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AGILE LEADERSHIP IN THE DIGITAL ERA

By **Mohd Afzanizam Mohd Badrin**

The velocity of emerging changes, shaped by the diffusion of digital technologies, has altered public behaviours and expectations. Digital is key to addressing the wants and needs of current and future digital native societies, who will represent half of Asia's population by 2020 up from one-third today¹. These forceful changes require adaptive ingenuity and the need to transform to sustain relevancy. While making use of digital technology to improve organisational processes and service delivery to be more efficient may increase profit margins, it remains a short-term measure as true digital transformation can confer lasting advantage by revolutionising the entire customer experience across all digital touchpoints².

The dynamic changes in operation landscape were greatly influenced by the modernisation of public service delivery that leveraged on digital technologies. Digital advances have made the management of public services more effective, reaching to a wider spectrum of stakeholders. Digital technologies have also revolutionised how public perceives value. As public services transform, leadership must do so as well. Strong digital leadership will shape the growth agenda³, and the role of the digital leaders will become increasingly pivotal. Ali (2007:132) underlined the importance of leadership in public sector reform stating that "leadership will continue to be the challenge of the future⁴." Leadership is critical to good public governance,

¹ Sheng, A. (2015) Great Technology Transformation Comes to Asia. Asia News Network. Accessed on 14 October 2016. <http://www.asianewsnet.net/Great-technology-transformationcomes-to-Asia-77690.html>.

² Niessing, J. (2016) Successful Digital Transformation Starts with the Customer. INSEAD. Accessed 14 October 2016. <http://knowledge.insead.edu/customers/successful-digital-transformation-starts-with-the-customer-4498#8P10WAAMwX614H4v.99>

³ Manish Bahl (2015) Asia Rising: Digital Driving. Cognizant's Center for the Future of Work. Accessed on 14 October 2016. <https://www.cognizant.com/InsightsWhitepapers/asia-rising-digital-driving-codex1403.pdf>

⁴ Ali, T. (2007). The Role of Public Sector Leadership in Fostering Socio-Economic and Political Development. In *Excellence and Leadership in the Public Sector: The Role of Education and Training*. New York: United Nations, pp. 131-141.

including good planning, efficiency, transparency, and accountability. To that end, an effective leadership is a critical component of good public governance (OECD, 2004)⁵. It is an important variable that leads to enhanced management capacity and performance in public sector organisations.

In its report entitled *The hidden talent*, PWC studied the transformational challenges facing leaders⁶, outlining five typical challenges that require some form of transformation within an organisation, namely: major cuts, stalled growth, shift to global functions, forward-thinking, and disruptive technology. The challenge for leaders in a digital environment is how to encourage the organisation to take forward steps and how to ensure the organisation focuses on its purpose and its message without being distracted by every new technology. The report also reveals that “the democratisation of information has contributed to the erosion of deference, making it much harder for leaders to simply lead when their stakeholders are also demanding for more information”⁷.

Digital leadership puts emphasis on recent innovations, such as connectivity, open-source technology, and personalisation. This represents a dramatic shift from how public services have been run and structured for over a century. The emerging operations environment now demands a new set of leadership skills, which require traditional leadership competencies to be realigned towards the future. In the context given by the above environment, this requires real assistance from extended leadership styles. Leaders who adopt a broad-minded approach to reality will find that the approach expands their ability to innovate; become more relevant; better serve their customers; cut costs; grow and increase in value⁸.

Today, it is imperative that public service leaders also grasp the strategic possibilities of these new technologies in transforming public service. The creation of the leader's symbiotic relationship with technology seems important in this sense, yet most research has found that leaders personally have less technological knowledge than what they require to be successful in their jobs.

⁵ OECD (2004). *Public Governance and the Role of the State*. Paris: OECD.

⁶ PWC (2015). *The hidden talent: Ten ways to identify and retain transformational leaders*.

⁷ Ibid [6]

⁸ Andersson, L. (2016) *Leaders in Digital Merge the Physical and the Virtual*. INSEAD. Accessed 14 October 2016. <http://knowledge.insead.edu/blog/insead-blog/leaders-in-digital-merge-the-physical-and-the-virtual-4908#8imgqzAsWi3dkfge.99>

Challenges in Digital Environment

Citizens' demands are increasing with the need for faster response time, expecting total transparency and opening public scrutiny. This forces the public sector to revisit the current service delivery and think of innovative and transformative ways. Speed, fitness, flexibility, agility are words frequently used to describe world-class public organisations. The 21st century also brought a frenzy of innovation, driven by the continuing digital revolution towards modern government. Digital technology offers creation of a livelier environment and changed the way public service operates and interact.

Working in collaboration, managing conflict and innovation, diversity and digitalisation were some of the areas discussed in relation to modern public service. This is derived with the aspiration to enhance public service with citizens at the centre and to humanise services rendered. The advancement of ICT and rise of social medias embraced by digital society has heralded the dawn of a new digital era in public sector. The evolution started since the 19th century, where the industrial age saw local organisations with paper-based administration driving social and economic progress. In the second half of the 20th

century, in tandem with the development of information age, governments started to embrace electronic platforms through e-government in pursuit of standardisation. Today, with several transformations in digitising public services, an era of transition away from 'traditional' paper-based transaction models, towards online is realised. This has brought a wealth of benefits, such as enabling citizens to interact with government online, increasing inclusiveness, narrowing inequality by addressing digital gaps, and improving operational efficiency.

Along with the National Transformation Agenda, Malaysia has created a new digital government strategy, looking to transform public service delivery by 2020. The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) outlined key goals in digital, data, cloud, and cyber security in the Public Sector ICT Strategic Plan 2016-2020⁹. Efforts will be continued to enhance the delivery of public services through Digital Government initiatives as planned in the Eleventh Malaysia Plan in making public service less bureaucratic and hierarchical;

⁹ MAMPU (2016). Malaysia releases digital government plan for 2020. Accessed on 12 October 2016.

less centralised, and more accessible, efficient, and effective for the citizen¹⁰.

In understanding the landscape of the digital development in Malaysia, most device ownership remain strongly skewed towards smartphones. Statistics showed that nearly 14% of mobile consumers still use a feature phone and 12% use a connected wearable, with social media ranked as very important in Malaysia across most use cases, followed by video ads and app notifications, indicating that Malaysian consumers prefer using apps to connect and engage with products and services¹¹. While technology is one of the primary drivers of change, it is change itself that is the higher priority for leaders, as suggested by the *Leadership Development Survey* 2005. In a world where interactions are often mediated by information networks, leaders need to establish ways of making positive impressions via new technologies (Zigurs, 2003)¹². Digital's speed requires leaders and managers to develop much

stronger day-to-day skills in working with their teams¹³.

To further understand the digitisation challenge facing leaders today, McKinsey conducted an in-depth diagnostic survey of 150 companies around the world which suggests that leaders must have a common understanding of what does 'digital' mean to them, in order to coherently develop an organisation's digital strategies that could drive a high-performance organisation¹⁴. Yet, it was found that most organisations faced difficulties to get their digital strategy right. In the Harvard Business Review's Analytic Services Report published in 2015, digital leadership, new skills, and the role of Chief Information Officer (CIO) in driving digital transformation was explored¹⁵. Findings from this global survey shows that huge gaps exist between what is needed versus the current state. The digital leader has set high priority in digital knowledge. However, in terms of digital skills, it is relatively lacking. A similar issue was raised from surveys conducted by Deloitte – which

¹⁰ EPU (2015). Eleventh Malaysian Plan. *Chapter 9: Transforming public service for productivity*. Accessed on 12 October 2016. <http://rmk11.epu.gov.my/book/eng/Chapter-9/Chapter%209.pdf>

¹¹ IDC (2016). A Channel, Device and Content Preference Study. In *Digital Consumer View 2016 (Asia)*: International Data Corporation (IDC). pp. 16-17.

¹² Zigurs, I. (2003). Leadership in Virtual Teams: Oxymoron or Opportunity? In *Organizational Dynamics*, 31(4), pp. 339-351

¹³ McKinsey&Company (2016). Transforming operations management for a digital world. Accessed 7 October 2016. [http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/transforming-operations-management-](http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/transforming-operations-management-for-a-digital-world?cid=other-soc-lkn-mip-mck-oth-1610&kui=DLpzcTN12L6PoCNbrjmCQQ)

[for-a-digital-world?cid=other-soc-lkn-mip-mck-oth-1610&kui=DLpzcTN12L6PoCNbrjmCQQ](http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/transforming-operations-management-for-a-digital-world?cid=other-soc-lkn-mip-mck-oth-1610&kui=DLpzcTN12L6PoCNbrjmCQQ)

¹⁴ McKinsey&Company (2015). What 'digital' really means. Accessed 7 October 2016. <http://www.mckinsey.com/industries/high-tech/our-insights/what-digital-really-means>

¹⁵ Harvard Business Review (2015). Driving Digital Transformation: *New Skills for Leaders, New Role for The CIO*. Accessed 7 October 2016. https://www.polyu.edu.hk/iaee/files/Business_Harvard_Review_RedHatReportMay2015.pdf

stated only 30 percent said leaders has sufficient skills to execute digital strategy and have confidence in the organisation's readiness to respond to digital environment¹⁶. Understanding what is required of leaders to survive and thrive in a digital, diverse, complex, and uncertain environment could help to increase leadership effectiveness in an agile environment.

Agile Development

The Fourth Industrial Revolution continues to revolutionise the world, particularly in public service. If it is not well managed, it has the potential to generate serious political, economic, and social upheavals¹⁷ in ways that are unpredictable. Currently, the public sector is struggling to keep up in an increasingly fast-paced, mobile-first culture, with customers expecting fast, seamless, and secure interactions. For example, a study by Nick Utton and Piers Fawkes in *The Digital Transformation Playbook: Unleashing Exponential Growth in The New Economy*, found the need for organisations in adopting continuous development cycles that inspires incremental improvements,

and balances speed with quality, thus ensuring greater agility¹⁸.

Digital transformation requires agile development as digitisation keeps evolving, along with the rise of big data. In achieving the potential of digital transformation, public leaders are required to renew and expand their skills. Pierre Nanterme, Chairman and CEO of Accenture outlined seven key attributes that matters most for leaders in a fast-changing, digital world, namely digital visionary, smart risk taker, confident captain, agile achiever, curious intellectual, natural collaborator and global strategist, local expert.¹⁹ To become more effective and reflective leaders, executives need to learn to improve their behavioural reactions to difficult situations and develop greater emotional intelligence.²⁰ In this sense, effective leaders must be emotionally agile and able to deal with unpleasantness without taking it personally. Therefore, it is important to build resilience and avoid negative impact in facing public scrutiny, and in managing criticism and conflict.

¹⁶ Deloitte (2015). The ascent of digital. *Understanding and accelerating the public sector's evolution*.

¹⁷ Ian Roberge, I. (2016) The Fourth Industrial Revolution and the Government of the Future: *Taking Stock of the Big Picture*. Department of Political Science, Glendon College, York University

¹⁸ Utton, N. and Fawkes, P. (2016) *The Digital Transformation Playbook: Unleashing Exponential Growth in The New Economy*, BMC & PSFK

¹⁹ Pierre Nanterme (2016) Key attributes of the digital leader. Accessed 12 October 2016. <https://www.linkedin.com/pulse/key-attributes-digital-leader-pierre-nanterme>

²⁰ Kets de Vries, M. (2016) *Evolving Leadership in the Digital Age*. The European Business Review. Accessed 14 October 2016. <http://www.europeanbusinessreview.com/evolving-leadership-in-the-digital-age/>

In retrospect, the Malaysian public sector had achieved a paradigm in improving management and public service delivery through the launching of the 'Excellent Work Culture Movement' back in 1989. Since then, the public service has greatly focused on a learning organisation concept in implementing development programmes²¹. Almost 30 years on, the Chief Secretary to the Government (KSN) at the Razak School of Government KSN Annual Lecture expressed the need to re-evaluate organisational composition, which includes people and component agencies, to be leaner, more agile, networked, and performance-driven²². The Malaysian public service as a learning organisation with a transformation agenda must find it as a prerequisite for public service leaders to be more flexible, thus able to know how to work with agility.

The concept of learning agility can be traced back to a series of 1980s studies conducted by the Center for Creative Leadership in partnership with several corporations. Learning agility means

"energetically seeks information and new ideas from a variety of sources; consistently looks for novel ways to solve problems and masters unfamiliar and complex information, roles, and situations quickly and effectively²³." It also refers to the ability to be flexible, responsive, adaptable, and showing initiative during times of uncertainty and change²⁴. Among the benefits of applying learning agility include accelerated leadership development²⁵. Agile leaders manage perpetual motion by reading the new realities of a situation and quickly shifting their attention, perspective, and behaviour to fit the changing environment.

It explains further on a leader's ability to prepare for a VUCA (volatility, uncertainty, complexity, and ambiguity) world that enables people in an organisation to shift their mindset and supporting skills from "*I know change is coming, but I can't really see the potential changes that might impact our organisation*" to "*I see change coming and am prepared and already*

²¹ Mohd Yusoff, M. S. The Public Service as A Learning Organization: The Malaysian Experience. International Review of Administrative Sciences. Accessed 14 October 2016. http://unpan1.un.org/intradoc/groups/public/documents/AP_CITY/UNPAN025530.pdf

²² Razak School of Government (2016). KSN Annual Lecture "Merakyatkan Perkhidmatan Awam: Prioritising The People" Delivered by Tan Sri Dr. Ali Bin Hamsa Chief Secretary to the Government on 7th April 2016 at National Institute of Public Administration (INTAN) Sarawak Campus, Kota Samarahan, Sarawak

²³ National University of Ireland (2011). Leadership in the Irish Civil Service A 360° Review of Senior Management Capability. Ireland

²⁴ Joiner, B. and Josephs, S. (2006), "Leadership agility", *The OD Practitioner*, Vol. 38 No. 3, pp. 35-42

²⁵ Kenneth P. De Meuse, Karunaratne B. and Alexander, A. (2012) The federal agility fix: Developing the next generation of leaders. *Adding learning agility to the federal government's talent management systems will provide more ready-to-thrive leaders*. The Korn/Ferry Institute

doing something about it²⁶." According to Kit Yarrow, author of *Decoding the New Consumer Mind*, "Our brains have adapted to a new digital world, and we're neurologically different as a result... we think faster, multi-task better, have less tolerance for ambiguity, less patience and shorter attention spans."

Research also found that the process and effectiveness of decision making in agile development is critical yet poorly understood²⁷. Daniel Kahneman, in his book titled *Thinking, Fast and Slow*, explained the two systems that drive the way we think and make decisions. System 1 is based on intuition, speed, intuitive, and emotion, while System 2 is focused on reasoning, deliberation, and logic. However, majority of decision-making happens in the subconscious System 1. At a time when the public sector is under unprecedented pressure to better perform in a constrained environment, these insights in putting psychology to work in the digital government is one that no public-sector leader should ignore.

With the digital technology and platforms that offers tremendous innovative products

and services in public sector, the way forward could be on how the government as well as public service leaders must become agile enough and be more responsive to citizens' changing needs. This creates positive implications, particularly on public perception towards public administration. In terms of public service culture, being risk averse, ensuring ability to take wider and greater responsibility to make decisions quickly, dealing with high level outcomes rather than clearly and rigid defined requirements, as well as inclusive engagement, remains key challenges to overcome for agility to work in Government.

In digital leadership, public service leaders need to be well equipped with both digital quotient and emotional agility in operating in an uncertain and complex environment. In the digital world, decision making and innovation, effective leaders work in fast learning cycles. Above all, based on literatures scanned it is clearly elaborated that organisational agility and emotional agility are becoming more critical in the digital era.

²⁶ Horney, N., Pasmore, B. and O'Shea, T. (2010). *Leadership Agility: A business imperative for a VUCA world*. Vol. 33 No. 4, pp. 32-38

²⁷ Drury, M., Conboy, K. and Power, K. (2011) *Decision Making in Agile Development: A focus group study of decisions and*

obstacles. Accessed 14 October 2016.
http://www.agilemethod.csie.ncu.edu.tw/agileMethod/download/2011papers/2011%20Decision%20Making%20in%20Agile%20Development/paper_100502016.pdf