



The link between Strategic Leadership Practices and Organizational Performance: A Field study in Yemeni Banking Sector

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Keywords

1. Strategic Leadership
 2. Organizational Performance
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Abstract:

The study aimed to determine the link between strategic leadership practices and organizational performance in the Yemeni banking sector. The specific objectives of the study were to determine the influence of strategic direction, visionary communication, core competencies, human capital development and balanced organizational control on the performance of Yemeni banking sector .

For achieving its goals, the study has been conducted on the Yemeni banking sector. The descriptive approach was applied, and a questionnaire was developed to collect data from 312 respondents who have supervisory positions in ten YBs.

The study revealed several results, the most important one was that the presence of a positive effect of strategic leadership on the organizational performance of Yemeni banking sector. The results of this study provide strong evidence that strategic direction, visionary communication, core competencies, human capital, and balanced organizational control have a positive and a statistically significant impact on organizational performance in Yemeni banks.

العلاقة بين ممارسات القيادة الإستراتيجية والأداء المنظمي: دراسة ميدانية في القطاع المصرفي اليمني

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الكلمات المفتاحية

2. الأداء المنظمي

1. القيادة الاستراتيجية
3. القطاع المصرفي اليمني

الملخص:

الهدف من هذه الدراسة هو تحديد العلاقة بين ممارسات القيادة الاستراتيجية والأداء المنظمي للبنوك في القطاع المصرفي اليمني. كانت الأهداف المحددة للدراسة هي تحديد تأثير التوجه الاستراتيجي و التواصل الرؤيوي والمقدرات الجوهرية وتطوير رأس المال البشري والرقابة التنظيمية المتوازنة على أداء القطاع المصرفي اليمني. ولتحقيق هذا الهدف تم تطبيق الدراسة على القطاع المصرفي اليمني. تم استخدام المنهج الوصفي، وتم تطوير استبانة لجمع البيانات من 312 مستجيباً ممن هم في مستويات وظائف إشرافية في عشرة بنوك في القطاع المصرفي اليمني. وتوصلت الدراسة إلى عدة نتائج كان من أهمها وجود أثر إيجابي للقيادة الاستراتيجية على الأداء المنظمي في القطاع المصرفي اليمني. تقدم نتائج هذه الدراسة دليلاً قوياً على أن التوجه الاستراتيجي، التواصل الرؤيوي، المقدرات الجوهرية، رأس المال البشري، والرقابة التنظيمية المتوازنة لها تأثير إيجابي وذو دلالة إحصائية على الأداء المنظمي في البنوك اليمنية.

1. INTRODUCTION

The current business environment is increasingly complex and volatile, driven by multifaceted political, technological, and economic transformations (Mui et al., 2018).

These multifaceted transformations do not only impact the overall economic performance of countries; they also have a profound impact on the operational efficiency of business entities (Nudurupati et al., 2020).

It is also accompanied by radical and wide changes in the standards and patterns that control and govern the organizational performance.

Organizational performance is the outcome of the activities undertaken, and for any business, it is closely linked to overall levels of efficiency and productivity (Yu, 2023). Performance reflects not only the effectiveness of operations, but also the ability to optimize resources and achieve strategic objectives (Agwu, 2018).

Moreover, Performance itself is emerging as a pivotal indicator of an organization's success or failure, making it a central concern for managers and leaders alike (Uzel, 2015).

Therefore, organizations need to deeply understand the elements and conditions of changes and transformations with a strategic perspective in terms of dealing with requirements of a complicated business environment (Kuhe et al., 2021).

Strategic leadership is instrumental in shaping organizational performance by equipping organizations to effectively navigate their external environment. It also facilitates the ability to adapt to external and internal changes, ensuring flexibility and

responsiveness in a dynamic landscape (Robinson & Onuoha, 2023).

The banking sector, in particular, is acutely affected by these changes, operating under both international and local pressures that shape its strategic landscape. The Yemeni Banking Sector (YBS) serves as a salient example of this phenomenon, playing a critical role in the national economy while simultaneously contending with significant challenges (Althibah et al., 2019).

The Yemeni banking sector has recently faced many changes and challenges in the business environment. Changing investment approaches, customer needs, government requirements, and monetary and fiscal policies.

As for the challenges, the Yemeni banking sector is experiencing a faster pace characterized by: customer needs, and the limits of legislative and supervisory authorities.

Therefore, these changes and transformations have been accepted as performance challenges.

Banks' performance is significantly influenced by various factors, including the competitive landscape, stakeholder management, political environment, regulatory framework, and emerging technologies.

Therefore, it is crucial for banks to develop a deep understanding of external economic trends. By staying attuned to these dynamics, banks can strategically position themselves to adapt and thrive in a changing market (Ahmed & Othman, 2017).

In the banking sector, institutions rely primarily on depositors' funds to pay for investments and support their operational

activities. Therefore, organizational performance is a critical indicator that reflects how effectively banks manage and optimize their resources (Ramirez & Monticello, 2022).

Effective strategic leadership practices do not only outlines the organization's future path but also plays a crucial role in shaping the outcomes of organizational performance. It entails a forward-looking approach that ensures the organization's long-term viability by comprehensively understanding present indicators and trends (Dong et al., 2023)

As evidenced in the context of the Yemeni banking sector(YBS), where rapid changes and challenges abound, the role of strategic leadership emerges as a pivotal factor in enhancing organizational performance. Effective strategic leadership Practices are essential for adapting to both external and internal changes, ensuring that banks can optimize their resources and achieve their strategic objectives.

These insights can inform the development of tailored strategies that not only enhance operational efficiency but also strengthen the competitive positioning of organizations in a rapidly evolving financial landscape (Elkhdr, 2019).

Consequently, this research underscores the importance of strategic leadership in enhancing YBS performance. Moreover, it is providing valuable insights for effective strategic leadership in economically challenged regions, and ultimately contributing to the long-term viability of banking institutions in a dynamic financial landscape.

2. PROBLEM STATEMENT

Studies and reports are indicating the poor performance of Yemeni banking sector. The weakness of banking performance in Yemen is a

result of the failure of fully exploiting the available scientific and technological development (Salm, 2017). Moreover, the presence of threats such as political instability and war conditions had a negative impact on the monetary and financial policies.

The World Bank Group's 2017 report highlighted several challenges facing YBS. These issues include a low level of intermediation, with banking deposits representing only 27% of GDP, significantly lower than the Middle East average of 76%. Additionally, there has been an unprecedented liquidity crisis stemming from a decline in trust between the public sector and the economic downturn. Furthermore, the central bank's capacity to carry out essential functions is weak.

Moreover, as a result of the lack of stability and the complexity of business environment, banks have stopped to perform most of important their basic functions(AlMutari et al., 2019). In addition, banking services in Yemen differ in that; they are not mature compared to the rest of the region, which leads to weak organizational performance (Shawtari, 2018).

Sharan (2020) stated that Yemeni banking sector development has stalled as a result of war and economic crises; also, Yemeni banking sector is facing a liquidity crisis and a deterioration in the confidence of the private sector and individuals.

This situation has led to a significant decline in lending activities, hampering economic growth and exacerbating the challenges faced by businesses and consumers alike. The ongoing instability has not only strained financial institutions but also hindered foreign investment,

further complicating efforts to revitalize the economy and restore public trust in the banking system (Raga et al., 2021).

This precarious situation has prompted calls for urgent reforms to stabilize the banking system and restore trust among investors and depositors. Implementing effective regulatory frameworks and enhancing transparency within financial institutions could be crucial steps toward rebuilding confidence and fostering a more resilient banking environment in Yemen (Hazaa&Hazaa, 2021).

Moreover, reports indicated financial cycle exit from the banking sector to other channels, which is confirmed by the increasing number of exchange companies that reached 905 in the year 2019 with a growth rate of 45.96% between 2009 and 2019 (Central Statistical Organization report, 2020). In addition, the Yemeni banking sector is suffering from many problems such as the shortage of liquidity. Reports of the Central statistical Organization show a reduction of the supply of money from 33.1% in 2010 to 0% in 2019 (Central Statistical Organization report, 2020).

Recently, there has been a government will towards transitioning to the real economy. This is in addition to directing investments toward the agricultural and industrial sectors (National Vision for Building the Modern Yemeni State, 2019). The country is also witnessing a government move toward transitioning from a traditional banking system to an Islamic one, which will impact and change credit and investment policies. This is evidenced by the issuance of Law No. (4) of 1444 AH, which prohibits usurious transactions (Yemeni News Agency, Saba).

The low performance of Yemeni banks is resulted from the factors associated to leadership and

strategic planning. Therefore, YBS performance is a major concern; if action not taken, banks may/will diminish their overall effectiveness of performance. Consequently, there is a considerable influence of leadership that cannot be ignored in improving performance of banks (Samad& Ahmed, 2020).

Enhancing the performance of the Yemeni banking sector during the current circumstances and the requirements of the business environment, requires strategic dealings and ability to adapt and keep pace with the current and future transformations and directions. Therefore, strategic leadership is becoming crucial, otherwise, the Yemeni banking sector will face a serious threat of being left behind.

3. RESEARCH QUESTIONS

In seeking to determine the impact of Strategic Leadership Practices and Organizational Performance, the researcher developed the following research question and sub-questions that need to be answered through this research:

Q: What is the impact of Strategic Leadership on Organizational Performance at YBS?

From this main question, the following sub questions were developed:

- a) What is the impact of Strategic Direction on Organizational Performance at YBS?
- b) What is the impact of Visionary Communication on Organizational Performance at YBS?
- c) What is the impact of Core Competencies on Organizational Performance at YBS?
- d) What is the impact of Human Capital Development on Organizational Performance at YBS?
- f) What is the impact of Balanced Organizational Control on Organizational Performance at YBS?

4. LITERATURE REVIEW

Strategic leadership has been described as a core of critical practices, including the determined long-term goals of the organization; taking advantage of an organization's core capabilities; developing the human capital and implemented balanced control systems (Ireland & Hitt 1999; Hagen et al., 1998). Shoemaker & Krupp (2013) stated that strategic leadership is concerned about how to appropriately adaptive capacity in term to respond to the complexity and dynamism of the external environment.

In contemporary management, strategic leadership is seen as the ability to cope with uncertainty and constant changes (Samimi, et al, 2021). Moreover, strategic leadership is about how leaders need to anticipate, envision, and empower employees to achieve high performance.

Working in such complicated and changeable business environment, is becoming a great challenge for organizations and has an inevitable impact on the organization performance. Hence, there is need to introduce an additional indication on how organizations deal with fluctuations taking place in this environment. One of the variables that can determine organization performance is strategic leadership.

Generally, most recent studies enriched the impact of strategic leadership practices on organizational performance (Zureigat et al, 2017 & Kusuma & Ayumardani, 2016)

Harrison (2011) concluded that organizational performance really depends on strategic leadership role.

5. RESEARCH OBJECTIVES

This research aims to examine the Strategic Leadership Practices and Organizational Performance. The scope of the study is the Yemeni Banking sector. From the introduction and the aforementioned problem, objectives can be summed up as follows:

- 1) Study and examine the level of practice of Strategic Leadership Practices in YBS.
- 2) Study the impact of Strategic Leadership Practices on Organizational Performance at YBS.

6. RESEARCH HYPOTHESIS

Many previous studies have been conducted to examine the impact of strategic leadership and organizational performance. These studies have summed up with results that prove the impact of strategic leadership and organizational performance (Munga & Gakenia, 2022), (Miriti, 2021), (Tajet al., 2020), (Wanyama & Nyaga, 2019), (Bose & Ndegwa, 2019) and (Omret al., 2017).

Therefore, the researcher has developed this main hypothesis to answer the research question:

H: There is a statistically significant impact of Strategic Leadership Practices on organizational performance in the Yemeni Banking Sector.

From this main hypothesis, the following sub hypothesis were developed:

H a) Strategic Direction has a statistically significant impact on Organizational Performance at YBS.

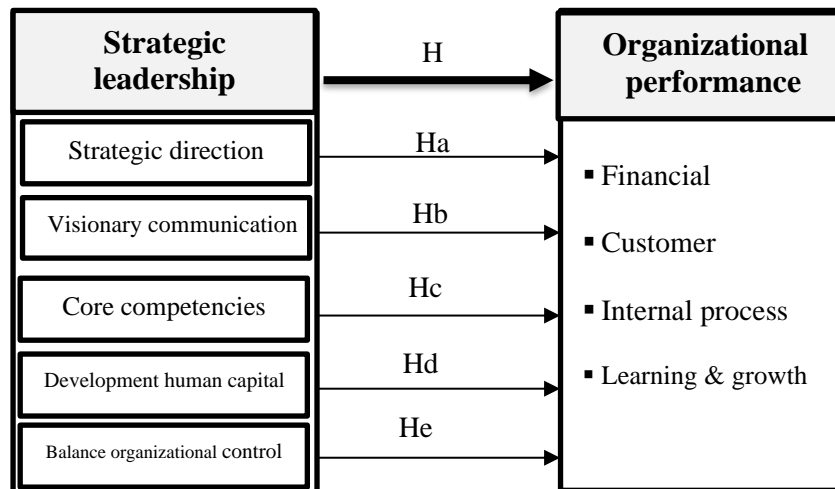
H b) Visionary Communication has a statistically significant impact on Organizational Performance at YBS.

H c) Core Competencies has a statistically significant impact on Organizational Performance at YBS.

H d) Human Capital Development has a statistically significant impact on Organizational Performance at YBS.

H f) Balanced Organizational Control has a statistically significant impact on Organizational Performance at YBS.

Figure 1: Conceptual Framework



Source: Own elaboration

7. RESEARCH IMPORTANCE

The significance of this study comes from the importance of organizational performance in banking sector in terms of achieving the desired performance which will eventually enhance the national economy. Strategic leadership is a solid ground to introduce transformation in the banking sector. Furthermore, organizations are embracing Strategic leadership assurance of the desired organizational performance. The significance of the study can be summed up theoretically and practically as follows:

1. Theoretical significance

Strategic leadership is considered one of the most important topics that attract the attention of the scholars and researchers and motivate their interests in the field of management. Strategic leadership is also considered a suitable means that could play a vital role in organizational performance.

Moreover, to the best knowledge of the researcher, there might be rare studies that have been conducted in this field in Yemen.

This research will take the initiative in its context and can be of great benefit to other researchers who are interested in this area.

2. Practical Significance:

The Practical importance of the study is based on the anticipated outcomes which will help in improving the services provided by YBS through maximizing the utilization of their core competencies, increasing awareness of how can banks deal with business environment, how to manage the transformational phase, enhancing the ability of continuous performance.

Moreover, the expected outcomes will help YBS to find the crucial role of strategic leadership especially in period of change and transformational stage.

Furthermore, according to the current reality of YBS mentioned in the study's Problem Statement it showed the urgent needs for expected outcomes of study. It will help the institutions that are responsible and concerned of banking transformations. It will explain the readiness of Yemeni banking sector to change and transformation adaptation too. In addition, the results of study will highlight the importance of YBS and their role in developing the national economy.

8. SCOPE OF THE RESEARCH

The study is limited to investigate the impact of Strategic leadership on organizational performance at Yemeni Banking Sector. The study is limited to YBS that are registered in the Central Bank of Yemen until the end of fiscal year 2021.

Nine banks are excluded for several reasons. Furthermore, The study is limited to individuals who have leadership and supervisory positions at YBS. These include leadership and supervisory ranging from the "General Managers to Vice Head Section.

9. OPERATIONAL DEFINITIONS

It is essential operationally to define the study variables and dimensions in order to lend credibility to the study methodology. More specifically, operational definitions influence the validity and reliability of the study. They also help control the variables by making the measurement constant.

Organizational Performance (OP):

Cascio (2014) characterized organizational performance as the extent to which an organization fulfills its mission, measured through job outcomes, customer connections, service quality, and intangible results.

According to Shabbir and Gardezi (2020), organizational performance also refers to ensuring that resources are utilized appropriately, encompassing all actions taken by managers at various levels to assess how well an organization meets its goals. For the purpose of this study, organizational performance is used here to mean the comprehensive results of the whole banks' processes and activities, which evaluates how efficiently and effectively it utilizes its available resources to achieve its strategic objective.

Strategic leadership (SL):

Hitt et al. (2014) defined Strategic leadership as the ability to predict, visualize the future, while maintaining flexibility and authorizing others to create strategic change as necessary. Suharto (2023) further defined it as a leader's capability to guide an organization in reaching its strategic goals by optimally leveraging resources.

For this study, strategic leadership is employed to mean the ability of YBS leaders' to visualize the future, direct the organization, initiate changes, and achieve strategic goals that will ensure a sustainable future for YBS.

Strategic Direction (SD):

Strategic direction refers to the overarching goals and priorities that guide an organization's decision-making and resource allocation (Datsenko et al., 2023).

Tipurić (2022) defines Strategic direction as the long-term vision and objectives set by an organization's leadership. In this study, strategic direction is employed to mean the long-term vision and clear path for achieving goals set by YBS' leadership allowing for adaptation to changing circumstances to improve overall performance.

Visionary communication (VC):

Visionary communication is the process by which leaders effectively share and articulate an

organization's vision to inspire, clarify, and align employees, ensuring they understand, remember, and commit to the future direction of the organization (Talula et al., 2007). According to Breen (2019) visionary communication refers to the ability of leadership to effectively convey a clear and inspiring vision that unites and motivates the workforce, enabling empowered decision-making and fostering creativity, essential for navigating the complexities of modern organizational environments.

For the purpose of this study, visionary communication is employed to mean the process by which YBS leaders effectively convey a clear and inspiring vision banks' that inspires and mobilizes followers a shared objective.

Core competencies (CC):

Core competencies are the essential skills and capabilities that enable organizations to achieve competitive advantage and effectively implement strategies (Hooda & Singla, 2020).

Vlasov (2021) further defines Core competencies as the internal sources of competitive advantage that enable an organization to perform better than its competitors do.

For the purpose of this study, it is used to mean the YBS distinctive resources, which can be exploited effectively to play a great role in terms of enhancing YBS performance and realizing the strategic goals.

Human Capital Development (HCD):

According to Ireland and Hitt (2005), human capital refers to the knowledge and skills of firm's entire workforce.

Spirin et al. (2021) defined it as the process of enhancing the skills, knowledge, and competencies of individuals, which is essential for fostering productivity and economic growth.

For the purpose of this study, it is employed to mean the ability of YBS to develop, enhance skills, increase the experience and generate full competitive benefits from its human capital to achieve the YBS strategic objective.

Balanced Organizational Control (BOC):

Balanced Organizational Control describes the systems, the processes and tools that enable organizations to track their progress towards achievement of their goals (Oluoch et al., 2021).

For the purpose of this study, it is used to mean the process and activities that YBS leaderships do in terms of assuring that all actions are done to achieve YBS strategic objective.

10. MATERIALS AND METHODS

Research Approach:

The research utilized a descriptive approach, deemed the most appropriate for examining social sciences (Al-Ariqi & Al-Nashmi, 2019). Additionally, the descriptive method serves as a valid way to scientifically investigate phenomena or issues, leading to logical explanations. These explanations supported by evidence, enable researchers to create a specific framework for the problem and aid in the determination of study results.

Study Design:

They study adopted the survey correlational design as it is the most suitable design for the study.

Study population and sample

Determining the study community is one of the important things. Therefore, the following are the main reasons to apply the study on this community:

1. The importance of the role played by the banking sector in the national economy.

2. The researcher is one of the employees in the banking sector.
3. Yemeni banking sector is facing problems and witnessing unstable business environment.
4. Yemeni banking sector is one of the most important service sectors that would strategic leadership contribute to enhance the performance of this sector.

Furthermore, the study population include all Yemeni banks registered in the Central Bank of Yemen. However, the population is limited only to reflect on the objectives of this study. Therefore, the following banks excluded from the study population due to different reasons:

1. Central Bank Yemeni (CBY): it practices a supervisory role and regulate its members of the YBS. Its function is different from conventional and Islamic banks, so it will not serve the study objectives.
2. Housing Credit Bank (HCB): there is no information provided by CBY. Moreover, it has stopped providing its services.
3. Watani Bank (WB): It is under liquidation.
4. Al-Amal Microfinance Bank (AMB) and Alkuraimi Islamic Microfinance Bank (AIMB): its functions are restricted on Microfinance funding.

The study sample was carefully selected to ensure the accuracy of the results. In order to ensure the validity of the research, the sample size was carefully determined to represent the entire population. The total number of individuals selected from the YBS leadership and supervisory positions in general administration and branches is 1525. Based on Krejci and Morgan sample size table, an appropriate sample size should be 312 respondents (Sekaran, 2003). In order to obtain a representative sample, a

stratified random sample of the population is considered as shown below:

Table 1: Population and Sample

No	Bank Name	General Manager vice manager & assistant manager	Department manager & vice manager	Branch manager & vice branch manager	Section Head	Total	Sample
1	National bank of Yemen	3	24	58	98	183	37
2	Yemen Kuwait bank	7	44	38	90	179	36
3	Yemen bank for Reconstruction & Development	5	50	84	110	249	51
4	CAC Bank	20	45	102	110	277	49
5	International Bank of Yemen	11	22	44	56	133	27
6	Tadamon Bank	5	25	44	27	101	21
7	Saba'a Islamic Bank	6	40	26	72	144	29
8	Shamil Bank of Yemen & Bahrain	2	30	20	36	88	18
9	Yemeni Commercial Bank	5	18	28	98	149	29
10	Yemen & Gulf Bank	2	4	6	10	22	15
Total		66	302	450	707	1525	312

Source: The researcher

11. RESULTS

Table (2) Reliability of the Instrument :

	Cronbach's alpha
Strategic Direction	0.8720
Visionary Communication	0.8760
Core Competencies	0.8200
Human Capital	0.9000
Balanced Organizational Control	0.8690
Customer perspective	0.8710
Internal Processes perspective	0.8670
Learning and Growth perspective	0.8700
Financial perspective	0.8520

As shown in table (2), The Cronbach's alpha coefficients exceeding the 0.70 threshold signify that the scales in use have a robust ability to consistently measure the underlying constructs they were designed to capture. In other words, the items comprising each scale demonstrated a high degree of agreement with one another,

reinforcing the notion that these instruments reliably and accurately assess the specific aspects of the constructs under investigation.

Table (3) Validity of the instrument:

	Strategic Leadership	
	R	P
SD	.773	.000
VC	.917	.000
CC	.848	.000
HC	.842	.000
BOC	.852	.000

As shown in table (3), All correlation coefficients were found to be statistically significant ($p < .001$), indicating a strong positive relationship between Strategic Leadership and its variables. These findings provide evidence of convergent validity, as the observed correlations support the notion that Strategic Leadership is closely related to its dimensions.

Table (4) correlation coefficients

	Organizational Performance	
	R	P
FP	.880	.000
CP	.894	.000
IP	.833	.000
LGP	.850	.000

As shown in table (4), all correlation coefficients were found to be statistically significant ($p < .001$), indicating a strong positive relationship between Organizational Performance and its dimensions. These findings provide evidence of convergent validity, as the observed correlations support the notion that Organizational Performance is closely related to its dimension.

Table(5)Organizationalvariables descriptive

		N	%
Age of Bank	<25 years	116	37.2%
	25-40 years	175	56.1%
	>40 years	21	6.7%
ownership of the bank	Public	131	42.0%
	Mixed	33	10.6%
	Private	148	47.4%
size of the bank	>200 staff	132	42.3%
	<200 staff	180	57.7%

As shown in table (5), the descriptive statistics show the distribution of participants based on organizational characteristics. In terms of the age of the bank, 37.2% of the participants indicated that their bank was less than 25 years old, while 56.1% reported that their bank was between 25 and 40 years old. Only 6.7% of participants stated that their bank was more than 40 years old. Regarding the ownership of the bank, 42.0% of participants reported that their bank was publicly owned, 10.6% indicated a mixed ownership, and the majority, 47.4%, stated that their bank was privately owned. Lastly, when it comes to the size of the bank, 42.3% of participants reported working in a bank with more than 200 staff members, while 57.7% stated that their bank had fewer than 200 staff members.

**Table (6)Descriptive statistics
Strategic Leadership**

	Mea n	SD	RII	Lab el
Strategic Direction	5.934	0.682	84.8%	High
Visionary Communication	5.871	0.664	83.9%	High
Core Competencies	5.997	0.636	85.7%	High
Human Capital	5.674	0.865	81.1%	High
Balanced Organizational Control	5.769	0.657	82.4%	High
Strategic Leadership	5.842	0.598	83.5%	High

As shown in table (6), Based on the statistical tests conducted, the mean scores and standard

deviations for each variable were calculated. The results indicate that all variables - Strategic Direction, Visionary Communication, Core Competencies, Human Capital, Balanced Organizational Control, and Strategic Leadership - have high ratings.

The mean score for Strategic Direction was 5.934 (SD = 0.682), indicating a high level of strategic direction. Similarly, Visionary Communication had a mean score of 5.871 (SD = 0.664), Core Competencies had a mean score of 5.997 (SD = 0.636), Human Capital had a mean score of 5.674 (SD = 0.865), Balanced Organizational Control had a mean score of 5.769 (SD = 0.657). The overall construct of Strategic Leadership had a mean score of 5.842 (SD = 0.598). These mean scores suggest that all variables were rated highly by the participants.

Table (7)Organizational performance

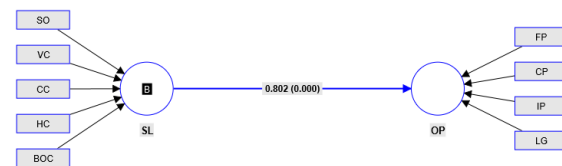
	Me an	SD	RII	Lab el
Financial perspective	5.84	0.6	83.5	Hig h
	4	99	%	
Customer perspective	5.80	0.8	82.9	Hig h
	6	60	%	
Internal Processes perspective	5.97	0.7	85.4	Hig h
	9	19	%	
Learning and Growth perspective	6.00	0.6	85.8	Hig h
	8	95	%	
Organizational Performance	5.90	0.6	84.4	Hig h
	8	38	%	

As shown in table (7), according to the statistical tests conducted, the mean scores and standard deviations for each variable were calculated. The results indicate that all variables - Financial, Customer, Internal Processes, Learning and Growth, and Organizational Performance - have high ratings. The mean score for Financial was 5.844 (SD = 0.699), suggesting a high level of financial performance. Similarly, Customer had a mean score of 5.806 (SD = 0.860), Internal Processes had a mean score of 5.979 (SD =

0.719), Learning and Growth had a mean score of 6.008 (SD = 0.695). The overall construct of Organizational Performance had a mean score of 5.908 (SD = 0.638). These mean scores indicate that all variables were rated highly by the participants.

Hypotheses testing

Figure (1): Research Hypothesis Testing



Source: The research

Model	R	R Square	Adjusted Square	R
1	.796 ^a	.634	.628	

The regression model showed a significant relationship between the predictor variables (Strategic Direction, Visionary Communication, Core Competencies Human Capital, and Balanced Organizational Control) and the dependent variable (Organizational Performance). The model had an R value of .796, indicating a strong positive correlation between the predictors and the dependent variable. The R square value of .634 suggests that 63.4% of the variance in the dependent variable can be explained by the predictors. The adjusted R square value of .628 takes into account the number of predictors and provides a more conservative estimate of the proportion of variance explained.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	80.254	5	16.051	106.069	.000 ^b
1 Residual	46.305	306	.151		
Total	126.560	311			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), BOC, SO, HC, CC, VC

The ANOVA results indicate that the regression model as a whole is significant, with a p-value of .000. This means that the predictors collectively have a significant effect on the organizational performance. The F-statistic of 106.069 further confirms the significance of the model.

Table (8) **Variance Inflation Factor**

	B	Std. Error	Beta	t	p	VIF
Strategic direction	.132	.050	.141	2.655	.008	2.369
Visionary Communication	.138	.068	.143	2.029	.043	4.162
Core Competencies	.164	.057	.164	2.904	.004	2.659
Human Capital	.096	.039	.130	2.483	.014	2.288
Balanced Organizational Control	.340	.053	.350	6.461	.000	2.454

As shown in table (8), the VIF (Variance Inflation Factor) values for each predictor variable indicate the level of multi co-linearity. Values below 5 are generally considered acceptable. In this case, all predictor variables have VIF values below 5, ranging from 2.288 to 4.162, suggesting that multico-linearity is not a significant issue. Adding to that, the results of the regression analysis indicate that all of the independent variables (strategic direction, visionary communication, core competencies, human capital, and balanced organizational control)

have a positive and statistically significant impact on organizational performance (OP) in the Yemeni banks. Specifically, strategic direction has a beta coefficient of .141 ($p = .008$), visionary communication has a beta coefficient of .143 ($p = .043$), core competencies have a beta coefficient of .164 ($p = .004$), human capital has a beta coefficient of .130 ($p = .014$), and balanced organizational control has the highest beta coefficient of .350 ($p = .000$). Therefore, all the hypotheses are supported.

12. DISCUSSION AND CONCLUSION

The results of this study provide strong evidence that strategic direction, visionary communication, core competencies, human capital, and balanced organizational control have a positive and statistically significant impact on organizational performance in Yemeni banks. These findings are consistent with the existing literature on organizational performance. For example, previous studies have found that strategic direction is associated with higher levels of performance in a variety of industries (Messersmith & Wales, 2011). Similarly, visionary communication has been shown to have a positive impact on employee engagement and motivation, which can lead to improved performance (Ramirez-Lozano et al., 2023).

Further, the results of the study found that Core competencies are also important for organizational performance. Banks that are able to develop and exploit their core competencies are more likely to have a competitive advantage and achieve higher levels of performance (Gökkaya & Kaya Özbağ, 2015). In addition, it has been supported that Human capital is another important factor for organizational performance.

Banks that invest in developing their employees are more likely to have a workforce that is skilled, motivated, and productive (Akhter & Rahman, 2021). Finally, Balanced Organizational Control is also important for organizational performance OP. Banks with BOC systems are better able to identify and address problems early on, which can help to improve performance (Kunz & Heitz, 2021).

The study's findings can be interpreted through the lens of Resource-Based Theory (RBT), which posits that firms can gain a competitive advantage by possessing valuable, rare, inimitable, and non-substitutable (VRIN) resources (Salazar, 2017). Specifically, within the Yemeni banks, the strategic direction, visionary communication, core competencies, human capital, and balanced organizational control are identified as VRIN resources. Strategic direction offers a competitive edge as it enables effective resource allocation. Visionary communication sets itself apart by motivating and inspiring employees (Bhandari et al., 2020). Core competencies provide a competitive advantage due to their rarity and inimitability. Human capital's value lies in efficient production, rarity, and its embedded nature in employees. Balanced organizational control's early problem identification capabilities make it a valuable and non-substitutable asset (Seddon, 2014). In the context of RBT, these independent variables contribute to the competitive advantage of Yemeni banks.

13. Managerial Implications

The findings of this study have a number of implications for Yemeni bank managers. First, they suggest that managers should focus on developing and implementing strategies that promote strategic direction, visionary

communication, core competencies, human capital, and balanced organizational control. By doing so, managers can improve their chances of success in a competitive and rapidly changing environment. Second, the findings of this study suggest that Yemeni banks should invest in developing and implementing best practices in these areas. For example, banks should develop and communicate a clear and well-defined strategic direction, invest in training and development programs for employees, and implement a balanced organizational control system. Third, the findings of this study suggest that Yemeni banks should benchmark their performance against other banks in the region and around the world. This can help banks to identify areas where they need to improve.

14. Limitations

This study has a number of limitations. First, the study was cross-sectional, so it cannot establish causality. Future research should use longitudinal designs to examine the causal relationships between the independent variables and organizational performance. Second, the study was conducted on Yemeni banks only. It is possible that the findings may not be generalizable to other countries or industries. Future research should replicate the study in different countries and industries to assess the generalizability of the findings. Future research should use objective measures of the independent variables, whenever possible. Despite these limitations, the findings of this study provide valuable insights into the factors that contribute to organizational performance in Yemeni banks. The findings have important implications for Yemeni bank managers and policymakers.

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