



“Human capital impact on organizational performance of commercial banks operating in Yemen”

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HUMAN CAPITAL IMPACT ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS OPERATING IN YEMEN

Abstract

This study investigates the relationship between human capital and improvements in organizational performance in Yemeni commercial banks operating in Sana'a. The individual human capital dimensions such as knowledge, experience, skills, innovation, and employees' morale were taken as human capital variables. A quantitative methodology was used, and a Likert-scale questionnaire was distributed to collect the data. A combination of convenience and random sampling techniques was adopted to distribute the questionnaire to eight banks and 162 employees of these banks. A descriptive approach was used to analyze the data statistically. The results indicated that all the human capital factors had a varying level of practical effect on the organizational performance and all of these were statistically significant. Overall, 76.4% change in performance was observed if human capital elements were employed effectively. Each element such as knowledge, experience, skills, innovation, and employees' morale had a varying level of positive impact on performance as observed. It is recommended to adopt and put in place knowledge and skills improvement systems in organization to achieve a sustained organizational growth.

Keywords

knowledge workers, customer relation, banking system, performance, morale, innovation

JEL Classification

M10, E24, J24

INTRODUCTION

Banks are considered colossally as one of the organizations most closely related to the global business environment. This poses a complex challenge to them because of the nature of their work that is more closely related to the epistemological economy, globalization and information and communication technology, which requires banks to face them through the human resource that possesses knowledge capabilities, experiences, and practical skills. Contemporary organizations realize that distinguished human resources constitute a fundamental base for achieving leadership in a competitive world, and human resource management has become the core of modern management. So, managing people, not managing things, should occupy the first and main concern of the distinguished manager (Al-Saffar, 2008). In fact, human capital is regarded as the most important resource for constructing and developing modern organizations considering the knowledge economy (Shaban, 2011). It has the capabilities, experiences and skills, which enables it to represent the non-material strategic assets of organizations that can be managed and invested through an entire realization of their energies and the continuous improvement of their performance (Youndt et al., 1996).

These human dimensions have been given multiple names such as intellectual capital, human capital, knowledge capital, cultural capital, intangible assets, invisible inputs, and others that represent strategic assets giving meanwhile organizations a competitive privilege as they depend on innovation and continuous improvement of performance (Al-Saffar, 2008). At the same time, the human being from an economic point of view is also the one who undertakes all those economic processes, and due to such intervention of human capital, it becomes one of the factors of production that can generate added value (Kwon, 2009). So, investing in it becomes more effective than investing material capital (Eigbiremolun & Anaduaka, 2014), as it is the most important component that aims to create wealth and know how to convert it into profit or transfer education – knowledge and put it into practice (Al-Saffar, 2008). The human capital, as envisioned by the researchers, consists of five basic dimensions such as knowledge of employees, employees' experience, employees' skills, innovation, and employees' morale. Therefore, these dimensions obviously should work together as human capital cannot be generated by the involvement of one component of these five components alone but rather through the keen interconnectedness of all of them, so it is preferable to study the dimensions together (Kwon, 2009). Thereof, the importance of human capital appears more evident in financial institutions in general and banks in particular. Consequently, in addition to the fact that financial transactions are the essence of banks' work, the innovation and marketing of banks for their services depend on the skill and experience of their employees. The nature of the work of banks, including Yemeni banks, makes human capital one of the factors governing the efficiency of its organizational performance.

1. LITERATURE REVIEW

Human capital has received great attention by researchers due to its importance in developing organizations and improving their performance. Indeed, human capital is the most vibrant and the significant capital to be managed by the organizations effectively. Most researchers argue and conclude the human capital as the sum of all skills and efficacies an individual possess to do his or her job efficiently and effectively to add economic value to the business organizations (Sadiq et al., 2018; Youndt et al., 1996). Human capital is highly described as a rare resource that is difficult for others to imitate or simulate and an important source in enhancing the organizational capacities compete and sustain in the business markets. Also, it forms a pillar for innovation, renewal and creation of new knowledge that is used and employed in business development and increasing the efficiency of using assets, and achieving higher productivity of finance capital. Similarly, Al-Ajami (2010) identifies the following dimensions of the human such as knowledge of workers, employees' experience, skills of workers, employees' morale, and innovation of employees.

The performance linguistically is the implementation of a thing and, therefore, means its performance and its payment must be carried out. It refers to the extent of achievements out of a given

and agreeable goals. It is said to have performed, meaning it was done and executed, and the performance has several linguistic synonyms, including completion, achievement, fulfillment, execution, action, effectiveness, act, doing, direct and devotion. Also, the performance lexically can be defined as a term derived from the English word "Perform to", which is derived from the old French word "Performer", which means carrying out a task or performing an action (Al-Qaisi, 2016). In the other stance, a performance semantically or terminologically can be defined as the efforts made to achieve the goals effectively through the efficient use of the human, material, financial and informational resources available. Furthermore, it is the final result of the activities and events within an organization. And, in a correlated facet, the performance indicates the ability of the organization to have advancements in technical and financial aspects (Al-Tawil, 2018). In concern with the research subject, the performance refers to the skills, capacities, and capabilities of workers in organizations. So, if performance is appropriate for the work to be accomplished, then it achieves its purpose, but in the other thread, if the performance does not rise to the required level for the completion of the work, this requires the development of new means and methods and the training of employees to deal with such techniques to raise their efficiency and improve their performance

level. Such procedure can be well-recognized through the evaluation of employees' performance with the use of performance management as an effective method that helps in planning, organizing, directing, and evaluating performance in order to identify deficiencies and identify the training needs necessary to improve the skills of workers in a way that contributes effectively to raising the capabilities of workers in order to reach the required level of performance (Al-Nimr et al., 2013). Besides, it can be said that the performance is the result achieved through the alignment between businesses and resources to achieve the targets of various parties interested in the activities of the organization concerned with its achievement, such as shareholders, owners, workers, lenders, suppliers, government, and customers.

Onagh and Azim (2018) intended to identify the influence of organizational justice aspects and its sub-dimensions on job satisfaction, organizational commitment, and organizational confidence. Hence, the descriptive approach and the survey approach were used, and the standard questionnaires were randomly distributed into 40 items. Consequently, the statistical results exposed that all the research hypotheses are maintained and identified the positive significance among the variables. Thus, the two researchers recommended the necessity of increasing fairness, trust, commitment, and satisfaction among the human forces and considering them through the fundamental duties of organizations. Al-Zubaidi and Al-Mashhadani (2016) studied the challenges facing achieving organizational excellence by developing human capital and establishing a culture of outstanding performance for workers at the center of Ministry of Oil in Baghdad. The study was conducted through a sample of about 86 managers. By using statistical methods, a set of results was reached, the most prominent of which was that human capital positively influences the organizational performance but with an average gain of individual level performance. The recommendations concentrated on the importance of encouraging innovation, introducing new ideas and experimenting them within the given framework to acquire afresh methods and exercising problem solving techniques to entail highest level performances. Hisban and Al-Fawaz's (2015) study elucidates the effect of using intellectual capital ac-

counting to exhibit and disclose the fair value of a company, and the effect of this reflection on the financial statements. A questionnaire was used as a study tool. Accountants and internal auditors were chosen as a study sample by using a simple random sample on Islamic banks in Jordan. One of the most important results was to use systems for measuring intellectual capital financially to reflect the development of administrative thought among the employees and stressed upon this finding in the recommendations to necessarily evaluate intellectual capital in monetary form similar as the financial valuation was done for other resources.

Mahmoud and Azhar (2015) test human capital as an organizational resource in a new environment that is the security forces and experimentally understand that relationship by studying the human capital effects on the security forces' performance of Pakistani security forces, and the results revealed a positive relationship. Hence, the dimension of knowledge in human capital is the strongest in its impact on organizational performance, followed by skills and capabilities. On an administrative perspective, the results give clear indicators that allow security forces to understand the importance of managing human capital. Thus, the study recommended expanding this type of studies in the field of security forces and making use of the results to make policy-making decisions. Munjuri et al. (2015) intended to determine the impact of human capital on the organizational performance of commercial banks and insurance companies operating in Kenya. The study involved the managers working at the banks and the licensed insurance companies of Kenya. A total of 43 banks and 45 insurance companies were selected for the purpose of the study. Using a questionnaire to collect data, 54 of the 88 distributed questionnaires were retrieved, with a response rate of 61%. So, the statistical findings revealed positive significance of human capital on financial performance. Therefore, the study recommended strengthening human capital through adopting strict selection procedures to choose the proper people for the jobs and considering academic qualifications and work experience during selection. Al-Khafaji (2012) examined a relationship between human resources practices and the specialized performance of banks. The study as-

essed the causative relationship between human resource practices as independent variables, as well as we cause variable, whereas the successful banking performance as a dependent variable was taken as an effect variable. An overall cause and effect model was studied. Therefore, to accomplish such testing, the sample of successful banks was sorted using discriminatory analysis and performance indicators such as profitability, liquidity and appropriateness of the capital. Then correlation relationship analysis was carried out between human resources practices and those banks by using a sample of 40 people who represented 80% of the upper and middle management levels in private banks. One of the most important conclusions presented by the study was that, despite the differentiation of the relationship between human resource practices and the performance of successful banks in general, those practices, especially those related to evaluating employee performance, job satisfaction, and the incentive system applied at a bank had a stronger relationship with the level of success of banks. Al-Ghazawi's (2006) study aimed to measure the impact of the level of investment to be made in human resource activities and thus the resultant effect of the increasing or decreasing effect of the effectiveness in commercial banks operating in Jordan. A causative model was designed to statistically evaluate the impact and a direct significant effect of investing in HR activities and improving the performance of commercial banks. The study also found a decrease in turnover rate of employees when the organization strived to implement the organizational retention policies. The study also stressed upon the employee's empowerment to gain organizational excellence.

Thereof, under the influence of a thorough extrapolating for the results of previously mentioned studies or literature, it is evident that researchers are increasingly interested in studying human capital in several business organizations, so that the organizations might use appropriate systems to measure intellectual capital as one of the most significant indicators that reflect the development of administrative insight. Human capital has become a clear and positive variable that has a direct impact more than any other material variables of the performance of an

organization. Al-Khafaji (2012) deeply asserted the impact of human capital on the success of banks. Furthermore, the earlier mentioned studies confirmed the influence of human capital as an independent variable on the dependent variables that were subjected to the study, such as performance, competition, effectiveness, organizational excellence, and financial performance.

The main objective of this study is to analyze the association of human capital as a whole and its sub-elements individually and collectively on the organizational performance. Furthermore, this study is splendidly distinctive as it strives to dig behind the relationship between human capital and organizational performance in different milieu, of such one of the previous studies, which is the commercial banks operating in Yemen. This study is based on a main hypothesis and five sub-hypotheses. The primary null hypothesis highlights the insignificant impact of the components of human capital singly and wholly on the performance of commercial banks operating in Yemen. The significance level in this study is used as ($\alpha \leq 0.05$). The sub main or secondary null hypotheses can be drawn as follows:

- H1: *There is no statistically significant relationship between the knowledge of workers and organizational performance of commercial banks operating in Yemen.*
- H2: *There is no statistically significant relationship between employees' experience and organizational performance of commercial banks operating in Yemen.*
- H3: *There is no statistically significant relationship between employee skills and organizational performance of commercial banks operating in Yemen.*
- H4: *There is no statistically significant relationship between innovation and organizational performance of commercial banks operating in Yemen.*
- H5: *There is no statistically significant relationship between employee morale and organizational performance of commercial banks operating in Yemen.*

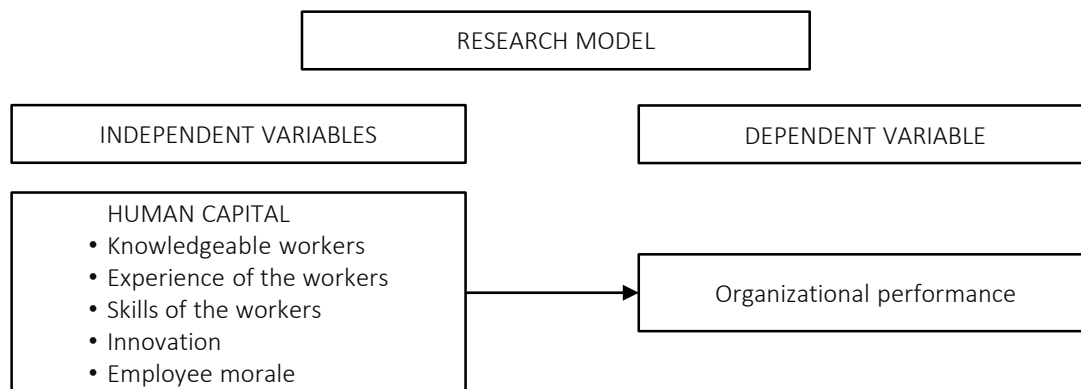


Figure 1. Independent and dependent variables of the model

2. RESEARCH METHODS

2.1. The research model

The study involves a statistical analysis methodology based on a research questionnaire. The model of the study (see Figure 1) highlights hypothetical relationships between the two variables of the study, since human capital represents the independent variable in its five dimensions agreed upon by researchers such as knowledge, experience, skills, innovation, and the morale of workers, and hence that these dimensions work together and move organizational performance as a dependent variable towards one-way.

2.2. Population, sample and sampling techniques

The original study population is represented by all employees in the banking sector in main centers of operating commercial banks in Yemen, which are 8 banks, while the number of employees in these banks reached 1,144, distributed as shown in Table 1.

Table 1. Study population

Bank name	Number of employees
Bank of Yemen and Kuwait	185
International Bank of Yemen	213
Yemeni Commercial Bank	134
Sheba Islamic Bank	44
Islamic Solidarity Bank	267
Yemen Islamic Bank for Investment	150
Shamil Bank of Yemen and Bahrain	81
Yemen and Gulf Bank	70
Total	1,144

To find a high degree of representation for the population of the study, and based on the study objectives and hypotheses, the sample size was determined using the following law (Odhon'g & Omolo, 2015):

$$n = \frac{z^2 p q N}{e^2 (N - 1) + z^2 p q}, \tag{1}$$

where n = size of the sample; N = size of population ($N = 1,144$); p = sample proportion ($p = 0.02$); $q = 1 - p = 0.08$; z = confidence level of 95%; $e = 0.02$ (since the estimate should be within 2% of true value).

An equation application,

$$n = \frac{(1.96)^2 0.02(1 - 0.02)(1,144)}{(0.02)^2 (1,144 - 1) + (1.96)^2 0.02(1 - 0.02)} = 162. \tag{2}$$

This study has relied on a convenience and simple random sampling that allows a researcher to judge on the basis of his own recognition to choose the case that will enable him to better answer the research questions and achieve research objectives (Odhon'g & Omolo, 2015). This also assures an ease of doing the research work as well as allowing the researchers to meet and explain the research questions by accessing the respondents whenever needed. This sampling technique is widely used in this type of research (Cooper & Schindler, 2014). The study tool was represented by a questionnaire whose questions were formulated based on (ready) measures that were conducted by Delaney and Huselid (1996) and Lenznet and Shook (1998) in accordance with the Yemeni environment. It was divided into three parts as follows:

The first part: It is linked to the personal features of the respondents, gender, age, educational qualification, and years of experience.

The second part: It covers the facets related to the independent variable human capital and includes 30 items distributed as follows:

- (1-6). It covers the dimension of employee knowledge.
- (7-12). It covers the extent of the skills of workers.
- (13-18). It covers the dimension of employee experiences.
- (19-24). It covers the dimension of employee morale.
- (25-30). It covers the extent of innovation.

The third part: It includes the items (35-31) and deals with organizational performance (the dependent variable) as represented in the growth of revenues from basic activities, profitability, the increase in the market share, and the number of services provided to customers.

Cronbach's Alpha was used to measure the internal reliability and consistency of the measure and construct used in the questionnaire, and according to Pallant (2011), the values of Cronbach's alpha are acceptable if they are above 0.70 then, the measure has higher internal consistency. Table 2 shows that Cronbach's alpha of the study variables ranges between 0.788-0.898, indicating very good internal consistency.

Table 2. Reliability analysis

Variables	Cronbach's alpha	Comments
Knowledgeable workers (<i>Kw</i>)	0.815	accepted
Experience of the workers (<i>Ew</i>)	0.898	accepted
Skills of the workers (<i>Sw</i>)	0.813	accepted
Innovation (<i>Ii</i>)	0.857	accepted
Employee morale (<i>Em</i>)	0.788	accepted
Total	0.868	accepted
Organizational performance (<i>OP</i>)	0.807	accepted

Statistical data in Table 3 indicate that the total dimensions of the human capital variables obtained

a high arithmetic average of 3.98 and a high relative importance amounted to 79.6% on the content of the questionnaire that measure this dimension. The employee knowledge variable came first with a very high arithmetic average of 4.27 and a very high relative importance (85.4%) on the content of the items that measure this dimension, which indicates the interest of commercial banks operating in Yemen in attracting individuals with knowledge and holding academic certificates and assigning the supreme and important administrative positions for those with sufficient knowledge and experience. The innovation variable came in the second rank with a high arithmetic average of 4.2 and a high relative importance (84%) on the content of the questionnaire that measure this dimension, which means the interest of commercial banks operating in Yemen to provide the appropriate sphere for innovation, renewal and creativity activities and the existence of objective motivations to encourage innovation activities in addition to the benefit of banks that take advantage of some of them in the extent of renewal. While the variable came in the last rank, the experience of workers with a high arithmetic average of 3.90 and a high relative importance amounting to 78% on the content of the items that measure this dimension. So, it can be said that all variables obtain a high and very high arithmetic average, indicating the interest of banks in all these dimensions for the purpose of raising the banking performance of these banks.

As for the dependent variable (the organizational performance), it came with a very high arithmetic average of 4.78 and with relative importance (95.6%) on the content of the questionnaires that measure this dimension. Thus, high relativity indicates a positive agreement of the sample's opinions towards the importance of the organizational performance of banks.

3. RESULTS

3.1. Descriptive statistics

To find out the extent of agreement among the respondents' opinions about the effect of the dimensions of the independent variables represented by human capital on the organizational performance as a dependent variable, the standard deviation

Table 3. Descriptive statistics

Variable	N	Mean	Standard deviation	% age
Knowledgeable workers (<i>Kw</i>)	162	4.27	0.85	85.4
Experience of the workers (<i>Ew</i>)	162	3.90	0.89	78.0
Skills of the workers (<i>Sw</i>)	162	4.12	0.80	82.4
Innovation (<i>Ii</i>)	162	4.20	0.69	84.0
Employee morale (<i>Em</i>)	162	3.94	0.93	78.8
Total	162	3.98	0.60	79.6
Organizational performance (<i>OP</i>)	162	4.78	0.78	95.6

was used, which should be achieved in the conclusions. The results shown in Table 3 indicated that the opinions of the respondents were in more agreement regarding the fourth dimension related to innovation, as the value of the standard deviation was 0.60, followed by agreement concerning the impact of the dimensions of the independent variables represented by human capital on the third dimension, i.e. organizational performance, which is related to skill of the employees as it reached its standard deviation (0.80).

3.2. Hypotheses testing

A multicollinearity test was performed to ensure that the data fit the assumptions of multiple regression analysis by testing the Variance Inflation Factor (VIFS), and the Tolerance test for each variable of the independent variables. Pallat (2011) indicates that if the variance inflation factor is greater than 10 and the value of the permissible variance is less than 0.1, then it can be said that this variable has a high correlation with other variables, and then it will lead to a problem in the regression analysis. Hence, Table 4 indicates that the value of the variance inflation factor (VIFS) for all the variables was less than 10, and it is also noticed that the value of the permissible variance for all the variables was greater than 0.1, and therefore it can be said that there is no problem related to finding the correlation between the independent variables.

Table 4. Tests results (inflation factor/variance and permissible variance) for the dimensions of the independent variable (human capital)

Variables	Collinearity statistics	
	Tolerance	VIF
Knowledgeable workers (<i>Kw</i>)	0.371	2.697
Experience of the workers (<i>Ew</i>)	0.896	1.116
Skills of the workers (<i>Sw</i>)	0.251	3.984
Innovation (<i>Ii</i>)	0.296	3.382
Employee morale (<i>Em</i>)	0.415	2.411

3.3. Human capital and organizational performance

To verify the validity of the hypothesis, simple linear regression was used, and the results were as shown in Table 5.

Table 5 shows that the model is valid for testing the main hypotheses based on the high value of F computed (444.092) over its tabular value at the level of significance ($\alpha \leq 0.05$). The correlation coefficient indicates that there is a positive correlation between the elements of human capital collectively, whereas the organizational performance of Yemeni commercial banks reached 0.857, and the coefficient of determination (R^2) indicates that the dimensions of human capital collectively trace back (77.3%) of the variation in the dependent variable (organizational performance). Moreover, the statistical data in Table 5 indicate the existence of

Table 5. Results of a simple regression analysis to test the main hypothesis

Variable	Coefficient	Standard error	Beta	t-statistic	P-Value
Human Capital	1.103	0.052	0.857	21.073	0.000
Constant	0.304	0.195	–	1.556	0.122
Number of Observations	162	–	–	–	–
F-Statistic	444.092	–	–	–	–
R (Correlations)	0.857	–	–	–	–
Prob. > F	0	–	–	–	–
R-Squared	0.773	–	–	–	–
Adjusted R-Squared	0.764	–	–	–	–

an effect of the elements of human capital on organizational performance, based on the calculated value of t that is computing and reaching 21.073, which is of statistical significance at the level of significance ($\alpha \leq 0.05$). Also, it is really evident from Table 5 that the increasing of one unit in the elements of human capital collectively enables the selected commercial banks under study to expect more significant increase of 1.1% in organizational performance. The prediction equation between elements of the combined human capital and organizational performance can be written as follows:

$$OP = 0.304 + 1.103 HC. \quad (3)$$

Thereof, the null hypothesis is rejected, and the alternatives hypothesis is accepted at the level of significance ($\alpha \leq 0.05$).

3.4. Results related to sub-hypotheses testing

The validity of the sub-hypotheses was tested by using a multiple regression analysis and the results were as shown in Table 6.

Table 6 shows that the model is valid for testing sub-hypotheses based on the high value of F calculated 105.394 over its tabular value at the level of significance ($\alpha \leq 0.05$), and the multiple correlation coefficient indicates that there is a positive correlation between the dimensions of human capital (HP) and organizational performance (OP) of Yemeni commercial banks, which is amounted to (0.878). Also, the determination coefficient (R^2) indicates that the dimensions of human capital

traces back 77.2% of the variance to the dependent variable of the organizational performance.

The results obviously indicated that all the human capital (HC) factors had a variable level of influence on the organizational performance (OP) and all were of high statistical significance. However, knowledge of employees was the most important among the factors that had an impact on performance results, followed by skills, and then came the dimension of innovation, employee morale, and finally, the experience of workers as being depicted in this study. So, the prediction equation between the elements of human capital and organizational performance can be taken down as follows:

$$OP = 0.303 + 0.330Kw + 0.090Ew + 0.227Sw + 0.201Ii + 0.180Em. \quad (4)$$

Thus, based on the foregoing analysis, all null sub-hypotheses should be rejected, and alternative hypotheses should be accepted.

4. DISCUSSION

The statistical findings of the study reveal that the human capital variables obtained a high arithmetic average of 3.98 and a high relative importance of 79.6% on the content of the questionnaire or items that measure this dimension. Moreover, the organizational performance variable obtained a very high arithmetic average of 4.78 with relative importance (95.6%) on the content of the questionnaire that measures the dimension. Consequently, the high relativity indicates that the sample views

Table 6. Results of a multiple regression analysis to test the study hypotheses

Variable	Coefficient	Standard error	Beta	t-statistic	P-Value
Knowledgeable workers (Kw)	0.33	0.058	0.359	5.707	0.000
Experiences workers (Ew)	0.09	0.035	0.104	2.565	0.011
Skills of the workers (Sw)	0.227	0.075	0.232	3.038	0.003
Innovation (Ii)	0.201	0.08	0.178	2.526	0.013
Employee morale (Em)	0.18	0.05	0.214	3.606	0.000
Constant	0.303	0.203	–	1.497	0.136
Number of Observations	162	–	–	–	–
F-Statistic	105.394	–	–	–	–
R (Correlations)	0.878	–	–	–	–
Prob. > F	0.000	–	–	–	–
R-Squared	0.772	–	–	–	–
Adjusted R-Squared	0.764	–	–	–	–

agree affirmatively towards the importance of the organizational performance of banks, and the results also showed a leading impact on the relationship between the combined elements of human capital and organizational performance. The data obtained clearly indicate that all the human capital factors had a varying level of operational effect on the performance of Yemeni commercial banks and all were highly statistically significant. Nevertheless, knowledge was the most important among the factors that had an impact on performance parameters that need to be managed efficiently to achieve the maximum desired results in organizational performance. Hence, Knowledge is the container through which the remaining dimensions related to innovation, experience and skills can be developed, as well as employee morale, which will increase softly with advancement in other dimensions. According to the results, the dimension related to the skills of performance comes before and then the dimension of innovation, employee morale, and finally employee experience. These results also confirm the findings of various past studies and are in line with Al-Zubaidi

and Al-Mashhadani (2016), who emphasized that the organizational excellence was deeply affected by the average of an outstanding performance of human capital. Furthermore, these findings also coincide with those of Mahmoud and Azhar's (2015) study regarding the knowledge dimension in terms of the strength of its impact on organizational performance, and in general, the current study confirmed that commercial banks operating in Yemen interact with their global environment and take modern management concepts. Furthermore, this study realizes the importance of human capital in improving its performance, which is evident from the results of hypotheses testing as well, where the main null hypothesis rejection confirms the congruity of variables and their interrelationships specifically related to organizational performance of commercial banks operating in Yemen. Therefore, the overall results of this study highlight homogeneity and are in agreement with the respondents as all the questions were obvious to them and the answers of the sample were homogeneous as indicated by the statistical analysis.

CONCLUSION

Human capital appeared to have contributed to a significant increase in organizational performance in Yemeni banks. Worker knowledge was the most significant element in improving bank performance followed by the skills of workers. The combination of knowledge and skills of workers surpassed the integrated effect of employee experience, creativity, and morale on the improvement in organizational performance of Yemeni banks. The banks' operational improvement depends on the level of knowledge, skills and morale of employees in order to achieve better results.

It is pertinent that the higher managements of these banks must focus on human capital to have significant organizational performance improvement. The management should adopt strategies that would establish necessity of adding value to the elements of human capital and improving human skills. Increasing attention is needed to have investment in human resources through training, education, and moral inspiration to develop human capital as a strategic stock that would enable banks to overcome challenges. The continuity and consistency are needed to provide awareness programs for employees on the importance of gaining endlessness capabilities and skills to eventually improve organizational performance. Enhancing employee morale and encouraging them value innovative thoughts and processes leads to higher performance.

AUTHOR CONTRIBUTIONS

Conceptualization: Abdulwasea Abdul-Ghani Saif Almekhlafi.
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 Writing – reviewing & editing: Abdulwasea Abdul-Ghani Saif Almekhlafi.

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