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The influence of learning organization and transformational leadership towards innovation in maintaining firm performance: A case study in banking

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Abstract

This study aims to examine the influence of learning organizations and transformational leadership on product innovation and company performance in the banking sector. In addition, the study also explores the mediating role of product innovation in these relationships. Using a quantitative approach and causality design, data were collected through saturated sampling techniques from 49 employees of Banks in Indonesia. The study's population consisted of 49 employees of Banks in Indonesia. Since there are less than 100 people in the population, saturated samples are used to determine the sample in this study. According to the saturated sample calculation, there were 49 respondents in this survey. The results show that learning organizations have a positive and significant influence on product innovation, but their direct influence on company performance is not significant. Transformational leadership shows a positive but not significant influence on innovation or performance. In particular, product innovation has proven to be a significant mediator between the learning organization and the company's performance, but it is not as significant a mediator between transformational leadership and performance. This study indicates that learning culture supports the creation of innovations that can improve organizational outcomes. However, leadership influence requires structural support to have a real impact. Practically, banks need to build a strong innovation infrastructure in order to maximize the potential for learning and leadership for continuous performance improvement.

Keywords: Enterprise performance, Innovation, Learning organization, Transformational leadership.

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1. Introduction

With the changing times that are accelerating, every organization is required to continue to learn and grow. Organizations that are unwilling to learn can experience slowdown and even risk destruction when competing with many competitors in the same business. The secret to successful organizational growth and development is thought to be an organization's openness to learning. The process of refining activities via greater knowledge and understanding is called organizational learning, and it occurs throughout organizations. Each employee in the business has the chance to learn more about themselves through organizational learning, which helps them become better thinkers and ultimately improves the performance of the organization [1].

Customers now have the authority to demand more and more features, better quality, better service, and advantageous price/cost ratios in the current global economic climate due to significantly enhanced customer access to information and providers. Due to the realities of the market, businesses are under immense pressure to increase their efficacy and efficiency as well as, more importantly, their level of inventiveness in developing and improving products and processes [2]. These advancements have also spurred researchers and practitioners to look for elements that can encourage innovative behavior in teams and institutions. As an illustration, Joo, et al. [3] have determined that three elements are crucial: a person's intellectual aptitude (creative thinking abilities), experience-based expertise, and an environment at work that fosters creativity. Al-Ghazali [4] has also discovered organizational context features like task complexity, regulating supervision, and supporting supervision, as well as psychological traits related to creativity.

Organizational innovation has been found to be influenced by a number of elements. Among these, top managers' leadership style has been found to be one of the most crucial. These results lend credence to the direct and beneficial correlation between organizational innovation and transformational leadership approaches. They also demonstrate that empowerment and an innovative company culture are significantly and favorably correlated with transformational leadership. The findings of later research confirm the hypothesis that organizational innovation and CEO transformational leadership are positively correlated [5]. Organizational learning significantly improves organizational commitment, according to other research. According to Mrisha, et al. [6] businesses that embrace organizational learning dimensions like continuous learning are able to continuously generate and learn new information in order to enhance their operations, which ultimately results in better performance. Inquiry and dialogue also entail developing mutual trust and listening to one another's opinions. Additionally, when companies adopt specialization and division of labor rules, workers are able to select their tasks according to their areas of expertise and, most significantly, receive recognition for performing specific actions that result in better performance.

Banks that adopt a learning organization model generally emphasize the importance of improving employee knowledge and skills, utilizing information technology, and innovating financial products and services. These banks create an environment where employees are encouraged to share knowledge, learn from failures, and engage in the decision-making process. In addition, they often integrate formal and informal learning systems, such as training, mentoring, and collaborative platforms, to ensure continuous knowledge renewal [7]. Therefore, the organization of learning in banking not only supports the growth of individuals but also stimulates the innovation of products and services that are the key to success and competitiveness in the financial industry.

In other words, learning organizations provide a foundation for a culture of innovation that can generate new ideas and solutions that help banks stay competitive. The combination of continuous learning and continuous innovation can be the driving force of a company's performance. Heksarini and Nadir [8] enabling rapid adaptation to market changes and maintaining relevance in a dynamic business environment.

Several studies show that transformational leadership positively affects organizational learning, which in turn positively affects organizational performance [9]. Similar research by Rianto, et al. [10] demonstrate how organizational learning, transformational leadership, and strategic change impact business success. Given the significant dangers, Islamic bank managers need to be able to recognize the value of change for the organization. Islamic banking is more competitive due to the company's support of organizational learning and leadership skills. Similar studies are typically conducted in industrialized nations (Europe, America, and Africa) on manufacturing and service firms. The development of strategic change backed by organizational learning towards performance and transformational leadership is the main emphasis of this study. Additionally, this study was carried out for the first time in Asia with an emphasis on Islamic banks in Jakarta, Indonesia.

Research findings Muhammad, et al. [11] empirically prove that entrepreneurial orientation through organizational learning can maximize innovation performance results. Furthermore, the study's findings [12]. Demonstrate that organizational learning, planning strategy, and the power of innovation all significantly and favorably impact organizational performance. With complementary qualities, the power of innovation can mediate the relationship between organizational learning and strategic planning, and organizational success.

As previously explained, researchers are eager to learn more in-depth information regarding "*The Influence of Learning Organization, and Transformational Leadership towards Innovation in Maintaining Firm Performance: A Study Case in Banking*".

The purpose of this study is to examine how learning organizations affect business performance and product innovation in the banking industry. The impact of transformative leadership on product innovation and business performance is another goal of this study. Additionally, this study looks at how product innovation functions as a mediating factor in the relationship between transformational leadership and corporate performance as well as between learning organizations and firm performance.

To address these objectives, the study was conducted using a quantitative approach with a causality design. The

researchers collected data from employees of Bank XYZ using a saturated sampling technique. Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed for hypothesis testing using SmartPLS 3.3.3 software. The research steps included developing a theoretical framework, designing the instrument, collecting data through surveys, conducting validity and reliability tests (including convergent and discriminant validity), assessing the structural model, and interpreting the results to evaluate the influence of learning organization and transformational leadership on innovation and firm performance.

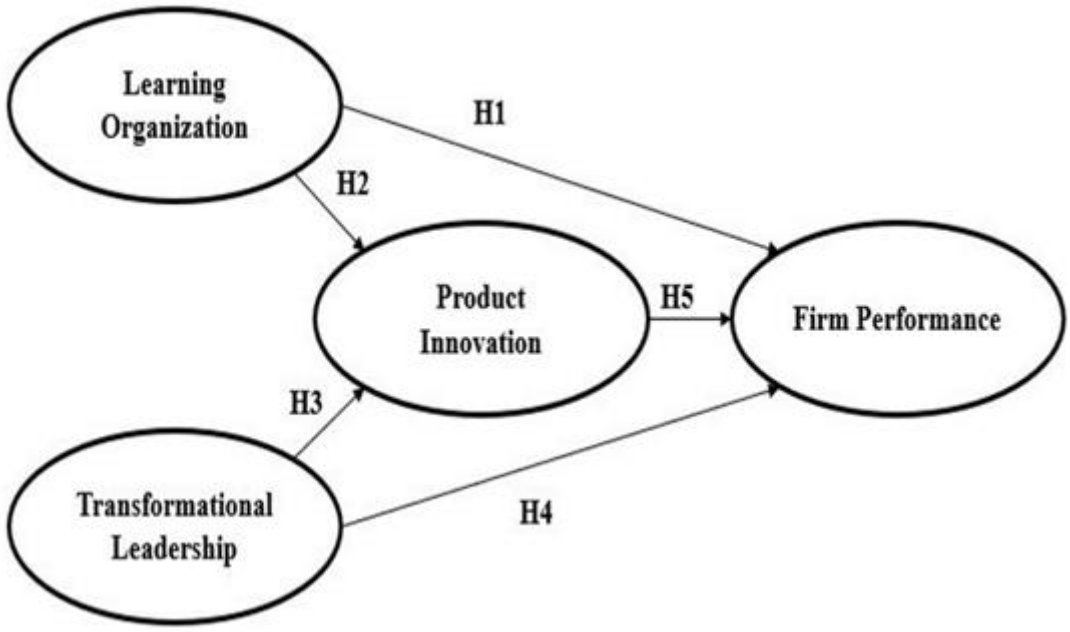
2. Research Methods

This study collected data using questionnaire instruments compiled based on variable indicators that have been validated from previous research. The data analysis technique used is Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software version 3.3.3. PLS-SEM was chosen because it is capable of handling complex models with many latent variables and indicators, and is suitable for relatively small sample sizes. In contrast to previous studies that used classical linear regression or covariance-based SEM such as AMOS or LISREL, the PLS-SEM approach allows researchers to simultaneously test mediated relationships and optimize variants of dependent variables. In addition, this method supports data analysis that does not have to strictly meet the assumptions of normality, which is often a challenge in social studies and management. Therefore, PLS-SEM is considered to be more flexible and appropriately used in the context of this study, which involves a conceptual model with multiple causal pathways and mediating variables.

The study's population consisted of 49 Bank XYZ employees. Since there are less than 100 people in the population, saturated samples are used to determine the sample in this study. According to the saturated sample calculation, there were 49 respondents in this survey, all of them were Bank XYZ personnel. Using SmartPLS version 3.3.3, the Partial Least Square (PLS) approach was used to analyze the data.

Outer Model or Measurement Model Validity Test: A validity test determines if a questionnaire is valid or not. Convergent validity, average variance extracted (AVE), and discriminant validity are among the validity tests that will be used in the various testing phases. A reliability test is used to assess how consistently measuring tools measure a concept or how consistently respondents answer statement items in research instruments or questionnaires. Composite reliability is a useful tool for testing reliability; a variable is considered dependable if its composite reliability value is ≥ 0.7. According to substantive theory, the inner model illustrates the relationships between latent variables. To evaluate the structural model, several indicators were used, including the significance of path coefficient values, the Stone-Geisser Q-square test for predictive relevance, the t-test, and the R-square value for the dependent variable.

Full model structural equation modeling (SEM) analysis using smartPLS is used for hypothesis testing. Examine the outcomes of bootstrapping values, which is accomplished by computing t-statistics in addition to probability values, to test the hypothesis on smartPLS. If the t-statistic value is higher than the t-table 1.96 (α 5%), the hypothesis is considered accepted. If the p value is less than 0.05, the probability value indicates that the hypothesis can be accepted (Ha). The study's hypothesis is as follows:



Hypothesis:

H_1: Learning organizations have a significant impact on Company Performance
H_2: Learning organizations have a significant impact on Innovation
H_3: Transformational leadership has a significant impact on Innovation

H_4: Transformational leadership has a significant impact on Company Performance
H_5: Innovation as Organizational Mediating Learning and Transformational Leadership Has a significant impact on Corporate Performance

3. Result and Discussion

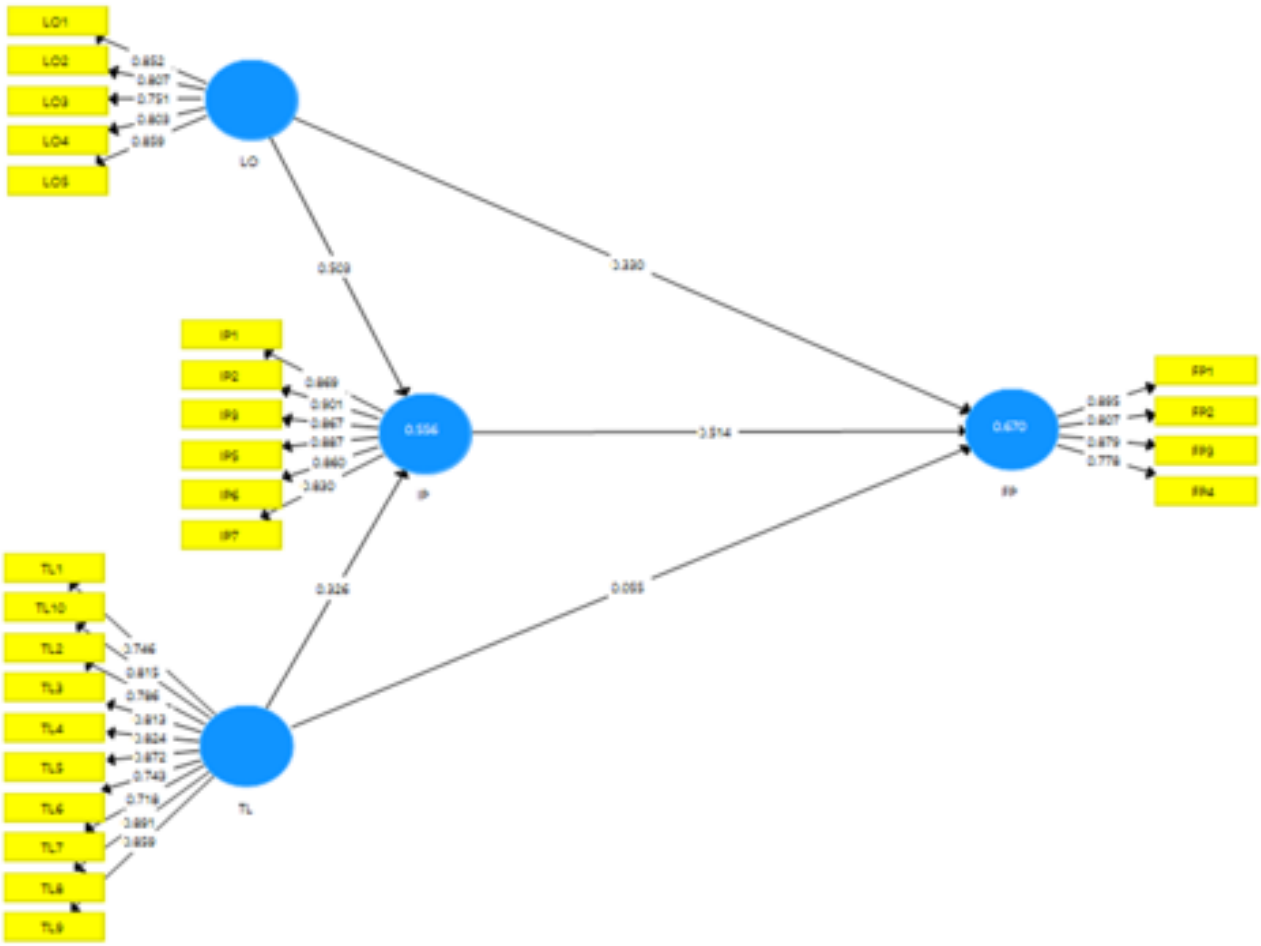


Figure 1.
Structural Equation Model (SEM) Analysis Results.

3.1. Measurement Model / Outer Model Testing

3.1.1. Convergent Validity

To determine whether the measuring device can carry out its intended purpose, validity testing is done. A measure is said to be valid if it accurately captures the idea being measured. According to the findings of convergent validity, which holds that dimensions and variables are valid if their correlation value is more than 0.7, the loading factor value for each dimension and variable in SmartPLS can be used to gauge validity. However, loading values of 0.5 to 0.6 are still appropriate for preliminary research involving the creation of a measurement scale. The table below displays the findings of the loading factor:

Table 1.
Convergent Validity.

Variable	Indicators	Loading	Standard	Description
	FP1	0.895	0.7	Accepted
	FP2	0.807	0.7	Accepted
	FP3	0.879	0.7	Accepted
	FP4	0.778	0.7	Accepted
	IP1	0.869	0.7	Accepted
	IP2	0.901	0.7	Accepted
	IP3	0.867	0.7	Accepted
	IP5	0.887	0.7	Accepted
	IP6	0.860	0.7	Accepted
	IP7	0.830	0.7	Accepted
	LO1	0.852	0.7	Accepted
	LO2	0.807	0.7	Accepted
	LO3	0.751	0.7	Accepted
	LO4	0.803	0.7	Accepted
	LO5	0.859	0.7	Accepted
	TL1	0.746	0.7	Accepted
	TL10	0.815	0.7	Accepted
	TL2	0.786	0.7	Accepted
	TL3	0.813	0.7	Accepted
	TL4	0.824	0.7	Accepted
	TL5	0.872	0.7	Accepted
	TL6	0.743	0.7	Accepted
	TL7	0.718	0.7	Accepted
	TL8	0.891	0.7	Accepted
	TL9	0.859	0.7	Accepted

The above table displays the loading factor value, which indicates the strength of the correlation between each latent variable and each dimension. In the SmartPLS algorithm results, the loading factor value is directly visible in the outer setting output. Table convergent validity test findings indicate that all dimensions are deemed valid since the loading factor value is higher than the required minimum of 0.7 [13].

3.2. Average Variance Extracted (Convergent Validity)

Table 2.
AVE Test Results.

	AVE score
FP	0.707
IP	0.755
LO	0.665
TL	0.654

AVE value is the second indicator of convergent validity. The three latent variable constructs (FP, IP, and TL) exhibit strong validity (AVE > 0.5), meaning that the information in each latent variable can be replicated through its manifest variables.

3.3. Discriminants Validity

To demonstrate whether the dimensions of one construct will have a higher value in the final construct than the value in another, discriminant validity is employed. The cross loading table below displays the discriminant validity results:

Table 3.
Discriminant Validity Test Results.

	FP	IP	LO	TL
FP1	0.895	0.776	0.589	0.608
FP2	0.807	0.520	0.632	0.428
FP3	0.879	0.785	0.631	0.500
FP4	0.778	0.475	0.589	0.369
IP1	0.653	0.869	0.609	0.567
IP2	0.706	0.901	0.560	0.521
IP3	0.648	0.867	0.575	0.503
IP5	0.725	0.887	0.595	0.614
IP6	0.694	0.860	0.672	0.601
IP7	0.626	0.830	0.627	0.454
LO1	0.631	0.664	0.852	0.549
LO2	0.577	0.515	0.807	0.575
LO3	0.571	0.397	0.751	0.453
LO4	0.595	0.596	0.803	0.394
LO5	0.570	0.638	0.859	0.477
TL1	0.465	0.452	0.427	0.746
TL10	0.434	0.525	0.396	0.815
TL2	0.524	0.458	0.478	0.786
TL3	0.522	0.453	0.518	0.813
TL4	0.486	0.508	0.571	0.824
TL5	0.529	0.581	0.617	0.872
TL6	0.318	0.351	0.355	0.743
TL7	0.392	0.449	0.369	0.718
TL8	0.484	0.613	0.498	0.891
TL9	0.456	0.619	0.556	0.859

The cross loading value is determined by comparing how strongly each indicator relates to its own variable, shown by the loading factor against how strongly it relates to other variables. For the results to be valid, an indicator must have a higher correlation with its own variable than with any other variable. Based on the cross loading table above, the loading factors (highlighted in bold) show that each indicator is more strongly associated with its respective latent variable than with others. Therefore, it can be concluded that discriminant validity is achieved.

3.4. Cronbach Alpha and Composites Reliability

Following successful completion of the validity test, the reliability of the measurement model will be examined using two criteria: Cronbach's alpha and composite reliability, which are determined by examining the overview output of the SmartPLS algorithm's results. Above 0.700 is the suggested value to satisfy the measuring structure's reliability. The findings of tests for each research variable are as follows:

Table 4.
Reliability Test Results**.**

	Alpha Cronbach	Composite Reliability
FP	0.862	0.906
IP	0.935	0.949
LO	0.874	0.908
TL	0.940	0.949

The measurement model has strong reliability, as evidenced by the following table, which indicates that the test results are deemed reliable when all variables have values above the suggested ranges. The measurement model is deemed valid and reliable based on the aforementioned test findings, making it suitable for additional analysis.

3.5. Structural Model / Inner Model Testing

Two components that serve as testing tools at the structural model analysis stage are t-statistical tests to evaluate partial hypotheses derived from Bootstrapping computations in SmartPLS applications and R Square analysis (R2) and Q Square (Q2).

3.6. Analysis R Square (R2)

Every endogenous latent variable undergoes R Square (R2) analysis, which shows the extent to which each exogenous variable that contributes to the endogenous latent variable influences it. The more influence the endogenous variable receives, the higher the R2 value.

Table 5.
R Square Analysis (R2).

	R square	R Square Customized
FP	0.670	0.650
IP	0.556	0.539

Source: Processed data.

According to the table above, the factors that were researched concurrently had an influence of R2 = 67.0% on the Firm Performance (FP) variable, whereas other variables that were not studied had an influence of 33.0%. R2 = 55.6% indicates that LO and TL have a simultaneous influence on the product innovation (IP) variable, with other variables not included in the study accounting for the remaining 53.9%.

3.7. Analysis Q Square (Q2)

The Q square value is used to assess the quality of structural models. The study shows that the Q2 value for IP is 0.404 and the Q2 value for FP is 0.442. where this number is greater than zero, indicating that the model's predictive relevance is good.

3.8. Hypothesis Test Results

The purpose of hypothesis testing is to determine whether the independent variable has an impact on the dependent variable. A bootstrap test with a 5% significance threshold is used in SmartPLS to determine the path coefficient's significance. The image and table that follow show the outcomes of the computations used to test the hypothesis:

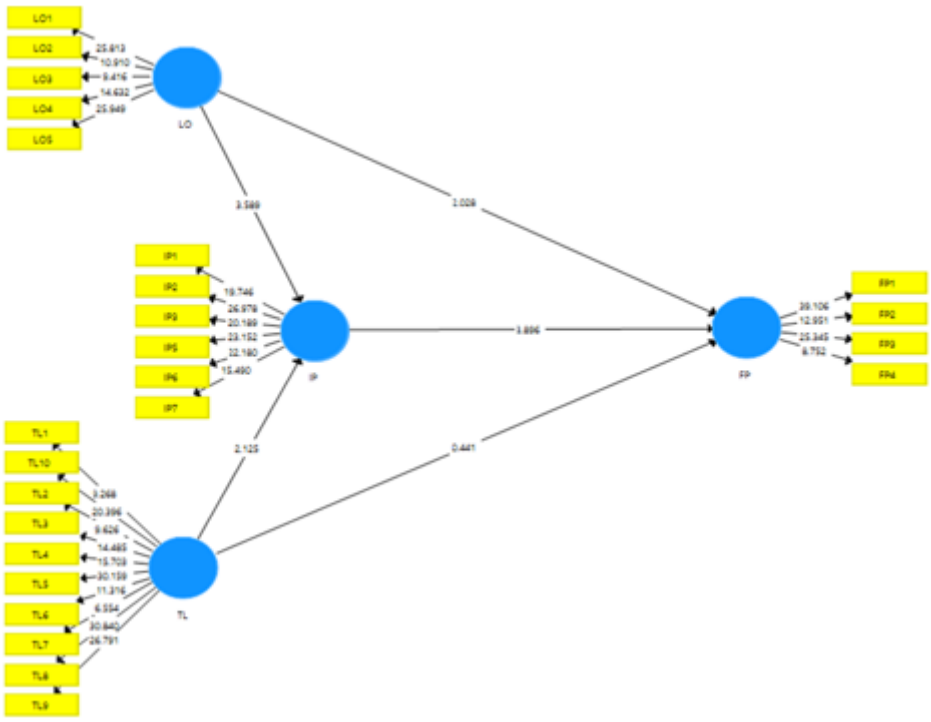


Figure 2.
T Value (Inner Model).

Table 6.
Hypothesis Testing.

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Value	Description
LO -> FP (H1)	0.330	0.318	0.163	2.028	0.043	Insignificant
LO -> IP (H2)	0.503	0.500	0.140	3.589	0.000	Important
TL-> FP (H3)	0.055	0.053	0.125	0.441	0.660	Insignificant
TL -> IP (H4)	0.326	0.337	0.154	2.125	0.034	Important
LO -> IP -> FP (H5)	0.258	0.266	0.103	2.515	0.012	Important
TL -> IP -> FP (H5)	0.168	0.178	0.095	1.764	0.078	Insignificant

3.9. The Relationship between Organizational Learning and Corporate Performance

According to testing the study's findings, LO have a positive and negligible impact on CP in the banking sector. This may suggest that while learning-oriented companies are likely to experience internal improvements, the direct effect on

performance may not be felt in the short term or still require the support of other external factors to amplify the effect. This finding supports Lu and Kim [14] and Mok, et al. [15] assertion that learning organizations improve business performance in a positive and negligible way. Similar findings showing learning organizations have a positive and negligible impact on business performance are stated in Bhaskar and Mishra [16].

The positive but insignificant impact of LO can also be caused by a mismatch between the learning process and strategic implementation that has a direct impact on performance outcomes. Companies may have adopted a culture of learning, but if it is not accompanied by appropriate decision-making or innovations that meet market needs, then the contribution of LO to CP is limited. Therefore, it is important for companies to not only encourage learning, but also ensure that the knowledge gained is actually integrated into effective business strategies in order to have a real impact on performance.

3.10. The Relationship between Organizational Learning and Product Innovation

According to testing the research findings, learning organizations have a major and favorable impact on product creation in the banking sector. This outcome supports the claim made by Bhaskar and Mishra [16] that learning organizations significantly and favorably influence product innovation. Conducted a study (USA) on 187 assistant managers of R&D departments to determine the relationship between LO, innovation and CP. The higher the level of learning organization, the more innovation capabilities and improved the company's performance.

Learning organizations play a crucial role in driving product innovation in the banking sector. With a culture that supports continuous learning, adaptation to change and knowledge sharing, banks can more quickly respond to market dynamics and customer needs. This enables the development of new products that are more relevant, competitive and technology-driven. A work environment that supports idea exploration and cross-functional collaboration also accelerates the innovation process, making organizations more agile in creating innovative financial solutions.

More results show that there is a positive and significant relationship between learning and Innovation. In fact, we can say that learning organizations generate new knowledge or ideas and improve the ability to understand and apply them. Organizational learning can result in organizational progress when the organization determines its mission, customers, capacity, and strategy. This kind of learning will lead to fundamental innovations in new products, services, and organizational processes.

The huge and positive impact of a learning organization on product innovation is also seen in the bank's ability to integrate digital technologies, such as mobile banking services, electronic payments, and AI-based solutions. When learning becomes part of an organization's culture, employees are more ready to embrace change and leverage new knowledge to create products that meet modern market expectations. Therefore, building and strengthening the characteristics of a learning organization is an important strategy for the banking sector to maintain competitiveness through continuous innovation.

3.11. The Relationship between Transformational Leadership and Corporate Performance

According to testing the research findings, transformational leadership has a favorable and negligible impact on business performance in the banking sector. This finding contradicts the assertion made by Easa, et al. [17] that transformational leadership significantly and favorably influences product innovation. This outcome contradicts Sadia and Akram [18] assertion that transformative leadership significantly and favorably improves business performance.

Transformational leadership is known as a leadership style that inspires, motivates, and empowers employees to reach their full potential. In the context of the banking sector, this type of leadership shows a positive influence on business performance because it can create a supportive work environment, increase employee engagement, and encourage innovation and continuous improvement. However, despite its positive direction, its impact on business performance tends to be insignificant. This suggests that the transformational influence may not be fully felt or is held back by external and structural factors that are typical in the banking industry, such as strict regulations, bureaucracy, or limitations in decision-making.

In addition, the insignificant impact of transformational leadership on business performance may indicate that leadership alone is not enough to drive tangible results without being supported by aligned organizational systems, processes, and strategies. In the highly complex and competitive banking sector, transformational leadership needs to be more broadly integrated into organizational policies, performance management systems, and work culture for it to have a more concrete impact on business outcomes. Therefore, while transformational leadership has a positive direction, its effectiveness on performance requires a more holistic and consistent approach.

3.12. The Relationship of Transformational Leadership with Product Innovation

According to testing the research findings, transformational leadership has a positive and negligible impact on product innovation in the banking sector. This finding supports the assertion made by Easa, et al. [17] that transformational leadership significantly and favorably influences product innovation. However, the findings also demonstrate that while employees think that their leaders' excellent behavior is significant, it is insufficient for them to embrace new process innovations like implementing new marketing strategies, using technology to enhance processes, and adhering to formal procedures to enhance customer services. These findings support claims made by Orabi [19] and Sattayaraksa and Boon-itt [20] that respect and trust may not always encourage followers to follow their leaders' instructions; hence, ideal influence leaders have a detrimental effect on process innovation.

Transformational leadership promotes long-term vision, inspiration and empowerment of employees, which theoretically can create an environment conducive to product innovation. In the banking sector, this leadership has the potential to lead teams to think creatively and challenge conventional ways of working, thereby supporting the development of new financial products that are better suited to market needs. However, the findings showing a positive but insignificant impact suggest that while this leadership style supports an innovative atmosphere, its direct influence on the creation of product innovation is limited or not fully realized in practice.

This weak impact can be attributed to various structural and regulatory constraints that are unique to the banking sector. For example, while a transformational leader may encourage new ideas, the process of developing and launching banking products is often hampered by strict regulations, internal bureaucracy and high operational risks. In addition, if the spirit of innovation built by the leader is not supported by an infrastructure, incentive system, and organizational culture that supports experimentation, product innovation is difficult to develop optimally. Therefore, in order for the impact of transformational leadership on product innovation to become more apparent, a systemic approach is needed that integrates the leadership vision with a more structured and implementable innovation strategy.

3.13. Product Innovation as a mediator between the relationship between Learning Organizations and Corporate Performance

Product innovation acts as a positive and important mediator between learning organizations and business performance in the banking sector, according to testing the research findings. Organizational learning, innovation power, and strategic planning all significantly improve organizational performance, according to research by Ismail, et al. [21]. The power of innovation is significantly enhanced by organizational learning and strategic planning. Furthermore, Mahmoud, et al. [22] demonstrated that while learning orientation has a substantial influence on innovation, market orientation has a significant association with innovation.

Product innovation plays an important role as a bridge between the characteristics of learning organizations and improved business performance in the banking sector. Learning organizations that actively manage knowledge, promote continuous learning, and are open to change tend to create ideal internal conditions for product innovation to emerge. These innovations enable banks to respond to dynamic market needs, deliver more relevant financial solutions and strengthen competitiveness. As a mediator, product innovation becomes a key channel that transforms organizational learning into tangible business results.

The strong mediating role of product innovation shows that simply being a learning organization is not enough if it is not followed by the ability to transform knowledge into strategic action. In this case, product innovation becomes a concrete manifestation of the results of the continuous learning process. When learning is applied to the development of new products that are innovative and adaptive to technology and customer needs, the impact on business performance is significant. Therefore, strengthening product innovation capacity is a crucial step for banks that want to maximize the potential of a learning organization to sustainably improve performance.

3.14. Product Innovation as a mediator between the relationship between Transformational leadership and Corporate Performance

Product innovation acts as a positive and negligible mediator between transformative leadership and business performance in the banking sector, according to testing the research findings. According to research Para-González, et al. [23] when an organization develops a system of certain HRM, learning, and innovation processes, the use of transformational leadership styles enhances performance. Nonetheless, the study's findings Anjarwati [24] demonstrated that Surabaya City's cooperative performance was not significantly impacted by the variables of innovation and transformational leadership. This is believed to be the result of the different corporate sizes of banks and cooperatives.

Studies by Noruzy, et al. [25] reveal that transformational leadership (TL) has a beneficial impact on manufacturing businesses' organizational performance and organizational innovation. Manufacturing executives can foster organizational innovation and enhance overall performance in the industry by adopting a transformational role and utilizing knowledge management and organizational learning.

Product innovation acts as a potential pathway linking transformational leadership with improved business performance. Transformational leadership, which emphasizes vision, motivation and empowerment, can create a climate conducive to the birth of new ideas and the development of innovative financial products. However, the finding that product innovation is only a positive but insignificant mediator suggests that although the direction of the effect is as expected, its strength is still weak. This means that product innovation is not yet the main mechanism that bridges the influence of leadership on business outcomes in the banking context.

This weak mediating impact may be due to the complexity of the banking sector, where product innovation faces many barriers such as strict regulations, slow adoption cycles, and limitations in experimentation and implementation of new technologies. While transformational leaders are able to drive innovative ideas, without the support of flexible organizational systems and structures, these ideas may not develop into products that impact business performance. Therefore, to strengthen the role of product innovation as a significant mediator, banks need to create an environment that enables effective and rapid integration between leadership vision and innovation execution.

4. Contribution, Limitation and Future Research

This research contributes to an understanding of the key role of Learning Organization and traditional leadership in driving innovation and improving corporate performance, particularly in the context of the banking industry.

Implementation of these findings can provide a new source of reference and help companies deal with the challenges faced by the ever-changing modern banking industry by maintaining a balance between organizational learning and established leadership principles.

Managers and leaders in the banking industry are advised to integrate elements of organizational learning into day-to-day management practices and consider adapting traditional leadership to facilitate innovation. Concrete steps, such as the development of training programs and recognition of innovative ideas, can help create an environment that supports long-term growth and performance.

This research still has shortcomings, namely the sector discussed is only the scope of banking. In the future, research can be carried out for other sectors that still have no research so that it will enrich the existing research literature.

5. Conclusion

Based on the results of hypothesis testing, it can be concluded that there is a positive and insignificant influence between learning organizations on company performance. There is a positive and significant influence among learning organizations on product innovation. There are positive and insignificant influences between transformational leadership on company performance. There are positive and insignificant influences between transformational leadership on product innovation. There is a positive and significant influence, where product innovation acts as a mediator between learning organizations and company performance. There is a positive and insignificant influence, where product innovation acts as a mediator between transformational leadership and corporate performance in the banking sector.

This research shows that organizations that apply the concept of Learning Organization have a greater ability to drive innovation. A strong learning culture creates an environment where employees feel encouraged to contribute to new ideas and to continually improve work processes. Transformational leadership, which includes a strong vision, drive to achieve common goals, and ability to motivate employees, is proving to be a critical factor in supporting innovation. Leaders who are able to inspire and provide clear direction can create an environment where innovative ideas can flourish.

Full effectiveness is achieved when Learning Organization and transformational leadership work together. Organizations that apply these two concepts synergistically can create a culture of continuous innovation, where employees feel empowered to learn, develop, and participate in innovative processes. The implementation of Learning Organization and transformational leadership is positively related to improving company performance. Innovation underpinned by organizational learning and motivating leadership can result in improved efficiency, better service to customers, and competitive advantage in the banking market.

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