

# FOREWORD

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It is not often that one reads about situated leadership. By this we mean an approach to leadership in a very real context, that of digital transformation, and in a very specific sector, that of banking, where these transformations profoundly challenge traditional ways of working, relationships with clients and traditional tasks. In fact, leadership in general is more commonly spoken of as a global function, detached from practical contingencies and from the characteristics of a given company or sector of activity.

The discourse on leadership then slides into theory, abstraction and even ideology; it is easy to feel out of place, with the emphasis on extraordinary qualities such as agility, charisma, vision or inspiration. The reader of such talk is usually captivated, dreamy, sometimes feeling guilty of not knowing how to approach the model, this rare combination of skills that they are expected to display.

As we progress through this book, the reader gradually gets closer to the reality of transformation in this disrupted sector, and land on the daily challenge of successfully carrying out effective teamwork, helping an organisation to function and evolve while meeting the demands of its customers. We are only talking about leadership, but in its most tangible form.

This brings us to the real work of the leader, in a vision that is not fanciful, even if it is not as spectacular as fashionable managerial trends would require, and we thus touch on the heart of the leader's craft: going out into the field and listening, mastering the digitalisation tools and approach, demonstrating great sensitiveness, both to the products and to the customers and teams, assuming one's position in the organisation and one's responsibility, not allowing oneself to be won over by one's desires but sticking to the coherence between the mode of leadership, the grand standards of business organisation and the systems put in place.

So, what do we learn from reading this piece of work? Firstly, we remember that by starting from a real challenge for banks, their digital transformation, this book brings us back to the cutting edge of leadership. By starting from the tangible, we move away from the vague and idealistic speeches to which the mention of leadership is too often reduced. When we carry out this type of demanding fieldwork, as Jean Elia has done, we come back to the heart of the problems and the author's credibility, based on his experience as a practitioner and his rigour as a researcher. This should make the reader, who is currently in a leadership position, aware of the fact that it is necessary to know how to look for solutions where they are and not where the light shines the most.

Secondly, we gradually understand that the contribution of the book is not just in the content of the research but also in its approach. We can feel that the work of the researcher has gradually shifted his vision of leadership and more broadly of digital transformation in banks. Wouldn't one of the first skills to be acquired for the future of the leader be to accept the research exercise? By shifting their perspective, by drilling down into the field to understand its underlying logic, by making the effort to draw useful results from experience, do researchers not develop the skills of their future leadership through their experience as researchers?

# INTRODUCTION

*There is no alternative to digital transformation. Visionary companies will carve out new strategic options for themselves — those that don't adapt will fail.*

Jeff Bezos, CEO & Founder, Amazon

## 1. BACKGROUND TO THE RESEARCH

Digital Technologies are changing the world as we know it and reshaping industries. The emergence of new technology-based players and highly digitalised companies is leading to the significant disruption of market practices and activities, thus forcing incumbents to review their business models or otherwise face the risk of losing market value, or even disappearing altogether. Many such examples from a wide range of industries can be cited:

- Amazon disrupting the whole buying experience through their customer centric approach and extensive use of technology.
- Uber disrupting the taxi business with the use of smartphones and GPS systems.
- Netflix and other video streaming platforms that disrupted the cable television business and “put video stores to the ground”<sup>1</sup>. Netflix is even beginning to disrupt the film

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1. <https://openviewpartners.com/blog/11-disruptive-innovation-examples-and-why-uber-and-tesla-dont-make-the-cut/#video%20streaming>

industry: in 2021, it had 36 Oscar nominations, the highest number of any film distributor<sup>2</sup>.

Some incumbents struggle to cope though with these disruptions. According to a 2018 McKinsey Global Survey, 80% of companies were exploring and investing heavily in Digital Transformation (DT), to either benefit from new technological trends and disruptions, or to just remain competitive and avoid disappearing. However, the report adds that “*success in these transformations is proving to be elusive*”, since less than one third of participants are succeeding in their transformation or enhancing their performance (De la Boutetière *et al.*, 2018).

In the financial sector in general and the banking sector in particular, the emergence of new disruptive players such as FinTechs, i.e. technology focused start-ups that innovate on products and services via a disruptive approach<sup>3</sup> and Neo-banks that are payment establishments, accessible via digital channels (Karyotis, 2020) is threatening to unbundle and to disintegrate the bank's value chain (Bradley *et al.*, 2015) and even its business model. In early 2021, there were more than 26,000 FinTechs worldwide exceeding 100 billion USD in investments (source: statista.com), 25% of whom operate in the digital payment business (source: tipalti.com). Although investments in FinTechs struggled in 2020 according to these sources, probably due at least partly to the pandemic, many expect these players to grow even further in the future: “*The question is not whether the disruptions that we are witnessing today will transform banking and capital markets, but, rather, how will they do so?*” says Val Srinivas (2016)<sup>4</sup>.

These disruptions and the struggle of organisations to cope with them and with the threats they present, will inevitably force them to launch or accelerate their DT, and invites us to further develop our understanding of the subject and its key success factors, particularly in the banking sector.

2. <https://www.whats-on-netflix.com/news/list-of-all-37-netflix-oscar-nominations-for-2021/>
3. <https://www.pwc.co.uk/financial-services/fintech/assets/FinTech-Global-Report2016.pdf>
4. <https://www2.deloitte.com/us/en/pages/financial-services/articles/banking-industry-disrupter.html>

Despite its ancient roots, Leadership is not something that is “above ground” in the sense that it is not out of touch with reality (Thevenet, 2013). It is identified by scholars as a critical success or failure factor within an organisation. Nevertheless, the criteria for success or failure depend largely on each different situation, the management environment and the persons involved.

Putting Leadership in today’s world perspective, particularly in the context of conducting DT, is an even bigger factor I believe, and makes it more connected with reality. Vivier and Ducrey (2019) identify Leadership as the first factor among five for successful DT, even before technologies, while Siebel (2017) confirms that “*Digital transformation is now on the CEO’s shoulders*”. Some would even argue that leaders should have specific characteristics in terms of traits and styles that will enable them to better conduct DT.

By narrowing down the broad field of Leadership research, I focus on three of its aspects:

- Leadership as Position (WHERE) which relates to the Chief Executive Officers (CEO) of banks.
- Leadership as Person (WHO) in the sense of the characteristics of the CEO.
- Leadership as Process (HOW) which pertains to how CEOs get things done, particularly in leading DT.

**By considering the central importance of Leadership for conducting DT, it is possible to further develop insights into it in terms of traits, styles and contingency theories, as well as Leadership of change and Leadership of DT.**

## 2. QUESTIONS

Having narrowed down the research focus to DT and Leadership, my research problem was phrased as follows: **How are leaders conducting Digital Transformation within their organisations?**

To further nourish my reflection, I opted to call on CEOs from the banking sector, to get their real-life insight and feedback about

their experiences, as well as their personal role in conducting DT.

This approach involved me exploring several related questions, both in terms of scientific theory and according to the CEOs' perceptions and practice in business, assuming they would have the necessary hindsight about the research topic. These questions included:

- **The understanding of DT from the digital as well as from the transformational point of view.**
- How is DT impacting the interactions with stakeholders and how is it shaping banking activities and the business models of banks?
- What are the impacts of DT on the organisational structure and management of banks?
- **The understanding of Leadership and Leadership theories about traits, behaviours and contingency.**
- Which Leadership characteristics and styles for change and transformations in general, and for DT in particular?
- What is the role of the leader in conducting DT?
- How are CEOs coping with change and how are they experiencing DT personally?

**In addition to answering the central research problem and the above questions, the ultimate objective was to be able to identify the key factors that help CEOs in leading DT in all stages of the transformation process.**

It should be noted that I reduced the panel of respondents to established banks, where the stakes of change are more present than in new banks or in FinTechs. Although DT concerns everyone in the organisation, I looked at it solely from the perspective of the CEOs and their Leadership.

### 3. METHODOLOGY

With the opportunity of having easy access to the field, I decided to adopt a Grounded Theory (GT) approach, defined by Glaser and Strauss (1967) as “*the study of a subject or domain which is of*

*interest to the researcher, in order to highlight the main concern*". This definition involves the research process itself and the result of this process for which I adopted an inductive<sup>5</sup> research method using qualitative data.

My epistemological stance is assimilated with a **pragmatist epistemology** as defined by Martinet, rendering problematic subjects and situations understandable, by drilling down into them, and formulating proposals with the objective of enhancing these situations (Martinet, 2015).

The research process was iterative between the field and the literature review. I did however let results emerge "naturally" in the analysis, i.e. without "contaminating" them by literature theories (Glaser & Strauss, 1967). The process involved:

- Preliminary interviews to confirm the interest of the research topic.
- Definition of a contrasting sample made up of 21 CEOs of banks in five countries.
- Design of an interview guide to conduct exploratory semi-directive interviews.
- Conducting the interviews.

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5. The inductive research approach involves starting with facts and observations in the field and then conceptualising, generalising and building a new theory (Kalika, 2017).