segregated business units
Blameless culture	Simplification of processes & systems	Being able to perceive the macro- and micro- view of the Technology estate
Democratic management style	Improved collaboration	Empowering your staff to collaborate and innovate, without fear of failure
Laissez-faire management style	Improved customer engagement	Understanding and effectively communicating your company Vision and Strategy
Autocratic management style	Negative interpersonal impact	Innovative mindset and a culture of learning through failure
Interpersonal relationships	Improved innovation	Understanding of business and customer needs
Joint responsibility/ownership	Increased pressure to deliver	Awareness of risk and controls
Trust		
Provide support & Guidance		
Team Building		

A total of 96 codes were generated in the initial process, each grouped based on the types of questions, namely, leadership, digital transformation and combined questions relating to both leadership and digital transformation.

The codes were then refined by statistically calculating the frequency by which each code was prevalent in each response to a specific question, as depicted in Table 7.

Table 7 - Refined Codes version 2

Leadership questions:	Participant No.	Early Impressions	Codes				
6. How have you developed co-operative relationships with staff?	1	team.	A	B	E		
	2	Empower the team members to make decisions	B	D	E		
	3	trust me, trust in them to get the job done, trusting	C	B	D	E	
	4	To ensure that I that they get to know me and get to	E				
	5	Sharing work experiences.	A	B			
	6	Understanding What's in it for me and what's in it for	B	C			
	7	through trust integrity and continuous	C	D	E		
	8	Be consistent in the way you respect and trust each	C	D			
	9	actively listening to the team, understanding their	C	A			
	10	Its built on trust and giving the right responsibilities	B	C			
	11	active networking within the team and as well as	E				
	12	showing your team that there isn't a separation	B	D	E		
	13	virtual coffee sessions	E				
	14	Regular check-ins and time spent with the team.	A	B	E		
	15	developing good people skills.	C	D	E		

Code Key	Code
Team Building	A
Joint responsibility/ownership	B
Trust	C
Provide support & Guidance	D
Interpersonal relationships	E

Leadership questions:	All Responses			Executive Responses		
	Codes	Total Number of coded responses	Percentage of coded responses	Codes	Total Number of coded responses	Percentage of coded responses
6. How have you developed co-operative relationships with staff?	Interpersonal relationships	10	29%	Interpersonal relationships	2	33%
	Joint responsibility/ownership	8	23%	Trust	2	33%
	Trust	7	20%	Provide support & Guidance	2	33%
	Provide support & Guidance	6	17%	Joint responsibility/ownership	0	0%
	Team Building	4	11%	Team Building	0	0%

A further review and modification of codes was then conducted which resulted in the 40 codes being defined as per Table 8.

Table 8 - Refined Codes version 3

Codes						
People-oriented Leadership	Supportive Leadership	Blameless culture	Joint responsibility/ownership	Leadership & Alignment with Business Strategy	Strategy	Our leadership styles have become customer centric
Failure is a prerequisite for growth	Through regular, Open, Honest and Transparent communication & Feedback	EQ - Emotional intelligence	Democratic management style	Strategy	Communication of a common Vision and Business/Customer Benefits	Manage failure without penalising staff
We learn and innovate through failure	Create a safe space for people to learn and innovate through failure	Learn from failure	Providing learning opportunities enabling innovation	Empowering your staff to collaborate and innovate, without fear of failure	Relationships	Being able to perceive the macro- and micro- view of the Technology estate
People EQ	Interpersonal relationships	Slow adoption rate	Team culture & Collaboration sessions	Create a 'Fail-safe' environment	Recognition and Reward	Helps us understand how people deal with pressure.
Change - Business/Culture/People/Processes	Growth Mindset & Change Culture	Business & Customer Benefit	Customer focussed transformation	Increased productivity	Rediness to adopt and adapt to continual technology change	Leaders being passionate about change
Removing the barriers between manager and team members	Trust	Skilled staff development & retention	Innovative mindset and a culture of learning through failure	Relationships		

4.4.3 Identification of Themes

Post the examination of the 40 codes, similar codes were grouped into collective categories which resulted in five key themes being identified, namely, Leadership Culture, Digital Leadership Competencies, Learning Culture, People Centred Transformation and Transformational Practices.

Table 9 - Initial Themes

THEMES				
Leadership Culture	Digital Leadership Competencies	Learning Culture	People Centred Transformation	Transformational Practices
People-oriented Leadership	Failure is a prerequisite for growth	We learn and innovate through failure	People EQ	Change - Business/Culture/People/Processes
Supportive Leadership	Through regular, Open, Honest and Transparent communication & Feedback	Create a safe space for people to learn and innovate through failure	Interpersonal relationships	Growth Mindset & Change Culture
Blameless culture	EQ - Emotional intelligence	Learn from failure	Slow adoption rate	Business & Customer Benefit
Joint responsibility/ownership	Democratic management style	Providing learning opportunities enabling innovation	Team culture & Collaboration sessions	Customer focussed transformation
Leadership & Alignment with Business Strategy	Strategy	Empowering your staff to collaborate and innovate, without fear of failure	Create a 'Fail-safe' environment	Increased productivity
Strategy	Communication of a common Vision and Business/Customer Benefits		Recognition and Reward	Rediness to adopt and adapt to continual technology change
Our leadership styles have become customer centric	Manage failure without penalising staff		Helps us understand how people deal with pressure.	Leaders being passionate about change
	Relationships		Relationships	Being able to percieve the macro- and micro- view of the Technology estate
			Removing the barriers between manager and team members	Innovative mindset and a culture of learning through failure
			Trust	
			Skilled staff development & retention	

4.4.4 Review and Finalisation of Defined Themes

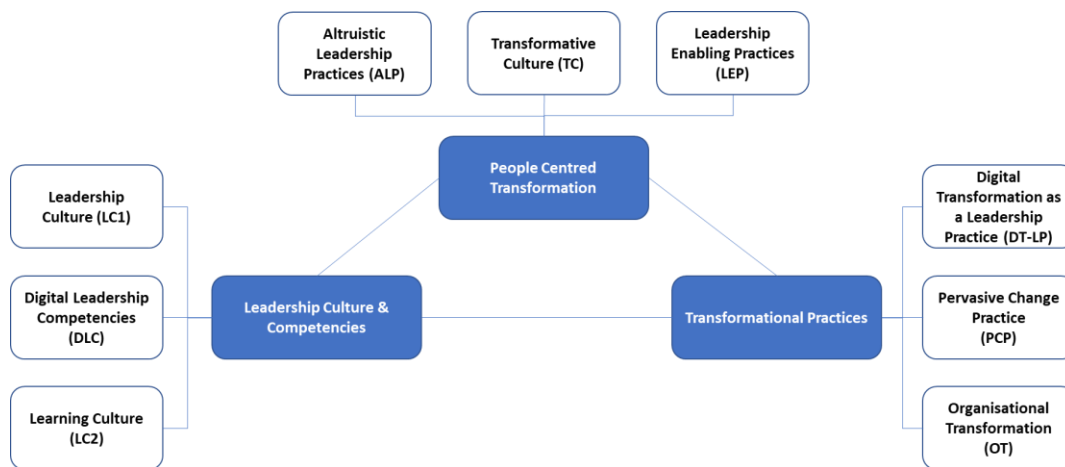
A further review of the themes against coded data resulted in the consolidation and incorporation of the Leadership Culture theme (LC1), Learning Culture theme (LC2) and Digital Leadership Competencies theme (DLC) into the Leadership Culture & Competencies theme and the finalisation of the three finalised themes and 23 codes aligned to the research objective as depicted in Table 10.

Table 10 - Final Themes

THEMES		
Leadership Culture & Competencies	People Centred Transformation	Transformational Practices
People-oriented Leadership (LC1)	Slow adoption rate	Change - Business/Culture/People/Processes
Supportive Leadership (LC1)	People EQ	Growth Mindset & Change Culture
Democratic management style (DLC)	Interpersonal relationships	Rediness to adopt and adapt to continual technology change
Communication of a common Vision and Business/Customer Benefits (DLC)	Team culture & Collaboration sessions	Innovative mindset and a culture of learning through failure
Joint responsibility/ownership (LC1)	Create a 'Fail-safe' environment	Being able to percieve the macro- and micro- view of the Technology estate
Being able to percieve the macro- and micro- view of the Technology estate (LC1)	Providing learning opportunities enabling innovation	
Failure is a prerequisite for growth (LC2)	Skilled staff development & retention	
Through regular, Open, Honest and Transparent communication & Feedback (DLC)	Recognition and Reward	
EQ - Emotional intelligence (DLC)		
Create a safe space for people to learn and innovate through failure (LC2)		

The final three themes identified are (1) Leadership Culture & Competencies, (2) People Centred Transformation and (3) Transformational Practices. The relationship between these themes is depicted in the thematic map within Figure 4.

Figure 4 - Thematic Map



4.5 Results

The journey towards successful digital transformation and digital maturity was reliant on the leadership practices employed at all levels of management within the organisation. The objective of this research is to explore the key leadership practices that represent the hallmarks of successful leadership within South African retail banking and to further the understanding of their relationships in an operational level management context, as it relates to successful digital transformation journeys. The sections below unpack the results identified in relation to the three themes.

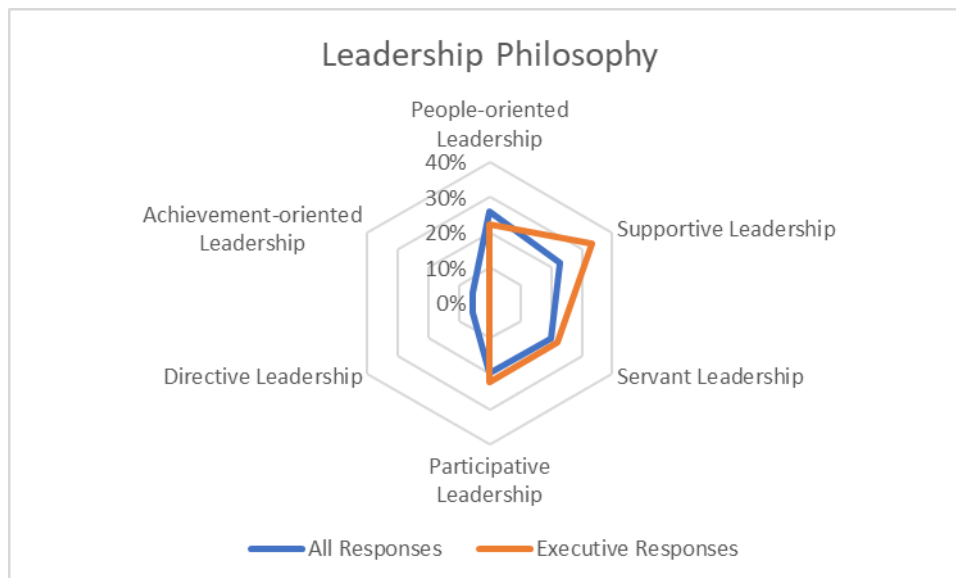
4.5.1 Leadership Culture & Competencies

Leadership Culture (LC1)

The top leadership philosophies based on the overall participant responses was People-Oriented leadership totalling 26% of the coded responses. The next most identified leadership philosophies were Supportive leadership at 23% followed collectively by Servant Leadership and Participative Leadership both at 20% of the coded responses. The lowest percentages of the coded responses were for Directive Leadership and Achievement-oriented Leadership each totalling 6%.

The top leadership philosophies based on the executive responses was Supportive Leadership totalling 33% of the coded responses. The next most identified leadership philosophies were People-oriented Leadership, Servant Leadership and Participative Leadership, each at 22% of the coded responses. The lowest percentages of the coded responses were for Directive Leadership and Achievement-oriented Leadership each totalling 0%.

Figure 5 - Leadership Philosophy Response Data



When comparing the top leadership philosophy responses between that of the executives versus all of the responses, a correlation can be seen, however it was clear that the operational level managers favour People-oriented Leadership

above Supportive Leadership philosophies. The lowest percentages of the coded responses were similar in both response categories for Directive Leadership and Achievement-oriented Leadership philosophies.

The way Operational managers managed their staff was reflective of the leadership philosophies as 44% of participants supported the Democratic management style seeking to incorporate the inputs of staff in the managerial process. Democratic leaders often seek feedback and input from subordinates and they encourage conversation and participation in the decision-making process. Executive managers vastly contrast to this as 100% supported the Laissez-faire management style. This was to be expected since Executive managers were not expected to be involved in the operational aspects of execution and allow operational managers the latitude with which to achieve the implementation of the strategic objectives in execution.

Leaders should be technologically adept and perceptive when assessing the impacts of digital transformation within their macro- and micro- views of their technology estates.

Digital Leadership Competencies (DLC) & Learning Culture (LC2)

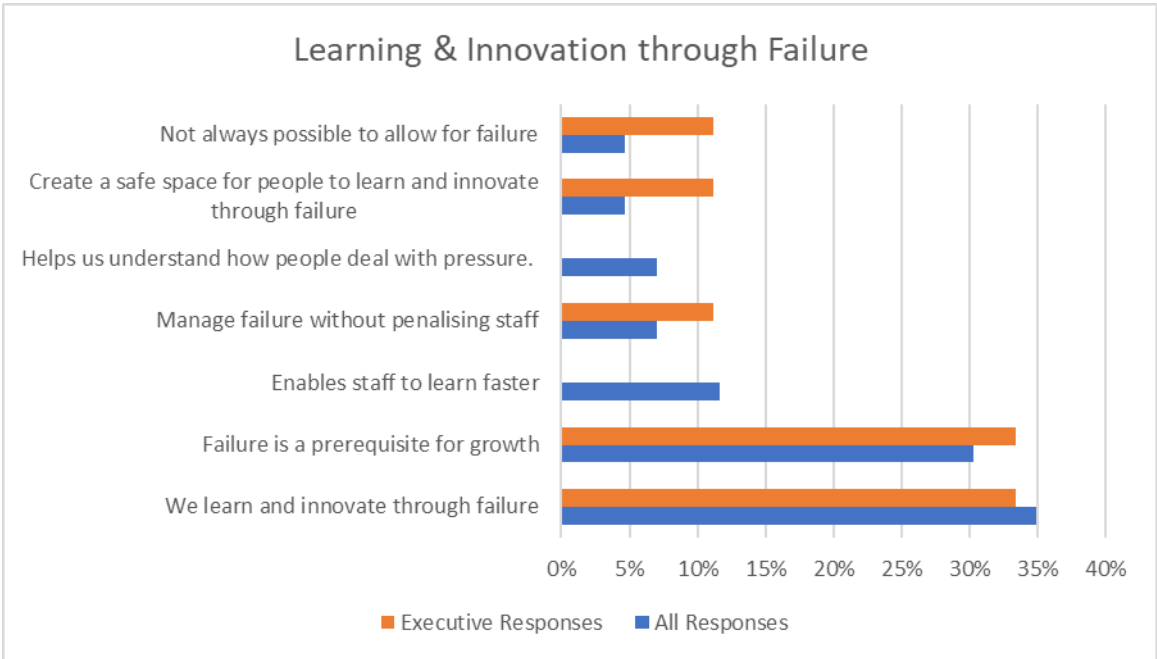
The ability to communicate effectively was identified as an essential portion of leadership competencies, with all participants indicating that the communication of a common vision or strategy and the buy-in of staff into that vision, resulted in the co-ownership of the strategy by those effecting the transformation and the achievement of the business and customer benefits as indicated by the comments of P12 below.

“A key factor of success is aligning on what we are about to, you know, change for our organization.” – P12

Operational managers, including the executives were in agreement that failure was a prerequisite for growth, however a high degree of applied emotional intelligence and trust, was required in order to honestly and blamelessly discuss failures, learnings and potential growth opportunities highlighted by these

failures. The ability to conduct these types of discussions was seen as a measure of digital maturity. Figure 6 and the comment below reflect the outcomes of the study in this regard.

Figure 6 - Learning & Innovation through Failure Data



“Trusting them to trust me, trust in them to get the job done, trusting them to give them the opportunity to do their own thing and work independently, but also setting common objectives.” – P3

It was noted by some participants that it was not always possible to allow for this blameless culture towards failure, given the inherent limitations on time and resources.

4.5.2 People Centred Transformation

A key theme that was consistent within the data was the importance of people in every required aspect of digital transformation.

The data highlighted two key challenges that the operational managers encountered during digital transformation, namely, People and slow adoption rates. The term “People” within the context of the study was defined as staff reporting to the operational managers, executives at the organisation and customers. The statement below provided a key observation into the importance of having the right people in order to bring about transformation.

“You need to be able to bring the right people on board with the right mindset with the thirst and the hunger to actually move to that new technology, that sort of turns them into charismatic leaders for that technology and change managers to bring the rest of the organisation on board.” – P6

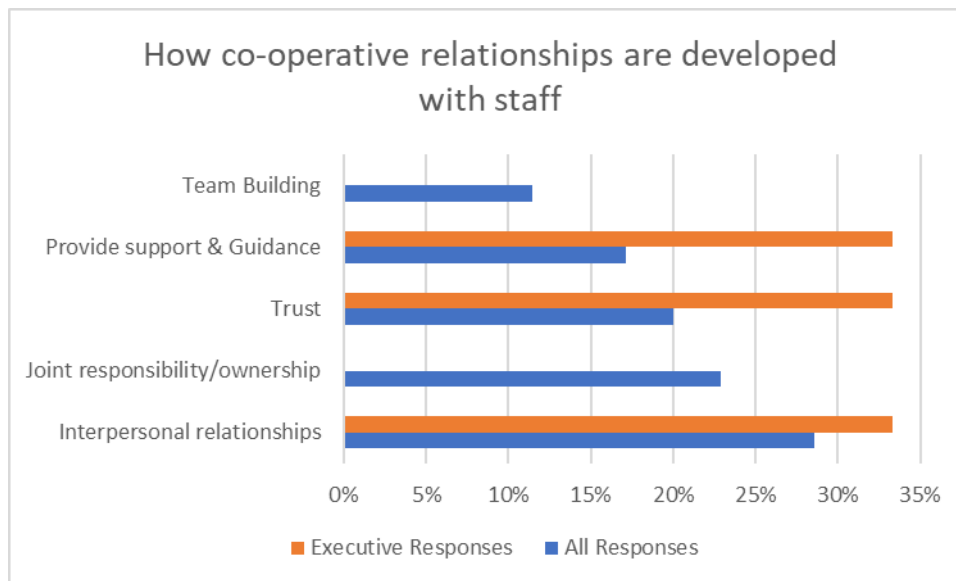
Altruistic Leadership Practices (ALP)

Within the context of the operational manager, the ability of the manager to listen, understand and interact with their staff, as well as good interpersonal relationships between staff members, was critical to successful digital transformation. The comments of P3 clearly indicate this sentiment.

“Listen, I’ve got to tell you, listen more than ... what you talk... Listen twice as much as what you talk...Act on the feedback that they give you... Show the appreciation. Empower the team to make decisions and to do things on their own.” – P3

Investing into the growth of professional interpersonal relationships assisted managers in developing co-operative relationships with and between staff. The data within Figure 7 supports this, indicating the key ways that these relationships are developed.

Figure 7 - Co-operative relationship Data



Additionally, the skillsets and mindset of the staff needed to be understood for the operational managers to understand the level of engagement and support required for the team to achieve its' transformative maturity.

“Everybody's got their responsibility but realise that individuals have specialised skillsets and that as a team, they collectively support each other in reaching objectives or managing a crisis.” – P1

“I believe the key factors for successful digital transformation would be to have the right people with the right mindset.” – P15

Transformative Culture (TC)

Organisationally impactful innovation was fostered within staff through the individual team's culture and the collaboration sessions that took place between teams.

Figure 8 - Organisationally impactful innovation Data



Equally as important was the creation of 'Fail-safe' environments, an environment where staff were given the space and time to generate innovative ideas, test them and learn from the failures without any negative connotation being related to the failures, but rather seeing the failures as learnings from which to find the right transformative innovation for the team and the organisation.

Leadership Enabling Practices (LEP)

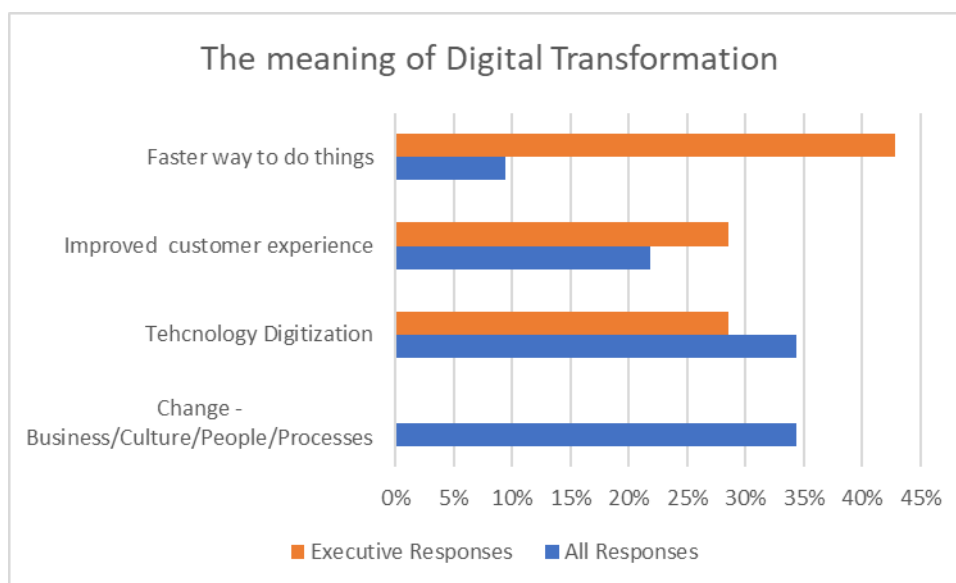
The investment of organisations into the education of their staff and the support that operational managers provide in terms of time away from work, mentoring and rebalancing of the teams' workload, all aided in the enablement of an innovative culture within the teams. This investment into the development of staff needs to be retained through both the recognition and reward of staff who equipped themselves to deliver innovation within the team as well as organisationally impactful innovation, however the data reflected a low statistical average supporting this view at only 7% of coded responses identifying with this.

4.5.3 Transformational Practices

Digital Transformation as a Leadership Practice (DT-LP)

Participants were asked to provide their definition of digital transformation which leads to a stark contrast between the views of executives and that of the operational managers. The executives' views of digital transformation were largely focussed on finding 'Faster ways to do things', whereas the views of the Operational managers were focussed on the overall change within the organisation, its culture, people and processes through the use of enabling technology.

Figure 9 - Digital Transformation Data



Participants indicated that transformation was subject to a willingness for people to want transformation and as a leadership practice, be encouraged and guided towards the transformational journey, as indicated by participant P14 below.

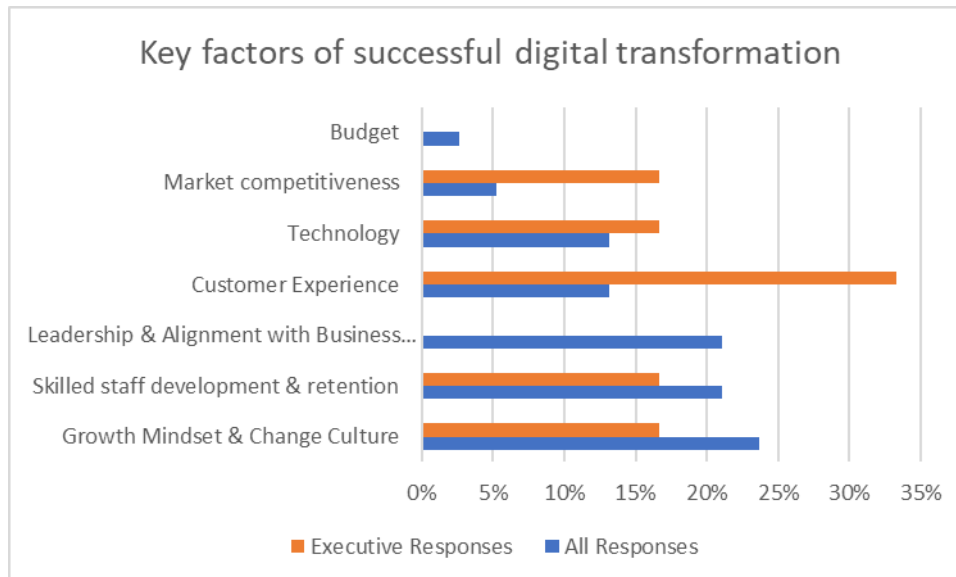
“the willingness for people to transform, even though we are living in a digitally led era, a lot of people like the way they do things and they don't necessarily want to change, that change causes stress or concern for people to say, if I digitally transform this system, then I'm gonna be out of a job. So I do think that people, you need to take people on that change journey with you.” – P14

Pervasive Change Practice (PCP)

Another key factor of successful digital transformation highlighted by the Operational managers in the data was ‘Growth Mindset & Change Culture’, as indicated in Figure 10. The growth mindset and change culture referred to by the participants related to the ability of people to adapt to change, managers inspiring and enabling staff, as a practice, to change within their ways of thinking and embracing that change as part of the ongoing culture of the organisation as indicated by participant P3.

“The culture needs to have a change towards a Change Culture. We want to change, we must change, we embrace change and it's very difficult because most people do not understand that and do not like that.” – P3

Figure 10 - Key Factors of successful digital transformation Data



Organisational Transformation (OT)

The ‘change culture’ continues into changing and improving the prioritisation of investment into the development and retention of staff as well as the way in which

leadership aligns the organisation with the business strategy and manages the change throughout the entire organisation.

The transformation of both the staff attitudes and acceptance of the change culture culminated in the predominantly supported view, 71% of coded responses, that digital maturity is the readiness to adopt and adapt to continual technology change in order to achieve customer and business derived benefits from technology, through staff having an innovation focussed outlook and company culture.

Participants also indicated that the practice of inculcating an innovative behaviour within the organisation required a culture of learning through failure in order to enable successful digital transformation. Leadership was expected to have a clear understanding of the macro- and micro- view of the technology estate in order to understand what was required in order to move the organisation forward.

CHAPTER 5. DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter discusses the results of the research findings presented in chapter 4 in relation to the research objective stated in section 1.4 which was to explore leadership practices required for effective digital transformation, with a focus on the leadership practices of operational level managers during digital transformation and whether there was alignment between the practices of executives or if there were any new prevailing practices that aided in the resultant successful digital transformation journey.

Table 11 - Research Objective, Research Question and Final Themes

Research Objective	Research Question	Themes
To explore leadership practices required for effective digital transformation.	Exploring what the predominant leadership practices are that contribute towards successful digital transformation within South African retail banking	Leadership Culture & Competencies
		People Centred Transformation
		Transformational Practices

5.2 Discussions Pertaining to the Research Objective

5.2.1 *Leadership Culture & Competencies*

The leadership culture between operational managers within the organisation was an inclusive and democratic one where input and buy-in from subordinates were both encouraged and required during the disruptive digital transformation process.

Much focus was given to the creation and sustainment of an ongoing culture of change from a strategic, ownership, technological and people aspect. Leaders were seen to be 'Change agents' who live the strategy in execution and inspire their teams to innovate through creating a culture of experimentation within 'safe' environments.

Leaders being authentic in their belief of the organisation's vision and the communication thereof to staff was crucial in creating shared ownership in the achievement of the business strategy.

A high degree of emotional intelligence was required of managers when dealing with the diverse individuals within their teams. This is much aligned to the study conducted by (Henderikx & Stoffers, 2022) which found the disruptive effects of digital transformation results in new ways of working across the entire organisation, requiring altro-centric leadership styles to be employed as the soft-skills (empathy, humility, integrity, compassion) associated with altro-centric leadership styles increase in importance relative to the comprehension of digital technology application.

Most managers expressed the need to not just create safe spaces for innovative collaboration, but also a culture where failure was not seen as a means for punishment but an opportunity to improve innovative ideas. This is further supported by the view of (Kazim, 2019) who indicated that the execution of digital transformation initiatives could be positively impacted through cultural shifts in leaders influence and adoption of inclusive methodologies at all levels within

organisations that allowed for the reduction of failure costs through experimentation and empowerment of employees and teams.

5.2.2 *People Centred Transformation*

Within the organisation, transformation was centred around the people who enabled the company's digital transformation. Having the right people and providing formal development opportunities fostered the transformative culture within the organisation. The learning opportunities were aligned to the strategic technology objectives through sending staff on training that would directly impact the organisations technical capabilities. Kane et al. (2015) supports this view in their findings that in digitally maturing organisations, investment into the development of employee skills enabled strategy realisation. Digitally enabled organisations attracted employees as evidenced within the study, and as such organisations need to focus on retaining existing employees and alluring potential employees based on the digital opportunities that organisations could provide.

Equally important was the operational managers' maturity in emotional intelligence. Emotional intelligence played a critical role in how the managers viewed their staff, their current capabilities and understanding how to nurture both their capabilities and interpersonal relationships with other colleagues. The interpersonal relationships enabled improved collaboration between colleagues, ultimately resulting in cross sharing of ideas, innovation and the correct team culture.

For staff to be innovative they required management to understand and commit to a culture of "Failing in order to innovate", which negates the effects of a fixed mindset, as it removed or limited the consequences of failure in a protected environment. These 'Fail safe' environments were not just from a technological perspective but also from a social perspective within the confines of respect towards each individual.

Recognition and reward were an underemphasised motivator within the organisation as only 7% of coded responses identified with it being one of the

catalysts for organisationally impactful innovation. Given the investment into the education of staff and the new value that the staff provided the organisation with, the organisation through its management did not provide a clear strategy for retaining the created value and were at risk of invested value attrition in staff.

5.2.3 *Transformational Practices*

Transformation at the organisation started with understanding that change was often met with resistance and to effect change required the willingness of people to want transformation. Based on the data, the broadly accepted definition of 'Digital Transformation' was seen as the overall change within the organisation, its culture, people and processes through the use of enabling technology. Executive views on digital transformation were much aligned to that of (Berghaus & Back, 2016) focussing on process digitisation, efficiency and enhancing of products via digital capabilities, whereas the operational managers views were aligned closer to that of (Armstrong & Lee, 2021; p.495) focussing on the complete organisational change to disruption which resulted in the improvement of the organisation through transformation.

The ability of the operational managers to influence and nurture staff through the leadership practices of modelling the way, inspiring the shared vision and enabling action, was key to establishing a change culture, collective innovation and transformation. Academic literature supports this view as (Forsythe and Rafoth, 2022) found that culture and mindset of an organisation were key enablers or inhibitors of digital maturity and transformation within organisations.

The transformation of both the staff attitudes and acceptance of the change culture culminated in the predominantly supported view, 71% of coded responses, that digital maturity was the readiness to adopt and adapt to continual technology change to achieve customer and business derived benefits from technology, through staff having an innovation focussed outlook and company culture. Kane et al. (2015) corroborates this view through indicating that digital maturity is driven by clear digital strategy in combination with collaborative and transformative culture, change mindset and digital leadership.

In comparison to the global executive study conducted by (Ready et al., 2020) the data reflected that the participants identified with all four of the key mindsets characteristics of distinguished leadership in the digital economy, i.e. Producers, Investors, Connectors and Explorers.

CHAPTER 6. CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter provides the overall conclusion of the research findings in relation to the research objective and the recommendations for future research related to leadership practices and digital transformation within a financial institution.

6.2 Conclusion

The research study identified an alignment between the identified themes and the leadership practices of operational managers with that of executive managers with regards to the Five Practices of Exemplary Leadership framework (Kouzes and Posner, 2017).

The Leadership Culture & Competencies theme incorporated the demonstration of values and beliefs through behaviour, the importance of operational managers believing and becoming change agents for the implementation of the organisational strategy by understanding and communicating a clear future state and inspiring staff in this belief. Company strategy, the communication thereof, understanding of the strategy and co-ownership of the strategy by staff, was viewed as highly important in order to digitally transform.

Additionally, this theme highlighted a key importance from an operational management perspective on adopting and promoting experimental change in order to learn and innovate as failure within the organisation was a prerequisite for growth within the context of digitally mature leadership and staff. Learning through failure was seen as a necessary catalyst for innovation, however not always possible due to committed deadlines and the time required for staff to learn, generate and test innovative ideas.

This theme also relates to the Path-goal theory of (House & Mitchell, 1975) and how the effects of leader behaviours on the employee attitudes affect performance and reward. The findings show that within the organisation greater

focus was given to supportive and participative leader behaviours from operational managers on employee satisfaction within their teams, organisation and the willingness to believe and follow the operational manager's approach to achieving the strategy and digital transformative goals.

The views of operational managers in relation to the reward and recognition of valued performance by employees, focused more on giving the individual recognition through individual feedback, internal team communications and wider group communications. However, there was very little evidence to reflect how or in which manner employees viewed the value of the reward in relation to their performance.

The People Centred Transformation theme incorporated both collaboration through establishing and maintaining trustworthy relationships with staff and being aware of the socioemotional needs of followers through the rewarding of desired performance. This was evidenced within the findings which highlighted the importance of interpersonal skills and the professional interpersonal relationships between operational managers, staff and the impact thereof on the team culture and the greater organisational culture. Within the organisation 'transformative maturity' was closely linked to the professional interpersonal relationships that operational managers had a direct influence on.

The data reflected the importance of investment into the education of staff and the role operational managers played in terms of mentoring individuals, teams and the enablement of an innovative culture, however very little evidence was provided in terms of how operational managers were equipped in order to identify talent and the subsequent selection for formal educational investment.

The third theme reflected the views of (Henderikx & Stoffers, 2022) highlighting the importance of people with different mindsets and skillsets in a digitally transformative workplace environment. The data reflected that transformation was subject to a willingness for people to want transformation and how operational managers needed to facilitate that transformational adjustment in all contexts of the individual, organisation and culture. This was further supported

as indicated in section 2.5 of the literature review conclusion where the researched literature showed that the mindset of individuals in relation to their leadership positions impacted their ability to adapt their ways of working in the execution of digital transformation initiatives.

The transformational mindset as per the data, spoke to the ability of people to adapt to change within their ways of thinking and embracing change as part of the ongoing culture of the organisation. This view is further supported by (Forsythe and Rafoth, 2022) in their findings that the key enablers or prohibitors of digital maturity was the culture and mindset of an organisation, as organisations that did not align their culture to their digital vision normally failed at transformation.

In conclusion the data within the research supports that much of the leadership practices used by executives are indeed also employed by operational managers, however the operational manager focused more on the altro-centric or people-oriented aspects of digital maturity and how to correctly influence their team members holistically during digital transformation. This was further supported in research conducted by (Kazim, 2019) who determined that providing clear executive vision, support and commitment, enabled operational leaders to adapt their ways of working in the execution of digital transformation initiatives.

6.3 Recommendations

Given the limitations of the study it would be recommended that the same study, pending full ethics clearance and institutional approval, be conducted across all of the major banks within South Africa in order to evaluate the outcomes and draw a broader and more holistic conclusion within the South African banking context.

Measures for evaluating leadership practices situational effectiveness

The research identified a need for organisations to easily evaluate the situational leadership practices employed by managers and executives throughout an

organisation, in order to rapidly identify, propagate or correct those leadership practices that are either sought after or counterintuitive in the organisation achieving digital maturity and its digital transformation rate. Many of the participants in the study indicated that although they believed that the practices they employed were situationally correct there was no definitive means by which they could evaluate themselves. A quantitative study evaluating the effectiveness of each respective leadership practice against distinctive situations is recommended in order to create a measure of success and to formulate a tool by which the effectiveness of specific leadership practices could be evaluated.

Collective managerial learnings on leadership

The study identified a lack of any formal cross-team collaboration between operational managers where leadership practice experiences were shared in order for collective managerial learning to take place. It is recommended that further qualitative research be conducted to understand and explore the reasons inhibiting or advancing collective leadership learnings between managers.

The impact of rewards-based innovation and digital transformation

Further research addressing the views of staff on the value of rewards and its relativity to improved organisational innovation, could shed additional light on the full value chain of digital transformation and the role of reward systems on digital transformation. A mixed method (quantitative and qualitative) research methodology is recommended in order to quantify the existing value of rewards-based innovation and to explore what value rewards-based innovation has within the achievement of digital transformation within companies.

Educational investment and retention of talent - Identification and selection

The research within the organisation, Bank Y, highlighted very little evidence of how operational managers were equipped in order to identify talent, the subsequent selection process for formal educational investment and the retention plans of the selected staff, in order to achieve benefit realisation from the investment towards the organisations' digital transformation journey. Further

quantitative research into this topic could lead to a greater understanding of the holistic organisational transformation and journey towards digital transformation.

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APPENDIX A - Prior Studies



Prior Studies.pdf

APPENDIX B - Participant information sheet



Participant
Information Sheet.pdf

APPENDIX C – Participant Consent form



Participant Consent
Form.pdf

APPENDIX D – Interview guide



Interview Guide.pdf

APPENDIX E – Permission Letter

Permission has been provided, within the attachment, by the organisation where the study will be conducted.



Letter of Permission.msg

APPENDIX F – Supervisor Endorsement Letter

The supervisor Dr Tebogo Sethibe has provided his endorsement of the research proposal within the attachment below.



MMDB - Permission
to submit the propose