

Research Article**THE PIVOTAL LEADERSHIP MASTERY BASED ON PROJECT MANAGEMENT PROFESSIONAL PRACTITIONERS' PERSPECTIVE IN DIGITALIZING MALAYSIAN BANKING SECTOR*****Nazrul Irwan bin Mohd Nor**

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Abstract

The transition towards digitalization in the Malaysian banking sector demands an understanding of leadership mastery. This study explores the pivotal role of leadership, viewed through the lens of professional practitioners, in driving digital transformation within this industry. It explores the specific leadership qualities and strategies that are essential for successfully navigating the complexities of digital innovation. By analyzing the insights and experiences of seasoned banking professionals, this research identifies critical competencies such as strategic vision, adaptability, technological acumen, and the ability to foster a culture of continuous learning and innovation. Furthermore, it examines the impact of effective leadership on organizational performance, employee engagement, and customer satisfaction in a digital context. The findings underscore the significance of leadership mastery in not only facilitating technological advancements but also in ensuring sustainable growth and competitive advantage in the rapidly evolving financial landscape of Malaysia. This study contributes to the existing body of knowledge by providing a degree of understanding of how leadership influences digital transformation efforts, offering practical implications for leaders seeking to enhance their effectiveness in the digital era.

Keywords: Leadership, Project Management, Digital Innovation, Digital Transformation, Banking, Financial Sector, Malaysia.

INTRODUCTION

The banking sector in Malaysia is undergoing a significant transformation as digitalization reshapes the landscape of financial services (Shaharruddin & Musa, 2022). This evolution is not merely a technological upgrade but a comprehensive shift that impacts all facets of banking operations, customer interactions, and competitive dynamics. In this rapidly changing environment, effective leadership emerges as a critical factor in navigating the complexities and seizing the opportunities presented by digital innovation. Leadership mastery, particularly from the perspective of professional practitioners within the industry, plays a pivotal role in driving successful digital transformation. Leaders who possess a deep understanding of both the technological and human elements of digitalization can effectively steer their organizations towards achieving sustainable growth and competitive advantage. This involves not only adopting new technologies but also fostering a culture of innovation, agility, and continuous improvement. This study aims to explore the crucial aspects of leadership mastery in the context of digitalizing the Malaysian banking sector. By examining the experiences and insights of seasoned professionals, it seeks to identify the leadership qualities and strategies that are most effective in promoting digital transformation. The research will also investigate the broader impact of leadership on organizational performance, employee engagement, and customer satisfaction in a digital environment. Through a detailed analysis of practitioner perspectives, this study will contribute to the understanding of how leadership can influence and enhance digitalization efforts. It will provide valuable insights for current and aspiring leaders in the banking sector, highlighting the importance of strategic vision, adaptability, technological acumen, and the ability to inspire and motivate teams in the pursuit of digital excellence.

LITERATURE REVIEW**Leadership in banking**

Leadership in banking refers to the ability of individuals in managerial and executive roles to guide, influence, and inspire their teams towards achieving organizational goals, fostering innovation, and maintaining regulatory compliance within the complex and dynamic financial industry (Deloitte, 2019). Effective banking leaders not only focus on strategic decision-making and financial performance but also on cultivating a customer-centric culture, managing risks, and driving digital transformation. According to Marcous (2019), a research project conducted over five years in collaboration between MIT Sloan Management Review and Deloitte concluded that a combination of both perspectives – whether completely new leadership skills will be required to survive in the digital age, or leaders should go back to the essentials established decades ago, not letting change distract or disrupt an organization on a managerial level is necessary. Specifically, while core leadership skills remain essential, digital disruption will necessitate the addition of new skills to the 'leadership handbook'. In Malaysia, in response to Industry 4.0, many local banks have emphasized the need for greater digitalization, aiming to foster a digital and cashless society. In 2021, Bank Negara Malaysia granted five digital banking licenses to institutions that met the criteria outlined in its licensing framework (Bank Negara Malaysia, 2020), distinguishing them from other Malaysian banks reliant on legacy systems. This transformation brings numerous challenges, as not everyone can easily adapt to rapid changes. To remain relevant and avoid falling behind, all organizational members must embrace change, with leaders playing a crucial role in guiding and ensuring employee commitment. The importance of this commitment has sparked scholarly interest in identifying which leadership styles can effectively influence it. Change can be challenging, often necessitating control and management as reported by participants. Leaders have the

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power to influence and guide their teams, making it essential to encourage employees to commit to change through effective influence. This is achieved through leadership skills, which are crucial in any organization, especially during times of change. A leader is needed to guide, control, and manage unpredictable situations. To successfully implement change, organizations must avoid preserving the status quo and instead adopt a leadership model that aligns with ongoing changes.

Project management professional practitioner

According to Law Insider (2024) a specialized/professional practitioner means an employee who operates as an individual, team member or team leader. Specialized practitioners carry out a broad range of activities or functions using relevant practices and procedures within a comprehensive field of work or specialized/professional discipline. This role can provide advice to others or aspects of the field can provide advice to others on aspects of the field or discipline and can be expected to apply that in an original and innovative manner to activities of the work area (Tijani *et al.*, 2024). This role may include the supervision of other specialized/professional staff and staff from other fields of work. In this study, we shall concentrate on the personnel employed by Malaysian Banking who has these types of certifications – Project Management Professional (PMP) and Certified Associate in Project Management (CAPM) by Project Management Institute, PRINCE2 Practitioner and Foundation Project Management certification from AXELOS and CompTIA Project+ by CompTIA. The reasons for choosing these certificates and scoping them under the project management professional practitioners are the following. Firstly, in Malaysian Banking these are the only recognized project management certificate based on the job description advertised by the banks (Techcanvass, 2022). Secondly, with these certifications in place, the knowledge and skills acquired from the training modules are adequate for these professionals to manage a project. Finally, based on the authors' personal experiences dealing with these professionals in terms of managing projects are sufficient to provide their own professional views and perspectives towards the topic of the study.

METHODS AND RESULTS

Methodologically, a convenience sampling survey was conducted on 50 professional practitioner participants from 7 Islamic Bank in Malaysia.

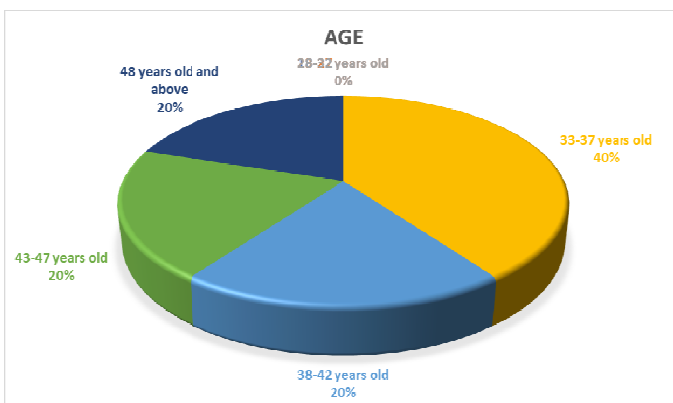


Figure 1. Age group. 28 - 32 years old 0%; 33 - 37 years old 40%; 38 - 42 years old 20%; 43 - 47 years old 20%; 48 years old and above 20% (Source: Own Compilation)

The full questionnaire was designed to collect general information and ensure that details were anonymous. In line with procedures in Malaysian Banking, the survey was not subject to ethical approval. Participants were fully informed about the confidentiality of the study and provided an informed consent for participation in the survey. A questionnaire with 14 questions has been developed which is composed of demographic Section 5 questions for sample description (age, professional level, and experience in project management), followed by 9 questions on specific aspects of leadership as shown in Figures 1-3.

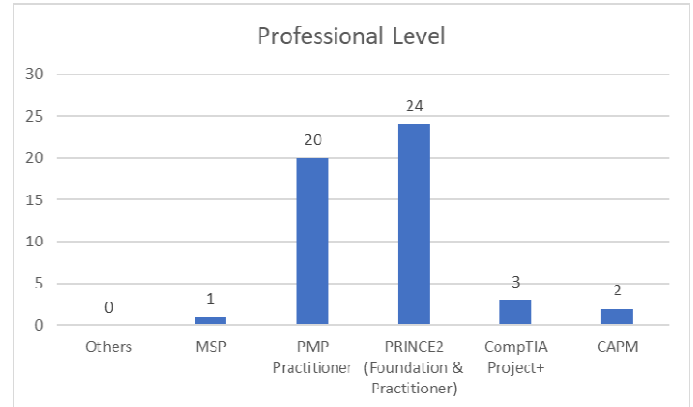


Figure 2. Professional Level. MSP1 participant; PMP20 participants; PRINCE2 24 participants; CompTIA Project+ 3 participants; CAPM 2 participants (Source: Own Compilation)

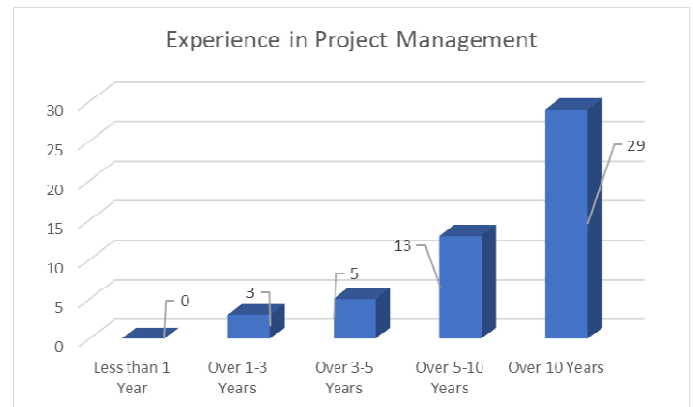


Figure 3. Experience in Project Management. Less than 1 year 0; Over 1-3 Years 3; Over 3-5 Years 5; Over 5-10 Years 13; Over 10 Years 29 participants (Source: Own Compilation)

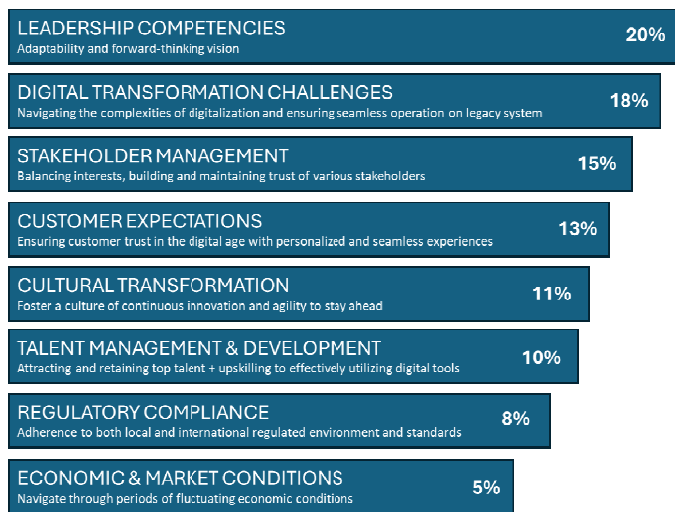
FINDINGS AND RECOMMENDATIONS

According to the survey results taken from the professional practitioner's perspective, there are 8 pain points that are crucial to be addressed to ensure a successful digitalizing of the organization according to the priorities specified by the respondents.

Leadership Competencies

Leadership competency is crucial in addressing these challenges. While organizational change is everybody's responsibility in an organization (Markus & Benjamin, 1997), management support and leadership have been acknowledged as one of the most critical success factors in literature (Gibson, 2004). Leaders need to demonstrate adaptability and a forward-thinking vision to navigate economic uncertainties and market conditions effectively. Developing and communicating

a clear strategy for digital transformation aligned with organizational goals is essential to driving sustainable growth and maintaining competitiveness.



Digital Transformation Challenges

Leadership in the Malaysian banking sector faces numerous challenges that stem from the sector's rapid evolution and digital transformation. One of the primary pain points is navigating the complexities of digitalization. Leaders must not only oversee the integration of new technologies but also ensure the seamless operation of legacy systems during this transition. Reim *et al.* (2023) highlighted that while collaboration is essential for effectively managing digital platforms, challenges emerge, particularly in the manufacturing sector, due to substantial investments required and the necessity to share sensitive data. The shift towards digital platforms brings with it heightened cyber security threats, requiring constant vigilance and investment in robust security measures to safeguard sensitive financial data.

Stakeholder Management

Effective stakeholder management is also vital. Stakeholders: the one who makes the decision is one of the crucial things to every successful project implementation (Schmidt *et al.*, 2017). Balancing the interests of various stakeholders, including shareholders, customers, employees, and regulators, requires strong communication skills and transparency. Building and maintaining trust with stakeholders during periods of change is critical for the successful implementation of strategic initiatives.

Customer Expectations

According to Fitzsimmons and Fitzsimmons (2008), quality can create a competitive advantage for a business when it reaches service excellence levels; therefore, it would be required that customer expectations are not only met but also exceeded. Customer expectations have also shifted dramatically. Today's banking customers expect personalized and seamless experiences across various channels. What consumers expect to see is based on their familiarity with the products or service, a previous experience with the product or service, or a preconditioned set of expectations (Schiffman & Kanuk, 2014). Meeting these expectations while maintaining

operational efficiency and ensuring customer trust in the digital age poses a significant challenge for leaders in the sector.

Cultural Transformation

Industrial organizations need to take a cultural leap in order to integrate social systems with rapidly evolving digital technologies (Butt *et al.*, 2024). Cultural transformation within organizations is another key area of concern. Resistance to change from employees accustomed to traditional banking practices can hinder the adoption of innovative digital solutions. Leaders must foster a culture of continuous innovation and agility to stay ahead in the competitive landscape. Cultural transformation capability is a key to DTC, while there is a gap about how culture drives mindset reconfiguration, which makes digital transformation capability dynamic (Ghosh *et al.*, 2022).

Talent Management and Development

Talent management makes sure that a company has access to people with the leadership, knowledge, and abilities needed to meet its objectives (Febrian & Solihin, 2024). Talent management and development present another critical issue. With the rapid pace of technological advancement, there is a constant demand for upskilling employees to effectively utilize new digital tools and processes. Moreover, attracting and retaining top talent in a competitive market adds to the complexity of leadership responsibilities. Furthermore, talent management prioritizes the career development of its workforce by offering prospects for ongoing professional development and progression, which in turn boosts employee engagement and retention (Agustono *et al.*, 2023).

Regulatory Compliance

Another significant challenge lies in regulatory compliance. The banking industry operates within a highly regulated environment, where adherence to both local and international standards is crucial. The frequent changes in regulations necessitate leaders to stay updated and ensure that their organizations remain compliant, which can be resource-intensive and time-consuming. The adoption and adaptation of these frameworks are often tailored to specific regulatory requirements and market needs, focusing on scalability and flexibility to serve a rapidly growing and diverse customer base (Nzeako *et al.*, 2024). Moreover, efforts to streamline compliance, such as through regulatory technology (RegTech), present opportunities for enhancing IT governance and compliance practices (Freij, 2020).

Economic and Market Conditions

Economic and market conditions pose significant challenges for leadership in the Malaysian banking sector. Economic uncertainty is a persistent concern, as leaders must navigate through periods of fluctuating economic conditions that impact the banking industry (Muhammad & Wibert, 2024). Factors such as changes in interest rates, inflation rates, and overall economic growth can affect borrowing and spending behaviors among customers, influencing the profitability and stability of banks. Leaders must employ strategic foresight and risk management practices to mitigate the impact of economic fluctuations on their institutions.

Moreover, competition within the banking sector has intensified with the emergence of new fintech entrants alongside traditional banks. Fintech companies leverage technological innovations to offer competitive financial services, often targeting niche markets or providing more efficient and customer-centric solutions compared to traditional banks. This competitive landscape compels banking leaders to innovate continuously, enhance service offerings, and streamline operational processes to retain existing customers and attract new ones. Strategies such as partnerships with fintech firms, investments in digital infrastructure, and differentiation through personalized customer experiences become crucial for maintaining a competitive edge. Navigating these economic and competitive challenges requires banking leaders to not only monitor market trends closely but also to proactively adapt their strategies and operations. Embracing digital transformation, investing in technology and talent, and fostering a culture of innovation are essential steps towards ensuring long-term competitiveness and sustainable growth in the Malaysian banking sector.

Conclusion

The exploration of pivotal leadership mastery within the realm of project management professional practitioners reveals significant insights into the digitalization of Malaysian banking sectors. As these sectors undergo rapid technological transformation, the role of adept leadership becomes increasingly crucial. The study underscores that successful digitalization efforts hinge not only on the technical competencies of project management but also on the strategic vision, adaptability, and innovative mindset of leaders. Project management professionals in the Malaysian banking industry emphasize the need for leaders who can navigate the complexities of digital transformation while fostering a culture of continuous learning and agility. Effective leadership in this context involves balancing technical proficiency with soft skills such as communication, collaboration, and change management. These leaders are instrumental in aligning digital initiatives with organizational goals, ensuring seamless integration of new technologies, and driving sustainable growth. Moreover, the digitalization process necessitates a forward-thinking approach, where leaders must anticipate future trends and challenges. This proactive stance enables them to steer their organizations through the dynamic landscape of digital banking, leveraging emerging technologies to enhance customer experiences, improve operational efficiencies, and maintain a competitive edge. In conclusion, mastering pivotal leadership from the perspective of project management professionals is paramount to the successful digitalization of the Malaysian banking sector. Leaders who excel in this domain not only possess the requisite technical and managerial skills but also demonstrate visionary thinking, adaptability, and a commitment to fostering innovation. As digitalization continues to reshape the banking industry, the role of such leaders will be critical in driving transformation and achieving long-term success.

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