

HOW EFFECTIVE ARE HUMAN RESOURCE MANAGEMENT PRACTICES? THE CASE OF ORGANIZATIONS IN SERBIA - A QUALITATIVE STUDY

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Abstract

With this research, we aim to investigate the characteristics of the strategic system of human resource management practices in organizations in Serbia, their connection to the characteristics and behaviors of employees, and their relation to organizational performance. Data were collected through semi-structured interviews with 14 human resource managers representing 14 organizations with a total of 7,000 employees and analyzed using the Gioia method. Two types of organizations were specifically selected for the sample: international organizations in the manufacturing industry and organizations operating in the field of information technology. According to the results, strategic practices from the investigated model are present in organizations in Serbia. Human resource managers who participated in this study identified a connection between organizational performance and the characteristics and behaviors of employees. They also linked the characteristics and behaviors of employees with strategic human resource management practices. The results further suggest that there is a need for a more transparent presentation of the contribution of strategic human resource practices in organizations in Serbia.

Keywords: strategic human resource management, ability–motivation–opportunity model, human resource management practices, Gioia method, HRM practices in Serbian organizations, future of work.

KOLIKO SU EFIKASNE PRAKSE UPRAVLJANJA LJUDSKIM RESURSIMA? PRIMER ORGANIZACIJA U SRBIJI - KVALITATIVNA STUDIJA

Apstrakt

Cilj ovog istraživanja je da se istraže karakteristike strateškog sistema praksi upravljanja ljudskim resursima, njihova povezanost sa karakteristikama i ponašanjima zaposlenih, kao i njihov odnos prema organizacionim performansama u organizacijama u Srbiji. Podaci su prikupljeni kroz polustrukturisane intervju sa 14 menadžera ljudskih resursa koji predstavljaju 14 organizacija sa ukupno 7.000 zaposlenih i analizirani primenom Gioia metode. Za uzorak su posebno odabrane dve vrste organizacija: međunarodne organizacije u proizvodnoj industriji i organizacije koje posluju u oblasti informacionih tehnologija. Rezultati ukazuju da su strateške prakse iz ispitivanog modela prisutne u organizacijama u Srbiji. Menadžeri ljudskih resursa povezuju organizacione performanse sa karakteristikama i ponašanjem zaposlenih, a karakteristike i ponašanja zaposlenih povezuju sa strateškim praksama upravljanja ljudskim resursima. Rezultati takođe ukazuju na potrebu za transparentnijim predstavljanjem doprinosa strateških praksi ljudskih resursa.

Ključne reči: strateško upravljanje ljudskim resursima, model sposobnosti-motivacija-mogućnosti, prakse upravljanja ljudskim resursima, Gioia metoda, prakse upravljanja ljudskim resursima u organizacijama u Srbiji, budućnost rada.

INTRODUCTION

Organizations with human capital equipped with knowledge, skills, motivation, and working in an environment that provides opportunities for contribution have the capacity to achieve better organizational performance. Organizations are achieving competitiveness because they have a qualified and motivated workforce. They have a workforce that is ready to change and adapt to the new circumstances, and they have a strategic system of human resource management practices (HRM) that develops that capital and ensures that it is sustainable. Further exploration of the relationship between the strategic system of HRM practices, employee characteristics and behaviors, and organizational performance is of great importance. The business environment becomes more turbulent and unpredictable, therefore, organizations must encourage employee creativity as a basis for improvement in their work. Additionally, achieving organizational performance is no longer the sole goal organizations pursue. The needs of individuals and society as a whole are increasingly coming into focus. Sustainable business requires organizations to consider the well-being of employees by respecting their needs. Organizations that aim to attract and retain employees strive to meet those needs. Furthermore, the complexity is compounded by the unknown future of the world of work.

A PWC study (PWC, 2018) on the future of work predicts four dominant worlds of work in the future: Blue - a profit-focused corporate world, Red - smaller, digitized, and innovative organizations where ideas are paramount, Yellow - where purpose and fairness matter, and Green - where social responsibility dominates. In light of these predictions, the question arises of how organizations can attract, engage, and retain employees to achieve high organizational performance and how the strategic system of HRM practices can help in this regard. This topic is particularly important in organizations in Serbia, yet, according to the authors' knowledge, it is insufficiently researched. There is a strong need in organizations in Serbia to approach the most important capital they possess – and in the knowledge economy era, it is human capital - with great attention. The reason for this is the need to create environments in organizations where employees will have the necessary knowledge, skills, and abilities, be motivated to use that knowledge to achieve the organization's business goals, and have enough opportunities to do so. In developing economies, this topic is even more important. Improving the quality of the workforce is one of the goals mentioned in various strategies of the Government of the Republic of Serbia. Continuous development of human resources is a key precondition for the development of a competitive and strong economy. A skilled, capable, and skilled workforce is ready to respond to challenges and changes in the environment and forms the basis for the success of organizations and consequently the economy as a whole. Technological progress and structural adjustment of the economy in Serbia require constant improvement of knowledge, skills, and attitudes in line with the needs of the modern economy, which bases its competitiveness on knowledge (Ministry of Economy of the Republic of Serbia, 2018). The main goal of this paper is to investigate what the systems of HRM practices in organizations in Serbia look like,

how they are connected with characteristics and behaviors of employees, and with organizational performance.

THEORETICAL FRAMEWORK

Wright and McMahan (1992) define Strategic Human Resource Management (SHRM hereafter) as the "pattern of planned deployment of human resources and activities aimed at enabling the organization to achieve its goals" (p. 298). As part of the management system in an organization, human resource management encompasses all decision-making, strategies, policies, and activities that directly impact employees in the organization: their behavior, outcomes, attitudes, values, and motivation (Bogićević Milikić, 2017).

In the traditional research in the field of HRM, researchers were focused on exploring how individual HRM practices, like selection or training, impact organizational performance. The strategic view of HRM practices is focused on exploring how the system of HRM practices impacts organizational performance (Wright & McMahan, 1992). The reason for exploring the impact of the system of HRM practices is embedded in the previous researches that show that the system of HRM practices has a stronger impact on organizational performance compared to the impact of individual practices (Combs et al., 2006). It is clear that researchers have to invest more effort in exploring the relationship between the system of HRM practices and organizational performance, as this is one of the most significant questions in SHRM (Becker et al., 1997). Results of previous research in the field of SHRM have shown a positive relationship between the system of HRM practices and organizational performance (Jiang et al., 2012). The logic behind this positive relationship lies in the synergetic relationship among HRM practices (Delery, 1998; Jiang et al., 2012). Appelbaum et al. (2000) argued that clusters, systems, or configurations of internally coherent practices better explain organizational performance than individual practices.

The relationship between individual HRM practices within the system has been examined through three different perspectives: universalistic, configurational, and contingent (Kaufman, 2010). In this paper, we will follow the configurational perspective. According to the configurational perspective, HRM practices do not independently contribute to organizational performance. The contribution of HRM practices lies in the close interconnection of HRM practices. Rather than proposing a "best practices" approach, as the universalistic perspective suggests, the configurational perspective implies a "best fit" approach (Kaufman, 2010). Therefore architecture of the system of HRM practices is very significant (Lepak & Snell, 1999), especially the role of internal or horizontal alignment of multiple components of the system of HRM practices (Gerhart, 2007). By highlighting the common effect of multiple HRM practices, the configurational perspective focuses on the role of complementarity among HRM practices (Chadwick, 2010). Therefore, it is considered that the joint application of multiple HRM practices creates complementarities to improve organizational performance that collectively contribute more than the sum of the individual contributions of each HRM practice (Kaufman, 2010). The configurational perspective of the system of HRM practices is linked to the Ability-

Motivation-Opportunity model, abbreviated as AMO (Appelbaum et al. 2000; Gerhart, 2007).

THE BASIC LOGIC OF THE AMO MODEL

The fundamental logic of the AMO model is that the system of HRM practices simultaneously stimulates the abilities and motivation of employees and provides enough opportunities to the employees to perform their tasks and achieve high performance (Batt, 2002; Huselid, 1995). According to previous research on the AMO model, the three components- ability, motivation and opportunity are complementary, therefore it is vital to have good alignment between HRM practices in the system in order to enhance ability, motivation and opportunity of employees and to achieve high organizational performance (Appelbaum et al., 2011).

In the AMO model, researchers suggest that employee performance is a function of three key components: abilities, motivation, and opportunities. Expanding this logic, the system of HRM practices designed to maximize employee performance can be viewed as comprising three dimensions aimed at enhancing skills, improving motivation, and increasing opportunities (Appelbaum et al., 2000; Delery & Shaw, 2001; Lepak et al., 2006). Several empirical studies have adopted and validated this conceptual framework (Batt, 2002; Huselid, 1995; Subramony, 2009). In line with these studies, Lepak et al. (2006) suggest that it might be fruitful to conceptualize HRM practices through three core dimensions: HRM practices for skill enhancement, HRM practices for motivation enhancement, and HRM practices for opportunity enhancement. HRM practices for skill enhancement are designed to ensure that employees possess relevant knowledge and skills, including selective hiring and comprehensive training. Practices that fall under the category of motivation-enhancing practices serve to increase employee motivation and include development-oriented performance management, competitive compensation, incentives and rewards, benefits, career development, and job security. HRM practices for opportunity enhancement are designed to enable and empower employees to use their skills and motivation to achieve high organizational performance, including practices such as involving employees in decision-making, transparency, and information (Jiang et al., 2012). A review of the literature indicates that when practices from all three groups of the AMO model are present in the architecture of the system of HRM practices, a synergistic positive effect occurs on employee characteristics and subsequently on organizational performance.

In an environment that undergoes continuous changes with rapid transformations in work and work surroundings, organizations need a competitive, autonomous workforce capable of dealing creatively with new challenges and requirements. Such an environment encourages organizations to adapt and be more flexible with their HRM practices (Villajos et al., 2019). The need for sustainable business paves the way for a new approach to HRM, where employee task execution is no longer the sole goal (Tissen et al., 2010). Research reveals the need to monitor other indicators that could strongly contribute to the sustainable development of employees and organizations, such as employee well-being and their performance, especially creative performance (Lee et. al., 2019). This strongly emphasizes the need to investigate the impact of HRM practices on employee well-being and creative performance, although

the relationship among HRM practices and organizational performance was the lead research topic in SHRM for several decades (Villajos et al., 2019). Researchers have recognized that caring for employee well-being is important from an ethical perspective, but there are also empirical findings suggesting that employee well-being can have positive implications for organizational performance (Kuvaas, 2006). Moving towards a more comprehensive approach, some researchers have pointed out the need to pay additional attention to examining the impact of HRM practices on employee well-being (Guest, 2002). HRM practices can enhance well-being by creating a work environment where trust and empowerment exist, an environment where employees can develop personally and professionally (Lee, 2019). Previous research exploring the relationship among HRM practices and well-being established a positive relationship (Van de Voorde et al., 2012). There is an increased expectation that HRM practices are sustainable in the long run and contribute to organizational performance by creating synergies between the proactive behavior of employees, their performance, and well-being (Manzoor, 2019).

Creative performances are crucial for the sustainability of organizations. As the organizational environment becomes more turbulent and unpredictable, organizations must promote the creativity of employees so that they can independently oversee and enhance their own work (Martinaityte et al., 2019). Creativity is key to organizational growth (Mumford et al., 2012), the long-term survival and success of organizations (Bratnicka, 2015). To stay competitive in an increasingly dynamic market, organizations must foster creativity to achieve greater sustainability (Martinaityte et al., 2019). Creative performances can be defined as the generation of new and useful ideas (Amabile, 1988), which is particularly important for innovation and competitiveness in changing environments (Hou et al., 2017). HRM practices can enhance creative performances by increasing the motivation and readiness of employees for discretionary efforts (Branzei & Vertinsky, 2006). When HRM practices are perceived as an investment in employees, they can use their skills and abilities for creative activities (Gupta, 2014). Little attention has been dedicated to the relationship between HRM practices and creativity in previous research (Gupta, 2014). It is believed that HRM practices can contribute to the development of certain aspects of well-being and creative performance necessary for facing the variable and turbulent environments that today's organizations confront. Therefore, it is crucial to improve well-being and creative performances, and we must better understand the relationships between HRM practices, well-being, and creative performances (Villajos et al., 2019). According to the report on the Future of Work by PWC (PWC, 2018), four main factors shape the future world of work: individualism versus collectivism and corporate integration versus organizational fragmentation. The impact of these four factors differentiates four dominant types of organizations in the future world of work: the Blue World of Corporation, where the primary focus is on profit; the Red World of smaller, digitized, and innovative organizations, where the idea is paramount; the Yellow World of work where purpose and fairness are crucial, and the Green World dominated by social responsibility. In the Serbian market, in recent years, the number of organizations operating in the information technology sector has been growing, matching the characteristics of the Red World of work. On the other hand, a large number of manufacturing, international organizations are

transferring part of their business to the Serbian market or expanding into this market to leverage the benefits of lower labor costs and better access to talent. These organizations match the characteristics of the Blue World of work. Below is an overview of the characteristics of these two types of future world of work.

The Red World of work represents the world of innovation, where changes happen very rapidly. In the Red World, the idea is crucial for success, and digitization, through digital platforms, enables those with the right idea to achieve significant reach and impact. New products and business models are developed very quickly. Organizations innovate to find new ways to serve different market niches and achieve high profits when they successfully meet customer expectations. Organizations use technology, the supply chain, and intellectual property to generate value for customers. Expertise is highly valued, and employees strive to develop the most sought-after skills to receive the highest compensation package. Speed to market is everything in the Red World of work - any decision-making process or hierarchy that delays innovation represents a barrier to success. Organizations compete to attract and retain employees with critical skills.

In the Blue World of work, companies use their size and impact to protect their profitability and competitiveness. Companies operating in the Blue World of work rely on a productive workforce; they compete for the best talent since their success strongly depends on it. There is a high demand for talent. Employers are willing to pay well and reward key individuals who achieve high performance, while the remaining workforce is more flexible and engages when and if needed. The risk related to people is a significant theme, and management takes it seriously. Employers start early in the search for exceptional talent, establish connections with schools, and engage young people with potential. Employees at all levels take an active role in their career development, enhancing their skills whenever and however they can (PWC, 2018). In this study, we will focus on investigating HRM practice systems in organizations in Serbia that possess characteristics of the Red and Blue Worlds of work of the future.

RESEARCH DESIGN

According to the researchers' knowledge, there have been no similar studies on this topic in Serbia. Therefore, this study is exploratory, allowing for a deeper understanding of the research subject. It employs an inductive approach and qualitative research methodology. A qualitative approach is used in order to explore the system of HRM practices in organizations, but also to understand how HR managers perceive the influence of the system of HRM practices on employee characteristics and behaviors and organizational performance. Data were collected through semi-structured interviews, covering three broad themes related to 1) characteristics of the system of HRM practices, 2) characteristics and behaviors of employees, and 3) organizational performance.

PROCEDURE AND SAMPLE

This study examines the characteristics of the system of HRM practices based on the AMO model, as well as the characteristics of the system of HRM practices that are related to the well-being and creativity of employees. The goal is to shed light on the characteristics of the system of HRM practices, but also to determine whether

practices from the AMO model and those enhancing the creativity and well-being of employees are present in organizations in Serbia. The study aims to examine the relationship between the system of HRM practices and employee characteristics and behaviors, and consequently, organizational performance. The sample consists of two types of organizations: small and medium-sized enterprises operating in the IT sector and larger organizations that are part of international groups operating in the manufacturing industry. 14 HR managers participated in the study, representing companies employing a total of 7,000 employees. The participants were chosen from organizations that could be classified into the Red and Blue Worlds of work according to the characteristics identified in a study on the future of work (PWC, 2018). The participants, on average, were 42 years old (ranging from 37 to 54 years). The sample included an equal number of men and women. The interviews lasted 60 minutes and were conducted online in June and July 2022. Participation in the interviews was voluntary and confidential.

INTERVIEW DESIGN

Primary data collection was conducted through semi-structured interviews with HR managers. Selected questions were sequentially arranged, straightforward, and utilized an open-ended style. This approach helps organize respondents' thoughts and provides researchers with focused responses from different individuals, facilitating content analysis. The content of the questions was designed considering the research goals and a literature review. Questions covered characteristics of organizations, characteristics of the system of HRM practices, the connection between HRM systems and employee characteristics, their work behaviors, motivation, opportunities, well-being, and creative performances, as well as organizational performances. The research aimed to identify practices related to a defined HRM practices model based on the AMO framework, including practices for enhancing employee well-being and creative performance. It also aimed to examine how HR managers view HRM practices, how they link employee characteristics and behaviors to HRM practices and organizational performances, if at all, and which ones.

DATA PROCESSING

In the research, a qualitative data processing approach was applied, providing the opportunity to track and study the HRM practices system comprehensively. One highly cited and utilized approach in the field of qualitative data analysis in organizations is the Gioia method (Gioia et al., 2012; Vukelić & Petrović, 2021). By applying this approach through three steps in the analysis, a structured data overview is obtained. Responses are initially cleaned, respecting original terms and ideas from the interviewees. These terms are then further refined through immediate interpretation by the researcher, leading to a deeper and more comprehensive summarization in the context of reducing them to a smaller number of "dimensions" that provide insight into the overall data structure. This approach respects both the perspectives of interviewees (laypeople) and researchers, whose work is guided by existing knowledge but remains open to new insights. At the first level of analysis, data were categorized, and these categories were then grouped into themes for a deeper understanding of the obtained data. At this level, the terms used by participants and their understanding, as interpreted by the researcher, were refined. At the final, third level, the broadest dimensions were reached by grouping themes from the second

level. This process results in an overview of the data structure, providing a clearer insight into the phenomenon under study. Interview material was initially independently coded (first level of analysis). Subsequently, codes were compared and aligned, and broader themes and dimensions were defined (second and third levels of analysis). Finally, a comprehensive model was developed based on the structured data overview.

RESULTS AND DISCUSSION

The data structure obtained from interviews with HR managers in organizations that are, by characteristics, classified into the Red and Blue Worlds of work, is presented in Table 1. As shown, three dimensions were identified: 1) practices focused on developing a long-term relationship (selection, training, job security), 2) practices aimed at empowering employees (self-managing teams, decentralized decision-making, performance-linked competitive salaries, employee well-being, creativity), and 3) practices directed toward the development of HRM practices and demonstrating their contribution to organizational performance.

Table 1.

Data Structure on HRM Practices Systems in Organizations in Serbia

Dimensions (Third Level of Analysis)	Themes (Second Level of Analysis)	Quotes (First Level of Analysis)
Practices Focused on Long-Term Relationship Development (Job Security, Selection, Training)	Satisfied employees want to stay in the company	<p>"We, as a management team, talk about the level of employee satisfaction, team atmosphere, the risk of employees leaving, and how to ensure they stay longer." (Manager, 41 years, Red World)</p> <p>"The selection of people was highly selective; every hundredth candidate went through the selection process. Now, we demand that soft skills be at the same level as before, and we compromise on technical competencies, developing them internally. We invest a lot in training." (Manager, 39 years, Red World)</p>
	Selective employee recruitment	<p>"Security of employment is very present; we never hire people for a project. We exclusively hire people for the long term." (Manager, 38, Blue World)</p> <p>"We carefully choose people even in mass selections. In addition to technical knowledge, it's important that they fit in values-wise." (Manager, 49 years, Blue World)</p>

	<p>Intensive training</p> <p>Need for professional development</p> <p>Employees' expertise as a crucial resource</p> <p>A diligent approach to building the knowledge and skills of employees and leaders</p>	<p>"Our employees are experts in their field and want to learn and develop." (Manager, 41 years, Red World)</p> <p>"We have built all our factories, meaning we are interested in a long-term relationship. The majority of positions are transferred to this part of Europe. Our goal is a 20% flexible workforce." (Manager, 52, Blue World)</p> <p>"Employee expertise is significant. HRM practices contribute a lot. We measure and determine training needs clearly and work on improving them." (Manager, 52, Blue World)</p> <p>"We actively engage with leaders; the goal is to have leaders well-trained and empowered to work with their employees." (Manager, 52, Blue World)</p> <p>"Here, we actively engage with leaders; the goal is for leaders to be sufficiently trained and empowered to work with their employees." (Manager, 52 years, Blue World)</p> <p>"We are a company providing professional services, and it's crucial that people are prepared and competent." (Manager, 45, Red World)</p>
	<p>Practices Focused on Empowering Employees (Self-Managing Teams, Decentralized Decision-Making, Performance-Linked Competitive Salaries, Employee Well-Being, Creativity)</p> <p>Competitive salaries and benefits</p> <p>Taking responsibility for decision-making</p> <p>High level of employee autonomy</p>	<p>"Every year the salary system is updated. We monitor market data because we want to be competitive." (Manager, 41, Blue World)</p> <p>"Performance monitoring and evaluation are crucial, and employees seek it because their bonus depends on it. Contribution must be visible. We measure and monitor productivity." (Manager, 52, Red World)</p> <p>"People who are not part of our company often say they are surprised by the autonomy and opportunities our people have." (Manager, 42, Red World) </p> <p>"We have numerous platforms to inform employees, but I have the impression they are interested only in what personally</p>

	<p>Open communication and business transparency</p> <p>Careful monitoring and respecting employees' needs</p> <p>Creativity could be further encouraged through HR practices.</p>	<p>concerns them." (Manager, 41, Red World)</p> <p>"Our people want to take responsibility, finish the job, find solutions, and be able to express their thoughts." (Manager, 38, Blue World)</p> <p>"The company is sensitive to employees' needs. Employees are most productive when their needs are fulfilled." (Manager, 42, Red World)</p> <p>"We would love creativity to be higher, but it's not happening. Employees prefer established paths; they are not ready to take risks. We strive to encourage it." (Manager, 41, Blue World)</p>
Practices Focused on the Development of HRM Practices and Transparent Demonstration of Contributions to Organizational Performance	Key people are crucial for organizational success. HRM practices contribute, and the contribution needs to be more transparently measured and presented to management	<p>"If you ask me how much people influence, the answer is a lot. If you ask me what the HRM team does and how it affects, I can't show that we directly influence." (Manager, 38, Blue World)</p> <p>"We don't know how to present, measure, and 'sell' what we do." (Manager, 38, Blue World)</p>

Source: Author's analysis

The business environment is such that clients seek fast, innovative solutions, and organizations strive to attract and retain skilled employees, clearly indicating an intention to build a long-term relationship with them. This relationship is cultivated through HR practices where a careful approach is taken to select employees, ensuring the necessary level of knowledge and skills, as well as aligning the value system with the organization's needs.

"We brainstorm with clients and quickly find solutions to their problems. The software we work on is the essence of our client's business. We want to be partners with our clients and differentiate ourselves in terms of developing our people." (Manager, 44 years) *"Job security is very present; we never hire people on a project basis. We exclusively hire people for the long term." (Manager, 46 years)*

Employees highly value opportunities for learning and professional development, prompting organizations to invest in training through HR practices to be more attractive to employees and strengthen their capacity to build long-term relationships. On the other hand, organizations are aware that competent employees make a difference, and they invest in training.

"Our employees are our most important resource because we live off their expertise." (Manager, 39 years). "The selection of people was highly selective; every hundredth candidate passed the selection. Now, we are more open, demanding that soft skills be at the same level as before, compromising on technical competencies, and developing them internally. We invest a lot in training." (Manager, 38 years) "Our employees want to learn and develop professionally." (Manager, 42 years)

Through HR practices, organizations monitor market salary levels, offering a competitive compensation package and bonuses linked to individual contributions and the organization's financial performance to motivate employees to utilize their potential, make efforts to achieve business goals, and remain with the organization long term.

"Wages are above average; people should be fairly paid for their work and have a good standard of living, not worrying about income and existential issues, so they can be creative and focus on their job." (Manager, 45 years)

To achieve high performance, organizations need employees willing to take responsibility, make decisions independently, and solve problems they face at work. Through HR practices, organizations aim to empower employees by investing in training and professional development, decentralizing decision-making, and ensuring employees have enough information to understand the business environment and perform their jobs correctly.

"We have numerous platforms to inform employees: intranet, company website, leadership conferences, communication meetings, an employee informant, and team meetings. Financial and non-financial reports are published on the company's website." (Manager, 43 years) "People who are not part of our company often express surprise at the autonomy and opportunities our people have to make decisions and solve problems." (Manager, 38 years) "Many are self-managing teams and make decisions within the team. For example, the employer branding team has its budget and decides on its own investments." (Manager, 41) "Decision-making is decentralized. Sectors have the ability to decide. Decision-making is pushed down to a certain level, but there are clear escalation processes." (Manager, 52)

Additionally, organizations recognize that employees want their needs as individuals to be acknowledged. There is careful monitoring and respecting of employees' needs through HR practices focused on enhancing employee well-being.

"There is a high concern for employees here. The company is sensitive to employees' needs. The market is such that job changes are frequent, and employees are most productive when their needs are met." (Manager, 41 years)

"We introduced monitoring and limiting overtime, flexible vacation planning, flexible working hours, work from home, more annual leave days than the legal minimum,

benefits focused on the well-being of employees and their families." (Manager, 45 years)

Organizational performance depends on the characteristics and behaviors of employees, but there is a need to develop additional HR practices, such as practices to enhance creative performance and ways to make the contribution to HR practices more transparent.

"If you ask me how much people influence, the answer is a lot. If you ask me what the HR team does and how it affects, I can't show that we directly influence." (Manager, 38 years)
"We don't know how to present, measure, and 'sell' what we do." (Manager, 38 years)

The need for employees to participate in innovation and problem-solving processes is recognized. There is room for designing and improving HR practices that would boost creative performance.

"Our clients often praise the creative approach of colleagues and their willingness to participate in innovation processes and quickly provide solutions." (Manager, 42 years)

HR managers recognize that there is a space to stimulate creativity through HR practices.

"We would like creativity to be greater, but it's not happening. Employees prefer established paths; they are not ready to take risks. We try to encourage it." (Manager, 41 years)"

The results point to three comprehensive dimensions describing HRM systems in Serbian organizations: 1) practices focused on developing a long-term relationship (selection, training, job security); 2) practices aimed at empowering employees (self-managing teams, decentralized decision-making, performance-based competitive salaries, employee well-being, creativity); 3) practices directed toward HRM development and demonstrating contributions to organizational performance.

The business environment emphasizes the need for quick, innovative solutions, prompting organizations to build long-term relationships with their employees through well-crafted HRM systems. Employees highly value learning and professional development opportunities, leading organizations to invest in training through HRM practices to attract and retain talent. Simultaneously, organizations recognize the importance of competent employees in achieving significant business results and invest in employee training to bridge knowledge and skill gaps in the market. HRM practices, such as monitoring market salary levels and offering competitive compensation packages tied to individual contributions and organizational performance, motivate employees to utilize their potential and strive for long-term commitment. Organizations seek proactive employees who take responsibility, make independent decisions, and solve workplace challenges. HRM practices focus on empowering employees through training, professional development, decentralized decision-making, and ensuring access to information to understand the business environment and perform tasks effectively. Additionally,

organizations acknowledge the need to respect individual employee needs through HRM practices aimed at enhancing employee well-being. There is a recognition of the importance of employee participation in innovation and problem-solving processes. While information-sharing practices exist, HR managers may not perceive them as highly significant for employees.

CONCLUSION

Organizations with a qualified, motivated, and adaptable workforce, along with well-developed and maintained HRM practices, gain a competitive advantage (Becker et al., 1997). This research aimed to examine the characteristics of HRM practices, the relationship between HRM practices and employee characteristics and behaviors (knowledge, skills, abilities, motivation, opportunities, employee well-being, and creative performance), and the connection between employee characteristics and behaviors and organizational performance. Data were collected through semi-structured interviews with 14 HR managers representing organizations with a total of 7,000 employees, utilizing the Gioia method (Gioia et al., 2012). As a limitation, this study acknowledges constraints related to the sample structure. Future research could benefit from including organizations from other sectors, including public enterprises, to provide a more comprehensive understanding of HRM practices in different contexts. Overall, this research contributes valuable insights into HRM systems in Serbian organizations, facilitating a better understanding of the relationships between HRM practices, employee characteristics, behaviors, and organizational performance. The study found that the system of HR practices in organizations in Serbia is linked to employee characteristics and organizational performance, highlighting the need for further research on the relationship between the system of HRM practices, employee behavior, and organizational performance. The findings can serve as practical recommendations for designing HRM systems that positively impact employee characteristics, behaviors, and, consequently, organizational performance.

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REZIME

Strategijsko upravljanje ljudskim resursima je značajan faktor za postizanje visokih organizacionih performansi, rasta (Huselid, 1995) i održivosti (Appelbaum et al., 2011). U literaturi i praksi postoji stalna potreba za potvrđivanjem strateškog značaja funkcije upravljanja ljudskim resursima. Ova stalna potreba proizilazi iz ideje da su, za razliku od tradicionalnih resursa, ljudski resursi inherentno „nevidljivi“ po prirodi. Oni obuhvataju intelektualni, ljudski i organizacioni kapital koji se ne pojavljuje u bilansu stanja organizacije, ali je prisutan u celoj organizaciji. Iako intelektualni, ljudski i organizacioni kapital nisu vidljivi na bilansu stanja organizacije, njihovi izvori su. Oni se nalaze u kvalifikovanoj, motivisanoj i prilagodljivoj radnoj snazi i u strateškom sistemu praksi upravljanja ljudskim resursima koji razvija i održava taj kapital (Becker et al., 1997). Ovo istraživanje ispituje karakteristike praksi upravljanja ljudskim resursima, njihov odnos sa ponašanjem i karakteristikama zaposlenih, kao i vezu između karakteristika zaposlenih i performansi organizacija. U organizacijama u Srbiji sistemi upravljanja ljudskim resursima se sastoje od

tri vrste praksi koje su usmerene na razvoj dugoročnih odnosa, na osnaživanje zaposlenih i prakse usmerene ka razvoju sistema upravljanja ljudskim resursima i demonstriranju doprinosa performansama organizacije.