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The impact of Transformational Leadership on Employee Engagement during Digital Transformation

Emilia Paes Barreto Perruci Martins

Master in Management

Supervisor:
PhD Vânia Isabel Sousa Patrício, Invited Assistant Professor
ISCTE – Instituto Universitário de Lisboa

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Acknowledgments

It takes a village. Never did a common quote resonate so much to me as this one did in these past few years. It does take a village, it takes people, and the people make the journey worthwhile.

Hence, I could not have enjoyed this tough and crazy ride as much as I did, without my village.

As the list of “thank yous” is long I will take the chance to give a massive shout out to some very special people that live in my heart rent-free.

First and foremost, my advisor, Vânia Patrício for the energy and guidance. It was crucial for me to work with someone that I identified myself with.

Secondly, my amazing BNPP gang - who are too many to name - who through slight roasting and self-esteem-crushing twisted humour were always cheering for me and supporting me all the way.

Last but definitely not least, my “ride or die”s - the big little Sis’, Oscar, Cardeira, Vânia - who heard “I can’t go, I have to study” more than they should, but were relentlessly always there for me at all times. Whether it was to energise after a long weekend of study, or to listen to a frustrating rant over how nothing works, or to celebrate each and every win.

“If you want to go fast go alone, but if you want to go far, go together” and I’m definitely going far. Very far.

A big pink and sparkly Thank you guys!

“I had a very good idea about where we needed to go,
but I realised my real task was to motivate the pride and
desire in the people to go there with me.”
- Satya Nadella, Microsoft’s CEO

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Resumo

Num mundo cada vez mais digital, onde a tecnologia impulsiona a transformação, os líderes devem garantir que priorizam as suas equipas. Este estudo de caso explora a influência da liderança transformacional no envolvimento dos colaboradores durante um projeto de transformação digital no setor bancário. Realizado ao longo de três anos, o projeto envolveu a implementação de software para automatizar tarefas, melhorar a comunicação e reforçar a tomada de decisões orientadas por dados, envolvendo equipas dos serviços ao cliente, vendas e gestão de negócios.

Através de entrevistas e análise qualitativa, esta investigação examina como os comportamentos de liderança transformacional impactaram o envolvimento dos colaboradores em várias equipas e níveis hierárquicos. Os principais resultados revelam que o envolvimento e a participação ativa das equipas são essenciais para o sucesso dos projetos de transformação digital. Para que as equipas estejam eficazmente envolvidas, devem ser incluídas na estratégia e nos processos de tomada de decisão do projeto. A liderança transformacional demonstrou os comportamentos necessários para impulsionar uma mudança digital bem-sucedida, alinhando-se com as expectativas das equipas ao longo do projeto.

Este estudo contribui para o estado da arte da literatura sobre liderança transformacional, transformação digital e envolvimento dos colaboradores, oferecendo orientações práticas para organizações a atravessar mudanças semelhantes.

Classificação JEL: G21- Bancos, M12 - Gestão de Pessoas, O33- Mudança tecnológica: escolhas e consequências/Difusão de processos

Palavras-Chave: Digital Transformation, Employee Engagement, Transformational Leadership

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Abstract

In an increasingly digital world, where technology drives transformation, leaders must ensure they prioritise their people. This case study explores the influence of transformational leadership on employee engagement during a digital transformation project in the banking sector. Conducted over three years, the project involved software implementation to automate tasks, improve communication, and enhance data-driven decision-making, engaging teams across client services, sales, and business management.

Using interviews and qualitative analysis, this research investigates how transformational leadership behaviours impacted employee engagement across different teams and levels. Key findings reveal that team engagement and active participation are essential to the success of digital transformation projects. For teams to be effectively engaged, they must be included in project strategy and decision-making processes. Transformational leadership has demonstrated the necessary behaviours for driving successful digital change, aligning with team expectations throughout the project.

This study contributes to the state of the art of literature of transformational leadership, digital transformation, and employee engagement, offering practical guidance for organisations navigating similar changes.

JEL Classification: G21 Banks, M12 - Personnel Management, O33 Technological change: Choices and consequences/Diffusion Processes

Keywords: Digital Transformation, Employee Engagement, Transformational Leadership

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CHAPTER 1

Introduction

1.1. Research Context

With the rise of artificial intelligence, Internet of Things and all things digital, companies feel the urge to digitalize. However, Digital Transformation goes beyond technology adoption. it's about fundamentally reshaping business models, creating new propositions and driving organisational changes (Hanelt et al., 2020)

However, Successful digital transformation demands an effective change management process. This includes the alignment of technological changes with broader organisational strategies and goals. (Hanelt et al., 2020)

Majnoor (2024) argues that change management and resistance to change are real within organisations going through a transformation. Groenewald et al. (2024) agree that resistance to the transformation can be a significant barrier to its implementation. Marin (2021) state employee engagement as a crucial factor for organisational success, where the influence of leadership can foster a strong sense of engagement among employees.

Islam, Furuoka, and Idris (2020) suggest that Transformational leadership's behaviours drive a positive employee behaviour during organisational change. When change is managed effectively, employees are more likely to engage in behaviours that promote innovation (Sung & Kim, 2020).

In this context, it is interesting to understand the connections between Transformational leadership during a digital transformation project, and how it affects employee engagement, that will ultimately determine the success of the project's implementation.

1.2. Research Problem

Based on the literature review of the concepts of Digital Transformation (DT), Transformational Leadership (TL) and Employee Engagement (EE) it's been possible to understand that although there are a lot of isolated studies on the themes, there is a literature gap that approaches the combination of all three themes. (Men, Yue, & Liu, 2020a; Bagga, Gera, & Haque, 2022; Banu, 2024; Tanoto, Pranoto, & Andryani, 2024 ; Samuel, 2024)

The research problem is that it's not known how transformational leadership can help increase employee engagement on a digital transformation project.

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This problem is particularly relevant in light of the ongoing digital transformation that businesses globally are undergoing. Many organisations seek to digitise their operations; however, they often lack a comprehensive understanding of the necessary steps and the potential implications involved.

Digital transformation projects are becoming increasingly common in today's fast-paced, technology-driven business landscape, and employee engagement is a critical factor in the success of these projects. By investigating the impact of transformational leadership on employee engagement in this context, this study looks to provide valuable insights for organisations looking to implement successful digital transformation strategies.

In this sense, the objectives of this study is as follows:

Objective 1: To understand the impact of sharing the vision of the project between leaders and employees during change to reduce resistance to change and increase employee engagement

Objective 2: To understand if it would be beneficial to have a Change Management framework

Objective 3: To understand the impact of transformational leadership on managing change

Objective 4: To understand how leaders can increase employee engagement during digital transformation

Objective 5: To understand in what ways Transformational leadership creates an environment where employees feel included and safe to embrace change and innovation

1.3. Thesis Structure

This Thesis is structured in the following way:

Chapter 1: Introduction, context and problem

Chapter 2: Literature review

Chapter 3 and 4: Methodology and Data Analysis

Chapter 5: Discussion, findings and Conclusion

Chapter 6: Limitations, future research suggestions

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CHAPTER 2

Literature Review

2.1. Transformational Leadership

Transformational leaders act as role models, demonstrating high ethical standards and fostering trust among their followers. They articulate a compelling vision for the future and communicate it effectively, inspiring others to embrace and work towards shared objectives. By employing these strategies, transformational leaders create a positive organisational culture that promotes growth, innovation, and high performance (Islam et al., 2020). Leaders must not only guide employees through technological changes but also foster a culture of innovation, collaboration, and engagement. This leadership style is crucial in addressing challenges such as employee resistance to change, ensuring smooth transitions, and leveraging digital tools to enhance communication (Banu, 2024).

Alos-Simo et al. (2017) encompass Transformational leadership in several key aspects that define its effectiveness:

- **Idealised influence:** Leaders inspire admiration and respect, serving as role models for followers to emulate,
- **Inspirational motivation:** Leaders articulate a compelling vision and use symbols to unify efforts towards high performance expectations,
- **Individualised consideration:** Leaders provide personalised support and foster the development of their followers,
- **Intellectual stimulation:** Leaders encourage innovative thinking and problem-solving by challenging followers to view issues from new perspectives,
- **Promotion of organisational learning:** Transformational leaders foster knowledge sharing and acquisition of common goals,
- **Value transformation:** Leaders influence followers' attitudes, emotions, and values, driving organisational culture change,
- **Adaptive orientation:** This leadership style promotes risk-taking and change, enabling organisations to adapt to dynamic environments.

Transformational leaders transform followers' aspirations, attitudes, and values, driving organisational change and adaptation to dynamic environments (Alos-Simo et al., 2017).

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They also inspire and motivate their teams to achieve extraordinary results. By articulating a compelling vision and aligning individual goals with organisational objectives, they foster a sense of purpose and commitment. These leaders challenge conventional thinking, encouraging employees to approach problems from new angles. They provide autonomy and resources for creative pursuits, while offering constructive feedback and recognition for innovative ideas. Through mentoring and coaching, transformational leaders nurture talent and help employees reach their full potential. This approach creates a culture of continuous learning and improvement, where creativity flourishes and breakthrough innovations emerge (Fang, 2024).

Bagga et al. (2023) defend that Transformational leadership style is particularly necessary for today's dispersed teams and organisations, especially in dealing with globalisation and increasing workforce diversity. Additionally, transformational leaders should work on diminishing negative mindsets, promoting positive attitudes towards change, and shaping organisational culture to facilitate successful change implementation (Bagga et al., 2023).

According to Islam et al. (2021), Transformational leadership is defined as a proactive leadership style where the leader acts as a change agent. Hence being considered the most effective and influential leadership style for managing change in organisations (Islam et al., 2021).

Leaders who exhibit transformational qualities are able to clearly articulate the necessity for innovation and present a compelling vision of the organisation's future state as per Choi et al. (2021). By inducing feelings of loyalty, trust, and respect among organisational members, transformational leaders can elicit higher-than-expected efforts and achieve results through changes in attitudes and values. Showing that it's a leadership style that has a significant positive impact on organisational innovation through several mechanisms (Choi et al., 2021).

Winasis et al. (2021) defend that these leaders need to pay attention to their followers individually, providing support and respect, which creates emotional attachment and a positive organisational climate. They set good examples, speak optimistically about the future, and encourage innovation and teamwork (Winasis et al., 2021). They have an aura of strength and confidence, give enthusiasm and motivation to subordinates, and encourage them to provide new ideas and find solutions. This leadership style fosters a climate that supports positive communication, proactive employee behaviour, and innovation initiatives (Winasis et al., 2021).

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2.2. Employee Engagement

Fostering work engagement is crucial for successful organisational change initiatives. When employees are engaged, they are more likely to embrace change, demonstrate resilience, and actively contribute to its successful implementation (Islam, Furuoka, and Idris, 2020).

Employee engagement encompasses a multifaceted construct characterised by employees' positive attitudes and behaviours towards their work and organisation. Marin (2021) defined engagement as a state of mind involving the simultaneous investment of personal energies in work experiences. This psychological state is typically described as comprising cognitive, emotional, and behavioural components that are associated with role performance (Marin, 2021). Moreover Islam et al. (2020), define employee's championing behaviour as important for engagement which should be incentivized by leaders. Championing behaviour as per the author, is the state of mind demonstrated through enthusiasm for the change, "expresses positive expectations from the transition with their colleagues and stakeholders also claimed that champions enthusiastically and dedicatedly contribute to the development of organisation creativity and change through the crucial phases" (Islam, Furuoka, and Idris, 2020).

Engagement manifests through feelings of vigour, dedication, and absorption, coupled with cognitive appraisals of psychological empowerment. It is also conceptualised as a two-way relationship between the organisation and its employees, where organisational efforts to foster engagement are met with varying degrees of employee involvement, satisfaction, and enthusiasm. This multidimensional construct encompasses passionate, energetic, and emotionally positive individuals who align their performance with organisational objectives (Marin, 2021).

Xu et al. (2024) defend that employee engagement reflects the degree to which individuals consider work integral to their self-image and its influence on their overall identity (Xu et al., 2024).

Winasis et al. (2021) refer as Employee engagement to the emotional commitment and connection employees have to their work, organisation, and its goals. It is characterised by:

- Vigor: Employees feel energised, eager to go to work, and passionate about completing assignments.
- Dedication: Workers feel inspired by their occupation, proud of their organisation, and find their work meaningful.
- Absorption: Employees concentrate on their tasks, often losing track of time while working.

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Engaged employees show high levels of enthusiasm, involvement, and commitment to their work and organisation. They are more likely to put in extra effort, support company policies, and contribute positively to organisational performance. Factors influencing engagement include feeling valued, involvement in decision-making, opportunities for growth, and supportive management (Winasis et al., 2021).

Other factors that also influence employee engagement is trust as per Yue et al. (2019) who also highlight that trust is often considered a foundational element for employee engagement. Which makes it critical in facilitating organisational change (Yue et al., 2019). As well as good communication strategies, according to Bakir & Tyas (2024) help reduce uncertainty and anxiety that may arise during the change process, ensuring that all team members have a deep understanding of the desired direction and their responsibilities. Open and transparent communication channels are crucial for overcoming barriers and fostering employee involvement (Bakir & Tyas, 2024).

Bakir & Tyas (2024) highlight employee engagement as a critical factor in successful change management and organisational transformation. Active participation and involvement of employees in every stage of the change process significantly impact the success of change implementation. When employees feel their voices and contributions are recognized and valued, it creates a strong sense of ownership, increasing acceptance and support for the change. Organisations are encouraged to not only mobilise employee participation but also stimulate it through various initiatives such as training, skill development, and recognition of contributions to achieving change goals. Employee engagement is described as actively involving staff in decision-making related to impending changes. This participation is seen as not just a moral imperative but an essential strategy for achieving organisational transformation success (Bakir & Tyas, 2024).

Furthermore, involving employees in the planning and implementation process is noted as an effective step in minimising resistance and increasing acceptance of change throughout the organisation (Bakir & Tyas, 2024).

Classification : Internal

2.3. Digital Transformation

Digital transformation as a multifaceted concept that goes beyond simply adopting new technologies. It represents a fundamental shift in how organisations operate, compete, and create value in the digital era. It encompasses the integration of digital technologies into all aspects of business operations, leading to significant changes in organisational processes, structures, and capabilities. Furthermore, digital transformation entails a comprehensive re-evaluation of organisational processes, structures, and cultures, aimed at creating new revenue streams, enhancing customer experiences, and improving operational efficiency through data-driven insights and automation (Groenewald et al., 2024).

In their studies, Groenewald et al. (2024) highlight operational efficiency, streamline of processes, resources optimization, and cost savings as some of the aspects that can be highly impacted by Digital transformation initiatives. By leveraging automation, artificial intelligence, and predictive analytics, organisations can automate routine tasks, improve decision-making, and identify opportunities for optimization and innovation. This transformation fosters organisational agility, allowing for rapid adaptation to changing market conditions and emerging technologies (Groenewald et al., 2024).

These initiatives involve adopting new technologies, innovating business models, and shifting organisational culture. Many businesses have recognized the urgency of implementing Digital transformation initiatives and are investing in transformational changes to adapt to the rapidly evolving digital landscape. As per Kakungulu (2024) successful digital transformation initiatives require effective change management to navigate challenges and leverage opportunities. They will face challenges such as keeping pace with consumer expectations, competitive pressures, and the need to leverage transformative technologies. Kakungulu (2024) also notes that Digital transformation requires cultural changes, which can often face resistance from employees who may feel uncertain about the impact on their jobs (Kakungulu, 2024).

Banu (2024) concludes that effective change management includes a multitude of levels “including leadership, communication, involvement and culture” (Banu, 2024), where leaders play a pivotal role to the successful implementation of a change management strategy. By gaining trust and directing stakeholders, helps mitigate resistance and engage employees.

One famous and effective change management framework is John Kotter’s 8 Step Change Model, who presents a sequenced 8 steps strategy to manage change in organisations, such as Digital Transformation. Kotter’s framework consists in: Forming a powerful group of people, Definition of the vision, communicating the vision, empowering empowerment to act, generating short-term wins, consolidating gains to produce more change and adopting new approaches in the organisation’s culture (Banu, 2024).

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Akindote et al. (2024) defend that digital transformation in banking involves the comprehensive integration of digital technologies to fundamentally change how banks operate and deliver value to customers. It is a strategic renewal process that leads to cultural change within organisations and enables significant business improvements. This transformation is critical for the banking industry, necessitating a strategic approach to achieve sustainable growth. It brings both opportunities and challenges, emphasising the growing importance of developing digital competence among talent.

Digital transformation in banking is linked to the development of solutions like big data utilisation, mobile finance, and customer relationship management (Akindote et al., 2024).

Tagscherer et al. (2023) highlight two complementary dimensions of digital transformation: Internally, it focuses on transforming operations, manufacturing processes, and value chains. Externally, it reshapes customer value propositions and leads to the creation of new products and services. Tagscherer et al. (2023) also defend the need for true leadership, not just management, to navigate the challenges and opportunities it presents. Leaders must embrace risk-taking, promote teamwork and collaboration, and maintain awareness of diversity and cultural differences. The process generates high levels of uncertainty within organisations, necessitating effective leadership to seize digital opportunities in a dynamic business environment.

The rapid pace of technological change is significantly impacting organisational strategies and operations in the globalisation era. Advancements in IT infrastructure and the adoption of new technologies are transforming how organisations interact with stakeholders and manage internal processes (Bakir & Tyas, 2024). The various technological innovations provide opportunities for value creation and market expansion, with increased speed and flexibility of IT infrastructure being crucial for maintaining competitiveness. Collectively, these aspects of technological change are driving business transformation and shaping organisational readiness in the dynamic global market (Bakir & Tyas, 2024).

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2.4. Link between transformational leadership and employee engagement during digital transformation

Digital transformation requires proactive leadership and a focus on employee engagement to succeed. Leaders must champion the transformation, articulate a clear vision, and mobilise resources to drive change. Effective change management is crucial, involving fostering a culture of experimentation and learning, empowering employees to embrace new technologies, and providing adequate support. Organisations should invest in building digital capabilities and cultivating digital talent to fuel innovation. Employee engagement is critical, as resistance to change can hinder adoption of new technologies and processes. Leaders play a vital role in addressing cultural barriers, promoting innovation, and aligning digital strategies with broader organisational goals. By focusing on these aspects, organisations can harness the full potential of digital transformation to drive growth and competitive advantage (Groenewald et al., 2024).

Effective change management and strategic planning are highlighted as paramount to overcoming barriers. Additionally, Groenewald et al. (2024) recommend fostering a culture of experimentation, risk-taking, and collaboration to fuel innovation and drive sustainable growth. Investing in employee training, providing adequate support and resources, and articulating a clear vision for the future state of the organisation are also suggested as ways to facilitate the transition and reduce resistance (Groenewald et al., 2024).

Transformational leadership is shown to have a positive relationship with work engagement, particularly during periods of organisational change. Engaged employees are more likely to exhibit championing behaviour, actively supporting, and promoting change initiatives (Islam et al., 2020). It has a significant impact on managing change in organisations. By gaining employee trust, it enhances employee confidence and resilience, driving them to pursue change strategies and achieve goals beyond expectations. Transformational leaders are often considered change agents as they support and uplift their teams' creativity and innovation, thus motivating them towards change. This approach ultimately contributes to the success of change management by absorbing resistance and increasing employee morale (Majnoor & Vinayagam, 2024).

Marin (2021) reference certain leadership qualities and approaches that can positively impact employee engagement. These include: Valuable leadership that is based on transparency and trust, Leadership that involves employees in decision-making processes, Leadership that supports employee development and understanding of their role in the organisation's mission, Senior management that provides a clear vision for the organisation's future, Leadership that shows genuine interest in employees, Modern management approaches that include coaching and development (Marin, 2021).

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Bagga et al. (2023) reveal that transformational leadership is directly and positively related to change management. This leadership style helps diminish negative mindsets and behaviours associated with organisational change, enhancing the bond between leaders and subordinates (Bagga et al., 2023).

Transformational leaders stimulate championing behaviour during organisational change through several key approaches: By raising followers' awareness and transcending their collective interests, inspiring employees to go above and beyond for change initiatives. They help followers achieve exceptional goals, motivating them to take on champion-like behaviours during the change process. Transformational leaders transfer vision and strengthen creativity, encouraging employees to become champions of change. Through inspirational motivation, transformational leaders improve followers' confidence levels, enabling them to champion change efforts. By providing individual care and support, these leaders create an environment where employees feel empowered to take initiative and cooperate throughout the change process. Transformational leaders minimise confusion and insecurity, allowing employees to focus on championing the change rather than fearing it (Islam et al., 2021).

Leadership plays a crucial role in driving and shaping digital transformation within organisations. Leaders must possess a clear vision for transforming their company and provide direction and purpose to employees, which is essential for successful digital transformation. They need to embrace change, create an environment that stimulates change, and foster a culture that drives transformation toward desired goals (Tagscherer et al., 2023).

Yue et al. (2019) defend the importance of leaders articulating a compelling vision, communicating with passion and energy, and expressing care and support for employees during change. These leadership behaviours can help energise and motivate employees, which are key components of engagement. Employees' openness to change and behavioural support for change as key outcomes. These attitudes and behaviours align closely with aspects of employee engagement during organisational change (Yue et al., 2019). Emphasising the importance of how leaders communicate, not just what they communicate. Authentic, personal, and empathetic communication from top leaders can foster quality employee-organisation relationships and trust during change (Yue et al., 2019).

Together, leadership and communication are fundamental in guiding organisations through necessary steps to adapt to market changes, accelerate innovation, and enhance overall performance in the face of technological and global business shifts (Bakir & Tyas, 2024).

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CHAPTER 3

Methodology

In the following chapter of this research, it'll explain the chosen methodology to achieve its goals.

At first, a literature review in the theme of "analysing the impact of transformational leadership in employee engagement during digital transformation in the banking industry" help define the concepts of Transformational Leadership, Employee Engagement and Digital Transformation.

Which was required to understand the depth of existing studies on these topics as well as its intricacies.

The literature review for this research was done using the keywords Change Management, Resistance to change, Digital Transformation, Transformational Leadership, Employee Engagement on the platforms Research Gate, Academia, Scopus, and Google Scholar.

This review has included 40 articles published worldwide, by way of searching the identified keywords. All articles were thoroughly analysed by their Abstract, Introduction, Conclusion and Future Research suggestions. After this first analysis, 20 scientific articles published in the last 5 years (2024 – 2019) were chosen, and 1 scientific article from 2017 for literature review as per Table 1.

Table 1 - Identified Articles for Literature review.

Author	Year	Title	Source
Alos-Simo, L., Verdu-Jover, A.J. and Gomez-Gras, J.M.	2017	"How transformational leadership facilitates e-business adoption"	Industrial Management & Data Systems, Vol. 117 Iss 2 pp. 382 - 397
Islam, M.N., Furuoka, F. and Idris, A.	2020	"Transformational leadership and employee championing behaviour during organisational change"	South Asian Journal of Business Studies, Vol. ahead-of-print No. ahead-of-print.
Fang, S.	2024	"Relationship between Transformational Leadership and Employee Creativity in China"	International Journal of Leadership and Governance, 4(3), 50 – 59

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Majnoor, N., & Vinayagam, K.	2024	"The Significance of Agile Transformational Leadership in organisational Change Management: A Bibliometric Analysis"	European Economic Letters, 14(1)
Tanoto, S. R., Pranoto, L. S., & Andryani, T. V.	2024	"Leadership Influence of Transformational Leadership on Creativity and Innovation in Banks"	E3S Web of Conferences ICOMSE 2024, 571, 01003
Banu, S. R.	2024	"Effective change management strategies: Lessons learned from successful organisational transformations"	Journal of Informatics Education and Research, 4(2), 2281–2290
Groenewald, C. A., Groenewald, E. S., Uy, F. T., Kilag, O. K. T., Echavez, R. B., & Bangoy, R. M.	2024	"The Digital Tapestry: A Systematic Review of Insights, Challenges, and Strategic Implications for organisations"	IMJRISE International Multidisciplinary Journal of Research for Innovation, Sustainability, and Excellence, 1(3), 18-24
Rahmi, R., & Hariani, S.	2023	"The effectiveness of persuasive communication in change management: A HR Management Perspective"	Golden Ratio of Mapping Idea and Literature Format, 3(1)
Bakir, A. A. W. P. T.	2024	"The role of change management strategies in preparing large organisations in the globalisation era: Leadership, communication, information technology, and employee participation in business Dynamics"	Jurnal Minfo Polgan, 13(1), 469–480
Marin, R.	2021	"Employee Engagement: An Actual Theme, in a Permanent Evolution"	Journal of Human Resources Management Research, 2021, Article ID 796417

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Xu, B., Wei, B., Zheng, L., & Wu, Y. J.	2024	"Influencing factors of employee work engagement in the context of enterprise digital transformation: A fuzzy-set qualitative comparative analysis"	Humanities and Social Sciences Communications, 11(1), 35
Bagga, S. K., Gera, S., & Haque, S. N.	2023	"Transformational leadership and change management: Mediating role of organisational culture in virtual teams"	Asia Pacific Management Review, 28(2), 120-131
Islam, M.N., Furuoka, F., & Idris, A.	2021	"Transformational leadership and championing behaviour: The role of trust during organisational change"	Asia Pacific Management Review, 26(2), 95-102
Kakungulu Samuel J.	2024	"The Role of Change Management in Digital Transformation Initiatives"	EURASIAN EXPERIMENT JOURNAL OF SCIENTIFIC AND APPLIED RESEARCH, 5(2):40-43
Choi, Y.; Park, S.; Chin, S.; Kim, H.	2021	"The Effects of Change Management on organisational Innovation: Focusing on the Mediating Role of Innovative behaviour"	Sustainability 2021, 13, 2079
Winasis, S., Djumarno, Riyanto, S., & Ariyanto, E.	2021	"The effect of transformational leadership climate on employee engagement during digital transformation in Indonesian banking industry"	International Journal of Data and Network Science, 5(1), 91-96
Akindote, O.J., Adegbite, A.O., Dawodu, S.O., Omotosho, A., Anyanwu, A., Maduka, C.P., & Ilojianya, V.I.	2024	"Digital talent management strategies for organisational performance: A systematic review"	International Journal of Science and Research Archive, 11(01), 1452-1459

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Tagscherer, F., & Carbon, C.-C.	2023	"Leadership for companies' internal and external digitalization: A systematic literature review"	Sustainable Technology and Entrepreneurship, 2, 100039
Yue, C. A., Men, L. R., & Ferguson, M.	2019	"Bridging transformational leadership, transparent communication, and employee openness to change: The mediating role of trust"	Public Relations Review, Volume 45, Issue 3, September 2019, 101779
Bakir, & Tyas, A. A. W. P.	2024	"The Role of Change Management Strategies in Preparing Large organisations in the Globalisation Era: Leadership, Communication, Information Technology, and Employee Participation in Business Dynamics"	Jurnal Minfo Polgan, 13(1)
Men, L. R., Yue, C. A., & Liu, Y.	2020	"Vision, Passion and care: The impact of charismatic executive leadership communication on employee trust and support for organisational change"	Public Relations Review Volume 46, Issue 3, September 2020, 101927

Source: Author, 2024

Based on the literature review, following research gaps were identified amongst these 3 themes – digital transformation, employee engagement and Transformational Leadership.

In order to fill this gap, this thesis was based on a Case Study of a Digital transformation project in a European bank's department with global presence. It was used a case study as a strategy to explore the relationships and dynamics within its real-life context, meeting the descriptive and explanatory goals of the research as per Saunders et al. (2009).

The gaps are described on Table 2, with its specific Research questions to be answered via Semi-Structured Interviews and Qualitative Analysis which is the most adequate type for social studies given the flexibility and adaptability of the questions, as well as the analysis of the participant's responses (Saunders et al., 2009). For each Gap, we've identified Research Objectives, Research Questions, and Questions for the interviews. The connections between the Research questions, Research Objectives and Interview Questions are described on Table 3.

Classification : Internal

It studies the development and implementation of a digital tool (ERP System) affecting multiple teams of Sales and Client Services, in various locations – Lisbon, NY, London, Germany – as well as the departments business management.

The goal of the project was to introduce the systematic and methodical digital tool to replace various manual tasks performed by Sales and Client Services. Changing the operation of the business, its processes and procedures, and Business-As-Usual tasks of each team.

The tool also provides deep analysis of data issues, processes bottlenecks, Key Performance Indicators (KPI), record keeping of information, as well as it's the first step to scale up the tool and automate and integrate further.

Table 2 - Research Questions and Objectives

RQ	Gap from Literature Review	Author & Year	Research Questions (RQ)	Research Objectives (RO)	Interview Questions (IQ)
1	1) The study focus on charismatic leadership, not in Transformational leadership 2) The study did not incorporate management's side of views re. the relationships between	Men, L. R., Yue, C. A., & Liu, Y. (2020a)	How does the articulation of a clear vision by transformational leaders influence resistance to organisational change?	To understand the impact of sharing the vision of the project between leaders and employees to reduce resistance to change and increase employee engagement	Questions: 1 , 2 and 3
2	3) Future research can conduct in depth interviews from executive leaders or change managers to provide a more complete, comprehensive and balances		How does leadership communication impact resistance to change in organisational settings?		

Classification : Internal

	understanding of the model tested 4) The study does not evaluate the impact of leadership in Digital Transformation projects				
3	1) The paper doesn't study any specific type of leadership that would be most adequate during Digital Transformation 2) This is not an empirical study 3) This doesn't focus in any sector in particular	Samuel, K. J. (2024)	What are the critical components of a successful change management strategy during digital transformation initiatives	To understand if it would be beneficial to have a change management Framework	Questions, 4, 5 and 6
4	1) The findings cannot be generalised in collocated and hybrid teams as this is only for Virtual teams	Bagga, S. K., Gera, S., & Haque, S. N. (2022)	How can transformational leadership facilitate successful digital transformation	To understand the impact of transformational leadership on managing change	Question: 7

Classification : Internal

	2) The findings may differ in longitudinal analysis 3) Study is limited to IT companies in Delhi-NCR 4) Study was confined to detect the direct and indirect effect of transformational leadership on change management among the employees of virtual teams rather than group/Team analysis		within organisations?		
5	1) Longitudinal studies: integrating change management initiatives with longer time horizons 2) The study doesn't take in consideration the Employee Perspective	Banu, S. R. (2024)	How do transformational leaders motivate and engage employees during large scale organisational changes?	To understand how can leaders increase employee engagement during digital transformation	Questions 8, 9, 10

Classification : Internal

6	3) The study is not sector specific		How does employee involvement in the change management process impact the success of the organisational transformation?		
7	1) The research doesn't assess the impact of Transformational Leadership in employee engagement during digital transformation 2) Data collected from 214 bank employees in Indonesia, hence it doesnt take European banks in consideration 3) It's a theoretical study, it doesn't analyse any specific real case	Tanoto, S. R., Pranoto, L. S., & Andryani, T. V. (2024)	What is the relationship between transformational leadership and successful change management in the context of digital transformation in banks?	To understand in what ways Transformational leadership created an environment where employees feel included and safe to embrace change and innovation	Questions 11, 12

Source: Author, 2024

Classification : Internal

Table 3 - Connection between Research Questions, Research Objectives and Interview questions and its type

Research Questions (RQ)	Research Objectives (RO)	Interview Questions (IQ)	Type of Question
How does the articulation of a clear vision by transformational leaders influence resistance to organisational change?	To understand the impact of sharing the vision of the project between leaders and employees to reduce resistance to change and increase employee engagement.	1)How should the leaders communicate and involve the team members in the vision during digital transformational project? 2) What struggles did you face when managing the change derived from the digital transformation? 3)Do you feel the team members were included on the vision? If not, what do you feel you missed? If yes, what did you do successfully?	Interpretative Questions
How does leadership communication impact resistance to change in organisational settings?			
What are the critical components of a successful change management strategy during digital	To understand if it would be beneficial to have a change management Framework.	4) How much and what resistance did you encounter? Why? 5) Do you consider you were resistant to change? Why?	Interpretative Questions

Classification : Internal

transformation initiatives?		6) Is there any change management methodology? If so, how did it affect employee engagement? If not, what benefits would a CM methodology bring to employee engagement?	
How can transformational leadership facilitate successful digital transformation within organisations?	To understand the impact of transformational leadership on managing change.	7) How did your leader help the team transition to new digital tools or ways of working during the transformation?	Interpretative Questions
How do transformational leaders motivate and engage employees during large scale organisational changes?	To understand how can leaders increase employee engagement during digital transformation.	8)What differences in management style/Communication did you feel throughout the years? 9) Which leadership behaviours (such as communication or empowerment, Motivation, consideration, stimulation, training, guidance) do you feel most contributed to your engagement during the transformation? 10) Did you feel adequately supported and included	Interpretative Questions
How does employee involvement in the change management process impact the success of the organisational transformation?			

Classification : Internal

		during the digital transformation? If not, what could have been done better?	
What is the relationship between transformational leadership and successful change management in the context of digital transformation in banks?	To understand in what ways Transformational leadership created an environment where employees feel included and safe to embrace change and innovation.	11) Do you feel encouraged enough to be innovative, creative and participative on this project? Why? 12)If you were a PM on this project, what would you have done differently and what do you think was done right?	Interpretative Questions

Source: Author, 2024

The interviews were made via *Microsoft Teams* with each participant individually, from 28th of October 2024 to 8th of November 2024, divided in 2 parts:

1st Part: Introduction of the theme and purpose of the study. It was explained to each participant the concept of Digital Transformation.

2nd Part: The interviews were conducted with the purpose of gathering a representative and relevant sample for the study. All questions were asked during the conversation.

Convenience sample technique to select relevant participants with direct impact on the project, with sufficient knowledge and experience during the transformation. All chosen participants are directly impacted by the implementation of the new tool – whether they use the platform or not. Table 4 Identifies the teams of the chosen participants and how many participants from each team.

The questions were asked with the purpose to understand the experience of each participant, where they could freely express their feelings and opinions. By way of 12 structured questions with the goal of gathering specific answers for each research question that had been previously defined.

Classification : Internal

This methodological approach allows deep comprehension about the chosen concepts and contributes with a robust analysis result.

Table 4 - Participants

Team	Nr of people
Client Services Team Members	7
Client Services Team Managers	4
Business Management Team	3
Sales Teams	4

Source: Author, 2024

3.1. Data Collection: Qualitative Methodology through Semi-Structured Interviews

To gather data, a qualitative methodology will be employed, primarily through semi-structured interviews. This approach is essential for obtaining a deeper understanding of the perceptions, experiences, and contextual factors influencing both employees and leaders during the digital transformation process. Qualitative data is instrumental in uncovering the underlying motivations and emotional responses that quantitative measures may overlook, thereby enriching the analysis of leadership behaviour, communication challenges, and engagement issues.

The data collection will involve conducting semi-structured interviews with key stakeholders, including leaders and employees from various departments directly affected by the project. It was chosen Semi-Structured Interviews and Qualitative Analysis as is the most adequate type for social studies given the flexibility and adaptability of the questions, as well as the analysis of the participant's responses (Saunders et al., 2009).

Classification : Internal

CHAPTER 4

Data Analysis

This chapter is dedicated to analysis of the data gathered from the 18 individual interviews.

This data analysis was done using the software Microsoft Excel.

This study was done at the Global Markets department of the European bank BNP Paribas, Corporate & Institutional Banking (CIB) branch.

The Global Markets department at BNP Paribas Corporate & Institutional Banking (CIB) division provides a comprehensive range of investment products and services to institutional clients, corporations, and government agencies. This department operates at the core of BNP Paribas's CIB branch, offering advanced solutions across various asset classes, including equities, fixed income, credit, and commodities. With a strong global presence and teams based in major financial centres, the Global Markets division is positioned to deliver tailored solutions that meet the unique needs of its diverse client base, ranging from asset management to hedging and investment solutions.

To deliver on its mandate, BNP Paribas Global Markets leverages cutting-edge technology and market insights to drive efficient and innovative trading strategies. The division is organised into several specialised desks, such as Equity Derivatives, Fixed Income & Currencies, and Commodity Derivatives, each focusing on a specific segment of the financial markets. These teams work closely with clients to provide risk management, yield enhancement, and liquidity solutions, using sophisticated financial instruments like options, futures, and swaps. Additionally, BNP Paribas has committed to enhancing its digital and sustainable finance offerings, integrating environmental, social, and governance (ESG) considerations into its product design to align with the bank's sustainable finance objectives.

Furthermore, the Global Markets department plays a key role in supporting BNP Paribas's corporate and institutional clients as they navigate global market volatility and regulatory challenges. With expertise in both developed and emerging markets, the department offers comprehensive market access and insight, enabling clients to make informed investment decisions in complex financial landscapes. By fostering a robust network of partnerships and maintaining a strong commitment to regulatory compliance, BNP Paribas's Global Markets division positions itself as a trusted partner, helping clients capitalise on market opportunities while managing risk effectively.

Classification : Internal

Embracing advanced technologies, the department is actively engaged in numerous projects focused on software implementation, the development of proprietary trading platforms, and the creation of extensive in-house databases. These initiatives are designed to streamline workflows, optimise data-driven decision-making, and provide seamless trading experiences. With significant investment in artificial intelligence (AI) and large language models (LLMs), Global Markets is harnessing these tools to improve analytical capabilities, personalise client interactions, and reduce response times. Proudly aligning with BNP Paribas's ethos of being "the bank for a changing world," the Global Markets team continues to innovate, positioning itself as a leader in financial technology and a pioneer in transforming banking for a digital age.

4.1. Identification of Sample

For this study's data analysis, the 18 participants from the same department were selected based on the team, length of time in the team, their role and Location.

To guarantee a vast range of experiences, it was selected from the team members from the Client Services team, the management personnel from the Client Services team, Business Management and Sales teams. The participants are based in various locations and have had a vast number of years of experience in each of their teams.

a) Teams

This sample contains 11 people from the Client services team, 4 from the Sales team and 3 People from Business Management team.

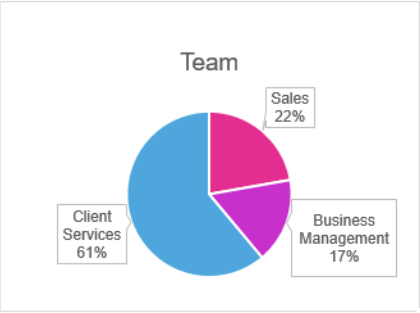


Figure 1 – Sample - Teams

b) Role in the team

The participants are divided between employees and Leaders, where 7 people are in Leadership roles, and 11 are in employees roles.

Classification : Internal

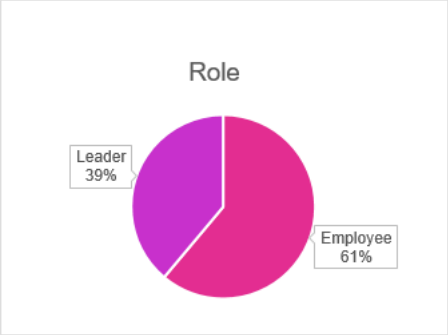


Figure 2 - Sample - Role

c) Location

The participants are spread across various locations in the world, where 6% are based in Germany, 11% in New York, 33% in London and 50% are based in Lisbon.

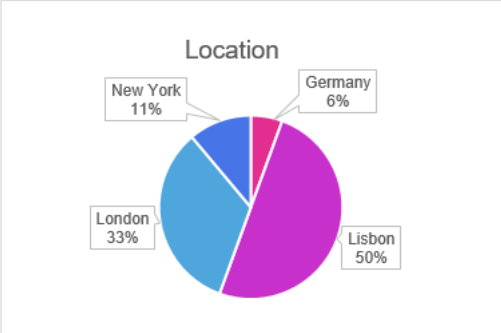


Figure 3 - Sample - Location

d) Length of time in the team

The participants were analysed based on how long they've been on their respective teams, where 45% have been in the team between 1 to 3 Years, 22% have been in the team for 3 to 5 years and 33% have been in the team for 5 years or more.

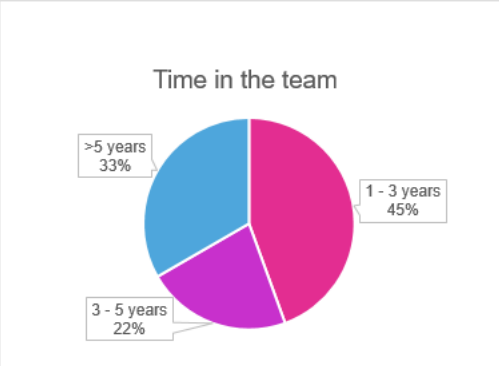


Figure 4 - Sample - Time in the team

Classification : Internal

4.2. Analysis of the experience of the participants during the implementation of the project

In this section, the experience of the participants will be analysed based on Qualitative analysis. This analysis is centred on the evolution throughout the 3 years of the project since its inception until the latest delivery.

Participants were inquired about communication, resistance to change, inclusion on the project, awareness of strategy, management of expectations, support from management, and their own feelings towards the project.

a) Inclusion at the start of the project

At a first instance, the participants were inquired if they felt included on the start of the project or not. Where 56% DID NOT feel included at the start of the project against 44% felt included and agree the vision and strategy was shared with the team

The 44% of participants that felt included, 12% are employees of the Client Services team, 37% are leaders of the Client Services team, 13% are employees in the Sales team, and 38% are part of the Business management teams.

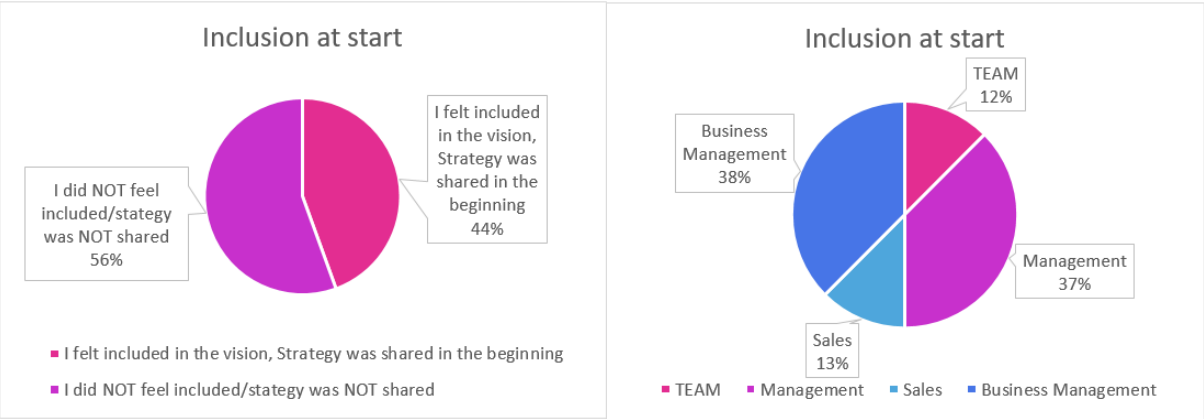


Figure 5 - Inclusion at start

By analysing the Client services team members, it's possible to conclude that 86% were not aware of the strategy and vision of the project. As well as 75% of the sales team confirm the strategy and vision of the project was not shared with them.

Classification : Internal

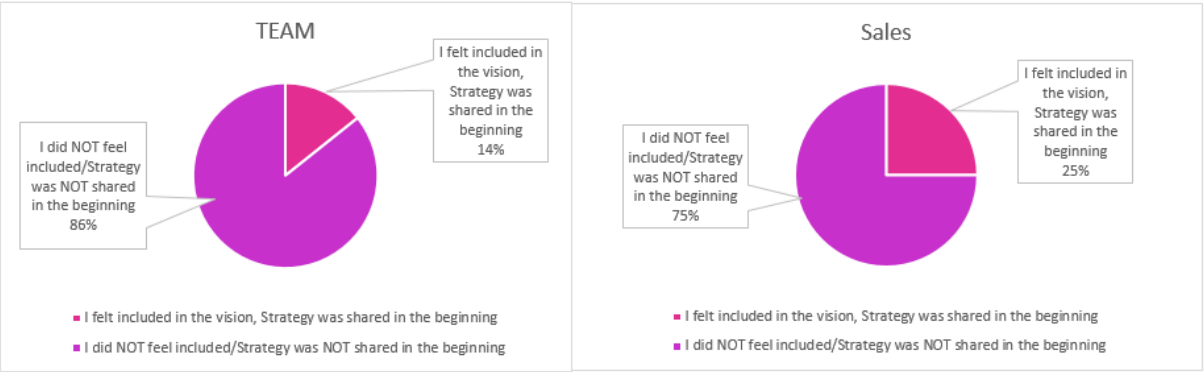


Figure 6 - Inclusion from start - team split

b) Empowerment at start of the project

The participants were inquired if they felt empowered to participate in the project and innovate, where 60% DID NOT feel empowered at start against 40% that did feel empowered at start.

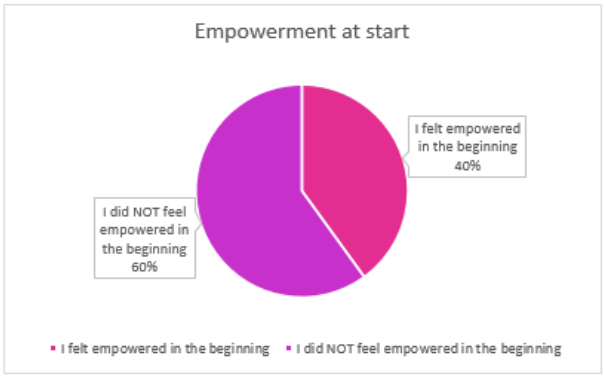


Figure 7 - Empowerment at start of the project

c) Resistance to change

Following the previous question, it was concluded that 100% of participants felt resistance to change from other teams however 61% of them considered they were NOT resistant to the change of the project.

The 39% of the participants who admitted to have been resistant mainly due to high expectations linked to a premature release of the system which created bad experiences as the tool didn't have all the features that were expected when it was first released, causing frustration and subsequent resistance to change.

Classification : Internal

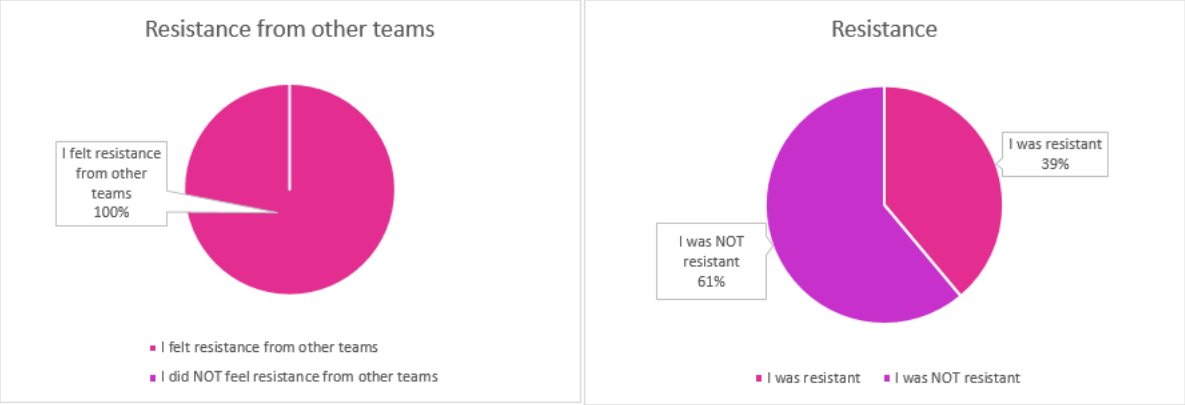


Figure 8 - Resistance

d) Knowledge about the system

Linked to the previous questions, it was understood that 73% of the participants didn't understand the system well enough nor what it entails, revealing lack of training and explanation of the impacts of the new system on their processes and procedures.

When asked if they considered the project was oversold, 83% agreed it was oversold in the sense that it was initially suggested the implementation would be quick and would be a fit for purpose solution.

Still in the midst of resistance and frustration, 67% of the participants wanted to make the tool work and embraced the transformation.

Classification : Internal

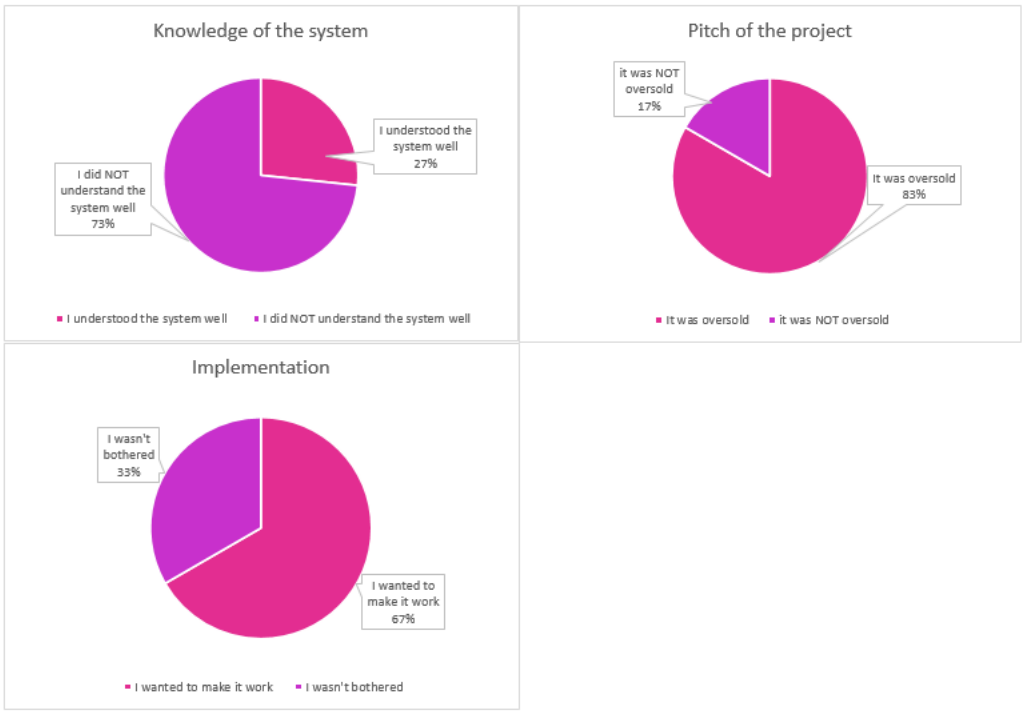


Figure 9 - Knowledge about the system

e) Expectations management

In regard to management of expectations, 83% agree expectations were not well managed throughout the project.



Figure 10 - Expectations Management

f) Support from Management

When enquired about support from management, 57% of the Client Services team members felt their managers were supportive during the transition from the old system to the implementation of the new system.

Classification : Internal

During the interviews, it was possible to conclude that new members that joined the team in the last 2 years and the original project manager in the client services team considered managers were supportive, while other members didn't feel support from the managers.

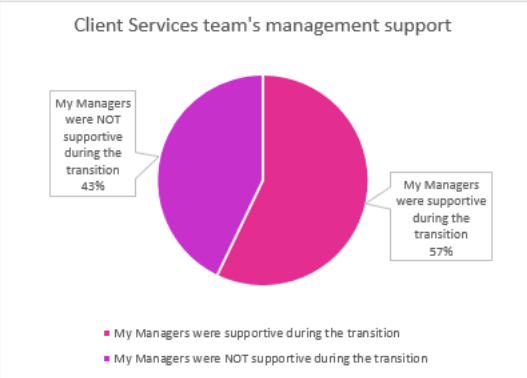


Figure 11 - Client Service's management support

g) Support from upper Management

However, 75% of the Client Services team's management felt their own managers weren't supportive during the transition from the old system to the new system. Revealing a lack of support from management in various levels of the hierarchy.

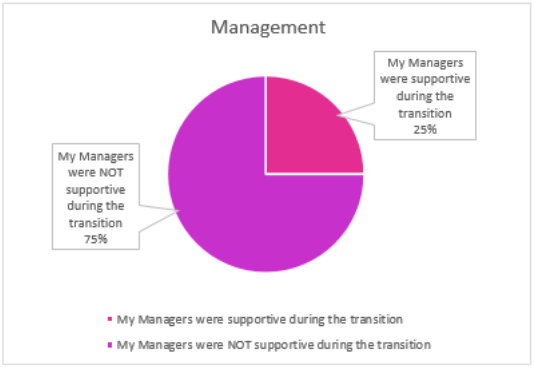


Figure 12 - Upper Management support

h) Difference in communication over time

It was asked to the participants if they felt a difference in communication from management throughout time during the 3 years of the project, where 56% considered communication from management was different throughout time.

When looking at the employees, it's revealed that 83% of the Client Services team members and 67% of the sales teams agree that communication from sales was different during the years.

Classification : Internal



Figure 13 - Communication over time

i) Inclusion during the project

In comparison, it was asked the participants if they felt included towards the end of the implementation. There's a notorious shift where 90% of participants felt included towards the end (against 44% in the beginning).

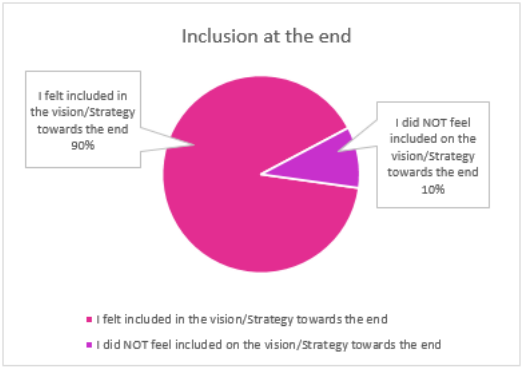


Figure 14 - Inclusion at the end

When analysing per team, 83% of Client Services team members, 75% of Client Services Managers, 75% of the sales teams and 100% of the Business Management team felt included on the vision and strategy was shared with them towards the end of the project.

Classification : Internal



Figure 15 - Inclusion at the end (split by team)

j) Empowerment at the end

Simultaneously, 100% of the participants felt empowered and included towards the end of the project.

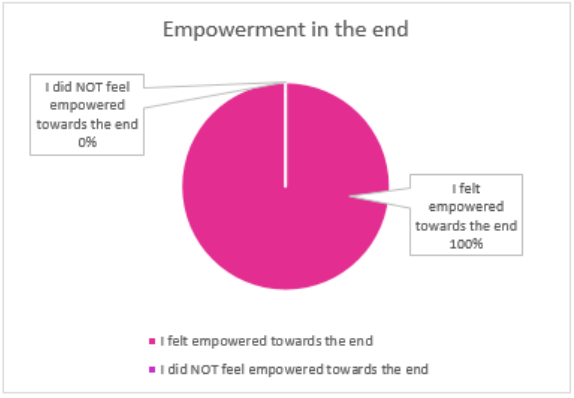


Figure 16 - Empowerment at the end

k) Expected Leadership behaviours

Following the above analysis, participants were also invited to comment on expected leadership behaviours and communication style. It was asked during the interviews for specific forms of communication where they'd feel more included, empowered and part of the project, in a way that would reduce their resistance to the change and increase their engagement during the change.

Table 5 lists the forms and style of communications that are expected by the participants.

Classification : Internal

Table 5 - How leaders were expected to communicate according to all participants

Expected forms of communication and style
Establish open and clear communication channels through regular global calls, forums with Q&A, and inclusion of all team members from the start.
Encourage buy-in and ownership/accountability among team members by sharing the strategy and expectations.
Clearly communicate the project's goals, responsibilities, and importance to all teams.
Ensure top-down communication, with information and updates coming from top and middle management.
Create focus groups to facilitate discussion and understanding of the strategy.
Clearly define the problem to be solved and ensure everyone is working towards a common goal.
Foster a sense of unity and shared purpose among team members.
Consider a "stick approach" to maintain focus and momentum.
Phase out implementation to ensure a smooth rollout.
Use a phased approach to implement the strategy.

Source: Author, 2024

With the purpose of registering what are the Expected leadership behaviours that contributes to engagement on the project, the participants have noted:

- Create a supportive environment by ways of Empower team members, Show individualised consideration and offer support,
- Practise effective communication by ways of Setting realistic expectations, use of directive communication and sharing strategy and vision with the team,

Foster Persistence and commitment by Resisting resistance, encouraging and motivating commitment and applying pressure when necessary.

Classification : Internal

l) Differences in communication from management

Participants were asked what differences in communication from management they've felt throughout the years of the project. As per above data analysis (point g), 56% of the participants felt there were differences in communication from management during the implementation.

The participants that felt a difference in communication, felt that at the start of the project the communication was based on a lot of pressure to use the system and implement it, communication was loose and rare, and not inclusive in the sense that not all members were participating.

However, during the project the participants felt included on the project, where they could participate with their feedback and ideas, there was less pressure, more awareness of the impacts and strategy, and communication was assertive, understanding and supportive.

m) Lessons Learned and Accomplishments

In the last question, the participants were asked if they were the Project manager in this project what they would have done differently and what they think was done right and would repeat.

The list below highlights the lessons learned from the projects, where participants have noted the aspects where they would have acted differently.

m.1) Lessons Learned

The participants highlighted some of the aspects they've experienced throughout the project, that should have been done differently:

- Increase preparation and training for the project team,
- Foster a culture of inclusion from the start, involving all relevant teams and stakeholders Establish clear vision, strategy, and ownership of the project,
- Assign an experienced leader from ECS to guide the project,
- Prioritise feedback collection and implementation,
- Clearly define responsibilities for each team member,
- Create a global working group to facilitate collaboration and communication,
- Align project goals with business objectives,
- Provide regular updates and input to stakeholders,
- Conduct thorough testing before releasing new features,
- Establish centralised leadership and ownership of the project,
- Improve communication and outreach from the project manager,

Classification : Internal

- Set realistic expectations and explain the tool's impact,
- Involve sales teams from the start and provide them with necessary support,
- Release the tool only when it is fully ready and tested,

m.2) Accomplishments

As above, the participants have also highlighted the aspects that were done right and they saw as a success:

- The platform has potential and is well-liked,
- User guides, demos, and new processes have been successfully implemented,
- The idea behind the platform is solid and has shown good progression,
- The Project Management (PM) team is competent and effective,
- Clear communication with the PM team is a strength,
- The PM team demonstrates resilience and adaptability,
- The PM takes ownership of the project and perseveres despite challenges,
- Engagement with the PM team is good, and pressure is managed effectively,

n) Change Management Framework

As revealed by Kakungulu (2024), for a successful Digital transformation, it's suggested the use of a change management framework as a way of guidance of leaders and employees during the change, by reducing resistance to change and increasing employee engagement. The participants were asked if they felt there was a change management framework during this project, where 94% of the participants agreed there wasn't any change management framework.

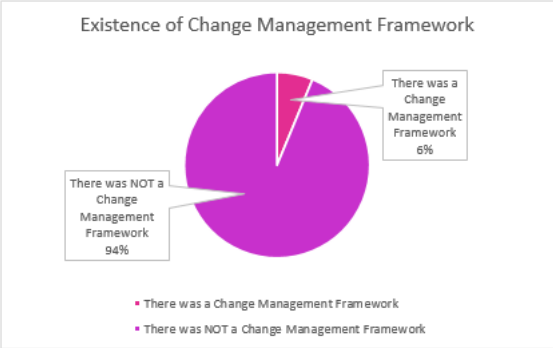


Figure 17 - Change Management Framework

The participants were then inquired about the benefits of existing a change management framework:

- Improve inclusion and involvement of the team,
- Provide better training and management,

Classification : Internal

- Clearly communicate the purpose and expectations,
- Encourage ownership and accountability,
- Foster a sense of urgency and alignment among team members,
- Build trust and visibility within the team,
- Enhance organisation and structure,
- Increase engagement and motivation,
- Ensure alignment with various teams,
- Empower a sense of ownership by building a team that feels responsible for the project,
- Improve communication and phase out implementation issues,
- Have a leader who is close to the team and can bring a sense of urgency and better understanding,

It was clear and unanimous that this project didn't have a Change Management framework to assist the teams and leaders during the transformation. The need for a methodical strategic organisation to manage change is clear, in order to show the benefits of the tool, bring the people together, reduce resistance, and improve the chances of success of the transformation.

The main issue in the beginning of the project was the strategy and implications not being shared with all teams involved, loose communication and lack of alignment amongst teams and its managers as well as top management of the department. A change Management framework could greatly assist with these issues, helping create a more collaborative and united group to drive and implement future projects and tools.

This study could suggest the creation of a Change Management Framework specialised in Digital Transformation and Transformational Leadership. This could be driven with the Project team and the Continuous Improvement team in the bank who have the knowledge and resources to provide that support.

o) Keywords

During the interviews, it was possible to note the consistent mention of keywords by the participants.

From the word cloud below, it's possible to note the tendency to mention "Inclusion", "communication", "Expectations" and "Support" as most used words in all interviews. Highlighting its importance during the project.

Classification : Internal



Figure 18 - Wordcloud

Classification : Internal

Classification : Internal

CHAPTER 5

Discussion and Findings

This next chapter will present the findings from the interviews that were conducted where the research questions will be answered based on the information shared by the participants.

The interviews were conducted by providing a context of this study, where it was explained the concept of Digital Transformation and participants were asked to share their experience throughout the project.

The interviews contained 12 open ended questions which its analysis is presented in Chapter 5.

Following the data analysis presented, it's proceeded to provide answers to the 7 research questions defined previously, and subsequent conclusion of this study.

Research Question 1: How does the articulation of a clear vision by transformational leaders influence resistance to organisational change?

The articulation of a clear vision by transformational leaders according to the participants, significantly reduces resistance to organisational change. When leaders clearly convey the purpose and benefits of the change, participants felt they could better understand how it addresses organisational challenges and offers personal and professional growth opportunities. This clarity fosters individual commitment and involvement, as team members feel more integral to the project. By fostering a sense of ownership and support, transformational leaders create an environment that reduces resistance and promotes a smoother transition.

Table 6 presents a list of the forms and styles of communication that participants expected from management. In the second column, it is indicated whether these behaviours align with typical Transformational Leadership characteristics according to the literature.

In summary, the participants have revealed that the desired forms of communication and leadership behaviours to best help increase employee engagement and successfully manage a digital transformation project are aligned with the transformation leadership behaviours and forms of communication according to the authors on the second column of the table.

Classification : Internal

Table 6 - Expected forms of communication and style vs Transformational Leadership (TL) Behaviours

Expected forms of communication and style	TL behaviours as per the author
Establish open and clear communication channels through regular global calls, forums with Q&A, and inclusion of all team members from the start.	Bagga et al. (2023)
Encourage buy-in and ownership/accountability among team members by sharing the strategy and expectations.	Winasis et al. (2021)
Clearly communicate the project's goals, responsibilities, and importance to all teams.	Choi et al. (2021)
Ensure top-down communication, with information and updates coming from top and middle management.	Choi et al. (2021)
Create focus groups to facilitate discussion and understanding of the strategy.	Islam et al. (2021)
Clearly define the problem to be solved and ensure everyone is working towards a common goal.	Islam et al. (2020)
Foster a sense of unity and shared purpose among team members.	Winasis et al. (2021)
Consider a "stick approach" to maintain focus and momentum.	*It's not TL behaviour*
Phase out implementation to ensure a smooth rollout.	*It's not TL behaviour*
Use a phased approach to implement the strategy.	Alos-Simo et al. (2017)

Source: Author, 2024

Research Question 2: How does leadership communication impact resistance to change in organisational settings?

All participants highlighted the need for clear and inclusive communication from management. They feel leadership communication is crucial in reducing resistance to change in organisations. Clear, assertive communication minimises confusion and aligns team expectations, securing commitment across all levels. Consistent, transparent messaging fosters employee empowerment, encouraging engagement and proactive participation, which collectively decrease resistance. Effective communication also prepares teams for implementation by clarifying roles and responsibilities,

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enhancing accountability, and facilitating structured collaboration, all of which contribute to a smoother transition.

Research Question 3: What are the critical components of a successful change management strategy during digital transformation initiatives?

A successful change management strategy for digital transformation relies on several key components as per the participants. First, team inclusion and involvement are crucial; actively engaging team members fosters collaboration and brings diverse perspectives to the initiative. Comprehensive training and support are also essential, as targeted training ensures employees can effectively use new digital tools. Clear communication of purpose is vital for aligning team efforts with the organisation's vision.

Encouraging ownership and accountability builds individual commitment to the transformation, while establishing a sense of urgency and alignment keeps teams focused and aligned with project timelines. Building trust and transparency within the team reduces resistance and creates a supportive environment. The participants also highlight the need for a well-structured approach to coordination prevents inefficiencies and enables smooth task management.

Maintaining engagement and motivation of all participants in the project is important, especially during challenging phases, to sustain team morale. Ensuring inter-team alignment with transformation goals promotes cohesion across the organisation. Adopting a phased implementation and communication strategy allows for gradual adjustments and addresses issues as they arise. Finally, leadership proximity—where leaders remain closely connected with the team—enhances understanding, empathy, and motivation.

These elements work together to foster an environment that supports effective and sustainable digital transformation which all participants felt was needed.

Research Question 4: How can transformational leadership facilitate successful digital transformation within organisations?

Transformational leadership drives successful digital transformation in organisations through several key strategies. Participants mention that by creating a shared vision, transformational leaders inspire teams with a clear purpose, fostering collective commitment. Inclusive engagement of relevant teams ensures employees feel valued, boosting buy-in and reducing resistance to change. During challenging transition phases, leaders offer support, helping to sustain morale and perseverance amid uncertainty.

Transformational leaders also empower employees by recognizing their contributions, promoting innovation, and building confidence, enhancing resilience and adaptability. They ensure strategic

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alignment across leadership levels with clear, empathetic communication, which maintains motivation and clarity of purpose throughout the organisation.

Finally, transformational leaders facilitate cultural and mindset shifts essential for digital transformation, promoting agility, adaptability, and digital competence to guide the organisation confidently through the complexities of digital change.

Research Question 5: How do transformational leaders motivate and engage employees during large scale organisational changes?

During large-scale organisational changes, the participants felt that leaders motivate and engage employees by fostering a sense of inclusivity, ensuring that team members feel heard and valued, according to the participants. This approach builds a sense of belonging and supports change by emphasising vision, adaptability, and ongoing improvement. Transformational leaders encourage active participation so employees feel recognized and understand the purpose, long-term benefits, and strategic vision behind the changes, making them more likely to support the initiative.

Transformational leaders also account for cultural diversity in global teams, coordinating effectively across different regions and norms over extended timelines. By applying transformational principles, they encourage employees to take ownership of their roles in the project, shifting from passive participants to proactive contributors. Employees feel empowered to shape the project's success, reducing resistance and fostering a collaborative environment where they are intrinsically motivated to support the change.

Research Question 6: How does employee involvement in the change management process impact the success of the organisational transformation?

Participants reveal that employee involvement, their own involvement, in the change management process is crucial for the success of organisational transformation. As they are the ones executing daily operations, employees play a key role in adopting new processes and technologies. Their engagement can significantly influence the outcome of the transformation.

Involving employees helps address resistance by providing clarity and purpose, reducing uncertainty and fostering a more positive mindset toward the change. Active involvement also allows employees to gain a better understanding of new tools and procedures, empowering them to contribute to the design of workflows that align with transformation goals. This collaborative approach strengthens commitment and ensures smoother adoption of changes.

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Research Question 7: What is the relationship between transformational leadership and successful change management in the context of digital transformation in banks?

In the context of digital transformation within banking, transformational leadership is closely tied to successful change management. For banks aiming for sustainable growth and competitiveness, digital transformation requires a strategic, well-structured approach to integrate new technologies effectively. Transformational leaders play a crucial role by inspiring and motivating employees who drive these changes, fostering a culture of adaptability and innovation. This leadership style creates an environment where employees are more engaged and receptive to the transformation, aligning technological advancements with organisational goals and supporting a smoother, more effective implementation process.

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CHAPTER 6

Conclusion

This research set out to explore how transformational leadership increases employee engagement during digital transformation in the banking sector. The findings reveal that employees are not inherently resistant to digital transformation; rather, they are willing to participate and contribute when they understand the purpose and implications of the change. Employees desire to improve their work processes, automate manual tasks, and drive business forward, provided they are made to feel included and are given clarity regarding the transformation's impacts. These impacts encompass various aspects such as the timeline of the transformation, the process involved, the challenges faced, and how the project fits within the broader strategic goals of the organisation.

Transformational leadership (TL) plays a pivotal role in this process by providing the necessary guidance, motivation, and clarity for employees. TL is fundamentally about leading individuals through the transformation of an existing, familiar business into a future-oriented vision, involving new operations, processes, and responsibilities. For such a transformation to succeed, it is essential to have engaged employees—employees who understand the transformation, believe in its potential, and feel an integral part of the process.

The principles of transformational leadership—such as inspiring a shared vision, fostering inclusion, and encouraging innovation—have been identified as critical factors in driving employee engagement during digital transformation. As evidenced in both the literature and the findings of this research, digital transformation extends beyond the mere implementation of new tools. It encompasses a holistic change in how businesses operate, how employees manage their workloads, how training is provided, and how knowledge of project management and software development is disseminated across all levels of the organisation.

Engaged employees embrace change, feel empowered to propose innovative solutions, contribute to the success of the transformation, and maintain motivation throughout the process. Their enthusiasm and positive attitudes help mitigate resistance and create a contagious spirit of collaboration. However, for employees to remain engaged in the face of uncertainty and disruption, they require a leadership vector to guide them—clear direction and a strategic vision that provides meaning and purpose. This is where transformational leadership becomes indispensable. By motivating employees through example, involving them in the vision and strategy, and providing a

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sense of ownership and purpose, transformational leaders guide their teams through the uncertainties of digital transformation.

To answer the main research question "How transformational leadership increases employee engagement during transformational?" Transformational leadership, through its ability to share and engage employees in the vision, drives them through the challenges of transformation, ultimately leading to success. Therefore, transformational leadership is integral to fostering employee engagement during digital transformation in the banking sector, ensuring that employees are not only participants in the change but also active contributors to its success.

Table 7 - Contributions to the state of the art

	Author (Year)	Literature Gap	Contribution to the state of the art
1	**Men, L. R., Yue, C. A., & Liu, Y. (2020a)**	1) The study focus on charismatic leadership, not in Transformational leadership 2) The study did not incorporate management's side of views re. the relationships between 3) Future research can conduct in depth interviews from executive leaders or change managers to provide a more complete, comprehensive and balances understanding of the model tested 4) The study does not evaluate the impact of leadership in Digital Transformation projects	1) Studies about Transformational Leadership 2) Specific case study providing relationship between leadership communication and change management 3) the study incorporates Management's point of view 4) Conducted in depth interviews with leaders 5) Impact of leadership's communication affecting the outcome of the change 6) Evaluates the impact of leadership in Digital transformation projects
2	**Samuel, K. J. (2024)**	1) The paper doesn't study any specific type of leadership that would be most adequate during Digital Transformation 2) This is not an empirical study 3) This doesn't focus in any sector in particular	1) Specific to Transformational leadership 2) it's an empirical study 3) Focused in Banking sector

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3	**Bagga, S. K., Gera, S., & Haque, S. N. (2022)**	1) The findings cannot be generalised in collocated and hybrid teams as this is only for Virtual teams 2) The findings may differ in longitudinal analysis 3) Study is limited to IT companies in Delhi-NCR 4) Study was confined to detect the direct and indirect effect of transformational leadership on change management among the employees of virtual teams rather than group/Team analysis	1) study based in hybrid teams with team members and leaders in Lisbon, NY, London 2) it offers a longitudinal analysis (span of 3 years long project) 3) analyses the impact of transformational leadership in hybrid teams
4	**Banu, S. R. (2024)**	1) Longitudinal studies: integrating change management initiatives with longer time horizons 2) The study doesn't take in consideration the Employee Perspective 3) The study is not sector specific	1) Longitudinal analysis: 3 Year long transformation 2) it takes into account the employee perspective 3) adaptive approaches where management changed their approach and communication with the teams 4) Study is sector specific to the Banking sector

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5	**Bagga, S. K., Gera, S., & Haque, S. N. (2022)**	1) The research doesn't assess the impact of Transformational Leadership in employee engagement during digital transformation 2) Data collected from 214 bank employees in Indonesia, hence it doesn't take European banks in consideration 3) It's a theoretical study, it doesn't analyse any specific real case	1) Assesses the impact of TL in EE during DT 2) Case study in Europe, UK and NY 3) It's an empirical study based on a real life project

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CHAPTER 7

Limitations

In this study, some limitations were found, which could be taken into consideration for future study.

- Limited to the trading floor department in European banking.
- This study doesn't analyse other types of leadership during digital transformation.
- Self-Reporting Bias in Interviews: As the data relies on interviews with employees, there is the potential for self-reporting bias. Participants may present a more positive or socially desirable view of their engagement levels.
- Inconsistent Implementation of Digital Transformation Tools: While the study addresses the role of transformational leadership in employee engagement during digital transformation, the implementation of digital tools and technologies may not have been uniform across the global teams involved in the project.

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CHAPTER 8

Future Research

Based on the analysis and conclusions of this study, it is suggested the following aspects for future research

- Exploring the Implementation of Change Management Frameworks in Digital Transformation Projects: Future research could investigate how different change management frameworks (e.g., Kotter's 8-Step Process, ADKAR, or Lewin's Change Model) are applied within the context of digital transformation initiatives.
- Cross-Cultural Comparisons of Transformational Leadership in Digital Transformation: Given the global nature of this study, future research could explore the role of transformational leadership across different cultures in greater detail.
- Impact of organisational Agility on Digital Transformation Success: As digital transformation involves significant shifts in processes, operations, and mindset, exploring how organisational agility impacts employee engagement could be a fruitful area for future research.
- Investigating Leadership Styles Beyond Transformational Leadership: While your research focuses on transformational leadership, future studies could examine how other leadership styles (e.g., transactional, servant, or authentic leadership) contribute to employee engagement and the success of digital transformation projects.
- Role of Digital Competence and Training in Employee Engagement: Given the importance of digital competence in successful digital transformation, future research could investigate how digital skills training and professional development impact employee engagement and the adoption of new technologies.

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