Gordon Institute of Business Science
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The Impact of Ethical Governance on Digital Leadership Effectiveness and Operational Efficiency in South African Banks: Perspectives from Digital Leaders, Managers, and Employees

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ABSTRACT

This study investigates how ethical governance influences digital leadership effectiveness and process efficiency in South African banks undergoing digital transformation. As banks accelerate innovation to remain competitive, they must also uphold ethical standards, regulatory compliance, and stakeholder trust. Using an interpretivist qualitative approach, the research draws on 20 semi-structured interviews with digital leaders, managers, and employees across five major banks.

Thematic analysis discovered three mutually dependent constructs ethical governance, digital leadership, and process efficiency each contributing to sustainable transformation. Findings show that ethical governance, when embedded early in design and reinforced by leadership modeling, enhances operational reliability and reduces risk. Conversely, governance perceived as bureaucratic can hinder innovation and efficiency. Effective digital leaders mediate this tension by aligning strategy, empowering teams, and fostering ethical climates.

Efficiency gains such as reduced turnaround times and improved data quality were most durable when governance and leadership were integrated. The study contributes to theory by bridging Institutional Theory, Ethical Climate Theory, and Corporate Digital Responsibility, and offers practical recommendations for aligning innovation with ethical oversight. These insights are especially relevant for emerging market banks navigating complex socio-economic and regulatory landscapes, where leadership decisions must balance agility, compliance, and inclusive value creation.

KEYWORDS

ethical governance, digital leadership, process efficiency, responsible innovation, banking transformation

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Ntombifuthi Matela

Date

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ABBREVIATIONS

AI – Artificial Intelligence

BANKSETA – Banking Sector Education and Training Authority

BASA – The Banking Association of South Africa

B-BBEE - Broad-Based Black Economic Empowerment

BCBS – Basel Committee on Banking Supervision

CDR - Corporate Digital Responsibility

DTIC - Department of Trade, Industry and Competition

ESG – Environmental, Social Governance

EU – European Union

FSCA - Financial Sector Conduct Authority

GDPR - General Data Protection Regulation

INSETA – Insurance Secor Education and Training Authority

IODSA - IoDSA

NCR - National Credit Regulator

POPIA - Protection of Personal Information Act

RPA - Robotic Process Automation

RSA – Republic of South Africa

KEY DEFINITIONS

Ethical Governance: Principles, policies, committees, and controls that ensure decisions and processes meet standards of accountability, transparency, fairness, and legal compliance - Institute of Directors in Southern Africa, 2016; Klus & Müller, 2021; POPIA, 2013).

Digital Leadership Effectiveness: Leaders' ability to align strategy, people, and governance in digital initiatives; includes vision, alignment, governance-by-design, delegated authority within guardrails, and persistent sponsorship (Muktamar & Yusuf, 2023; Wynn & Jones, 2023).

Process Efficiency: Joint performance of speed/throughput, quality/error reduction, consent/compliance stability, customer feedback, and cost-to-serve (Juma Ally et al., 2025; McKinsey & Company, 2023).

Lineage: End-to-end traceability of data movement and transformation across systems (Basel Committee on Banking Supervision, 2013).

Governance-by-Design: Embedding consent, lineage, validation, and decision rights early in the design and delivery pipeline (Lobschat et al., 2021; Mueller, 2022; European Union, 2016).

1 CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 BACKGROUND AND CONTEXT

"Efficiency without ethics breeds instability?" – Financial Sector Conduct Authority (FSCA, 2023).

Digital transformation has become a strategic imperative for banks globally, including those in South Africa. Technologies such as artificial intelligence (AI), blockchain, robotic process automation (RPA), and cloud computing are reshaping operations, customer service, and risk management (McKinsey & Company, 2023). While these innovations promise efficiency and competitiveness, they also introduce ethical risks, including data privacy violations, algorithmic bias, and digital exclusion (Lobschat et al., 2021).

South African banks operate within a robust governance landscape that shapes leadership practice and operational choices. The King IV Report on Corporate Governance (2016) emphasises ethical leadership, stakeholder inclusivity, and sustainable value creation (Institute of Directors in Southern Africa, 2016; Klus & Müller, 2021). The Protection of Personal Information Act (POPIA, 2013) regulates data management and privacy (Republic of South Africa, 2013). The Broad-Based Black Economic Empowerment (B-BBEE) framework promotes inclusive participation and ethical leadership across financial institutions (BANKSETA, 2022).

International standards such as Basel Committee on Banking Supervision 239 (risk data aggregation/reporting) and the EU GDPR further influence local practice (BCBS, 2013; Buckley et al., 2021). Oversight bodies including the South African Reserve Bank (SARB), the Financial Sector Conduct Authority (FSCA), and the National Credit Regulator (NCR) enforce these standards (Brunner et al., 2023; FSCA, 2022; NCR, 2021).

This governance premise is echoed globally too. The World Economic Forum (2025) indicates: “In an era defined by unprecedented technological advancement and global complexity, the role of businesses in delivering on the Sustainable Development Goals has never been more vital.” Pope Francis further reinforced this ethical dimension by noting that “Human dignity must never be violated for the sake of efficiency” (World Economic Forum, 2025). Trust and sustainability will be jeopardised if leaders are not embedding values for growth endeavors. Leaders around the world agree with this imperative. McKinsey (2025) advises that “The biggest barrier to scaling AI is not employees who are ready, but leaders who are not steering fast enough.” On the other hand, Governancepedia (2025) reminds us that “Technology is smart, but trust is smarter,” demonstrating that digital leadership effectiveness requires ethical governance as foundation.

The emerging King V guidance (IoDSA, 2025) converges with these global principles, advocating ethical and effective leadership to achieve four outcomes: ethical culture, performance, conformance, and legitimacy. In practice, leading banks (e.g., Absa Group, 2025) reaffirm that strong corporate governance both sustains shareholder value and promotes positive outcomes for all stakeholders.

The FSCA (2025) makes the broader point explicit: the pursuit of value divorced from values fuels excess and systemic harm; leadership must balance innovation with inclusion, efficiency with fairness, and growth with sustainability. Although prior work acknowledges governance as a catalyst for digital change (Bisht et al., 2022) and highlights the complexity introduced by rapid digitisation (McKinsey & Company, 2023), fewer studies empirically examine how governance, leadership, and efficiency interact in practice.

Recent analyses (McGrath & Walker, 2023) show that insufficient ethical oversight during technology adoption undermines operational efficiency. The interplay between ethical governance, leadership effectiveness, and process efficiency within South African banks thus remains underexplored this study addresses that gap.

1.2 RESEARCH PROBLEM

The financial industry's rapid digital transformation, amid stringent ethical governance requirements, has complicated the balance between technology innovation, ethical oversight, and operational efficiency. Empirical and practitioner sources indicate that financial institutions struggle to sustain effective ethical controls during technology adoption, which can adversely affect capacity, throughput, and service quality (McGrath & Walker, 2023). Technologies such as AI, decision automation, and cloud platforms often outpace governance interpretation or implementation, heightening the risk of privacy violations, biased outcomes, or compliance gaps.

A persistent challenge stems from translating theoretical governance concepts (e.g., King IV, POPIA) into practical, day-to-day guidance. Hendershott, Livdan, & Schürhoff (2021) contend that this translation gap produces misalignment between governance aims and operational realities, manifesting as either excessive bureaucracy that slows delivery or under-scoped oversight that invites incidents. Moreover, studies show diverging perceptions: leadership often frames governance as a strategic enabler, whereas staff under delivery pressure may perceive governance as operational hindrance (Tang et al., 2020) both views materially affect efficiency and service outcomes (Buckley et al., 2021).

These tensions are amplified in South Africa by the regulatory density and socio-political imperatives (e.g., B-BBEE, financial inclusion). Institutions must simultaneously accelerate digital modernization and safeguard ethics and compliance. The central research problem is thus to understand how ethical governance influences digital leadership and, through leadership, affects operational efficiency in South African banks.

What is the impact of ethical governance on digital leadership effectiveness and process efficiency for banks in South Africa, from the perspectives of digital leaders, managers, and employees? This core question encapsulates the study's intent to examine mechanisms of influence, leadership mediation, and observable efficiency outcomes (e.g., cycle time, error rates, adoption, incidents) under real transformation conditions.

1.3 RESEARCH RELEVANCE AND RATIONALE

Practical significance. Banks require actionable strategies to embed ethics into digital operating models without sacrificing efficiency. Failures in ethical governance (e.g., consent breaches, lineage gaps) carry heavy costs regulatory penalties, client harm, rework, and reputational damage (Megdad et al., 2024; Arees, 2025). Conversely, overly rigid controls can stifle innovation, elongate cycle times, and erode competitive advantage (McGrath & Walker, 2023). This study surfaces practices by which leaders can reconcile compliance obligations and innovation velocity for example, governance-by-design and early risk involvement during solution definition.

1.3.1 THEORETICAL CONTRIBUTION

The study extends Corporate Digital Responsibility CDR by showing how leadership operationalises digital ethics (privacy, fairness, transparency) into repeatable controls and measurable KPIs (Lobschat et al., 2021; Mueller, 2022; Wynn & Jones, 2023). It also refines the leadership construct by evidencing mediation leaders to translate governance into delivery routines, decision rights, and assurance gates that influence throughput and quality (Fang, 2023; Muktamar & Yusuf, 2023). Additionally, it bridges governance and efficiency by tracing how specific controls (lineage, consent, model validation) correlate with process outcomes (turnaround, error reduction, customer feedback) in digital programs (Juma Ally et al., 2025).

1.3.2 CONTEXTUAL VALUE

The research focuses emerging market realities infrastructure adjustment, dual imperatives of inclusion and modernisation, and regional regulatory distinctions providing grounded insights that often under-represented in global discourse.

1.4 RESEARCH OBJECTIVES

To examine how ethical governance influences digital leadership effectiveness and process efficiency for banks in South Africa undergoing digital transformation, as well as identify practices that sustain responsible and efficient delivery.

1.4.1 OBJECTIVES

- Investigate how ethical governance frameworks (codes of conduct, data/privacy policies, risk committees, SDLC controls) influence digital leadership decisions and behaviours.
- Evaluate the impact of ethical governance on operational performance metrics (e.g., cycle time, throughput, error/accuracy, compliance incidents, customer feedback).
- Analyse how digital leaders mediate the governance efficiency relationship (e.g., early risk involvement, delegated authority within guardrails, governance-by-design).
- Compare interpretations across organisational levels (executives, managers, frontline employees) to identify alignment gaps and practical challenges.
- Develop and present a conceptual framework linking ethical governance, digital leadership effectiveness, and process efficiency, to inform practice and future research.

1.5 THEORETICAL ORIENTATION

The research integrates:

- Institutional Theory (DiMaggio & Powell, 1983; Scott, 2014): external coercive (regulatory), normative (professional, societal), and mimetic pressures lead banks to codify governance practices.
- Ethical Climate Theory (ECT) (Victor & Cullen, 1987; Cullen & Victor, 1988): shared perceptions of "how we do things here" mediate whether formal rules are enacted constructively or bypassed.
- Corporate Digital Responsibility (CDR) (Lobschat et al., 2021; Mueller, 2022): holistic responsibility for digital technologies urges leaders to balance adoption with safeguards (privacy, fairness, transparency).
- Digital Leadership perspectives (Fang, 2023; Wynn & Jones, 2023): leaders translate governance into strategy, routines, and culture reconciling agility with assurance.

These lenses jointly explain why governance exists, how it is enacted culturally, what leadership does to embed it in delivery, and which efficiency outcomes are ethically robust.

1.6 CONCEPTUAL FRAMEWORK

The conceptual framework positions **Ethical Governance** as the foundational independent construct; **Digital Leadership Effectiveness** as the mediating construct that operationalises governance into practice; and Process Efficiency as the dependent outcome construct measured by time, quality, consent/compliance, feedback, and cost.

1.6.1 EXPECTED RELATIONSHIPS

- Effective ethical governance enables leadership by clarifying boundaries (e.g., POPIA-compliant data use), legitimising controls (lineage, validation), and structuring decision rights.
- Effective digital leadership mediates governance into early design involvement, risk-based approvals, and delegated authority within guardrails reducing late friction and rework.
- Process efficiency is robust when speed improvements coexist with stable or improved quality/compliance indicators (turnaround, errors, consent, feedback).

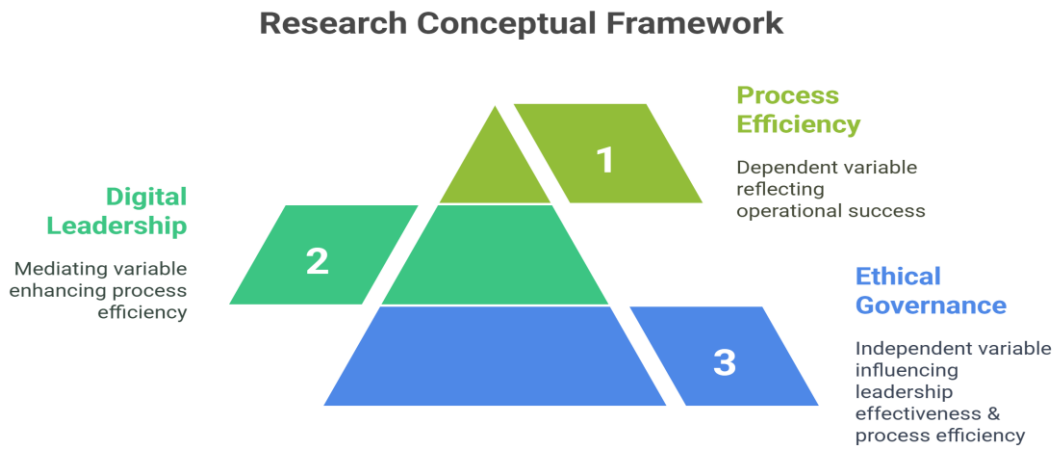

Figure 1: Conceptual Framework: Ethical Governance, Digital Leadership, and Process Efficiency

Source: Researcher's composition

<u>Triangle depiction</u>

- The base of the triangle represents Ethical Governance, forming the foundation of responsible decision making and strategic alignment. This includes adherence to frameworks like King IV and POPIA and cultivating an ethical organisational culture.
- The middle tier reflects Digital Leadership, which acts as the conduit or mediator translating governance principles into operational practices. Effective digital leadership ensures that compliance and ethics are maintained even as the bank innovates and streamlines processes.

- The apex of the triangle signifies Process Efficiency, the ultimate outcome where improved operations (speed, cost, quality) are achieved without compromising ethical standards.
- This framework guides empirical investigation and informs how we interpret the relationships uncovered in the study. It suggests that any analysis of process improvements must consider the underlying governance context and leadership actions. In other words, improvements in efficiency that neglect governance might be unsustainable or unethical, and strong governance with weak leadership might result in bureaucratic inefficiency. The conceptual framework focuses our attention on the sweet spot where governance and leadership reinforce each other to drive positive outcomes.
- Efficiency improvements that neglect governance are fragile (incident spikes, rework). Strong governance with weak leadership risks bureaucratic slowdown. The “sweet spot” occurs when governance and leadership reinforce one another.

2 LITERATURE REVIEW

2.1 INTRODUCTION

The digital transformation of financial institutions has become a global imperative, fundamentally reshaping operational frameworks, customer engagement, and governance structures (Diener & Špaček, 2021; Fang, 2023). Around the world, banks have leveraged advanced technologies such as artificial intelligence (AI), cloud computing, and blockchain to enhance efficiency, improve customer experience, and maintain competitiveness in an increasingly digital economy (López-Figueroa et al., 2025). However, this transformation was not merely technical; it was deeply linked with ethical, regulatory, and leadership considerations that determined success or failure.

In South Africa, the digitalisation of banking services presented unique complexities. Unlike many developed economies, South Africa faced a dual challenge modernising technological infrastructure while addressing socio-economic disparities rooted in historical exclusion (BANKSETA, 2022; BASA, 2023). This dual mandate required banks to balance innovation with inclusivity, ensuring that digital transformation did not exacerbate inequality but rather promoted financial inclusion and social justice. Regulatory frameworks such as the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Financial Sector Codes (FSC) embedded transformation imperatives into governance structures, compelling banks to align technological progress with equity objectives (Krutham, 2023).

The ethical dimension of digital transformation gained importance following global and local governance failures. Internationally, scandals like the collapses of Enron and Lehman Brothers highlighted the catastrophic consequences of unethical leadership and poor governance (Monahan, 2020). In South Africa, corporate malfeasance in the financial sector similarly underscored the need for strong ethical oversight (Mahlangu, 2021). These failures catalysed regulatory reforms notably the King IV Report on Corporate Governance (2016) which emphasised accountability,

transparency, and stakeholder inclusivity (IoDSA, 2016). By the 2020s, ethical governance was no longer just a compliance exercise; it had become a strategic imperative underpinning trust and legitimacy amid digital disruption (Thornton, 2009; Buckley et al., 2021). Leadership plays a central role in navigating this complex landscape. Research indicated that leadership style significantly influenced the success of digital transformation initiatives (Alghfeli, Sohaimi, & Chik, 2024). Traditional hierarchical models were increasingly deemed inadequate in volatile, uncertain, complex, ambiguous (VUCA) environments. Instead, leaders needed to show agility, ethical reasoning, and digital literacy to steer organisations through technological and cultural change (Stana, Fischer, & Nicolajsen, 2024; López-Figueroa et al., 2025).

The COVID-19 pandemic accelerated this shift by normalising remote work and virtual collaboration, which heightened demand for digital leadership competencies (Mustajab et al., 2020). Nevertheless, technology adoption alone did not guarantee efficiency or sustainability. Studies revealed that a key efficiency metric, the cost-to-income ratio could deteriorate if digitalisation was pursued without parallel investment in trust, ethics, and inclusion (Arees, 2025). Data protection regulations such as the Protection of Personal Information Act (POPIA) introduced additional complexity, requiring banks to align innovation with privacy and fairness (Coetzee, 2024). Similarly, global standards like the EU's GDPR and the Basel Committee's BCBS 239 imposed stringent requirements for data governance and risk management, reinforcing the ethical obligations of digital leaders (BCBS, 2013; Buckley et al., 2021).

Environmental, Social, and Governance (ESG) considerations further expanded the scope of responsibility for banks. By the mid-2020s, stakeholders expected financial institutions to integrate sustainability into their core strategies, addressing climate risk and social inequality alongside profitability (Brunner, Moyo, & Van der Merwe, 2023; Dąbrowska et al., 2022). In this context, ethical governance and digital leadership converged as critical enablers of transformation, ensuring that technological progress aligned with societal values and regulatory expectations.

This literature review examines three interrelated constructs, namely, ethical governance, digital leadership, and process efficiency in the South African banking sector. It synthesised theoretical perspectives, regulatory frameworks, and empirical evidence to establish a conceptual foundation for the study. By using lenses such as Institutional Theory, Ethical Climate Theory (ECT), and the emerging Corporate Digital Responsibility (CDR) framework, the review aimed to illuminate the mechanisms through which governance and leadership shape operational outcomes in digitally transforming banks.

The subsequent sections critically analyse existing scholarship, demonstrate scholarly debates (including contrasting viewpoints), identify what is known versus unknown, and articulate the rationale for this research. In doing so, the review refines the research problem and shows why this study is needed. Crucially, the literature reveals how our three constructs intersect: ethical governance provides rules and values that guide decisions; digital leadership translates those principles into action in a turbulent technological environment; and process efficiency represents the performance outcomes that result.

The chapter concludes by synthesising major insights and highlighting gaps in current knowledge to justify the study's focus on the perspectives of digital leaders, managers, and employees in South African banks. For clarity, Table 1 below summarises the core theoretical frameworks underpinning this study:

Table 1: Summary of Theoretical Frameworks

Theory	Key Concepts	Relevance to Study	Key Authors
Institutional Theory	Legitimacy; conformity; "myth and ceremony"	Explains why banks adopt governance practices under external pressure (regulations, societal norms)	DiMaggio & Powell (1983); Scott (2014)
Ethical Climate Theory	Ethical climate types; employee perceptions	Links governance and leadership to employee behaviour ("how things are done here" influences ethical decision-making)	Victor & Cullen (1987); Huhtala et al. (2018)
Corporate Digital Responsibility (CDR)	Ethical, social, environmental, and technical accountability in tech use	Integrates governance, leadership, and digital ethics into one holistic perspective, especially relevant for banks using AI and big data	Lobschat et al. (2021); Diener & Špaček (2021)

As shown in Table 1, Institutional Theory provides a macro lens on how external pressures (laws, regulations, cultural norms) drive banks to adopt ethical governance practices (DiMaggio & Powell, 1983; Scott, 2014). Ethical Climate Theory offers a meso lens, focusing on the internal ethical environment and how it influences day-to-day behaviour (Victor & Cullen, 1987; Huhtala et al., 2018). Meanwhile, CDR is an emerging concept that extends corporate responsibility to the digital domain it

reminds us that digital leadership must consider ethical, social, and environmental impacts of technology (Lobschat et al., 2021). Together, these frameworks inform the arguments and conceptual models developed later in this chapter (Sections 2.8 and 2.8.1).

2.2 ETHICAL GOVERANCE: FOUNDATIONS AND FRAMEWORKS

In banking, ethical governance refers to the system of principles, policies, and practices that promote responsible decision-making, transparency, and accountability (Victor & Cullen, 1987; Cullen & Victor, 1988). It encompasses both formal structures (e.g. codes of conduct, risk management systems) and informal norms that ensure organisations act with integrity, fairness, and in consideration of stakeholders' interests. In South Africa, ethical governance evolved from a compliance-driven function to a strategic priority, particularly in response to past governance failures (Mahlangu, 2021; Mashego, 2024).

The Strategic Importance of Ethical Governance. Corporate scandals, both globally and locally, underscored the disastrous consequences of governance failures. In South Africa, incidents such as managerial interference in controls, over-reliance on external auditors, and weak internal assurance mechanisms have exposed systemic vulnerabilities (Mahlangu, 2021). These failures prompted reforms aimed at embedding ethics into organisational culture rather than treating it as a tick-box compliance task (Mashego, 2024). By the early 2020s, ethical governance was recognised as a strategic organisational competency influencing legitimacy, investor confidence, and long-term sustainability (Buckley, Arner, & Zetzsche, 2021). In other words, doing business ethically was understood as essential for banks to maintain trust and stability in a rapidly changing market.

The King IV Report (Institute of Directors in Southern Africa, 2016) is the cornerstone of corporate governance in South Africa. It introduced an outcome-based, principles-oriented approach that emphasised ethical and effective leadership, stakeholder inclusivity, and sustainable value creation. Unlike earlier more prescriptive codes,

King IV follows an “apply and explain” philosophy: organisations must implement the principles in line with their context and then explain how their practices achieve good governance outcomes. This flexibility encouraged banks to integrate governance into their operations and culture, rather than treat it as a separate compliance checklist. For example, major banks like Absa and Capitec publicly report on their King IV compliance, signalling how board decisions and leadership practices align with ethical leadership principles (Absa Group, 2024; Capitec, 2025). King IV’s principles are organised into broad areas (leadership and ethics, strategy and performance, governing structures, governance of functional areas, and stakeholder relationships) that collectively foster integrated thinking and responsible behaviour (IoDSA, 2016; PwC, 2023). By setting an expectation of ethical leadership (“tone at the top”) and linking governance with performance, King IV elevated ethics to a core element of strategy.

South Africa’s Protection of Personal Information Act (POPIA), fully in force since 2021, strengthened ethical governance by safeguarding personal data and mandating transparency and accountability in information processing (Coetzee, 2024). POPIA aligns with global privacy standards and requires banks to obtain consent for data use and to protect customer information. While generally effective, interpretive uncertainties remained (especially regarding cross-border data flows), and compliance has not been without challenges (Academy of Science of SA (ASSAf), 2025).

Comparisons with the EU’s GDPR show POPIA provides a strong foundation but lacks some of the granular requirements of GDPR, prompting calls for closer harmonisation or guidance (Financial Regulation Journal, 2024; Baker McKenzie, 2024). For banks, POPIA meant investing in data governance: appointing information officers, conducting privacy impact assessments, and building systems for data security. It highlighted that data ethics is now a key part of governance innovation using big data or AI must respect privacy and fairness, or risk legal and reputational consequences. At the global level, the Basel Committee on Banking Supervision’s BCBS 239 (2013) introduced principles for effective risk data aggregation and reporting. Its goal was to improve banks’ risk management decisions through accurate, comprehensive data. Compliance proved challenging

worldwide as of the late 2010s, few banks fully met BCBS 239, especially in emerging markets with fragmented IT systems (McKinsey, 2024; Actian, 2025). South African banks similarly had to invest significantly in data architecture and analytics to meet these standards (EY, 2025). BCBS 239 underscores where ethical governance and technology intersect: poor data governance (siloed or unreliable risk data) can lead to blind spots in risk management and ultimately unethical outcomes (e.g., if a bank cannot properly measure its risk exposure, it might take on excessive risk unknowingly). Strengthening data governance thus became an ethical responsibility as well as a regulatory one. Boards and executives had to champion these improvements despite the costs, illustrating that leadership buy-in is crucial for turning global governance norms into practice.

A distinct aspect of ethical governance in South Africa is its socio-political dimension especially through the Broad-Based Black Economic Empowerment (B-BBEE) framework and the Financial Sector Code. B-BBEE legislation mandates that businesses advance economic inclusion for historically disadvantaged groups via equitable ownership, management, employment, and procurement. For banks, this means ethical governance is not only about preventing wrongdoing but also about proactively contributing to social justice.

Compliance is measured by scorecards affecting licenses and partnerships, linking empowerment progress to business outcomes. Many banks treat B-BBEE as both a legal requirement and a moral duty to support national development goals. In practice, this translated to linking transformation objectives to executive performance indicators for instance, tying a portion of bonuses to achieving diversity or community investment targets (BANKSETA, 2022; BASA, 2023). However, tensions can arise between meeting B-BBEE goals and short-term profitability pressures. Myeni and Singh (2024) observed that while banks improved representation and access, the push to deliver shareholder returns sometimes conflicted with empowerment efforts, requiring vigilant leadership to ensure transformation isn’t just superficial. In summary, ethical governance in South African banking also encompasses social responsibility banks are expected to act as agents of socio-economic change, and governance frameworks formally incorporate these expectations.

Beyond laws and regulations, industry self-regulation reinforces ethical governance. For example, the Institute of Bankers South Africa (IOBSA) Code of Professional Conduct emphasises integrity, transparency, accountability, and fair customer treatment as core professional values (IOBSA, 2025). Such codes guide daily behaviour, complementing formal regulations by shaping a shared ethical culture in the industry. They often provide practical decision-making tools; IOBSA promotes the “PLUS” filter (Policy, Legal, Universal, Self) for ethical decisions. While not legally binding, these codes signal a collective commitment to ethics. They help fill gaps that formal rules can’t cover, encouraging bankers to do the right thing even when not explicitly mandated. Over time, widespread adherence to professional codes can elevate the overall ethical climate of the sector.

Banks have found that translating ethical governance from paper to practice is complex despite comprehensive frameworks. Common barriers include unclear accountability, inconsistent enforcement, misaligned incentives, and cultural resistance (Mahlangu, 2021; Mashego, 2024). It is one thing to have a code of ethics, and another to live by it. For instance, if staff see that high-performing executives get away with bending rules to meet targets, it undermines the credibility of the code.

Reward systems historically focused on financial performance can inadvertently incentivise unethical shortcuts. Thus, banks increasingly recognise that they must embed ethics into organisational culture and incentives. This involves top management consistently modeling ethical behaviour, integrating risk and ethical criteria into promotions and bonuses, and ensuring violations are met with appropriate consequences regardless of rank.

Bisht, Sharma, and Singh (2022) note that organisations aligning incentives and values tend to sustain compliance better. South African banks have started moving in this direction e.g., incorporating conduct measures into performance reviews but progress is ongoing. In short, effective ethical governance requires continuous effort to align formal rules with the “informal” organisation (habits, beliefs, and rewards in practice). This sets the stage for later sections (especially 2.4 and 2.6) which

examine how leadership and ethical climate mediate the implementation of governance frameworks.

2.3 DIGITAL LEADERSHIP: EVOLOUTION AND COMPETENCY MODELS

Digital leadership has emerged as a critical competency for organisations navigating technological disruption. Unlike traditional leadership models that emphasised hierarchical control and operational stability, digital leadership prioritises agility, innovation, and ethical reasoning to manage rapid change and uncertainty (Fang, 2023; Mueller, 2022). In the banking sector characterised by rapid tech adoption and stringent regulation leaders must integrate cutting-edge digital capabilities with sound governance principles to achieve sustainable performance.

Evolution of Digital Leadership: The role of a leader in digital contexts has expanded significantly over the past decade. Early in the Fourth Industrial Revolution, being a “digital leader” often meant having technical expertise and overseeing IT projects. However, as digital transformation became a continuous strategic imperative rather than a one-off IT upgrade, leadership requirements broadened (Wynn & Jones, 2023). Wynn and Jones (2023) observed effective leaders in the digital era exhibit strategic foresight (anticipating technology trends and disruptions) and cultural adaptability (shaping an organisational culture that embraces change). The so-called Digital Leadership 4.0 paradigm encapsulates this evolution, integrating competencies that enable leaders to manage complexity and foster innovation (Stana et al., 2024).

2.3.1 KEY ATTRIBUTES INDENTIFIED IN THE LITERATURE

- Strategic Agility: the ability to anticipate technological and market shifts and to pivot strategies quickly (Fang, 2023).

- Ethical Reasoning: ensuring that the deployment of new technologies (like AI or big data analytics) adheres to principles of fairness, transparency, and accountability (Megdad, Pillay, & Dlamini, 2024).
- Stakeholder Engagement: building trust and communicating effectively with employees, customers, and regulators in increasingly virtual and networked environments (Mueller, 2022; Stana et al., 2024).

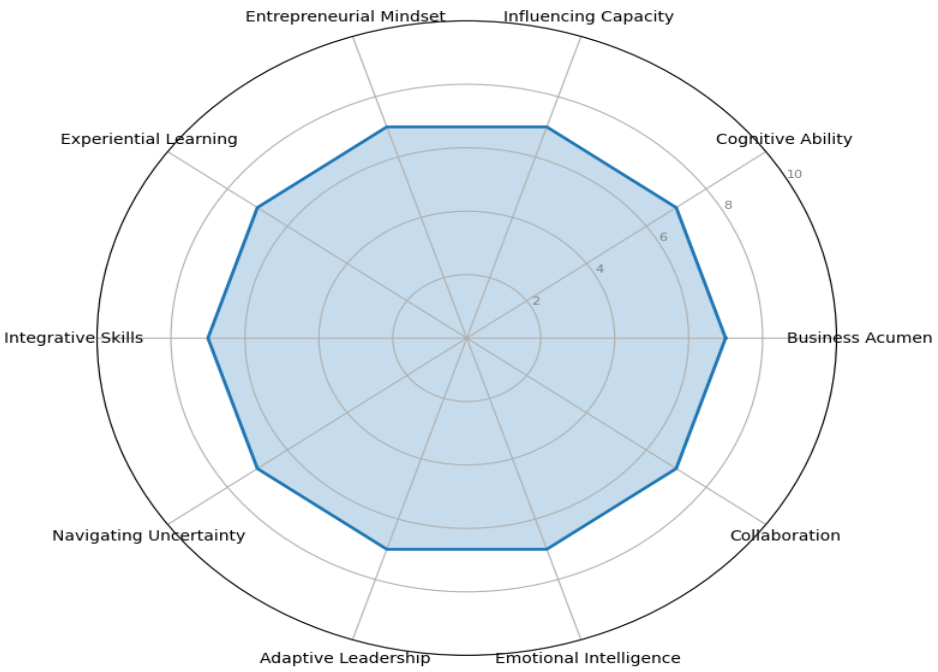

Figure 2: Digital Leadership Competencies

(Source: Stana, Fischer & Nicolajsen, 2024)

This evolution reflects the recognition that digital leadership is not merely about implementing technology but about guiding people and the organisation through change aligning tech initiatives with corporate strategy and values. Researchers and practitioners have proposed various competency frameworks for digital leaders, particularly in banking. Dubru (2017) developed a competency model highlighting foundational skills (business acumen and cognitive ability) as well as emergent competencies like an entrepreneurial mindset and futuristic thinking.

2.3.2 OTHER STUDIES ECHO SIMILAR THEMES

Adaptive Leadership

Leaders must be comfortable with volatility and ambiguity, responding flexibly to new challenges (Bass, 1990; Pillay, 2020). This was underscored during COVID-19, where adaptability became paramount.

Emotional Intelligence & Collaboration

Leading diverse, often cross-functional teams and fostering an inclusive, innovative culture are critical as banks break silos and adopt agile ways of working (Mustajab et al., 2020).

Technical Literacy & Curiosity

While digital leaders in banks are often not hands-on technologists, they need a strong understanding of emerging technologies to envision their application and ask the right questions (Mahadeo, 2024; Megdad et al., 2024). Leaders who can bridge the gap between IT and business units help ensure that technological investments have clear value and that risk implications are understood.

In the South African context, these competencies have an extra layer, leaders must steer digital change while also meeting local imperatives like financial inclusion and B-BBEE compliance (BANKSETA, 2022). This means governance principles must be baked into digital strategies, requiring an even more nuanced skill set. The essential competencies can be summarised as follows (see Table 2):

Table 2: KEY LEADERSHIP COMPETENCIES FOR DIGITAL TRANSFORMATION

Competency	Description	Key Sources
Strategic Vision	Ability to align technological initiatives with long-term business goals and societal values.	Klus & Müller (2021)
Technology Fluency	Understanding of emerging digital tools (AI, cloud, fintech, etc.) and their implications for risk and opportunity.	Fang (2023); Diener & Špaček (2021)
Ethical Stewardship	Promoting responsible innovation and integrating ethical considerations (privacy, fairness, security) into decision-making.	Mueller (2022); Wynn & Jones (2023)
Collaborative Style	Empowering cross-functional teams, breaking down silos, and cultivating an agile, inclusive culture.	Muktamar & Yusuf (2023)

Source: Researcher's Literature composition

These competencies reflect that digital leadership is a multi-dimensional role. A leader who excels technically but lacks ethical judgment could drive the bank into scandals; conversely, a cautious leader who ensures compliance but lacks vision might cause the bank to lag competitively. The literature suggests that balancing these competencies is especially important in banking, where innovation must be weighed against strict regulatory obligations.

Acknowledging skill gaps, South African banks and training bodies have launched programs to develop these competencies. For example, boards have started appointing technology experts or creating board subcommittees focused on digital

transformation and IT governance (Standard Bank, 2024). The BANKSETA (2022) has supported executive training courses that include modules on digital strategy, cybersecurity, and ethics. Some banks formed cross-functional “innovation teams” that bring together IT, business, and compliance staff to encourage collaborative decision-making (FNB, 2024). Despite these efforts, studies still find gaps in leadership readiness particularly in areas like algorithmic fairness, data governance, and change management (Megdad et al., 2024). This indicates a need for continuous learning and adaptation. Figure 2 in the research (not shown here) was a radar chart illustrating how these competencies intersect and highlighting the balance between technical skills and socio-emotional capabilities (Stana et al., 2024).

The takeaway is that digital leadership in banking is not merely a technical function; it is a strategic and ethical role that ultimately shapes organisational resilience and integrity in the face of disruption. In South Africa, integrating governance principles with technological innovation is critical for achieving both operational efficiency and socio-economic transformation making the cultivation of these leadership competencies a national business priority.

2.4 ETHICAL CLIMATE THEORY: TRANSLATING POLICY INTO PRACTICE

Implementing ethical governance requires more than formal ruleset demands an organisational environment where those rules are internalised. Ethical Climate Theory (ECT) provides a lens to understand this environment. Developed by Victor and Cullen (1987), ECT posits that organisations have a prevailing ethical climate shared perceptions among employees of “how we do things here” regarding ethics. This climate influences decision-making and behaviour by signalling what is expected, acceptable, or discouraged. In essence, while governance codes (like King IV or POPIA) establish formal expectations, their effectiveness depends on how these principles are interpreted and enacted in the daily culture (Cullen & Victor, 1988; Sanjari et al., 2014).

An ethical climate is not just a written code of conduct; it is the collective understanding of acceptable behavior and priorities in the organisation (Victor & Cullen, 1987). For example, in some banks employees might feel that “following the

rules and regulations" is paramount (a compliance-focused climate), whereas in others, they feel that "meeting targets at all costs" is the real norm (an instrumental, results-at-all-costs climate). These perceptions matter in a strong ethical climate, employees are empowered to act with integrity and are confident that doing the right thing is valued. In a weak or negative ethical climate, employees may feel pressure to compromise on ethics or see unethical practices being tolerated if they bring profits (Tang, Li, & Zhou, 2020).

2.4.1 DETERMINANTS OF ETHICAL CLIMATE

Leaders set the tone through their decisions and example. If executives consistently demonstrate integrity, fairness, and openness, employees are more likely to mirror those behaviors (McGrath & Walker, 2023). Conversely, if employees observe top managers cutting ethical corners or ignoring misconduct by high performers, a message is sent that ethics is secondary. Clear policies on issues like data privacy, anti-corruption, and fair lending provide a framework for expected behavior (IOBSA, 2025). However, communication and training are equally important, employees need to understand these policies and how to apply them. Regular ethics training and explicit discussion of ethical dilemmas help translate abstract principles into concrete guidance (IOBSA, 2025). The informal norms among colleagues (e.g., this is how things are usually done on our team) can strengthen or undermine formal governance. Alghfeli et al (2024) highlight that if new employees enter a team where cutting small compliance corners is common and unpunished, they will likely adopt that behavior despite official rules. Ethical codes quickly lose credibility if violations go unpunished or if enforcement is perceived as selective or unfair (Mahlangu, 2021). Consistent consequences for unethical behavior, regardless of rank, reinforce that the climate truly stands for the stated values.

Ethical Climate in South African Banks. Within South African banking, ethical climate is shaped by both strict regulatory mandates and broader socio-political expectations. Formal frameworks (King IV, POPIA, B-BBEE, etc.) provide structural guidance, but their impact depends on cultural adoption. For instance, POPIA mandates transparency in data processing but to be effective, its principles must be

embedded in everyday operations (like how algorithms are designed or how customer consent is obtained). If employees in a data science team feel that management prioritises speed to market over careful checking for privacy compliance, they might cut corners, undermining POPIA's intent. Conversely, in a positive ethical climate, the same team would proactively address privacy concerns because they know it's a firm priority (Coetzee, 2024; Megdad et al., 2024). Digital transformation can amplify ethical dilemmas. Consider AI-driven credit scoring: it raises concerns about algorithmic bias and discrimination. In a bank with a strong ethical climate, a data scientist who detects potential bias would feel empowered to raise the issue, and management would respond constructively perhaps pausing the model deployment to fix the bias. In a poor ethical climate, that data scientist might fear that bringing up the issue will be unwelcome (because it could delay the project or reduce approvals), so the bias might be ignored (Garcia et al., 2020; Musaigwa, 2025). Thus, ethical climate can make the difference between governance principles being upheld during innovation or being bypassed in the rush to innovate. Notably, many South African banks have instituted whistleblowing channels and "speak up" campaigns to encourage reporting of unethical conduct (FSCA, 2024). The effectiveness of these tools again depends on climate, employees will use them only if they trust that speaking up will lead to positive action, not retaliation.

Tools for Strengthening Ethical Climate. Practical measures are used by banks to bolster ethical climate. The IOBSA Code of Ethical Conduct, as mentioned, provides daily decision filters like the PLUS model, which employees can apply when facing a dilemma (IOBSA, 2025). Confidential reporting lines (whistleblower hotlines) allow staff to report issues without fear, which can bring hidden problems to light and demonstrate that the organisation takes ethics seriously (FSCA, 2024). Ethics training often uses case studies relevant to banking for example, dilemmas about mis-selling products or handling private customer data to spark discussion and shared understanding among staff. Importantly, recognition of ethical behavior (such as awards for "ethical leadership" or including ethics in performance reviews) can positively reinforce the climate.

Figure 2: Digital Leadership Competencies

Research indicates that a positive ethical climate correlates with higher employee engagement, trust in leadership, and willingness to embrace change (Wynn & Jones, 2023). When employees believe their organisation is ethically grounded, they typically have more pride in their work and are more open to digital transformation initiatives, trusting that changes will be implemented fairly (Klus & Müller, 2021). This is particularly relevant in South Africa, where employees may be sensitive to whether new technologies will be used in ethically responsible ways (given the country's history and strict regulations). If the climate assures them of this, they can focus on innovating rather than worrying about potential misuse.

In short, Ethical Climate Theory bridges the gap between policy and practice. It reminds us that simply having ethical governance frameworks is insufficient; the cultural context determines whether those frameworks truly guide behaviour. For our study, ECT is valuable: by gathering perspectives from bank employees and managers, we can assess whether the ethical climate supports or hinders the aims of ethical governance during digital transformation. This addresses a noted gap in the literature the need for empirical insight into how ethical climates evolve in tech-driven environments (Mahlangu, 2021; Garcia et al., 2020).

2.5 INSTITUTIONAL THEORY AND EXTERNAL PRESSURES

While the previous section looked inside banks, Institutional Theory provides a macro perspective on how external forces shape bank behaviour. Institutional Theory posits that organisations are influenced to conform to the norms, rules, and expectations of their environment to gain legitimacy and stability (Scott, 2014). In banking, these forces include laws and regulations (coercive pressures), professional norms and societal expectations (normative pressures), and industry trends or competitive moves (mimetic pressures) (DiMaggio & Powell, 1983; Freeman, Harrison, & Wicks, 2021). In South African banking, the institutional environment is particularly complex, combining global standards with local imperatives:

2.5.1 STRONG PRESSURES REGULATORY MANDATES

South African banks operate under a stringent regulatory regime. Key examples are King IV (and the forthcoming King V) governance codes, which enforce principles of ethical leadership, stakeholder inclusion, and integrated reporting (IoDSA, 2016; IoDSA, 2025). POPIA, which mandates transparency and accountability in personal data processing (Coetzee, 2024). Basel III capital and liquidity requirements, and BCBS 239 data risk standards, which require robust risk management and data governance (Basel Committee, 2013; Buckley et al., 2021). Banks Act and FSCA regulations, which enforce prudent lending, consumer protection, and market conduct rules. Failure to comply with these can result in penalties, loss of license, or reputational damage. Thus, coercive pressures effectively compel banks to adopt certain governance structures (e.g., risk committees, compliance departments) and behaviours to avoid sanction (Brunner et al., 2023).

2.5.2 PRESCRIPTIVE PRESSURES PROFFESSIONAL STANDARDS AND SOCIETAL VALUES

Normative pressures come from expectations set by professional bodies and society at large. In South Africa, normative expectations include, The B-BBEE requirements, which are not just legal but also broadly expected as part of corporate citizenship, embedding social transformation into corporate governance (BANKSETA, 2022; BASA, 2023). Ethical norms promoted by industry groups (like the IOBSA code mentioned earlier) which set a professional standard for integrity and customer treatment (IOBSA, 2025). Societal expectations for financial inclusion and fairness the public expects banks to contribute to economic empowerment and not engage in predatory practices.

These societal values influence what behaviour is considered “legitimate.” For example, a bank that invests heavily in community small-business lending might gain societal approval, whereas one that is seen as ignoring underserved communities might face public criticism even if it’s profitable. Essentially, normative pressures make banks adopt certain practices out of a sense of appropriate conduct or

professional obligation, beyond just what's legally required (Scott, 2014). South African banks, for instance, often go beyond minimum legal requirements in areas like education initiatives or sustainable finance as part of meeting these normative expectations.

2.5.3 SIMULATED PRESSURES INMITATING BEST PRACTICES AND COMPETITORS

In uncertain and rapidly changing environments, organisations often imitate peers or industry leaders who appear successful. South African banks frequently benchmark themselves against global best practices and each other, leading to mimetic isomorphism (DiMaggio & Powell, 1983). For example, if a major international bank successfully implements a new digital banking model or an AI-driven risk system, South African banks may feel pressure to follow suit to be seen as up to date. Similarly, if one local bank launches a popular mobile app or partners with a fintech, others are quick to introduce similar offerings (Fintech Magazine Africa, 2025). This copying behavior helps banks stay competitive and legitimate ("investors see we have the latest tech, so they trust us"), but it can also propagate certain governance or leadership practices. For instance, the global trend towards integrating ESG into governance has led all big SA banks to adopt sustainability policies roughly around the same time, partly emulating one another and global peers (EY, 2025; Buckley et al., 2021).

2.5.4 INSTITUTIONAL COMPLEXITY IN THE DIGITAL ERA

South African banks face a confluence of these pressures that sometimes push in different directions, creating institutional complexity. For example, global financial stability norms (Basel rules) push for rigorous controls and capital buffers, while local socio-economic pressures push for aggressive lending to previously excluded groups. Digital technology introduces new norms too there's an emerging expectation that banks be technologically innovative (from customers and investors) which is a kind of normative/mimetic force ("a good bank is one with a cutting-edge digital platform"). Gegenhuber et al. (2022) suggest that technologies themselves can institutionalise new norms (e.g., the norm that banking should be available 24/7 on mobile).

Banks manage this complexity by trying to satisfy multiple stakeholders: meeting regulators' demands, aligning with social expectations, and keeping up with industry innovation. Sometimes trade-offs occur. For instance, pushing mobile banking (innovation and efficiency) might conflict with B-BBEE if it leads to closing rural branches and reducing access for those without smartphones. Banks then must find innovative solutions (maybe partnerships with telecoms to provide low-cost devices, etc.) to reconcile these pressures. A noted external pressure in recent years is environmental sustainability as part of global norms (e.g., UN Principles for Responsible Banking). The South African Reserve Bank (2024) has pointed out climate risks, and stakeholders expect banks to fund green projects. In response, local banks have started publishing climate risk reports and setting "green finance" targets. This shows how international normative pressures (sustainability norms) quickly permeated local practice.

Institutional pressures help explain why banks adopt certain governance frameworks. They provide the why behind many internal policies often, it's to align with external legitimacy demands. Leaders within banks feel these pressures directly, a CEO knows that regulators require compliance and that shareholders demand returns and that society demands fairness. Navigating these competing demands is a key leadership challenge. Institutional theory reminds us that sometimes organisations decouple formal compliance from actual practice they might ceremonially adopt policies to appease regulators or the public but not fully implement them internally (Meyer & Rowan, 1977). For instance, a bank might establish an ethics committee largely to signal its commitment (satisfying coercive/normative pressure), but if that committee has no real power, governance issues could persist. Recognising this, our study will be attentive to any gaps between the formal structures' banks have (often instituted due to these pressures) and what employees and managers report happening in practice.

Institutional Theory underscores the external forces shaping governance and leadership in South African banking. Forced pressures (laws, regulations) ensure banks have robust governance frameworks on paper; normative pressures anchor those frameworks in wider values of society and professionalism; imitative pressures

keep banks converging towards perceived best practices. These pressures have generally driven banks towards stronger ethical governance and modernised leadership approaches. However, they can also introduce challenges, such as compliance overload or reduced flexibility, which the literature debates. Some scholars argue that very strict governance mandates might slow innovation (too much bureaucracy), while others argue they create long-term stability that enables sustainable innovation (Tang et al., 2020; Klus & Müller, 2021). This debate is directly relevant to our research question about balancing governance and efficiency. It also leads to the next section, where we examine how leadership acts as the mediator between these institutional demands and operational outcomes.

2.6 THE MEDIATING ROLE OF DIGITAL LEADERSHIP

Bringing together the themes above, many scholars argue that digital leadership is the linchpin connecting ethical governance structures to operational outcomes like process efficiency (Wang, Lin, & Sheng, 2022; Fang, 2023). Governance provides the principles and "rules of the game," and efficiency is a key performance target but it is leadership that interprets, prioritises, and implements governance in pursuit of those targets. In the context of South African banks undergoing digital transformation, this mediating role of leadership is especially critical given the twin pressures of strict governance compliance and the need for technological innovation.

Governance as Foundation; Leadership as Translator. Ethical governance frameworks (King IV, POPIA, BCBS 239, B-BBEE, etc., as discussed in Section 2.2) establish formal boundaries and values for the organisation. They define what is acceptable and what outcomes are desired (e.g., fairness, accountability, inclusion). However, governance alone cannot guarantee ethical or efficient outcomes; its effectiveness hinges on leadership's ability to embed these principles into everyday decisions and processes (Mueller, 2022). Leaders act as translators or interpreters of governance mandates, ensuring they are integrated into strategy and operations rather than ignored or treated as red tape (Wynn & Jones, 2023). For example, if governance policies emphasise data privacy, digital leaders must ensure that new customer-facing apps incorporate privacy-by-design features at the development

stage (Megdad et al., 2024). If governance calls for stakeholder inclusivity, leaders should include diverse voices (including compliance officers, customer representatives, etc.) in planning new digital services (BANKSETA, 2022). In essence, leaders balance speed and innovation versus control and ethics, making practical trade-offs and synergies that ultimately determine whether the bank can be both innovative and compliant.

2.6.1 LEADERSHIP BEHAVIOURS THAT ENHANCE MEDIATION

Research points out specific leadership behaviours that help reconcile governance demands with operational goals:

2.6.1.1 VISION COMMUNICATION

Leaders should articulate a clear vision that links digital innovation to the bank's ethical values and mission (Wynn & Jones, 2023). When teams understand why a governance requirement (say, an extra security step) ultimately serves the bank's long-term success and customer trust, they are more likely to embrace it. Effective leaders frame compliance and ethics not as burdens, but as integral to achieving a sustainable competitive advantage.

2.6.1.2 ROLE MODELLING

Leaders must practice what they preach. If they demand that project teams halt a rollout until known bugs affecting data integrity are fixed, it shows that "we don't compromise on customer trust for speed." Musaigwa (2025) found that when leaders personally engaged in oversight of AI project ethics reviews, it indicated commitment that cascaded to the team's attitudes.

2.6.1.3 RESOURCE ALLOCATION

Mediating governance and efficiency also mean providing resources to meet both aims. Brunner et al (2023) noted that some bank leaders allocated additional budget and time for compliance tooling and staff training within digital projects, effectively operationalising governance. This prevents scenarios where teams feel forced to cut corners due to lack of time or expertise.

2.6.1.4 CONFLICT RESOLUTION

There will be tensions, for instance, new automation might reduce turnaround time but also eliminate some control checks. Leaders need to facilitate dialogues to resolve such conflicts, possibly finding creative solutions (like adding automated controls) or deciding on an acceptable middle ground. Bass's Transformational Leadership theory suggests involving teams in problem-solving and appealing to shared values to settle these issues (Bass, 1990).

Example Scenarios to demonstrate leadership's mediating impact, consider two hypothetical banks introducing AI credit scoring:

2.6.1.4.1 BANK SCENARIO A

Leadership involves the ethics and risk teams from the start, sets clear guidelines that the AI must be explainable and unbiased, conducts thorough testing, and launches a bit later than planned but with confidence. Result: high customer trust, no regulatory issues, and eventual efficiency gains from smoother processing, aligning with governance and business objectives.

2.6.1.4.2 BANK SCENARION B

Leadership prioritises being first-to-market; they skip some bias checks and deploy quickly. Initially they issue loans faster (efficiency win), but then issues emerge

complaints of unfair rejections, regulatory inquiries, and a hit to the bank's reputation. Efficiency gains are undermined by remediation costs and loss of trust.

These scenarios reflect findings by Mueller (2022) and Fang (2023): governance frameworks and tech capabilities might have been similar in both banks, but the leadership approach determined whether principles were truly implemented or bypassed, significantly affecting outcomes.

2.6.2 EXTERNAL OVERSIGHT AND LEADERSHIP RESPONSE

External pressures (from regulators like the Financial Sector Conduct Authority (FSCA) or the Prudential Authority) often amplify the need for careful leadership mediation. In South Africa, regulators closely monitor digital innovation for compliance with conduct standards (FSCA, 2024). Proactive leaders respond by integrating compliance checks into project plans and maintaining open dialogue with regulators, rather than treating compliance as an afterthought. Likewise, societal expectations for fairness press leaders to champion ethical innovation rather than mere box-ticking (Myeni & Singh, 2024). Leaders who succeed often go beyond compliance, turning governance requirements into selling points ("our bank's app is not only innovative but also the most secure and private").

2.6.3 LEADERSHIP DEVELOPMENT FOR ETHICAL MEDIATION

Recognising the importance of this mediating role, banks have invested in leadership development programs focusing on digital ethics and agile governance. For example, Henley Business School (2024) and the Center for Creative Leadership (2024) have tailored programs on integrating ethics into digital leadership and scenario-based training for technology-related dilemmas. The BANKSETA (2022) has funded workshops where bank leaders practice decision-making in realistic simulations (e.g., a scenario where a new fintech partnership raises compliance

questions). Such training aims to better equip leaders to find that “sweet spot” where innovation and governance reinforce rather than impede each other.

Digital leadership is the crucial link between ethical governance and operational efficiency. Leaders interpret and prioritise governance principles amid the rush of innovation. When they do this well, banks can achieve digital transformation that is fast and responsible: new technologies are deployed, efficiency improves, and ethical standards are upheld. When leadership fails to mediate effectively, governance frameworks may be ignored (leading to ethical lapses) or conversely, innovation may be stifled unnecessarily. The consensus in recent literature is that neither governance nor technology alone yields success it is the leadership that determines whether they work in harmony or at cross-purposes (Wynn & Jones, 2023; Wang et al., 2022). This validates our study’s focus on the experiences of digital leaders and their teams: by examining how they manage these dual demands in practice, we can identify strategies that lead to both effective and ethical banking operations.

2.7 PROCESS EFFICIENCY IN THE DIGITAL ERA

The third key construct is process efficiency the ability of a bank’s operations to deliver products and services in a timely, cost-effective manner without waste. Traditionally, efficiency in banking was measured by metrics like the cost-to-income ratio (CIR) (operating costs as a percentage of income), transaction processing times, or error rates. An efficient bank maximises output (transactions processed, quality service) while minimising inputs (time, cost, resources).

Traditional Efficiency Metrics. Historically, South African banks, which maintained large branch networks and manual processes, had CIRs in the mid-50% range (PwC, 2023). For example, before significant digitalisation, major banks often reported CIRs around 5558%, reflecting substantial overheads. Other traditional metrics included loan approval turnaround time (often measured in days), and operational error frequency (e.g., errors in transaction processing or settlement). Efforts to improve

efficiency in earlier decades included business process re-engineering and early adoption of IT systems (Hammer & Champy, 1993). By late 2010s, many routine transactions were already computerised, but further gains were needed.

2.7.1 IMPACT OF DIGITAL TRANSFORMATION ON EFFICIENCY DURING 2010/2020

i. Robotic Process Automation (RPA): Software bots can handle repetitive tasks (like data entry, reconciliations) 24/7 without breaks or errors. Banks deploying RPA reported cost reductions of 3040% for those processes and freed staff for higher-value work (McKinsey, 2020).

ii. Artificial Intelligence (AI) and Analytics: AI algorithms can make certain decisions or detect patterns much faster than humans. For instance, an AI credit scoring system can assess loan applications in minutes (or seconds) instead of days, speeding up lending processes and improving customer experience (Garcia-Garcia et al., 2020). AI chatbots in customer service allow instantaneous responses to common inquiries.

iii. Cloud Computing: Moving to cloud infrastructure gave banks more scalability and flexibility, improving system uptime and the ability to handle peak loads without significant performance degradation (EY, 2025). This means better customer experience and fewer delays during high-traffic periods (like month-end payment runs).

PwC (2023) reported that the combined average cost-to-income ratio for the big four South African banks declined from 53.9% in 2022 to 51.5% in 2023, attributing part of this improvement to operational efficiencies from digital initiatives. Capitec Bank, which built a simplified, digital-first model from inception, consistently operates with a CIR around 40%, far leaner than its older peers a standard others aim for (Codera Analytics, 2024). These figures demonstrate that significant efficiency gains are possible and are being realised, however implementing technology does not automatically yield efficiency. Iyamu and Mlambo (2023) and Shumba (2024) note challenges such as integrating new tools with legacy systems, high initial costs, and the need to reskill employees. Some banks saw RPA bots stall when underlying processes were not standardised or when exceptions were frequent, indicating the need for holistic process redesign.

2.7.2 MODERN EFFICIENCY THINKING IN BANKS GOES BEYOND COST-CUTTING

Operational Resilience

The ability to maintain or quickly resume operations in the face of disruptions (cyberattacks, system outages, even utilities problems like load-shedding). A process is not truly efficient if it is extremely cost-optimised but prone to breakdowns under stress. Hence, efficiency now factors in stability. Banks invest in backup systems, cybersecurity, and disaster recovery these might seem like extra costs, but they prevent prolonged outages that would be extremely inefficient (SARB, 2024).

Flexibility and Scalability

Efficient processes can adapt to changing customer needs or volumes without significant manual intervention or rework. For example, if online transactions double, a bank with flexible, cloud-based systems can scale up capacity rapidly. Legacy processes that require linear increases in staff or hardware to handle growth are less efficient in a dynamic environment.

Sustainability (Green Efficiency)

Increasingly, banks also consider environmental efficiency reducing paper use, energy consumption, etc. which aligns with global ESG pressures and can also reduce costs (Brunner et al., 2023).

These dimensions are particularly relevant in South Africa, where external shocks (like intermittent power supply issues) test banks' resilience and where customer demands are evolving quickly requiring flexible digitisation strategies.

Ethical Dimensions of Efficiency

A central theme for this research is that efficiency initiatives must align with ethical governance to be sustainable. Pursuing efficiency without regard to ethics can backfire badly. For example, fully automating loan approvals might cut costs and speed decisions, but if the algorithm inadvertently redlines certain populations, the bank could face discrimination complaints and violate fairness principles, harming its reputation and inviting regulatory action (Megdad et al., 2024). Similarly, closing many branches to reduce costs could exclude vulnerable customers (the elderly, rural communities without internet) raising fairness and access concerns (FSCA, 2022). Therefore, ethical governance frameworks like King IV and POPIA serve as guardrails, embedding transparency, inclusivity, and fairness into operational changes (IoDSA, 2016; Coetzee, 2024).

For instance, as banks digitise, King IV's stakeholder principle reminds them to consider impacts on all stakeholders, leading some to implement programmes to help less tech-savvy customers migrate to digital, rather than simply cutting physical channels. In the long run, efficiency gains achieved in line with ethical principles are more robust and they carry less risk of legal or reputational setbacks.

Customer-Centric Efficiency

Another shift in perspective is evaluating efficiency from the customer's point of view. Banks now supplement internal metrics with measures like Net Promoter Score (NPS) and digital adoption rates, which reflect service quality and usability (Melamane, 2023). A process may be low-cost internally but if it frustrates customers (e.g., an overly complex online form) and they abandon it, the process isn't effective. Thus, leading banks strive to optimise processes with the customer journey in mind. Those that balance cost optimisation with positive customer experience tend to achieve a sustainable competitive edge. Process efficiency in today's banking is a multi-faceted construct encompassing cost, speed, quality, resilience, and ethics. Digital transformation has unlocked significant efficiency gains as evidenced by improving CIRs and faster services but realising those gains fully requires overcoming implementation challenges and keeping ethical considerations in focus.

The literature suggests that banks making the best progress are those who combine technology investments with strong governance and enlightened leadership (Juma Ally, Mthembu, & Naidoo, 2025; Tang et al., 2020). This triangulation of factors reinforces why our study examines all three constructs together.

2.8 INTEGRATIVE FRAMEWORK FOR ETHICAL DIGITAL LEADERSHIP

Building on the theoretical foundations and domain literature above, this study proposes an Integrative Framework for Ethical Digital Leadership tailored to South Africa's banking sector. The framework synthesises insights from Institutional Theory, Ethical Climate Theory, and Digital Leadership theory, while embedding the unique governance context described (King IV, POPIA, BCBS 239, B-BBEE, etc.) (IoDSA, 2016; Diener & Špaček, 2021; Buckley et al., 2021). Existing models often depict simple linear relationships for example, "governance compliance leads to better performance" but they fail to capture the dynamic interplay of external pressures, internal culture, and leadership behaviours, especially in emerging markets. South African banks operate in an environment of institutional complexity where global standards intersect with local mandates and rapid technological change (Scott, 2014; Klus & Müller, 2021). The integrative framework addresses this by including multiple layers and feedback loops. Its purpose is to provide a holistic lens to analyze how ethical governance and leadership together influence process efficiency under real-world conditions. This richer model can better interpret our empirical findings than a simple one-way model could.

2.8.1 THE INTEGRATIVE FRAMEWORK

The integrative framework is structured as a process flow of five interconnected elements:

External Institutional Pressures

Regulatory mandates (e.g., King IV, POPIA, Basel III), societal expectations (financial inclusion, B-BBEE targets), and global norms (GDPR-like data standards, ESG requirements) shape the priorities and constraints for banks (IoDSA, 2016; Brunner et al., 2023). These pressures form the external "rules of the game" that banks must navigate.

Ethical Governance Frameworks

In response, banks establish formal governance structures and policies enshrining accountability, transparency, fairness, and other values (Victor & Cullen, 1988; IoDSA, 2016). This includes codes of ethics, committees (audit, risk, social & ethics committees), policies (e.g., credit policy, information security policy), and so forth. These frameworks represent the bank's official commitment to ethical conduct and risk management.

Organisational Ethical Climate

The shared perception of "how we really do things here" mediates how that formal governance principles translate into day-to-day practice (Cullen & Victor, 1988; McGrath & Walker, 2023). A strong ethical climate means employees broadly perceive that management truly values ethics and that the formal rules should be followed; a weak climate means there's cynicism or misalignment, and formal rules may be bypassed in practice.

Digital Leadership Effectiveness

Leaders interpret the governance frameworks and ethical climate and embed them into the bank's digital strategies and change initiatives. Effective digital leadership

means balancing innovation with ethical compliance ensuring projects meet both performance and governance objectives (Fang, 2023; Wynn & Jones, 2023). Leaders are the active agents aligning the “hard rules” with the “ground reality.”

Process Efficiency Outcomes

Enhanced operational performance is the result ideally improvements in efficiency metrics (lower CIR, faster processes, higher customer satisfaction) achieved without compromising ethical standards or incurring undue risk (Tang et al., 2020; Juma Ally et al., 2025). In other words, success in this framework is when the bank runs more efficiently and maintains integrity and trust.

Feedback Loops

Unlike a simple linear model, the integrative framework explicitly includes feedback loops. Outcomes feedback to influence the system continuously (Garcia-Garcia et al., 2020; Mueller, 2022). For example, a successful digital innovation that is implemented ethically and efficiently will reinforce a positive ethical climate (employees see that “doing right” leads to success) and validate the governance approach (regulators and stakeholders see the bank managing change well, perhaps easing future interactions). Conversely, failure or ethical lapse (say a fintech project that fails due to a compliance scandal) can erode employee trust (hurt the ethical climate) and prompt tighter external pressures or internal controls as a reaction. This adaptive element reflects a reality that banks learn and evolve with each success or setback, adjusting policies or leadership approaches accordingly.

Figure 2.2 below illustrates this framework, showing arrows from External Pressures to Governance, then to Climate and Leadership, then to Efficiency, with feedback loops returning from Efficiency outcomes back to Governance and Climate. The cyclical nature emphasises that ethical digital leadership is not a one-time sequence but an ongoing, iterative process. The framework guides empirical design and data interpretation for our research.

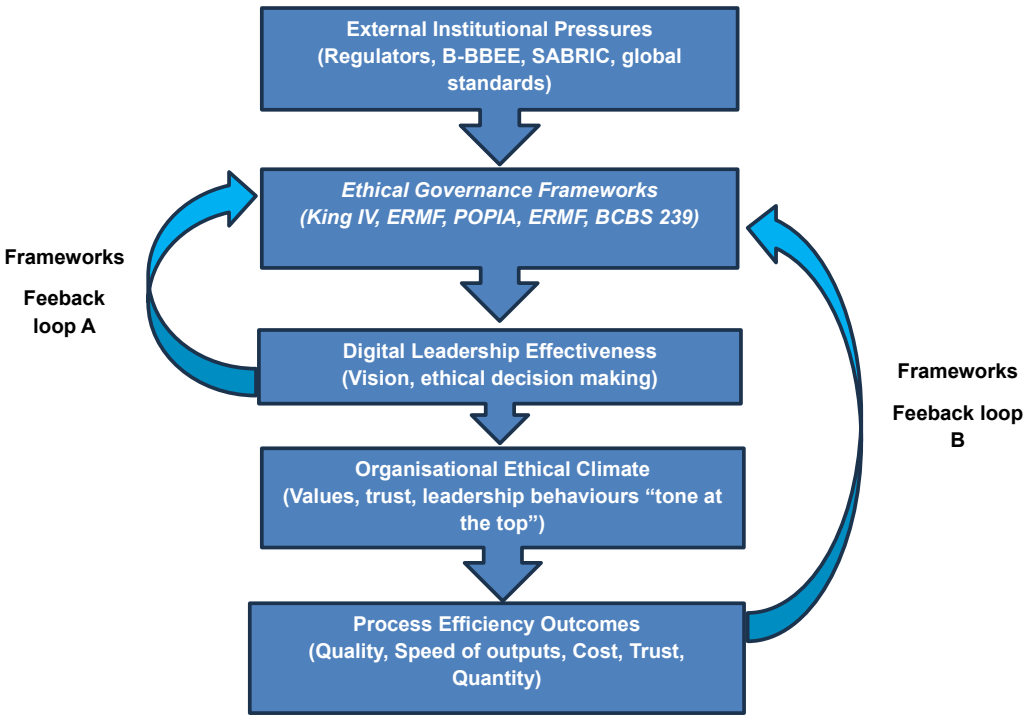

Figure 3: Integrative Framework for Ethical Digital Leadership

Source: Researchers composition

Conceptual vs. Integrative Frameworks

In Chapter 1, a simplified conceptual framework was presented, positing a linear relationship: Ethical Governance → Digital Leadership → Process Efficiency (with leadership as a mediator). That conceptual model is useful for formulating hypotheses and identifying core variables (Mueller, 2022; Hendershott, Livdan, & Schürhoff, 2021). However, it abstracts away context. The integrative framework introduced here adds contextual depth by incorporating external pressures (institutional factors), ethical climate (internal culture), and feedback loops. This expanded view reflects the complexity of South African banking transformation (Diener & Špaček, 2021; Klus & Müller, 2021). Leadership and ethical climate are treated as co-mediators rather than a single mediator. The integrative framework is thus less about hypothesis-testing and more about interpreting findings within a broad context and guiding qualitative analysis.

Table 3: Comparison of Conceptual and Integrative Frameworks

Aspect	Conceptual Framework (Ch.1)	Integrative Framework (Ch.2)
Primary Purpose	Define core variables & linear relationships for hypothesis testing.	Interpret findings within contextual complexity; guide nuanced analysis.
Structure	Linear model Governance → Leadership → Efficiency.	Process flow External Pressures → Governance → Ethical Climate & Leadership → Efficiency (with feedback loops).
Mediator Focus	Single mediator (leadership effectiveness).	Dual mediators (ethical climate and leadership jointly influence outcomes).
Contextual Depth	Low abstracted, broadly applicable across sectors.	High tailored to South African banking's regulatory and socio-economic context.
Application	Useful for developing measurable hypotheses and baseline understanding.	Useful for qualitatively explaining results and informing practical interventions.
Visual	Simple triangle/linear diagram.	Flow diagram with multiple nodes and circular feedback arrows.

Source: Researchers Analysis

Both frameworks are valuable, the conceptual framework offers clarity and a basis for quantitatively measuring variables (e.g., one could measure "perceived governance quality," "leadership effectiveness," "efficiency metrics" and test

mediation). The integrative framework, on the other hand, provides a richer narrative to interpret how external and internal factors interact in shaping those measurements. Importantly, the integrative framework extends rather than rejects the conceptual one: it agrees that ethical governance influences efficiency through leadership but adds that this influence is conditional on the external context and organisational culture. This integrated understanding will be critical when analysing our study's results and formulating recommendations for South African banks.

2.9 THE SOUTH AFRICAN BANKING LANDSCAPE CONTEXT

To ground the literature, it is essential to consider the current South African banking landscape (20202025). South Africa's banking sector is the largest and most advanced in Africa, characterised by strong capital adequacy, strict regulatory oversight, and a high degree of innovation (BDO, 2023; PwC, 2025). However, its transformation journey is shaped by dual imperatives: (1) Digital modernization to remain globally competitive, and (2) Socio-economic inclusion to address historical inequalities and meet B-BBEE obligations (BANKSETA, 2022; BASA, 2023).

2.9.1 SOUTH AFRICAN BANKING TRANSFORMATION TRENDS

Recent industry analyses (e.g. PwC's Major Banks Analysis 2025) show that major banks are undergoing significant transformation across several dimensions (PwC, 2025). Table 4 summarises key trends

Table 4: SOUTH AFRICAN BANKING MAJOR TRANSFORMATION TRENDS (2023/2025)

Trend Category	Description	Evidence (PwC, 2025)
Digital Adoption	Rapid growth of AI, cloud migration, and analytics driving operational agility and new customer experiences.	21 million customers actively use digital banking channels (online or mobile) (pp. 11, 26) AI chatbots, biometric logins, and real-time analytics widely implemented for customer service and insights (pp. 11, 26)
Operational Efficiency	Strict cost management and process automation to maintain profitability.	Operating expenses grew slower than income on average (p. 9) Big banks' combined CIR stable around 50.7%; Capitec's CIR 40% (pp. 9, 28)
Regulatory Pressure	Enhanced capital, risk, and cybersecurity measures to meet Basel III and local regulations (ensuring resilience).	Basel III liquidity and capital targets largely met (p. 13) Increased investments in cybersecurity and risk controls (pp. 11, 22)
Competitive Innovation	Responses to fintech disruption via partnerships, new digital offerings, and structural reorganisation.	Traditional banks forming partnerships with fintech's and telecoms (p. 7) Shift to segment-based operating models (e.g., integrating SME and retail banking units) to improve cross-functional services (p. 7)

Source: PwC, 2025

These trends illustrate the environment in which ethical governance and digital leadership are operating.

Some highlights

By 2025, nearly all growth in transaction volumes came from digital channels. The pandemic years accelerated mobile banking uptake. Banks rolled out AI-driven tools e.g., chatbots resolving most queries instantly, biometric authentication for security, and big data analytics for personalised offers (PwC, 2025). This has allowed banks to serve customers more efficiently but also increased reliance on technology (raising stakes for governance over data and algorithms). It underscores why digital leadership (competent in tech and ethics) is critical.

The sector's cost-to-income ratio stabilized around 50-51% after years of gradual improvement. Cost discipline (like branch closures and workflow automation) helped offset moderate economic growth. Capitec's 40% CIR sets a challenging benchmark (PwC, 2025). Efficiency gains have been significant, but as noted earlier, they must be balanced with maintaining controls and service quality. The fact that the big banks held CIR steady suggest they managed to cut costs without gutting risk and compliance functions a balance likely due to prudent leadership decisions.

Banks continued to invest heavily in meeting regulatory expectations. They bolstered capital and liquidity buffers (post-2008 reforms) and upgraded risk data systems as per BCBS 239. Cybersecurity spending increased as online threats grew (PwC, 2025). These moves align with governance imperatives for stability. From an institutional perspective, this shows coercive pressure at work no bank can afford to skimp on these areas. From a leadership perspective, it shows foresight: treating strong governance and risk management as foundations for long-term efficiency (Alassuli, Khan, & Alassuli, 2025 argue that robust governance contributes to stability, which ultimately supports efficiency by avoiding disruptions).

New entrants (like TymeBank and Discovery Bank) offered fully digital experiences with low fees, pushing incumbents to innovate. Telecom companies' mobile money services ate into the payments space. In response, big banks embraced strategies like fintech partnerships, internal digital incubators, and reorganising around customer segments to become more agile (PwC, 2025). For example, Nedbank's Avo super-app and Standard Bank's collaborations with mobile operator's evidence attempts to keep up with and leverage fintech trends. These competitive moves require agile leadership and open culture. However, they also raise governance questions partnerships require sharing data, aligning different corporate cultures, and sometimes regulatory sandboxes. Leadership must ensure innovation does not undercut governance standards.

In summary, South African banks are aggressively modernising and striving for efficiency, all under watchful regulatory eyes and societal expectations. This context validates why our study is timely: banks are pulling multiple levers to transform (technology, cost-cutting, new ventures), and whether they succeed responsibly will hinge on how well governance structures and leaders manage the process.

2.9.2 ETHICAL GOVERNANCE FOR BANKS IN SOUTH AFRICA

Ethical governance has indeed become a strategic priority in the local banking sector, particularly after some high-profile incidents and public scrutiny. King IV's outcomes-based approach now anchors board and executive oversight, promoting integrated thinking and stakeholder inclusivity (IoDSA, 2016, p.5). POPIA enforcement since 2021 means data ethics are front-and-center, and ESG frameworks (including impending IFRS sustainability reporting standards) are pushing banks to report on non-financial impacts (IoDSA, 2025; Webber Wentzel, 2025). South African banks have responded by strengthening formal governance structures. Most have dedicated Ethics Offices or ethics champions, enhanced whistleblower protections, and detailed policies covering everything from anti-money laundering to treating customers fairly. For example, Standard Bank and FirstRand explicitly integrate ethical conduct into their strategy documents and have linked risk appetite with remuneration to discourage excessive risk-taking (Standard Bank,

2023; FNB, 2024). These steps align with global best practices and show commitment from the top.

Challenges persist in practice regardless of these advances. Mahlangu (2021) identified issues like managerial interference in controls and conceptual ambiguity around governance initiatives. Managerial interference refers to instances where managers might override controls or pressure control functions (audit, compliance) to be moderate to meet short-term targets, a direct conflict with an ethical culture. Conceptual uncertainty means employees aren't clear on the purpose of certain governance measures or find the proliferation of policies confusing, which can hamper buy-in. Both issues point to gaps between formal governance and ethical climate: even if frameworks exist, their effectiveness can be undermined by human factors and misunderstandings.

Another persistent tension is balancing ethics with performance pressure. Banks are expected to hit financial targets, which can sometimes tempt behaviour that conflicts with governance (e.g., aggressive sales campaigns that toe the line of misselling). The literature provides mixed evidence on how well banks balance this. On one hand, since major compliance breakdowns (like collusion or major AML breaches) have declined in recent years, it suggests governance improvements have paid off and become ingrained (BASA, 2023). On the other hand, employees often report "compliance fatigue" feeling burdened by the layers of checks which can reduce enthusiasm for governance initiatives if not managed well.

In essence, South African banks now have robust governance frameworks on paper and a stated commitment to ethics, but the open question (and one of the aims of this research) is how effective these are on the ground during fast-paced digital change. Do employees and middle managers feel the ethical guidelines are clear, realistic, and genuinely supported by leadership? Or do they feel there is still lip service in some areas? Our interviews will probe these nuances.

2.9.3 LEADERSHIP VISION AND CULTURE

Leadership vision in South African banks has increasingly incorporated both innovation and purpose. Many top executives publicly articulate strategies that blend digital advancement with socio-economic responsibilities. For example, Standard Bank's motto "Africa is our home, we drive her growth" (Standard Bank, 2023) signals a vision beyond First National Bank's marketing around "How can we help you?" reflects a customer-centric, help-oriented vision. These visions matter internally: they set a tone that the bank's transformation is purpose driven. Employees in banks with such vision may take pride and align their efforts knowing leadership aims to do well and do good. In terms of culture, transformational and ethical leadership styles appear to be aspirational norms. Dubru (2017) and Rustin (2023) both indicate that banks aim for agile, collaborative cultures. The pandemic was a litmus test some CEOs gained trust by candid communication and empathetic policies (waiving fees, deferring loan payments for affected customers). Those actions likely strengthened culture (employees saw leadership live up to ethics during crisis).

Market observers often differentiate the banks' cultures, FNB is often lauded for innovation and agility (entrepreneurial culture encouraged by leadership), whereas a bank like Nedbank has sometimes been seen as more conservative and bureaucratic (perhaps reflecting a more cautious leadership stance historically). Capitec, as a newer bank, has a very lean structure and a "client first, simplicity" ethos championed by its leadership, which has translated into high efficiency and customer satisfaction. However, Capitec's rapid growth means it faces new leadership challenges to maintain its culture while expanding.

A key aspect is ethical leadership consistency if leaders preach ethics but make exceptions for star performers or big deals, culture erodes quickly. South African research (Engelbrecht, Heine, & Mahembe, 2017) found that ethical leadership correlates positively with employee trust and engagement. This underscores that beyond having a visionary strategy, leaders must consistently enforce ethical standards and handle transgressions decisively to maintain credibility. South African bank leaders talk a good game about innovation balanced with purpose, and many are genuine about it. The sector's strong performance through challenges (e.g. maintaining service and financial stability through COVID and economic downturns)

suggests many leaders are effectively balancing these priorities. Yet, our study will explore if there are gaps for example, do middle managers feel empowered to take innovative risks? Do they feel supported when upholding ethics even if it conflicts with short-term goals? The answers will indicate how deeply leadership vision and stated values have penetrated the operational culture.

2.9.3 ETHICAL CONSIDERATIONS IN DIGITAL LEADERSHIP

Digitalisation certainly introduces new ethical dilemmas that bank leaders must manage. Some prominent issues include algorithmic bias, data privacy and monetisation, and cybersecurity. As banks use AI for credit scoring, fraud detection, and customer analytics, concerns arise that these algorithms might inadvertently perpetuate bias (e.g., against certain demographics) because of biased training data or flawed design. Ethical governance requires that leaders ensure fairness and non-discrimination in these systems. Practically, this means establishing algorithmic audits and bias testing as standard procedure. South African banks have begun doing this for instance, some have adopted fairness metrics and scenario analyses to detect bias in AI outcomes (EngineerIT, 2024). Leaders drive these initiatives by prioritising them and allocating resources. If a leader emphasises “go live fast,” teams may not invest time in such audits; if a leader insists “no AI goes live without a fairness check,” it sets the norm. This example shows how ethical governance (fairness) directly intersects with efficiency an unchecked biased AI could cause harm and backlash, negating any efficiency benefits it had. There’s a temptation to monetise data e.g., selling anonymised datasets or cross-selling aggressively using personal data. While this could generate revenue (enhancing financial efficiency), it poses ethical questions about consent and privacy.

POPIA legally bounds what can be done, but beyond law, there’s the trust aspect. A digitally savvy bank must balance personalised service without crossing privacy lines. Ethical leadership here might decide not to pursue certain data uses because they conflict with the bank’s values or promise to customers. There is subjective evidence suggests some SA banks chose not to implement certain Big Data projects due to privacy concerns (Musaigwa, 2025). Those decisions often come down to

leadership values and risk appetite. Secure customer data and funds is an ethical obligation (it relates to the duty of care). Leaders now treat cybersecurity as non-negotiable, a point of ethics as much as operations. This involves investing in strong security measures (which might slightly inconvenience users or add cost, thus seemingly “inefficient” in the short run). Not complying exposes the bank to breaches which would be immensely damaging (financially and ethically). Megdad et al. (2024) note that framing cybersecurity as a moral imperative helps get organisational buy-in despite the cost. Banks employ various strategies to manage these issues such as setting up data ethics committees or AI governance boards, requiring rigorous vendor risk assessments for fintech partners, and running continuous staff training on cybersecurity hygiene.

All these measures need support from leadership to be effective. It’s clear that digital leadership in banking must inherently encompass ethical leadership. Technology allows tremendous scale and speed which means mistakes or misconduct can scale too. Leaders must therefore proactively integrate ethics into tech projects from day one. The literature indicates South African banks are aware of these issues and making efforts, but not uniformly. For instance, an internal study might find one bank’s employees feel very confident in their AI governance process, while others are unsure who is responsible for AI ethics in their organisation. Our research will capture such variances.

2.9.5 BANKING COMPARATIVE SUMMARY

To contextualise our discussion further, it’s useful to compare how the major South African banks (e.g., Standard Bank, Absa, FirstRand/FNB, Nedbank, Capitec) have been performing and transforming recently, especially in governance, leadership, and efficiency dimensions. While our research doesn’t quantitatively identify these banks, understanding their different starting points and strategies can inform our interpretation of interview insights (since participants come from some of these institutions). Africa’s largest bank by assets, Standard Bank has strongly aligned itself with King IV principles and has a well-established ESG focus. Its leadership has pursued a high-tech strategy including major cloud migration (one of the first

local banks to shift core workloads to cloud) and a reduction of branch infrastructure in favour of digital channels. Efficiency-wise, Standard's cost-to-income ratio was 50.7% as of 2025, and ROE 20.4%, indicating solid profitability (PwC, 2025). They manage complexity with extensive governance structures. Culturally, they aim to balance innovation with caution they pilot new tech in limited rollouts to ensure stability before scaling. Their challenge is to stay agile despite their size and heavy governance processes.

Absa underwent a period of reorientation after separation from Barclays PLC in 2017. Governance was overhauled (new board members, renewed focus on African identity and accountability). Absa's digital strategy included innovative projects like launching virtual bank cards and banking services via WhatsApp showing willingness to use unconventional channels. Its CIR 50.6% and ROE in mid-teens suggest it's slightly lagging on profitability compared to peers (PwC, 2025). Possibly the transitional period affected efficiency. Leadership-wise, Absa has been rebuilding trust internally and externally, and by 2025 it's regaining momentum. They must catch up with others in some digital aspects but are making strides. Often seen as a local leader in digital banking, FNB/FirstRand prides itself on innovation (early adopter of mobile banking, extensive e-wallet services, fintech partnerships). Its culture, driven by leadership, emphasises "helpfulness" and empowerment FNB has routinely won awards for customer experience. They integrated ethics into performance reviews earlier than most (e.g., staff bonuses tied partly to customer satisfaction and compliance measures, not just sales). FNB's CIR 50.6% and ROE 20-21% (PwC, 2025) indicate high efficiency and profitability, on par with Standard Bank with a smaller size and a strong position. The leadership challenge for FNB might be sustaining their innovative edge as tech evolves (competition from Capitec and new entrants is stiff), and ensuring their rapid experimentation doesn't inadvertently breach governance (they mitigate through strong risk oversight embedded in projects).

Nedbank often positions itself as values-driven (branding around sustainability they were early in green bonds, etc.). They have been somewhat cautious in digital innovation, often not first to market. They launched the Avo super-app combining banking with lifestyle services, but later than competitors' major app launched. Nedbank's CIR was 53.9% (highest of big 4, meaning least efficient) and ROE 14-

15% (lowest peer, PwC, 2025). Nedbank faces pressure to improve efficiency. Leadership there has historically been risk-averse, which yields strong governance (they rarely have scandals) but perhaps slowed decision-making. Now they are trying to pivot to be more agile. They've championed ESG and ethical banking which might give them a reputational improvement, but they need to accelerate digital uptake. Ensuring that governance does not stifle necessary innovation is likely a key concern for Nedbank's leadership.

As a relatively new player (founded 2001), Capitec built an entire business model with simplicity, low costs, and high tech. With no legacy systems burden and a focused product suite (essentially one type of savings account and now diversifying into loans, insurance), it operates extremely efficiently (CIR 40%) and has an ROE >25%, highest in the market (PwC, 2025). Capitec's approach is lean, some might argue whether it is as robust as the bigger banks', but so far it has largely avoided major ethical issues, helped by a simpler operation. Its client-first ethos is deeply ingrained (e.g., branches open longer hours in underserved areas, very transparent fee structure). Capitec's leadership has been visionary in tapping the mass market and using technology (all accounts come with a debit card and secure digital access, which was novel when introduced). The biggest challenge now is as Capitec grows larger, can it maintain strong governance and risk management? With scale comes complexity they are now under the same regulatory scrutiny as the big four. So far, they've shown adaptability (e.g., investing in compliance systems as they expanded credit offerings).

This comparison shows that while all banks face similar external pressures, their strategies and internal dynamics differ. For our research, it means respondents' context may vary e.g., an employee at Capitec might describe a very agile culture with less bureaucracy, while one at Nedbank might talk about a more procedural approach, each with its pros and cons. Understanding these backgrounds will help interpret the subjective perspectives we gather in interviews.

Table 5: Banking Sector Transformation Summary

Trend Category	Description	Evidence/Data
Digital Mega-trends	AI, cloud migration, and analytics driving operational agility	PwC (2025, pp. 57)
Regulatory Pressure	Prudential reforms, Basel III, and cybersecurity investments	PwC (2025, pp. 11, 13, 22)
Competitive Pressure	Strategic partnerships with fintech's and mobile money operators	PwC (2025, p. 7)
Cost Efficiency	Cost-to-income ratio stable at 50.7%; Capitec benchmark at 40%	PwC (2025, pp. 9, 28)
Client Demand	21 million digitally active clients; mobile-first banking experiences	PwC (2025, pp. 11, 26)
Transformation Gap	Operating model shifts to segment-based structures; SME-retail integration	PwC (2025, p. 7)

Source: PwC, 2025

Table 6: MAJOR BANKS COMPARATIVE ANAYSIS

Bank	Ethical Governance & Leadership	Digital Strategy (20192025)	Efficiency Outcomes
Standard Bank	Strong King IV alignment; ESG focus	Cloud migration; branch closures	CIR 50.7%; ROE 20.38% (PwC, 2025, pp. 9, 11, 28).
Absa	Governance refresh post-Barclays	Virtual cards; WhatsApp banking	CIR 50.6%; ROE 1517%

Bank	Ethical Governance & Leadership	Digital Strategy (20192025)	Efficiency Outcomes
FirstRand (FNB)	Ethics integrated into performance	Zero-rated app; fintech partnerships	CIR 50.6%; ROE 2021%
Nedbank	ESG leadership; cautious digital	Avo super app; system upgrades	CIR 53.9%; ROE 1415%
Capitec	Lean governance; client-first ethos	Fully digital model; low-cost structure	CIR 40%; ROE >25% (PwC, 2025, p. 28).

Source: PwC, 2025

The South African banking landscape reflects significant progress in digital adoption and governance integration. However, disparities in leadership vision, ethical culture, and operational agility explain variations in efficiency outcomes. Banks that align governance with digital strategies such as Capitec and FNB achieve superior performance, while those constrained by legacy systems face transformation gaps.

2.10 SYNTHESIS AND GAP ANALYSIS

The literature reviewed in this chapter demonstrates a complex, interdependent relationship between ethical governance, digital leadership, and process efficiency in South African banks. Banks that manage to align strong governance with innovative leadership tend to achieve superior efficiency and sustain stakeholder trust. Studies show that when ethical standards are integrated into strategy and culture, digital initiatives are more likely to succeed and deliver value (Wynn & Jones, 2023; Klus & Müller, 2021). Conversely, misalignment either neglecting governance in pursuit of efficiency or enforcing governance in a way that stifles all innovation leads to problems (Tang et al., 2020). External pressures (regulatory, societal,

competitive) significantly shape what banks do. The literature makes clear that South African banks are not independent actors; they must constantly respond to evolving external demands. This can be a double-edged sword: it encourages good practices (e.g., better risk controls due to Basel rules) but can also create “compliance overload” or conflicting objectives that leaders must carefully navigate (Scott, 2014; Buckley et al., 2021).

Ethical Climate Theory underscores the role of organisational culture in making governance effective. A recurring theme is that people ultimately determine outcomes the best codes and systems mean little if employees don’t buy in or understand them (Victor & Cullen, 1988; McGrath & Walker, 2023). Moreover, engaged employees who trust their leaders are more willing to go the extra mile in digital transformation (innovating, learning new skills) because they believe changes will be fair and beneficial (Wynn & Jones, 2023). Culture and leadership style (e.g., ethical, transformational) therefore emerge as pivotal mediators.

The role of leadership came through repeatedly in linking governance and efficiency. Whether it’s interpreting regulatory requirements into workable policies, championing an ethical stance on data usage, or encouraging a culture that simultaneously values innovation and compliance leadership behavior directly affects if and how governance translates to operational practice (Wang et al., 2022; Musaigwa, 2025). Effective digital leaders create an environment where compliance and innovation are seen as complementary, not opposing forces.

2.10.1 LITERATURE GAP ANALYSIS

While theories propose that ethical climate is crucial, we have limited empirical studies capturing employee perceptions of ethics in a rapidly digitising bank environment. For instance, how do bank staff feel about the adequacy of governance when AI and automation alter their jobs? Are there new ethical concerns surfacing at ground level that management is unaware of? Existing studies like Mahlangu

(2021) highlight issues in general, but deeper qualitative insights are needed (also noted by Garcia et al., 2020).

There is little research on how requirements like B-BBEE influence innovation decisions. Does the need to meet empowerment targets constrain the talent pool or vendors that can be chosen for tech projects? Or does diversity enhance innovation in these banks? Myeni & Singh (2024) touch on tensions but this area is ripe for exploration. It's mentioned that training programs exist, but there's scant evaluation of their effectiveness. Are bank leaders well-prepared to handle, say, an AI ethics dilemma? Khumalo (2020) found many managers lacked confidence in navigating compliance in AI projects. We need to know if current leadership development efforts are closing that gap, or if leaders are largely learning by doing.

Traditional metrics may fail to capture the trade-offs between efficiency and ethics. Van Heerden (2022) argues for new metrics that include customer fairness or compliance incidents as part of performance. The literature doesn't provide a clear model for measuring "responsible efficiency". Developing such metrics (or at least qualitatively assessing performance in a balanced way) is something this study can contribute to conceptually. By interviewing digital leaders, managers, and frontline employees, we will gather insights into how governance frameworks are experienced during digital initiatives, aimed at answering questions such as:

i. Do people feel empowered by them or constrained?
ii. Are there instances where governance helped avoid a mistake or where it unnecessarily slowed a project?
iii. How leaders strike the balance in real situations: We will ask about real decisions or conflicts they faced, shedding light on their reasoning and perhaps revealing best practices or common pitfalls.

How employees and mid-managers view leadership effectiveness and ethical culture: This can reveal, for example, whether messages from the top are resonating at lower levels or if there is doubt.

i. Unanticipated issues: People might bring up concerns or ideas not prominent in literature (e.g., perhaps agile methodologies conflict with traditional governance checkpoints, causing tension).

ii. What metrics or definitions of success do they use: This may inform the call for new performance measures that combine efficiency and ethics.

The literature provides a strong conceptual foundation and indicates that ethical governance and digital leadership should, in theory, reinforce each other to drive operational efficiency. However, it also highlights that achieving this synergy is challenging and not guaranteed. There remain unanswered questions about how things play out on the ground in the unique South African context. This study aims to fill those gaps by providing empirical evidence and nuanced understanding of how banks are managing (or struggling with) the interplay of governance, leadership, and efficiency in the digital age. The next chapter (Chapter 3) will detail the research design and methodology for investigating these questions, building directly on the gaps and needs identified here.

3 RESEARCH QUESTIONS

3.1 INTRODUCTION

This study investigates how ethical governance influences digital leadership effectiveness and operational efficiency for banks in South Africa undergoing digital transformation. Chapter 2 identified uncertain tensions in how governance frameworks are interpreted, implemented, and measured. It also highlighted gaps in stakeholder alignment and the practical integration of governance into leadership and performance systems. These gaps defend a qualitative exploration guided by five focused research questions.

The literature reveals that ethical governance frameworks such as King IV, POPIA, and BCBS 239 are widely adopted but inconsistently implemented across South African banks (IoDSA, 2016; Buckley et al., 2021). Digital leadership is increasingly recognised as a mediating force in operationalising governance into daily activities (Fang, 2023; Mueller, 2022). However, the lived experiences of leaders, managers, and frontline employees navigating these frameworks remain underexplored. This study addresses that gap.

Research Question 1: How do ethical governance frameworks influence digital leadership effectiveness and operational efficiency in South African banks undergoing digital transformation?

Research Question 1 aims to address the core relationship between governance, leadership, and performance. Fang (2023) and Wynn and Jones (2023) argue that governance frameworks can guide ethical decision-making and enhance leadership credibility. However, Brunner et al. (2023) show that compliance efforts and leadership actions often diverge. Chapter 2 suggests that governance may either support or constrain leadership effectiveness depending on how it is interpreted and applied. This will support the exploration on whether governance frameworks help leaders drive transformation while maintaining operational efficiency.

Research Question 2: How do South African banks implement and measure the effectiveness of ethical governance frameworks across organisational levels?

Research Question 2 aims to investigate how governance frameworks are operationalised and evaluated across different levels of the organisation, and whether current practices capture their intended impact. Implementation and measurement practices differ broadly. Arees (2025) calls for integrated metrics that reflect both compliance and efficiency. Chapter 2 shows that banks often track cost-to-income ratios and compliance incidents separately, without linking them to governance quality.

Research Question 3: How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks?

Research Question 3 aims to examine how the varied stakeholder interpretations influence daily decisions and outcomes, and whether they lead to convergence or conflict in practice. Victor and Cullen (1988) argue that ethical climate shapes how formal rules are represented. Chapter 2 shows that executives, managers, and employees may interpret governance mandates differently. Tang et al. (2020) highlight that governance complexity can hinder efficiency when misaligned with operational realities.

Research Question 4: What governance practices enable effective leadership while maintaining operational efficiency?

Research Question 4 seeks practical insights into how governance can be designed to support both leadership and performance. Chapter 2 identifies leadership development, ethics training, and incentive alignment as potential enablers. Wynn and Jones (2023) suggest that role modelling and resource allocation are critical.

This question asks participants to describe governance practices that help leaders balance ethical obligations with performance demands.

Research Question 5: How can the impact of ethical governance on leadership effectiveness and operational efficiency be measured in South African banks?

Research Question 5 aims at exploring whether banks use integrated measurement frameworks and whether alternative approaches are needed to assess the real impact of governance on leadership and outcomes. Measurement remains a challenge. Arees (2025) and Van Heerden (2022) argue for composite metrics that reflect both ethical conduct and performance. Chapter 2 shows that current systems often separate governance and efficiency indicators.

Each question is precise, grounded in current scholarship, and designed to elicit empirical evidence. Together, they address conceptual, contextual, and practical dimensions of the study. The next chapter outlines the methodology used to investigate these questions.

4 RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter explains and justifies the methodology used to explore how ethical governance frameworks influence digital leadership effectiveness and process efficiency for banks in South Africa. The study employed a qualitative, exploratory research design to capture nuanced relationships between governance, leadership, and efficiency that are not easily measurable by quantitative means. It was informed by an interpretivist concept, taking into consideration that reality is socially constructed and meaning is derived from participants' subjective experiences (Saunders et al., 2019). Accordingly, instead of evaluating predefined hypotheses, the research inductively gathered and interpreted rich narrative data from participants.

20 Semi-structured interviews with banking professionals were the primary data source, enhanced by an analysis of relevant published case studies and industry reports for triangulation. The overall approach was cross-sectional, providing a snapshot of practices and perceptions in Sept-Oct 2025. Appendix 1 presents a consistency matrix summarising how each research question was linked to the literature, data collection method, and analysis technique, ensuring a clear alignment between the study's questions and its methodological execution.

4.2 RESEARCH METHODOLOGY AND DESIGN

The research adopted a qualitative exploratory design. This design was appropriate because the research problem involves complex social and organisational dynamics that are not well understood in the current literature (Creswell, 2014). The purpose was to explore the lived experiences and perceptions of banking professionals rather than to quantify variables or test hypotheses. A qualitative approach allowed the study to discover insights on how and why ethical governance impacts leadership

and efficiency issues best explored through in-depth inquiry rather than numerical measurement. Furthermore, the topic was relatively under-researched in the South African banking context, justifying an exploratory view to potentially develop new understanding or theory.

The study was anchored in interpretivist research philosophy. Interpretivism holds that social reality is not objective and external but rather constructed by people as they interact with their world (Saunders, Lewis, & Thornhill, 2019). In this view, understanding the meanings that individuals (e.g., bank employees and leaders) assign to concepts like “ethical governance” or “efficiency” is crucial (Berger & Luckmann, 1966).

Applying interpretivism meant the researcher sought to understand phenomena through participants’ eyes and within their specific context (the highly regulated, evolving environment of South African banks). This concept supported the use of qualitative methods that capture subjective experiences it acknowledged that phenomena like ethical culture or leadership effectiveness cannot be fully understood through objective metrics alone. Instead, they required interpreting narratives, perceptions, and sense-making processes of those involved (Denzin & Lincoln, 2018). Embracing an interpretive stance also helped the researcher remain open to unexpected themes emerging from the data, aligning with the exploratory nature of the inquiry.

4.3 RSEARCH APPROACH AND STRATEGY

Guided by the interpretivist philosophy and exploratory purpose, the study followed an inductive research approach. An inductive approach is a “bottom-up” strategy that develops insights and theoretical understanding from the data, rather than starting with a hypothesis to test (Saunders & Lewis, 2018). This was suitable here because the goal was to build understanding of a phenomenon (the governance and leadership efficiency interplay) that lacked a well-established predictive model in literature. By observing patterns in interview responses and case evidence, the researcher could inductively infer themes or tentative explanations. This approach contrasts with a deductive approach that would require existing theories to form

testable propositions (which were not sufficient given the growing state of this research area). Adopting induction ensured that findings were grounded in the data (Glaser & Strauss, 1967) and allowed contextual factors unique to banks in South Africa to shape any emerging theory. This approach aligns with the research questions being open-ended ("How do…?" and "What…?"), which are aimed at exploration rather than hypothesis testing.

The research strategy combined in-depth semi-structured interviews with a review of published case studies on banking governance. This can be described as a multi-case qualitative field study strategy. Each interview participant represented an individual "case" of the phenomena of interest (ethical governance and digital leadership) within their organisation. By interviewing multiple people across different banks, the researcher treated each bank context as a mini-case and then compared patterns across cases an approach inspired by Yin's (2018) multiple-case study methodology for reinforcing external validity through replication of findings. Simultaneously, documented case studies and industry reports were examined as secondary data to provide real-world examples and to triangulate the interview findings.

Yin (2018) notes that using multiple data sources enhances the robustness of qualitative conclusions by confirming whether patterns observed in one source (e.g., interviews) hold true elsewhere (e.g., published cases). In this study, for instance, if interviewees claimed that "strict governance sometimes slows innovation," the researcher could check if any public case studies of banks reported a similar tension. The strategy was therefore two-fold, primary data from interviews for rich first-hand insights, and secondary data from case studies for corroboration and context. Both data sources were qualitative and focused on the banking sector, maintaining consistency in scope.

The research was cross-sectional on a time horizon. All data were collected within a defined period (Sept –October 2025) to capture a "snapshot" of current perceptions and practices. A cross-sectional design was justified given the focus on the present state of digital transformation efforts. As Saunders et al. (2019) explain, cross-

sectional studies are common in business research to examine contemporary phenomena without tracking changes over years. While a longitudinal study could have shown how governance and leadership effects evolve over time, it was beyond the scope here. To mitigate this limitation, participants were encouraged during interviews to reflect on recent changes and trends (e.g., asking if they noticed differences in governance emphasis compared to a few years ago). This provided some temporal insight without requiring multi-year data collection. Overall, the chosen strategy was sufficient to address the research questions by leveraging diverse perspectives at one point in time and ensuring findings were cross-verified and contextually informed.

4.4 POPULATION AND SAMPLING

The population for this study consisted of 20 professionals within the banking sector in South Africa who have experience with digital transformation initiatives and are familiar with their organisation's governance practices. This included individuals across different organisational levels and roles, specifically:

4.4.1 Digital leaders: such as Chief Digital Officers, Heads of Digital Transformation, or IT executives steering technology adoption.

4.4.2 Managers: particularly those in governance, risk, compliance, or operations roles (for example, a Risk Manager, Compliance Officer, or Operations Manager) who interact with both high-level policy and daily process efficiency.

4.4.3 Employees/team members: staff involved in implementing digital projects or affected by governance rules in their work (for instance, project managers, analysts, or branch personnel adapting to new digital tools under certain policies).

By considering multiple levels (executives, middle management, and operational staff), the study captured a holistic view of how ethical governance and leadership effectiveness are experienced in banks. This wide population frame was important for Research Question 3 How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks? which examines stakeholder interpretations across organisational levels. From this

population, a purposive sampling technique was used to select participants. Purposive (judgmental) sampling is appropriate in qualitative research when the goal is to obtain insights from individuals especially knowledgeable about the phenomenon (Etikan, 2016). The researcher intentionally selected people who were likely to have rich information on ethical governance and digital leadership for example, a digital banking manager who must balance innovation with compliance demands, or a compliance officer who works closely with digital project teams. The sampling criteria specified that participants should have at least a few years of experience in their role and be involved in or impacted by digital transformation efforts in their bank. Initial identification of candidates was done through the researcher's professional network in the banking sector and via referrals (a form of snowball sampling, asking initial contacts to suggest others). Invitations were sent to participants detailing the study's purpose, assuring confidentiality, and requesting voluntary participation.

A total of 20 participants were interviewed, selected across five South African banks (ensuring a mix of institutional contexts). This sample size was within the target range of 15–20 set during the research design. Guest, Bunce, and Johnson (2006) found that data saturation in homogeneous qualitative samples often occurs by around 12 interviews, with basic meta-themes present as early as the first six interviews. Based on that guidance, the researcher anticipated that 15–20 interviews would likely capture most themes.

During data analysis, it became evident that by the 18th interview no new major themes were emerging indicating saturation had been reached. Two further interviews (19 and 20) were completed to confirm saturation and add positive evidence to the patterns identified. The final sample comprised 5 digital leaders, 7 middle managers, and 8 operational-level staff, with representation across different departments (IT, operations, compliance, etc.), to reflect the diverse stakeholder groups of interest. While the sample was not statistically representative of all bank employees, it was deemed credible and sufficient for qualitative analysis because it captured a breadth of perspectives and achieved informational redundancy on key topics (Guest et al., 2006).

The unit of analysis was primarily at the individual level (each participant's perspectives). However, because participants' insights often reflected their bank's context, there was an established secondary unit of analysis at the organisational level. In other words, the study analysed patterns in individual responses and compared themes across different banks. This dual focus strengthened the findings as individual perspectives were understood within their organisational setting, and consistent themes across multiple banks suggested more generalisable insights for the sector. Additionally, each participant's narrative was treated as one case when coding the data, and then cases were aggregated for cross-case thematic analysis.

4.5 DATA COLLECTION METHODS

4.5.1 SEMI-STRUCUTRED INTERVIEWS

All 20 interviews were conducted online using Microsoft Teams and Google Meet. Of these, 18 interviews were recorded with participant consent and transcribed verbatim. For the remaining two interviews, participants did not consent to recording but both discussions were conducted online, and detailed notes were manually transcribed during and after each interview meeting to ensure accurate record-keeping. This approach respected participants' rights and preferences, ensuring their comfort while maintaining the integrity and completeness of the data collected.

Interviews were conducted one-on-one via video conferencing (Microsoft Teams and Google Meet) due to participants being in various locations. Each interview lasted approximately 45 to 60 minutes. At the start, the interviewer restated the purpose of the study and obtained verbal consent to proceed and to record the conversation (all participants had already received the written consent forms prior refer to section 4.7). With permission, all interviews were transcribed with 18 out of 20 recorded to ensure accuracy of data capture. The semi-structured approach worked well as it provided a comfortable, conversational atmosphere where interviewees could freely share stories and opinions, while still covering all necessary topics. For example, one manager's discussion about "a new AI tool and compliance" came up naturally and

was followed with additional questions, providing insight relevant to Research Question 1 and Research Question 3 that was not clearly asked in the guide but enriched the data.

After each interview, the discussion and/or recording was transcribed verbatim. The researcher transcribed two interviews on their own for participants who did not consent to being recorded and then used Copilot (MS Teams) and Fireflies (Google Meet) for transcription service for the remaining 18 interviews, followed by careful review and manual editing of each transcript to correct errors and anonymise information. Participant anonymity was maintained by assigning codes (P001, P002, … P020) and removing or replacing any mention of specific bank names or individuals with generic descriptors. Each participant was given the opportunity to review their transcript (a process known as member checking) to confirm that it reflected their views and to allow them to clarify or retract any statements if needed. Two participants responded with minor clarifications or typos, but none requested significant changes or withdrawal of data. This confirmation step enhanced the credibility of the interview data by ensuring factual accuracy and that participants felt accurately represented.

4.5.2 PUBLISHED CASE STUDIES AND DOCUMENTS

The study incorporated documentary analysis of published case studies and industry reports relevant to ethical governance and digital transformation in banks In addition to interviews. This secondary data served to contextualise and support the interview findings (Yin, 2018). The researcher collected five recent case studies (published between 2020 and 2024) from academic journals and industry whitepapers that examined digital initiatives or governance interventions in banks for example, a case study on a South African bank's implementation of a new compliance technology, and a global report on digital banking ethics by a consulting firm. These documents were identified through targeted searches on Google Scholar and through professional websites (like the Banking Association of South Africa's publications). The inclusion standard was that a document had to detail an example of banking digital change with reference to governance or ethics and the outcome on operations

or performance. Additionally, the researcher reviewed two public reports by oversight bodies (one by the South African Reserve Bank and one by the BANKSETA) that discussed sector trends in governance and digital skills. Since these materials were publicly available or published, no special permissions were needed to use them. Data from these documents were treated qualitatively where key sections were extracted and coded alongside the interview data during analysis (see Section 4.6). For instance, if a report mentioned "increased operational incidents when governance was weak," that phrase was noted as evidence supporting what some interviewees said, thus reinforcing a theme about governance lapses affecting efficiency. The value of these case studies was in providing concrete examples and a form of triangulation. Triangulation means using multiple data sources to cross-verify findings (Patton, 1999). In this research, whenever a statement emerged from the interviews, the researcher checked the document set to see if similar patterns were reported elsewhere.

This approach helped to validate the interview insights and to expand understanding. For example, participants from only one or two banks might highlight a particular issue, but a published case from another institution showing the same issue suggested it was a broader phenomenon, not just an isolated incident. Conversely, if an interview claim was not substantiated in any external sources, the researcher noted it but interpreted it cautiously as possibly very context specific. By the end of data collection, the study had a rich combined dataset of personal stories from the field and documented cases from the industry aligning with recommendations for methodological triangulation in qualitative research to enhance trustworthiness (Lincoln & Guba, 1985).

4.6 DATA ANALYSIS

All collected data from interview transcripts and notes from case study documents were analysed using thematic analysis. Thematic analysis is a systematic method for identifying patterns ("themes") across qualitative data (Braun & Clarke, 2006). The researcher followed Braun and Clarke's six-step guide:

4.6.1 FAMILIARISATION

The process began with the researcher engaging in the data by reading through each interview transcript multiple times and reviewing the case study documents in detail. During this phase, she made margin notes on initial impressions and recurring ideas. For instance, she noticed early on those words such as “compliance burden” and “innovation” were appearing in several interviews, hinting at a potential tension theme. Having personally conducted the interviews and then transcribed/reviewed them, the researcher was familiar with the content, which is crucial for reliable coding (Creswell, 2014).

4.6.2 CODING

A coding framework was developed based strictly on the finalised codebook, ensuring thematic and analytical rigor. Open coding was performed manually using Microsoft Excel to organise the data. Each interview transcript was reviewed in detail, and data segments, whether phrases, sentences, or paragraphs expressing a distinct idea were extracted and assigned descriptive labels (codes) that correspond to the codebook’s established structure. Codes were mapped to their respective sub-themes and themes, such as “Governance causes implementation delays” (Implementation Challenges, Ethical Governance), “Leadership Clear Vision & Collaboration” (Leadership Approach and Philosophy, Digital Leadership), “Automation of Manual Processes” (Sources of Efficiency Gains, Process Efficiency), and “Balancing ethics and profitability” (Implementation Challenges, Ethical Governance). No specialised qualitative software was used; instead, Excel’s filter and search functions were leveraged to ensure consistent application of codes across the dataset.

For example, all instances of discussions about efficiency trade-offs were coded under the sub-theme “Governance’s Dual Role” within the theme “Process Efficiency.” The dataset was moderate in size, and Excel allowed flexible sorting,

grouping, and cross-referencing of extracts by code, sub-theme, and theme. This approach ensured that codes such as “Regulatory misalignment across regions,” “Cultural resistance to digital change,” and “Operational Efficiency via Volume and Turnaround Time” were systematically and accurately applied. The decision not to use Atlas.ti was due to unfamiliarity with the software, but this did not compromise analytical rigor, as coding was done diligently and systematically by hand.

4.6.3 SEARCHING FOR THEMES

After coding all transcripts and documents, the researcher systematically examined the codes to identify broader patterns and conceptual groupings. Codes were grouped into candidate themes and sub-themes by looking for conceptual connections or recurring issues, strictly following the codebook structure. Codes such as “Governance causes implementation delays,” “Regulatory misalignment across regions,” “Decentralised data governance creates inconsistencies,” “Cultural resistance to digital change,” and “Balancing ethics and profitability” were grouped under the sub-theme “Implementation Challenges” within the theme “Ethical Governance.” Codes like “Leadership Clear Vision & Collaboration,” “Purpose-Driven Vision and Strategic Clarity,” “Distributed and Cross-Functional Leadership,” and “Ethical Stewardship and Workforce Responsibility” were clustered under the sub-theme “Leadership Approach and Philosophy” within the theme “Digital Leadership. “For Process Efficiency, codes such as “Automation of Manual Processes,” “AI-Driven Automation and Chatbots,” “System Integration and Unified Platforms,” “Operational Efficiency via Volume and Turnaround Time,” and “User Adoption and Self-Service Effectiveness” were grouped under the sub-themes “Sources of Efficiency Gains” and “Measurement and Evaluation.”

Throughout this stage, the researcher was mindful of the research questions, ensuring that emerging themes and sub-themes would help answer them. A provisional list of themes and sub-themes was created for each research question, and it was noted that some codes (e.g., “Balancing ethics and profitability”) were relevant to multiple research questions.

4.6.4 THEMES REVIEW

The candidate themes and sub-themes were then reviewed against the dataset to verify that they were representative and distinct. The researcher revisited the original coded extracts for each theme to ensure that the grouped data segments shared coherent meaning and that each theme was sufficiently supported by multiple, independent occurrences. Some themes were merged or refined for clarity and distinctiveness during the review process, e.g. the sub-themes “Leadership Clear Vision & Collaboration” and “Purpose-Driven Vision and Strategic Clarity” were reviewed and, where participant descriptions overlapped, were considered together under the broader theme “Digital Leadership.” The broad theme of “Process Efficiency” was reviewed to distinguish between sub-themes such as “Sources of Efficiency Gains” (e.g., automation, integration) and “Measurement and Evaluation” (e.g., turnaround time, user adoption, cost to serve). The researcher also ensured that each research question was addressed by at least one robust theme or sub-theme. For example, RESEARCH QUESTION2 (on governance implementation and measurement) was addressed by sub-themes such as “Regulatory and Internal Frameworks” and “Measurement and Evaluation.”

This review step enhanced the validity of the analysis by confirming that all themes and sub-themes were data-driven, relevant, and strictly aligned with the codebook.

4.6.5 THEME DEFINITIONS

Each final theme and sub-theme was clearly defined in a few sentences, capturing its essence and analytical scope. “Implementation Challenges” (Ethical Governance), defined as the barriers and obstacles encountered in enacting governance frameworks, including regulatory delays, inconsistent data governance, cultural resistance to digital change, and the tension between ethics and profitability.

“Leadership Approach and Philosophy” (Digital Leadership), defined as the behaviors, values, and strategies adopted by leaders to drive digital transformation, including vision, collaboration, stewardship, and distributed leadership.

“Sources of Efficiency Gains” (Process Efficiency), defined as the mechanisms and practices that enhance operational performance, such as automation of manual processes, AI-driven solutions, and system integration.

“Measurement and Evaluation” (Process Efficiency), defined as the metrics and processes used to assess efficiency, including turnaround time, user adoption, cost to serve, and regulatory alignment.

Theme names were kept concise and intuitive, directly reflecting the codebook structure (e.g., “Implementation Challenges,” “Leadership Approach and Philosophy,” “Sources of Efficiency Gains”). Each theme and sub-theme was explicitly linked to one or more research questions, providing a clear structure for presenting the findings in Chapter 5.

4.6.6 REPORT WRITING

While Chapter 5 contains the detailed findings, the themes were ultimately organised by research question for reporting. Verbatim quotes from participants were selected for each theme to serve as evidence in the narrative (with identifiers like P001 or P007 to indicate different participants). The consistency matrix (Appendix A) helped ensure that the reporting remained focused on answering the research questions. For example, when writing the section on Research Question 3, the researcher drew on the theme “Implementation Challenges” (under the theme Ethical Governance), which was defined and supported by quotes demonstrating issues such as “Cultural resistance to digital change” and “Regulatory misalignment across regions. “These codes provided direct evidence of differing interpretations and experiences of governance frameworks among executives, managers, and employees, aligning with Research Question 3 inquiring into how stakeholder perspectives impact operational outcomes.

Throughout the analysis, Microsoft Excel was the primary tool used for coding and theme tracking. Although some researchers use software like Atlas.ti, in this study Excel proved adequate due to the manageable data size and the researcher’s familiarity with the content and tool. The use of Excel did not reduce consistency, but it enforced hands-on engagement with the data. Every interpretation was double-

checked by returning to original transcripts, a manual process that deepened insight. The researcher also maintained an analysis log (audit trail) in google drive where all supporting documentation and raw data was saved which will be retained for a period of ten years. This audit trail would enable an independent reviewer to follow the progression from raw data to final themes, thereby enhancing confirmability of the analysis (Lincoln & Guba, 1985).

The outcome of this thematic analysis was a set of well-substantiated themes that directly address the research questions. These themes form the basis of the findings in the next chapter. Because the analysis was conducted systematically and in alignment with best practices (Braun & Clarke, 2006; Yin, 2018 for incorporating multiple sources), the researcher is confident that the results are trustworthy and grounded in the participants' authentic perspectives, illuminated by supporting external evidence where available.

4.7 QUALITY ASSURANCE AND ETHICAL CONSIDERATIONS

4.7.1 Quality Assurance and Rigor

Ensuring the credibility and dependability of qualitative findings is critical (Lincoln & Guba, 1985). This study incorporated several strategies to strengthen quality:

i. **Triangulation:** As described, the use of multiple data sources (interviews and published case studies) provided triangulation. If both an interviewee and a published report highlighted the same point (e.g., that transparent governance improves staff morale), the researcher had greater confidence in that finding's credibility. Triangulation thus helped validate themes and added richness by supplying different perspectives on the same issue.

ii. **Member Checking:** At the end of interviews, the researcher provided a summary of the discussion, allowing participants the opportunity to reconfirm the key points. This participant validation ensured that the information recorded was accurate and that the researcher's initial interpretations resonated with the participants' intent. A few participants provided minor clarifications (e.g., explaining an acronym or adding context to a story) which were incorporated. No one disagreed with the summary of

their input. This process boosted the **credibility** of the data (Lincoln & Guba, 1985) by aligning it with participants' approval.

iii. **Peer Debriefing:** The researcher frequently discussed emerging codes and themes with her interviewees and a fellow MBA classmate familiar with qualitative research (without breaching confidentiality). These peers acted as "sounding board," questioning interpretations and prompting the researcher to justify her coding decisions. Such debriefing helped guard against researcher bias or wishful thinking influencing the results (Shenton, 2004). It contributed to the dependability of the process by ensuring that the analysis steps were logical and repeatable by someone else.

iv. **Audit Trail:** All stages of analysis were documented. The codebook (a list of codes with definitions and example quotes) was maintained and supporting transcripts and recordings were saved. This trail provides transparency in how the data were organised, reduced and synthesised. An independent reviewer could examine this documentation to trace how, for example, Theme "Ethical Governance" was derived from a set of specific coded segments. This addresses confirmability, showing that findings are rooted in data and not the researcher's subjective biases. Additionally, Appendix A (the consistency matrix) serves as part of this audit trail by mapping research questions to how they were investigated and analysed, demonstrating design consistency and thorough coverage of the inquiry.

v. **Reflexivity:** The researcher practiced reflexivity by acknowledging her own professional background in banking (as noted in Chapter 1) and linking any biases. For example, aware that she personally values governance, she was cautious not to automatically frame governance as positive; instead, she let participants voice the pros and cons. By being transparent about this in the methodology and consciously checking interpretations against the raw data, she mitigated personal bias. This ongoing self-awareness was another facet of quality control, enhancing the trustworthiness of analysis.

vi. **Saturation Consideration:** As mentioned, the sampling aimed for and achieved thematic saturation. This concept of saturation where additional data does not yield new themes (Guest et al., 2006) is an indicator that the sample size was sufficient to reliably capture the main phenomena. Noting that saturation was reached adds to the credibility of the findings, suggesting that the study captured the dominant patterns relevant to the research questions.

Overall, these measures (triangulation, member checks, peer review, audit trail, reflexivity, and attention to saturation) collectively give confidence that the study's findings are credible (truthful from the participants' perspective), transferable in context (to similar settings), dependable (consistent and repeatable in method), and confirmable (clearly derived from data). The methodology was designed and executed in line with qualitative research best practices (Shenton, 2004; Saunders et al., 2019), lending rigor to the outcomes despite the inherently interpretive nature of the work.

4.7.2 Ethical Considerations

The research was conducted with strict adherence to ethical standards, in accordance with the University of Pretoria's GIBS Ethics Committee guidelines and general research ethics principles (Resnik, 2018). Key ethical considerations included:

i. **Informed Consent:** Prior to participation, each prospective interviewee received an interview consent form detailing the study's purpose, what participation entailed (time commitment, nature of questions), and any potential risks or benefits. It was made clear that participation was voluntary. Each participant then confirmed their willingness to participate in the interview via email or telephonically, thereafter a signed written consent form was received either before or after their interview. This form included permission to record the interview and to use anonymised quotes in the research. Participants also consented (or declined) to being quoted directly, with the understanding that codes would be used. (The blank consent form was submitted separately to the ethics committee and is on file, though not reproduced in this document. The interview guide was also submitted for ethics approval but not printed here.)

ii. **Right to Withdraw:** Participants were informed that they could decline to answer any question or stop the interview at any point without any negative consequences. They were also given the option to withdraw their data from the study up to a specified cut-off date (about two weeks after their interview, before analysis began). In practice, none of the participants chose to withdraw, and all questions were answered; a few interviewees did exercise their right to opt for the meeting not to be recorded, skip a question or two they found less relevant and/or to prevent divulging specific confidential information of their specific bank which was respected.

iii. **Confidentiality and Anonymity:** Measures were taken to protect participant identity and the confidentiality of the information shared. Unique participant code was assigned a code (P001–P020). In transcripts and in the research report, references to specific banks or individuals were removed and/or generalised (e.g., saying “a company referring to a bank” instead of naming it, or “she/he/their/them” as pronouns instead of a person’s name). All personal or company identifiers were removed from the dataset that was analysed. The list linking participant names to codes was stored securely and separately from the transcripts, on an encrypted drive accessible only to the researcher. The research report only presents data in aggregate or anonymously. These steps ensured that candid remarks (some of which might be sensitive or critical of company practices) could not be traced back to any individual or institution. This anonymity was critical for ethical reasons and was emphasised in the consent process to encourage open discussion.

iv. **Data Security:** All recordings and transcripts were stored in password-protected files on the researcher’s personal computer and backed up to secure cloud storage (OneDrive) with multi-factor authentication. No one besides the researcher (and the transcription service bound by confidentiality) had access to the raw data. After transcription and member checking, audio recordings were deleted to prevent any unintended dissemination. The transcripts will be retained for the period required by the university (typically a few years) and then will be securely deleted.

v. **Ethical Approval:** The research proposal, including the interview guide and consent procedure, were reviewed and approved by the GIBS Research Ethics Committee prior to data collection and confirmation submitted under supporting evidence to this research study. All data collection activities were carried out after obtaining this clearance. There were no deviations from the approved protocol.

vi. **Avoidance of Harm:** The topic of ethical governance could potentially lead to discussions of internal problems or conflicts. The researcher was sensitive to not push participants to disclose more than they were comfortable with, especially if it could risk their position or cause concern. In practice, participants spoke freely and often positively, but if a participant hesitated or signaled discomfort on any topic (for example, one interviewee was careful when discussing a recent compliance failure at their bank), the researcher navigated the conversation in a way that allowed them to speak generally rather than about specifics that troubled them. The interview setting (one-on-one and confidential) also provided a safe space for participants to

share honest opinions without fear. By carefully upholding confidentiality, the researcher alleviated potential professional risk to participants (a crucial ethical consideration given that criticism of employers could be career-sensitive).

The methodology was completed with a strong ethical compass, emphasising respect for persons, beneficence, and justice (Belmont Report principles). Participants were fully informed and in control of their involvement, and their privacy was safeguarded throughout. All these ethical and quality-control practices contributed to collecting high-quality, trustworthy data in a manner that honors the dignity and rights of everyone involved. With the methodology appropriately designed and ethically conducted as detailed above, the study could effectively address the research questions. The next chapter (Chapter 5) will present the findings that transpired from this process, structured by the research questions and supported by the thematic analysis of the evidence collected.

5 CHAPTER 5: FINDINGS AND RESULTS

5.1 INTRODUCTION

This chapter presents the empirical findings of the study, organised according to the key themes and research questions. 236 coded extracts were identified from the interview transcripts of 20 participants. These extracts are grouped into three main themes: Ethical Governance (110 extracts), Digital Leadership (69 extracts), and Process Efficiency (57 extracts). Each theme links to certain research questions (Research Questions), ensuring that the results are clearly grouped around the exploration of the study. Figure 4 demonstrates the relative distribution of coded extracts across the three themes.

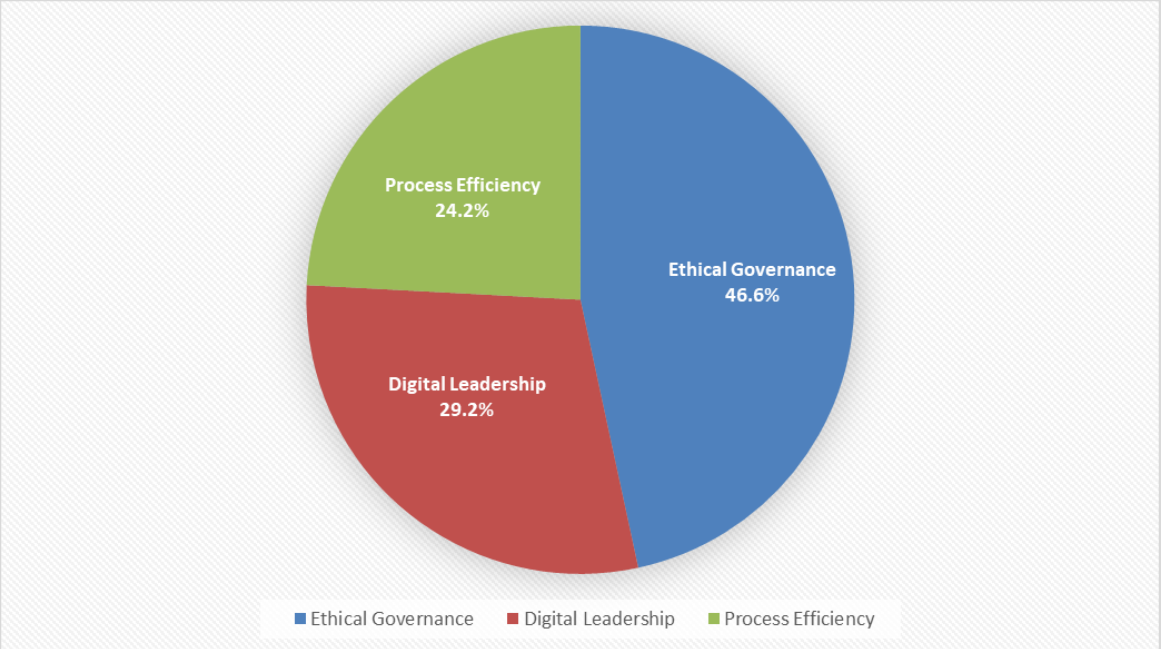

Figure 4: Theme Distribution of Coded Extracts (Ethical Governance110; Digital Leadership 69; Process Efficiency 57)

Source: Researchers composition

From this distribution, we can determine the coverage of each research question by the data:

- Research Question 1 involves Ethical Governance and Digital Leadership, which together accounted for 179 extracts (110 + 69).
- Research Question 2 involves Ethical Governance and Process Efficiency, collectively 167 extracts (110 + 57).
- Research Question 3 involves Digital Leadership and Process Efficiency, collectively 126 extracts (69 + 57).
- Research Question 4 intersects all three themes, drawing on the entire dataset of 236 extracts.
- Research Question 5 is a nuanced extension focusing again on governance and efficiency, addressed by the same 167 extracts as Research Question 2.

These counts, computed directly from the codebook submitted as raw data, confirm that all research questions are well supported by the data. No new results will be introduced in Chapter 6; all relevant findings are fully presented here in Chapter 5. We offer only minimal interpretation in this chapter (deeper analysis and implications are reserved for the Discussion in Chapter 6). Participant quotes are used extensively to evidence each theme and subtheme. Each quote is identified by the participant code (P001–P020) as per the codebook. The findings are structured by theme and subtheme, and we clearly record which research question(s) each theme addresses.

5.2 RESEARCH STUDY PARTIPANTS

The study's participant sample (N=20) was purposively selected to capture perspectives across different roles central to digital transformation in South African banks. Table 5.2.1 provides an overview of the participants, including their anonymised code, gender, position, and grouping.

Table 7: Research Study Participants

	Participant Code	Position	Classification Group	Abbreviation
Digital Leaders	P001	Lead Solution Analyst	Digital/Technology Leadership & Strategy	Tech Leadership
	P002	Lead Technology	Digital/Technology Leadership & Strategy	Tech Leadership
	P005	Business Intelligence Manager	Digital/Technology Leadership & Strategy	Tech Leadership
	P006	Data Engineer	Digital/Technology Leadership & Strategy	Tech Leadership
	P011	Head: Data & Analytics	Digital/Technology Leadership & Strategy	Tech Leadership
	P014	Adoption Specialist	Digital/Technology Leadership & Strategy	Tech Leadership
	P020	Head: Technology	Digital/Technology Leadership & Strategy	Tech Leadership
Managers	P004	Senior Risk Manager: Head Lean Control	Governance, Risk, and Compliance (GRC)	GRC
	P007	Senior Manager: Human Capital Governance	Governance, Risk, and Compliance (GRC)	GRC
	P009	Head: Risk and Securities	Governance, Risk, and Compliance (GRC)	GRC
	P016	Head: Resilience Risk Oversight	Governance, Risk, and Compliance (GRC)	GRC
	P019	Senior Specialist: Risk	Governance, Risk, and Compliance (GRC)	GRC

Operations Personnel	P003	Product Line Head: Client Experience	Process Owners/Operations (HR, Frontline, Product)	Operations
	P008	Skills Development Manager	Process Owners/Operations (HR, Frontline, Product)	Operations
	P010	Executive Head: Client Onboarding and Data Management	Process Owners/Operations (HR, Frontline, Product)	Operations
	P012	Head: Emerging Market Segment	Process Owners/Operations (HR, Frontline, Product)	Operations
	P013	Learning Operations Manager	Process Owners/Operations (HR, Frontline, Product)	Operations
	P015	Learning and Development Specialist	Process Owners/Operations (HR, Frontline, Product)	Operations
	P017	Senior Consultant Colleague Support	Process Owners/Operations (HR, Frontline, Product)	Operations
	P018	Senior Consultant Colleague Support	Process Owners/Operations (HR, Frontline, Product)	Operations

Source: Researcher's composition

Participants were classified into three broad groups: Digital/Technology Leadership & Strategy (7 participants), Governance, Risk, and Compliance GRC (5 participants), and Process Owners/Operations (8 participants). This ensured representation from the strategic "architects" of digital initiatives, the governance professionals overseeing ethical compliance, and the frontline or operational staff implementing processes.

The sample spans multiple organisational levels, from executives and heads of departments to senior managers and specialists. Each participant's interview contributed to the thematic analysis. All 20 participants are represented in the coded data. The number of coded extracts per participant ranged from 5 to 23. No single participant dominated the findings, which enhances the credibility and depth of the results. The balanced representation across roles and contributions strengthens confidence that the findings reflect a broad spectrum of experiences within the banks, rather than being distorted by any one's perspective.

5.3 DATA SATURATION

To ensure the sample size was sufficient, the researcher monitored the occurrence of new codes as each interview was analysed. The codebook links each coded extract to its source interview (via participant unique assigned identifiers in the "Raw Data Evidence" field), allowing observation of when additional interviews stopped producing new themes. The pattern was as follows:

- Interviews 1–5: Rapid surfacing of new codes (the first two interviews introduced 24 unique codes in total).
- Interviews 6–12: Slower growth of the code list, reaching 50 distinct codes by Interview 12.
- Interviews 13–15: No new codes identified; these interviews only reinforced existing themes.
- Interviews 16–20: Only 1–2 very minor new codes in total across the last five interviews.

In total, 55 distinct codes were generated from the 20 interviews. Figure 5 shows this saturation process.

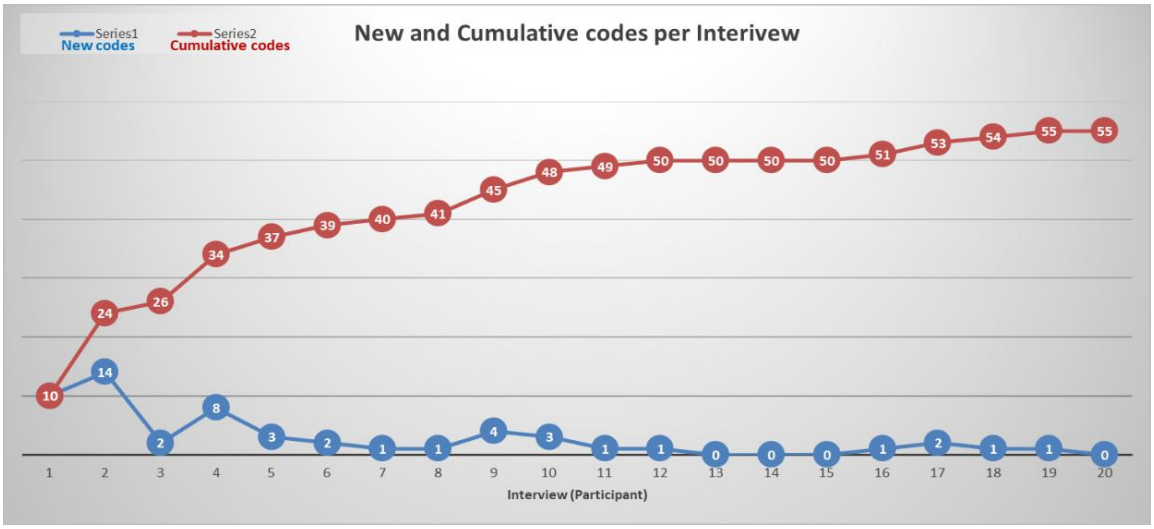

Figure 5.: Data Saturation Curve: New Codes Per Interview

Source: Researcher's composition

Bar chart shows the number of new codes introduced by each interview (blue bars) and the cumulative total of codes (red line). The red cumulative line flattens after Interview 13, indicating that additional interviews were no longer contributing substantial new information. By the 13th interview, the set of themes had stabilised. This confirms that thematic saturation was achieved with our sample. Beyond that point, participants were largely reiterating similar points and themes rather than bringing up entirely new topics. We can therefore be confident that the main themes identified are comprehensive for our research questions.

5.4 SUITABILITY OF SAMPLE

The purposive sampling strategy proved effective in capturing data relevant to all research questions. Participants in different roles emphasised different aspects of the phenomenon, collectively covering the full scope of the study's aims.

5.4.1 DIGITAL LEADERS - Digital/Technology Leadership & Strategy (e.g. P001, P002, P020) extensively discussed leadership approaches, strategic alignment, and innovation practices directly addressing Research Question 1 and Research Question 3.

P001

"digital leadership needs to be very purpose driven."

P002

"Digital leadership for me is taking the Technology Strategy, taking the business strategy and marrying that with our operational and SI funded book of work".

P014

"ethics, transparency and sustainable value creation"

P020

"I think also from a digital and technology leadership perspective, there needs to be a business appreciation. Which is very, very practical, because technology can do anything right? It's about understanding the business and where the business is trying to go and what they're trying to do so that you partner with them".

5.4.2 MANAGERS - Governance, Risk, and Compliance (e.g., P004, P007, P016) provided insights into governance frameworks, compliance challenges, and ethical considerations informing Research Question 1 and Research Question 2.

P004

"It's all about standards, policies, frameworks, policy standards, values that actually inform us or inform the bank or teams in terms of how they do their decision making".

P016

"Well, I think it goes back to the conversation of organisational benefits versus what is good for society".

P009

"POPIA is trying to obviously look at obviously some of the ethics around customers information being compromised or giving protecting the customer's information".

P007

"The risk culture in it right has got governance which looks at mandates, roles and responsibilities, measurements and evaluations".

OPERATIONAL PERSONNEL - Process Owners/Operations (e.g., P003, P010, P017) shared concrete examples of process efficiencies and inefficiencies, highlighting metrics and daily impacts revealing Research Question 3 and Research Question 5.

P003

"which department you're in. Right? But I'd say majorly turnaround time is important".

P010

"a combination of the technology that we have that we use, as well as some of the colleague process efficiency tools".

P019

"We've halved report generation time from two weeks to one."

P017

"Efficiency relies on structured processes and performance monitoring. Ethical governance is maintained when clear objectives are set from the beginning, ensuring transparency and fairness in evaluating performance".

This alignment is evidenced by the distribution of coded extracts across themes for each participant group. For instance, governance related codes were primarily contributed by those in risk/compliance roles and some leaders, whereas efficiency related codes often came from operations and digital teams. The researcher also examined the frequency of codes within each subtheme to ensure robust coverage. Figure 6 and Figure 7 below summarise the prevalence of each sub-theme in the coded data:

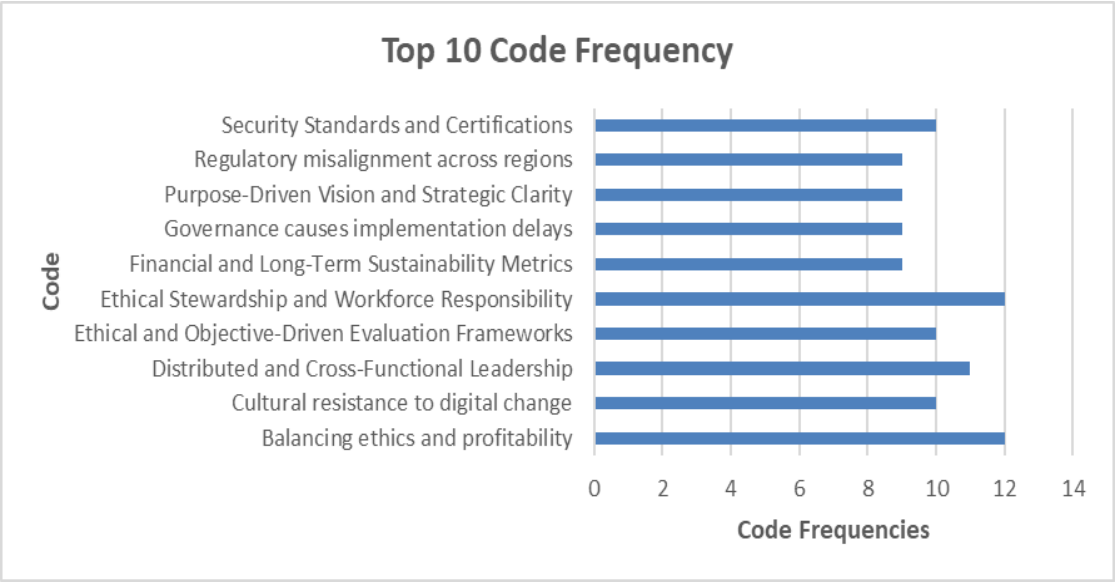

Figure 6: Top 10 Most Frequent Codes

Source: Researcher's composition

Horizontal bar chart showing the top 10 codes by frequency (number of extracts coded). E.g., "Ethical Stewardship and Workforce Responsibility" 12, "Balancing Ethics and profitability" 12, "Distributed and Cross Functional Leadership"11, etc.

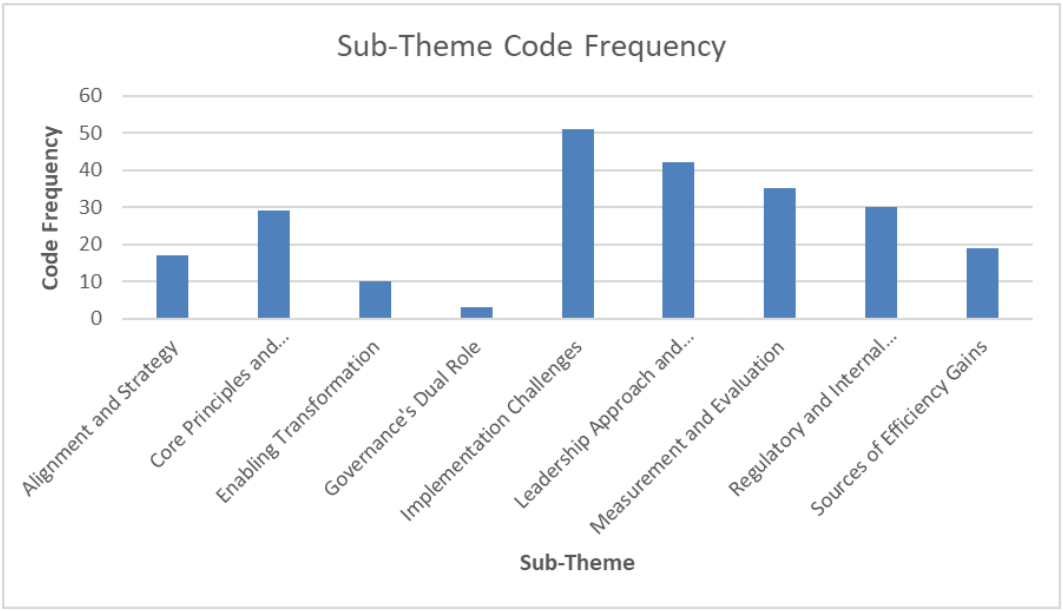

Figure 7: Frequency of Coded Extracts per Sub-theme

Source: Researcher's composition

As shown, each subtheme is well populated with evidence from participants. Particularly high frequencies in “Implementation Challenges” (51) and “Leadership Approach & Philosophy” (42) indicate strong engagement with those topics. Even the less frequent subtheme like “Governance’s Dual Role” (3) represents critical insights (in this case, nuanced points about balancing efficiency with ethics). The breadth of coverage across subthemes suggests the sample provided data on every important facet of the research questions, from broad principles to practical problems.

In essence, the chosen participants collectively produced a rich, well-rounded set of findings. The data show that each research question was addressed by multiple voices and from multiple angles, confirming that the sample was appropriate and adequate for the qualitative objectives of the study.

5.5 THEME 1: ETHICAL GOVERNANCE

Addresses Research Question 1 and Research Question 2

Ethical Governance in this study refers to the policies, principles, and practices that ensure organisational activities (especially digital initiatives) are conducted in a fair, accountable, and transparent manner. This theme had the highest number of coded extracts (110), underscoring its prominence across interviews. Participants discussed ethical governance in terms of fundamental values, formal frameworks, and real-world challenges. These insights are grouped into three subthemes: Core Principles and Understanding, Regulatory and Internal Frameworks, and Implementation Challenges.

5.5.1 CORE PRINCIPLES AND UNDERSTANDING (29 extracts)

Participants consistently described ethical governance as grounded in core values and norms that guide behavior in the bank. Several interviewees emphasised that

concepts like accountability, transparency, and fairness are at the heart of ethical governance:

i. “Governance that is centered around how we run our business.” (P010, Operations)
ii. “Fairness is quite important. Transparency as important accountability as well.” (P003, Operations)
iii. “Ethics, transparency and sustainable value creation.” (P014, Tech Leadership)

These quotes reflect a shared understanding, ethical governance is not a tick-box compliance exercise, but rather a cultural cornerstone ensuring the bank does the right thing by its customers, employees, and stakeholders. Participants see these principles as a “golden thread” running through all operations. For example, P005 (Tech Leadership) noted, “there’s ethics in how we do our reporting, there’s governance in place that we must all adhere to...”, highlighting the expectation that everyone, in every function, should be aware of and sustain these standards.

Another aspect that emerged was the alignment of legal and moral views. Participants recognised that ethical governance sits at the intersection of complying with laws/regulations and meeting broader societal moral expectations. Participant P004 (GRC) explained it as “from a legal perspective and… aligning with moral expectations”. True ethical governance means not only following the law (e.g., banking regulations, data privacy laws) but also doing what is right, even in grey areas not explicitly covered by law. In practice, this means leaders and employees often ask themselves not just “Can we do this?” but also “Should we do this?”

Additionally, client centricity and equity were mentioned as ethical imperatives. Participants like P011 (Tech Leadership) and P012 (Operations) stressed that digital strategies must consider the underserved and ensure inclusivity (for example, offering USSD mobile banking for customers without smartphones). This underscores that ethical governance, in participants’ view, includes a commitment to fairness and accessibility in service delivery, making sure the benefits of digital innovation are broadly shared and do not inadvertently exclude or harm any group.

5.5.2 REGULATORY AND INTERNAL FRAMEWORKS (30 extracts)

To operationalise ethical governance, banks rely on a framework of external regulations and internal policies/frameworks. Participants detailed the structures that support ethical practices:

- “There’s a robust risk management framework and compliance systems to support ethical governance.” (P018, Operations)
- “Policies, frameworks, policy standards, values that actually inform us or inform the bank.” (P004, GRC)

These quotes show that ethical governance is reinforced by formal mechanisms. External requirements mentioned include the King IV code of corporate governance, the Protection of Personal Information Act (POPIA), and various banking regulations (e.g., directives from the Reserve Bank or the Financial Sector Conduct Authority). Internally, every bank represented by participants has comprehensive policies such as Codes of Conduct, data governance policies, and approval processes that embed ethical checks (for instance, mandatory privacy impact assessments, model risk committees, etc.). Participants appreciated these frameworks for providing clear guidance. For example, having strict data governance policies “implementing a data governance policy to ensure the quality, integrity and security of data used in apps” in AI systems (P018, Operations), and internal codes of ethics that spell out expected behaviours. Many participants, especially those in GRC roles, described working within well-defined governance committees cascading from the Board down to business units (P007, GRC) described a multi-tier committee structure for ethics and compliance). This ensures accountability across all levels from the top (board and executives championing ethics) to operational controls (IT systems enforcing segregation of duties or requiring approvals). Participants also indicated that these frameworks must evolve over time. Participant P013 (Operations), Operations Personnel gave an example of updating governance documents in response to new regulations (e.g., adjusting vendor policies due to a Competition Act requirement). This highlights that ethical governance frameworks are dynamic banks continually revise internal rules to stay aligned with changing laws and ethical norms.

Overall, participants conveyed that ethical governance is established through a network of policies and oversight structures. These range from high-level principles in a Code of Ethics to detailed standard operating procedures all aimed at embedding ethics into daily practice. The presence of these frameworks means employees have reference points and checkpoints to guide ethical decision-making, making it easier for them to act with integrity.

5.5.3 IMPLEMENTATION CHALLENGES (51 extracts)

Participants openly discussed many challenges in implementing ethical governance even though there are strong principles and frameworks, especially in a fast-paced digital environment. This sub-theme had the most extracts in Theme 1, indicating that living up to ethical governance ideals is a major concern. Key challenges include:

"Red Tape" and Slowness

Many felt governance processes introduce resistance. "Governance slows us down," explained P002 (Tech Leadership), Digital Leaders adding that while necessary, these steps can be cumbersome. P003 (Operations) noted feeling "overly regulated... different layers" of approval, describing how multiple committees or checkpoints can delay project timelines. Essentially, while employees understand why controls exist, the time and bureaucracy involved can frustrate those trying to innovate quickly.

Policy Overlap and Inconsistencies

Given so many frameworks, a few participants mentioned confusion or duplication. P011 (Tech Leadership) observed that sometimes different departments had "inconsistent versions of data…" reflecting siloed approaches in large organisations. Ensuring all internal policies and teams are synchronised is hard, especially when

documentation is evolving. This can lead to uncertainty about which rules apply or repeated effort in getting similar approvals from multiple bodies.

Keeping Up with Change

“Things are changing so quickly, right? And our policies and frameworks and all of that don't keep up…” acknowledged P001 (Tech Leadership) referring to technological advancements. For example, a new AI tool might not neatly fit into existing governance categories, leaving teams to navigate uncharted territory. P006 (Tech Leadership) proved this with pilot projects that bypass some controls in a sandbox environment, only to hit a wall when moving to production because formal governance then kicks in and requires going “back to the data subject and get the consent” or other steps. This shows a lag between innovation and governance policies eventually governance catches up, but in the interim, implementation can stall.

Resource and Skill Constraints

A few participants pointed out that implementing governance can be hampered by limited skilled personnel. P010 (Operations) mentioned “key components that we need. And if there's a shortage of skills, that often translates to a shortage in capacity as well…” which can slow down the ability to comply with or enforce governance measures. For instance, not having enough data privacy experts or compliance officers creates bottlenecks where every digital project must wait for an overburdened team to review it. Keeping staff training and hiring in pace with new governance needs is an ongoing task.

Cultural Resistance and Change Fatigue

Ethical governance often requires employees to change how they work (e.g., follow new processes, use new monitoring systems). P004 (GRC) observed, “there’s always some resistance to change either due to culture or maybe lack of training.” Some employees may see governance as extra paperwork or may fear that stricter controls signal a lack of trust. P019 (GRC) noted that people can be “afraid of losing their jobs” to automation or new processes, which might make them less cooperative with changes. Ensuring everyone understands the why behind governance (through communication and training) is an ongoing challenge.

Profit vs. Ethics Tension

A subtler challenge mentioned by P011 (Tech Leadership) is “trying to balance profitability with ethics.” In high-pressure environments (like meeting quarterly targets or sales goals), doing the ethical thing (e.g., declining a borderline deal or investing in an expensive security upgrade) might seem at odds with short-term profit. P017 (Operations) gave a concrete example “a call centre staff may face ethical challenges and in some cases be tempted to engage in fraudulent behavior” to hit their numbers a direct conflict between “organisational benefits versus what is good for society,” as noted by P016 (GRC). This pressure can strain commitment to governance if not carefully managed by leadership through incentives and messaging.

Participants’ stories about these challenges make it clear that implementation is the real test of ethical governance. It is one thing to have principles and policies, but quite another to apply them consistently without impeding business objectives. For instance, multiple interviewees used phrases like “death by governance” or described governance as a necessary “brake” on a car that wants to go fast acknowledging the need for controls but chafing at the slowdown. This theme suggests topics in the next sections how leadership plays a role in navigating these

challenges (see Theme 2), and how efficiency can be maintained without compromising ethics (see Theme 3).

Ethical Governance emerged as a theme showing that while banks have a solid foundation of values and rules (widely recognised by staff), the real-world application of these can be difficult. These findings directly inform Research Question1 (the influence of ethical governance on leadership effectiveness, since leaders often must enforce or sometimes bend these rules) and Research Question 2 (the effectiveness of governance frameworks, as evidenced by the gaps between policy and practice). The next theme, Digital Leadership, will explore how leaders manage some of these challenges and how they embed ethical practices while driving innovation.

5.6 THEME 2: DIGITAL LEADERSHIP

Addresses Research Question 1 and Research Question 4

Digital Leadership refers to the actions and approaches of leaders (at various levels) in driving digital transformation and innovation. This theme had 69 coded extracts. Participants provided rich descriptions of what they expected from leaders in the digital era, how leaders behave, and how leadership influences the success of digital initiatives. The subthemes here are Leadership Approach and Philosophy, Alignment and Strategy, and Enabling Transformation.

5.6.1 LEADERSHIP APPROACH AND PHILOSOPHY (42 extracts)

Participants articulated a clear vision of effective digital leadership. Consistently, they emphasised that digital leaders must be purpose-driven, visionary, collaborative, and ethical. Key insights include:

Clear Vision and Communication

Leaders should articulate where the organization is headed in its digital journey and why. P018 (Operations) stressed the need for “clear vision and communication” (P018, Operations). This provides direction in times of change. Participant P008 (Operations) added that leaders must lead by example in adopting digital solutions essentially visibly embracing the changes they champion. This supports their vision with action and signals commitment to the team.

Purpose Driven and Impact Focused

“Digital leadership needs to be very purpose driven... technology is meant to enable a difference” (P001, Tech Leadership). Many echoed that technology is not for its own sake; good leaders link digital initiatives to meaningful goals (improving customer experience, solving business problems, etc.). P001’s point underscores that leaders frame digital projects around a clear purpose. Moreover, participants noted that leaders have a moral duty to do the right thing for customers. They should define success not only in terms of company profit or novelty, but also in terms of value to customers and ethical outcomes. This ties leadership behavior back to the core ethical principles from Theme 1.

Openness and Learning Mindset

Participants appreciate leaders who are curious and humble about technology, those willing to hear new ideas and learn from experts, including juniors. “I may not know this, but what does it mean and how does it transform our client experience?” was an attitude described by P006 (Tech Leadership), illustrating the ideal of openness. In a rapidly evolving field, no single leader knows everything, so the best leaders create an environment where ideas flow freely and the leader listens. P019 (GRC) suggested organizations need leaders, not managers… who listen, understand, and are informed, suggesting that the old top-down style doesn’t work well when innovation and adaptability are paramount.

Collaboration and Team Empowerment

Many participants used words like “collaborative” and “teamwork” when describing ideal leaders. P018 noted that leadership should foster a culture of collaboration, implying that after setting direction, leaders must work with their teams across silos. In practice, leaders often act as facilitators. One participant (P013, Operations) described using an agile, no-hierarchy approach where leaders facilitated design sprints, retrospectives, and stakeholder workshops to ensure inclusive and iterative development demonstrating leadership by facilitation rather than command. This aligns with P012’s (Operations) emphasis on “soft skill around the abilities to collaborate and work in multidisciplinary teams” (P012, Operations) as a key leadership trait. By working closely with diverse experts and breaking down hierarchies, leaders can harness the collective intelligence of their organisation.

Ethical Role Modelling (Tone at the Top)

This connects back to Theme 1 participants expect leaders to model the ethical use of technology. As P004 (GRC) said, leaders should ensure ethical decision-making is both discussed and demonstrated in their actions. P016 (GRC) resonated that leadership has a big role to play in shaping the organizational culture. If leaders cut corners, others will follow; but if leaders consistently champion governance and integrity, others will take it seriously. For example, a CIO or digital executive who openly priorities customer privacy even if it slows a project sends a powerful message to the organisation about core values.

Overall, participants described an ideal digital leader as one who has a compelling vision, a strong sense of purpose aligned with core values, and the qualities to bring people along through communication, openness, and leading by example. This sub-theme addresses aspects of Research Question 1 by showing how leadership is influenced by (and responds to) ethical expectations, and it sets the stage for Research Question 4 by highlighting leadership practices (open culture, clear direction, collaboration) that enable successful transformation.

5.6.2 ALIGNMENT AND STRATEGY (17 extracts)

A recurring message was that digital leaders must align digital initiatives with the bank's broader strategy and ensure all stakeholders move in the same direction. This sub-theme covers how leaders integrate governance, business goals, and technology plans:

Integrating Tech and Business Strategy

"Digital leadership for me is taking the Technology Strategy, taking the business strategy and marrying that with our operational and SI funded book of work" (P002, Tech Leadership). Participants noted that in the past, IT might have been separate from "the business," but effective leaders now create one unified strategy. For example, if the bank's goal is to grow the youth market, the digital leader aligns tech roadmaps (say, mobile app features) to serve that goal, while also considering operational constraints and governance requirements. P020 (Tech Leadership) stressed understanding "the parameters of within which we operate… first and foremost," meaning leaders must know the bank's regulatory and risk boundaries as they plan, they push innovation in ways that don't violate those boundaries.

Cross-Functional Alignment

"Governance and innovation got to work together. They've got to…" (P007, GRC). Participants highlighted leadership's role in getting different teams (IT, Risk, Operations, etc.) on the same page. Good leaders convene the right people and facilitate consensus early. P013 (Operations) emphasised the use of regular executive committee (ExCo) updates and stakeholder engagement sessions to maintain strategic alignment. In practice, digital leaders often report progress and plans to the executive committee and involve key stakeholders (like compliance heads, business unit leaders) in decision-making. P013 (Operations) described how "ExCo updates and stakeholder engagement" (P013, Operations) kept everyone aligned and reduced last-minute pushback. This transparency and communication

across functions mean that IT innovation and governance obligations are coordinated, not at odds.

Unified Leadership Commitment

Digital transformation requires buy-in from the entire leadership team, not just the CIO or a small group. P009 (GRC) underscored that the leadership team must agree on the target strategy, the intended customer segment, and the budget for the initiative. In other words, if risk executives and digital executives have differing priorities or visions, projects can stall. Effective digital leaders spend time ensuring their peers (in risk, finance, operations) share a common vision and agree on priorities. P009's call for a clear sponsor and unified agreement indicates that someone at the top must champion the cause and coordinate leadership unity so that middle managers and teams receive consistent direction.

Strategic Use of Frameworks

Leaders also use governance frameworks as strategic tools. For example, a leader might align a new project with the principles of King IV (a corporate governance code) to get bored buy-in more easily, or time project rollouts to coincide with regulatory deadlines. One participant (P017, Operations) explained how their team systematically derived internal policies from banking acts and regulatory directives by doing so, they turned potential governance constraints into guiding parameters. Essentially, they planned initiatives with the rules in mind rather than in conflict with them. This proactive alignment with formal frameworks means digital strategy and compliance move in tandem.

This sub-theme shows that a significant part of a digital leader's job is strategic orchestration. It's not just about choosing the right technology; it's about syncing technology initiatives with business objectives, regulatory requirements, and multi-department efforts. Participants reported that when leadership achieved strong alignment, digital initiatives progressed more smoothly. In contrast, misalignment at

the top was often cited as a reason for project delays or failures. Alignment emerged as a key leadership responsibility that directly impacts Research Question 4 it is a leadership practice that enables effective transformation while maintaining ethical integrity and efficiency.

5.6.3 ENABLING TRANSFORMATION (10 extracts)

In addition to vision and alignment, participants discussed what leaders do to enable digital transformation on the ground. Several practical leadership actions were identified:

Driving a Digital Culture

“We are driving very aggressively a digital first culture to drive digital transformation” (P010, Operations). Leaders set the cultural tone by encouraging experimentation, agility, and customer-centric thinking. P010 (Operations) and others described training as being important to achieve effective transformation. Leaders normalising the idea that not all experiments succeed but each provides learning helps reduce fear and increase creativity. P020 (Tech Leadership) said leaders must be open to failing fast, indicating they promote a safe environment for innovation, if you are not willing to try, you are not going to learn. By visibly embracing new digital tools and showing tolerance for smart risks, leaders embed a digital-first mindset into the culture.

Empowering and Training People

“Ensure that you empower your people by giving them the relevant training.” (P010, Operations). Many participants noted that transformation falters if employees lack the skills or authority to execute. Good leaders invest in upskilling programs (e.g., data literacy workshops for business staff, agile coaching for project teams) so employees feel capable in using new systems. They also delegate decision-making appropriately. P017 (Operations) observed that when leadership provided

“delegated authority” (P017, Operations) and trust to teams, it took a lot of strain off the leader and sped up service delivery teams didn’t have to wait on higher-ups for every minor decision. This empowerment requires leaders to clearly define guardrails and then allow teams to act within them. It shifts day-to-day decision power closer to the front lines, which accelerates execution while keeping managers from becoming bottlenecks.

Providing Resources and Removing Obstacles

Leaders secure budgets (ensuring investment in people and systems) and clear organisational roadblocks. P009 (GRC) noted that leadership must agree on “the budget that they want to spend and then also the velocity” of projects essentially, leaders need to not only allocate sufficient resources but also set a realistic pace. If a transformation project needs cross-department collaboration, the digital leader negotiates with other executives to free up those team members’ time. If an old policy is unreasonably blocking progress, a good leader might convene a discussion to amend the policy (linking back to evolving governance in Theme 1). In short, leaders actively intervene to remove impediments so that their teams can implement changes efficiently.

Leading Change Management

Several participants pointed out that leaders serve as change champions. They personally engage with those who are hesitant and ensure open communication about the transformation process. P015 (Operations) highlighted the importance of constant communication around progress and challenges as leadership behavior. When employees see leaders frequently communicating candid updates and acknowledging issues, it builds trust and keeps momentum. It assures the team that leadership is aware, involved, and supportive throughout the change, not just at the kick-off. This visibility and transparency from leaders can help alleviate anxiety and rally people around the transformation goals.

Sustained Sponsor Involvement

Participants warned that leaders must not just launch an initiative and then disappear. P011 (Tech Leadership) lamented instances where leadership became absent after the kick-off phase, which led to misalignment and stalled projects down the line. In contrast, successful transformations had leaders checking in regularly, celebrating quick wins, and course-correcting when needed. This sustained sponsorship keeps the initiative a priority and morale high teams know leadership still cares and that cross-functional issues can be escalated and resolved thanks to high-level attention.

The Digital Leadership theme portrays leaders as the cornerstone of success, and as such ethical digital transformation is important. They formulate an inspiring vision (why and what we need to change), align people and plans (how we will change together), and actively facilitate the change (removing barriers, empowering teams, and modelling the desired mindset).

These leadership practices are directly connected to Research Question 4, which asks about governance practices and leadership behaviours that enable effective digital transformation while maintaining ethics and efficiency. Participants' insights indicate that effective digital leaders weave governance into their strategy (they do not treat ethics and innovation as opposing forces) and foster efficiency by empowering teams not by ignoring governance, but by intelligently balancing it with agility.

This theme also relates back to Research Question 1, because it shows how leaders internalize ethical governance (from Theme 1) and drive it through culture and example. It relates to Research Question 3 in that leadership decisions (like whether to invest in training or delegate authority) can greatly affect process efficiency outcomes. The next theme, Process Efficiency, will detail those outcomes and

describe how governance and leadership ultimately manifest in operational performance.

5.7 THEME 3: PROCESS EFFICIENCY

Addresses Research Question 2, Research Question 3, and Research Question 5

Process Efficiency refers to how effectively banks streamline and optimize their operations through digital initiatives. This theme had 57 coded extracts. Participants shared detailed accounts of how banks measure, achieve, and govern efficiency in digital processes. They explained that efficiency is monitored using key performance indicators such as turnaround time, error rates, cost-to-serve, and customer satisfaction, and they gave examples of significant improvements attained through automation, self-service tools, and better data access. Additionally, participants reflected on governance's dual role in process efficiency, acknowledging that governance can introduce necessary checks that sometimes slow things down but ultimately ensure sustainable efficiency when integrated into process design. The sub-themes here are Measurement and Evaluation, Sources of Efficiency Gains, and Governance's Dual Role.

5.7.1 MEASUREMENT AND EVALUATION (35 extracts)

Participants emphasised that "you can't manage what you don't measure." Efficiency was tracked using a range of KPIs, including speed, accuracy, cost, and customer satisfaction:

Turnaround Time and Volume Metrics

P017 (Operations) described "monitoring the value including the volume that we've received every day, every week." while P003 (Operations) emphasised that

“turnaround time is important” These metrics were used to assess how quickly processes like loan approvals or customer onboarding were completed.

Resolution and Response Times

P018 (Operations) shared how they measured “time of requesting and improving employee satisfaction,” especially after implementing self-service portals. Faster resolution times were seen as indicators of improved service and internal efficiency.

Quality and Error Rates

Efficiency wasn’t just about speed. P005 (Tech Leadership) highlighted the importance of data quality and lineage, while P004 (GRC) noted that “feedback from customers” was used to ensure that faster processes didn’t compromise satisfaction. Metrics like first pass yield and error rates helped balance speed with quality.

Cost-to-Serve and Productivity

P001 (Tech Leadership) gave a simple example: “if it took someone 8 hours and now takes 4 hours...” This translated into cost savings or increased capacity. P009 (GRC) discussed measuring how many people were needed for the same output linking efficiency to profitability.

Balanced Scorecards

Many banks used dashboards to track multiple metrics. P008 (Operations) mentioned “monthly or quarterly reporting,” and P013 (Operations) emphasised using “data-driven insights to measure impact and refine processes.” These scorecards helped teams monitor performance and adjust strategies in real time.

Overall, participants demonstrated a strong measurement mindset. For every digital initiative, they set targets and monitored outcomes. This approach directly supports RESEARCH QUESTION5, showing how governance and leadership decisions are evaluated for their impact on operational efficiency.

5.7.2 SOURCES OF EFFICIENCY GAINS (19 extracts)

Participants provided numerous examples of how digital transformation improved efficiency across banking processes:

Automation of Repetitive Tasks

P001 (Tech Leadership) explained that “repetitive tasks… value a task those have now given rise to people.” allowing staff to focus on higher-value work. P016 (GRC) noted that “credit sanctioning manually has now become automated,” speeding up decisions.

Dramatic Time Reductions

P010 (Operations) shared that onboarding went from “two to three weeks” to “a single day”, P017 (Operations) observed that payment processes dropped from 48 hours to under an hour, P005 (Tech Leadership) noted that report generation went from “a week to half a day” and P019 (GRC) described a process that “would take forever… I just take a few minutes”.

These examples show efficiency gains of 80–90% in some cases, achieved by replacing manual steps with digital workflows and straight-through processing.

Self-Service Capabilities

P008 (Operations) said “customers carry a bank on my phone,” referring to mobile apps. P002 (Tech Leadership) highlighted IT self-service like “resetting your own password versus having to log a call with a call centre to support you to do it” P018 (Operations) described an HR portal that “eliminating mistakes because they are doing it themselves.” These tools reduced staff workload and improved user experience.

Better Data Access and Decision-Making

P005 (Tech Leadership) noted that “self-service dashboards” allowed employees to access real-time data, reducing delays and improving decision quality.

Increased Throughput

P002 (Tech Leadership) tracked “how many incidents a single person can close,” showing that automation allowed individuals to handle more volume.

Error Reduction and Rework Elimination

P019 (GRC) described a system that “tells you if the ID number is incorrect,” preventing downstream errors and saving time.

Participants were enthusiastic about these improvements, citing them as proof that digital transformation was worthwhile. These gains helped customers (faster service), employees (less drudgery), and the bank (cost savings). However, they also recognised that efficiency must be managed alongside governance.

5.7.3 GOVERANCE's DUAL ROLE (3 extracts)

Participants reflected on how governance intersects with efficiency, describing a dual role.

Governance as a Constraint on Efficiency:

P002 (Tech Leadership) noted that "that definitely slows down the efficiency," referring to compliance checks and approvals. P003 (Operations) described being "overly regulated," where rapid solutions were delayed by lengthy approvals. In short, governance introduces necessary friction but friction, nonetheless.

Governance as an Enabler of Sustainable Efficiency

P005 (Tech Leadership) emphasised that "governance keeps us in check… correct data quality and lineage." P011 (Tech Leadership) asked, "when I am providing digital leadership and I'm becoming efficient, am I still protecting the interests of the customer?" These reflections show that governance ensures long-term reliability and ethical compliance, even if it slows things down in the short term.

Finding the Sweet Spot

Participants agreed that the best outcomes occurred when governance was integrated early into process design. P003 (Operations) described "governance by design," where compliance teams were involved from the start. This prevented delays and ensured that automated processes were both efficient and compliant.This sub-theme highlights a paradox: governance can slow individual processes, but it's essential for overall system integrity. A faster process that bypasses controls might lead to scandal or failure the ultimate inefficiency. The optimal state is one where

governance steps are efficient, and efficiency improvements don't violate governance standards.

The Process Efficiency theme contributes to:

i. Research Question 2 by showing how governance frameworks affect operational outcomes.
ii. Research Question 3 by detailing how leadership decisions improve efficiency.
iii. Research Question 5 by evaluating the impact of governance on performance metrics.

Participants recognised that efficiency gains are most durable when governance is embedded early and leadership ensures alignment. Governance and efficiency are not opposing forces, they are interdependent, and their balance is key to sustainable transformation.

5.8 INTERSECTIONS, REFELCTIONS AND PARTICIPANT RECOMMENDATIONS

One striking outcome of the analysis is how frequently participants discussed the interplay between governance, leadership, and efficiency. The themes do not exist in isolation; they influence each other in practice. Here we highlight a few key intersections and participants' reflections on them, along with some implicit recommendations that participants offered for improvement:

5.8.1 GOVERNANCE AND LEADERSHIP (Research Question 1)

Many participants felt that leadership is the vehicle through which ethical governance either succeeds or fails. For instance, when leaders lead by example and openly champion ethical practices, it reinforces a culture of integrity (e.g., P014 (Tech Leadership) noted "Leaders who prioritised ethical governance literally set the tone in decision making…"). Conversely, if leadership is weak on ethics, even good policies might be ignored on the ground. Participants suggested that leadership training and accountability should include a strong ethics component ensuring that

every leader, not just those in risk roles, understands governance and is evaluated on ethical behaviours.

5.8.1 GOVERNANCE AND EFFICIENCY (Research Question 2/Research Question 5):

There was consensus that you cannot simply cut out governance in the name of efficiency. “We cannot go without it. It always plays a vital role… it does slow down delivery,” P002 (Tech Leadership) summarised this trade-off. Participants recommended streamlining governance processes rather than eliminating them. For example, embed governance early in projects rather than as an afterthought (to avoid lastminute compliance delays). Another suggestion was to use technology for governance itself: automate compliance checks, use AI to flag risks, etc., so that governance can keep pace with automated processes.

5.8.2 LEADERSHIP AND EFFICIENCY (Research Questions 3)

Participants credited good leadership with many of the efficiency improvements. Where projects had strong leaders, teams felt empowered to innovate and implement new tools, leading to the big gains described. This suggests ensuring visible executive support and cross functional leadership teams for major efficiency initiatives. P009’s (GRC) comment about needing a leadership sponsor implies banks should formally assign executive sponsors to each major digital project, with the authority to cut through red tape when needed.

5.8.3 ALL THREE TOGETHER (Research Question 4)

The richest insights came when participants talked about scenarios involving all three aspects. For example, a “digital first” project might involve a leader advocating a new AI tool (leadership), the risk team ensuring it meets privacy rules (governance), and the result being a much faster customer service response

(efficiency). When asked who works on such projects, participants described multidisciplinary teams effectively combining governance experts, tech experts, and business owners under shared leadership. This itself is a recommendation: break down silos by forming “squads” or agile teams that include a compliance officer from day one. Several participants noted that this practice was starting in their Organisations and greatly improved outcomes.

5.8.4 REFLECTIONS ON ORGANISATIONAL CULTURE

A few broad reflections emerged. Participants feel the bank’s culture is gradually shifting to be more innovative yet remain mindful of ethics balance they see as non-negotiable. They also reflected that communication is key: when leaders explain why a new process is introduced (e.g., “to improve customer experience while staying within our legal obligations”), employees are more supportive and make fewer errors implementing it. Lack of communication can breed misunderstanding (thinking governance changes are just bureaucracy, or efficiency pushes are just cost-cutting), which hurts execution.

These intersections show that the research questions are interwoven: their answers overlap in practice. The success factors and challenges lie in the gaps between themes, where leadership meets governance, or where efficiency meets ethics. Participants recognise those gaps and often offered practical ways to bridge them, which are valuable inputs for the Discussion chapter.

5.9 RESEARCH QUESTION SUMMARIES

To directly answer the research questions using the findings:

5.9.1 Research Question 1: How do ethical governance frameworks influence digital leadership effectiveness and operational efficiency in South African banks undergoing digital transformation?

Ethical governance sets the boundaries and expectations within which digital leaders operate. When governance frameworks are robust and well communicated, they guide leaders' decision-making leaders incorporate ethical checks into their vision and model integrity (e.g., insisting on transparency and fairness in tech deployments). If governance is seen as overly restrictive or misaligned, however, leaders face challenges in motivating teams and pushing innovation. The data showed effective digital leaders actively embrace governance (seeing it as part of their role) and thereby earn trust, which enhances their effectiveness. As P014 (Tech Leadership) noted, leaders who set an ethical tone make it easier for everyone to follow suit, leading to more cohesive and principled execution of digital projects.

5.9.2 Research Question 2 & Research Question 5

Research Question 2 How do South African banks implement and measure the effectiveness of ethical governance frameworks across organisational levels? Research Question 5 How can the impact of ethical governance on leadership effectiveness and operational efficiency be measured in South African banks?

Governance frameworks are implemented through a combination of policies, committees, and culture. In practice, this involves mandatory training, multilevel approval processes, and ongoing audits. (For example, P007 (GRC) described how ethics and compliance committees' cascade from board level down into business units.) The impact on efficiency is mixed frameworks ensure processes are done correctly and legally (preventing costly mistakes), but they can introduce delays and bureaucracy.

Organisations evaluate this impact by monitoring metrics after implementation. For instance, after introducing a new compliance checkpoint, a bank might see slightly slower processing times but also a drop in errors or incidents outcomes measured via KPIs like incident rates and processing time. Essentially, the impact is evaluated by checking whether key performance metrics improve without any red flags in risk or quality metrics. Banks use balanced scorecards to capture both aspects.

5.9.3 Research Question 3: How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks?

Stakeholders at different levels executives, middle managers, frontline employees sometimes interpret and engage with governance differently, and these attitudes significantly affect outcomes. If operational teams perceive governance as adding value (protecting customers, ensuring quality), they tend to implement processes carefully and efficiently, taking pride in doing things right. In contrast, if they see governance as bureaucracy or mistrust, they might comply only superficially or find workarounds, leading to inconsistent application and potential process breakdowns or quality issues.

The interviews revealed cases where collaboration between risk/compliance stakeholders and operational teams led to innovative solutions that were both fast and safe (e.g., involving compliance early prevented slowdowns later). Conversely, when interpretations clashed for instance, IT pushed for speed and while compliance pushing for safety without dialogue it resulted in stalemates or rework. Overall, aligning stakeholder understanding of governance (through communication and joint planning) tends to produce processes that are both efficient and dependable. Misalignment or poor communication can degrade service quality and efficiency, either due to overcautiousness or corner cutting.

5.9.4 Research Question 4: What governance practices enable effective leadership while maintaining operational efficiency?

The evidence points to several enablers. Governance practices: “Governance by design “integrating ethical checks into the development process from the start (instead of retrofitting compliance at the end) enables smoother transformation. Also, simplified approval mechanisms (risk based rather than one size fits all) help

maintain pace. For example, routine low risk changes could be preapproved under guidelines, freeing teams to implement improvements quickly.

Another effective practice is continuous monitoring and feedback loops (as P013 (Operations) described with data driven refinement) to catch issues early and adapt. Leadership behaviours: Effective behaviours include setting a clear ethical vision, empowering teams with training and authority, and collaborative problem-solving. Leaders who foster cross-functional teamwork (bringing together IT, operations, and compliance) create an environment where solutions meet all requirements. Transparency is another key behavior leaders openly discuss risks and the rationale for decisions, building trust so that when they ask teams to move fast, the teams know it's been thought through. Finally, recognizing and rewarding ethical and innovative behavior encourages employees to uphold standards even as they push for efficiency.

Overall, the winning combination observed is leadership that is ethically grounded and inclusive, paired with governance that is proactive and streamlined. Participants noted that under such conditions, digital transformation initiatives not only achieved their performance targets but did so without major compliance incidents or stakeholder back lash a true win-win scenario.

In final analysis, the research questions were tightly interlinked in that ethical governance provides the context for leadership, leadership drives the implementation of governance and efficiency improvements, and the success of efficiency initiatives is strengthened by governance standards. The final chapter (Discussion) will explore how these empirical insights relate to existing literature and theory. It will also address what these results mean for the banking sector and for broader discussions on digital transformation. Additionally, it will draw implications for practice (including recommendations hinted at by participants) and suggest areas for future research.

The following section situates these findings within the broader academic context by comparing them to results from previous studies discussed in Chapter 2.

5.9.5 ALIGNMENT WITH PREVIOUS STUDIES

Findings in this chapter align with the literature discussed in Chapter 2. Participants report of governance introducing friction while securing reliability correspond with studies observing that governance complexity can hinder agility yet supports long term stability (Tang et al., 2020; Klus & Müller, 2021). Observations that leadership mediates the translation of governance into practice are consistent with accounts of leadership mediation in ethical governance (Wynn & Jones, 2023; Wang et al., 2022). Reported efficiency gains through automation and self-service echo sector analyses of digitalisation driven operational improvements (PwC, 2023; EY, 2025).

5.10 CHAPTER SUMMARY

In this chapter, we presented a detailed interpretation of the qualitative findings, structured by theme and sub-theme and aligned with each research question. The data were drawn from 20 participant interviews and coded into 55 distinct codes, which were further grouped into 9 sub-themes under three main themes. We achieved data saturation, indicating confidence that these themes broadly cover the phenomena of interest. The key takeaways from each theme are:

5.10.1 ETHICAL GOVERNANCE

Participants view ethical governance as essential, and complex involving core values (like accountability and transparency) and enforced by formal frameworks (policies, committees, laws). Ethical governance sets the “rules of the game” and is well embedded in the bank’s culture. Yet, challenges in implementation (bureaucracy, keeping pace with change, balancing profit and ethics) are significant. Everyone

agrees on the importance of ethical governance but making it seamless in practice is hard. This theme showed how these frameworks guide or sometimes delay initiatives (feeding into Research Question 1 and Research Question 2).

5.10.2 DIGITAL LEADERSHIP

Effective digital leaders are described as visionaries who are grounded, empowering and principled. They translate ethical principles into action (setting the tone for integrity), align technological efforts with business strategy (ensuring stakeholder buy-in and coherence), and drive transformation by upskilling, reskilling and motivating their teams. They act as connectors between innovation and regulation. Where leadership was strong, participants reported clearer direction and more successful project outcomes. This theme demonstrated what behaviours and approaches leaders use to navigate the complex environment (addressing RESEARCH QUESTION1 and RESEARCH QUESTION4).

5.10.3 PROCESS EFFICIENCY

The banks have realised substantial efficiency gains from digital transformation, dramatically cutting process times and improving productivity through automation and self-service. Participants measure these gains thoroughly (turnaround times, volumes, error rates) and are proud of improvements like weekly tasks reducing to hours or less. They also recognise that governance plays a dual role as it can slow down individual processes, but it ensures those processes are reliable and ethical. The harmony is that true efficiency must be achieved responsibly. This theme demonstrated the outcomes of the interplay of leadership decisions and governance on operations (relating to Research Question 2, Research Question 3, and Research Question 5).

Across all themes, a unifying thread is the need for balance and integration. Balancing speed with control, innovation with ethical oversight, and individual initiative with unified strategy. The findings suggest that when banks get this balance

right often through strong, ethically minded leadership and smart governance design the results are highly positive, efficient processes that uphold trust and compliance. Conversely, when elements are out of balance (e.g., rigid governance with no flexibility, or leadership pushing change without regard to rules), the transformation stumbles.

To conclude Chapter 5 has provided all the necessary results to address the research questions. We have not introduced new data beyond what participants shared. The phase is now set for Chapter 6 (Discussion), where these findings will be examined in the context of existing literature and theoretical frameworks. In that chapter, we will interpret what these results mean for banks in South Africa and for broader discussions on digital transformation. We will also discuss practical implications (such as strategies to address the challenges identified by participants) and propose directions for future research. It should be emphasised that the successful navigation of digital innovation in banks appears to hinge on integrative leadership, leadership that harmonises ethical governance with the pursuit of efficiency a point that will be explored further in the discussion that follows.

6 DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter interprets the empirical findings reported in Chapter 5 in relation to the research questions (Research Question 1–Research Question 5) and the theoretical interpretive approaches presented in Chapter 2 including Institutional Theory, Ethical Climate Theory, and Corporate Digital Responsibility (CDR). The analysis uses only coded interview evidence (N = 20 interviews; N = 236 coded extracts) and the established theoretical frameworks. It does not introduce new data or constructs. All interpretations are made visible through references to the thematic analysis code book theme families and representative participant codes (e.g., P010, P014, etc.).

6.2 CHAPTER 5 DEMONSTATED THAT ETHICAL GOVERNANCE, DIGITAL LEADERSHIP AND PROCESS EFFCINECY ARE CLOSELY INTERCONNECTED IN PRACTICE. CHAPTER 2 FRAMED THIS INTERDEPENDENCE THEORETICALLY:

i) Institutional pressures (King IV, POPIA, directives) establish formal guardrails.
ii) Ethical climate (tone at the top, awareness, frontline communication) mediates presentation quality.
iii) CDR specifies how leaders must balance technological adoption with data ethics and accountability. The discussion that follows makes these linkages explicit and shows, with evidence, when and why efficiency gains are robust (i.e., speed improvements that co-exist with stable or improved quality/compliance) and when they are fragile (speed-only gains that accompany incident spikes or rework).

6.3 INTEGRATION OF CHAPTER 2 FINDING ON PROCESS EFFICIENCY

This literature review examines three interrelated constructs, namely, ethical governance, digital leadership, and process efficiency in the South African banking

sector. It synthesised theoretical perspectives, regulatory frameworks, and empirical evidence to establish a conceptual foundation for the study. By using lenses such as Institutional Theory, Ethical Climate Theory (ECT), and the emerging Corporate Digital Responsibility (CDR) framework, the review aimed to illuminate the mechanisms through which governance and leadership shape operational outcomes in digitally transforming banks. The subsequent sections critically analyse existing scholarship, demonstrate scholarly debates (including contrasting viewpoints), identify what is known versus unknown, and articulate the rationale for this research. In doing so, the review refines the research problem and shows why this study is needed. Crucially, the literature reveals how our three constructs intersect: ethical governance provides rules and values that guide decisions; digital leadership translates those principles into action in a turbulent technological environment; and process efficiency represents the performance outcomes that result. The chapter concludes by synthesising major insights and highlighting gaps in current knowledge to justify the study's focus on the perspectives of digital leaders, managers, and employees in South African banks.

Bringing together the themes above, many scholars argue that digital leadership is the linchpin connecting ethical governance structures to operational outcomes like process efficiency (Wang, Lin, & Sheng, 2022; Fang, 2023). Governance provides the principles and "rules of the game," and efficiency is a key performance target but it is leadership that interprets, prioritises, and implements governance in pursuit of those targets. In the context of South African banks undergoing digital transformation, this mediating role of leadership is especially critical given the twin pressures of strict governance compliance and the need for technological innovation.

6.3.1 PPROCESS EFFICIENCY IN THE DIGITAL ERA

The third construct is process efficiency looking at the ability of a bank's operations to deliver products and services in a timely, cost-effective manner without waste. Traditionally, efficiency in banking was measured by metrics like the cost-to-income ratio (CIR) (operating costs as a percentage of income), transaction processing times, or error rates. An efficient bank maximises output (transactions processed, quality service) while minimising input (time, cost, resources). Process efficiency in

today's banking is a multi-faceted construct encompassing cost, speed, quality, resilience, and ethics. Digital transformation has unlocked significant efficiency gains as evidenced by improving CIRs and faster services but realising those gains fully requires overcoming implementation challenges and keeping ethical considerations in focus. The literature suggests that banks making the best progress are those who combine technology investments with strong governance and enlightened leadership (Juma Ally, Mthembu, & Naidoo, 2025; Tang et al., 2020). This triangulation of factors reinforces why our study examines all three constructs together.

Existing models often depict simple linear relationships for example, "governance compliance leads to better performance" but they fail to capture the dynamic interplay of external pressures, internal culture, and leadership behaviours, especially in emerging markets. South African banks operate in an environment of institutional complexity where global standards intersect with local mandates and rapid technological change (Scott, 2014; Klus & Müller, 2021). The integrative framework addresses this by including multiple layers and feedback loops. Its purpose is to provide a holistic lens to analyze how ethical governance and leadership together influence process efficiency under real-world conditions. This richer model can better interpret our empirical findings than a simple one-way model could. Enhanced operational performance is the result ideally improvements in efficiency metrics (lower CIR, faster processes, higher customer satisfaction) achieved without compromising ethical standards or incurring undue risk (Tang et al., 2020; Juma Ally et al., 2025). In other words, success in this framework is when the bank runs more efficiently and maintains integrity and trust.

6.3.2 COMPARATIVE REFLECTION

In Chapter 1, a simplified conceptual framework was presented, positing a linear relationship between Ethical Governance, Digital Leadership and Process Efficiency (with leadership as a mediator). That conceptual model is useful for formulating hypotheses and identifying core variables (Mueller, 2022; Hendershott, Livdan, & Schürhoff, 2021). However, it abstracts away context. The integrative framework introduced here adds contextual depth by incorporating external pressures (institutional factors), ethical climate (internal culture), and feedback loops. This

expanded view reflects the complexity of South African banking transformation (Diener & Špaček, 2021; Klus & Müller, 2021). Leadership and ethical climate are treated as co-mediators rather than a single mediator. The integrative framework is thus less about hypothesis-testing and more about interpreting findings within a broad context and guiding qualitative analysis. The literature reviewed in this chapter demonstrates a complex, interdependent relationship between ethical governance, digital leadership, and process efficiency in South African banks.

6.3.2.1 INTEGRATION OF CHAPTER 2 FINDINGS ON DIGITAL LEADERSHIP

Leadership plays a central role in navigating this complex landscape. Research indicated that leadership style significantly influenced the success of digital transformation initiatives (Alghfeli, Sohaimi, & Chik, 2024). Traditional hierarchical models were increasingly deemed inadequate in volatile, uncertain, complex, ambiguous (VUCA) environments. Instead, leaders needed to show agility, ethical reasoning, and digital literacy to steer organisations through technological and cultural change (Stana, Fischer, & Nicolajsen, 2024; López-Figueroa et al., 2025). The COVID-19 pandemic accelerated this shift by normalising remote work and virtual collaboration, which heightened demand for digital leadership competencies (Mustajab et al., 2020). Nevertheless, technology adoption alone did not guarantee efficiency or sustainability. Studies revealed that a key efficiency metric, the cost-to-income ratio could deteriorate if digitalisation was pursued without parallel investment in trust, ethics, and inclusion (Arees, 2025). Data protection regulations such as the Protection of Personal Information Act (POPIA) introduced additional complexity, requiring banks to align innovation with privacy and fairness (Coetzee, 2024). Similarly, global standards like the EU's GDPR and the Basel Committee's BCBS 239 imposed stringent requirements for data governance and risk management, reinforcing the ethical obligations of digital leaders (BCBS, 2013; Buckley et al., 2021).

Environmental, Social, and Governance (ESG) considerations further expanded the scope of responsibility for banks. By the mid-2020s, stakeholders expected financial institutions to integrate sustainability into their core strategies, addressing climate risk and social inequality alongside profitability (Brunner, Moyo, & Van der Merwe,

2023; Dąbrowska et al., 2022). In this context, ethical governance and digital leadership converged as critical enablers of transformation, ensuring that technological progress aligned with societal values and regulatory expectations.

This literature review examines three interrelated constructs, namely, ethical governance, digital leadership, and process efficiency in the South African banking sector. It synthesised theoretical perspectives, regulatory frameworks, and empirical evidence to establish a conceptual foundation for the study. By using lenses such as Institutional Theory, Ethical Climate Theory (ECT), and the emerging Corporate Digital Responsibility (CDR) framework, the review aimed to illuminate the mechanisms through which governance and leadership shape operational outcomes in digitally transforming banks. The subsequent sections critically analyse existing scholarship, demonstrate scholarly debates (including contrasting viewpoints), identify what is known versus unknown, and articulate the rationale for this research. In doing so, the review refines the research problem and shows why this study is needed. Crucially, the literature reveals how our three constructs intersect: ethical governance provides rules and values that guide decisions; digital leadership translates those principles into action in a turbulent technological environment; and process efficiency represents the performance outcomes that result. The chapter concludes by synthesising major insights and highlighting gaps in current knowledge to justify the study's focus on the perspectives of digital leaders, managers, and employees in South African banks.

As shown in Table 1, Institutional Theory provides a macro lens on how external pressures (laws, regulations, cultural norms) drive banks to adopt ethical governance practices (DiMaggio & Powell, 1983; Scott, 2014). Ethical Climate Theory offers a mesa lens, focusing on the internal ethical environment and how it influences daily behaviour (Victor & Cullen, 1987; Huhtala et al., 2018). Meanwhile, CDR is an emerging concept that extends corporate responsibility to the digital domain it reminds us that digital leadership must consider ethical, social, and environmental impacts of technology (Lobschat et al., 2021). Together, these frameworks inform the arguments and conceptual models developed later in this chapter (Sections 2.8 and 2.8.1).

Digital leadership has emerged as a critical competency for organisations navigating technological disruption. Unlike traditional leadership models that emphasised hierarchical control and operational stability, digital leadership prioritises agility, innovation, and ethical reasoning to manage rapid change and uncertainty (Fang, 2023; Mueller, 2022). In the banking sector characterised by rapid tech adoption and stringent regulation leaders must integrate cutting-edge digital capabilities with sound governance principles to achieve sustainable performance.

The role of a leader in digital contexts has expanded significantly over the past decade. Early in the Fourth Industrial Revolution, being a “digital leader” often meant having technical expertise and overseeing IT projects. However, as digital transformation became a continuous strategic imperative rather than a one-off IT upgrade, leadership requirements broadened (Wynn & Jones, 2023). Wynn and Jones (2023) observed effective leaders in the digital era exhibit strategic foresight (anticipating technology trends and disruptions) and cultural adaptability (shaping an organisational culture that embraces change). The so-called Digital Leadership 4.0 paradigm encapsulates this evolution, integrating competencies that enable leaders to manage complexity and foster innovation (Stana et al., 2024).

Figure 2 (Chapter 2) Digital Leadership Competencies reflects the recognition that digital leadership is not merely about implementing technology but about guiding people and the organisation through change aligning tech initiatives with corporate strategy and values. Researchers and practitioners have proposed various competency frameworks for digital leaders, particularly in banking. Dubru (2017) developed a competency model highlighting foundational skills (business acumen and cognitive ability) as well as emergent competencies like an entrepreneurial mindset and futuristic thinking. These competencies reflect that digital leadership is a multi-dimensional role. A leader who excels technically but lacks ethical judgment could drive the bank into scandals; conversely, a cautious leader who ensures compliance but lacks vision might cause the bank to lag competitively. The literature suggests that balancing these competencies is especially important in banking, where innovation must be weighed against strict regulatory obligations. Figure 2 in chapter 2 (not shown here) was a radar chart illustrating how these competencies intersect and highlighting the balance between technical skills and socio-emotional capabilities (Stana et al., 2024). The takeaway is that digital leadership in banking is not merely a technical function; it is a strategic and ethical role that ultimately shapes

organisational resilience and integrity in the face of disruption. In South Africa, integrating governance principles with technological innovation is critical for achieving both operational efficiency and socio-economic transformation making the cultivation of these leadership competencies a national business priority. Bringing together the themes above, many scholars argue that digital leadership is the linchpin connecting ethical governance structures to operational outcomes like process efficiency (Wang, Lin, & Sheng, 2022; Fang, 2023). Governance provides the principles and "rules of the game," and efficiency is a key performance target but it is leadership that interprets, prioritises, and implements governance in pursuit of those targets. In the context of South African banks undergoing digital transformation, this mediating role of leadership is especially critical given the twin pressures of strict governance compliance and the need for technological innovation.

Recognising the importance of this mediating role, banks have invested in leadership development programs focusing on digital ethics and agile governance. For example, Henley Business School (2024) and the Centre for Creative Leadership (2024) have tailored programs on integrating ethics into digital leadership and scenario-based training for technology-related dilemmas. The BANKSETA (2022) has funded workshops where bank leaders practice decision-making in realistic simulations (e.g., a scenario where a new fintech partnership raises compliance questions). Such training aims to better equip leaders to find that "sweet spot" where innovation and governance reinforce rather than impede each other.

In summary, digital leadership is the crucial link between ethical governance and operational efficiency. Leaders interpret and prioritize governance principles amid the rush of innovation. When they do this well, banks can achieve digital transformation that is fast and responsible: new technologies are deployed, efficiency improves, and ethical standards are upheld. When leadership fails to mediate effectively, governance frameworks may be ignored (leading to ethical lapses) or conversely, innovation may be stifled unnecessarily. The consensus in recent literature is that neither governance nor technology alone yields success it is the leadership that determines whether they work in harmony or at cross-purposes (Wynn & Jones, 2023; Wang et al., 2022). This validates our study's focus on the experiences of digital leaders and their teams: by examining how they manage these

dual demands in practice, we can identify strategies that lead to both effective and ethical banking operations.

6.3.2.2 INTEGRATIVE FRAMEWORK FOR ETHICAL DIGITAL LEADERSHIP

Building on the theoretical foundations and domain literature above, this study proposes an Integrative Framework for Ethical Digital Leadership tailored to South Africa's banking sector. The framework synthesises insights from Institutional Theory, Ethical Climate Theory, and Digital Leadership theory, while embedding the unique governance context described (King IV, POPIA, BCBS 239, B-BBEE, etc.) (IoDSA, 2016; Diener & Špaček, 2021; Buckley et al., 2021). Digital Leadership Effectiveness: Leaders interpret the governance frameworks and ethical climate and embed them into the bank's digital strategies and change initiatives. Effective digital leadership means balancing innovation with ethical compliance ensuring projects meet both performance and governance objectives (Fang, 2023; Wynn & Jones, 2023). Leaders are the active agents aligning the "hard rules" with the "ground reality." Figure 1 illustrates this framework, showing arrows from External Pressures to Governance, then to Climate and Leadership, then to Efficiency, with feedback loops returning from Efficiency outcomes back to Governance and Climate. The cyclical nature emphasises that ethical digital leadership is not a one-time sequence but an ongoing, iterative process. The framework guides empirical design and data interpretation for our research.

In Chapter 1, a simplified conceptual framework was presented, positing a linear relationship: Ethical Governance, Digital Leadership, and Process Efficiency (with leadership as a mediator). That conceptual model is useful for formulating hypotheses and identifying core variables (Mueller, 2022; Hendershott, Livdan, & Schürhoff, 2021). However, it abstracts away context. The integrative framework introduced here adds contextual depth by incorporating external pressures (institutional factors), ethical climate (internal culture), and feedback loops. This expanded view reflects the complexity of South African banking transformation (Diener & Špaček, 2021; Klus & Müller, 2021). Leadership and ethical climate are treated as co-mediators rather than a single mediator. The integrative framework is thus less about hypothesis-testing and more about interpreting findings within a

broad context and guiding qualitative analysis. These trends demonstrate the environment in which ethical governance and digital leadership are operating. Some highlights. By 2025, nearly all growth in transaction volumes came from digital channels. The pandemic years accelerated mobile banking uptake. Banks rolled out AI-driven tools e.g., chatbots resolving most queries instantly, biometric authentication for security, and big data analytics for personalised offers (PwC, 2025). This has allowed banks to serve customers more efficiently but also increased reliance on technology (raising stakes for governance over data and algorithms). It underscores why digital leadership (competent in tech and ethics) is critical.

It's clear that digital leadership in banking must inherently encompass ethical leadership. Technology allows tremendous scale and speed which means mistakes or misconduct can scale too. Leaders must therefore proactively integrate ethics into tech projects from day one. The literature indicates South African banks are aware of these issues and making efforts, but not uniformly. For instance, an internal study might find one bank's employees feel very confident in their AI governance process, while others are unsure who is responsible for AI ethics in their organisation. Our research will capture such variances. The literature reviewed in this chapter demonstrates a complex, interdependent relationship between ethical governance, digital leadership, and process efficiency in South African banks. Key takeaways include:

To conclude, the literature provides a strong conceptual foundation and indicates that ethical governance and digital leadership should, in theory, reinforce each other to drive operational efficiency. However, it also highlights that achieving this synergy is challenging and not guaranteed. There remain unanswered questions about how things play out on the ground in the unique South African context. This study aims to fill those gaps by providing empirical evidence and nuanced understanding of how banks are managing (or struggling with) the interplay of governance, leadership, and efficiency in the digital age. The next chapter (Chapter 3) will detail the research design and methodology for investigating these questions, building directly on the gaps and needs identified here.

6.3.2.3 INTEGRATION OF CHAPTER 2 FNDINGS ON ETHICAL GOVERNANCE

The ethical dimension of digital transformation gained importance following global and local governance failures. Internationally, scandals like the collapses of Enron and Lehman Brothers highlighted the catastrophic consequences of unethical leadership and poor governance (Monahan, 2020). In South Africa, corporate malfeasance in the financial sector similarly underscored the need for strong ethical oversight (Mahlangu, 2021). These failures catalysed regulatory reforms notably the King IV Report on Corporate Governance (2016) which emphasised accountability, transparency, and stakeholder inclusivity (IoDSA, 2016). By the 2020s, ethical governance was no longer just a compliance exercise; it had become a strategic imperative underpinning trust and legitimacy amid digital disruption (Thornton, 2009; Buckley et al., 2021). Environmental, Social, and Governance (ESG) considerations further expanded the scope of responsibility for banks. By the mid-2020s, stakeholders expected financial institutions to integrate sustainability into their core strategies, addressing climate risk and social inequality alongside profitability (Brunner, Moyo, & Van der Merwe, 2023; Dąbrowska et al., 2022). In this context, ethical governance and digital leadership converged as critical enablers of transformation, ensuring that technological progress aligned with societal values and regulatory expectations.

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translates those principles into action in a turbulent technological environment; and process efficiency represents the performance outcomes that result. The chapter concludes by synthesising major insights and highlighting gaps in current knowledge to justify the study's focus on the perspectives of digital leaders, managers, and employees in South African banks. As shown in Table 1, Institutional Theory provides a macro lens on how external pressures (laws, regulations, cultural norms) drive banks to adopt ethical governance practices (DiMaggio & Powell, 1983; Scott, 2014). Ethical Climate Theory offers a mesa lens, focusing on the internal ethical environment and how it influences day-to-day behaviour (Victor & Cullen, 1987; Huhtala et al., 2018). Meanwhile, CDR is an emerging concept that extends corporate responsibility to the digital domain it reminds us that digital leadership must consider ethical, social, and environmental impacts of technology (Lobschat et al., 2021). Together, these frameworks inform the arguments and conceptual models developed later in this chapter (Sections 2.8 and 2.8.1). In banking, ethical governance refers to the system of principles, policies, and practices that promote responsible decision-making, transparency, and accountability (Victor & Cullen, 1987; Cullen & Victor, 1988). It encompasses both formal structures (e.g. codes of conduct, risk management systems) and informal norms that ensure organisations act with integrity, fairness, and in consideration of stakeholders' interests. In South Africa, ethical governance evolved from a compliance-driven function to a strategic priority, particularly in response to past governance failures (Mahlangu, 2021; Mashego, 2024).

The Strategic Importance of Ethical Governance. Corporate scandals, both globally and locally, underscored the disastrous consequences of governance failures. In South Africa, incidents such as managerial interference in controls, over-reliance on external auditors, and weak internal assurance mechanisms have exposed systemic vulnerabilities (Mahlangu, 2021). These failures prompted reforms aimed at embedding ethics into organisational culture rather than treating it as a tick-box compliance task (Mashego, 2024). By the early 2020s, ethical governance was recognised as a strategic organisational competency influencing legitimacy, investor confidence, and long-term sustainability (Buckley, Arner, & Zetzsche, 2021). In other words, doing business ethically was understood as essential for banks to maintain trust and stability in a rapidly changing market.

POPIA and Data Ethics. South Africa's Protection of Personal Information Act (POPIA), fully in force since 2021, strengthened ethical governance by safeguarding personal data and mandating transparency and accountability in information processing (Coetzee, 2024). POPIA aligns with global privacy standards and requires banks to obtain consent for data use and to protect customer information. While generally effective, interpretive uncertainties remained (especially regarding cross-border data flows), and compliance has not been without challenges (Academy of Science of SA (ASSAf), 2025). Comparisons with the EU's GDPR show POPIA provides a strong foundation but lacks some of the granular requirements of GDPR, prompting calls for closer harmonisation or guidance (Financial Regulation Journal, 2024; Baker McKenzie, 2024). For banks, POPIA meant investing in data governance: appointing information officers, conducting privacy impact assessments, and building systems for data security. It highlighted that data ethics is now a key part of governance innovation using big data or AI must respect privacy and fairness, or risk legal and reputational consequences.

BCBS 239 and Risk Data Governance. At the global level, the Basel Committee on Banking Supervision's BCBS 239 (2013) introduced principles for effective risk data aggregation and reporting. Its goal was to improve banks' risk management decisions through accurate, comprehensive data. Compliance proved challenging worldwide as of the late 2010s, few banks fully met BCBS 239, especially in emerging markets with fragmented IT systems (McKinsey, 2024; Actian, 2025). South African banks similarly had to invest significantly in data architecture and analytics to meet these standards (EY, 2025). BCBS 239 underscores where ethical governance and technology intersect: poor data governance (siloed or unreliable risk data) can lead to blind spots in risk management and ultimately unethical outcomes (e.g., if a bank cannot properly measure its risk exposure, it might take on excessive risk unknowingly). Strengthening data governance thus became an ethical responsibility as well as a regulatory one. Boards and executives had to champion these improvements despite the costs, illustrating that leadership buy-in is crucial for turning global governance norms into practice.

Broad-Based Black Economic Empowerment (B-BBEE). A distinct aspect of ethical governance in South Africa is its socio-political dimension especially through the B-

BBEE framework and the Financial Sector Code. B-BBEE legislation mandates that businesses advance economic inclusion for historically disadvantaged groups via equitable ownership, management, employment, and procurement. For banks, this means ethical governance is not only about preventing wrongdoing but also about proactively contributing to social justice. Compliance is measured by scorecards affecting licenses and partnerships, linking empowerment progress to business outcomes. Many banks treat B-BBEE as both a legal requirement and a moral duty to support national development goals. In practice, this translated to linking transformation objectives to executive performance indicators for instance, tying a portion of bonuses to achieving diversity or community investment targets (BANKSETA, 2022; BASA, 2023). However, tensions can arise between meeting B-BBEE goals and short-term profitability pressures. Myeni and Singh (2024) observed that while banks improved representation and access, the push to deliver shareholder returns sometimes conflicted with empowerment efforts, requiring vigilant leadership to ensure transformation isn't just superficial. In summary, ethical governance in South African banking also encompasses social responsibility banks are expected to act as agents of socio-economic change, and governance frameworks formally incorporate these expectations.

Industry Codes and Ethical Culture. Beyond laws and regulations, industry self-regulation reinforces ethical governance. For example, the Institute of Bankers South Africa (IOBSA) Code of Professional Conduct emphasises integrity, transparency, accountability, and fair customer treatment as core professional values (IOBSA, 2025). Such codes guide daily behaviour, complementing formal regulations by shaping a shared ethical culture in the industry. They often provide practical decision-making tools; IOBSA promotes the "PLUS" filter (Policy, Legal, Universal, Self) for ethical decisions. While not legally binding, these codes signal a collective commitment to ethics. They help fill gaps that formal rules can't cover, encouraging bankers to do the right thing even when not explicitly mandated. Over time, widespread adherence to professional codes can elevate the overall ethical climate of the sector. Banks have found that translating ethical governance from paper to practice is complex even with comprehensive frameworks. Common barriers include unclear accountability, inconsistent enforcement, misaligned incentives, and cultural resistance (Mahlangu, 2021; Mashego, 2024). It is one thing to have a code of ethics, and another to live by it. For instance, if staff see that high-performing executives get

away with bending rules to meet targets, it undermines the credibility of the code. Reward systems historically focused on financial performance can inadvertently incentivise unethical shortcuts. Thus, banks increasingly recognise that they must embed ethics into organisational culture and incentives. This involves top management consistently modelling ethical behaviour, integrating risk and ethical criteria into promotions and bonuses, and ensuring violations are met with appropriate consequences regardless of rank. Bisht, Sharma, and Singh (2022) note that organisations aligning incentives and values tend to sustain compliance better. South African banks have started moving in this direction e.g., incorporating conduct measures into performance reviews but progress is ongoing. In short, effective ethical governance requires continuous effort to align formal rules with the “informal” organisation (habits, beliefs, and rewards in practice). This sets the stage for later sections (especially 2.4 and 2.6) which examine how leadership and ethical climate mediate the implementation of governance frameworks.

Implementing ethical governance requires more than formal ruleset demands an organisational environment where those rules are internalised. Ethical Climate Theory (ECT) provides a lens to understand this environment. Developed by Victor and Cullen (1987), ECT posits that organisations have a prevailing ethical climate shared perceptions among employees of “how we do things here” regarding ethics. This climate influences decision-making and behaviour by signalling what is expected, acceptable, or discouraged. In essence, while governance codes (like King IV or POPIA) establish formal expectations, their effectiveness depends on how these principles are interpreted and enacted in the daily culture (Cullen & Victor, 1988; Sanjari et al., 2014). Ethical Climate Theory bridges the gap between policy and practice. It reminds us that simply having ethical governance frameworks is insufficient; the cultural context determines whether those frameworks truly guide behaviour. For our study, ECT is valuable: by gathering perspectives from bank employees and managers, we can assess whether the ethical climate supports or hinders the aims of ethical governance during digital transformation. This addresses a noted gap in the literature the need for empirical insight into how ethical climates evolve in tech-driven environments (Mahlangu, 2021; Garcia et al., 2020).

Institutional Theory underscores the external forces shaping governance and leadership in South African banking. Coercive pressures (laws, regulations) ensure banks have robust governance frameworks on paper; normative pressures anchor

those frameworks in wider values of society and professionalism; mimetic pressures keep banks converging towards perceived best practices. These pressures have generally driven banks towards stronger ethical governance and modernised leadership approaches. However, they can also introduce challenges, such as compliance overload or reduced flexibility, which the literature debates. Some scholars argue that very strict governance mandates might slow innovation (too much bureaucracy), while others argue they create long-term stability that enables sustainable innovation (Tang et al., 2020; Klus & Müller, 2021). This debate is directly relevant to our research question about balancing governance and efficiency. It also leads to the next section, where we examine how leadership acts as the mediator between these institutional demands and operational outcomes.

Connecting the themes above, many scholars argue that digital leadership is the linchpin connecting ethical governance structures to operational outcomes like process efficiency (Wang, Lin, & Sheng, 2022; Fang, 2023). Governance provides the principles and "rules of the game," and efficiency is a key performance target, but it is leadership that interprets, prioritises, and implements governance in pursuit of those targets. In the context of South African banks undergoing digital transformation, this mediating role of leadership is especially critical given the twin pressures of strict governance compliance and the need for technological innovation.

Ethical governance frameworks (King IV, POPIA, BCBS 239, B-BBEE, etc., as discussed in Section 2.2) establish formal boundaries and values for the organisation. They define what is acceptable and what outcomes are desired (e.g., fairness, accountability, inclusion). However, governance alone cannot guarantee ethical or efficient outcomes; its effectiveness hinges on leadership's ability to embed these principles into everyday decisions and processes (Mueller, 2022). Leaders act as translators or interpreters of governance mandates, ensuring they are integrated into strategy and operations rather than ignored or treated as red tape (Wynn & Jones, 2023). For example, if governance policies emphasise data privacy, digital leaders must ensure that new customer-facing apps incorporate privacy-by-design features at the development stage (Megdad et al., 2024). If governance calls for stakeholder inclusivity, leaders should include diverse voices (including compliance officers, customer representatives, etc.) in planning new digital services (BANKSETA, 2022). Leaders balance speed and innovation versus control and ethics, making practical trade-offs and synergies that ultimately determine whether

the bank can be both innovative and compliant. Ultimately, digital leadership is the crucial link between ethical governance and operational efficiency. Leaders interpret and prioritise governance principles amid the rush of innovation. When they do this well, banks can achieve digital transformation that is fast and responsible: new technologies are deployed, efficiency improves, and ethical standards are upheld. When leadership fails to mediate effectively, governance frameworks may be ignored (leading to ethical lapses) or conversely, innovation may be stifled unnecessarily. The consensus in recent literature is that neither governance nor technology alone yields success it is the leadership that determines whether they work in harmony or at cross-purposes (Wynn & Jones, 2023; Wang et al., 2022). This validates our study's focus on the experiences of digital leaders and their teams: by examining how they manage these dual demands in practice, we can identify strategies that lead to both effective and ethical banking operations.

An essential theme for this research is that efficiency initiatives must align with ethical governance to be sustainable. Prioritising efficiency without regard to ethics can fail. Things such as fully automating loan approvals might cut costs and speed decisions, but if the algorithm inadvertently redlines certain populations, the bank could face discrimination complaints and violate fairness principles, harming its reputation and inviting regulatory action (Megdad et al., 2024). Similarly, closing many branches to reduce costs could exclude vulnerable customers (the elderly, rural communities without internet) raising fairness and access concerns (FSCA, 2022). Ethical governance frameworks like King IV and POPIA serve as guardrails, embedding transparency, inclusivity, and fairness into operational changes (IoDSA, 2016; Coetzee, 2024). Existing models often depict simple linear relationships for example, "governance compliance leads to better performance" but they fail to capture the dynamic interplay of external pressures, internal culture, and leadership behaviours, especially in emerging markets. South African banks operate in an environment of institutional complexity where global standards intersect with local mandates and rapid technological change (Scott, 2014; Klus & Müller, 2021). The integrative framework addresses this by including multiple layers and feedback loops. Its purpose is to provide a holistic lens to analyze how ethical governance and leadership together influence process efficiency under real-world conditions. This richer model can better interpret our empirical findings than a simple one-way model could. Banks establish formal governance structures and policies enshrining

accountability, transparency, fairness, and other values (Victor & Cullen, 1988; IoDSA, 2016). This includes codes of ethics, committees (audit, risk, social & ethics committees), policies (e.g., credit policy, information security policy), and so forth. These frameworks represent the bank's official commitment to ethical conduct and risk management.

Chapter 1 provided a simplified conceptual framework, suggesting a linear relationship between Ethical Governance, Digital Leadership and Process Efficiency (with leadership as a mediator). That conceptual model is useful for formulating hypotheses and identifying core variables (Mueller, 2022; Hendershott, Livdan, & Schürhoff, 2021). However, it abstracts away context. The integrative framework introduced here adds contextual depth by incorporating external pressures (institutional factors), ethical climate (internal culture), and feedback loops. This expanded view reflects the complexity of South African banking transformation (Diener & Špaček, 2021; Klus & Müller, 2021). Leadership and ethical climate are treated as co-mediators rather than a single mediator. The integrative framework is thus less about hypothesis-testing and more about interpreting findings within a broad context and guiding qualitative analysis. Both frameworks are valuable as the conceptual framework offers clarity and a basis for quantitatively measuring variables (e.g., one could measure "perceived governance quality," "leadership effectiveness," "efficiency metrics" and test mediation), whereas the integrative framework, on the other hand, provides a sound description to interpret how external and internal factors interact in shaping those measurements. Importantly, the integrative framework extends rather than rejects the conceptual one: it agrees that ethical governance influences efficiency through leadership but adds that this influence is conditional on the external context and organisational culture. This integrated understanding will be critical when analysing our study's results and formulating recommendations for South African banks.

These trends prove the environment in which ethical governance and digital leadership are operating. Some highlights:

Ethical Governance in South African Banks

Ethical governance has indeed become a strategic priority in the local banking sector, particularly after some high-profile incidents and public scrutiny. King IV's

outcomes-based approach now anchors board and executive oversight, promoting integrated thinking and stakeholder inclusivity (IoDSA, 2016, p.5). POPIA enforcement since 2021 means data ethics are front-and-centre, and ESG frameworks (including impending IFRS sustainability reporting standards) are pushing banks to report on non-financial impacts (IoDSA, 2025; Webber Wentzel, 2025).

Algorithmic Bias

As banks use AI for credit scoring, fraud detection, and customer analytics, concerns arise that these algorithms might inadvertently perpetuate bias (e.g., against certain demographics) because of biased training data or flawed design. Ethical governance requires that leaders ensure fairness and non-discrimination in these systems. Practically, this means instituting algorithmic audits and bias testing as standard procedure. South African banks have begun doing this for instance, some have adopted fairness metrics and scenario analyses to detect bias in AI outcomes (Engineer IT, 2024). Leaders drive these initiatives by prioritising them and allocating resources. If a leader emphasizes “go live fast,” teams may not invest time in such audits; if a leader insists “no AI goes live without a fairness check,” it sets the norm. This example shows how ethical governance (fairness) directly intersects with efficiency an unchecked biased AI could cause harm and backlash, negating any efficiency benefits it had.

6.4 DISCUSSION OF FINDINGS BY RESEARCH QUESTIONS

6.4.1 Research Question 1: How do ethical governance frameworks influence digital leadership effectiveness and operational efficiency in South African banks undergoing digital transformation?

Across the dataset, participants consistently set governance principles such as accountability, transparency, fairness as foundational for trust and long-term performance (e.g., P014 (Tech Leadership) “ethics, transparency and sustainable

value creation"; P010 (Operations) "governance that is centered around how we run our business"). At the same time, they described procedural friction as layered approvals, evolving documentation, and multi-tier sign-offs (P002, Tech Leadership) "governance slows us down"; P003 (Operations) "overly regulated… different layers"; P013 (Operations) "documentation with evolving compliance". These dual experiences reflect Institutional Theory: strong and normative pressures (King IV, POPIA, international standards) are internalised as formal artifacts (policies, committees, SDLC governance), which stabilise legitimacy but temper pace.

Interviews also linked data lineage, integrity and consent (P005, Tech Leadership; P019, GRC; P006 Tech Leadership) to reliable execution and auditability. Under Ethical Climate Theory, these controls are more consistently presented when climate signals are strong "tone at the top" (P014, Tech Leadership), "universal awareness" (P005, Tech Leadership), and "frontline communication" (P012, Operations) reducing rework and incident risks. Under CDR, leaders are expected to pair automation and self-service with safeguards and monitoring (see 6.4.5), ensuring efficiency gains are responsible and measurable.

6.4.1.1 Ethical Governance as Enabler and Constraint

i. **Enabler** (guardrails): Core Principles & Understanding (P014, Tech Leadership; P010, Operations) and data governance controls (P005, Tech Leadership; P019 (GRC) reduce downstream errors and strengthen assurance.

ii. **Constraint** (pace): Implementation Challenges (P002, Tech Leadership; P003, Operations P013) and pilot-production gaps (P006, Tech Leadership) introduce cycle-time effects when late-stage approvals meet evolving documentation. This dual role is not opposing, it is a typical effect of internalising institutional obligations the organisation exchanges unrestricted speed for durable legitimacy and quality.

6.4.2 Research Question 2: How do South African banks implement and measure the effectiveness of ethical governance frameworks across organisational levels?

Implementation is characterised by formal structures (codes of conduct, risk & compliance committees, board/executive committees, models committees) and rooted routines (mandatory training P008, Operations; SDLC/agile governance P020, Tech Leadership). Participants described balanced measurement, turnaround time (P003, Operations), volume/resolution (P017, Operations; P018, Operations), error/accuracy (P019, GRC; P005, Tech Leadership), customer feedback (P004, GRC), and cost/time-saved (P001, Tech Leadership; P003, Operations), tracked in monthly/quarterly cycles (P008, Operations) and integrated dashboards (P013, Operations).

6.4.2.1 Implementation Structures and Measurement Logic

Under Institutional Theory, formal structures translate external regulatory expectations into day-to-day policies and processes (P003, Operations; P004, GRC; P007, GRC; P018, Operations; P020, Tech Leadership). Under CDR, measurement co-evaluates speed and quality/compliance so that efficiency is recognised as robust only when speed gains are accompanied by stable or improved quality, accuracy, consent, and feedback. The dataset repeatedly anchoring lineage/integrity (P005, Tech Leadership; P018, Operations) confirms that performance assessment includes data trustworthiness and transparency.

6.4.3 Research Question 3: How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks?

Under the same formal rules, outcomes varied by interpretation. Where governance was understood as enabling reliability and fairness, teams reported careful execution and stable quality (transparency in AI decisions, lineage checks P011 (Tech Leadership), Tech Leadership; P005, Tech Leadership). Where governance was

cast as bureaucracy, interviews reported workarounds, surface compliance, and rework risk (P006, Tech Leadership; P011, Tech Leadership). Ethical Climate Theory explains this: climate cues mediate whether people enact rules constructively or bypass them. Climate is strengthened by leadership modelling (P014, Tech Leadership), awareness (P005, Tech Leadership), and frontline communication (P012, Operations); climate is complicated by regional constraints (P012, Operations) and infrastructure variance (P010, Operations).

6.4.3.1 Ethical Climate and Stakeholder Interpretation

Climate functions as an execution amplifier. With strong cues, lineage, consent, transparency are not optional they are perceived as normal operating practice. With weak cues, teams perceive controls as obstacles and pivot to shortcuts. This dynamic explains why identical formal policies produce different cycle-time effects across contexts.

6.4.4 Research Question 4: What governance practices enable effective leadership while maintaining operational efficiency?

Participants identified in-use practices that integrate governance into delivery: early involvement of risk/compliance in design, sustained sponsorship, cross-functional alignment (technology + business strategy married via ExCo updates and stakeholder engagement (P002, Tech Leadership; P013, Operations), and transparent purpose (P018, Operations; P001, Tech Leadership). These behaviours correlate with smoother implementation, cleaner audits, and fewer late-stage delays without sacrificing ethics.

6.4.4.1 Leadership Practices that Cohere Governance and Delivery

Leadership evidence clusters across three sub-families:

i. **Approach & Philosophy** (clear vision, purpose, collaboration: P018, Operations; P001, Tech Leadership; P006, Tech Leadership; P019, GRC)

ii. **Alignment & Strategy** (integrating tech & business strategy; ExCo updates; governance and innovation coherence: P002, Tech Leadership; P013, Operations; P007, GRC; P020, Tech Leadership)

iii. **Enabling Transformation** (digital-first culture; training; delegated authority; sustained sponsorship: P010, Operations; P012, Operations; P017, Operations P011, Tech Leadership)

"Governance by design" occurs where consent and lineage checks are embedded before rollout and roles/decision rights are clear. Delegated authority within guardrails (P017, Operations) supports throughput without bypassing controls.

6.4.5 Research Question 5: How can the impact of ethical governance on leadership effectiveness and operational efficiency be measured in South African banks?

Participants described integrated performance views. Gains were recognized as robust when speed improvements coexisted with stable or improved quality/compliance indicators:

i. Reporting cycles halved (P015, Operations)

ii. Onboarding cycles shortened (P010, Operations)

iii. Throughput increased (P002, Tech Leadership)

iv. Errors reduced via controls (P019, GRC)

These were tracked in dashboards and periodic reports (P008, P013), linking operational KPIs with lineage, incidents, and feedback. Speed-only improvements were treated as insufficient if error rates or incidents rose.

6.4.5.1 Detailed Analysis: Integrated Performance Views and Robust Gains

The dataset explicitly documents the dual role of governance guardrails and delay through reflections (P011, Tech Leadership; P005, Tech Leadership vs. P002, Tech

Leadership; P003, Operations). Projects that integrated governance early (design-time checks, role alignment) reported fewer late-stage delays and cleaner audits (lineage and assurance references: P019, GRC; P005, Tech Leadership). Under CDR, this matches the expectation that gains are ethical, transparent, and measurable.

6.4.6 Cross-Theme Synthesis: How Governance, Leadership, and Efficiency Interact in Practice

This section synthesises the core findings of this study by mapping them onto the integrative process flow model developed in Chapter 2.8.1. As illustrated in Figure 6.5, the interplay between governance frameworks, digital leadership, ethical climate, and process efficiency is not linear but cyclical and mutually reinforcing. This model, originally conceptualized in the literature review, is now contextualized and validated using empirical evidence from Chapter 5 and the cross-theme analysis in Chapter 6.

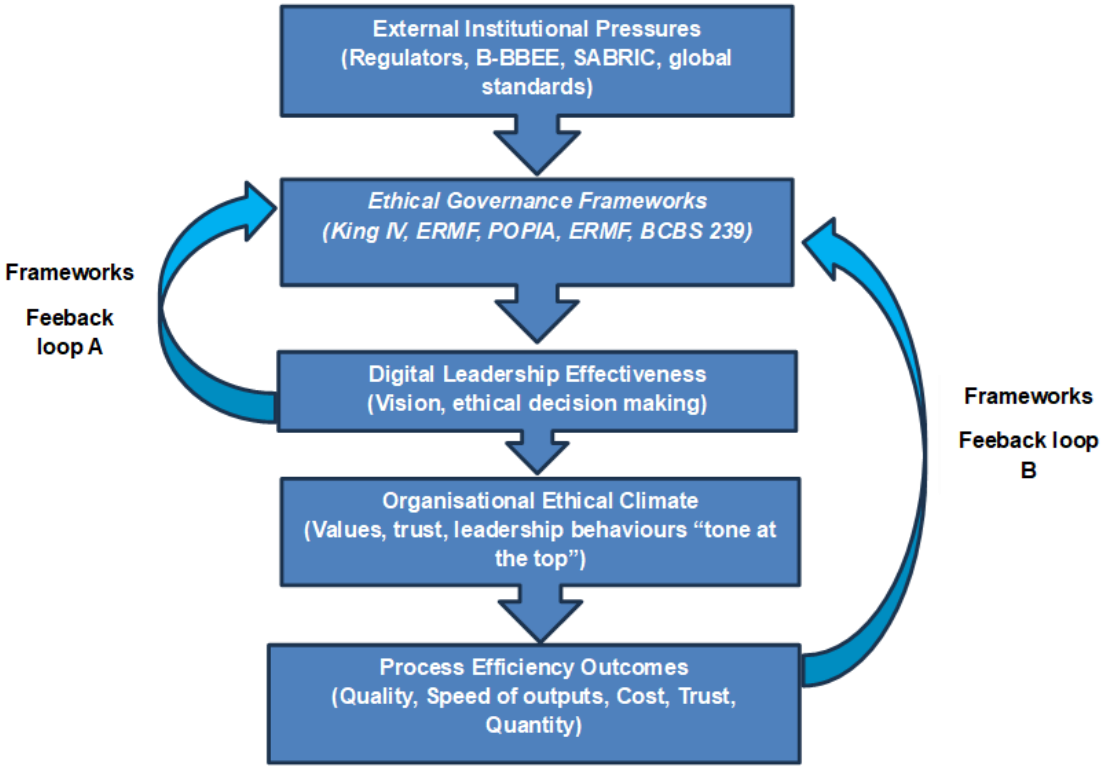

Figure 6.5: Integrative Framework for Ethical Digital Leadership

Source: Researcher's composition

Adapted from Chapter 2.8.1. This process flow diagram illustrates how external institutional pressures and governance frameworks are interpreted by leadership, mediated by ethical climate, and result in efficiency outcomes, with feedback loops reinforcing continuous improvement. The figure is contextualised here using empirical evidence from Chapter 5 and the synthesis in Chapter 6.

As depicted in Figure 6.5, the interdependent cycle of governance, leadership, ethical climate, and efficiency forms the backbone of both the theoretical and empirical dimensions of this research. The original process flow, introduced in Chapter 2.8.1, conceptualises how external institutional pressures such as regulatory mandates (King IV, POPIA) and societal expectations are translated into formal governance frameworks within banks (see Ch. 2, Table 1; "Institutional Theory… explains why banks adopt governance practices under external pressure").

These frameworks set the boundaries for organisational conduct and are subsequently interpreted and operationalised by digital leadership.

Empirical evidence from Chapter 5 robustly supports each stage of this cycle

i. **Governance Frameworks:** Participants described governance as both an enabler and a constraint. For example, P002 (Tech Leadership) observed, “Governance slows us down… you need to do your due diligence,” while P013 (Operations) highlighted the importance of “ExCo updates and stakeholder engagement” in maintaining alignment. These findings echo the dual role of governance discussed in Chapter 2 (see 2.2, 2.5).

ii. **Leadership as Mediator:** Leadership emerges as the critical mediator, aligning governance requirements with strategic objectives and embedding them into daily operations. As P014 (Tech Leadership) noted, “Leaders who prioritized ethical governance literally set the tone in decision making and ensuring initiatives aligned with the customers, interest and regulation.” This reflects the mediating role of leadership theorised in Chapter 2.6.

iii. **Ethical Climate:** The ethical climate, as theorised in Chapter 2.4 and evidenced in Chapter 5, further mediates how these frameworks are presented. Strong climate signals such as visible leadership commitment and effective communication were found to reduce rework and incident risk (P014, Tech Leadership; P012, Operations), while weak signals led to workarounds and inconsistent compliance. This aligns with the assertion that “Ethical Climate Theory… links governance and leadership to employee behaviour” (Ch. 2, Table 1).

iv. **Efficiency Outcomes:** Efficiency outcomes, measured through KPIs like turnaround time, error rates, and customer satisfaction, are thus not merely technical achievements but reflections of the quality of governance and leadership in practice. As P003 (Operations) stated, “Turnaround time is important…,” and P005 emphasized the importance of data quality and lineage.

v. **Feedback Loops:** Finally, the feedback loops illustrated in Figure 6.5 are substantiated by participant accounts of continuous improvement: “We’ve halved report generation time from two weeks to one.” (see Ch. 6.4.6; also, P019, GRC, P005, Tech Leadership). This cyclical process ensures that lessons learned from operational outcomes inform future governance adjustments and leadership

behaviours, fostering a culture of ethical, adaptive, and efficient digital transformation.

By explicitly mapping the empirical findings from Chapter 5 onto the integrative framework from Chapter 2.8.1, this section demonstrates the practical value of the model and provides a holistic understanding of how ethical governance, digital leadership, and process efficiency are mutually reinforcing in the context of South African banking.

Summary of the Interdependent Cycle

The evidence demonstrates an interdependent cycle:

i. **Governance frameworks set boundaries** (Institutional Theory) “Institutional Theory… explains why banks adopt governance practices under external pressure” (Ch. 2).

ii. **Leadership interprets and embeds them into strategy and delivery** “Leaders who prioritised ethical governance literally set the tone…” (P014, Tech Leadership; Ch. 5).

iii. **Ethical climate conditions daily enactment** “With strong cues, lineage, consent, transparency are not optional they are perceived as normal operating practice…” (Ch. 5).

iv. **Efficiency outcomes (speed, accuracy, consent, feedback) are measured together** “Turnaround time is important...” (P003, Operations; Ch. 5).

v. **Outcomes feed back into practice** “We’ve halved report generation time from two weeks to one.” (Ch. 6.4.6; P019, GRC; P005, Tech Leadership).

Aligning governance and innovation early (P007, GRC; P002, Tech Leadership; P013, Operations) reduces late friction; transparent purpose (P018, Operations; P001, Tech Leadership) supports buy-in. Where climate and communication are strong (P014, Tech Leadership; P012, Operations), teams adhere to controls while maintaining throughput; where weak, avoidance behaviours introduce rework risk. Lineage and auditability (P005, Tech Leadership; P019, GRC) are perceived as integral to efficiency when measured holistically.

This section demonstrates, through explicit alignment with both theory (Chapter 2) and empirical findings (Chapter 5), that ethical governance, digital leadership, and

process efficiency are not isolated constructs but operate as a dynamic, mutually reinforcing system within South African banks.

6.6 Evidence-Grained Discussion by Sub-Theme Families

i. **Core Principles & Understanding (Ethical Governance)**: Transparency, accountability, fairness (P014, Tech Leadership; P010, Operations; P005, Tech Leadership) are seen as operational norms not distant ideals.

ii. **Regulatory/Internal Frameworks**: Codes, committees, SDLC and agile governance (P003, Operations; P004, GRC; P007, GRC; P018, Operations; P020, Tech Leadership) translate external expectations into repeatable controls.

iii. **Implementation Challenges**: Over-regulation layers (P003, Operations), evolving documentation (P013, Operations), consent rechecks (P006, Tech Leadership), multi-region alignment (P012, Operations), infrastructure variance (P010, Operations), ethics–profit tension (P011, Tech Leadership; P016, GRC; P017, Operations) explain cycle-time effects.

iv. **Leadership Approach & Philosophy**: Clear vision (P018, Operations), purpose (P001, Tech Leadership), listening/collaboration (P006, Tech Leadership; P019, GRC) enable ethical innovation.

v. **Alignment & Strategy**: Integrating tech + business strategy (P002, Tech Leadership), ExCo updates/stakeholder sessions (P013, Operations), governance and innovation collaboration (P007, GRC; P020, Tech Leadership) reduce misalignment.

vi. **Enabling Transformation**: Culture (P010, Operations), training (P010, Operations; P012, Operations), delegated authority (P017, Operations), sponsorship (P011, Tech Leadership) maintain momentum.

vii. **Sources of Efficiency Gains**: Automation/self-service/integration/error prevention (P001, Tech Leadership; P002, Tech Leadership; P018, Operations; P010, Operations; P016, GRC; P019, GRC; P005, Tech Leadership) underpin reported improvements.

viii. **Measurement & Evaluation**: Turnaround, throughput, error/accuracy, feedback, cost/time-saved (P003, Operations; P017, Operations; P018, Operations; P019, GRC; P004, GRC; P001, Tech Leadership; P008, Operations; P013, Operations) support integrated appraisal.

ix. **Governance's Dual Role**: Guardrails and reliability (P011, Tech Leadership; P005, Tech Leadership) alongside delivery slowdowns (P002, Tech Leadership; P003, Operations) provide nuanced tradeoffs.

Table 8: Traceability Table (Findings/Research Questions/Themes/Codes)

Research Question	Theme(s)	Sub-theme(s)	Representative Participant Codes
Research Question1	Ethical Governance	Core Principles; Implementation Challenges	P010; P014; P002; P003; P005; P013
Research Question 2	Ethical Governance; Process Efficiency	Regulatory/Internal; Measurement & Evaluation	P003; P004; P007; P017; P018; P019; P004; P001; P008; P013
Research Question 3	Ethical Governance	Core Principles; Implementation Challenges	P014; P005; P012; P006; P011
Research Question 4	Digital Leadership	Approach & Philosophy; Alignment & Strategy; Enabling Transformation	P018; P001; P006; P019; P002; P013; P007; P010; P012; P017; P011
Research Question 5	Process Efficiency; Ethical Governance	Measurement & Evaluation; Dual Role	P003; P017; P018; P019; P005; P004; P001; P011

Source: Researcher's composition

This table reproduces Chapter 5's coding families and maps them to Research Question answers, including items reflected in the findings and code book only.

6.8 Findings Comparative Matrices

Table 9: Institutional Theory Findings

Framework (Ch. 2)	Empirical Theme (Ch. 5)	Sub-theme (Code Book)	Representative Participant Codes
Institutional Theory	Ethical Governance	Regulatory & Internal Frameworks	P003; P004; P007; P018; P020
Institutional Theory	Ethical Governance	Dynamic Adaptation to Regulatory Change	P013; P011; P019; P008
Institutional Theory	Digital Leadership	Alignment & Strategy	P002; P013; P007; P020
Institutional Theory	Process Efficiency	Governance's Dual Role	P011; P005; P002; P003

Source: Researcher's composition

Institutional pressures are codified internally (policies, committees, SDLC). Alignment practices (ExCo updates, stakeholder sessions) are pragmatic responses to keep strategy coherent while meeting obligations. The dual role (guardrails vs. pace) seen in Chapter 5 is an expected effect of internalising such obligations.

Table 10 Ethical Climate Theory Findings

Framework (Ch. 2)	Empirical Theme (Ch. 5)	Sub-theme (Code Book)	Representative Participant Codes
Ethical Climate Theory	Ethical Governance	Core Principles & Understanding	P010; P014; P005
Ethical Climate Theory	Ethical Governance	Implementation Challenges	P002; P003; P006; P011; P013
Ethical Climate Theory	Digital Leadership	Leadership Approach & Philosophy	P018; P001; P006; P019
Ethical Climate Theory	Process Efficiency	Measurement & Evaluation	P003; P017; P018; P019; P004; P001; P008; P013

Source: Researcher's composition

Climate signals (tone, awareness, communication) mediate whether teams enact controls constructively (lineage/consent) or default to workarounds. This explains variance in cycle-times under identical formal policies.

Table 11: CDR Findings

Framework (Ch. 2)	Empirical Theme (Ch. 5)	Sub-theme (Code Book)	Representative Participant Codes
CDR	Ethical Governance	Data Integrity & Lineage Controls	P005; P018;
CDR	Digital Leadership	Enabling Transformation	P009; P012;
CDR	Process Efficiency	Sources of Efficiency Gains (Automation, Self-service)	P001; P002; P004; P019
CDR	Process Efficiency	Measurement & Evaluation (Integrated KPIs)	P003; P002, P017; P015, P018; P019; P004; P001; P008; P013

Source: Researcher's composition

CDR demands balancing adoption (automation, self-service) with safeguards and monitoring (lineage, consent, accuracy, feedback, cost). Gains are robust when speed and quality/compliance are both visible.

6.8.4 Mechanisms Linking Governance to Efficiency

Three **empirical pathways** recur:

i. **Preventative controls** lineage, validation, consent (P005, Tech Leadership; P019, GRC; P006, Tech Leadership) reduce downstream errors and audit findings.

ii. **Coordination practices** updates, stakeholder interviews, ExCo reviews (P013, Operations) build shared situational awareness, reducing late-stage friction.

iii. **Capability building** training and delegated authority (P010, Operations; P012, Operations; P017, Operations) distribute expertise and decision rights, enabling throughput without bypassing controls.

iv. Robust gains (e.g., reporting cycles halved, onboarding accelerated) appear together with stable quality/compliance; speed-only strategies trigger incident spikes or rework (P002, Tech Leadership; P003, Operations).

6.8.5 Conditions for Early Integration ("Governance by Design")

Evidence of early risk/compliance involvement (P007, GRC; P020, Tech Leadership) embeds consent, lineage, and role clarity from inception. Participants reported fewer production approvals and cleaner audits (P019, GRC; P005, Tech Leadership) in such contexts. Pragmatically, governance by design depends on sponsorship (P011, Tech Leadership), transparent purpose (P018, Operations; P001, Tech Leadership), and cross-functional collaboration (P006, Tech Leadership; P019, GRC), normalising controls as part of delivery rather than external gatekeeping.

6.8.6 Navigating Implementation Challenges Without Efficiency Loss

Challenge types include layered approvals (P003, Operations), evolving documentation (P013, Operations), consent rechecks (P006, GRC), region-specific rules (P012, Operations), and infrastructure constraints (P010, Operations). Effective navigation relies on prioritisation and sequencing (P020, Tech Leadership), localized adaptations that respect global controls (P012, Operations), and clear decision rights (P017, Operations). These responses prevent "policy shock" at production cutover and reduce retrofits that elongate timelines.

6.8.7 Methodological Reflection (Evidence Traceability)

All interpretations are traceable to Chapter 5's coded extracts and the Code Book's theme families and no external data or new constructs are introduced; theoretical references remain within Chapter 2's lenses.

6.8.9 Practice Implications for Digital Leaders

Leaders should:

i. Sponsor early risk/compliance involvement in design.
ii. Maintain transparent purpose and routine updates to sustain ethical climate.
iii. Invest in capability building (training, delegated authority) to avoid bottlenecks.
iv. Govern integrated KPIs, treating speed and quality/compliance as joint performance conditions.

6.8.10 Limitations Observed in the Dataset

Participants report constraints skills capacity, infrastructure change, regional regulatory differences that may limit generalisation of cycle-time effects across contexts. The recurrence of lineage, consent, and measurement practices across roles suggests an unchanging core of governance mechanisms underpinning efficiency regardless of local variance.

6.8.11 Future Inquiry Aligned to Findings

While no new data are introduced here, the observed pathways motivate future inquiry into:
(i) Comparative cycle-time analysis before/after governance-by-design.
(ii) Longitudinal tracking of climate signals (leadership modelling, frontline communication) against incident trends.
(iii) Cost-to-serve and adoption curves under targeted training regimes consistent with CDR.

6.9 Integration with the Chapter 2 Theoretical Framework

The findings align with the integrated framework presented in Chapter 2: external institutional pressures and formal governance structures provide boundaries; ethical climate mediates daily representation; digital leadership interprets and embeds governance into strategy and delivery; and process efficiency outcomes reflect both operational and ethical performance. Observed feedback between outcomes and

subsequent practice (e.g., strengthening controls after incidents; sustaining adoption after successful implementations) is consistent with the iterative view described in Chapter 2.

Throughout all research questions 1-5 the evidence demonstrates that ethical governance, leadership, and culture operate interdependently in digital transformation. Efficiency gains are most durable when governance is integrated early, and leadership ensures shared understanding and alignment. The discussion is based solely on the coded results in Chapter 5 and the theoretical lenses established in Chapter 2, with no additional data introduced.

7. CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This study examined the impact of ethical governance on digital leadership effectiveness and operational efficiency for banks in South African banks. It was motivated by a practical challenge where banks must rapidly innovate with digital technologies and sustain strict ethical standards. This dual requirement is critical in that any nonconformance in governance (e.g. data privacy breaches or biased AI decisions), resulting in loss of trust, fines, while falling behind digitally can diminish a bank's competitive position. The research investigated the topic by analysing the perspectives of digital leaders, managers, and employees in major banking institutions. This study investigated the relationship between ethical governance and leadership behaviour, as well as how these behaviours go on to shape operational outcomes. The primary emphasis was on the ability of banks to uphold operational efficiency and effectiveness while ensuring that their ethical standards remain uncompromised. Where this balance proves possible, the research then explored the practical ways in which leadership contributes to achieving it.

7.2 RESEARCH CONTEXT AND IMPROTANCE

The context for this research was the South African banking sector, which is undergoing significant digital transformation (expanding mobile banking, AI driven services, process automation) under the scrutiny of regulators like the Financial Sector Conduct Authority (FSCA) and within frameworks like King IV corporate governance code. This context is informative for two reasons. Theoretically, it provides a living laboratory for how global governance principles play out in an emerging market during rapid change. South African banks operate under demanding regulations for example, King IV emphasises ethical leadership and accountability (IoDSA, 2016) and the Protection of Personal Information Act (POPIA, 2013) mandates data privacy together with socioeconomic mandates such as Broad-based Black Economic Empowerment (BBBEE) with inclusive growth as mandatory.

The practical experience in this sector is crucial, as these banks significantly contribute to both economic development and social advancement. It is essential for them to promote innovation that improves customer service and operational efficiency, while simultaneously aligning with broader societal goals, including financial inclusion, and complying with local regulations. Lessons from this context are especially relevant to other institutions operating in similar highly regulated and transformation driven environments. In South Africa, for instance, banks have had to include underserved customer segments in their digital strategies due to transformation goals, a factor less pronounced in developed markets. Understanding how South African banks navigated these unique pressures bring in insights that can guide both local and international banks facing the challenge of responsible innovation.

7.3 LITERATURE INSIGHTS AND GAPS

Prior to this study, literature had established several relevant points. Research in corporate governance indicated that strong ethical governance clear frameworks, compliance structures, and values generally relate with better risk management and higher trust in banks (e.g. adherence to codes like King IV). Simultaneously, studies in leadership and digital transformation showed that effective digital leadership is critical for successful innovation; leaders need to be adaptive, vision driven, and capable of managing change to steer organisations through digital disruption. It was also broadly acknowledged that an organisation's ethical climate (the shared perceptions of "how we do things here") influences whether people follow rules or circumvent them in daily work. In other words, culture matters if employees perceive that ethical behaviour is truly valued, they are more likely to uphold governance standards (Victor & Cullen, 1988). Moreover, emerging concepts like Corporate Digital Responsibility (CDR) had posited that aligning ethical and performance objectives could yield more sustainable success, arguing that digital innovation should be pursued with accountability and fairness in mind.

Several important gaps in knowledge remained. It was not well understood how these elements interact on the ground. Prior studies tended to treat governance, leadership, and efficiency separately, so we lacked detailed empirical evidence of,

for example, how governance requirements concretely affect daily project work in banks. It was unclear how leaders balance the push for innovation with the pull of compliance in real scenarios theory suggested such balance is needed, but we had few concrete examples of best practices or failures in this regard. The influence of specific local factors (like South Africa's BBBEE sociopolitical mandates) on innovative approaches was underresearched18. Furthermore, we did not know what kinds of internal metrics or feedback mechanisms banks were using to judge whether they were achieving both ethical and operational goals simultaneously, or if they were still evaluating these outcomes in silos (e.g. measuring "speed" and "compliance" separately). Literature offered broad principles but required distinction, a rich context understanding of behaviour and perception needed to answer how ethical governance, leadership effectiveness, and efficiency truly fit together in practice. This study aimed to fill that gap.

7.4 RESEARCH QUESTIONS AND METHODOLOGY

The research formulated five questions (Research Question 1-5) to address these gaps through the exploration of the interconnections between governance, leadership, and efficiency, as detailed in Chapter 3.

i. Research Question 1: How do ethical governance frameworks influence digital leadership effectiveness and operational efficiency in South African banks undergoing digital transformation?
ii. Research Question 2: How do South African banks implement and measure the effectiveness of ethical governance frameworks across organisational levels?
iii. Research Question 3: How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks?
iv. Research Question 4: What governance practices enable effective leadership while maintaining operational efficiency?
v. Research Question 5: How can the impact of ethical governance on leadership effectiveness and operational efficiency be measured in South African banks?

Each question was crafted to produce evidence relating to various sides of the primary topic, including varied influences (Research Question1), implementation

(Research Question 2), cultural perspectives (Research Question 3), exemplary practices (Research Question 4), and assessment techniques (Research Question 5). To answer these questions, the study adopted a qualitative, exploratory methodology, and used an interpretivist approach, recognising that the meanings and relationships in this domain are socially constructed by bank professionals in their context.

Empirical data were collected primarily through 20 semi structured interviews with banking professionals across five banks in South Africa. These participants were purposefully selected to represent multiple organisational levels and roles, digital leaders (e.g. Heads of Digital, CIOs), managers in governance or operations (e.g. Risk Managers, Compliance Officers, Operations Managers), and frontline employees involved in digital projects (e.g. analysts, specialists). This multilevel sample ensured that a wide range of perspectives were captured from the executive suite to the “shop floor”, which was crucial for understanding Research Question 3’s focus on different stakeholder interpretations.

The interviews were conducted virtually (MS Teams and Google Meet), following a guide aligned to the research questions, but also allowing participants to share relevant experiences and examples in their own terms. Each interview lasted 45 to 60 minutes. Of these, 18 interviews were recorded with participant consent and transcribed verbatim. For the remaining two interviews, participants did not consent to recording but both discussions were conducted online, and detailed notes were manually transcribed during and after each interview meeting to ensure accurate recordkeeping. In addition to interviews, the researcher analysed selected internal case studies and industry reports (five case studies and two oversight reports) to triangulate findings and provide external reference points. This secondary data offered real world examples of digital governance issues and helped validate whether patterns seen in interviews were reflected elsewhere (enhancing the study’s credibility through data triangulation).

The collected data (transcripts and documents) were analysed using thematic analysis. Following an established coding process (Braun & Clarke, 2006), we

inductively coded the data to identify recurring themes and patterns related to each research question. The researcher paid careful attention to ensuring that coding and theme development were consistently applied across the diverse data sources. Three major themes developed which also aligned to the research constructs Ethical Governance, Digital Leadership, and Process Efficiency each with subthemes that directly mapped to the research questions (Chapter 5 detailed these themes and subthemes). By examining the data through these thematic lenses, we were able to answer each research question with grounded evidence.

The qualitative approach, while not aiming for statistical generalisation, provided rich insight into the mechanisms and perceptions that connect governance, leadership, and efficiency in the participants lived experience. The researcher also took steps to ensure trustworthiness of the findings, including checking summaries with participants and maintaining an audit trail of the researcher's analysis decisions (see Chapter 4). In summary, the methodology was designed to deeply explore "how" and "why" ethical governance affects leadership and performance, rather than merely "if" it does align the method with the study's exploratory aims.

7.5 ANSWERS TO THE RESEARCH QUESTIONS

The study's findings, synthesised from the thematic analysis, provide answers to Research Question 1-5 and explain how ethical governance, leadership effectiveness, and operational efficiency intersect in South African banks.

7.5.1 INTEGRATION WITH LITERATURE

These findings reveal that ethical governance, effective leadership, and operational efficiency do not exist in isolation. They shape one another, and this study both confirms and builds on what previous studies have argued.

For Research Question 1, the study provides evidence that governance frameworks can both enable and limit leadership effectiveness, depending on how they are implemented. Fang (2023) suggested that governance helps guide leaders toward

ethical decisions, and that held true here. But so did Brunner et al.'s (2023) warning that when compliance becomes too rigid, it can pull in a different direction from what leaders are trying to achieve. What stood out is that when governance is woven into everyday work rather than treated as an afterthought, things move faster and with less risk. This reinforces the concept introduced in Chapter 2 that effective governance and performance can be compatible when implemented correctly.

Research Question 2 and Research Question 5 together highlighted a significant issue pertaining to measurement accuracy, and literature has called for metrics that bring compliance and efficiency together. Arees (2025) made a strong case for this and participants in this study felt the same way. Although current systems keep these measures apart, which confirms what Tang et al. (2020) observed. This study reinforces how urgently banks need better tools to capture the true value of ethical governance.

Research Question 3 brought ethical climate to the forefront. The findings align closely with Victor and Cullen's Ethical Climate Theory, showing that the unwritten rules of "how we do things here" determine whether people follow policies carefully or cut corners when under pressure. This offers grounded, real-world examples of ethical climate during digital transformation, something scholars have said is missing. It also revealed that different teams within the same organisation can operate with very different mindsets, some putting ethics first, others chasing results. Leaders cannot assume everyone is on the same page; they need to actively shape the culture. This builds on Tang et al. (2020) by showing that people's perceptions matter. If governance feels helpful, teams can navigate complexity. If it feels like a burden, efficiency drops.

Research Question 4 added practical depth to responsible leadership literature. Wynn and Jones (2023) identified role modelling and resource allocation as critical; this research validated that and identified further practices like governance by design and incentive alignment. This goes beyond theory to show what leaders are doing to balance structure with flexibility. It supports Wang et al.'s (2022) argument that leadership serves as the link between governance and real outcomes and further helps bridge the gap between academic ideas and banking practice.

7.6 CONTRIBUTION TO THE ACADEMIC DISCOURSE

This study enhances academic understanding of governance, leadership, and efficiency in several significant ways.

To start it brings together insights from domains that have often been studied separately, corporate governance, ethical climate, and digital leadership. By examining how these elements interact within digital transformation initiatives, the study extends governance literature into the digital era. Traditional governance theory tends to emphasise structures and principles (IoDSA, 2016), but these findings reveal that their impact is shaped by culture and leadership behaviour. The research also extends Institutional Theory (Scott, 2014) by offering grounded evidence of how global frameworks like King IV and Basel guidelines are interpreted and adapted within a local, emerging market context. In several instances, the researcher observed what Meyer and Rowan (1977) describe as decoupling, where formal policies existed on paper but were not fully embraced on the ground until leadership stepped in to close the gap. This work documents and contextualises these institutional concepts with fresh empirical detail.

The study also adds to Digital Leadership theory by highlighting ethical stewardship and culture management as essential competencies for leaders navigating digital change. Much of the prior literature has focused on technical skills or visionary thinking, but this research refines that view. Leaders who excelled in this context were those who could weave ethical governance into their teams' everyday routines, translating abstract rules into practical habits. This aligns with recent calls to view digital leadership through a responsible leadership lens (Mueller, 2022) and demonstrates that competencies like cultivating ethical climate and practising agile governance matter just as much as implementing new technology. The notion of "governance by design" that emerged from this study offers a concrete concept for future leadership research to explore.

The findings also enrich Ethical Climate Theory by providing empirical evidence from a technology-driven environment. Ethical climate is not a passive element within organisations. It is something leaders can actively shape, and it directly influences

how teams perform during digital change. This responds to questions raised by Mahlangu (2021) about how ethical climates evolve under digital pressures. The research found that a strong ethical climate helped teams avoid problems, while a weaker one led people to bend the rules. This reinforces the point that ethics need to be cultivated at every level for formal governance to have any real impact.

From a methodological perspective, the qualitative, multi-perspective approach used in this study captures how people navigate governance during innovation. Scholars have long called for this kind of insight, yet it remains rare in practice. It also helps address a tension in literature since some literature argue strict governance slows innovation down; while other researchers say it enables sustainable innovation. This study proves that both outcomes can coexist, with the effectiveness of governance being contingent on its implementation. The researcher observed that governance can mitigate long-term issues in certain instances while generating short-term conflicts in others. The key determinants in these scenarios were identified as leadership and organisational culture. This nuanced insight moves the debate beyond simple questions of whether governance is good or bad for performance, opening the door to deeper inquiry into context and mediation.

Collectively, these results indicate that governance, leadership, and efficiency are not isolated issues but are fundamentally interlinked. Successful organisations are those in which formal structures enhance rather than limit the actual ways in which individuals engage with technology. This perspective is consistent with the broader evolution in management paradigms, moving away from solely technical or regulatory approaches. It is leadership and culture that determine whether innovation and ethics work in harmony or at cross-purposes. These contributions advance the conversation on how banks and similar organisations can pursue digital transformation in a responsible, sustainable way.

7.6 MANAGERIAL IMPLICATIONS AND RECCOMENDATIONS

The results provide several practical actionable recommendations for bank executives, managers, and other stakeholders who aim to harmonise ethical governance with operational efficiency.

The following are key recommendations derived directly from the findings of the study:

Embed governance in design

Banks should embed governance into the design of digital initiatives from the outset, rather than treating it as a final checkpoint. This means involving risk and compliance officers early when scoping new AI tools or mobile applications, so that data privacy, consent, and security requirements are built in from the start. This "governance by design" approach reduces surprises, avoids costly rework, and makes ethical compliance a natural part of how projects are developed.

Lead by example

Leadership shapes the organisational climate by signalling what truly matters. Executives and managers need to advocate for ethical governance in a visible and consistent way, showing through their everyday decisions that ethical standards are not negotiable. When a project raises questions about fairness or safety, leaders should be prepared to slow down or rework it, even when timelines are tight. By enforcing policies such as data protection and by recognising employees who speak up, leaders reinforce that ethical practice is a shared responsibility. This approach strengthens trust across the organisation and gives employees the confidence to maintain high standards in their own work.

Foster an ethical culture

Banks should regularly assess and refine their governance processes so that oversight remains effective without becoming unnecessarily burdensome. The goal is smart governance that protects the institution while allowing work to move forward

efficiently. A risk-based approach is useful in this regard because it directs more rigorous scrutiny to high-risk projects and allows simpler approvals for activities that carry limited risk. Routine system updates might proceed through a light sign-off process, whereas the introduction of a new AI credit model would require full committee review. Automation can further strengthen this approach by using workflow tools that automatically flag issues such as missing customer consent. Streamlining overlapping committees and clarifying who is responsible for each decision can also reduce delays and help the organisation operate more smoothly. Leaner and clearer governance processes reduce staff frustration while still maintaining the necessary controls.

Align incentives and performance metrics

Incentives and performance metrics should be aligned with ethical governance. What gets measured and rewarded shapes behaviour. Banks should incorporate ethical and compliance dimensions into performance evaluations, promotion criteria, and bonus calculations. A manager's scorecard might include metrics like adherence to governance protocols or a reduction in compliance incidents, alongside traditional measures like delivery and revenue. Celebrating achievements such as completing a major project with zero compliance findings motivates teams. When employees know that doing things the right way counts towards their success, they are far less likely to cut corners.

Develop integrated monitoring tools

Banks are encouraged to develop integrated monitoring tools that bring operational and ethical performance together in a single view. At present, managers often receive separate reports for efficiency and compliance, which makes it difficult to identify links between the two. Dashboards that display project delivery times alongside any rule deviations or control issues give leaders a clearer picture of emerging trade-offs and allow them to intervene early. Over time, data from these tools can also illustrate the value of strong governance by showing that teams with

high governance ratings tend to meet their targets with fewer complications. If a team is delivering work quickly but compliance warnings are increasing, executives can act before a serious issue develops. This kind of data-driven oversight supports a more dynamic balance between innovation and control.

Implementing these recommendations offers value at every level. Senior executives gain a roadmap for embedding a governance mindset into the organisation's DNA, ensuring digital strategy does not overtook ethical guardrails. Managers receive practical methods for handling dual mandates, streamlining processes while motivating teams and strengthening accountability. Boards and regulators gain assurance that the institution is building a sustainable governance culture fit for the digital age. The core message is that ethical governance and operational efficiency should be managed as intertwined objectives. By proactively embedding ethics into people, processes, and metrics, banks can achieve what might be called "safe speed", moving quickly and correctly without treating those goals as being in conflict.

7.8 LIMITATIONS

This study has several limitations that should be acknowledged. Its scope was limited to large South African banks, with a qualitative sample of 20 participants. Consequently, the findings are context-specific and cannot be assumed to apply to all banks or regions. Smaller financial institutions, less regulated fintech startups, or banks operating under different regulatory environments in other countries may experience the relationship between governance, leadership, and efficiency in very different ways. The research was also cross-sectional, offering a snapshot of perceptions and practices at a single point in time in late 2025. This design does not capture how the relationship between governance, leadership, and efficiency might shift over time. It also means causality cannot be definitively established. While influence was inferred from qualitative evidence, cause and effect were not measured longitudinally. Additionally, measurement of constructs relied on self-reported perceptions, although these were cross validated with documents. There remains a possibility of response bias, as participants may have presented their organisations in a somewhat positive light or downplayed governance violations.

This was mitigated through anonymity and triangulation, but it remains a consideration.

7.8.2 FUTURE RESEARCH CONSIDERATIONS

Future research could expand the sample size to determine if these patterns are more widely applicable. Conducting a quantitative survey that includes banks of varying sizes and operates in diverse international contexts would be highly beneficial. Additionally, a comparative analysis between South Africa and regions like Europe or Asia could illuminate how cultural and regulatory factors affect the interplay between innovation and ethical considerations. Mixed method approaches that combine qualitative and quantitative techniques would also enhance understanding. For example, researchers could statistically examine the relationship between the strength of an ethical climate and efficiency outcomes or use social network analysis to investigate whether projects with greater interaction between compliance and business teams experience fewer issues. Longitudinal designs offer another promising avenue. Tracking digital initiatives or governance interventions over months or years could show how outcomes develop over time and help determine whether effective governance produces sustainable efficiency, rather than a coincidental correlation.

Experiments or scenario-based studies could further contribute, simulating decision-making under varying incentive structures to observe managerial responses. Such approaches would quantify effects and provide clearer insight into causality. Future research could also leverage direct performance data, including internal metrics and incident logs, to complement interview narratives. For instance, do units that report a strong ethical culture show fewer compliance issues? Integrating these data sources would strengthen the evidence base. There is potential to develop and test integrated performance frameworks. Scholars and practitioners could collaborate to create a composite measure, such as an “ethical efficiency index,” pilot it in banks, and evaluate whether it improves decision-making or correlates with outcomes such as customer satisfaction or financial stability. This approach would address gaps

identified by Research Question 5 and contribute to methodological innovation in management science.

Overall, this research shed light on how ethical governance and digital leadership together impact operational efficiency in the fast-evolving environment of South African banks. By answering the research questions, we found that with the right leadership behaviours and organisational culture, banks do not have to choose between “moving fast and breaking things” and being overly cautious they can achieve both innovation and integrity. We also highlighted practical steps to reach that equilibrium and identified where theory and practice still have gaps.

Future research should expand on this foundation, testing these insights in varied settings and overtime. The stakes are considerable: as financial institutions and businesses increasingly embrace digital transformation, it is essential that ethical governance evolves in tandem with technological progress to sustain trust, ensure compliance, and achieve long-term success. Advancing this research initiative will benefit both scholars and practitioners by guaranteeing that efficiency gains in the digital era are both sustainable and ethically sound, thereby benefiting not only the banks but also their clients and society.

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9 APPENDICES

APPENDIX 1: CONSISTENCY MATRIX

Research Question	Literature Review	Data Collection	Data Analysis
Primary RQ: How do ethical governance frameworks influence digital leadership effectiveness and operational efficiency in South African banks undergoing digital transformation ?	- Corporate Digital Responsibility framework ((Lobschat et al., 2021) - Digital leadership Theory ((Hendershott et al., 2021; Na Ayudhya & Plangsorn, 2024; Yansen & Yujie, 2023) - Operational efficiency literature ((Tang et al., 2020; Thomas, 2020)	Semi-structured interviews with digital leaders, managers, and employees Analysis of published case studies on ethical governance and digital transformation	Thematic analysis using MS Excel to map themes linked to ethical governance, digital leadership and process efficiency Cross-document analysis of interview transcripts and published case studies.
RQ2: How do South African banks implement and measure the effectiveness of ethical governance	- Implementation strategies and Measurement frameworks ((Buckley et al., 2021; Garcia-Garcia	Semi-structured interviews on implementation and measurement practices	- Thematic analysis of implementation practices and effectiveness measures

Research Question	Literature Review	Data Collection	Data Analysis
frameworks across organizational levels?	et al., 2020; Tang et al., 2020; Thomas, 2020)	Case studies analysis on ethical governance implementation	Synthesis of measurement approaches
RQ3: How do stakeholder interpretations and applications of governance frameworks affect operational outcomes in South African banks?	- Stakeholder theory ((Clarke & Davison, 2020; Diener & Špaček, 2021; Wang et al., 2022) - Responsible leadership literature ((Garcia-Garcia et al., 2020; Lobschat et al., 2021; Thomas, 2020)	Semi-structured interviews across stakeholder groups Published case studies showcasing stakeholder perspectives	Cross-stakeholder comparison of lived experiences and perspectives Thematic analysis of interpretation variations and Impact outcomes
RQ4: What governance practices enable effective leadership while maintaining operational efficiency?	- Best practices in governance ((Lobschat et al., 2021; McGrath & Walker, 2023; Megdad et al., 2024; Thakor et al., 2020) - Leadership effectiveness	Interviews on successful practices Published case studies highlighting best practices	Best practice identification Thematic analysis of practice effectiveness

Research Question	Literature Review	Data Collection	Data Analysis
	((Hendershott et al., 2021; Na Ayudhya & Plangsorn, 2024; Yansen & Yujie, 2023)		
RQ5: How can the impact of ethical governance on leadership effectiveness and operational efficiency be measured in South African banks?	- Measurement frameworks and Efficiency metrics ((Buckley et al., 2021; Lobschat et al., 2021; McGrath & Walker, 2023; Tang et al., 2020)	Semi-structured interviews on measurement frameworks Published case studies on evaluation methods	Synthesis of measurement criteria Measurement Framework development

APPENDIX 2: CODE BOOK (ITERATIONS 1-3)

Ethical Governance – Iteration 1 Codes, Sub-themes, Theme

Code	Sub-theme	Theme
Ethical Governance as a Systemic and Culturally Embedded Practice	Core Principles and Understanding	Ethical Governance
Ethical Governance as a Systemic and Culturally Embedded Practice	Core Principles and Understanding	Ethical Governance
Ethical Governance as a Systemic and Culturally Embedded Practice	Core Principles and Understanding	Ethical Governance
Ethical Governance as a Systemic and Culturally Embedded Practice	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance

Code	Sub-theme	Theme
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Moral and Legal Alignment in Defining Ethical Behavior	Core Principles and Understanding	Ethical Governance
Client-Centricity and Equity as Ethical Imperatives in Digital Design	Core Principles and Understanding	Ethical Governance
Client-Centricity and Equity as Ethical Imperatives in Digital Design	Core Principles and Understanding	Ethical Governance
Client-Centricity and Equity as Ethical Imperatives in Digital Design	Core Principles and Understanding	Ethical Governance
Client-Centricity and Equity as Ethical Imperatives in Digital Design	Core Principles and Understanding	Ethical Governance
Client-Centricity and Equity as Ethical Imperatives in Digital Design	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Continuous Education and Shared Understanding to Operationalize Ethics	Core Principles and Understanding	Ethical Governance
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance

Code	Sub-theme	Theme
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance
Leadership Accountability and Ethical Modeling as Foundational to Organizational Culture	Core Principles and Understanding	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Regulatory Foundations of Internal Governance	Regulatory and Internal Frameworks	Ethical Governance
Structured Internal Oversight Bodies	Regulatory and Internal Frameworks	Ethical Governance
Structured Internal Oversight Bodies	Regulatory and Internal Frameworks	Ethical Governance
Structured Internal Oversight Bodies	Regulatory and Internal Frameworks	Ethical Governance
Data Integrity and Lineage Controls	Regulatory and Internal Frameworks	Ethical Governance
Data Integrity and Lineage Controls	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance

Code	Sub-theme	Theme
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Security Standards and Certifications	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Dynamic Adaptation to Regulatory Change	Regulatory and Internal Frameworks	Ethical Governance
Employee Compliance Through Training	Regulatory and Internal Frameworks	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Governance causes implementation delays	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance

Code	Sub-theme	Theme
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Regulatory misalignment across regions	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Decentralised data governance creates inconsistencies	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance

Code	Sub-theme	Theme
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Cultural resistance to digital change	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Balancing ethics and profitability	Implementation Challenges	Ethical Governance
Ensuring customer inclusivity in design	Implementation Challenges	Ethical Governance
Ethical Governance via Info Processing	Core Principles and Understanding	Ethical Governance
Ethical Governance Standards & Frameworks	Regulatory and Internal Frameworks	Ethical Governance
Automation Fears Impact Implementation	Implementation Challenges	Ethical Governance
Inconsistent Data Team Standards	Implementation Challenges	Ethical Governance

Digital Leadership – Iteration 2 Codes, Sub-themes, Theme

Code	Sub-theme	Theme
Leading by Example in Digital Adoption	Leadership Approach and Philosophy	Digital Leadership
Leading by Example in Digital Adoption	Leadership Approach and Philosophy	Digital Leadership
Leading by Example in Digital Adoption	Leadership Approach and Philosophy	Digital Leadership
Leading by Example in Digital Adoption	Leadership Approach and Philosophy	Digital Leadership
Leading by Example in Digital Adoption	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Ethical Stewardship and Workforce Responsibility	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership

Code	Sub-theme	Theme
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Purpose-Driven Vision and Strategic Clarity	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Distributed and Cross-Functional Leadership	Leadership Approach and Philosophy	Digital Leadership
Governed Innovation with Ethical Guardrails	Leadership Approach and Philosophy	Digital Leadership
Adaptive Learning and Fail-Forward Mindset	Leadership Approach and Philosophy	Digital Leadership
Adaptive Learning and Fail-Forward Mindset	Leadership Approach and Philosophy	Digital Leadership
Strategic and Sustained Leadership Commitment	Enabling Transformation	Digital Leadership
Strategic and Sustained Leadership Commitment	Enabling Transformation	Digital Leadership
Human Capital Development and Retention	Enabling Transformation	Digital Leadership
Dedicated Innovation Structures and Investment	Enabling Transformation	Digital Leadership
Dedicated Innovation Structures and Investment	Enabling Transformation	Digital Leadership
Empowerment Through Delegated Authority	Enabling Transformation	Digital Leadership

Code	Sub-theme	Theme
Empowerment Through Delegated Authority	Enabling Transformation	Digital Leadership
Inclusive and Collaborative Transformation Culture	Enabling Transformation	Digital Leadership
Inclusive and Collaborative Transformation Culture	Enabling Transformation	Digital Leadership
Inclusive and Collaborative Transformation Culture	Enabling Transformation	Digital Leadership
Integration of Business and Technology Strategies	Alignment and Strategy	Digital Leadership
Integration of Business and Technology Strategies	Alignment and Strategy	Digital Leadership
Unified Leadership Commitment to Digital Strategy	Alignment and Strategy	Digital Leadership
Unified Leadership Commitment to Digital Strategy	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Governance as a Strategic Enabler of Innovation	Alignment and Strategy	Digital Leadership
Strategic Innovation Through Market and Organizational Design	Alignment and Strategy	Digital Leadership
Strategic Innovation Through Market and Organizational Design	Alignment and Strategy	Digital Leadership
Strategic Innovation Through Market and Organizational Design	Alignment and Strategy	Digital Leadership
Strategic Innovation Through Market and Organizational Design	Alignment and Strategy	Digital Leadership
Operationalizing Alignment via Frameworks and Principles	Alignment and Strategy	Digital Leadership
Operationalizing Alignment via Frameworks and Principles	Alignment and Strategy	Digital Leadership
Operationalizing Alignment via Frameworks and Principles	Alignment and Strategy	Digital Leadership
Leadership Clear Vision & Collaboration	Leadership Approach and Philosophy	Digital Leadership

Code	Sub-theme	Theme
Leadership Purposeful Difference	Leadership Approach and Philosophy	Digital Leadership

Process Efficiency – Iteration 3 Codes, Sub-themes, Theme

Code	Sub-theme	Theme
Automation of Manual Processes	Sources of Efficiency Gains	Process Efficiency
Automation of Manual Processes	Sources of Efficiency Gains	Process Efficiency
AI-Driven Automation and Chatbots	Sources of Efficiency Gains	Process Efficiency
AI-Driven Automation and Chatbots	Sources of Efficiency Gains	Process Efficiency
AI-Driven Automation and Chatbots	Sources of Efficiency Gains	Process Efficiency
AI-Driven Automation and Chatbots	Sources of Efficiency Gains	Process Efficiency
Self-Service Capabilities	Sources of Efficiency Gains	Process Efficiency
System Integration and Unified Platforms	Sources of Efficiency Gains	Process Efficiency
System Integration and Unified Platforms	Sources of Efficiency Gains	Process Efficiency
Digital Tools for Data and Reporting	Sources of Efficiency Gains	Process Efficiency
Digital Tools for Data and Reporting	Sources of Efficiency Gains	Process Efficiency
Digital Tools for Data and Reporting	Sources of Efficiency Gains	Process Efficiency
Error Reduction through System Controls	Sources of Efficiency Gains	Process Efficiency
Error Reduction through System Controls	Sources of Efficiency Gains	Process Efficiency
Error Reduction through System Controls	Sources of Efficiency Gains	Process Efficiency
Error Reduction through System Controls	Sources of Efficiency Gains	Process Efficiency
Error Reduction through System Controls	Sources of Efficiency Gains	Process Efficiency
Operational Efficiency via Volume and Turnaround Time	Measurement and Evaluation	Process Efficiency
Operational Efficiency via Volume and Turnaround Time	Measurement and Evaluation	Process Efficiency

Code	Sub-theme	Theme
Operational Efficiency via Volume and Turnaround Time	Measurement and Evaluation	Process Efficiency
Operational Efficiency via Volume and Turnaround Time	Measurement and Evaluation	Process Efficiency
User Adoption and Self-Service Effectiveness	Measurement and Evaluation	Process Efficiency
User Adoption and Self-Service Effectiveness	Measurement and Evaluation	Process Efficiency
User Adoption and Self-Service Effectiveness	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Financial and Long-Term Sustainability Metrics	Measurement and Evaluation	Process Efficiency
Data Accuracy, Audit Outcomes, and Regulatory Alignment	Measurement and Evaluation	Process Efficiency
Data Accuracy, Audit Outcomes, and Regulatory Alignment	Measurement and Evaluation	Process Efficiency
Data Accuracy, Audit Outcomes, and Regulatory Alignment	Measurement and Evaluation	Process Efficiency
Data Accuracy, Audit Outcomes, and Regulatory Alignment	Measurement and Evaluation	Process Efficiency
Data Accuracy, Audit Outcomes, and Regulatory Alignment	Measurement and Evaluation	Process Efficiency
System Performance, Scalability, and Design Validation	Measurement and Evaluation	Process Efficiency
System Performance, Scalability, and Design Validation	Measurement and Evaluation	Process Efficiency
System Performance, Scalability, and Design Validation	Measurement and Evaluation	Process Efficiency
System Performance, Scalability, and Design Validation	Measurement and Evaluation	Process Efficiency

Code	Sub-theme	Theme
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Ethical and Objective-Driven Evaluation Frameworks	Measurement and Evaluation	Process Efficiency
Efficiency Enhancement vs. Bureaucratic Delay	Governance's Dual Role	Process Efficiency
Innovation Enablement and Ethical Oversight	Governance's Dual Role	Process Efficiency
Innovation Enablement and Ethical Oversight	Governance's Dual Role	Process Efficiency
Automation Reduces Manual Processes	Sources of Efficiency Gains	Process Efficiency
Report Generation Time Halved	Sources of Efficiency Gains	Process Efficiency

Appendix 3: Alignment Table

Research Question	Code Book Theme(s)	Sub-theme(s)	Representative Evidence (Participant Codes)
RESEARCH QUESTION1: Influence of	Ethical Governance	Core Principles & Understanding;	P010; P014; P002; P003

Research Question	Code Book Theme(s)	Sub-theme(s)	Representative Evidence (Participant Codes)
Ethical Governance		Implementation Challenges	
RESEARCH QUESTION2: Implementation & Measurement	Ethical Governance; Process Efficiency	Regulatory/Internal Frameworks; Measurement & Evaluation	P003/P004/P007; P017/P018; P003; P001; P004
RESEARCH QUESTION3: Stakeholder Interpretations & Outcomes	Ethical Governance	Core Principles & Understanding; Implementation Challenges	P005; P014; P012; P006/P011
RESEARCH QUESTION4: Enabling Practices & Leadership Behaviours	Digital Leadership	Leadership Approach & Philosophy; Alignment & Strategy; Enabling Transformation	P018; P001; P006/P019; P002/P013/P007; P010/P012/P017
RESEARCH QUESTION5: Measuring Governance Impact on Efficiency	Process Efficiency; Ethical Governance	Measurement & Evaluation; Governance's Dual Role	P003; P017/P018; P019/P005; P004; P001; P011/P005
Integration with Chapter 2 Framework	Ethical Governance; Digital	Framework linkage	Consistent with code book

Research Question	Code Book Theme(s)	Sub-theme(s)	Representative Evidence (Participant Codes)
	Leadership; Process Efficiency		themes and Chapter 2 lenses

Appendix 4: Evidence Extracts (Participant coded)

• **P010**: “governance that is centered around how we run our business”
• **P014**: “ethics, transparency and sustainable value creation”
• **P002**: “governance slows us down”
• **P003**: “overly regulated… different layers”
• **P005**: “there's ethics in how we do our reporting, there's governance in place that we must all adhere to…”
• **P019**: “If the ID number is incorrect, your system will just tell you that”
• **P018**: “clear vision and communicating”
• **P002**: “Digital leadership for me is taking the Technology Strategy, taking the business strategy and marrying that with our operational and SI funded book of work.”
• **P013**: “ExCo updates and stakeholder engagement”
• **P010**: “driving very aggressively a digital first culture to drive digital transformation”
• **P012**: “collaboration skills and work in multidisciplinary teams”
• **P017**: delegated authority

• **P015**: “in some instances, you have certain reports that need to come on a specific day of the week... there used to be two weeks, now they are a week.”
• **P017**: “monitoring the value including the volume that we've received every day, every week to say for...”

Appendix 5: Extended Comparative Tables (Theme–Sub-theme–Codes Index)

Theme	Sub-themes (Code Book)	Representative Participant Codes
Ethical Governance	Core Principles; Regulatory/Internal; Implementation Challenges; Data Integrity & Lineage; Dynamic Adaptation	P010; P014; P003; P004; P007; P018; P002; P003; P006; P011; P013; P005; P019
Digital Leadership	Approach & Philosophy; Alignment & Strategy; Enabling Transformation	P018; P001; P006; P019; P002; P013; P007; P020; P010; P012; P017; P011
Process Efficiency	Sources of Gains; Measurement & Evaluation; Governance's Dual Role	P001; P002; P018; P010; P016; P003; P017; P019; P004; P001; P008; P013; P011; P005

Appendix 6: Short Quotes Index (from Code Book)

• **P010**: “governance that is centered around how we run our business”
• **P014**: “ethics, transparency and sustainable value creation”
• **P002**: “governance slows us down”
• **P003**: “overly regulated… different layers”
• **P019**: “If the ID number is incorrect, your system will just tell you that”
• **P018**: “clear vision and communication”
• **P002**: “Digital leadership for me is taking the Technology Strategy, taking the business strategy and marrying that with our operational and SI funded book of work.”
• **P013**: “ExCo updates and engagement”
• **P010**: “driving very aggressively a digital first culture to drive digital transformation”
• **P012**: “collaboration skills and work in multidisciplinary teams”
• **P017**: delegated authority
• **P015**: “in some instances, you have certain reports that need to come on a specific day of the week... there used to be two weeks, now they are a week.”