LEADERSHIP TYPOLOGIES AND DIGITAL TRANSFORMATION EFFECTIVENESS IN ISLAMIC BANKING: A MULTI-CASE QUALITATIVE INQUIRY

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ABSTRACT

This study investigates how leadership typologies shape the effectiveness of digital transformation within the highly regulated, value-driven context of Islamic banking. While mainstream literature often portrays digital transformation as a tech-centric and sequential process, this research explores the complex tensions between technological agility and strict Sharia governance. Employing a qualitative multiple-case study design across three Islamic banks in Indonesia (Bank Syariah Indonesia, BTN Syariah, and Bank Nano Syariah), data were collected through semi-structured interviews and analyzed using the Gioia methodology. The findings critically challenge traditional life-cycle leadership models, revealing that leaders do not adapt sequentially; instead, they enact multiple leadership typologies simultaneously. To navigate operational friction, leaders must concurrently act as 'architects of change' and 'ethical guardians'. This continuous negotiation directly shapes transformation effectiveness across four pillars: Sharia process integration, customer digital experience, financial sustainability, and capability. The study culminates in the Simultaneous Islamic Digital Leadership Framework, extending complexity leadership theory by introducing a moral-adaptive dimension and offering actionable insights for faith-based institutions navigating digital disruption.

***Keywords**:* Digital Transformation, Leadership Typologies, Islamic Banking, Complexity Leadership Theory, Gioia Methodology, Simultaneous Leadership.

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1. INTRODUCTION

In recent years, Indonesia has become one of the most dynamic frontiers for digital banking transformation, driven by regulatory initiatives from the Financial Services Authority (Otoritas Jasa Keuangan, OJK) and Bank Indonesia. Through its Blueprint for Digital Banking Transformation 2021–2025 and Master Plan of Sharia Economy, the government has encouraged financial institutions to accelerate digitalization while ensuring compliance with prudential and ethical standards (Menne et al., 2023; Otoritas Jasa Keuangan, 2021, 2023). Islamic banks have been explicitly targeted to leverage digital innovation as a driver of inclusion, transparency, and competitiveness. However, despite this strong regulatory momentum, empirical observations reveal uneven digital adoption and divergent transformation outcomes among Islamic banks (Al-Omoush et al., 2020; Hidayat & Kassim, 2023).

This study seeks to address a fundamental empirical and theoretical paradox within the Islamic banking sector. While current literature often resorts to the generic claim that digital leadership is understudied, this research reframes the problem by investigating why Islamic banks—despite operating under near-identical regulatory support and Sharia governance frameworks in Indonesia—demonstrate profoundly divergent transformation outcomes. This divergence suggests that digital maturity is not merely a function of policy or capital, but is rooted in the leadership's internal navigation of organizational complexity. Furthermore, this inquiry challenges the universalism of Western digital leadership models, which frequently fail to account for the unique institutional logic of Sharia-based organizations. In these institutions, leadership is not a secular pursuit of agility; rather, it is a constant negotiation of the 'Moral-Digital Paradox.' This research, therefore, interrogates the critical juncture where moral governance and digital agility collide, exploring how specific leadership typologies mediate the tension between sacred ethical mandates and the profane demands of technological disruption (Uhl-Bien & Arena, 2018; Vial, 2019; Verhoef et al., 2021).

Digital transformation in the financial sector is not merely about adopting digital tools; it fundamentally reshapes how organizations create value through the convergence of artificial intelligence, big data, and automation (Verhoef et al., 2021; Vial, 2019). For Islamic banking, however, this transformation presents a highly intricate challenge. The demand for digital agility and rapid disruption must constantly negotiate with the strict boundaries of Sharia compliance, which governs all financial practices under religious and ethical norms (Afdawaiza et al., 2024). The Islamic financial system must strike a delicate balance, combining technological efficiency with moral expectations of transparency, fairness, and social justice. This dual requirement turns digital transformation into a leadership-centric phenomenon. It demands leaders who can act not only as digital strategists but also as ethical stewards capable of legitimizing innovation within religious constraints.

Despite this growing importance, current literature fails to adequately answer the questions due to a fragmented theoretical landscape. Furthermore, the existing literature gap can be structured across three critical dimensions. First, the prevailing digital transformation literature remains overwhelmingly tech-centric, prioritizing infrastructure over human agency. Second, leadership literature is largely built upon Western and secular assumptions of unbounded agility that often fail to account for the unique institutional logic of Sharia-based organizations. Third, Islamic banking literature remains heavily governance-focused, leaving the role of leadership silent in the face of digital disruption. Consequently, this inquiry interrogates the critical juncture where moral governance and digital agility collide, exploring how specific leadership typologies mediate the tension between sacred ethical mandates and the profane demands of technological change (Uhl-Bien & Arena, 2018; Vial, 2019; Verhoef et al., 2021). While numerous studies extensively detail Sharia governance frameworks, financial inclusion, and technological readiness (e.g., Banna et al., 2021; Nomran & Haron, 2020), they neglect the human leadership configurations, and the daily managerial tensions required to execute these frameworks amid digital disruption.

A conceptual synthesis is therefore urgently needed to bridge these disconnected strands of literature. Current theories inadequately explain how diverse leadership typologies interact with organizational maturity and Sharia governance to produce effective digital change. Bridging this gap is crucial not only to advance complexity leadership theory (Uhl-Bien & Arena, 2018) but also to address the practical challenges facing Islamic financial institutions navigating the Fourth Industrial Revolution.

Addressing these theoretical and empirical gaps, this study investigates how leadership typologies shape the effectiveness of digital transformation in Islamic banking through a qualitative multi-case design. The research compares three polar types of Islamic banks in Indonesia, a full-fledged Islamic bank, an Islamic business unit, and a fully digital Islamic bank to examine how leadership configurations dynamically balance technological demands and ethical compliance. Adopting the grounded-theory procedures of Eisenhardt (1989) and Gioia et al. (2013), the study systematically connects first-order data from interviews and observations to second-order themes and aggregate dimensions. Empirically, this study contributes to filling the gap in Sharia-context leadership research by offering rich, tension-filled evidence from a rapidly developing industry. Conceptually, it proposes an integrative framework demonstrating that effective digital transformation in Islamic banking is achieved through the simultaneous emergence of multiple leadership typologies. By positioning leadership as a dual-role mechanism, acting as both architects of change and ethical guardians, this study extends existing literature and offers actionable insights for scholars, practitioners, and policymakers seeking to advance sustainable, value-aligned digital transformation.

2. LITERATURE REVIEW

Digital transformation in the contemporary banking landscape is not merely a migration of technical infrastructure; it represents an ontological reorientation of how organizations create value within a competitive ecosystem (Vial, 2019). In the Islamic banking environment, which is deeply embedded in ethical values and regulatory compliance, this process triggers a dialectical tension between the demands for technological agility and the rigidity of Sharia governance (Verhoef et al., 2021). Recent literature has begun to shift away from a technocentric view toward the understanding that the success of digitalization depends critically on an organization's adaptive capacity to manage the inherent ambivalence between radical innovation and the preservation of sacred institutional traditions (Warner & Wäger, 2019). This phenomenon demands a deeper understanding of how leadership structures can harmoniously balance stability and change (Uhl-Bien & Arena, 2018).

Complexity Leadership Theory offers a comprehensive lens through which to understand these dynamics, repositioning the leader's role not as a linear authority figure but as a facilitator of dynamic interaction spaces (Marion & Uhl-Bien, 2001). In this context, traditional leadership typologies grounded in organizational life-cycle models are frequently regarded as overly simplistic and incapable of capturing the non-linear essence of digital change (Dickinson, 2011). A synthetic leadership framework is therefore required—one that weaves together stable administrative functions with innovative adaptive functions—so that technological acceleration does not compromise systemic integrity (Uhl-Bien & Arena, 2018). Consequently, the effectiveness of digitalization is largely determined by a leader's flexibility in adopting diverse styles in response to the situational contingencies that arise (Fiedler, 1967).

More specifically, the distinctive characteristics of Islamic banking demand leaders who are capable of performing a dual role: simultaneously serving as ethical guardians and architects of change (Mubarak & Bakar, 2021). The literature on spiritual and authentic leadership emphasizes that moral integrity serves as an anchor for stakeholder trust amidst the pressures of disruption (Hinna et al., 2018). However, in the digital era, ethical competence alone is insufficient; leaders must also possess digital intelligence that enables them to navigate operational risks without sacrificing core Sharia principles (Westerman et al., 2014). Ultimately, the success of this transformation is measured through Sharia process integration that simultaneously delivers a competitive and sustainable customer experience (Kaplan & Norton, 1996).

Furthermore, the managerial role in digital transformation cannot be separated from the individual capacity to translate grand strategy into agile operational action (Mintzberg, 1973). Leaders at the managerial level act as bridges connecting the organization's technological vision with the human talent readiness on the ground (Hersey & Blanchard, 1969). The uncertainty inherent in the digital environment requires managers to focus not only on control functions but also on empowerment functions capable of organically cultivating an innovation culture (Bass, 1985). The integration of structured managerial roles with transformational leadership is therefore the primary key to ensuring that every phase of the business life cycle is navigated with high resilience (Dickinson, 2011).

The prevailing gap in existing literature lies in the dominance of sequential leadership models that rigidly separate leadership styles according to the linear stages of organizational development (Dickinson, 2011). In practice, however, leaders in Islamic banks are frequently required to enact multiple typologies simultaneously to address complex operational friction (Mintzberg, 1973). By integrating contingency perspectives with managerial role theory, this study seeks to fill that gap by proposing the Simultaneous Islamic Digital Leadership Framework. Through this approach, it is anticipated that a genuine harmony can be achieved between technological efficiency and the ethical values that constitute the foundational raison d’être of Islamic banking in the future (Mubarak & Bakar, 2021).

3. METHODOLOGY

3.1 Research Design and Case Selection

This study employs a qualitative, multiple-case study design (Eisenhardt, 1989) to explore the simultaneous emergence of leadership typologies in navigating digital transformation within Islamic banking. A multiple-case design is appropriate as it allows for cross-case comparisons and provides a robust basis for theory building in complex organizational phenomena. We selected three Islamic banks in Indonesia Bank Syariah Indonesia (BSI), BTN Syariah, and Bank Nano Syariah using a theoretical sampling strategy.

3.2 Sampling Strategy and Case Selection

The selection of cases in this study employs purposive-theoretical sampling to ensure maximum variation and analytical depth. Three Islamic banks in Indonesia—Bank Syariah Indonesia (BSI), BTN Syariah, and Bank Nano Syariah—were selected based on their distinct organizational lifecycle phases and digital maturity levels. BSI represents the 'Maturity' phase as a systemic entity resulting from a massive merger; BTN Syariah represents the 'Growth' phase with its focus on niche market expansion; and Bank Nano Syariah represents the 'Introduction/Birth' phase as a new digital-native spin-off. This selection allows for a cross-case comparison of how leadership typologies adapt to different structural pressures (Yin, 2018; Miles et al., 2014).

3.3 Data Collection and Sample Justification

Data were collected between December 2024 and January 2025 through semi-structured interviews, non-participant observations, and document analyses. The participant sample size was not predetermined; rather, participants were chosen using a purposive sampling technique. We specifically selected individuals who were directly responsible for leading, designing, or implementing digital initiatives, as well as those overseeing Sharia compliance. The sample included branch managers, Vice Branch Manager, Staff and Customer. Recruitment continued until theoretical saturation was reached (i.e., when subsequent interviews yielded no novel insights or new leadership patterns). In total, 12 informants were interviewed, with approximately 4 participants per bank.

3.4 Interview Protocol Structure

Data were gathered through semi-structured interviews using a thematic interview protocol designed to capture the Moral-Digital Paradox. The protocol was structured into four key inquiry domains (1) Strategic Vision and Transformation Motives, (2) Leadership Responses to Sharia-Digital Frictions, (3) Decision-making Mechanisms during Crisis, and (4) Perceived Effectiveness Outcomes. This structure ensures consistency across cases while allowing for the emergence of 'first-order' concepts as per the Gioia methodology (Gioia et al., 2013). This is the Interview Protocol Structure:

Table 1: Interview Protocol Structure and Key Inquiry Domains

Inquiry Domain	Key Interview Questions	Supporting Theory
Strategy & Vision	How do you align digital goals with Sharia mandates?	Vial (2019)
Operational Friction	Describe a time when Sharia compliance slowed a digital launch. How did you lead?	Uhl-Bien (2018)
Effectiveness	How do you measure the 'success' of a digital feature beyond profit?	Verhoef et al. (2021)

3.5 Operationalizing Transformation Effectiveness and Lifecycle Phases

Digital transformation effectiveness in this study is not merely measured by financial ROI, but is operationalized through four multidimensional pillars: (1) Sharia Process Integration (the degree of digital-Sharia alignment), (2) Customer Digital Experience, (3) Financial Sustainability, and (4) Organizational Learning Capability. To address the operational context of transformation, we defined the organizational maturity of each case: (1) Bank Syariah Indonesia (BSI) represents the maturity context, operating as the largest merged full-fledged Islamic bank focusing on digital ecosystem integration and international expansion. (2) BTN Syariah represents the growth context, operating as an Islamic business unit expanding its digital mortgage and retail ecosystems; and (3) Bank Nano Syariah represents the introduction/transition context, having recently spun off as a fully digital Islamic entity focusing on agile market entry. Selecting these three distinct maturity contexts allows us to observe how leadership behaviors adapt to varying degrees of organizational complexity and scale. Furthermore, the Lifecycle Phases are operationally defined as follows: (1) Introduction, Characterized by high uncertainty, focus on infrastructure setup, and entrepreneurial leadership. (2) Growth, Focused on scaling, market penetration, and inclusive/relational leadership. (3) Maturity, Defined by process optimization, complex governance, and hybrid/contingency leadership (Hanks et al., 1993; Miller & Friesen, 1984).

3.6 Data Analysis

Data were analyzed following the Gioia methodology to ensure qualitative rigor and transparency (Gioia et al., 2013). First, the interview transcripts and observational notes were coded into first-order concepts, capturing the informants' experiences in their own words (verbatim). Next, these concepts were grouped into theoretically meaningful second-order themes, such as "architecting change," "navigating Sharia rigidities," and "fostering inclusive collaboration." Finally, these themes were abstracted into aggregate dimensions, which formed the basis of our Simultaneous Islamic Digital Leadership Framework. Cross-case synthesis was then conducted to compare how these aggregate dimensions manifested across the three different organizational maturity contexts.

4. FINDINGS

An analysis of the field data obtained through in-depth interviews, observations, and document reviews across three Islamic banks (Bank Syariah Indonesia, BTN Syariah, and Bank Nano Syariah) reveals the complex dynamics of how leaders manage digital transformation. Employing a qualitative methodological approach, these findings structure the participants' experiences from first-order concepts to second-order themes, ultimately forming three primary aggregate dimensions. The findings highlight that digital transformation in Islamic banking is not a smooth, linear process, but rather an arena of constant negotiation, operational tensions, and the imperative to balance technological agility with strict adherence to Sharia values.

4.1 The Simultaneous Emergence of Leadership Typologies

The first fundamental finding of this study directly challenges the traditional assumptions in mainstream literature, which frequently map leadership styles sequentially based on organizational life-cycle phases (introduction, growth, and maturity). Conversely, the field data consistently demonstrate that managers in Islamic banking do not rely on a single leadership style at any given time. They are required to enact and project various leadership typologies simultaneously to respond to the demands of rapid digital execution while preserving social and spiritual cohesion within the team.

Leaders, ranging from branch managers to top executives, must demonstrate task-oriented and target-driven leadership (execution/directive leadership) concurrently with relationship-oriented and collaborative leadership (social/inclusive leadership). The tension of juggling these two distinct roles is explicitly illustrated by a Branch Manager (BM) at Bank Syariah Indonesia (BSI), who consciously navigates these approaches daily:

> *"I believe a leader must be a combination... there are times and moments when we talk about aspects related to performance achievement, but there are also times when we build team solidity by establishing high-quality engagement with the team." (Branch Manager, BSI).*

The quote above underscores the cognitive flexibility required of a digital leader. On the one hand, stringent Key Performance Indicators (KPIs) force them to act transactionally and adaptively. On the other hand, the Sharia-based organizational values demand that they continuously humanize their employees through high emotional involvement.

Furthermore, field leaders must balance granting full autonomy through delegative leadership with maintaining strict hierarchical oversight (contingency leadership). In the context of digitalization, delegating tasks to IT teams or frontline staff is a necessity for the organization to remain agile. However, delegation without proper oversight in Islamic banking can lead to fatal administrative malpractices. Evidence from the interview transcripts demonstrates how leaders design this role flexibility:

> *"I am actually a delegative type of leader... I like to delegate, but I also control and monitor. Sometimes I call the person, I give directions, but at the same time, I will calibrate them later because I believe that process is what makes them learn." (Branch Manager, BSI).*

These empirical facts provide a robust foundation that leadership typologies are fluid, hybrid, and operate concurrently. Leaders do not wait for their bank to reach the "maturity phase" to employ participative styles, nor do they regress to the "introduction phase" to utilize adaptive styles; all these typologies serve as daily instruments that are drawn upon according to the urgency of operational demands.

4.2 Navigating Tensions: The Conflict Between Digital Agility and Sharia Governance

The narrative of digital transformation is often portrayed as overly neat in mainstream literature, as if technological adoption is universally welcomed and smoothly executed. However, the field findings reveal the exact opposite reality. The transformation journey across these three Islamic banks was fraught with friction, contradictions, and tensions that triggered various degrees of operational legitimacy crises. The most significant friction consistently occurred between absolute digital mandates from the head office and the reality of customer readiness and employee culture on the ground.

When BSI's top management mandated a 100% digital account onboarding transition via the mobile app, branch managers were confronted with a moral dilemma and resistance rooted in the staff's empathy for traditional customers. The imperative to execute technological directives collided directly with the humanistic aspect of service. This was candidly recounted by a branch leader:

> *"In the early days when there was a 100 percent online onboarding target... we did not reach 100 percent, so there were still justifications in the first few weeks. Out of 20 account openings, 3 were manual because they didn't bring a mobile phone, the people were not tech-savvy... The employees also felt sorry for them, so I said there is no choice, this is mandatory. Like it or not, we have to teach them, if necessary, lend them the office tablet to open it." (Branch Manager, BSI).*

This tension demonstrates that digital transformation imposes an emotional burden on leaders. They must act as shock absorbers, absorbing rigid top-down instructions, managing their subordinates' compassion, and educating technologically illiterate customers. More fundamental imperfections were also found in maintaining Sharia compliance governance. The primary goal of digitalization is simplification, cutting bureaucracy, accelerating Service Level Agreements (SLAs), and minimizing physical interactions. Ironically, in Islamic banking, the reduction of physical interaction introduces new risks of Sharia violations, one of which is the phenomenon of side-streaming (the misuse of financing fund allocations by customers). This condition forces leaders to act firmly as ethical guardians, even if it means sacrificing digital speed:

> *"There will definitely be loopholes related to Sharia compliance, for example, the most vulnerable one with digitalization is the issue of monitoring the allocation of financing. In the past, when we did it manually, we could directly check the contract (akad). Now we minimize interaction because we want to simplify the process, but a new problem arises because they always adjust, saying they are buying this and that, but the fact is they buy something else. This is where our control role cannot be completely replaced by machines." (Branch Manager, BSI).*

Meanwhile, in the case of Bank Nano Syariah, which had recently spun off to become a fully digital banking entity, the initial tensions were heavily marked by internal psychological resistance. The overhaul of the core banking system and the digitalization of work processes triggered structural fear among veteran employees. A frontline staff member explicitly expressed how this disruption affected the team's mentality:

> *"In the beginning, some rejected it, they felt uncomfortable, like they didn't believe this new system would work, and some were even afraid of pressing the wrong button and harming the customers..." (Staff, Bank Nano Syariah).*

These raw narratives prove that the architecture of digital leadership in Islamic banking is not merely a celebration of technology, but rather an exhausting negotiation. Transformation success is achieved not due to the absence of problems, but due to the managers' ability to manage frustration, navigate employee fears, and persistently bridge the speed of computer systems with non-negotiable moral boundaries.

4.3 Aligning Leadership Decisions with the Four Pillars of Effectiveness

The constant negotiation conducted by leaders between the demands for operational agility and adherence to Sharia principles exerted a direct causal impact on the four pillars of digital transformation effectiveness. Managerial decisions on the ground tangibly shaped the outcomes of the organizational change process.

First, regarding the Sharia Process Integration pillar, leadership focused on precision and control successfully secured Sharia governance through system intervention. Leaders decided to automate digital credit scoring (host-to-host) to eliminate the loopholes for human bias that frequently violate the principle of fairness ('adl) in Sharia.

> *"If we do it manually, it's like this... the SLIK (credit data) is sometimes hidden by the marketing staff to smooth the way for the customer... but now they can't because it's host-to-host with OJK's SLIK. So, the data is real-time and pulled directly by the central system. So now it minimizes the subjective roles of a branch manager or marketing in manipulating eligibility." (Branch Manager, BSI).*

This action proves that technology, when directed by leadership with integrity, becomes a highly powerful tool to enforce absolute Sharia compliance, rather than just a commercial asset.

Second, concerning the Customer Digital Experience pillar, inclusive and collaborative leadership ensured that technology did not alienate users. By empowering frontline staff to guide customers, the bank succeeded in creating an interface (UI/UX) that was more transparent and user-friendly. This satisfaction is clearly captured in a user's testimony:

> *"At the end of every month, I get an email like a bank statement, which is easy for me to study and access easily through the application. In the past, I had to print the book at the branch and wait in a long line. The current process is not difficult, it's easy, and the transactions are clear on what the deductions are for." (Customer, BSI).*

Third, the Financial Sustainability pillar was not neglected for the sake of mere technological idealism. Leaders pragmatically aligned digital innovation with business growth targets by implementing binding measurement indicators. Massive IT infrastructure investments were compensated by the team's obligation to increase cross-selling through digital platforms.

> *"So, for example, PHR, the product holding ratio... how many derivative products of BSI are owned by one customer, for instance, they have savings, BSI Mobile, gold installments... there is a ratio for that, and it is included in a strict KPI to measure productivity." (Deputy Branch Manager, BSI).*

Through metrics like PHR, leadership guaranteed that the digital ecosystem did not become a cost center draining the bank's reserves, but rather an engine driving sustainable profitability.

Fourth, on the Learning Capability pillar, the reality of rapidly advancing technology rendered formal standard operating procedures (SOPs) instantly obsolete. To overcome this, leaders implemented a connective leadership style that facilitated community-based learning in the workplace. The learning culture was cultivated not through rigid classroom training, but through a fluid daily communication culture.

> *"For the CS and teller teams, it's probably more about sharing sessions, because if we strictly use textbooks or have to wait for SOP revisions, it's difficult, firstly because this is digital, and the problems are case-by-case... so there are more morning sharing sessions and direct escalation if there is an error." (Deputy Branch Manager, Bank Nano Syariah).*

The decision to adopt this tactical, sharing-based learning bolstered the employees' adaptive capacity, enabling the organization to respond to system disruptions or regulatory changes without being stalled by sluggish internal training bureaucracies.

In aggregate, these empirical findings confirm that an effective and ethical digital transformation in Islamic banking is impossible to achieve without a leadership architecture that is adaptive, willing to embrace discomfort, and tenaciously defends Sharia integrity amidst algorithmic disruption. The four effectiveness pillars do not stand alone; they are bound together by managerial roles acting simultaneously as catalysts for change and as the organization's moral defense fortress.

5. DISCUSSION

This study embarked on an empirical inquiry to resolve a fundamental puzzle within contemporary financial ecosystems: why do Islamic banking institutions, despite being equipped with comparable technological infrastructures and uniform regulatory support, exhibit starkly divergent digital transformation outcomes? The findings derived from the multi-case analysis of Bank Syariah Indonesia, BTN Syariah, and Bank Nano Syariah reveal that the answer does not lie in the sophistication of the hardware, or the algorithmic elegance of the software adopted. Rather, the definitive driver of transformation effectiveness is the underlying leadership architecture that orchestrates the change. The empirical evidence provides a significant departure from mainstream digital transformation and management literature, culminating in the proposed conceptual framework of Simultaneous Islamic Digital Leadership. This discussion articulates how these findings critically challenge entrenched theoretical assumptions, extend the boundaries of complexity leadership theory, and fundamentally reconceptualize the metrics of digital transformation effectiveness in value-driven organizations.

5.1 Challenging Sequential Paradigms and Western-Centric Leadership Assumptions

A substantial body of mainstream leadership and organizational change literature remains deeply anchored in linear, sequential paradigms. Organizational life-cycle theory, for instance, conceptualizes managerial adaptation as a phased evolutionary process tightly coupled with the firm's maturity (Dickinson, 2011). The underlying assumption is that leaders transition from highly centralized, directive styles during the introduction or transition phases, toward more participative, delegative, or collaborative styles as the organization reaches maturity. Furthermore, contemporary models of digital leadership are predominantly imbued with Western, secular assumptions. These models celebrate a "fail-fast" philosophy, advocate for rapid, unbridled disruption, and view the instantaneous renewal of technological capabilities as the ultimate hallmark of a successful digital leader (Warner & Wäger, 2019; Westerman et al., 2014).

The findings of this study fundamentally deconstruct both the sequential and the secular paradigms. The field data provide compelling evidence that within the highly regulated, faith-based context of Islamic banking, leaders do not possess the luxury of adopting a singular, phase-bound leadership style. The daily operational realities force them to enact contrasting, and sometimes seemingly contradictory, leadership typologies simultaneously. The necessity for a branch manager to deploy execution-oriented, directive leadership to fulfill aggressive digital key performance indicators (KPIs), while concurrently exercising high-touch, relational leadership to manage the anxieties of technologically averse customers and empathetic staff, illustrates a level of cognitive and behavioral complexity that linear models fail to capture.

This simultaneous emergence proves that leadership architecture in Islamic banking is not a matter of sequential adaptation but of concurrent hybridization. Leaders do not mutate from style 'A' to style 'B'; they must embody both simultaneously. Herein lies the stark friction with Western-centric literature. While mainstream digital narratives demand speed and disruption without compromise, Islamic leadership mandates precision, ethical prudence, and moral preservation. Applying a "fail-fast" mentality in an Islamic bank is inherently perilous because an algorithmic failure in executing a digital contract (akad) does not merely result in a temporary financial setback or a glitch in user experience; it triggers the nullification of transactional validity under Sharia law. Such a failure directly shatters the foundational institutional trust and religious legitimacy upon which the bank operates. Consequently, this research challenges the supremacy of Western leadership theories by arguing that in a Sharia-based ecosystem, effectiveness is not measured by how rapidly a leader disrupts legacy systems, but by how skillfully they maintain the fragile equilibrium between technological acceleration and non-negotiable moral boundaries.

5.2 Extending Complexity Leadership Theory Through a Moral-Adaptive Dimension

The tensions observed in this study, specifically the intense friction between top-down digital mandates and strict Sharia compliance, provide a critical, empirically grounded avenue to extend Complexity Leadership Theory (Uhl-Bien & Arena, 2018). Complexity theory has been highly instrumental in explaining how leaders create “adaptive spaces” to foster innovation and manage organizational dynamics amidst continuous disruption. It posits that leadership in the digital age is about navigating complex adaptive systems by enabling emergent behaviors rather than relying on bureaucratic control. However, a significant theoretical blind spot remains: complexity theory is largely silent on how leaders should behave when the emergent innovations directly threaten the foundational ethical, spiritual, or religious norms of the organization.

The empirical evidence extracted from the three Islamic banks demonstrates that the pursuit of digital agility, such as simplifying the user interface, minimizing human interaction, or automating customer onboarding, frequently introduces novel, and unforeseen legitimacy risks. A prominent example is the phenomenon of side-streaming, where the digital simplification of financing approvals inadvertently creates loopholes for customers to misuse funds contrary to their stated Sharia-compliant purpose. In such scenarios, leaders in Islamic banking cannot simply act as “architects of change” who champion unrestrained innovation and system agility. The context forces them into the role of “ethical guardians” who must possess the courage and authority to intentionally slow down, delay, or even halt technological deployment to ensure absolute Sharia compliance.

By demonstrating that leaders must actively mediate the conflict between algorithmic efficiency and moral boundaries, this study extends complexity leadership theory by injecting a crucial moral-adaptive dimension. It highlights that in faith-based and highly regulated organizations, adaptive leadership is not merely about surviving technological shifts; it is about preserving the organization’s ontological purpose. The study proves that digital failure, such as delaying a major product launch or rejecting a highly profitable but ethically questionable digital feature, is often a strategic choice deliberately made to avoid ethical compromise. This dual-role requirement—simultaneously architecting change while guarding ethics—enriches complexity theory by showing that organizational adaptability is constrained and shaped by the rigid boundaries of moral governance.

5.3 Reconceptualizing Digital Transformation Effectiveness: A Leadership-Centric View

Finally, the findings critically reframe the ongoing academic debate regarding the true drivers of digital transformation success. A dominant segment of contemporary literature remains inherently tech-centric and deterministic, positing that IT infrastructure, algorithmic readiness, big data architecture, and platform capabilities are the ultimate determinants of digital value creation (Hanelt et al., 2021; Verhoef et al., 2021; Vial, 2019). In this view, human leadership is often relegated to a secondary, facilitating variable, a mere mechanism to ensure the smooth adoption of technology.

This study argues vehemently against this tech-centric determinism. The robust alignment of leadership decisions with the four effectiveness pillars identified in this research, Sharia process integration, customer digital experience, financial sustainability, and learning capability demonstrates that technology is merely a latent tool. Its impact, whether constructive or destructive, is entirely contingent upon the ethical and strategic orientation of the leadership wielding it. For instance, the managerial decision to implement host-to-host digital credit scoring integrated with the Financial Services Authority (OJK) was not merely a technological upgrade aimed at improving operational speed. More profoundly, it was a deliberate, value-driven leadership intervention designed to enforce the fundamental Sharia principle of fairness (‘adl) by systematically eliminating the opportunity for human bias and data manipulation at the branch level.

Similarly, the achievement of financial sustainability through cross-selling via digital platforms, and the enhancement of the customer digital experience through inclusive, localized design adjustments, were not spontaneous technological outcomes. They were the direct results of specific, localized leadership actions that prioritized both business growth and customer empathy. Furthermore, the development of organizational learning capability was fostered not by the technology itself, but by connective leaders who abandoned rigid bureaucratic training in favor of fluid, community-based knowledge sharing to keep pace with digital disruptions.

Therefore, this study theoretically repositions digital transformation effectiveness in Islamic banking as fundamentally a leadership phenomenon, rather than an IT phenomenon. Effectiveness is achieved not when the organization reaches a state of maximum technological sophistication, but when its leadership successfully, and simultaneously, aligns IT capabilities with institutional trust, human empathy, and normative legitimacy. The proposed Simultaneous Islamic Digital Leadership framework thereby offers a more holistic, culturally resonant, and ethically robust lens through which to understand and evaluate organizational change. It asserts that in the face of the Fourth Industrial Revolution, the ultimate competitive advantage of faith-based institutions lies not in the algorithms they deploy, but in the moral clarity and simultaneous adaptability of the leaders who guide them.

6. CONCLUSION

This study set out to explore how leadership typologies shape the effectiveness of digital transformation within the highly regulated and value-driven context of Islamic banking. The findings reveal that effective transformation is not achieved through a sequential progression of leadership styles, but rather through the simultaneous emergence of multiple leadership typologies. Leaders must dynamically navigate the severe tensions between technological agility and strict Sharia governance, acting concurrently as architects of change and ethical guardians. Ultimately, this continuous negotiation directly determines the organization’s transformation effectiveness across four pillars: financial sustainability, customer digital experience, Sharia process integration, and learning capability.

Theoretical Contributions

This research sharpens the current understanding of digital transformation by offering four core theoretical contributions. *Challenging existing assumptions*, this study directly challenges the prevailing tech-centric assumption that IT infrastructure and digital readiness are the sole determinants of transformation success. It proves empirically that without a dual-role leadership mechanism, technological sophistication frequently leads to ethical friction and compliance failures. *Extending existing theory*, this research extends complexity leadership theory (Uhl-Bien & Arena, 2018) by incorporating a moral-adaptive dimension. It demonstrates how leadership must operate not only to foster innovation but also to maintain institutional legitimacy within strict religious and ethical constraints. *Introducing a new concept*, this study introduces the concept of the Simultaneous Islamic Digital Leadership Framework. This concept moves beyond Western, secular, and sequential business-cycle models to show that leaders in faith-based institutions must enact contrasting typologies (e.g., adaptive and directive, or delegative and contingency) concurrently to manage disruption. *Relevance beyond Islamic banking*, the implications of this framework extend far beyond Islamic finance. The theoretical model provides a foundational blueprint for any highly regulated, value-driven, or ESG-focused (Environmental, Social, and Governance) organization where the demand for rapid digital disruption frequently collides with non-negotiable moral and ethical mandates.

Practical Implications and Future Directions

Practically, this study argues that Islamic financial institutions must move beyond generic digital literacy programs and broad recommendations for "spiritual integration." To effectively navigate future digital disruptions, we propose the following specific, actionable directions for practitioners and policymakers: (1) Develop multi-role leadership training modules. Rather than generic management courses, institutions should design specific training modules that simulate the real-world tensions between IT agility and Sharia compliance across different organizational maturity contexts. (2) Align digital KPIs with Sharia audit metrics. Organizations must fundamentally redesign their performance evaluations. (3) Leaders should be financially and structurally rewarded not only for digital speed and customer acquisition but also for maintaining zero-defect Sharia compliance during digital product launches. (4) Evaluate leadership readiness before digital investment. Prior to initiating large-scale technological overhauls or core-banking migrations, institutions must rigorously assess both the ethical resilience and adaptive readiness of their managerial bench to prevent costly legitimacy crises and implementation delays.

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