



## COLLABORATIVE LEADERSHIP

By Temwani Simwaka & Jones Gondo



INVESTORS  
IN PEOPLE

*Enabling Skills Development in the Banking and Alternative Banking Sector*



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# COLLABORATIVE LEADERSHIP



## TOPIC:

ABILITY TO WORK PRODUCTIVELY, DRIVE ENGAGEMENT AND DEMONSTRATE PRESENCE WITH SOCIAL PARTNERS TO GROW THE BANK AND THE ECONOMY?

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### 1. ABSTRACT

*.... These banks have widely adopted collaborative and agile practices and have embarked on digital transformation journeys and delivered innovative technical solutions ...*

The focus of this research is to investigate the extent to which leaders in South Africa headquartered banks employ collaborative leadership principles in the design and pursuit of their Africa expansion strategies. These banks have widely adopted collaborative and agile practices and have embarked on digital transformation journeys and delivered innovative technical solutions and products at home. However, expanding footprint and offerings into the rest of Africa requires a behavioral leadership change in order for the business to be responsive to the new market opportunities and complexities associated with Africa expansion.

In theory, the aim of collaborative leadership is to facilitate and manage the complex interconnections within organizations in order to harness its embedded social value and collective intelligence and focus it on solving complex problems and to sustain innovation at an accelerated pace. Many executives would admit that innovation is an important and powerful driver of growth, performance and value, but that it is one of the most challenging and illusive leadership cultures to inspire and instill, principally because a chasm persists between leadership aspiration and the execution. The ability to innovate is to be able to tap into the fresh value-creating ideas of your employees, business partners, customers, suppliers and other stakeholders across various boundaries; which is essential to overcome the myriad of challenges associated with operating effectively across different and difficult jurisdictions across the continent.

Having surveyed thirty senior banking executives, whose responsibility is to contribute to and lead their respective bank's Africa expansion journeys, we found that there are a number of organizational design and behavioral challenges which hinder effective collaborations. These

are: 1) Success factors in the Africa expansion strategy overly emphasize financial performance metrics such as return on capital and growth as the most important; which inadvertently encourages parochial attitudes and transactional short-termism. As such, underlying problems tend to go on unresolved because there is no reward incentive to innovate and solve process and service challenges. 2) Often, teams have misaligned goals and purposes. Such misalignments sow distrust and conflict in collaborations; which could disable innovation and encumber team performance. 3) Perceptions about wide power-distance gaps and centralized decision-making imply that teams feel disempowered to meaningfully contribute to strategy or to resolve issues quickly. 4) Culture matters. South African organizations score highly on individualism, masculinity and indulgence dimensions of national culture according to Hofstede's six-dimensional model.

This implies that management tends to be ego-centered; highly competitive and brash and places an emphasis on extroversion and materiality as signs of success. This implies a natural bent towards traditional command-and-control management styles and silo mentalities which promote individualism and short-termism rather than innovation and creative latitude. The shift towards collectivism would not be easy to achieve and individuals in teams would still want to know "what is in it for them" in order to align goals, incentives and rewards; and conflict is expected to achieve such alignment. It would appear the barriers to effective and successful collaborations in pursuit of African expansion have cognitive and behavioral roots which stem from cultural biases and the influence organizational design and key success measures have on team performance and buy-in.



## 2. INTRODUCTION

### Background to the study

#### Collaborative leadership

Beyond a leadership style; collaboration is a way of working together with others in a mode of distributed responsibility and trust. It is the ability to shift power and genius from the individual to the collective, in pursuit of a common goal (*Ibarra, 2017*).

Collaborative leadership has become one of the essential leadership approaches in business, government and civic society. Organizational hierarchies, geographical footprints and workspaces have become increasingly complex and challenging to manage for many leaders. The onset of globalization and digitization has meant that organizations have morphed to include webs of associated people and business partners that are scattered across geographical and functional borders. Together, they represent the core of the integrated business model and the aim of collaborative leadership is to facilitate and coordinate these complex relationships and leverage off the embedded social value and diversity in human capital -- to unleash its collective wisdom towards solving modern-day problems of organizational productivity and innovation (*Wiseman, 2017*). There is a co-dependence or entanglement of people, information, and technology within this networked economy. The ability to communicate and operate effectively in a multifaceted and highly interactive manner appears to be the hallmarks of a collaborative culture that is able to consistently engage the collective genius within the organization and multiplies the productive and creative capacity of people without necessarily needing to increase resources. This also seems to be the value that sets organizations apart because it is something that can't be replicated easily by competitors and it speaks to what is unique and inherently special about diversity within winning organizations. The benefits of a collaborative organizational design and culture are a more inclusive, flexible, responsive, empowered, efficient and productive organization. (*Wiseman, 2017*).

The traditional styles of centralized or hierarchical leadership, which have been formed over the last century's industrial age, are proving inadequate to cope with such a fast-paced, diverse and laterally distributed organization models. However, it is not to say that collaborative

leadership is panacea in all instances and that all tenets of traditional leadership are irrelevant for leading complex organizations and sustaining a high-performance and innovative organizational culture.

Consequently; it is equally important to understand what collaborative leadership is not. It is not about using the latest cloud-computing technologies, robotic process automation, machine learning and artificial intelligence; that is all the hype these days. It is not simply about employing the latest people development techniques and lean management strategies that organize staff into smaller, focused, cross-functional teams. Instead, collaborative leadership exhibits no individual trait and is not evidenced by one thing that can be switched-on or -off. Instead, collaborative leadership it encompasses all these things and is driven by the sheer force of collective imagination, that is enabled by technology to help to share ideas and information easily and quickly.

#### Drivers of collaboration

Leadership behavior drives collaboration and the culture and values of the organization sustains it. Central to the collaborative experience is the ability to communicate, share information, be transparent and find common ground among a diverse group of individuals. Collaborative leaders need to demonstrate personal authenticity and a high level of cognitive dexterity and emotional intelligence to exert the kind of influence and inspirational leadership that empowers others to be great and pursue a greater, collective cause and make an impact beyond any parochial interests.

Collaborative leadership is an open and lateral leadership approach that is based on a strong web of interpersonal, peer-level relationships and trust. To be authentic, leaders need to close the hierarchical and social power-distance gaps between themselves and the teams they interact with. Showing vulnerability and empathy with others are key traits which underpin how collaborative leaders establish the foundational cognitive and emotional trust bonds they then use to forge true relationships. Genuine relationships allow leaders a unique opportunity to influence how others think and behave. There-in lies the power to align individuals towards a shared vision and, together, accomplish extraordinary feats.



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However, trust is a delicate matter and negative power dynamics can sometimes spawn distrust and collaboration soon yields to the traditional command-and-control, vertical leadership approach -- where power is concentrated at the apex of the organization and diminishes the power of collective agency and collective intelligence; which a more lateral and distributed power-balance engenders. The inherent tension between the two leadership approaches can lead to a leadership of consensus and compromises where problems are unresolved, commitment wanes and outcomes are sub-optimal. This, as silo mentalities set in and individualism and ego begin to trump teamwork and collectivism. This often plays-out in the world of politics, when unity coalitions fail, and two or more factions emerge. This polarizes society and policy implementation becomes stuck amid fractious power-battles. Ultimately, service delivery declines, morale within the public service suffers and confidence in the economy begins to dissipate.

Any process to change the culture of leadership and any shifts in the balance of power is fraught with risks. Often, the process is met with stiff resistance by incumbent leaders and a general inertia to change from entrenched teams and individuals that already consider themselves to be high-performing. Collaborative leaders therefore need to demonstrate early success cases in addition to building trust and inspiring a mindset shift. For collaborative leadership to be effective, it only requires a small group of key individuals to ignite the transformation process. Research conducted across 300 organizations shows that a third of value-added collaborations come from only 3%-5% of employees (Rob Cross, 2016). Therefore, identifying and influencing these key individuals is critical to sustained collaborative leadership.

### Problem statement

As South African banks consider their expansion strategies in the rest of the African continent, they need to consider the appropriateness of their business models within each of Africa's fast-changing markets. They also need to consider the competitive threat of technological disruptions and whether they have the capacity to adapt and to operate more collaboratively to create a sustainable financial value-chain that is client-centered. We think that the cognitive mind-shift begins with the banks' leaders and that effective collaborative leadership practices are essential to transform how their banks and their people operate. In this regard, there are important lessons to learn from the experiences of financial innovation hubs; in contrast with the well-ingrained traditional, conglomerate banking leadership models.

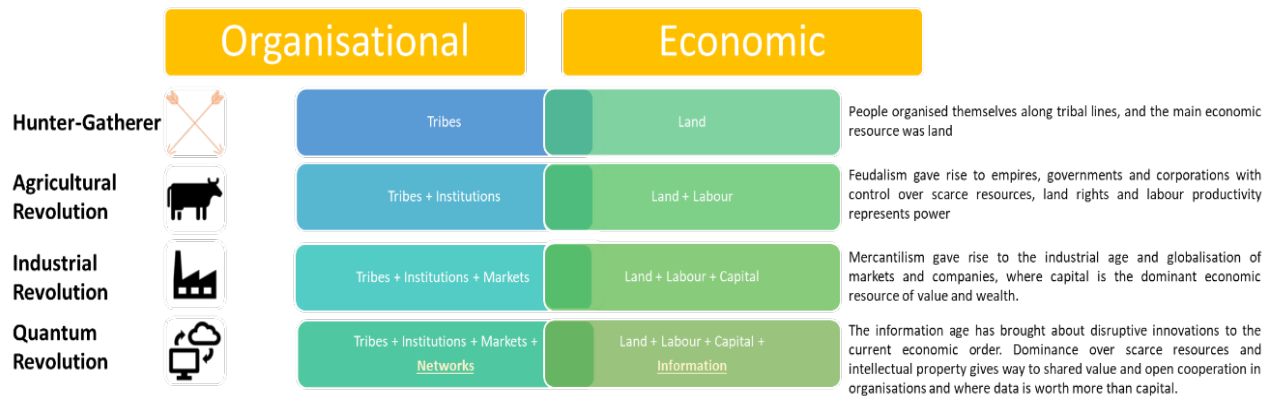
Innovation hubs are a microcosm of the traditional multinational, complex organization. They represent a commune of start-ups that are incubated by a leadership that invests, mentors, coordinates and facilitates innovation and provides shared services for the effective functioning and support for the innovators and entrepreneurs in their community. They have a strong collaborative culture precisely because they have limited resources and critically depend on a community of people and relationships fostered within and across innovation hubs to share expertise, intellectual property and services in order to deliver innovative, client-centered solutions within their respective businesses and ultimately, commercial success as a collective.

Banks have become cognizant of this because the rise of fintech has disrupted the classic banking model and many traditional banking institutions find themselves effectively competing against an amorphous web of technology companies that serve the financial needs of their core customers cheaper, faster and in a more meaningful and convenient way. Therefore, traditional banks need to adapt and become part of the new financial ecosystem if they want to compete and grow or otherwise face competitive disruption and rendered irrelevant by their customers.

## Context and importance of the research

### The 4<sup>th</sup> industrial revolution demands new economic and organizational models

Figure 1. The evolution of economies and organisations



Source: (Hughes, 2013)

Shane Hughes, in his 2013 TedX master class on *“The unstoppable rise of a collaborative economy”* put the shared economy, and the information age, at the centre of what has been coined by Professor Klaus Schwab of the World Economic Forum as the Fourth Industrial Revolution; and with it has come significant shifts in organizational design, organizational culture and global economic models.

Throughout the ages, economies have evolved, and economic growth and development have been characterized by the control or dominance over certain scarce resources. This has also shaped how individuals, societies and organizations have created a socio-political order around these resources as a source of economic power and wealth.

We are now heading towards a post-capitalist society in which money is not the primary underpin to understand value or wealth in an economy. Sustainability is becoming the central ethos; which speaks to socio-political, economic and environmental responsibility and recognizes humanity over profit (Hughes, 2013).

In other words, a successful business is a socially responsible business and employees are no longer seen as units of labour but as co-creators of socio-economic value. The neo-classical idea of negative economic and environmental externalities that modern economies unintentionally create are now expected to be

endogenized in the cost of doing business; rather than left to government to regulate.

The information age is characterized by a democratization of technology and learning where the cost of goods and services are becoming cheaper to deliver and tending towards zero. We are moving towards frictionless markets which require the free flow of ideas, information and other intellectual properties to enable persistent innovation. The barriers to entry in traditional sectors are constantly lowering, and market dominance through size, scale and distribution no longer guarantee market share leadership. Traditional market structures are vulnerable to disruptions from “small” start-ups which are agile, and work in concert with each other in an nebulous network to achieve scale that can unlock value to billions of consumers in an instant. (Hughes, 2013).

The old way is no longer adequate to cope with complexity and ambiguity of the new information economy. While Africa has lagged in its human and capital developments through the industrial age, the information age could either yield opportunity for inclusive and accelerated growth for its young and vibrant communities or broad economic and social exclusion from the rest of the modern world.

It is important, therefore, to understand the changing role of financial services in Africa; to partner with clients, communities and other stakeholders on the continent and to drive a more inclusive quantum revolution through collaborative leadership.



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### Growth and mixed fortunes in Africa for South African banks

According to McKinsey & Company, the African continent's overall banking market ranks globally as the second fastest growing; the second most profitable after Latin America (*in both instances*) and has become a center of innovation (McKinsey & Company: Global Banking, 2018).

Globally, revenue growth and return on equity (ROE) have been sluggish, averaging 6% and 8% respectively over the past five years (2012-2017). Essentially, profitability approximates the sector's average cost of equity. In contrast; Africa's five-year compound annual growth rate in revenues averaged 11% and is expected to slow to about 8.5% between 2017 and 2022, but remain above the global average. Similarly, in 2017, ROEs were nearly 15% on average – more than double the global average.

Africa remains a banking frontier market because it remains under-served and has much room to grow. Retail banking penetration stands at just 38% of GDP (*US\$86 billion in revenues*) – which McKinsey & Company estimates to be half the global average for emerging markets. In 2012, the banked population was estimated at 170 million and has since grown rapidly reaching 300 million by 2017 (76% growth) and is expected to climb to 450 million (50% growth) by 2022 or close to half the bankable population. There is significant diversity hidden in these numbers. The continent is vast geographically, spanning 54 countries at various levels of economic advancement, wealth, scale and population size, infrastructure and use of digital. For instance, countries such as Egypt, South Africa and Morocco have relatively high per capita wealth levels and banking penetration rates. These are considered relatively mature banking markets.

Others such as Ghana, Ivory Coast and Kenya are fast-growing and highly competitive retail banking markets with high levels of mobile and other digital banking innovations and strong profitability. Large oil-producing markets such as Angola and Nigeria have high wealth, but low banking penetration and have under-developed non-oil sectors and their digital infrastructure and channels are below potential. These could be future growth nodes. Still, other nascent markets exist which are only beginning to open up to significant banking opportunities. Despite low income and economic under-development; new banking models provide an opportunity for significant growth and tap into large populations in countries such as D.R.

Congo, Ethiopia and Tanzania; however execution risks remain high and regulatory regimes are weak (McKinsey & Company: Global Banking, 2018).

Across many markets, banks have woken up to the retail opportunities and much attention has gone into the retail distribution model to achieve simpler, leaner and more agile banking platforms with the aim of increasing banking penetration and enable the transition from a cash to electronic and mobile banking channels; improve credit bureau coverage and curtail high cost brick-and-mortar distribution networks. In all this, there have been laggards and winners and to win in Africa expansion the following seems to matter:

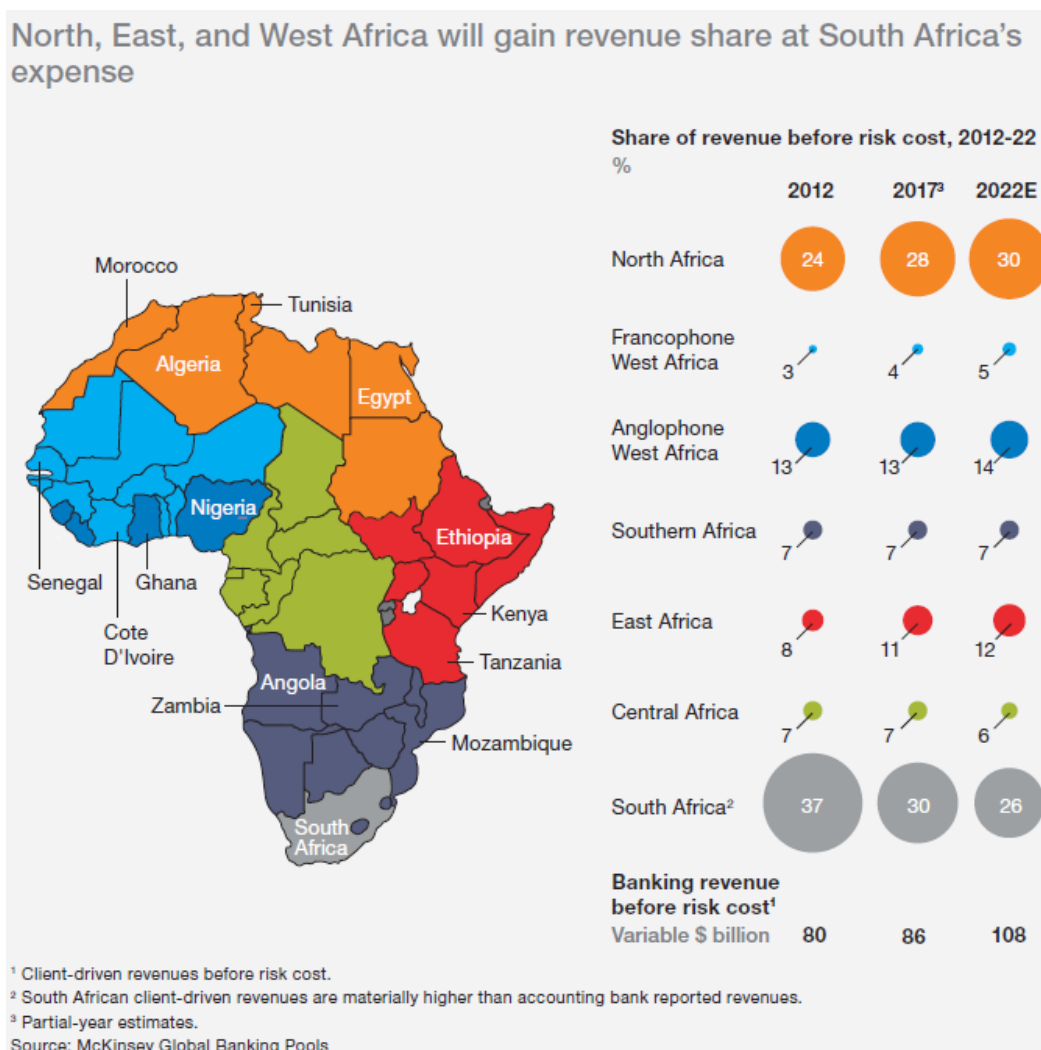
- Banks need to have the right geographic footprint,
- Segment and offering matter for revenue growth and profitability,
- Price and convenience matter for consumer choice and therefore; leaner and simpler is better,
- Banks ought to find more innovative ways to manage credit risks better by using new technological methods such as machine learning and artificial intelligence or through other intelligent data partnerships with third-party vendors,
- The digital channel experience matters especially to Africa's young and growing populations which have enthusiastically adopted mobile and digital solutions across income levels. To enhance this, it has become necessary for banks to collaborate with telecommunications companies, fintechs, employers, social partners and at the most advanced levels – build non-banking service platforms and ecosystems around their core banking offering.

The Africa retail banking story is too rich an opportunity for South African banks to ignore. But, as South African banks pursue opportunities on the continent; the winning practices point to looking beyond the ROEs and revenue growth potential; and seek more meaningful partnerships to sustain growth and profitability with the African consumer at the centre of the design (McKinsey & Company: Global Banking, 2018).

It is important to understand just how prepared South African banks' leadership are to gear-up their African expansion journeys. While they may have widely adopted

collaborative and agile practices and have embarked on digital transformation journeys and delivered innovative technical solutions and products at home -- the collaboration ethos also needs to extend to how they expand their footprint and offering into the rest of Africa, and that requires another leadership shift with its own attendant challenges and contextual barriers compared to anything they may have experienced and learned in the South African setting.

Figure 2. McKinsey & Company: Growth and innovation in African retail banking.



### 3. LITERATURE REVIEW

#### Leadership and innovation

Many executives would admit that innovation is an important driver of growth, performance and value. The ability to innovate is to be able to tap into the fresh value-creating ideas of your employees, business partners, customers, suppliers and other stakeholders across various boundaries. In a study conducted by McKinsey & Company in 2008, the consulting firm found that 65% of the global business executives that they surveyed felt generally disappointed in their own ability to stimulate innovation and were not confident about the decisions they had to make about innovation. There is a gap between a leader's aspirations and execution. Moreover; there is no best-practice approach to seed and cultivate a culture of innovation in a company; however, more than 94% of respondents recognized that people and corporate culture are the most important drivers of innovation. (Barsh, Capozzi, & Davidson, 2008).

In a separate but related study, executives pointed to the leadership as the best predictor of innovation performance and that the way leaders behave; to protect, nurture and manage innovation; matters. Differences in individual creativity and intelligence matter far less for innovation than interconnections and networks. For example, networked employees can realize their innovations and make them catch-on more quickly among peers. Therefore social-network analysis can help executives to diagnose existing networks -- in order to ascertain their characteristics such as the frequency of collaboration and the degree of cross-functional interactions among members -- and to identify people who broker information and knowledge. This kind of information can also serve an essential role in the creation of effective innovation networks by clarifying the mind-sets of individuals and groups. Ultimately, leaders should think about two types of metrics (Barsh, Capozzi, & Davidson, 2008):

- 1) The financial. Such as the percentage of total revenue from new products,
- 2) The behavioral. Which metrics, for example, would have the greatest effect on how people work?

#### The case for collaboration

In his 2009 book *"Collaboration"*, Morten Hansen makes the case for collaboration by elucidating on *"How Leaders Avoid the Traps, Create Unity, and Reap Big Results"* via

collaboration (Hansen, 2009). Hansen establishes that there are three areas of potential upside in business due to effective collaboration; and these are:

- **Better innovation:** Better innovation happens because people from different areas, business units, divisions, country operations, technology centres, sales offices, and marketing labs come together and create new ideas through these networked interactions and go on to develop exciting products;
- **Better sales:** Another advantage of collaboration is the opportunity for cross-selling;
- **Better operations:** The economic logic is based on re-use of existing resources. Good solutions and expertise that are created, proven, and used in one part of the organization can be transferred to other units and lowering the costs of operations.

#### A collaborative leadership style makes people smarter

In Liz Wiseman's 2017 book *"Multipliers"*, she identifies the role of a collaborative leader as one that can make everyone smarter and create genius all around them by accessing the intelligence and potential already in the organization. They create an atmosphere of genius; that is innovation, productive effort and collective intelligence. The opposite type of leader is a *"Diminisher"*. They tend to reduce the collective intelligence of an organization in favour of singular leadership excellence. They tend to be more command-and-control in their leadership style and thrive in hierarchies.

In 2011, after having assessed hundreds of executives across the world, including Africa, Wiseman found that managers were utilizing just 66% of their people's capabilities, on average. Put another way, for every cent spent on hiring talent, the organization is only getting 66 cents worth of their capability or talent.

She also found that in the traditional hierarchical organizational format, *"Multiplier"* leadership was still effective, but that the effects of 'Diminisher' leadership were far more pronounced.

The Multiplier effect therefore means that employees in traditional organizations are underutilized, but that their collective capabilities can be leveraged with the right kind of leadership, and as such; their intelligence and capability can be multiplied without requiring a bigger

investment; and it ultimately means the leader has to become “less” in the room in order for others to become “more”. (Wiseman, 2017).

However, the biggest barriers to transforming an organization, where collective intelligence is richly utilized, is a lack of cultural and contextual intelligence. In this sense, there is a need to provide cases of contextually relevant collaborative leadership to the global body of literature. It is important to understand what collaborative leadership means in an African context. Senaji et al (2014) expressed doubts whether western leadership management theories are transferrable to the African context.

### Leadership in the African context

Van Zyl et al. (2009) published a book “Leadership in the African Context” where they unpack the complexity of exercising effective management and leadership in Africa; including the myths and realities of colonial legacy in organizational design, corruption, cultural and language barriers, democratic and economic freedoms, gender roles, skills-productivity gaps and power-distance barriers to effective engagement and problem solving.

Interestingly, while the “western” leadership and management approach is beginning to embrace collectivism through collaborative leadership, the African worldview and cultural value system has long preferred spiritual collectivism to individualism. There is also an inclination towards consensus problem solving, rather than dissension (Shonhiwa, 2006; Khoza, 2005). This is encapsulated in the value of “ubuntu”; which recognizes the value of others in individual success, shared prosperity and humanity. The authors also highlight the following about the “ubuntu” ethos:

- Humility and helpfulness are expected, instead of wanton criticism that has often characterized “command-and-control” leadership,
- Society is a structure in which an inclusive system of hierarchy plays a role. This inspires orderliness and acceptance of authority, and
- There is a tacit expectation that those in a supervisory position will demonstrate sound leadership with a heightened sense of ethics, fairness, transparency and accountability.

Unfortunately, many leaders on the continent (*political and otherwise*) have let their communities and employees down because they fail to uphold these expectations. Still, the consensus approach to leadership, that exists in many African communities, still is short of the idea and requirements of the new information age where collaboration is required.

For instance, in a secular “western” organization; the power-distance gap is small. Managers welcome criticism and challenge as constructive factors in management. This is also important in effective collaborative leadership, but the cultural barriers in Africa might manifest in a relatively wider power-distance gap; where criticism and challenge might initially be interpreted negatively; as rudeness and insubordination. Similarly, gender-based roles tend to favour men over women in the traditional leadership context. At the same time, one has to be cognizant of the none role-based hierarchy this creates alongside the idea of a reverent respect for elders. (Van Zyl & Dalglish, 2009).

### The behavior traits of collaborative leaders

Again, in making his case for collaboration, Hansen identifies three key attributes that collaborative leaders need to exhibit in order to be effective (Hansen, 2009):

- 1. Redefining success:** Leaders need to transcend narrow agendas and begin to define success as a bigger goal.
- 2. Involving others:** Collaborative leaders are open to input and outside influences. They welcome different viewpoints, debate and working with others in the decision-making process.
- 3. Being accountable:** Collaborators see themselves as being responsible for reaching goals and being accountable for the decisions made. At the same time, they also hold others accountable.

Similarly, in his book on “*Collaborative Leadership in Financial Services*”, Philip Ullah sets out further how the roles of leaders and followers (*in collaboration*) need to be aligned around a shared vision and purpose. It is important that collaborative leaders work with others to build the vision; and that collectively they share it with others in the organization, while adapting it if need be. Equally important, in this process, is that followers then know how their efforts contribute to the bigger picture and that they can see a purpose behind the senior managers’ decisions. (Ullah, 2012).



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In addition to the broader attributes described by Hansen, Philip Ullah and others build upon this thinking. They all highlight just how important leadership traits are for collaborative processes to be effective; particularly around consistent and persistent communication; the free flow and sharing of information; decentralized decision-making; reduced power-distance; building relationships and building teams (Ullah, 2012) and (Blanchard, Ripley, & Parisi-Carew, 2015):

- **Openly share information and knowledge:** Collaborative leaders have a way of communicating that invites others to contribute their ideas and work towards shared outcomes. The way they communicate is genuinely two-way. The leader is responsible for ensuring everyone understands the direction and underlying strategy of the business unit even if he or she has not been responsible for creating it. The message has to be repeated many times before people start to internalize it and relate it in their everyday actions. It also needs to be communicated in a number of different ways. For something as important as strategy, it is necessary to use face-to-face communications, and this means touring all the sites in the global operation. This also includes townhall sessions where people could raise questions and concerns. (Ullah, 2012).
- **Decentralized decision making:** In a culture of collaboration, individual contributors see themselves as self-leaders. Leaders empower these individuals by building trust and coaching competence in their job roles and networking skills. Individuals also empower and inspire each other when they share ideas and deliver on their allocated tasks or goals. (Blanchard, Ripley, & Parisi-Carew, 2015).
- **Reduced power-distance:** Once leaders embrace the role of Coach, they realize the weight of leadership is now balanced between themselves and their direct report. (Blanchard, Ripley, & Parisi-Carew, 2015).
- **Building relationships:** Where collaborative individuals work together, sharing ideas and cheering each other on; they automatically empower each other to reach their goals. Empowered people, working together, create a remarkable synergy where the group as a whole is far greater than the sum of its parts. (Blanchard, Ripley, & Parisi-Carew, 2015).

- **Building teams:** When people feel like part of the team, and feel a strong sense of identity and loyalty to that team, they will exhibit high levels of internal motivation. This shows itself in effort and a willingness to go the extra mile (Ullah, 2012).

### There are also barriers to collaboration:

- **The not-invented-here barrier:** People are unwilling to go outside of their own units to seek input from others. Communication happens mainly inside their own group. People don't want to cross status lines and the thinking is that people within their silos should fix their own problems. As such, people develop a tendency to not want to reveal problems that they may be experiencing. (Hansen, 2009).
- **The hoarding barrier:** People are unwilling to help and share their knowledge. They are in competition with colleagues and other business units. There are narrow incentives and reward is focused on the achievement of your own goals. As such; people are often *"too busy"* and have no time to help others. Leaders in such circumstances fear the loss of power if they are required to share knowledge (Hansen, 2009). In particular, if rewards in one department are based on meeting production targets, while another department is rewarded for keeping costs down or quality high -- there will inevitably be conflict as one pursues volume even though it results in poorer quality products and problems for others (Ullah, 2012).
- **The search barrier:** People who look for information and cannot find it. Big companies face search problems. Physical or geographical distance makes search difficult. Too much information worsens search and the lack of links undermine search (Hansen, 2009).
- **The transfer barrier:** People are unable to transfer knowledge easily from one place to another. People don't know how to work together and there are no strong relations to ease transfer (Hansen, 2009).

## 4. RESEARCH METHODOLOGY

### Research question

**Is collaborative leadership relevant to success by South African banks when operating in other markets in Africa?**

Leadership style is a significant mediating factor for innovation and organizational performance. This is mainly due to the power and influence leaders have in setting specific goals and encouraging innovative initiatives from their subordinates (*Garcia-Morales, Reche, & Hurtado-Torres, 2008*). Collaborative leadership, as a leadership style, could therefore be a relevant and an effective practice for South Africa banks to follow; to build and sustain a leading banking footprint in the rest of Africa.

### Research approach

#### Leadership effectiveness self-assessment survey

The literature points out that collaborative leadership begins when there is a cognitive shift away from an egocentric leadership concept towards a shared one. The shared and distributed nature of collaboration requires all members of the team to be cognitively aligned in pursuit of shared values, shared goals and make a collective and coordinated impact on their specific business environment. Certainly, the leadership journey is context-specific and consequently, it is important to be able to gauge which aspects of the collaborative leadership journey are working well and what kind of obstacles persist in the African context?

To do this, we have adapted the “*Team Effectiveness Diagnostic*” for collaborative leadership attributes. The tool was created by the London Leadership Academy, National Health Service, as a publicly accessible and scientifically robust toolkit to assess the effectiveness of leaders and their teams and identify dimensions which need to be improved to increase effectiveness. (*London Leadership Academy, National Health Service, 2019*).

**This survey examines the effectiveness of collaboration from the perspective of nine dimensions:**

- **Vision, purpose and goals:** The clarity of purpose. The extent to which organizational and team goals are aligned and cascaded down to individual-level goal and performance commitments.

- **Defined roles and task Processes:** Clear lines of accountability and shared responsibilities for collaborative processes.
- **Authenticity, passion and commitment:** The level of buy-in for collaboration and emotional intelligence within the team. The credibility and legitimacy of the collaborative processes within the team.
- **Trust, connectedness and intergroup relationships:** The degree of leadership vulnerability and ability to facilitate a safe space for constructive criticism, conflict resolution and uphold mutual respect and cognitive empathy.
- **Power-distance, decision-making control and hierarchy:** The extent to which social and cultural power dynamics, or position and role in the organizational hierarchy might obstruct shared accountability and buy-in.
- **Communication:** The clarity and frequency of messaging; the effectiveness of collaboration tools and technologies and the awareness of verbal and non-verbal interpersonal cues around team dynamics.
- **Skills, learning and information sharing:** The ease and desire to share information and empower others with ideas, data, expertise and solutions.
- **Problem solving:** The ability to solve small problems quickly and dynamically without the need for a central decision-maker. The degree of autonomy ceded to the team to resolve issues.
- **Cultural traditions and social dynamics:** The degree of social and cultural diversity, tolerance and inclusiveness.
- **Risk-taking and reward:** The ability to measure and incentivize collaboration and innovation to sustain the cognitive and organizational transformation.

Some of these dimensions also draw on Hofstede's cultural dimensions theory which identifies certain societal and cultural norms that are regional and context-specific and should be expected as potential barriers or enablers to effective collaborative leadership in South Africa (*Hofstede Insights, 2019*).

The questions in the survey were scored on a five-point Likert Scale using predominantly positive, and some negative, control responses to statements. The intention is to gauge the level of agreement and the frequency of

practice, on the above dimensions, and to ascertain if they are relevant to effective collaborations in Africa-focused banking teams.

Our scoring approach assumes that each dimension has equal importance and weighting towards an overall relative effectiveness assessment. Furthermore, we also assume that leaders and team members alike have an equal chance to practice all collaborative traits, on all nine dimensions, all the time and with no cross-correlation between factors.

Our aim is to gather diverse perspectives and insights from leaders in South Africa and the Rest of Africa regions. To assess their leadership orientation, their leadership practices and context-specific challenges. To identify where particular weaknesses emerge in their collaborative leadership journeys and determine measures they could employ to improve collaborative leadership practices and attendant context-specific challenges.

The tool is not intended to provide empirically relevant results. Rather, the intention is to identify important trends and differences in perspectives, between groups of respondents, for qualitative and context-relevant insights.

### Sample size and respondent demographic profile

Our sample of respondents includes thirty mid-to-senior level executives across two large South African banks; who were invited to participate in our “*Collaboration Effectiveness*” survey on a confidential, no-names basis.

The survey also required respondents to self-identify as either “*Leaders*” or “*Team Members*” of an Africa-focused team. If they were neither, then the electronic survey would end. As such, the sample included 20 self-identified Leaders and 10 self-identified Team Members. The bifurcation is intended to independently test alignment between cohorts on the same or similar leadership dimensions of collaborative leadership.

A control group of five additional senior-level executives were asked to pilot the survey instrument to create a benchmark against which the sample responses could be compared.

Demographic data was also collected in line with South Africa's census data descriptors for race and gender categories. In all instances, respondents were given the option to choose not to disclose their demographic information.

### Age, gender and ethnicity

**Age:** 76% of respondents can be described as “*Generation-X*” by their age category. In the South African context, this is the generation that grew-up in the years of apartheid and ushered-in the new democracy in 1994. They can be described as hard-working, they have a strong sense of duty, but are vulnerable to job insecurity due to current economic hardships, which could result in retrenchment, early retirement or unemployment. They place high value on personal relationships. (*Rachael Thompson, GfK South Africa, 2018*).

South Africa, and Africa in general, have young populations. In South Africa, young people are rapidly changing the workplace and the customer base of traditional industries. They are a socially conscious generation and demand fairness and social justice in society -- especially in a continent with high levels of poverty and inequality. In the workplace, they search for purpose and are considered “*digital natives*” (*if not early adopters*); living in a technology-enabled, socially-connected lifestyle. In the consumer landscape, they demand authenticity and personalization. (*Rachael Thompson, GfK South Africa, 2018*).

### GfK South Africa describes the generations in South Africa as follows:

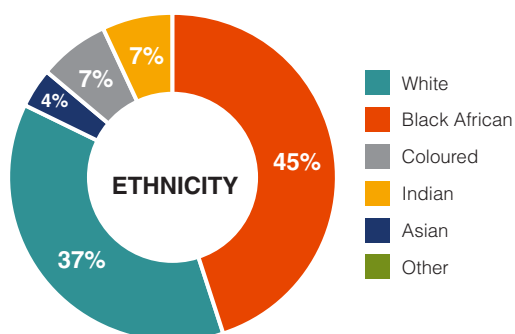
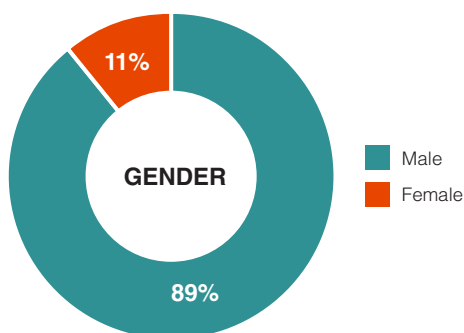
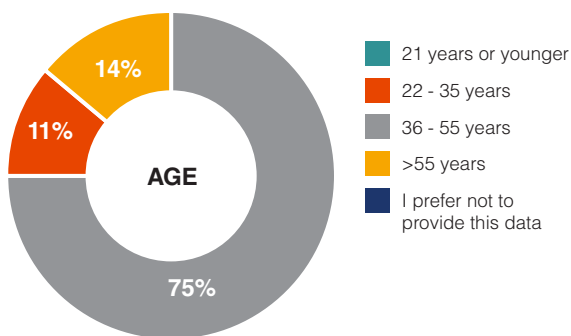
- **Generation Z:** 21 years or younger. They make up 41% of South Africa's population (Born-frees, Digital Natives), also known as “Centennials”;
- **Generation Y:** Ages 22 – 35. They make up 25% of South Africa's population (Living-frees, Early Adopters), also known as “Millennials”;
- **Generation X:** Ages 36 - 55. They make up 18% of South Africa's population (“The Struggle is real”, Late Adopters);
- **Baby-Boomers:** Age > 55. They make up the rest of the South African population ~18%.

**Gender:** There is a gender-skew in the sample towards male respondents. It highlights the stereotypical gender bias in many organizations across the world and, in South Africa in particular. South Africa's employment equity legislation is progressive and encourages corporations to positively discriminate and empower women in the workplace.

In terms of gender stereotypes, women intuitively understand the soft power of attraction while men gravitate to the hard power of command. Effective leaders need to work within diverse interpersonal networks and to collaborate and to nurture. Stereotypically, women's non-hierarchical style and relational skills fit this leadership role, but men would need to learn these skills and value them in their female colleagues, depending on context. (Nye, 2016).

**Ethnicity:** This was captured according to Statistics South Africa's five-point ethnic categories used in the country's 2011 census.

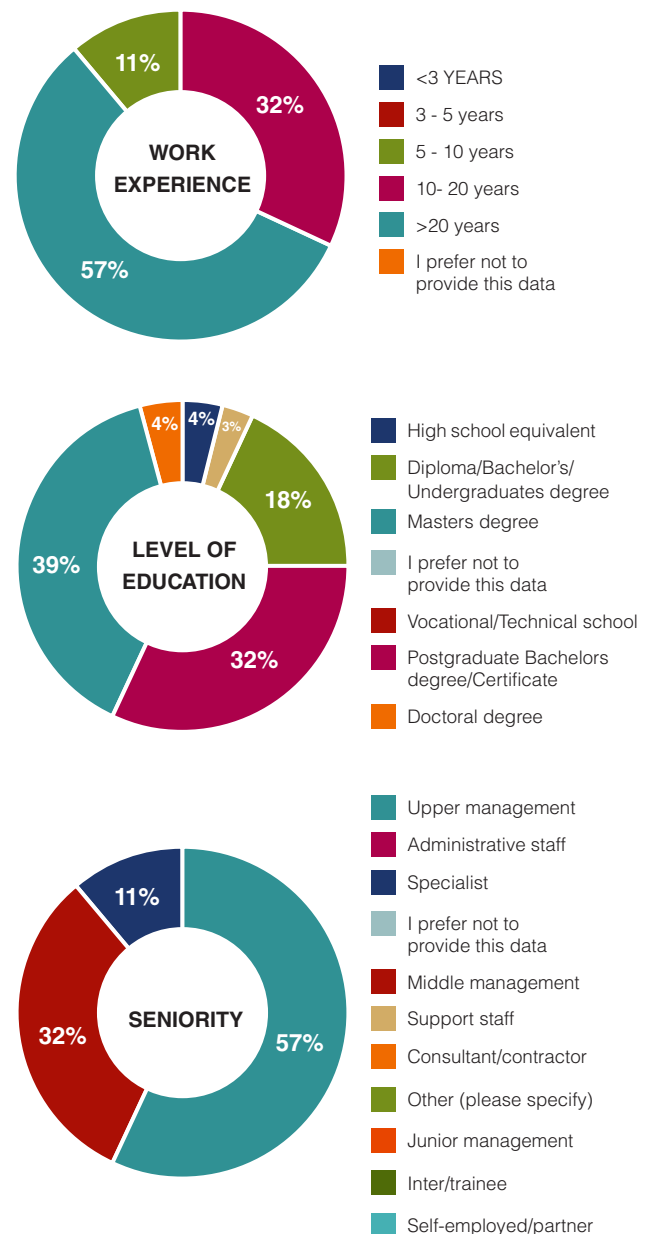
Figure 3. Age, gender and ethnicity



## Work experience, seniority and education level

The respondents have a significant amount of work experience between them, they are highly educated and hold hierarchical power in their respective organizations. This is an important validation of the sample and is a proxy for positional power, influence and control within the traditional sense of the organization. This is to say that respondents are experienced executives and leaders with influence over teams and strategies and have the power to change how things are done within their business.

Figure 4. Work experience, seniority and education level

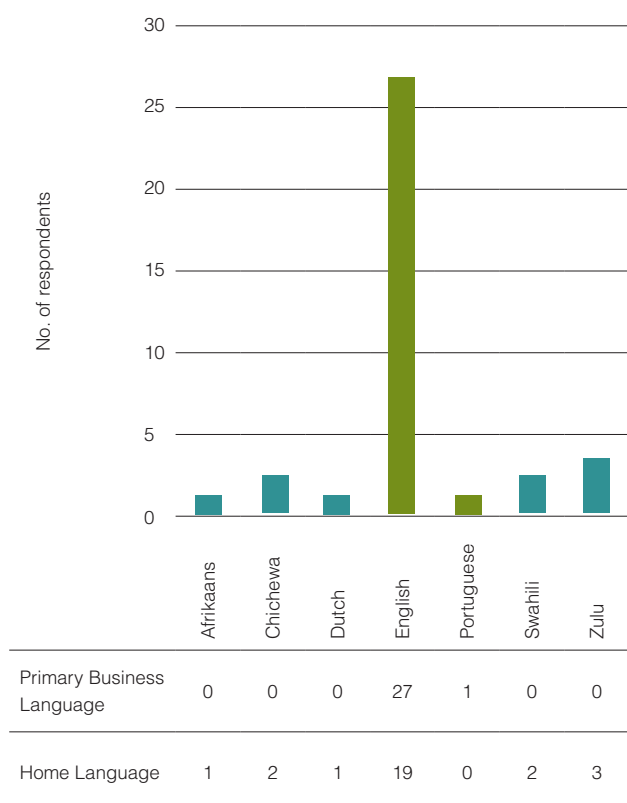


### Nationality, country of work and language

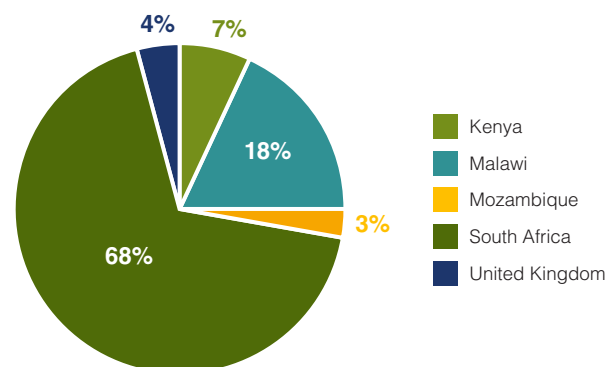
When we consider the diversity of the respondents, just under two-thirds are physically located outside of the bank's headquarters in South Africa; namely Kenya (2 respondents), Malawi (5), Mozambique (1) and United Kingdom (1). Eight of the respondents identified themselves as expatriate employees (non-citizens of the country they are working in). Across these jurisdictions, English is the primary mode of communication for business, although this is not the native tongue for nine of the twenty-eight respondents.

This diversity becomes an important vector to consider to understand if communication, geographical distance, or perceptions of exclusion in collaboration processes are important barriers to effective team performance and the ability to lead and facilitate collaborative teamwork.

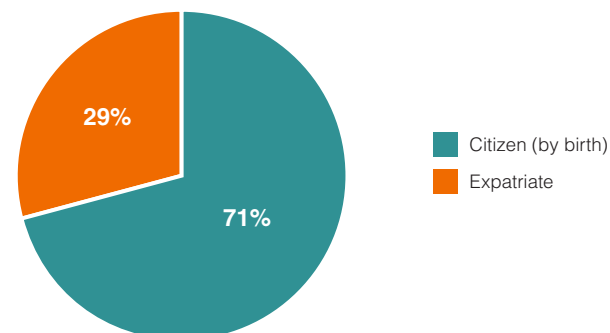
Figure 5. Nationality, country of work and language



### Country of Residence



### Residency Status in Country of Work



## 5. RESULTS

### Initial views

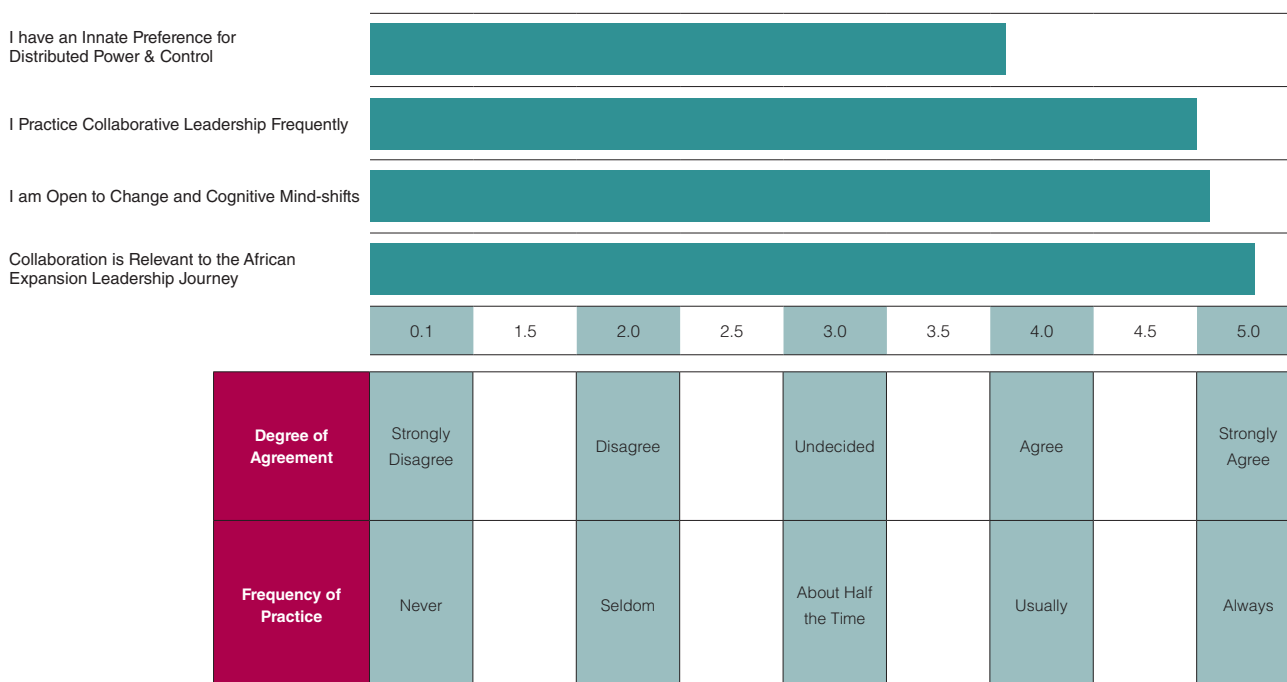
#### Assessing the leadership environment

To understand the mind frame of the “*Leaders*” cohort, we asked a series of questions which seek to establish the degree to which they understand, agree with and practice collaboration in their Africa-focused businesses; along the following dimensions:

- Relevance of collaboration to their Africa expansion strategy and goals,
- Openness to change or adapt leadership style,
- Ability to empower others and pursue a less hierarchical and more distributed management approach,
- If collaboration has been adopted and is implemented as a core management practice.

Figure 6. Leaders’ disposition towards collaborative leadership

The Leadership Environment



On average, Leaders scored highly on their level of overall agreement and awareness that collaboration is important to how they do business and that they occasionally practice collaboration in their teams.

Interestingly, on a relative basis, there is an admittance that letting go of power and control (*in favour of shared accountability and power*) could be an innate challenge for leaders; even though they recognize that they need to be open-minded enough to shift their mentality.

Overall there is an intuitive, if not classical, understanding of what collaboration is and how it could make the organization more effective. Leaders were prompted to provide their views of what collaborative leadership means to them. These are summarized and paraphrased below:

- A facilitated practice whereby the business strategy, team processes and performance measurement are contextualized for local adoption.
- A way of tapping into the value that is embedded in local relationships; especially when you empower locals to pursue the bigger vision in a way that is relevant in their local context.

- It is working across boundaries with an array of people to increase skills and knowledge; leveraging a wider network of intelligence.
- It has an internal and external dimension in terms of achieving organizational goals and results. Internally, it is a way to align strategic objectives and achieve impact. All other measures of success can be achieved in isolation.
- Working one dimensionally from South Africa makes the bank product- and transaction-focused and makes the business more reactive and opportunistic. This means the bank behaves as though one size fits all in terms of the solutions it delivers in foreign markets.

### Understanding the main goal for Africa expansion

Financial targets such as returns on capital and revenue growth are the most important goals and key performance measures of success for 89% of the Leaders. The motivation behind Africa expansion is to grow and diversify the banks' geographical footprint profitably and these financial benchmarks are well established.

This is consistent with the pursuit of the African retail banking opportunity described in the McKinsey & Company 2018 *"Roaring to Life: Growth and innovation in African retail banking"* report. However, in some ways, these financial goals seem to be parochial at best.

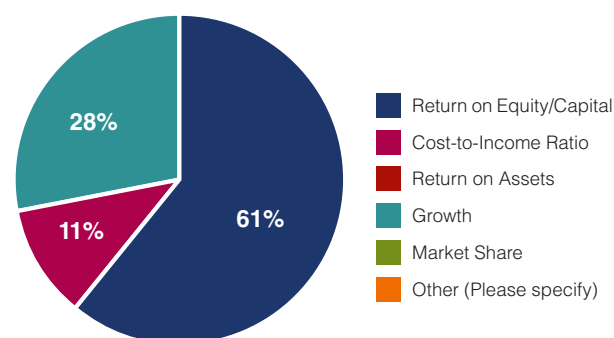
There is implicit pressure on leaders to deliver transactional leadership that is focused on short-term results from the Africa business. This is corroborated by the opinions of some of the senior executives who mentioned that transformational goals and targets carry a low weighting on their performance scorecards. Consequently, if they achieve their financial goals without achieving their business transformation targets (*in other words, changing the way they do business to achieve their financial goals*), it will not have a substantially detrimental impact on how their individual and team performance assessment and reward.

While this result is not conclusive; there might be a valid argument which suggests that while collaboration is important; and leaders are aware and agree that it is an effective and relevant part of transforming their Africa expansion journey; there might not be complete consensus or strategic intention to associate financial success in the rest of Africa operations with the leadership approach adopted to accomplish these financial outcomes. The

financial result is what matters and is what is measured; not necessarily how it was achieved. The intangible value collaboration unlocks in terms of building trust, quality relationships, efficiency and quick decision-making for effective teamwork are not necessarily accounted for and therefore innovation that is not quantified in monetary terms could go unnoticed.

Figure 7. Measuring success in African expansion

Most important KPI associated with successful African Expansion



## 6. OUTCOMES

### Leadership effectiveness dimensions

In scoring the responses on each dimension, we interpret a low score "1" to imply that this aspect of collaborative leadership is a relative cognitive strength for both Leaders and Team Members in how they view and approach collaborative practices in their organization. A high score of "5" indicates a relative strength.

Overall, when compared to the *"control"* group benchmark score (3.34), Leaders believe that they are relatively effective (3.61) at collaborative leadership processes and practices within their organization, on average. Meanwhile, team members believe that the processes and practices are relatively weaker (2.89) than the benchmark.

The widest gap in perspectives between Leaders and Team Members was in the *"Communication"* dimension. Leaders perceived it to be *"Moderately Strong"* (3.88) compared to *"Moderately Weak"* (2.20) for Team Members. The two cohorts were most aligned on two dimensions. These are *"Cultural Traditions and Social Dynamics"* and *"Defined Roles and Task Processes"*.

### Leaders

From an absolute score perspective; the top three areas that Leaders felt were effective for collaboration in their leadership self-assessment were:

- Problem Solving (4.21; *Moderately Strong*)
- Authenticity, Passion & Commitment (*Buy-in*) (4.10; *Moderately Strong*)
- Vision, Purpose and Goals (3.98; *Moderately Strong*)

The weakest two areas in their self-assessment for effective collaboration were:

- Cultural Traditions and Social Dynamics (2.64; *Undecided*)
- Power-Distance, Decision-making control and Hierarchy (2.93; *Undecided*)

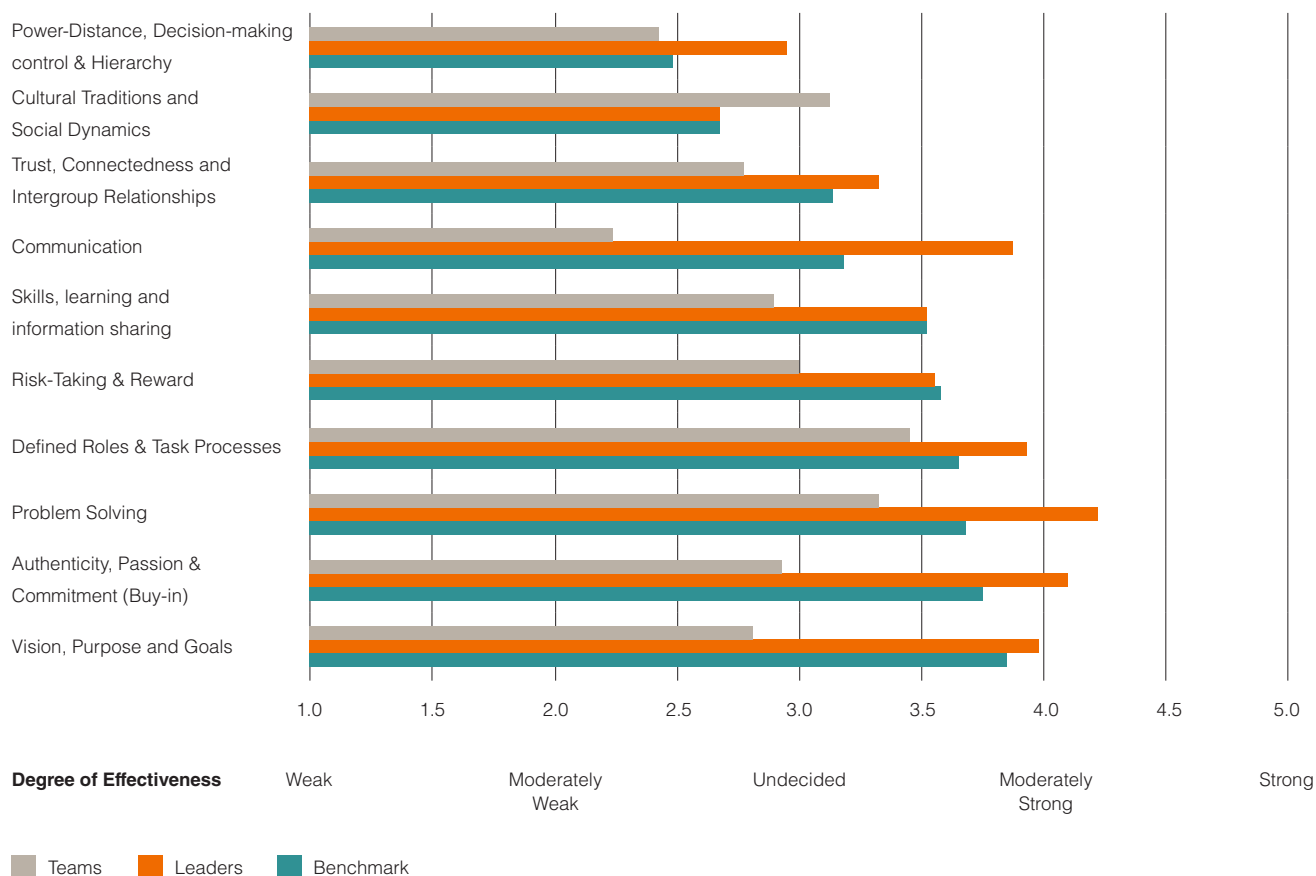
Relative to the control group, Leaders felt that they were strongest at communication: that is consistent and clear messaging, bi-directional flow of communication and applying effective tools and systems to effect collaboration. In contrast, relative to the control group, Leaders felt that they were weakest or relatively undecided about risk-taking and reward; that is to monitor, measure and incentivize innovation achieved via effective collaborative processes.

### Team Members

From an absolute score perspective; Team Members were mainly “Undecided” about how they felt about how effective collaboration is in their team dynamics self-assessment. For instance; the top-three scores were:

1. Defined Roles and Task Processes (3.46; *Undecided*)
2. Problem Solving (3.33; *Undecided*)
3. Cultural Traditions and Social Dynamics (3.10; *Undecided*)

Figure 8. Dimensions of effective collaborative leadership



### The weakest two areas in their self-assessment for effective collaboration were:

1. Communication (2.20; *Moderately Weak*)
2. Power-Distance, Decision-making control and Hierarchy (2.43; *Undecided*)

Relative to the control group, Team Members felt that the strongest dimension of collaboration within their team was navigating the complexities associated cultural difference, and inclusiveness. In contrast; relative to the control group, Team Members felt that the least effective dimension of collaboration in their organization was the clarity of the vision and purpose and the alignment of their goals with those of the organization in pursuing Africa expansion.

Since the responses are meant to pick up on areas of relative strength and weakness on the key dimensions; and not to estimate empirically the statistical significance of the differences within and between cohorts; it was important to delve deeper into some of the cultural and contextual barriers to collaboration which may not have been controlled for statistically in the responses above. Below we show that both Leaders and Team Members were most concerned about the following attitudes that they believe prevail in their organizations and are barriers to effective collaboration. These are:

- Silo mentality,
- Individualism (that is; the weak interpersonal connections within teams which prevent people from taking share accountability and sharing information freely) and,
- Short-termism.

Figure 9. Social, cultural and context-specific barriers to effective collaboration



Some of the qualitative statements made by respondents to qualify their statements depicted above are summarized and paraphrased below:

- There is tension between the centre and its Africa region subsidiaries
- There is a pre-conception that the centre is power-wielding and hierarchical in the way in which solutions are developed from the Centre for the subsidiaries. Subsidiaries do not always engage and participate in the collaborative processes that have been put in place.
- One of the great obstacles is the mis-alignment of strategy, goals and priorities for Africa expansion compared to those of business units that are meant to support Africa-focused expansion.

These barriers are consistent with the evidence from Hofstede-Insights latest national culture study which scores South Africa on six dimensions. Hofstede's work principally studies how values in the workplace are influenced by culture. At a national level, the culture dimensions represent independent preferences for one state of affairs over another that distinguish countries (rather than individuals) from each other. National culture cannot be changed but should be understood and respected. (*Hofstede Insights, 2019*).

### South Africa's top three national culture scores are:

- 1. Individualism (65):** South Africa has a high preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only. In Individualist societies offence causes guilt and a loss of self-esteem, the employer/employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, management is the management of individuals.
- 2. Masculinity (63):** A high score (Masculine) on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the winner/best in field – a value system that starts in school and continues throughout organizational life.

A low score (Feminine) on the dimension means that the dominant values in society are caring for others and quality of life. A Feminine society is one where quality of life is the sign of success and standing out

from the crowd is not admirable. The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine).

South Africa scores 63 on this dimension and is thus a Masculine society. In Masculine countries people “live in order to work”, managers are expected to be decisive and assertive, the emphasis is on equity, competition and performance and conflicts are resolved by fighting them out.

- 3. Indulgence (63):** This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called “Indulgence” and relatively strong control is called “Restraint”. Cultures can, therefore, be described as Indulgent or Restrained. With a high score of 63 it is clear that South Africa has a culture of Indulgence. People in societies classified by a high score in Indulgence generally exhibit a willingness to realize their impulses and desires with regard to enjoying life and having fun. They possess a positive attitude and have a tendency towards optimism. In addition, they place a higher degree of importance on leisure time, act as they please and spend money as they wish.

Figure 10. Hofstede's country culture study: South Africa



## 7. CONCLUSION

Every time collaborative leaders build or invest in their relationships they bank some trust in their network which yields relational value in the ecosystem that underpins any effective collaborative process. When collaboration is effective, it expends this relational value and the payoff typically goes on unmeasured by the managers of the organization; but often the outcomes organizational performance is noticeable and surprising.

Collaboration is always context-specific and no one model fits all occasions. However, the principles of collaboration remain and often when any one dimension of collaborative is ineffective, it turns from enabler to barrier and the work of collaborative leaders is to be tuned into and understand the unique dynamics at play within their team to be able to adapt and maintain the sanctity and integrity of the collaborative process.

In order for banks to begin to understand and potentially unlock the wealth of trapped value embedded in its relational networks across the African continent we believe they should have a keen focus on sharpening and aligning their collaborative leadership capabilities and tools.

This paper established the following:

- Collaboration is important and relevant to how Africa-focused banking teams expect to pursue their Africa expansion and business transformation journeys.
- However, banks tend to focus on and emphasize financial key performance metrics such as return on capital and growth as the most important measures of success for Africa expansion. These are short-term and narrow transactional goals which need to be expanded upon and measured on an equal footing with transformational goals in performance scorecards.
- Leaders of collaborative processes need to be aware that the aspects which work well for them in collaborations might not always be shared by team members. Such misalignment of purpose has the potential to sow distrust and conflict in collaborations; which could disable innovation and encumber team performance.
- For this group of respondents in particular; making the cognitive shift from being the centre of power and decision-making towards ceding power and accountability to others takes time and is a major challenge, exacerbated by the fact that making such a

shift is not what traditional organizations value; only the financial performance outcome tends to be the focus.

- Culture matters. South African organizations score highly on individualism, masculinity and indulgence dimensions of national culture according to Hofstede's six-dimensional model. This implies that management tends to be ego-centered; highly competitive and brash and places an emphasis on extroversion and materiality as signs of success. This implies a natural bent towards silo mentality; individualism and short-termism. The shift towards collectivism would not be easy to achieve and individuals in teams would still want to know "what is in it for them" in order to align goals, incentives and rewards; and conflict is expected to achieve alignment.
- This may explain why the dimensions of Cultural Traditions and Social Dynamics; Power-Distance, Decision-making control and Hierarchy; and Communication were mentioned as relatively weak dimensions in collaborative experiences by Leaders and Team Members of South African banks that are pursuing Africa expansion.

## 8. RECOMMENDATIONS

Our recommendation to South African banks that are pursuing an African expansion strategy is three-fold:

1. Because culture matters and culture is difficult to change; we recommend that key performance targets balance the transactional with the behavioral targets and that incentives and reward do not accrue for narrow interest only; whilst there is recognition that how results are achieved matters as much as what is achieved. This should begin to focus leaders and followers to align themselves along the same vision and purpose dimensions. It is equally important that the leaders of such collaborative processes are resilient to face the expected level of aggression and resistance to change and are able to adapt quickly and communicates well; but more so, that they are able to protect, and nurture the sanctity and integrity of the collaborative process from any detractors that seek to undermine it or are reluctant to participate in sharing accountability.



2. The second recommendation is that banks need to be able to measure, monitor and understand their social networks across their pan-African franchise and investment in technology that enables this should go beyond the traditional customer-relationship management software. There is untapped value embedded within the diverse network that needs to enable a more inclusive and connected dialogue between subsidiaries and begin to establish a deliberate culture of innovation that is adapted for local nuances.
3. The third recommendation refers to the challenge of power-distance between teams in Africa region subsidiaries and the South African headquarters. Power-distance is a complicated dimension but at the root of it, there needs to be a demonstration that some of the cognitive boundaries that exist are merely perceptions of rank, role and power. For instance, it is entirely conceivable that a Leader from a subsidiary can indeed play the role of Coach or Team Leader in collaborations; and this demonstrates that it is not a right to lead in organizations; and that there is tremendous transformational value for innovation when we draw in talent from the periphery and become far more inclusive (deliberately) in the collaborative approach.

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## Collaborative Leadership

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