

LEADERSHIP STRATEGY FOR ADDRESSING DIGITAL DISRUPTIONS: A CASE STUDY IN BANKING COMPANIES

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ABSTRACT

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The development of digital technologies such as artificial intelligence (AI), big data, and the Internet of Things (IoT) drives companies to adapt and maintain their competitive edge, especially in the banking sector, which faces consumer demands for fast and personalized services. This research aims to explore effective leadership strategies in the face of digital disruption within banking companies in Indonesia, focusing on the implementation of transformational leadership to drive innovation and organizational adaptability. The research method used is a qualitative descriptive approach with case studies and data analysis based on Miles and Huberman's model. The results of the study indicate that transformational leadership, the development of digital skills, and adaptability to new technologies play significant roles in enhancing competitiveness and operational efficiency in banking amidst digital disruption. This research has implications for strengthening digital training programs, utilizing data for decision-making, and fostering a culture of innovation within banking organizations.

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1. INTRODUCTION

In the era of digitalization, technological developments have changed the industrial landscape worldwide. Advances in artificial intelligence (AI), big data, and the Internet of Things (IoT). Things (IoT) has pushed companies to continuously adapt or risk losing their competitiveness (Bughin et al., 2017). The banking sector, as one of the industries most impacted by digital technology, is under great pressure to maintain relevance amid changing consumer expectations that increasingly demand fast, personal and secure services. (Gomber et al., 2018). Digital transformation has become a must for banking institutions to remain competitive in providing value-added services and satisfying experiences for their customers. Many major banks in the world have integrated AI-based services to respond to customer needs in real time and improve their operational efficiency (Verhoef et al., 2021). However, many banking companies are still struggling to implement effective leadership strategies in the face of this digital disruption, which often requires significant changes in organizational culture and managerial mindsets. (Westerman et al., 2014).

In Indonesia, banking companies face additional challenges in integrating technology into their day-to-day business operations. Uneven technological infrastructure, strict regulations, and limited digital skills among employees are some of the main obstacles in

this digital transformation process. (Abdelzaher & Onumonu, 2024). These challenges are often compounded by the reluctance of some leaders to adopt a more flexible and open digital approach (Marta & Agustino, 2019). In this context, effective leadership is a key factor in guiding companies through these obstacles, especially in adopting technology strategically to achieve operational efficiency and optimal customer experience (Rahman & Rizki, n.d.). Delays in implementing a technology-responsive leadership strategy can put companies at a competitive disadvantage compared to local and global competitors who are more aggressive in implementing digital technologies.

Several previous studies have highlighted the importance of leadership in facing digital challenges. For example, (Smith & Besharov, 2019) found that transformational leadership is able to increase the company's adaptability to technological change and reduce internal resistance. Another study by (Williams Sr, 2023) shows that digital-based leadership, which integrates digital communication strategies and skills development, accelerates technology adoption in the banking sector. added that leadership that is responsive to technological changes has an important role in increasing the effectiveness of digital strategy implementation, especially in increasing the competitiveness of companies in this disruptive era . Furthermore, (Wu et al., n.d.) highlights that leaders who drive digital innovation can increase organizational flexibility in facing emerging challenges. Research by (Chen et al., 2018) shows that digital-based training can strengthen leaders' ability to understand and adopt new technologies. Finally, according to a study by (Abdelzaher & Onumonu, 2024), a leadership strategy that focuses on technology adaptation provides a significant competitive advantage in a competitive industry such as banking.

The urgency of this research lies in the importance of understanding how leadership strategies can support banking companies in facing changes triggered by digital disruption. With the significant impact of technology on operations and competitiveness, banking companies need to create leadership strategies that are able to navigate these changes effectively. (Williams Sr, 2023). In addition, proper digital adoption can also open up opportunities for banks to expand market reach and provide superior services compared to competitors. If a responsive leadership strategy to digitalization is not implemented immediately, banking companies are at risk of experiencing a decline in performance that could have implications for the sustainability of their business in an increasingly competitive market (Ngamal & Perajaka, 2022).

This study focuses on identifying relevant leadership strategies in the context of digital disruption in Indonesian banking companies, a topic that is still rarely explored. The novelty of this study lies in the case study approach in the Indonesian banking sector, where the results are expected to provide practical guidance for leadership decision making in facing the challenges of digital transformation. In addition, this study will also analyze the various types of leadership that are most effective in digital disruption situations.

Based on the background above , the purpose of this study is to explore leadership strategies that can improve the adaptability of banking companies to digital disruption, and identify the most effective leadership types in facing these digital challenges. Through this case study, it is expected to produce strategic recommendations for leaders in the banking industry who face similar challenges. The benefits of this study for academics and practitioners are to enrich the understanding of leadership strategies that are responsive to technological change. The results of this study can be a guideline for banking leaders in designing effective leadership strategies to support adaptation to digital transformation. This study will also contribute to the academic literature on leadership in the digital era and offer recommendations for companies in increasing competitiveness through innovative

leadership. The implications of this study include guidelines for banking companies in developing leadership strategies that are able to respond to technological change. By implementing the proposed strategy, banking companies are expected to optimize technological adaptation, increase efficiency, and meet evolving consumer expectations. In addition, this study is expected to enrich the academic literature related to the role of leadership in facing digital disruption, especially in the banking sector which is heavily influenced by technology.

2. METHOD

The type of research used is qualitative research with a descriptive analytical approach. Data were collected from various sources such as journals, articles, industry reports, and digital books that are relevant to the topic of leadership and digital disruption in the banking industry. Primary data will be obtained through in-depth interviews with managers and leaders in the banking sector, while secondary data will be collected from annual banking reports and banking industry data in Indonesia.

This research serves as the main instrument in this qualitative research, assisted by additional instruments such as observation sheets, data analysis sheets, and supporting documents to strengthen the findings. The stages in implementing this research include orientation to the topic, selection of relevant data, and identification of leadership strategies implemented by banking companies in facing digital disruption.

This research methodology uses a case study approach to gain an in-depth understanding of leadership strategies in digital disruption in the Indonesian banking sector. Data were analyzed using the Miles and Huberman model, which includes three main stages: data reduction, data presentation, and drawing conclusions or verification (Miles, 1994). Through this approach, the study focuses on an in-depth exploration of adaptive leadership strategies to digital disruption, so as to conceptualize and expand leadership theory in a digital context.

This research serves as a case study of leadership strategies in the Indonesian banking sector, with a particular focus on responses to digital disruption. Data were collected comprehensively through literature studies from articles, books, and online documents, as well as interviews with banking practitioners. The data analysis process was carried out through an empirical approach to identify patterns of effective leadership strategies, which are expected to provide theoretical and practical contributions to strategic management in the digital era.

3. RESULTS AND DISCUSSION

Impact Digital Disruption of Sector Banking in Indonesia

In the era of digital disruption, the sector banking in Indonesia is experiencing significant changes. Good from aspect operational and also method interact with consumers. According to study conducted by, digitalization encourage banks to adopt technology new use fulfil expectation consumer will fast and efficient service. Consumers now expect services that can accessed When anywhere and everywhere through digital platforms, so banks must adapt with provide more online services sophisticated and responsive. Improved investment in intelligence artificial intelligence (AI), big data, and the Internet of Things (IoT) are becoming one of the response sector banking For increase efficiency operational and provide experience personal customers. According to research (Verhoef et al., 2021), AI integration enables banks to give more service appropriate target

based on customer data analysis in real-time. This is No only increase satisfaction Customer but also reduces cost often high operational in service traditional .

However , the digitalization process This also presents challenge alone . Study by (Abdelzaher & Onumonu, 2024)show that company banking in Indonesia often time face constraint infrastructure technology that has not been evenly , and strict regulations that slow down adoption new technology . This is result in some banks are left behind compared to with fintech companies or international banks that are more proceed in technology . As As a result , many conventional banks threatened by the presence of service more digital finance flexible and fast adapt with change technology . Besides that , another obstacle faced is limitations digital skills among employees . As identified by (Rahman & Rizki, n.d.), many employee banking that is still not enough own skills in use digital technology in effective , which ultimately influence effectiveness digital transformation in the company . With existence challenges this sector banking in Indonesia is necessary adopt approach more leadership innovative and flexible to be able to adapt with digital disruption in effective .

Strategy Leadership in Face Challenge Digitalization

Effective leadership hold role important in direct company banking For face challenge digitalization . According to (Smith & Besharov, 2019), leadership transformational driving innovation , vision term long , and coaching digital talent in organization can increase readiness bank in facing the digital era. Leaders who have vision transformational capable inspiring employee For accept change And innovate for the sake of face challenges that arise consequence digital disruption . Approach digital leadership based on development employee digital skills are also proven effective in speed up adoption technology in banking .

(Williams Sr, 2023)show that training And development digital skills regularly for employee very important For overcome digital divide among staff banking . Program training This No only increase skills technical but also forms a more holistic mindset open to change technology .

Strategy inclusive leadership And participatory also becomes aspect important in face digital disruption . Research by (Chen et al., 2018) disclose that leaders who involve all over layer organization in the digital transformation process can reduce resistance to changes . With involving employee in taking decision related implementation technology , leader can create environment more work adaptive And support success digital transformation . In addition , leadership data based or *data- driven leadership* is also proven effective in identify trend And need market more accurate , so that company can take more decisions fast And appropriate .(Wu et al., n.d.) take notes that data -driven leaders are able direct company in adopt technology in a proper manner with need market , so that speed up success digital transformation in sector banking .

Adaptability Organization To Change Technology

Adaptability organization to change technology very important For success digital transformation in sector banking . According to studies conducted by (Chen et al., 2018), adaptability organization can improved through formation culture supportive work innovation And flexibility . Successful banks apply culture adaptive tend more fast in adopt new technology and adapt service they with need dynamic consumers .

Factor adaptability this is also supported by ability company in manage source Power human being who has digital skills . Research by (Abdelzaher & Onumonu, 2024)show

that investing companies in development skills employees , in particular in digital field , tends to more success in implement digital transformation . In addition , the program development this digital competence allow employee For adapt with change technology in more detail fast And efficient .

Adaptability organizations are also affected by flexibility in structure and organizational processes . (Verhoef et al., 2021)find that company with flexible structure more easy adapt with new technology and can integrate technology the to in business process they without experience Lots constraints . Flexibility in taking decision allow company For respond change market with more fast , which is very important in face digital competition .

In side other , the existence of support from proactive leader to change technology also becomes key success in increase adaptability organization . Research by (Westerman et al., 2014)disclose that a proactive leader push And facilitate change technology can create culture more organization open to innovation And increase adaptability company to digital development .

Role Leadership Transformational in Increase Power Competition

Leadership transformational play role important in increase Power competition company banking in the digital era.(Smith & Besharov, 2019) find that transformational leader capable create strong vision And give inspiration for employee For face change with Spirit innovative . Thing This allow company For still competitive despite rapid changes in technology And need consumers .

Leadership transformational also has an impact positive in build trust And loyalty in circles employees , who ultimately support implementation effective digital strategy . (Williams Sr, 2023)shows that when leader own an inclusive approach And give support full to team , they more Possible For show commitment in implement digital technology .

In addition , the leader transformational tend push employee For increase skills them on an ongoing basis , especially in digital skills . According to Jones and Lee (2019), leaders transformational confess importance training And development skills , which improve readiness employee in face challenge technology And enable they For give more contribution big in achievement objective company (Salvadorinho et al., 2024). Advantages from leadership transformational is also visible in improvement Power driven competition by innovation And repair sustainable .(Wu et al., n.d.) to put forward that a leader who focuses on innovation help company still relevant in competitive market . This is give company superiority significant competitiveness in the midst of increasingly fierce competition strict.

Analysis Studies Case : Implementation of Digital Strategy in Banking (Study) BCA Bank Case)

As one of the leading banks in Indonesia, Bank Central Asia (BCA) has succeed apply various digital strategies for increase its services . In a number of year Lastly , BCA developed service digital- based , such as mobile banking applications and features real-time transactions for give comfort and efficiency for customers (BCA Annual Report, 2022). Development This show BCA's commitment in facing the digital era with provide appropriate service with market needs .

Leadership strategy at BCA also plays a role role important in success the digital transformation . According to the same report , BCA management in general proactive push innovation with to form team special For identify and implement technology new .

Leadership This focus on improvement experience Customer through safe , fast and reliable service accessed When only, which becomes superiority competitive for BCA in the middle digital disruption .

Besides that, BCA has also adopt development strategy digital skills for its employees . BCA offers a comprehensive digital training program For ensure all staff own required skills in operate technology new . Study by(Marta & Agustino, 2019) mention that training This speed up adoption technology all over layer organization , so that BCA can respond market needs with more fast .

Finally , the approach Data -based leadership at BCA also contributes play a role in face digital disruption . Leaders at BCA use data to make more decisions informed about relevant digital services for consumers . This is in accordance with findings from (Verhoef et al., 2021) that state that more data - driven leaders capable navigate complexity digitalization and stay competitive in a market that continues develop .

4. CONCLUSION

This study concludes that leadership strategies in facing digital disruption in the banking sector are highly dependent on the application of transformational leadership , digital skills development, and organizational adaptability to new technologies. Transformational leadership has proven effective in building a vision that drives innovation, increases competitiveness, and creates an organizational culture that is adaptive and open to change. In banking companies such as BCA, data-based leadership strategies also make a major contribution to more accurate decision-making, accelerate responses to market changes, and maximize operational efficiency. To support the success of this strategy, banking companies are advised to strengthen digital skills training programs for employees, utilize data strategically in decision-making, and build an organizational culture that supports innovation and flexibility.

This study also contributes to the literature on leadership in the era of digital disruption, especially in the banking sector in Indonesia, which is still minimally explored. In the future, this study can be further developed by examining digital leadership strategies in the broader financial sector, including fintech companies , to gain a more comprehensive perspective. In addition, further research can explore other factors that influence the success of digital transformation, such as the role of government regulation and technological infrastructure, so that it can provide more comprehensive guidance for the banking sector in facing digital disruption.

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