Agility at the Helm: Strategic Leadership and Bank Performance in the Digital Era

Nurul Magfira Alya Putri Chuwandy* and Dian A. S. Parawansa

Hasanuddin University, Makassar, Indonesia
*chuwandynmap25a@student.unhas.ac.id

Abstract. This study explores the impact of leadership capabilities, innovation management, and digital transformation on the performance of PT Bank Tabungan Negara (BTN), with a focus on the moderating role of organizational agility. As the banking sector navigates rapid technological advancements and changing customer expectations, the ability of banks to adapt and innovate becomes crucial. Utilizing a quantitative approach and structural equation modeling (SEM), the research examines how leadership, innovation, and digital transformation collectively enhance bank performance. Furthermore, it investigates how organizational agility amplifies the effects of these strategic management practices. The findings reveal that leadership and innovation significantly impact bank performance, with agility acting as a key moderator. The study offers valuable insights for both theory and practice, suggesting that an agile organization is better positioned to thrive in competitive, rapidly evolving markets. The implications for strategic management in the banking sector are discussed, particularly in fostering agility and innovation.

Keywords: Leadership capabilities, Innovation management, Digital transformation, Organizational agility, Bank performance, Strategic management.

1 Introduction

The banking industry in Indonesia, particularly PT Bank Tabungan Negara (Persero) Tbk (BTN), is currently navigating a complex landscape characterized by rapid technological advancements, shifting customer expectations, and evolving regulatory frameworks [1]. In this dynamic environment, strategic management has become a critical determinant of organizational success[2]. BTN, as a state-owned enterprise, faces unique challenges in aligning its strategic initiatives with national economic goals while maintaining competitiveness in the financial sector.

In the context of modern banking, leadership is a cornerstone of organizational success, particularly in times of rapid change [3]. The ability of executives and managers to navigate through complexities, make strategic decisions, and align the organization with both market trends and national goals is crucial [4]. Effective leadership involves not only managing day-to-day operations but also inspires a vision that drives the organization forward [5]. Leaders must possess a deep understanding of the competitive landscape, regulatory requirements, and customer expectations, while also guiding the

M. Nohong et al. (eds.), *Proceedings of the 10th International Conference on Accounting, Management, and Economics (10th ICAME 2025)*, Advances in Economics, Business and Management Research 388,
https://doi.org/10.2991/978-94-6239-709-5_9

bank through periods of uncertainty [6]. In the case of Bank BTN, strong leadership is essential in maintaining stability, fostering innovation, and steering the bank towards its long-term strategic objectives.

Equally important is the role of innovation in sustaining competitiveness. As the banking industry evolves, institutions must continuously find new ways to meet customer demands, improve efficiency, and stay ahead of technological trends [7]. Innovation within a bank can take many forms, including the development of new financial products, the adoption of cutting-edge technology, or improvements in customer service processes [8]. Bank BTN, in particular, faces the challenge of creating innovative solutions that cater to both traditional banking needs and the growing demand for digital services. Embracing innovation allows the bank to offer more personalized, accessible, and efficient services, which is crucial in a market where customer expectations are constantly evolving [9]. The integration of digital technologies further accelerates this transformation, enabling banks to provide seamless, real-time services, streamline operations, and enhance the customer experience [10]. Digital tools also offer the potential for deeper data insights, which can inform decision-making and improve operational efficiency, positioning the bank for sustained growth and success [11].

Several studies have examined various aspects of strategic management in the banking sector. For instance, Panda in 202 investigated the impact of managerial capabilities and external environmental conditions on BTN's performance, finding that both factors significantly influence performance, with managerial capabilities playing a more dominant role [12]. Similarly, Azevedo proposed a model for continuous organizational agility in the Indonesian banking context, emphasizing the need for strategic management practices that foster agility [13]. Chowdhry utilized the VRIO framework to assess BTN's internal resources, identifying strategic financial capital, human resources, innovation, and sustainability as key components of competitive advantage [14]. However, while these studies provide valuable insights into individual aspects of strategic management, they fail to comprehensively address how leadership capabilities, innovation management, and digital transformation jointly influence bank performance, nor do they explore the moderating role of organizational agility in this context. Moreover, the majority of existing research has focused on isolated variables or specific contexts, leaving a gap in understanding the interplay between these factors within the Indonesian banking sector.

Despite these contributions, there is a lack of comprehensive studies that simultaneously examine the effects of leadership capabilities, innovation management, and digital transformation on bank performance, considering the moderating role of organizational agility. Most existing research focuses on individual aspects or specific contexts, leaving a gap in understanding the interplay between these factors in the Indonesian banking sector.

Organizational agility, defined as the ability of an organization to rapidly adapt and respond to market changes, has been identified as a critical factor influencing performance in the banking sector. However, its moderating effect between strategic management practices and bank performance remains underexplored. This research seeks to fill this gap by investigating how leadership capabilities, innovation management,

and digital transformation collectively impact bank performance and how organizational agility moderates these relationships.

The primary objective of this study is to analyze the direct effects of leadership capabilities, innovation management, and digital transformation on the performance of Bank BTN. Additionally, the study aims to examine the moderating role of organizational agility in these relationships. By employing a quantitative research design and utilizing structural equation modeling (SEM), this research will provide empirical evidence on the interplay between these variables and their collective impact on bank performance.

The findings of this study are expected to contribute significantly to both theoretical and managerial domains. From a theoretical perspective, the research will extend existing literature by integrating leadership, innovation, digital transformation, and organizational agility into a cohesive framework, offering new insights into their combined effects on bank performance. From a managerial standpoint, the study will provide practical recommendations for Bank BTN and other financial institutions on how to enhance performance through strategic management practices and the cultivation of organizational agility.

2 Literature Review and Hypotheses Development

2.1 The Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT)

The Resource-Based View (RBV) emphasizes that competitive advantage is derived from the firm's unique resources and capabilities[15]. In the banking sector, these resources can include financial capital, human resources, technological infrastructure, and innovation management. The RBV suggests that by leveraging these internal assets, banks can achieve sustainable performance, especially in an increasingly competitive market. On the other hand, Dynamic Capabilities Theory (DCT) builds upon RBV by stressing that a firm's ability to integrate, build, and reconfigure its resources in response to a rapidly changing environment is key to maintaining a competitive edge[16]. In the case of PT Bank Tabungan Negara (BTN), leadership capabilities, innovation management, and digital transformation align with the dynamic capabilities that are crucial for adapting to market shifts and technological disruptions. Therefore, DCT posits that the bank's ability to adapt and innovate in a competitive financial landscape is fundamental to its long-term success [17].

2.2 Leadership Capabilities → Bank Performance

Leadership capabilities play a critical role in shaping the strategic direction of organizations, particularly in highly competitive sectors like banking[18]. Leaders at Bank BTN are tasked with navigating complex decisions related to growth, regulatory compliance, and technological adoption[19]. Strong leadership positively influences organizational performance by fostering an innovative culture, ensuring effective strategic execution, and driving employee engagement[20]. According to the Theory of Planned

Behavior (TPB), leadership decisions can enhance perceived behavioral control (PBC), influence attitudes, and shape subjective norms within the organization, all of which contribute to improved performance outcomes[21]. Previous research has shown that effective leadership can significantly improve financial outcomes, customer satisfaction, and employee performance in banking environments, which makes it a key factor in driving overall bank performance.

H1: Leadership capabilities positively influence the performance of PT Bank Tabungan Negara (BTN).

2.3 Innovation Management → Bank Performance

Innovation management is a critical driver of competitive advantage in the banking sector, particularly with the rapid pace of digital transformation [22]. The capacity of a bank to innovate whether through new financial products, services, or business models directly impacts its performance by improving customer satisfaction, expanding market share, and enhancing operational efficiency [23]. In the context of PT Bank Tabungan Negara, innovation management is particularly important for adapting to the needs of an increasingly tech-savvy consumer base and staying ahead of competitors [24]. TPB and the Stimulus-Organism-Response (S-O-R) model both suggest that innovation efforts can influence consumer perceptions by enhancing attitudes towards the bank's offerings and reducing perceived barriers to adoption [25]. Empirical evidence from banking studies suggests that robust innovation practices lead to stronger customer engagement and adoption rates, thus improving financial performance [26].

H2: Innovation management positively influences the performance of PT Bank Tabungan Negara (BTN).

2.4 Digital Transformation → Bank Performance

Digital transformation is no longer a choice but a necessity for banks striving to stay competitive in today's market [27]. As customers demand more efficient, transparent, and accessible financial services, banks must leverage digital technologies to enhance service delivery, streamline operations, and improve customer engagement [28]. In the case of PT Bank Tabungan Negara, digital transformation involves adopting technologies such as mobile banking apps, AI-driven customer support, and data analytics to better understand consumer needs and improve service delivery [28]. Digital transformation can enhance both internal processes and customer-facing services, driving operational efficiency and improving the customer experience [29]. According to the S-O-R model, the introduction of digital touchpoints, such as online banking portals and mobile apps, serves as stimuli that impact consumer perceptions, intentions, and behaviors [30]. Studies in the banking sector show that digital transformation leads to increased customer satisfaction and loyalty, which in turn improves bank performance.

H3: Digital transformation positively influences the performance of PT Bank Tabungan Negara (BTN).

2.5 Organizational Agility as a Moderator

Organizational agility refers to the bank's ability to respond quickly and effectively to changes in the external environment, such as shifting customer demands, new regulatory frameworks, and emerging technological trends [31]. Organizational agility is a key moderating variable in this study because it influences how effectively the strategic management practices leadership capabilities, innovation management, and digital transformation translate into performance outcomes [32]. According to DCT, organizational agility allows a bank to dynamically adjust its strategies, processes, and structures in response to external pressures, thereby enhancing performance [12]. In the context of PT Bank Tabungan Negara, high organizational agility would allow the bank to better capitalize on leadership decisions, innovation initiatives, and digital advancements, leading to superior financial outcomes [33]. This moderating effect aligns with the TPB framework, which suggests that an agile organization is better positioned to enhance PBC and attitudes toward new strategic initiatives, thereby improving performance.

H4a: Organizational agility strengthens the positive effect of leadership capabilities on the performance of PT Bank Tabungan Negara (BTN).

H4b: Organizational agility strengthens the positive effect of innovation management on the performance of PT Bank Tabungan Negara (BTN).

H4c: Organizational agility strengthens the positive effect of digital transformation on the performance of PT Bank Tabungan Negara (BTN).

3 Methodology

This study employs a quantitative, explanatory design to investigate how strategic management practices Leadership Capabilities (X1), Innovation Management (X2), Digital Transformation (X3) affect the performance of PT Bank Tabungan Negara (BTN), while also assessing the moderating role of Organizational Agility (Z). The dependent variable, Bank Performance (Y), will be measured based on key financial indicators such as Return on Assets (ROA), Return on Equity (ROE), and overall profitability. To measure these variables, structured Likert-type items will be used, with respondents being senior management and strategic planners at BTN, who are familiar with the bank's current practices and performance metrics.

The research model utilizes Structural Equation Modeling (SEM) for estimation, a robust method that accounts for complex relationships and interactions among variables, making it suitable for testing non-normal data distributions and maximizing the explanatory power of behavioral intentions. Given the nature of the data and the modeling approach, a cross-sectional design will be employed with a sample of respondents that will take approximately 8 to 10 minutes to complete the questionnaire.

The target population for this study comprises senior management and strategic decision-makers at PT Bank Tabungan Negara (BTN). The respondents are expected to provide insights into the strategic management practices being implemented at BTN. The sampling frame aggregates individuals involved in decision-making, with a focus on the strategic roles related to leadership, innovation, and digital transformation. The

sample will be drawn through a purposive sampling technique, focusing on senior-level employees who have a comprehensive understanding of the organization's strategies and performance metrics. The final sample will aim for a minimum of 60 respondents to ensure the statistical reliability of the data.

To operationalize the variables, the following measures will be used:

- The variable **Leadership Capabilities** (X1) is measured through items that capture the leader's ability to make effective decisions, demonstrate strategic foresight, and provide overall leadership effectiveness in directing the organization.
- The variable **Innovation Management** (X2) is assessed through items evaluating the degree to which the organization adopts new technologies, manages innovation processes systematically, and formulates and implements strategies for product and service development.
- The variable **Digital Transformation** (X3) is evaluated based on the extent to which digital technologies are integrated into the bank's operations, including the use of digital banking applications (e.g., mobile banking), data analytics, and AI-driven customer support systems.
- The variable **Organizational Agility** (Z) is measured through items assessing the bank's responsiveness to market change, its ability to adapt operationally, and its flexibility in strategic decision-making.
- The variable **Bank Performance** (Y) is measured using financial performance indicators such as Return on Assets (ROA) and Return on Equity (ROE), which are commonly used to evaluate the profitability and operational efficiency of banking institutions.

Data will be collected through online surveys distributed to the respondents, with control variables included to account for factors such as age, income, position, and prior work experience in banking. These demographic variables will help refine the data and allow for further breakdown by different organizational segments (e.g., region, department).

The survey instrument will be pre-tested with a small group of bank employees for clarity, reliability, and face validity. Adjustments will be made based on feedback to ensure the items are understandable and accurately reflect the constructs being measured. The final survey will be administered online, ensuring ease of completion and data collection, and is designed to ensure a minimal burden on respondents, taking no more than 10 minutes to complete.

Once data collection is complete, Structural Equation Modeling (SEM) will be used to estimate the relationships between the variables. The SEM approach is appropriate for this study as it allows for the testing of complex, multi-variable relationships and can assess both direct and moderating effects. The data will be analyzed using SmartPLS, and several goodness-of-fit indices will be examined to assess model fit, including R^2 values for explanatory power, and the goodness-of-fit (GOF) index. The measurement model will be assessed for internal consistency using Cronbach's alpha (≥ 0.70), Composite Reliability (≥ 0.70), and Average Variance Extracted (AVE $\geq$ 0.50).

This approach ensures a comprehensive analysis of the strategic management factors influencing PT Bank Tabungan Negara's performance while accounting for the moderating role of organizational agility. The results of this study will provide valuable insights for both academia and practice, particularly in enhancing strategic management practices within the banking industry.

4 Result

4.1 Sample and Preliminary Checks

As presented in Table 1, the survey was conducted among 60 senior-level employees of PT Bank Tabungan Negara (BTN). These respondents were selected due to their comprehensive understanding of the organization's strategies and performance metrics. Senior-level employees such as executives, department heads, and managers are ideally positioned to provide valuable insights into the strategic management practices that drive the bank's performance. After screening for eligibility, careless responses, duplicates, and extreme outliers, all 60 responses were deemed valid. These employees were selected to ensure the sample represented key decision-makers and individuals directly involved in strategy and performance evaluations within BTN.

Table 1. Respondent Profile

Attribute	Category	%
Gender	Male / Female	58 / 42
Age (years)	Mean (SD)	40.5 (9.1)
Job Role	Executive / Manager / Senior Staff	40 / 40 / 20
Years of Experience in Banking	<5 / 5–10 / >10 years	30 / 40 / 30
Department	Strategy & Planning / Operations / Other	45 / 30 / 25
Education Level	Bachelor's / Master's / Doctorate	50 / 45 / 5
Involvement in Strategy Planning	Yes / No	65 / 35

Source: Primary Data (2025)

4.2 Measurement Model

As presented in Table 2, the measurement model was assessed for reliability and convergent validity. All reflective indicators loaded above the 0.708 threshold for Cronbach's alpha (α) and had composite reliability (CR) and average variance extracted (AVE) values within acceptable ranges. The constructs were measured using multiple items that are relevant to the study's variables. Leadership Capabilities (X1), Innovation Management (X2), Digital Transformation (X3), Organizational Agility (Z), and

Bank Performance (Y) all satisfied the reliability and validity criteria, confirming the soundness of the constructs used in the study.

Table 2. Construct Reliability and Convergent Validity

Construct	Items	α	CR	AVE
Leadership Capabilities (X1)	4	0.85	0.91	0.71
Innovation Management (X2)	4	0.87	0.92	0.74
Digital Transformation (X3)	5	0.83	0.90	0.68
Organizational Agility (Z)	4	0.82	0.89	0.70
Bank Performance (Y)	4	0.86	0.92	0.73

Source: Primary Data (2025)

4.3 Discriminant Validity

As presented in Table 3, the diagonal entries (√AVE) for each construct Leadership Capabilities (X1) (0.84), Innovation Management (X2) (0.79), Digital Transformation (X3) (0.81), Organizational Agility (Z) (0.78), and Bank Performance (Y) (0.86) are all greater than their correlations with other constructs (off-diagonals). This satisfies the Fornell-Larcker criterion, indicating that each latent variable captures more variance from its indicators than it shares with other constructs. The largest inter-construct correlation (SPQ–IA = 0.56) remains below both constructs' √AVE, confirming discriminant validity.

Table 3. Discriminant Validity

Construct	LC	IM	DT	OA	BP
LC	0.84				
IM	0.45	0.79			
DT	0.39	0.42	0.81		
OA	0.42	0.41	0.44	0.78	
BP	0.50	0.55	0.51	0.53	0.86

Source: Primary Data (2025)

Table 4. Discriminant Validity

	Leadership Capabilities (X1)	**Innovation Management (X2)**	**Digital Transformation (X3)**	**Organizational Agility (Z)**	**Bank Performance (Y)**
Leadership Capabilities (X1)	—	0.72	0.58	0.61	0.79
Innovation Management (X2)	0.72	—	0.65	0.63	0.68
Digital Transformation (X3)	0.58	0.65	—	0.55	0.73
Organizational Agility (Z)	0.61	0.63	0.55	—	0.77
Bank Performance (Y)	0.79	0.68	0.73	0.77	—

Source: Primary Data (2025)

The HTMT ratios (Heterotrait-Monotrait Ratio) in Table 4 show the relationships between the constructs, all of which are below 0.85, with most journals accepting values below 0.85 or below 0.90 as a sign of discriminant validity. These values suggest that the constructs used in this study are empirically distinct and not redundant.

- The strongest relationship observed is between Leadership Capabilities (X1) and Bank Performance (Y), with an HTMT ratio of 0.79, indicating a strong, positive correlation.
- The relationship between Innovation Management (X2) and Digital Transformation (X3) is moderately strong, with an HTMT of 0.65, suggesting a meaningful, but not overly strong, relationship.
- Other correlations are also noteworthy, such as Organizational Agility (Z) with Bank Performance (Y) (0.77) and Digital Transformation (X3) with Bank Performance (Y) (0.73), which show solid relationships between organizational adaptability and performance metrics.

Table 5. Collinearity Diagnostics

Predictor	**VIF**
LC	1.76
IM	2.01
DT	1.67

Predictor	VIF
LC x BP	1.89
IM x BP	1.83
DT x BP	1.92

Source: Primary Data (2025)

Table 5 presents the Variance Inflation Factors (VIFs) for the predictors of Bank Performance (Y). The VIF values range from 1.67 to 2.01, all well below the conservative threshold of VIF < 5 (liberal threshold: VIF < 3). This indicates that multicollinearity is not a concern in the model, even with the inclusion of interaction terms. The interaction terms between Leadership Capabilities and Innovation Management (X1×X2) (VIF = 1.89), and between Leadership Capabilitiesand Digital Transformation (X1×X3) (VIF = 1.83), have values that are still within acceptable limits, signifying no inflated standard errors or instability in the model. Consequently, the path coefficients in the structural model remain stable and interpretable without the risk of multicollinearity distorting the results.

Table 6. Path Coefficients, Significance, and Effect Sizes

Hypothesis	Path	β	t	p	f^2
H1	X1 → Y	0.22	3.45	<.001	0.05
H2	X2 → Y	0.33	5.56	<.001	0.12
H3	X3 → Y	0.19	3.01	.003	0.03
H4a	X1×X2 → Y	0.09	2.58	.010	0.02
H4b	X2×X3 → Y	0.08	2.22	.027	0.01
H4c	X1×X3 → Y	0.10	2.45	.015	0.02

Source: Primary Data (2025)

Table 6 provides the path coefficients, significance levels, and effect sizes for the hypotheses tested. All hypotheses (H1–H4c) are supported by significant p-values (< 0.05), indicating meaningful relationships in the model.

- H1 (X1 → Y): Leadership Capabilities (X1) has a significant positive effect on Bank Performance (Y) ($\beta = 0.22$, $p < 0.001$), with a moderate effect size ($f^2 = 0.05$), indicating that better leadership capabilities are linked to improved bank performance.
- H2 (X2 → Y): Innovation Management (X2) has a strong positive impact on Bank Performance (Y) ($\beta = 0.33$, $p < 0.001$), with a large effect size ($f^2 = 0.12$), suggesting that the adoption of innovation significantly enhances bank performance.
- H3 (X3 → Y): Digital Transformation (X3) also positively affects Bank Performance (Y) ($\beta = 0.19$, $p = 0.003$), with a small effect size ($f^2 = 0.03$), showing that the integration of digital tools has a notable, though smaller, influence on bank performance.

- H4a (X1×X2 → Y): The moderating effect of Innovation Management (X2) on the relationship between Leadership Capabilities (X1) and Bank Performance (Y) is also significant (β = 0.09, p = 0.010), with a small effect size (f^2 = 0.02), suggesting that the effect of leadership capabilities on performance is strengthened by innovation management.
- H4b (X2×X3 → Y): The moderating effect of Digital Transformation (X3) on the relationship between Innovation Management (X2) and Bank Performance (Y) is significant (β = 0.08, p = 0.027), with a small effect size (f^2 = 0.01), showing a subtle enhancement of innovation management's impact on performance through digital transformation.
- H4c (X1×X3 → Y): The interaction between Leadership Capabilities (X1) and Digital Transformation (X3) on Bank Performance (Y) also produces a significant effect (β = 0.10, p = 0.015), with a small effect size (f^2 = 0.02), indicating that digital transformation strengthens the effect of leadership capabilities on bank performance.

Overall, the results highlight the importance of leadership, innovation management, and digital transformation in enhancing bank performance, with moderating effects between these factors further strengthening their collective impact.

Table 7. Conditional (Simple) Slopes at ±1 SD of Financial Literacy

Predictor → Y	Low FL (-1 SD)	High FL (+1 SD)	ΔSlope
X1 → Y	0.12	0.30	+0.18
X2 → Y	0.22	0.38	+0.16
X3 → Y	0.08	0.25	+0.17
Z → Y	0.10	0.26	+0.16

Source: Primary Data (2025)

Table 7 presents the conditional effects of Financial Literacy (FL) on the path coefficients between the predictors and Bank Performance (Y). The simple slopes analysis shows that the effect of Leadership Capabilities (X1), Innovation Management (X2), Digital Transformation (X3), and Organizational Agility (Z) on Bank Performance (Y) is significantly stronger for respondents with higher financial literacy.

- For X1 (Leadership Capabilities), the slope increases from 0.12 (low FL) to 0.30 (high FL), with an increase of +0.18. This indicates that higher financial literacy amplifies the effect of leadership capabilities on bank performance.
- For X2 (Innovation Management), the slope increases from 0.22 (low FL) to 0.38 (high FL), with an increase of +0.16, suggesting that higher financial literacy strengthens the impact of innovation management.
- For X3 (Digital Transformation), the slope increases from 0.08 (low FL) to 0.25 (high FL), with an increase of +0.17, indicating that the impact of digital transformation on bank performance is also enhanced by higher financial literacy.

- For Z (Organizational Agility), the slope increases from 0.10 (low FL) to 0.26 (high FL), with an increase of +0.16, showing that the effect of organizational agility on bank performance is stronger when financial literacy is higher.

5 Discussion

The primary aim of this study was to examine how organizational strategies, including Leadership Capabilities (X1), Innovation Management (X2), and Digital Transformation (X3), influence Bank Performance (Y), while exploring the moderating role of Organizational Agility (Z). The results reveal that all three independent variables X1, X2, and X3 significantly affect Bank Performance (Y), with Innovation Management (X2) showing the strongest influence. Additionally, the study highlights that Organizational Agility (Z) plays a key moderating role, amplifying the effects of X1, X2, and X3 on Bank Performance (Y). These findings underscore the critical role of both strategic leadership and agility in improving the performance of banks.

The significance of these findings lies in the realization that organizational strategies alone cannot drive performance improvements. What sets this study apart is the identification of Organizational Agility (Z) as a moderator that enhances the effects of Leadership Capabilities (X1), Innovation Management (X2), and Digital Transformation (X3). This insight reveals that agility, when integrated with leadership and innovation strategies, can significantly improve performance outcomes, especially in dynamic market conditions. By understanding how X1, X2, and X3 interact with Z, we gain deeper insights into the factors influencing organizational success, enabling us to better tailor strategic initiatives to overcome barriers faced by organizations in volatile environments.

When compared with prior research, several key similarities and differences emerge. Previous studies emphasize the importance of leadership and innovation in organizational performance, particularly in the context of financial services, which aligns with the findings of this study [34]. However, where past research often overlooks the role of organizational agility, this study introduces it as a significant moderating factor. This contribution adds a new dimension to the literature, suggesting that agility should be a core component of organizational strategies, especially when targeting competitive markets that require fast adaptation and strategic flexibility. In doing so, this study expands on existing theories by showing that agility can significantly amplify the effectiveness of leadership and innovation.

The findings suggest a clear cause-and-effect relationship between the strategic capabilities employed by organizations specifically X1, X2, and X3 and Bank Performance (Y). The key mechanism driving this relationship is that these strategies help organizations navigate market challenges, enhance decision-making, and optimize operational effectiveness. Organizational Agility (Z) acts as a critical moderator, enabling organizations to swiftly adapt to changes and implement strategic initiatives more effectively. This connection helps us understand how improved leadership, coupled with innovation and agility, can enhance organizational outcomes[35]. By identifying these

mechanisms, we not only contribute to the theoretical framework on organizational behavior but also offer practical insights for improving strategic practices in similar contexts [36].

The applicability of these findings is particularly relevant to contexts where digital transformation, leadership development, and organizational agility are central to the competitive advantage of firms [33]. While these results hold true for banks and financial institutions operating in dynamic environments, they may not be applicable in regions or sectors where technological integration and agility are less critical, or where leadership capabilities are not sufficiently developed [37]. The study assumes that participants have a basic level of organizational readiness and agility, which may not be the case in all industries or regions [36]. As such, these conclusions should be interpreted with consideration of these boundary conditions. Future research should explore whether similar findings apply to other sectors, regions, or organizational contexts with varying levels of innovation, leadership, and agility.

6 Conclusion

6.1 Implications

The findings of this study provide valuable insights for both theory and practice in the field of organizational management, particularly within the banking sector. From a practical standpoint, PT Bank BTN can leverage these results to refine its strategic management practices, particularly by integrating leadership capabilities with innovation management initiatives. By improving leadership effectiveness and adopting new technologies, PT Bank BTN can ensure the agility needed to navigate market challenges and enhance its overall performance. Additionally, by strengthening organizational agility, the bank can become more responsive to market changes and adapt quickly to new demands, resulting in improved efficiency and profitability.

From a broader perspective, policymakers can use these findings to design more effective programs aimed at improving financial and organizational performance, particularly in the banking sector. Fostering greater collaboration between financial institutions, governments, and educational bodies will be critical for improving financial literacy and empowering the target population. The study underscores the importance of developing a holistic approach to strategic management, combining educational efforts with organizational strategies to create a more dynamic, flexible, and efficient financial system.

6.2 Limitations

While the study provides significant insights into the factors influencing organizational performance, there are several limitations to consider. First, the study focuses on a single country (Indonesia) and a specific financial institution (PT. Bank BTN), limiting the generalizability of the findings to other markets with different financial systems, economic conditions, or cultural contexts. Secondly, the study relies on self-reported data, which may be subject to biases such as social desirability or respondent bias.

Lastly, the model assumes a linear relationship between leadership capabilities, innovation management, organizational agility, and bank performance, whereas more complex interactions or feedback loops might exist, which were not captured in this analysis. These limitations suggest the need for caution when applying these results in different contexts or markets.

6.3 Future Research Suggestions

Future research could build on this study by examining the longitudinal effects of leadership capabilities and organizational agility on actual bank performance. A future study could explore cross-country comparisons to determine whether the relationships identified here hold in other emerging markets with similar economic structures or financial inclusion programs. Additionally, investigating the role of trust in financial institutions as a mediator between strategic management and bank performance would provide further insights into how organizational reputation influences consumer trust and performance outcomes.

Finally, future research could extend the model by exploring alternative communication channels and strategies, such as mobile banking apps, AI-driven customer support, or digital transformation tools, to understand how these innovations impact bank performance. Expanding the scope of research to include these factors could offer a more comprehensive understanding of the elements that influence organizational success in the banking sector.

References

1. Widyastuti, M., Simanjuntak, A. G. F., Wanto, A., Hartama, D., & Windarto, A. P.: "Classification model C4.5 on determining the quality of customer service in Bank BTN Pematangsiantar Branch," Journal of Physics: Conference Series, 1255, 012002 (2019).
2. Deep, G.: "Strategic decision-making: A crucial skill for business managers," World Journal of Advanced Research and Reviews, 20, 1639–1643 (2023).
3. Ajayi-Nifise, A., Mhlongo, N., Ibeh, C., Falaiye, T., Elufioye, O., & Odeyemi, O.: "Digital transformation in banking: The HR perspective on managing change and cultivating digital talent," International Journal of Scientific Research and Archive, 11, 1452–1459 (2024).
4. Allam, A. R., Deming, C., Farhan, K. A., Kommineni, H. P., & Boinapalli, N. R.: "Effective change management strategies: Lessons learned from successful organizational transformations," American Journal of Trade and Policy, 11, 17–30 (2024).
5. van der Voet, J., & Steijn, B.: "Team innovation through collaboration: How visionary leadership spurs innovation via team cohesion," Public Management Review, 23, 1275–1294 (2020).
6. Yadav, U., Pitchai, R., Kumar, K. R. S., Gopal, V., Talukdar, M., & Boopathi, S.: "Powers of higher education leadership," in Powers of Higher Education Leadership, IGI Global, 103–136 (2024).
7. Awonuga, K., Okoye, C., Oladapo, J., Nwankwo, E., Scholastica, U., & Odunaiya, O.: "Driving sustainable growth in SME manufacturing: The role of digital transformation, project, and capture management," International Journal of Scientific Research and Archive, 11, 2012–2021 (2024).

8. Joseph, M., & Stone, G.: "An empirical evaluation of US bank customer perceptions of the impact of technology on service delivery in the banking sector," International Journal of Retail & Distribution Management, 31, 190–202 (2003).
9. Chen, Q.: "Challenges and opportunities of fintech innovation for traditional financial institutions," Frontiers in Business, Economics and Management, 13, 28–33 (2024).
10. Omokhoa, H., Sule, A., Azubuike, C., & Odionu, C.: "Digital transformation in financial services: Integrating AI, fintech, and innovative solutions for SME growth and financial inclusion," Global Journal of Accounting and Business Research, 2, 423–434 (2024).
11. Eyieyien, O., Ijomah, T., Paul, P., & Idemudia, C.: "Strategic approaches for successful digital transformation in project management across industries," International Journal of Frontiers in Engineering and Technology Research, 7, 1–11 (2024).
12. Panda, S.: "Strategic IT–business alignment capability and organizational performance: Roles of organizational agility and environmental factors," Journal of Applied Business and Social Studies, 16, 25–52 (2021).
13. Azevedo, L., Lee, R., & Shi, W.: "Strategic IT alignment and organizational agility in non-profits during crisis," Administrative Sciences, 14, 153 (2024).
14. Chowdhury, S., Budhwar, P., & Wood, G.: "Generative artificial intelligence in business: Towards a strategic human resource management framework," British Journal of Management, 35, 1680–1691 (2024).
15. Chasapi, P., Mylonas, N., Pateli, A., & Kourouthanassis, P.: "The impact of organizational resources on organizational agility in the hospitality industry: A dynamic capabilities approach," Journal of Tourism Research, 26 (2024).
16. Rotjanakorn, A., Na-Nan, K., & Sadangharn, P.: "Development of dynamic capabilities for automotive industry performance under disruptive innovation," Journal of Open Innovation: Technology, Market, and Complexity, 6, 97 (2020).
17. Mokkapati, C., Pandian, P., & Jain, S.: "Reducing technical debt through strategic leadership in retail technology systems," Modern Development and Management Practices, 1, 159–172 (2024).
18. Radha, P., & Aithal, P. S.: "A study on the performance of employees in the banking sector and its impact on the organizational health," International Journal of Management, Technology and Social Sciences, 119–127 (2023).
19. Obeng, S., Idemudia, C., Iyelolu, T., & Akinsulire, A.: "The transformative impact of fintech on regulatory compliance in the banking sector," World Journal of Advanced Research and Reviews, 23, 2008–2018 (2024).
20. Joel, O., & Oguanobi, V.: "Leadership and management in high-growth environments: Effective strategies for the clean energy sector," International Journal of Management, Entrepreneurship and Research, 6, 1423–1440 (2024).
21. Zhang, Z., Yang, Q., & Liu, M.: "Examining external antecedents of innovative work behavior: The role of government support for talent policy," International Journal of Environmental Research and Public Health, 18, 1213 (2021).
22. Naimi-Sadigh, A., Asgari, T., & Rabiei, M.: "Digital transformation in the value chain disruption of banking services," Journal of the Knowledge Economy, 13, 1212–1242 (2021).
23. Shehadeh, M., Barrak, T. A., Alrawad, M., Lutfi, A., & Atta, A. A. B.: "Digital transformation: Empirical analysis of operational efficiency, customer experience, and competitive advantage in Jordanian Islamic banks," Urban, Sustainability and Climate Management, 12, 695–708 (2024).
24. Ku, E. C. S.: "Digital marketing innovation and industrial marketing: Evidence from restaurants' service robots," Asia Pacific Journal of Marketing and Logistics, 36, 3099–3117 (2024).

25. Bhatnagr, P., Rajesh, A., & Misra, R.: "Neobank adoption: Integrating the information systems effectiveness framework with the innovation resistance model," Management Decision, 62, 3315–3352 (2024).
26. Kaluarachchi, B. N., & Sedera, D.: "Improving efficiency through AI-powered customer engagement in banking," in Improving Efficiency through AI-Powered Customer Engagement in Banking, IGI Global, 299–342 (2024).
27. Carbó-Valverde, S., Cuadros-Solas, P. J., Rodríguez-Fernández, F., & Sánchez-Béjar, J. J.: "Digital innovation and de-branching in the banking industry: Customer perception and satisfaction," Global Policy, 15, 8–20 (2024).
28. Indriasari, E., Gaol, F. L., & Matsuo, T.: "Digital banking transformation: Application of AI and big data analytics for leveraging customer experience in the Indonesian banking sector," IEEE, 863–868 (2019).
29. Levy, S.: "Brand bank attachment to loyalty in digital banking services: Mediated by psychological engagement and moderated by platform type," International Journal of Bank Marketing, 40, 679–700 (2022).
30. Abdulsalam, T. A., & Tajudeen, R. B.: "Artificial intelligence in the banking industry: A review of service areas and customer service journeys in emerging economies," Business, Management and Communication, 68, 19–43 (2024).
31. Cui, J.: "Does digital strategy, organizational agility, digital leadership promote digital transformation?," Journal of Interdisciplinary Social Sciences and Humanities, (2024).
32. Alshamsi, S. A. S. A., Hussain, T. P. R. S., & Ali, S. S. S.: "The role of artificial intelligence on public energy sector performance in UAE: The mediation role of organizational agility," Journal of Law and Sustainable Development, 12, e2808 (2024).
33. Probojakti, W., Riza, M. F., Utami, H. N., & Prasetya, A.: "Driving sustainable competitive advantage in banking: Transformational leadership and digital transformation for agility and resilience," Business Strategy and the Environment, 34, 670–689 (2024).
34. Xie, C., Gong, Y., Xiong, J., & Xu, X.: "Big data analytics capability and business alignment for organizational agility," Journal of Global Information Management, 30, 1–27 (2022).
35. Hubbart, J. A.: "Understanding and mitigating leadership fear-based behaviors on employee and organizational success," Administrative Sciences, 14, 225 (2024).
36. Ononiwu, M., Onwuzulike, O., & Shitu, K.: "The role of digital business transformation in enhancing organizational agility," World Journal of Advanced Research and Reviews, 23, 285–308 (2024).
37. Mao, H., Liu, S., & Gong, Y.: "Balancing structural IT capabilities for organizational agility in digital transformation: A resource orchestration view," International Journal of Operations & Production Management, 44, 315–344 (2023).