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Abstract
Globalization has brought about the need for organizations to be at pace with the trends to improve performance that can lead to greater competitive advantage. The aim of this study is to elaborate on the mediating effect of organizational climate on the relationship between HRM practices and HR outcomes in Libyan firms. From the literature scrutiny, this paper concludes that HRM practices, i.e., HR planning, recruitment & selection and rewards and compensations; and HR outcomes, i.e., employee satisfaction and employee relations can improve organizational performance. This study employs the use of quantitative survey to collect data. Multiple linear regressions were used to test the hypotheses, and the research data is effectively analyzed using SPSS. The findings indicate that there is a significant relationship between HRM practices and HR outcomes, and better and effective HR outcomes can be achieved through good organizational climate in Libyan firms. Thus, organizations should place more emphasis on organizational climate, as doing so would help organizations achieve their HR outcomes, including performance objectives. Effective HR outcomes can be achieved if HRM practices, such as performance appraisal, compensation and rewards and human resource planning are integrated with organizational climate in the organization. Recruitment and selection does not produce better HR outcomes when combined with organizational climate. Hence, recruitment and selection should be given greater consideration. This research is considered as the first in Libya to examine the effect of organizational climate on the relationship between human resource practices and HR outcomes predictability in a developing country, such as Libya. The findings of this paper serve as a clarion call to HR managers as well as policy makers to evaluate the importance of organizational climate on HR practices and HR outcomes in improving performance within the organization.

Keywords: HR planning, recruitment and selection, compensation and organizational climate, Libya

1. Introduction
The outcome of HRM practices on organizational performance has been viewed from various perspectives, mainly the relationship between HRM practices and their effect on organizational performance. Organizations implement proactive HRM practices in order to capitalize on the strength of this critical asset for sustained competitive advantage in today’s knowledge economy (Guest, 1997). HRM practices that affect organizational performance are HR planning, recruitment, selection, rewards and compensation (Guest, 1997; Delaney & Huselid, 1996). In reality, rewards lead to employees’ motivation, commitment, satisfaction and opportunity to participate in organizational activities, which eventually lead to organizational performance (Katou, 2008). Organizational performance factors that this study considers are mainly HRM outcomes, such as employee relations and employees’ satisfaction.

2. Literature Review

2.1 Human Resource Management (HRM) Practices

2.1.1 Human Resource Planning (HRP)
Organizations that have HRP are more likely to identify specific characteristics to enhance hiring policies (Craft, 1980; cited in Paauwe & Richardson, 1997). This practice results in consciously and proactively determining the composition of the workforce required to achieve organizational strategic objectives, as well as accomplishing objectives with more precision compared to a firm that fails to plan (Walker, 1980; cited in Paauwe et al., 1997).
HRP is a tool for determining HR needs in an organization in order to achieve strategic goals (Bulla & Scott, 1994). This process ensures that an organization has the right employees with the right skills and knowledge and accordingly, the right attitude in the right places at the right times (Mello, 2006). According to Noe, Hollenbeck, Gerhart and Wright, (1994) HRP, when applied correctly, can prevent problems that may affect the company's competitive position; the authors also consider HRP as a way to gain competitive advantage. In addition, studying the attributes of the workforce and staffing requirements provides an opportunity for organizations to establish which policies and programs are useful or otherwise (Heneman et al., 1989). Furthermore, the best organizations use HRP to get a broad idea of the type of workforce that is required (Paauwe et al., 1997).

One of the challenges in HRP is predicting a person's real ability to contribute to the competitive position of an organization before they join an organization (Stigler, 1961). As a result, staff can rely upon recruitment and selection practices for information concerning the potential of future performances of the job applicants (Rees, 1966). Koch and McGrath’s study, (1996) on improving labor productivity in HRM suggests that investment in HRP and HRM practices is positively related to higher labor productivity. Elasfer and Karami (2008) suggest that HRP is the most important aspect of HRM practices in terms of its impact on organizational performance. Huang (2000) in his study in Taiwan also cited HRP as being a positive influence.

2.1.2 Selection and Recruitment

Recruitment is the process of attracting applicants to the required positions in the organization and is highly interdependent on other variables. For example, a radical change in a compensation or incentives package can have a profound effect on recruitment. The recruitment and selection process is important for the performance of the organization to achieve goals and contribute to decision-making. Empirical research has shown a positive relationship between effective recruitment & selection practices and top-class performances (Harel & Tzafrir, 1999; Delany & Huselid, 1996; Bartel, 1994; Fey et al., 2000; AL-Damoe et al., 2013). In most organizations, recruitment is fully integrated with other HRM activities, particularly selection. Essentially, selection entails the process of bringing together and obtaining information about job candidates in order to help decision-making. The process of recruitment and selection involves determining actions by management to make sure that it brings enduring success in the implementation of organizational strategy. In this regard, Cascio (2006) argues that in the absence of effective induction, the implementation of organizational strategies may be unsuccessful. Thus, a good selection system relies on modern and need-based tests to facilitate effective selection. Moreover, substantial resources are required to make sure that these selection tests are successful. Some others emphasize that the process for effective recruitment and selection has a positive relationship with organizational performance. For example, recruitment and selection can assist the organization by attracting a maximum number of highly talented applicants (Khan, 2010).

2.1.3 Compensation and Rewards

Compensations are given in the form of rewards. Such rewards consist of both monetary and non-monetary incentives. Monetary compensation is further divided into direct and indirect compensation, such as benefits. Although employees’ preferences differ in the manner of how benefits are valued, it still provides an opportunity or flexibility in benefit choices, as well as invariably gives these employees good value (Chiu, Luk, & Tang, 2002). Furthermore, the efficiency wage theory indicates that wage above market pay increases efficiency and thereby reduces labor cost because high pay influences employee’s decision in employment acceptance and intention to leave the organization (Chiu et al., 2002; Armstrong & Murlis, 1994; Cappelli & Chauvin, 1991). The main weapon of employers to retain employees is nothing but benefits. Just as benefits assist employers to retain their employees, likewise, when high rewards are in place in the organization, employees will maintain a high level of satisfaction, commitment and loyalty toward their employers (Chiu et al., 2002).

2.2 Human Resource Outcomes

HR outcomes are normally shown as being outcomes with respect to skills that yield employee competence (Park et al., 2003; Guest, 2001) and those that foster cooperation (Richardson & Thompson, 1999). Hence, HR outcomes encompass attitudes, such as employee satisfaction, employee retention and employee relations (Park et al., 2003), and behavior which affects absenteeism and turnover (Guest, 2001; Richardson & Thompson, 1999). Cooperation is also imperative among employees because it helps to build and nurture synergy between competent employees, thereby helping the organization to do well (Paul & Anantharaman, 2003). In order to bring enduring organizational outcomes, employees or subordinates must be committed, satisfied and motivated, as mentioned earlier (Katou & Budhwar, 2006; Paul & Anantharaman, 2003; Guest, 2001; Fey et al., 2000).
2.2.1 Employees’ Satisfaction
Satisfaction is a benefit which is derived from participation in an occurrence. Hence, employees’ satisfaction could be defined as the level at which employees come to enjoy their jobs (Antoncic & Antoncic, 2011). Therefore, the overall reflection of employees’ satisfaction will produce job satisfaction; whenever employees are satisfied with their jobs, there will automatically be organizational growth and in return, the employees will be rewarded both in cash and in kind. There are three elements involved in achieving satisfaction as defined above: working conditions, time and a firm’s goodwill (Miskell & Miskell, 1994; Pierce & Newstrom, 1980; Christensen & Staines, 1990). Other studies have focused on the employees’ salary, remuneration such as fringe benefits and appreciation, promotions, education and training programs, job retention, organizational culture and a conducive working environment (Rosenbloom & Hallman, 1991; Tsui et al., 1997; Maslow, 1997; Hisrich & Peters, 1995). When all these remunerations, both in kind and in cash, are provided by the employers, then the employee is likely to be loyal (Meyer & Allen, 1997; Tsui et al., 1997). Antoncic and Antoncic, (2011) argue that employees’ relationships are part of work satisfaction as the employees will consider a personal relationship with their employers. Employees who are not well taken care of may leave the organization if they feel they are not an important factor for the sustainable growth of the organization. Also, they are the means to the attainment of internal excellence in all organizational activities. Hence, employee welfare should be given utmost priority by the top management of the organization, (Babatunde & Selamat, 2012) because employee satisfaction influences the performance of an organization as a whole. The relationship or link between a subordinate’s motivation and job satisfaction is another important HR outcome in the quest for attaining organizational performance. In much the same way, Herzberg’s (2003) motivation-hygiene theory is important in identifying critical motivators, such as recognition, achievement and the work itself and hygiene factors which represent extrinsic factors (e.g., supervision and staff salary). Basically, Herzberg’s perspective implies that these factors result in job satisfaction since they fulfill an individual’s need for self-actualization (Tietjen & Myers, 1998).

2.2.2 Employees Relations
Employee relations are influenced by programs set up by staff and direct communication about the implementation of organizational rules, culture, and resolving problems in the workplace. The most important practices carried out by HR managers within the field of employee relations include fair hiring practices and equal employment opportunities and good credentials and accounts of employer measures that are required by the law. Employee relations can basically be divided into three: workplace behavior, codes of conduct and employee conduct. Workplace behavior addresses issues related to the employee while employee conduct examines disciplinary problems. In addition, the need for employee relations must be consistent with systematic and rationalized employment systems, such as job evaluation and training, job testing of the applicants and performance-related pay (Benson, 1995; Osterman, 1994). Soeters and Schwan (1990) argue that such normal processes are rarely followed properly in India. Nevertheless, formal job selection processes need to be used to achieve reasonable results. Thus, to effectively manage employee relations managers must have excellent communication skills, whereby open and regular discussions are allowed in order to build an atmosphere centred on trust and mutual respect for one another, while the organizational policies should support HR Managers’ intervention in resolving the matter on the ground. Employee relations and attitudes can be achieved via multiple paths using alternative combinations of HR practices. Previous studies focused on employee relations and attitudes that effectively incorporate employees. Judge, Thoresen, Bono and Patton, (2001) agree documenting a positive relationship between HR practices and employee relations which seem to fit well with the Human Capital theory that success is generated by HRM practices. In addition, Fulmer et al., (2003) find that employee relations can provide competitive advantage to an organization. Schein, (1985) refers to the management behavior as a face-to-face interaction with the employees (e.g., management to employees or employees to management) because management is an agent of change that influences changes in the organization. Thus, managers must operate based on fundamental standards, such as norms, values and principles that will guide the operational activities within the organization because there is a need to improve quality, and to foster cooperation via management-employee relationship (Savolainen, 2000).

2.3 Organizational Climate
Organizational climate could be defined as an enabler of interaction between the employees and the employers. Organizational climate is defined as an organizational, social, situational and psychological environment, influenced by behavior (Forehand & Gilmer, 1964; Guetzkow, Forehand, & James, 1962; Argyris, 1958). Schneider, Gunnarson, and Niles-Jolly (1994) define organizational climate as ‘the feeling in the air’ that
someone gets from walking around in the organization. Creating conducive environment enables employees to work effectively, be committed to organizational goals and formulate strategies for the organization (Avery, 2004). Organizational climate affects employee behavior, attitude, beliefs, values, services and the ability to adhere to an organizational culture that will adequately propel the attainment of organizational goals (Babatunde & Selamat, 2012; Rogg et al., 2001). Thus, based on literature review, the proposed research model is presented in Figure 1 below:

Figure 1. Organizational climate on hrm practices on hr outcomes model

3. Research Methodology
This study employs a survey approach to test the model by distributing questionnaires to the HR managers in Libyan firms. The researchers based the questions on a five-point Likert scale ranging from strongly disagree to strongly agree. This study examines the mediating effect of organizational climate on HRM practices and HR outcomes in Libyan firms. Factor analysis was conducted on the three variables to verify whether they could be treated as a single measure. The test was conducted using principal component analysis and varimax rotation with Kaiser Normalization. Also, multiple regression was used to analyze the independent variables and the dependent variable (Bryman & Cramer, 2001; Tabachnick & Fidell, 2001). The Cronbach’s coefficient alpha values for the variables are presented in Table 1 below.

Table 1. Cronbach’s alpha of all variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Planning</td>
<td>5</td>
<td>0.81</td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>4</td>
<td>0.78</td>
</tr>
<tr>
<td>Compensation &amp; Rewards</td>
<td>3</td>
<td>0.77</td>
</tr>
<tr>
<td>Organizational Climate</td>
<td>19</td>
<td>0.94</td>
</tr>
<tr>
<td>Employees’ Satisfaction</td>
<td>5</td>
<td>0.85</td>
</tr>
<tr>
<td>Employee Relations</td>
<td>3</td>
<td>0.81</td>
</tr>
</tbody>
</table>

4. Discussion on the Results
The research model was tested using linear regression from Statistical Package for the Social Sciences (SPSS) 19 to find the strength of the relationship among the variables. The findings from regression analysis indicate that there is a strong relationship between HR practices and HR outcomes. It indicates that the variables are statistically significant, and the significant values are as follows: the independent variables (recruitment & selection, compensation & rewards and HRP) against the dependent variable, employees’ satisfaction at $\beta = -0.10; \beta = 0.166, p < 0.05; \beta = 0.423, p < 0.05$, respectively. Recruitment and selection ($\beta = -0.10$) is insignificant, and with employee relations at $\beta = -0.071; \beta = 0.247, p < 0.05; \beta = 0.325, p < 0.05$, respectively. Thus looking at the $R^2$, this model also fits. This means that the independent variables explain approximately 0.437 of the variation in the variable, employees’ satisfaction, $R^2$, 0.255 of the variation in the variable employee relations. However, independent variables (compensation & rewards and HRP) are statistically significant and related to the mediating factor (organizational climate), at $\beta = 0.291, p < 0.05; \beta = 0.370, p < 0.05$, respectively. Recruitment and selection ($\beta = -0.003$) is insignificant.

5. Contributions of the Study
This study addresses the issue of the lack of empirical literature on the mediating role of organizational climate
in the relationship between HRM practices and HR outcomes in developing countries, such as Libya. Thus, the
development of a conceptual model for looking into the mediating effect of organizational climate in the
relationship between HRM practices and HR outcomes in developing countries, such as Libya, should be
considered a contribution to new knowledge in this domain. It is expected that the research framework would
guide future studies and inspire new inquiries that would lead to further research in this area. The
implementation of HR practices can help organizations to develop new capabilities that will positively affect HR
outcomes. Organizational climate is identified as one aspect that can improve HR outcomes as well as the
performance of the organization (Bowen & Ostroff, 2004). This study is of great benefit to Libyan organizations
as it would assist them to improve employees’ working conditions in the country as a whole. It will also guide
them in developing and formulating better employee policies that would produce better HR outcomes, including
performance in many organizations in Libya. It is expected that the findings would help policy makers strategize
on employees’ working conditions in Libya by formulating better policies and programs that could force
organizations in Libya to provide better organizational climate for their employees. For the HRM practitioners,
the results could also leave a great impact, by providing them with adequate and relevant information about
HRM practices and recommending the best way to utilize HRM practices, such as appraisal, compensation,
rewards and HRP to achieve better HR outcomes. The insights provided by the study could also guide the
practitioners in the area to offer better advice to their clients. Organizations should provide the relevant
information, such as systems and types of organizational structures that will enable them to design a more
suitable organizational climate that subsequently can promote a conducive organizational climate and employee
relations in the organization, by taking into consideration the key HRM practices, such as appraisal,
compensation, rewards and HRP.

Secondly, the findings would provide the organizations in Libya with some rich information on how to utilize
HRM practice to improve and achieve better organizational performance. Employees must be provided with
adequate knowledge of HRM practices and how these HRM practices would assist them to contribute
significantly to the HR outcomes. In addition, it will also expose them to how HRM practices coupled with the
organizational climate, could lead to better organizational performance, especially to those who want to stay
longer in the organization. Thus, their knowledge of the HRM practices would help them achieve this main
objective.

5.1 Suggestions for Future Research and Conclusion

Based on the objectives of this study, both the research approach and analysis technique are only limited to the
quantitative survey and regression analysis, respectively. Future researchers should consider qualitative and
triangulation methods for an in-depth understanding of the mediating role of organizational climate; this will
explain the variation in the relationship between HRM practices and HR outcomes. Also, organizational climate
has been used as a mediator in this study; future researchers should look into other factors, such as job security,
organizational structure and organizational size which can be used to mediate the relationship between HRM
practices and HR outcomes. In conclusion, the study investigated the mediating effect of organizational climate
on the relationship between HRM practices and HR outcomes in Libyan firms. The findings indicate that there is
a significant relationship between HRM practices and HR outcomes. Effective HR outcomes can be achieved
through good organizational climate in Libyan firms. Thus, organizations should place more emphasis on
organizational climate, as doing so would help organizations achieve their HR outcomes, including performance
objectives. Better and effective HR outcomes can be achieved if HRM practices, such as compensation and
rewards, recruitment, selection and HRP are integrated with organizational climate in the organization. Thus,
both policy makers and organizations should design and formulate better HRM practices that would promote
organizational climate, recognition and appreciation towards better and more effective HR outcomes.

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