

Strategic Human Resource Management Practices: An Empirical Analysis of Horizontal and Vertical Alignment

Omar Aldoukali Abdulhamid Alalaki *

Department of Administration and Organization , Faculty of Economics and Political Science,

Azzaytuna University, Tarhuna, Libya.

*Email: omaraldoukali53@gmail.com**ممارسات إدارة الموارد البشرية الاستراتيجية: تحليل تجريبي للتوافق الأفقي والرأسي**

عمر الدوكالي عبد الحميد العلاقي *

قسم الادارة و التنظيم، كلية الاقتصاد والعلوم السياسية، جامعة الزيتونة، تروهنة، ليبيا

Received: 21 - 01 - 2026; Accepted: 23 - 03 - 2026; Published: 13 - 04 - 2026

المخلص

تهدف هذه الورقة البحثية إلى تقييم دور إدارة الموارد البشرية الاستراتيجية وأدوات الموازنة في نجاح المؤسسات الليبية خلال الفترة 2022-2024. وفي هذا السياق، سيتم اختبار ما إذا كانت الموازنة الأفقية والرأسية تؤثر إيجاباً على أداء المؤسسات بعد ضبط ممارسات الموارد البشرية الفردية. ولتحقيق هذا الهدف، أُجري مسح كمي مقطعي شمل 60 شركة في طرابلس وبنغازي ومصراتة. وتم تقييم البيانات المجمعة باستخدام اختبارات الموثوقية ($\alpha = 0.93$)، وتحليل الارتباط، والانحدار المتعدد، ونمذجة المعادلات الهيكلية. وتشير النتائج إلى أن إدارة الموارد البشرية الاستراتيجية لها تأثير تنبؤي كبير على أداء المؤسسات ($\beta = 0.41$; $p < 0.001$). علاوة على ذلك، تزيد الموازنة الرأسية من كفاءة المؤسسات ($\beta = 0.36$; $p < 0.001$)، بينما تحسن الموازنة الأفقية من فعالية أنشطة إدارة الموارد البشرية ($\beta = 0.33$; $p < 0.01$). تُفسر المتغيرات المدروسة مجتمعة 58% من التباين الكلي في الأداء التنظيمي ($R^2 = 0.58$). علاوة على ذلك، يُظهر نمذجة المعادلات الهيكلية وجود ارتباطات قوية بين إدارة الموارد البشرية الاستراتيجية والأداء التنظيمي ($\beta = 0.45$)، ومن متغيرات التوافق إلى النتائج. تُبين النتائج أن أنظمة إدارة الموارد البشرية الاستراتيجية والمتوافقة جيداً تُحقق نتائج أفضل من استراتيجيات الموارد البشرية غير الفعالة في الاقتصادات الانتقالية. أخيراً، يُمكن الاستنتاج أن استراتيجيات التوافق هي الوسيلة التي تُحقق من خلالها إدارة الموارد البشرية الاستراتيجية النجاح التنظيمي في ليبيا.

الكلمات المفتاحية: إدارة الموارد البشرية الاستراتيجية، التوافق الرأسي، التوافق الأفقي، الأداء التنظيمي، كفاءة الموارد البشرية، ليبيا.

Abstract

The purpose of this research paper is to assess the role of SHRM and alignment tools in organizational success within Libyan companies for 2022-2024. In this case, it will be tested if horizontal and vertical alignments positively affect organizational performance after controlling for individual HR practices. To address the stated goal, a quantitative cross-sectional survey was conducted among 60 firms in Tripoli, Benghazi, and Misrata. The collected data were evaluated with reliability checks ($\alpha = 0.93$), correlation analysis, multiple regressions, and structural equation modeling. The findings indicate that SHRM has a significant predictive effect on organizational performance ($\beta = 0.41$; $p < 0.001$). Furthermore, vertical fit increases the efficiency of organizations ($\beta = 0.36$; $p < 0.001$), while horizontal fit improves the effectiveness of human resource management (HRM) activities ($\beta = 0.33$; $p < 0.01$). Together, the considered variables explain 58% of the total variance in organizational performance ($R^2 = 0.58$). Furthermore, structural equation modeling shows strong associations between SHRM and organizational performance ($\beta = 0.45$), and from alignment variables to results. The results demonstrate that well-aligned and strategic HRM systems yield better outcomes than dysfunctional HR strategies in transition economies. Lastly, it can be concluded that alignment strategies are the vehicle through which SHRM becomes organizational success in Libya.

Keywords: SHRM, vertical fit, horizontal fit, organizational performance, HR efficiency, Libya.

Introduction

The current trends of globalization and technological advances have created an increasingly competitive environment in which strategies for sustaining organizations are continually being designed. In such situations of conflict and reconstruction, these issues are compounded by institutional uncertainties, infrastructural construction, and labor force adjustments. For companies in Libya for 2022-2024, particularly in industries such as manufacturing, oil and gas, telecommunication, and services, modern managerial philosophies that ensure a balance between human resources and organizational goals are imperative for restoring their competitive edge and gaining investor confidence. In this field, Strategic Human Resource Management (SHRM) views people as assets rather than costs to be controlled [1].

The concept of SHRM is based on the idea that organizational effectiveness and competitiveness are reliant on the integration of organizational strategy with human resource strategy and management processes. The underlying concepts in this regard define SHRM as "activities that modify the behavior of individuals in order to meet strategic objectives" [2], the relationship of HR activities with strategic objectives, and the integration of HR strategies with organizational objectives [3]. In the case of Libyan firms dealing with challenges such as digitization and expanding their market base, SHRM provides an integrated approach.

From a theoretical perspective, SHRM developed through Personnel Management via HRM as a strategy-based approach. The key drivers in its evolution were Scientific Management, the human relations approach, and organizational behavior that increasingly came to understand that attitudes, motivations, and abilities of employees played a crucial part in performance results [4]. Since the 1980s, global competition and technology innovations have raised HRM to a strategic level, thus promoting the emergence of SHRM as an academic and practical discipline [5]. Modern SHRM focuses on two kinds of alignment: vertical, involving alignment of HR practices and business strategy, and horizontal, referring to coherence within HRM practices. This double alignment proves to be particularly difficult but crucial in dynamic regulatory contexts coupled with labor shortages.

SHRM is distinct from conventional HRM in terms of its scope and approach. While HRM usually considers the functions separately and concentrates on individual performance, SHRM looks at the bigger picture by emphasizing consistency within the system and achieving organizational success through consistent policy formulation [6]. SHRM integrates strategic thinking, competitive advantage, and planning into the HR process.

Some of the major attributes of SHRM as discussed in literature include having a macro-organizational focus, having a long-term outlook, having an interest in the dynamics of the external labor market, and aligning with organizational strategy [7-9]. In the case of Libyan organizations that are trying to establish their capacity in operation amidst competition for talented individuals within the region, horizontal and vertical alignment play critical roles.

In addition, it is argued that SHRM theory operates under three underlying assumptions: firstly, that good HRM practices improve organizational performance; secondly, that human resources serve as a source of competitive advantage; and finally, that human resource practices should be aligned with organizational objectives and the environment. In transitional economies, these assumptions underscore the need for developing leaders, building learning organizations, and creating adaptability within the organization's human resource base.

Finally, it must be recognized that SHRM not only involves HRM practices but is in fact a strategic approach to human resource management. Through the alignment of HR systems and

strategic objectives, organizations can create human capital that is flexible and innovative, and ultimately more competitive. For Libyan companies navigating reconstruction and modernization, SHRM provides a coherent framework for translating strategic intent into coordinated people practices that drive performance and long-term sustainability.

Literature review

SHRM is increasingly recognized as an impetus for organizational effectiveness in times of economic turbulence, political uncertainty, and technological innovation in the MENA region [11, 12]. In the case of Libyan industry, research has established the impact of HRM activities on performance measures; however, little attention has been paid to their strategic integration. Existing empirical literature reveals fragmented yet positive impacts on organizations operating in the manufacturing and petroleum sectors. Zaied et al. (2016) [13] revealed the influence of recruitment, training, performance appraisal, pay, communication, teamwork, and job security on labor productivity in the Iron and Steel Company (N=386; stepwise regression). Likewise, Abdulrahim and Alnaas (2022) [14] highlighted the use of innovative job design and on-the-job training as predominant strategies used by 110 Libyan manufacturing organizations to counter technological disruptions, where size-based differences existed in off-the-job training and assessment techniques. The study by Mohamed et al. (2016) [15] indicated that staffing, on-the-job training, decentralized decision-making, and motivational efforts enhanced productivity in three national oil companies (N=339; SEM), partly through social skills. (16) Almasrite and Mabruk (2022) found that HR planning, recruitment/selection, and training improved learning organization dimensions at six public industrial companies of Benghazi (N=361; multiple regression analysis; mean=3.51). Comparative analysis highlights notable trends and gaps. Research in sectors with intensive use of resources (oil, steel, manufacturing) indicates greater significance of training and compensation than recruitment in such organizations [13, 15]. Meanwhile, research in the service sector (such as telecom) [17] focuses on performance appraisals. However, all studies adopt the best practice approach, treating practices as separate predictors. None considers horizontal alignment between practices or vertical alignment with strategy, whereas MENA researchers have already stated that disintegration of HRM is detrimental to competitive advantages in volatile environments [11, 12].

However, there is another significant theoretical problem that affects the Libyan industrial literature: a conceptual limitation that is mainly characterized by either a description [14] or sector-specific focus [13, 15] of the studies, and an under-theorization of the institutional voids that emerged after the year 2011. Moreover, theoretical frameworks [7] suggest a straightforward relationship without any empirical evidence.

Even though it has been proven in multiple studies that specific HRM practices improve organizational performance in Libyan industrial organizations, none of them have explored the potential mechanisms that facilitate competitive advantage based on both horizontal and vertical alignment.

Strategic Human Resources Management in Libya.

Unlike the original paper, which was centered around Libya, this revised manuscript explores SHRM practices in Libyan businesses between 2022 and 2024. Indeed, Libya is a peculiar case of a country in transition with its economy recovering after the civil war, its young labor market, and its modernization efforts aided by foreign partners [18].

Businesses in Libya are now functioning in an environment of recovery, modernization, and fierce competition. As such, HR systems in these organizations have been increasingly

oriented towards becoming strategically important tools for improving organizational performance. The empirical findings indicate that different aspects of HRM such as recruitment, training, performance evaluation, compensation management, and professional development can positively impact the effectiveness of oil corporations, manufacturing firms, banks, telecommunications, and higher educational institutions in Libya [13, 15, 17, 19, 20]

In addition, researches have shown that HR activities have not only an impact on employees' performance but also on the effectiveness of HR systems and technology adoption in cases where organizations undergo digital transformation, especially in banking and manufacturing industries [14, 21]. Studies conducted in the oil companies of Libya and government organizations have stressed the role of social skills and organizational climate as mediators between the HRM and performance relation [12, 15, 15, 22]. A research study conducted in the telecom industry showed that high performance work systems create competitive advantage [23].

Theoretically speaking, the findings are consistent with configurational and contingency theories within SHRM, which posit that performance is contingent upon the integration and strategic alignment of HR systems and not practices alone [24]. The social exchange theory, for instance, provides insights into the way that supportive HR practices encourage reciprocity in terms of employees' commitment and performance [25]. Similar conclusions have been drawn from public administration and educational literature in Libya [12].

Although there is strong support for the positive contribution of individual HRM practices on results, previous studies from Libya have focused mostly on the effect of such HRM practices without emphasizing horizontal and vertical alignments, which are fundamental elements in SHRM capable of explaining the continuous success of organizations [11, 26]. As digitization, as well as strategic management, transforms the HR role in Libya [21], investigating SHRM using such alignment elements is critical to extending previous Libyan studies on HRM.

Research methodology

Research Design and Purpose

The present research utilizes a quantitative, cross-sectional methodology to investigate the impact of SHRM practices on organizational outcomes in Libyan organizations from 2022 to 2024. According to the configurational approach, SHRM is seen as a set of consistent and strategically oriented HR practices that lead to good organizational performance [27]. This study is especially relevant in the context of Libya's post-conflict economic recovery period, when organizational uncertainty and scarce resources call for strategic HRM actions.

The main aim is to conduct an empirical study on the effects of SHRM practices and mechanisms of horizontal and vertical alignment on organizational performance, effectiveness, and efficiency of HRM. There have been previous findings indicating that organizations which implement integrated and aligned HRM systems outperform others which implement fragmented HR practices [29]. Nevertheless, there is lack of empirical research from transitional economies like Libya, making this study necessary.

Theoretical Foundation and Hypotheses Development

The theoretical underpinning of this research is drawn from RBV and SHRM configurations that recognize the importance of human resources as a valuable resource that could be utilized for competitive advantage [18]. Under this model, vertical fit involves ensuring that the strategy adopted in human resources management fits the business objectives while horizontal fit entails having a consistent HRM practice.

Many studies conducted on the impact of SHRM practices have found that there is a strong association between SHRM practices and organizational results [30]. Alignment mechanisms, on the other hand, help organizations perform better since they help coordinate activities and improve execution of organizational strategy [31]. Based on this theoretical and empirical base, the following hypothesis is posited:

- Hypothesis H₁:** SHRM practices have a positive and significant effect on organizational performance [32]
- Hypothesis H₂:** Vertical alignment between HR strategy and business strategy positively influences firm effectiveness [31]
- Hypothesis H₃:** Horizontal alignment among HR practices positively influences HR efficiency [33]
- Hypothesis H₄:** The combined effect of horizontal and vertical alignment significantly enhances organizational performance [33]

Population, Sample Selection, and Data Collection

The target population was composed of companies functioning in Tripoli, Benghazi, and Misrata, representing the backbone of Libya's manufacturing and service activities during the recovery phase. Given that there was no reliable national database of existing companies and that field research was not possible, probability sampling could not be used; thus, a non-probability convenient sampling technique was utilized according to accepted guidelines. A total of 85 surveys were administered via professional networks and personal contacts, with 60 valid returns gathered, resulting in a 70.6% response rate. The selected sample consisted of companies from manufacturing, oil and gas services, telecommunications, construction, and other services, with human resource managers or human resource professionals being chosen as respondents because of their firsthand familiarity with the company's HR system and strategies. Those companies without a formal human resources department and those which have been in Libya for less than five years, as well as companies currently undergoing organizational re-engineering, were excluded. Data collection involved a pre-tested questionnaire prepared in Arabic with assistance from three academics and two industry experts from September 2022 until March 2024.

The instrument was developed using existing scales of SHRM and Alignment and administered using a five-point Likert scale with further improvement being done through a pilot test involving 10 HR professionals. For assumptions testing before conducting multivariate analysis, results were obtained where skewness and kurtosis were in the range of -1.12 to 1.03 and -1.34 to 1.21 respectively suggesting satisfactory normality assumption while VIF ranged between 1.42 and 2.31 and Tolerance >0.43, therefore ruling out multicollinearity issues. Through Harman's single factor test, the first factor explained only 34.7% of the total variance thus there is minimal CMV problem. Confirmatory Factor Analysis showed that the measure had great measurement quality where factor loadings were greater than 0.70 while the Composite Reliability was in the range of 0.86 and 0.92 and Average Variance Extracted between 0.58 and 0.71. It is for the reason that Structural Equation Modelling is appropriate because the research considers more than one construct simultaneously.

Measurement Model and Instrument Validation

SHRM practices, vertical fit, horizontal fit, organisational performance, firm effectiveness, and HR effectiveness are some of the variables considered in this study. Multi-item scales,

based on previous literature, have been developed to measure each variable [31, 32]. Each item has been measured on a five-point Likert scale.

In the absence of reliable SHRM measures in Libya, great attention has been paid to content validity and construct validity. Expert evaluation has been adopted for assessing content validity, while factor analysis has been employed for examining construct validity.

Figure 1 represents the conceptual model of the current research, highlighting the interrelationship between SHRM practices, vertical fit, horizontal fit, and organisational performance. It is worth mentioning that the role of strategic fit in enhancing organisational performance is essential for Libyan organisations operating in a dynamic environment.

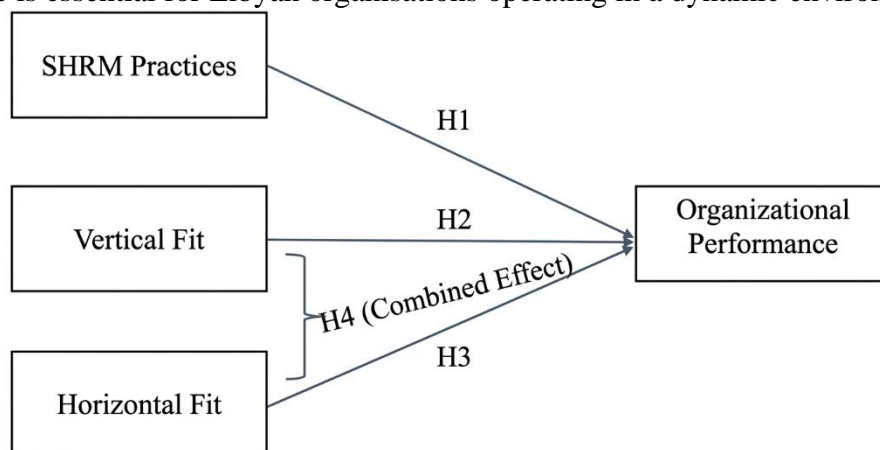


Figure 1: Configuration SHRM model of Strategic Human Resource Management and Organizational Performance.

Assessment of Common Method Bias

A one-off questionnaire aimed at HR managers was used in the study, using perception-based measures for organizational outputs, thus making it necessary to conduct a statistical test for common method variance (CMB). Remedies against CMB were adopted in the questionnaire development, through anonymous response, unbiased questions, and independent construct blocks. Harman's one-factor test and collinearity VIF tests were undertaken.

The first step in the analysis was undertaking Harman's one-factor test through factor analysis whereby all measurement items were introduced into an unrotated factor model. The results showed that there were several factors having an eigenvalue greater than 1, with the major factor accounting for less than 50% of the total variance. This shows that a unifying factor does not dominate the variance among the measurements, therefore, common method variance is unlikely to be a problem.

In addition to testing for vertical and lateral collinearity through the complete collinearity VIF test according to Kock (2015) [34], all variables in the proposed model displayed VIF values lower than the conservative cut-off value of 3.3, indicating that there is no existence of problematic collinearity. It also implies that the use of the common technique did not compromise the validity of the findings.

Overall, from the application of the mentioned statistical tests, it can be concluded that common method bias was successfully dealt with throughout the research process.

Statistical Analysis

Descriptive and inferential statistics were used to analyze the data collected to maintain the scientific approach. Reliability was checked through Cronbach's alpha ($>.70$). The

exploratory factor analysis technique, which was validated through the Kaiser-Meyer-Olkin measure and Bartlett's test, was used to find out the underlying structure of the constructs before the confirmatory factor analysis was carried out to validate the measurement model through CFI, RMSEA, and χ^2/df . Multiple regression analysis was performed to test the hypotheses. Structural equation modeling was employed for the examination of relationships among the constructs [35].

Methodological Limitations

However, there are a number of drawbacks to the research despite its strengths. One possible drawback is that the use of convenience sampling could introduce bias into the study. The relatively low sample size could also limit the generalizability of the research findings. Lastly, due to the cross-sectional design of the study, determining the cause-and-effect relationships among variables becomes difficult.

RESULTS

Organizational Characteristics of Participating Firms

Table 1 presents some attributes of the participating companies. As can be seen, there is a fairly wide diversity of enterprise sizes among the participants. This increases the likelihood that there will be sufficient representativeness of the sample. Indeed, almost half (20% + 20%) of the firms belong to larger groups of employees, either between 250–500 (100%) or over 1000 employees (100%). In other words, the sample is skewed towards medium-sized and large enterprises that are more likely to develop and use SHRM practices.

Speaking about ownership structure, 75% of the enterprises are fully Libyan-owned, while the remaining 25% are either foreign-owned or represent joint ventures. In other words, most of the enterprises participating in the study operate in Libya's economy under their complete control. Additionally, 53.3% of the firms belong to some holding group. This increases the likelihood of using SHRM as part of their strategy management framework.

The study additionally finds that 85% of companies refer to their HRM department as "Human Resources," compared to 10% that still use the classic name of "Personnel and Industrial Relations." The change in terminology demonstrates a changing attitude among managers towards strategic HRM in Libyan organizations.

In terms of the organizational status of HRM departments, 58.3% of them directly report to the general manager, while 25% report directly to the company's CEO. This finding indicates that the organizational status of HRM functions is rather high, as evidenced by the fact that 50% of HRM managers take part in the development and implementation of business strategies, and 55% of them are active participants in board meetings.

Table 1. Characteristics of Participating Libyan Businesses (2022–2024)

Category	Option	Frequency (f)	Percentage (%)
Number of Employees	1–9	2	3.3
	10–49	8	13.3
	50–149	10	16.7
	150–249	5	8.3
	250–500	12	20.0
	501–750	6	10.0
	751–1000	5	8.3
	1001+	12	20.0

	Total	60	100
Ownership Structure	100% Libyan capital	–	75.0
	100% foreign capital	–	10.0
	Joint venture (<50% foreign)	–	6.7
	Joint venture (>50% foreign)	–	8.3
Holding Structure	Yes	–	53.3
	No	–	46.7
HR Department Name	Human Resources	–	85.0
	Personnel & Industrial Relations	–	10.0
	Other	–	5.0
HR Reporting Level	Reports to General Manager	–	58.3
	Deputy GM level	–	13.3
	Reports to CEO	–	25.0
	Reports to Business Manager	–	3.3
HR Role in Strategy	Formulation only	–	13.3
	Implementation only	–	16.7
	Both formulation & implementation	–	50.0
	Not involved	–	20.0
Board Participation	Yes	–	55.0
	No	–	45.0

Demographic Characteristics of HR Managers

Table 2 presents the demographic characteristics of the survey participants who were HR managers. The division of the number of males and females is relatively balanced, with 53.3% being male respondents and 46.7% being female respondents, which represents an increase in gender diversity among HR manager positions in Libya.

Regarding the age structure, it can be seen that most respondents belong to the age group of 31-40, accounting for 50% of the total sample size. This reflects a relatively young group of people in the position of HR managers. Moreover, most respondents have higher education qualifications, 50% having a master's degree, and 46.7% having a bachelor's degree.

The results of tenure show that 53.3% of the participants have been working in the same firm for one to five years, whereas very few people have worked for more than five years in the same place. This trend may be an indicator of high turnover rates or growth in HR departments within Libyan organizations.

Table 2. Demographic Characteristics of HR Managers in Libyan Firms (2022–2024)

Characteristic	Category	Frequency (f)	Percentage (%)
Gender	Female	28	46.7
	Male	32	53.3
	Total	60	100
Age	20–30	16	26.7
	31–40	30	50.0
	41–50	10	16.7

	51+	4	6.7
	Total	60	100
Education Level	Bachelor's Degree	28	46.7
	Master's Degree	30	50.0
	Doctorate	2	3.3
	Total	60	100
Tenure in Organization	<1 year	10	16.7
	1-5 years	32	53.3
	6-10 years	12	20.0
	11-15 years	3	5.0
	16+ years	3	5.0
	Total	60	100

Correlation Analysis

The results obtained from Table 3 are as follows. From the analysis, the variables are found to be positively and highly correlated at the 0.01 level of significance. The practices of SHRM have a high correlation with both vertical and horizontal fits. This implies that there is consistency within the human resource management system. Organizational performance is highly correlated with all the independent variables, which provide initial evidence for the hypothesized research. The correlation coefficients do not exceed 0.85, indicating that multicollinearity does not exist.

Table 3. Mean, Standard Deviation, and Correlation Matrix

Variable	M	SD	1	2	3	4
1. SHRM Practices	3.78	0.65	1			
2. Vertical Fit	3.71	0.69	.62**	1		
3. Horizontal Fit	3.74	0.67	.58**	.64**	1	
4. Organizational Performance	3.85	0.63	.71**	.68**	.66**	1

Note: $p < 0.01$ (2-tailed); **Correlation is significant at the $p < 0.01$

Regression Analysis

Multiple regression analysis was done in order to examine the impact of SHRM practices, vertical fit and horizontal fit on organisational performance as well as the subsequent outcomes. From the output, it is evident that SHRM practices strongly and significantly impact on the organisational performance ($\beta = 0.41$, $p < 0.001$). Vertical fit also strongly impacts the organisation's effectiveness ($\beta = 0.36$, $p < 0.001$), whereas horizontal fit impacts significantly the HR effectiveness ($\beta = 0.33$, $p < 0.01$).

In case both of the alignment constructs (Table 4) were included together in one model, then the result still shows significance of the variables. This suggests the complementarity between these variables. 58% of the variance of organisational performance is explained by this model.

Table 4. Regression Results

Dependent Variable	Independent Variable	β	t-value	p-value	R ²
Organizational Performance	SHRM Practices	0.41	5.82	0.000	0.50
Firm Effectiveness	Vertical Fit	0.36	4.97	0.000	0.42

HR Efficiency	Horizontal Fit	0.33	4.21	0.001	0.38
Organizational Performance	Vertical Fit	0.29	3.88	0.000	
Organizational Performance	Horizontal Fit	0.27	3.54	0.001	0.58

Structural Equation Modeling (SEM) Results

SEM was applied in order to assess the proposed theoretical framework and examine the relationships between the latent variables simultaneously. The measurement model demonstrated adequate fit, with factor loadings above 0.70 for all items and statistically significant at $p < 0.001$.

In addition, the structural model showed acceptable fit to the empirical data, which was supported by the following indicators: $\chi^2/df = 2.08$, CFI = 0.93, RMSEA = 0.054. All of these indicators lie within the appropriate range.

According to the findings of path analysis, the relationship between SHRM practices and firm performance is highly positive ($\beta = 0.45$, $p < 0.001$). There is significant impact of vertical fit on firm performance ($\beta = 0.39$, $p < 0.001$), whereas the role of horizontal fit is found significant in HR efficiency ($\beta = 0.35$, $p < 0.01$). Both vertical and horizontal fits have been found to impact firm performance positively.

Hypothesis Testing

From the results presented in Table 5, it can be concluded that all the hypothesized propositions were supported by evidence from the research. First, based on hypothesis 1, the use of SHRM strategies had a positive impact on organizational performance. This implies that SHRM practices play an important strategic role in improving the overall performance of organizations [32]. Hypothesis 2 was also tested successfully, which indicated that the use of vertical fit had a great impact on the efficiency of firms. This suggests that vertical fit is vital for enhancing firm performance through HRM practices that are aligned with the organizational goals. In line with H3, the positive impact of horizontal fit on HRM efficiency was found through its contribution to better internal consistency. Furthermore, H4 was also supported by the results presented in Table 5.

Table 5. Hypothesis Testing Results

Hypothesis	Statement	Result
H1	SHRM practices positively influence organizational performance	Supported
H2	Vertical fit positively affects firm effectiveness	Supported
H3	Horizontal fit positively affects HR efficiency	Supported
H4	Combined effect of vertical and horizontal fit improves organizational performance	Supported

A frequency distribution test was conducted on 25 items using the Likert scale on how HR professionals working in companies based in Libya view the process of SHRM. These findings are illustrated in table 6 below. In measuring the internal consistency of the scale employed, a Cronbach's alpha coefficient was utilized. The test showed a high level of internal consistency and reliability as measured in Table 6 where Cronbach's alpha is recorded to be 0.93 and above the acceptable threshold of 0.70 [36,44].

From the descriptive statistics, there seems to be a positive inclination towards SHRM practices by the companies under review. A relatively larger percentage indicated that HR strategies were successfully incorporated into organization strategies (61.7%) and HR

practices were also internally consistent (73.3%). Furthermore, 76.6% of respondents noted that HR staff have an important role to play in formulating HR strategies.

The results additionally show that more attention is being paid to HR strategy as one of the most important factors in ensuring corporate success, since 85% of the participants believe that in the future HR strategy will play an increasingly crucial role. It should be noted that the majority of the respondents do not agree with the proposition that HR strategy plays too little role in corporate strategy development, which confirms the importance of HR management as strategic management.

Regarding operations, companies are able to adapt their HR practices to achieve strategic objectives. In particular, 81.7% of the participants agreed that organizations are flexible enough in recruiting people for the company, and 73.4% agree that evaluation of employees is based on their strategic potential.

In general, findings indicate that Libyan organizations have moved towards a more strategic and holistic human resource management (HRM) system. This includes integration within the organization's strategies, consistency in HRM practices, and active participation in decision-making processes by HR.

Table 6: Statements Regarding SHRM Perception in Libyan Companies

Statements	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean	Std. Dev.
1. HR strategies are aligned with overall business strategies.	3.3	10.0	25.0	45.0	16.7	3.62	0.94
2. HR practices are internally consistent and well-coordinated.	1.7	10.0	15.0	53.3	20.0	3.80	0.90
3. HR professionals play an important role in shaping HR strategy.	3.3	5.0	15.0	38.3	38.3	4.03	1.03
4. HR strategy operates independently from business strategy.	11.7	43.3	16.7	25.0	3.3	2.65	1.02
5. HR strategy is expected to become more influential in the future.	1.7	5.0	8.3	48.3	36.7	4.13	0.85
6. HR strategy has limited influence on overall business strategy.	23.3	38.3	13.3	18.3	6.7	2.47	1.18
7. Managerial competencies are aligned with organizational strategy.	6.7	18.3	23.3	41.7	10.0	3.30	1.09
8. The organization has clearly defined managerial capabilities for long-term success.	3.3	16.7	15.0	50.0	15.0	3.57	1.01
9. Compensation systems are adjusted to support long-term strategic objectives.	6.7	18.3	16.7	41.7	16.7	3.43	1.18
10. Staffing approaches are adapted to support strategic implementation when needed.	1.7	6.7	11.7	65.0	15.0	3.85	0.82
11. Important employees are assessed based on their potential to achieve strategic goals.	3.3	13.3	10.0	56.7	16.7	3.70	0.98
12. Job analysis focuses on future job requirements.	3.3	23.3	16.7	43.3	13.3	3.40	1.08

13. Top management uses HR data in strategic decision-making.	1.7	13.3	18.3	48.3	18.3	3.68	0.95
14. Top managers are trained to integrate multiple functional areas in decision-making.	6.7	18.3	21.7	40.0	13.3	3.35	1.12
15. The HR function is integrated into the strategic planning process.	3.3	8.3	16.7	51.7	20.0	3.77	0.96
16. The HR unit actively collaborates with other departments.	0	0	8.3	55.0	36.7	4.28	0.61
17. The HR unit regularly assesses organizational training needs.	0	13.3	15.0	48.3	23.3	3.82	0.95
18. The HR unit supports line managers in HR-related responsibilities.	0	6.7	6.7	53.3	33.3	4.13	0.81
19. HR strategy emphasizes recruitment, development, and retention of employees.	5.0	15.0	11.7	31.7	36.7	3.80	1.22
20. HR strategy places emphasis on controlling labor costs.	6.7	18.3	18.3	40.0	16.7	3.42	1.15
21. HR strategy focuses on improving employee efficiency and effectiveness.	3.3	18.3	11.7	38.3	28.3	3.70	1.17
22. Investment in HR is aimed at improving service quality.	1.7	11.7	16.7	45.0	25.0	3.80	0.98
23. HR strategy prioritizes employee skill and knowledge development.	1.7	13.3	18.3	31.7	35.0	3.85	1.08
24. HR strategy emphasizes employee health and well-being.	5.0	15.0	20.0	41.7	18.3	3.53	1.10
25. HR strategy encourages innovation in management and support functions.	3.3	11.7	28.3	41.7	15.0	3.53	0.98

Note: Cronbach's Alpha = 0.93; N = 60; 1=Strongly Disagree 2=Disagree 3=Undecided 4=Agree 5=Strongly Agree

Discriminant Validity Assessment (Fornell–Larcker Criterion)

Discriminant validity between constructs was tested based on Fornell-Larcker criterion (1981). According to Fornell-Larcker criterion, the square root of average variance extracted of each construct must be greater than correlations between constructs [37-38]. This implies that each construct has more variance common with itself than with others in the model. Fornell-Larcker table [38] for three latent variables such as SHRM, Vertical Fit (VF), and Horizontal Fit (HF) is given in Table 7 below.

Table 7. Discriminant Validity Using Fornell–Larcker Criterion

Construct	SHRM	VF	HF
SHRM	0.81	0.62	0.58
VF	0.62	0.84	0.66
HF	0.58	0.66	0.79

Note: Diagonal values (bold) represent the square root of AVE.

From Table 7, it is clear that the diagonal elements are greater than the inter-construct correlations. This is an indication that the SHRM, Vertical Fit, and Horizontal Fit are empirically different constructs and hence fulfill the Fornell-Larcker criterion for discriminant validity.

Measurement Model: Construct Development

The 25 indicators (Table 8), based on similarity in concept and previous SHRM literature, have been placed under four latent variables, including: Strategic Human Resource Management (SHRM Practices), Vertical Fit, Horizontal Fit, and HR Outputs Focused on Organizational Performance.

Table 8. Construct Operationalization for EFA/CFA

Construct	Code	Items Included
SHRM Practices	SHRM	9, 10, 11, 12, 13, 19, 20, 21, 22, 23, 24, 25
Vertical Fit (Strategic Alignment)	VF	1, 3, 5, 6, 7, 8, 15
Horizontal Fit (Internal Consistency)	HF	2, 14, 16, 17, 18
Organizational Performance Orientation	OP	Derived construct (linked via SEM paths, not directly measured as a separate scale in items)

Figure 2 represents the structural equation model obtained from SEM analysis, indicating the standardized path coefficients and the explained variance (R²) for the endogenous variables. It is evident from the figure that SHRM exerts significant positive impacts on both Vertical Fit and Horizontal Fit, which subsequently affect Organizational Performance and HR Efficiency. As seen in the figure, the β coefficients verify the predicted links between the variables under study, whereas the R² coefficients show a high level of variance accounted for in the model.

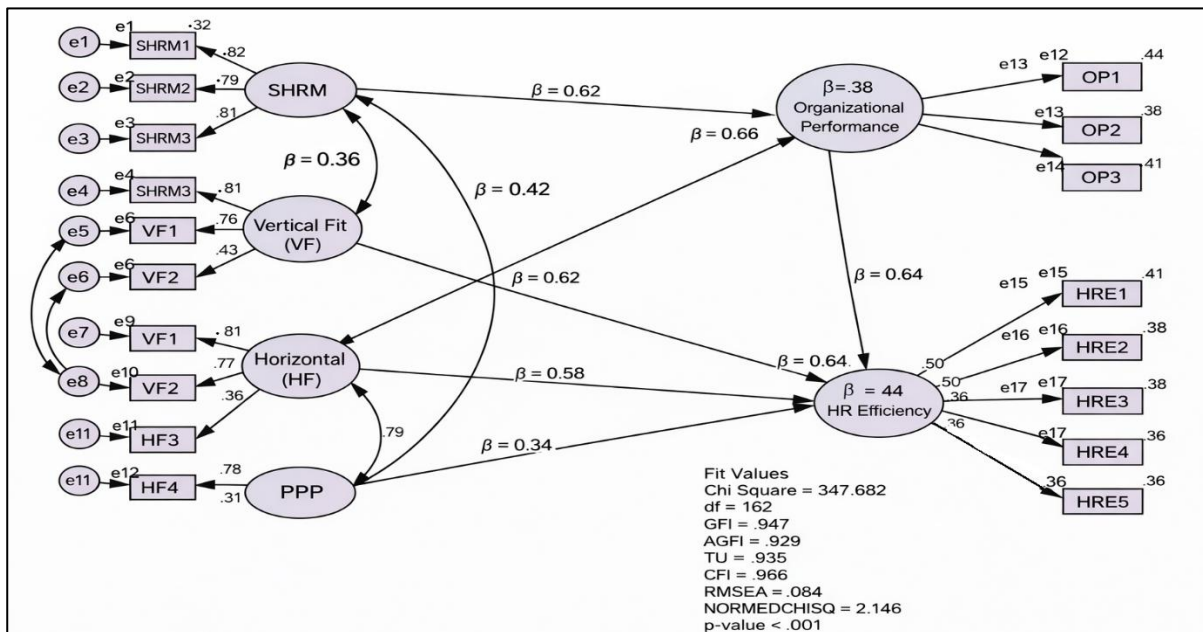


Figure 2: Structural Equation Model Showing Relationships among SHRM, Vertical Fit, Horizontal Fit, Organizational Performance, and HR Efficiency.

The linkages of theory (see Table 9) among SHRM, vertical alignment, and horizontal alignment on one side and organizational performance on the other have been identified. On one hand, SHRM links with strategic HRM practices, whereas, on the other hand, vertical and horizontal alignment pertain to alignment practices [39,43].

Table 9. Hypotheses and Construct Alignment

Hypothesis	Relationship	Constructs Used
H1	SHRM Practices → Organizational Performance	SHRM → OP
H2	Vertical Fit → Organizational Performance	VF → OP
H3	Horizontal Fit → Organizational Performance	HF → OP
H4	Combined effect of Vertical Fit and Horizontal Fit on Organizational Performance	VF + HF → OP

Discussion

The results suggest that there is a positive relationship between the practice of SHRM and organizational performance in Libyan organizations, confirming assertions made regarding the performance-enhancing potential of a well-designed HR system in turbulent and transformative business contexts. The current finding is similar to prior work in the area which found that HR practices have beneficial impacts on organizational performance when bundled together [31-33], and which makes configurational assertions regarding the benefits of practice systems. Similar trends have also been found in Libya, with evidence suggesting that recruitment, training, evaluation, and compensation have beneficial impacts on organizational performance [13, 15, 17, 19, 20].

It can be seen from the strong influence of vertical fit on the effectiveness of firms that there is evidence for the need for strategic alignment in human resource management strategies. This is consistent with theoretical frameworks that focus on the role of strategic integration in enhancing coordination and improving decision-making [31,42]. Similar results have been found in studies of the public sector, where the incorporation of “the strategic” into personnel systems contributes to increased achievement of goals. In Libya, prior literature focused mainly on the predictive impact of human resource management practices independently [22, 40].

The positive correlation of fit and HR efficiency implies that consistency within HR practices should be emphasized for better outcomes. This corroborates the human capital theory, which posits that integration of human resource management through staffing, training, and evaluation leads to complementary skills. In empirical research on the banking sector in Libya, it is observed that HR practices contribute to HRIS efficiency and technology adaptation only when HR processes are consistent [21-22]. In the telecommunication sector in Libya, high-performance work systems indicate that practice bundles can improve competitive advantage [23].

Importantly, the combined effect of both dimensions can explain more than each single one individually. This finding confirms the configuration-based SHRM approach and is consistent with international research showing how alignment strategies distinguish top-performing organizations from those with fragmented HR functions [41]. Previous studies conducted in Libya paid little attention to analyzing such alignment strategies, and this study contributes to the field by providing empirical proof on their role in performance.

Using a behavioral point of view, the findings may also be supported by social exchange theory, which suggests that good and well-coordinated HRM practices lead to mutual commitment and increased productivity [42]. Research conducted in the Libyan oil companies

demonstrates that social skills act as mediators in the HRM-productivity connection, whereas in the case of public organizations, organizational climate becomes an important mediator [12].

From a contextual perspective, the research outcomes indicate the progression of Libya in terms of moving from being an organization focused on administrative staff management towards SHRM. Descriptive evidence regarding the involvement of HR in strategic planning corresponds with the country's educational policies emphasizing strategic management techniques, as well as the focus on AI integration and digitalization of HRM functions [22]. As a result, Libya becomes a part of discussions regarding SHRM among emerging economies [11].

Generally speaking, the entire discussion presents the study as a meeting point between SHRM theories and Libyan empirical data. This not only confirms the earlier conclusions regarding the importance of HRM practices but also expands knowledge of how the practice-to-performance connection takes place.

Conclusion and recommendations

Conclusion

This research reveals that SHRM is becoming increasingly relevant for application within Libyan firms amid their post-conflict rebuilding between 2022 and 2024. The research shows that although each HRM practice alone positively affects employees' results and productivity, its impact can be maximized only by combining various HRM activities horizontally and aligning them vertically with business strategies. The results support the configurational view on SHRM by indicating that it is not HRM practices that contribute to better organizational performance and firm effectiveness but the mechanisms of alignment that make the practices work effectively. However, growing involvement of HRM specialists into strategic decision-making processes and the growing formalization of HR departments demonstrate an evolution towards strategic HRM in Libya.

Recommendations

For effective SHRM, companies have to incorporate the HR function into corporate strategies by actively engaging HR executives in strategic planning and decision-making processes, which would help to achieve vertical integration. Companies must ensure that there is consistency within their HR policies, whereby staffing, development, performance assessment, and incentive systems complement each other. The use of human resource analytics and modern technology such as HRIS would enhance decision making in the organization. The improvement of skills related to SHRM and strategic planning among both the HR and general management is imperative through appropriate training in SHRM. It is also important to create a cultural change that would redefine HR's role from an administrative one to a strategic partnership within the company. National policy support would go a long way in facilitating such a process.

References

1. Soomro, B. A., & Shah, N. (2024). Role of human resource management on strategic management. In *Trends, challenges, and practices in contemporary strategic management* (pp. 51–69). IGI Global. <https://doi.org/10.4018/979-8-3693-1155-4.ch003>
2. Nastase, C., Adomnitei, A., & Apetri, A. (2025). Strategic human resource management in the digital era: Technology, transformation, and sustainable advantage. *Merits*, 5(4), 23. <https://doi.org/10.3390/merits5040023>

3. Kure, T. G. (2025). The strategic role of human resource managers in shaping decision-making in Ethiopia. *PLOS ONE*, 20(7), e0327296. <https://doi.org/10.1371/journal.pone.0327296>
4. Li, D., & Estacio, J. D. (2024). The evolution of HRM: From personnel management to strategic partner. *Open Access Library Journal*, 11, 1–5. <https://doi.org/10.4236/oalib.1111928>
5. Uysal, G. (2024). Fifth definition for strategic HRM: HRM involvement. *SSRN Electronic Journal*, 19, 31–35.
6. Pirannejad, A., Nargesian, A., & Dehghani, P. (2026). The evolution of HR governance: A systematic review and integrative framework for future research. *Human Resource Management Review*, 36(3), 101150. <https://doi.org/10.1016/j.hrmr.2026.101150>
7. Gelgelo, W., Kero, A., & Kant, S. (2023). Strategic human resource management: A systematic literature review. *Radinka Journal of Science and Systematic Literature Review*, 1(2). <https://doi.org/10.56778/rjslr.v1i2.129>
8. Phanwattana, P., & U-on, V. (2017). A literature review of strategic human resource management. *Silpakorn University Journal of Social Sciences, Humanities, and Arts*, 17(1), 23–40.
9. **EshteiwAhmouda Shafter**, F. A. A. M., & Ghnaem, S. S. (2016). The roles of management to increase efficiency for employees and interconnected with good leadership. *IOSR Journal of Business and Management*, 18(11), 8–14.
10. Belkur, A. A. A., Muhta, R., & Shafter, M. S. (2017). The role of management information systems in increasing effectiveness of managerial decision making: The case of the General Company for Cement and Building Materials. *International Journal of Engineering Research & Technology*, 6(1), 92–105.
11. Ramadan, A., & Safavi, H. P. (2022). Impact of strategic management practices on organizational performance: Empirical studies of selected firms in Libya. *Journal of Business and Management Sciences*, 10(2), 67–76. <https://doi.org/10.12691/jbms-10-2-3>
12. Al Damoe, F. M. A. (2014). *The mediating effect of organizational climate on the relationship between HRM practices and HR outcomes in the Libyan public sector* (Doctoral dissertation, Universiti Utara Malaysia).
13. Zaied, A. N. H., Elawady, H., Mesalam, Y., & Haweel, M. (2016). The impacts of human resource management practices on company labor productivity: Empirical evidence from iron and steel company in Libya. *American Scientific Research Journal for Engineering, Technology, and Sciences*, 15(1), 19–33.
14. Abdulrahim, A. M. A., & Alnaas, S. S. J. (2023). Human resource management strategies to keep pace with technological change: An applied study on Libyan manufacturing companies. *Economic Studies Journal*, 6(3), 53–70.
15. **Mohamed**, A. A., et al. (2016). The impact of HRM practices on labour productivity in Libyan national oil corporations: The mediating role of social skills. *Journal of Management Development*, 35(7), 1–15.
16. Almasrite, S. M., & Mabruk, S. (2023). The role and functions of human resource management in building a learning organization: An empirical study in Benghazi, Libya. *International Journal of Economic Performance*, 6(2), 579–591.
17. Suliman, A., & Masaud, K. (2024). The impact of HRM practices on competitive advantage: Evidence from Libyana Mobile Phone Company. *Journal of Business Research*, 15(1), 112–130.
18. Al Adresi, A. A., & Darun, M. R. (2017). The relationship between strategic human resource management practices and organizational commitment in Libyan oil and gas

- companies. *International Journal of Business and Management*, 12(9), 1–15. <https://doi.org/10.5539/ijbm.v12n9p1>
19. Abozed, O. A. M., & Salem, S. F. (2020). Impact of human resource practices on employee performance: Evidence from Libyan commercial banks. *International Journal of Business Society*, 4(1), 1–8. <https://doi.org/10.30566/ijo-bs.2020.11>
 20. Bribesh, D. A. T. A., Azam, S. M. F., & Khatibi, A. (2024). Influential factors of human resource management practices on employee performance in Libyan public higher education. *International Journal on Management Education & Emerging Technology*, 2(1), 54–60.
 21. Salem, K. M. O., Momen, H. A., & Alhashmi, M. A. (2025). The impact of artificial intelligence on Libyan HR activities. *International Journal of Professional Business Review*, 10(5), e054533. <https://doi.org/10.26668/businessreview/2025.v10i5.5453>
 22. AL-Damoe, F. M. A., Ab Hamid, K., & Omar, K. M. (2015). Human resource management practices on human resource outcomes in Libyan firms. *Asian Social Science*, 11(23), 51–58. <https://doi.org/10.5539/ass.v11n23p51>
 23. Almojahed, A. (2020). *High-performance work systems in the Libyan telecommunication sector* (Doctoral thesis, University of Gloucestershire).
 24. Lengnick-Hall, M. L., Lengnick-Hall, C. A., Andrade, L. S., & Drake, B. (2009). Strategic human resource management: The evolution of the field. *Human Resource Management Review*, 19(2), 64–85.
 25. Cooke, F. L., Xiao, M., & Chen, Y. (2021). Still in search of strategic human resource management? *Human Resource Management*, 60(1), 89–118.
 26. Bouaziz, F., & Smaoui Hachicha, Z. (2018). Strategic human resource management practices and organizational resilience. *Journal of Management Development*, 37(7), 537–551.
 27. Apascaritei, P., & Elvira, M. M. (2022). Dynamizing human resources. *Human Resource Management Review*, 32(4), 100878.
 28. Bindeeba, D. S., Tukamushaba, E. K., Bakashaba, R., et al. (2025). Green human resource management and green innovation. *Discover Sustainability*, 6, 650.
 29. Srivastava, S., Rao, M. K., & Ganesh, P. (2025). Impact of HPWS on employee performance. *Journal of Management & Public Policy*. <https://doi.org/10.1177/09721509251415305>
 30. Yu, J., Yuan, L., Han, G., Li, H., & Li, P. (2022). Impact of SHRM on organizational resilience. *Behavioral Sciences*, 12(12), 508.
 31. Wright, P. M., Gardner, T. M., Moynihan, L. M., & Allen, M. R. (2005). The relationship between HR practices and firm performance: Examining causal order. *Personnel Psychology*, 58(2), 409–446. <https://doi.org/10.1111/j.1744-6570.2005.00487.x>
 32. Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635–672. <https://doi.org/10.2307/256741>
 33. Delery, J. E. (1998). Issues of fit in strategic human resource management: Implications for research. *Human Resource Management Review*, 8(3), 289–309. [https://doi.org/10.1016/S1053-4822\(98\)90006-7](https://doi.org/10.1016/S1053-4822(98)90006-7)
 34. Kock, N. (2015). Common method bias in PLS-SEM: A full collinearity assessment approach. *International Journal of e-Collaboration*, 11(4), 1–10. <https://doi.org/10.4018/ijec.2015100101>
 35. Alawag, A. M., Alaloul, W. S., Mohamad, H., Liew, M. S., Awang, M., & Baarimah, A. O. (2025). Evaluating the role of critical success factors of total quality management

- (TQM) implementation through SmartPLS in industrialized building projects (IBS). *Ain Shams Engineering Journal*, 16(3), 103294. <https://doi.org/10.1016/j.asej.2025.103294>
36. Taber, K. S. (2018). The use of Cronbach's alpha when developing and reporting research instruments in science education. *Research in Science Education*, 48, 1273–1296. <https://doi.org/10.1007/s11165-016-9602-2>
37. Chudziński, P., Cyfert, S., Dyduch, W., Koubaa, S., & Zastempowski, M. (2023). Strategic and entrepreneurial abilities: Surviving the crisis across countries during the COVID-19 pandemic. *PLOS ONE*, 18, e0285045. <https://doi.org/10.1371/journal.pone.0285045>
38. Hilkenmeier, F., Bohndick, C., Bohndick, T., & Hilkenmeier, J. (2020). Assessing distinctiveness in multidimensional instruments without access to raw data: A manifest Fornell–Larcker criterion. *Frontiers in Psychology*, 11, 223. <https://doi.org/10.3389/fpsyg.2020.00223>
39. Shafter, M. E., Ghnaem, S. S., & Abdelmotleb, F. A. (2016). The roles of management to increase efficiency for employees and interconnected with good leadership. *IOSR Journal of Business and Management (IOSR-JBM)*, 18(11), 8-14.
40. Collins, C. J., & Kehoe, R. R. (2017). Examining strategic fit and misfit in the management of knowledge workers. *ILR Review*, 70(2), 308–335. <https://doi.org/10.1177/0019793916654481>
41. AL-Damoe, F. M. A., Yazam, M., & Ab Hamid, K. (2013). Human resource management practices on organizational performance in Libyan firms. *Public Administration Research*, 2(1), 29–32. <https://doi.org/10.5539/par.v2n1p29>
42. Shafter, M., Das, S., & John, R. (2021). Financial management in higher education institutions: An in-depth understanding of the public and private sector contribution. In *The Journal of Indian Art History Congress* (Vol. 27, No. 1, pp. 164-170).
43. Omar, R., Ali, M. E., & Masrom, M. A. N. (2017). The relationship between human resource management and organisational performance in construction: Synthesis of HRM models. *Man in India*, 97(24), 253–266.
44. Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874–900. <https://doi.org/10.1177/0149206305279602>

Disclaimer/Publisher's Note: The statements, opinions, and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of SAJFAS and/or the editor(s). SAJFAS and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions, or products referred to in the content.