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Challenges of HRM Approach and Contributions to Improving Organizational Performance of the Serbian Trade Sector

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Abstract
The aim of this paper is to investigate the role and importance of the quality of human resource management practices of Serbian supermarkets, in terms of improving their organizational performances. A group of correlations has been defined in this paper to be measured in order to reflect the impact of HRM practice on the effectiveness of supermarkets in Serbia, which can lead to better functioning of not only supermarkets, but also of all other organizations in our environment and under current circumstances. The results of this study showed that supermarkets that have better HRM practices possess a more competitive workforce and better organizational performances, which further highlights the need for a more systematized and institutionalized use of human resources within trade sector in Serbia. The research findings indicate the need for different strategic employee evaluation and management systems, as well as for significant investments in their development and quality, not only because of the competitiveness in the domestic, but also in the increasingly integrated European and global trade markets.

Keywords
Trade, supermarkets, human resources management, employee satisfaction, organizational performance.

Introduction

Nowadays, there is a lot of pressure to show the contribution of human resource management (HRM) to organizational performances. Due to the increasing competition in the global trade market, attracting and retaining customers became the key driver of competitive advantage. Furthermore, it depends on the employee competencies, because the quality of service, being the most efficient means of attracting and retaining customer, depends primarily on the quality of the person offering it. Therefore, in order to attract and retain customers, trade service quality depends on three important conditions: right people with the right knowledge, competencies and skills, their motivation to invest their knowledge, competencies and skills to provide services, and their constant improvement of their knowledge, competencies and skills in order to obtain necessary business dynamics. Large investments in HRM practices are needed in order to achieve the above-mentioned conditions. In order to justify the investments, it is necessary to explain their significance for success achievement, i.e. establish the clear connection between HRM practices and business performances. Without adequately established connections and explanations how the quality of human resources generates success, three consequences become inevitable: some investments in staff and management system will be inefficient; inability to differentiate good from bad investments will lead to reduction in the overall level of investment; organizations will continue to reduce investments in employees under external pressures, since they cannot properly evaluate such investments.

The main purpose of this paper is to show and prove that the quality of HRM practice is tightly connected to business success and that it contributes to the success of supermarkets. The need to conduct research in the sector of trade in Serbia comes from the specificity of this sector as being extremely service-oriented and dependent on the quality of human resources due to nature of its activities. This research is also a response to the ongoing transitional events in Serbian society and economy. The trade sector reform in Serbia in the current transitional period, followed by changes in ownership, organizational, financial and management structure that lead to more operational trade efficiency and profitability, and their inclusion in modern capital flows with creation of new products and provision of the quality services to customers, actualizes the HRM significance. The success of the transformation processes of the trade sector means the radical changes of workforce, which in turn demands appropriate management where dominant place is given to the adequate leadership.

1. Literature review

The above mentioned problems result in multiple pieces of research and numerous new methods, different in objective, characteristics and solutions they offered. Relevant literature in this area leads to the conclusion that three large groups are noticeable when it comes to connections between HRM practices and organizational performances: first, researching the impact of individual HRM activities on organizational performance, such as: education and training (Delaney & Huselid, 1996.; Russell, Terborg & Powers, 1985 Bartel, 1994; Knoke & Kalleberg, 1994), recruitment and selection (Terpstra & Rozell,1993; Delaney & Huselid, 1996.; Nicholas, 2005), work performance (Borman, 1991.), compensation and reward (Snell, 1992; Koch & McGrath, 1996; Delaney & Huselid, 1996; Ehrenberg & Milkovitch, 1988), organizational culture and climate (Cutcher-Gershenfeld, 1991.; Wagner, 1994., Appleyard & Brown, 2001.); second, researching the impact of the sets of HRM activities on the organizational performances (Kravetz, 1988.; Phillips, 1988.; Albert, 1990.; Wright and McMahan 1992.; Arthur, 1994.; Huslid, 1994. and 1995.; MacDuffie, 1995.; Becker & Gerhart, 1996.; Welbourne & Andrews, 1996.; Huselid & Becker, 1996. and 1997.; Jalette, 1997.; Ichniowski, Shaw & Prennushi, 1997.; Guthrie, 1999.; Bea & Lawler, 2000.; Batt, 2000.); and third, researching that indicates the fact that in addition to the basic sets of HRM activities, some common indicators related to employees and HRM are also associated with the success of organizations, such as: HR organizational unit (Ferris, Russ, Albanese & Martocchio, 1990.), job security (Delery & Doty, 1996.; Shaw, Delery, Jenkins & Gupta, 1998.), job satisfaction and loyalty to the organization (Patterson, West, Lawthom & Nickell, 1997.), knowledge creation (Collins, Smith & Stevens, 2001.), capabilities of HR managers (Huselid, Jackson & Schuler, 1997.), quality program initiatives related to HRM (Monks, Buckley & Sinnot, 1996.).

Review of these studies indicates that measurement and evaluation of HRM practice is a complex intangible asset of a company, with different elements to be measured. Its complexity stems from the fact that absolute causality between human resource management and organizational performance cannot be obtained. Quality HRM practice procedures may, but need not necessarily, result in good performance of the organization; however, it is possible to assume that the organizational performance can be enhanced with high quality procedures.

2. Research aims, objectives, hypotheses and methodology

This research focuses on argumentation and proving of hypothetical connection between the quality of HRM practices and successful organizations in the trade sector. The main aim is to demonstrate that differences in quality of HRM practices cause differences in organizational performance. Such relationships (connections) comprise the main hypothesis of this study:

Ho: Quality HRM practice contributes to better business performances in Serbian trade sector.

The defined aims, objectives and hypotheses have caused the creation of two research areas: organizational performance and quality of current practices of human resource management in the observed supermarkets. The survey method is used with questionnaire technique.

The initial idea for this research is to find a multidimensional way to analyze HRM practices contribution to the business success in the observed supermarkets. For this purpose, percentile measures and percentile rankings are used. For the indicators defined, the summary score is calculated for each research field that represents the result of each respondent (case) on the factor, cal-

culated by adding results. Supermarkets are evaluated on such basis and the final result of the analysis is the individual multi-criteria ranking for each research field. In order to make the process of concluding on the relations easier, on the basis of percentile measures and percentile ranks, the supermarkets that underwent the multi-criteria ranking are classified in three groups: above-average companies, average companies and below-average companies. This makes it possible not only to simultaneously observe multiple indicators, but also to justify that different indicators have different effects on a certain objective by adding difficulties (values, ponders). Descriptive, correlation and factor analysis are also used in this paper.

3. Overview and discussion of the research results

3.1. Analysis of the organizational performances in the observed supermarkets

The following financial indicators are used in the analysis of the organizational performance in the observed supermarkets: asset changes, market share, ROA and ROE. Simultaneous observation of various financial parameters and calculation of their summary scores show multi-criteria ranking of the observed supermarkets according to their organizational performances, given in Table 1. Based on percentile measures and percentile rankings shown in Table 2, the positions of the observed supermarkets are defined according to their financial performance. Based on used percentile measures and percentile ranks, the observed supermarkets are evaluated and ranked according to their financial performance and then classified in three groups: above-average companies, average companies and below-average companies, as shown in Table 3.

Table 1 Multi-criteria ranking of the observed supermarkets, according to their financial performance

No.	Name of the supermarkets	Value	Rank
1	Delhaize Maxi	1.85	1
2	Univerexport	-.03	5
3	Tempo	.25	4
4	Metro Cash and Cerry	.28	3
5	DIS	-.46	6
6	Idea	-1.19	10
7	Mercur	-.53	7
8	Roda	-1.16	9
9	Mercator	.63	2
10	KTC	-.98	8

Source: Authors

Table 2 Percentile measures used to define the rank of the observed supermarkets, according to their financial performances

Mean		.0000
Std. Deviation		1.000
Median		-.1667
Minimum		-1.19
Maximum		1.85
Percentiles	C33	-.5090
	C67	.2720

Source: Authors

Table 3 Classification of the observed supermarkets, according to their financial performance

Above-average supermarkets Value – above C67 percentile		**Average supermarkets** Value – between C34 and C66 percentile		**Below-average supermarkets** Value – below C33 percentile	
1	Delhaize Maxi	1	Tempo	1	Mercur
2	Mercator	2	Univerexport	2	Roda
3	Metro Cash and Cerry	3	DIS	3	KTC
				4	Idea

Source: Authors

In the analysis of the organizational performance of the observed supermarkets, some non-financial indicators are also used, such as: number of customers, number of distributors, branches, etc. The starting point is that supermarkets with larger number of customers, number of distributors, more branches, etc, as indicators of availability and quality of trade services, are more successful than the others. According to these indicators, the supermarkets which record better performance are the following: Delhaize Maxi, Mercator, Metro Cash and Cerry, Tempo and Univerexport. In the analysis of non-financial performance, the quality of trade services and customer satisfaction with provided services are also taken into consideration. Information on average number of customer complaints per year, which serves as a relevant indicator of the quality of services and customer satisfaction with provided services, is unfortunately not available in the observed supermarkets. Two questions from the questionnaire served as good indicators for conclusions on commercial success of the observed supermarkets in relation to the quality of services and customer satisfaction with provided services: certificates, awards or recognitions for the quality of trade services or absence of them, and presence or absence of monitoring of customer satisfaction. The starting point is that the supermarkets which receive some recognition for the quality of services (Delhaize Maxi, Mercator, Tempo, Idea and Mercur) and which regularly monitor level of cus-

tomer satisfaction (Delhaize Maxi, Mercator, Tempo) are more successful in comparison to those without such recognitions or without customer satisfaction monitoring. Evaluation and ranking of the observed supermarkets according to non-financial indicators is conducted in the same manner as with financial indicators. The multi-criteria ranking of the observed supermarkets according to non-financial performance is given in Table 4, Based on the use of percentile measures and percentile ranks shown in Table 5, the trade company positions are defined according to the non-financial performance. Based on used percentile measures and percentile rankings, the observed supermarkets are evaluated and ranked according to their non-financial performance and then classified in three groups: above-average companies, average companies and below-average companies, as shown in Table 6.

Table 4 Multi-criteria ranking of the observed supermarkets, according to their non-financial performance

No.	Name of the supermarkets	Value	Rank
1	Delhaize Maxi	21.00	1
2	Univerexport	9.00	6
3	Tempo	13.00	4
4	Idea	15.00	3
5	Mercur	11.00	5
6	Metro Cash and Cerry	7.00	8
7	DIS	8.00	7
8	Roda	6.00	9
9	Mercator	16.00	2
10	KTC	4.00	10

Source: Authors

Table 5 Percentile measures used in defining position of the observed supermarkets, according to their non-financial performance

Mean		.0000
Std. Deviation		1.00000
Median		10
Minimum		4.00
Maximum		21.00
Percentiles	C33	-8.4
	C67	13

Source: Authors

Table 6 Classification of the observed supermarkets, according to their non-financial performance

Above-average supermarkets Value – above C67 percentile		**Average supermarkets** Value – between C34 and C66 percentile		**Below-average supermarkets** Value – below C33 percentile	
1	Delhaize Maxi	1	Tempo	1	DIS
2	Mercator	2	Mercur	2	Metro Cash and Cerry
3	Idea	3	Univerexport	3	Roda
				4	KTC

Source: Authors

Cross-examination of the data from Table 3 and Table 6, leads to the final multi-criteria ranking and classification of the observed supermarkets, according to their organizational performance: Delhaize Maxi, Mercator and Tempo (group of above-average supermarkets), Univerexport, Mercur and Metro Cash and Cerry (group of average supermarkets) and DIS, Roda, Idea and KTC (group of below-average supermarkets). The analysis of multi-criteria rankings shows no significant deviations, meaning that supermarkets with larger number of customers, branches and employees get some kind of recognition for the quality of trade services and monitor the level of customer satisfaction to some extent; they also record better financial results.

3.2. Analysis of the quality of HRM practices in the observed supermarkets

The quality of HRM practices of the observed supermarkets is analyzed on the basis of four groups of indicators: market competitiveness of employees in HR departments (value, the quality of employees in the HR department), organizational quality of HR departments, quality of generic HR activity performance, and evaluation of HR practice significance. Simultaneous observation of different parameters within four groups of indicators and calculation of their summary scores leads to the unique multi-criteria ranking of supermarkets, according to the quality of represented HR practices, given in Table 7. Based on used percentile measures and percentile rankings shown in Table 8, the positions of the observed supermarkets are defined according to the quality of represented HR practices.

Table 7 Multi-criteria ranking of the observed supermarkets, according to the quality of HR practice

No.	Name of the supermarkets	Value	Rank
1	Mercator	118,00	3
2	Idea	107,00	5
3	Tempo	102,00	6
4	Mercur	133,00	2
5	Roda	54,00	10
6	KTC	68,00	9
7	Delhaize Maxi	112,00	4
8	Univerexport	77,00	8
9	DIS	134,00	1
10	Metro Cash and Cerry	94,00	7

Source: Authors

Table 8 Percentile measures used in defining position of the observed supermarkets, according to the quality of represented HR practice

Mean		34.0000
Std. Deviation		33.0000
Median		7.50383
Minimum		54.00
Maximum		134.00
Percentiles	C33	50.8400
	C67	113.7100

Source: Authors

Based on used percentile measures and percentile ranks, the observed supermarkets are evaluated and ranked according to the quality of HRM practice and then classified in three groups: above-average supermarkets (value above C67 percentile): DIS, Mercur and Mercator; average supermarkets (value between C34 and C66 percentile): Delhaize Maxi, Idea, Tempo and Metro Cash and Cerry; and below-average supermarkets (value below C33 percentile): Univerexport, KTC and Roda.

For the overall analysis of represented HR practice in the observed supermarkets it is not enough only to state, evaluate and rank trade organizations, because it does not show the differences in the quality of HRM practices. This is provided using descriptive analysis of the represented HR practices in the observed supermarkets. Descriptive analysis emphasizes the differences among the three groups of the observed supermarkets for all four groups of indicators.

Characteristics of HR department employees in the observed supermarkets show quality, position and significance of HR departments in those supermarkets and therefore take significant part in the descriptive analyses. Quality of employees and competitiveness of HR department employees can be measured using various indicators. In this research, the following indicators are analyzed: the size of the HR department (number of employees in the department), demographic characteristics of the HR department employees (age, gender, and qualification structure), and mobility (years of service of employees).

The size of the HR department usually depends on the size of the trade company itself measured in total number of employees. Given that the observed supermarkets are different in sizes, this indicator can be considered as insufficient for making any conclusions on differences about the development of their HR practices. Above-average supermarkets, compared to the other two groups of the observed supermarkets (below five employees), have larger HR departments, i.e. more employees in these departments (more than seven employees). More employees in the HR department contribute to the development and the quality of performance of HR activities. For this reason, the size of the HR department can reflect, to a certain extent, management attitude to the importance of HR practice in conducting business, which is an important factor in the development of this practice (management recognizing the importance of such practice in reaching success through people is more likely to invest in the quality of HR department, meaning, among other things, they will hire more HR professionals).

One of the indicators of employee competitiveness in a company or nation is certainly their average age (Sveiby, 1997). The observed differences in terms of average age of HR professionals in the observed supermarkets indicate that supermarkets with more developed HR practices tend to hire younger HR managers. Such managers (as opposed to the older ones) are usually associated with flexibility, resourcefulness and the ability to act more promptly or even create changes in their surroundings. This is supported by the fact that HRM is a relatively new concept, not only in trade but in the overall business practice in Serbia. Older generations of employees have never had a chance to study such a concept in faculties nor to implement it in their work, but rather gained working experience within their personnel function. Age differences between employees in HR departments of the observed supermarkets indicate not only the fact that the supermarkets with well developed HR practices are more interested in young professionals, but that younger professionals are, in turn, more interested in working for such supermarkets. This is the logical consequence, because such supermarkets offer more opportunities to young people to advance, build career, and receive better material compensation. On the other hand, supermarkets are interested in attracting, developing and retaining competitive employees.

According to modern management theory, modern companies striving towards success consider potentials and working characteristics of both genders. For this reason 50%:50% is considered as the optimum ratio of employees, according to gender: especially because equal gender proportionality is also present in today's labour market (Heim and Golant, 1993; Handy, 1995). Descriptive analysis of the average gender structure of employees in HR departments points out female domination. Female domination in HR

departments is not so surprising taking into consideration some research proving women are more likely to find employment in positions such as HRM or public relations, and in service companies like supermarkets that are known for hiring larger percent of females (Weihrich, H., Koontz, H., 1994). However, from the aspect of gender structure of employees in HR departments, the above-average supermarkets have more competitive employees since they have higher proportionality of both genders.

It is considered that in present "Knowledge Age" employees are "Knowledge Workers" (Drucker, 1999). For this reason, one of the indicators of national and business competitiveness is the qualification structure of employees (Cascio, 2002). Even though it is impossible to equalize qualification levels and competence of HR professionals because many of them are trained (improving their competences) outside the usual system of education, a certain level of educational qualification is considered to be a minimum for quality performance of HR activities. In descriptive analysis it can generally be concluded that educational level of HR professionals in Serbian supermarkets is more than satisfactory, since more than 50% of HR professionals possess a faculty degree in all three groups of supermarkets. In the above-average group of supermarkets, educational levels of HR department employees, analyzed according to formal levels of education, is the highest. When speaking about the development and the quality of HR practices in the observed supermarkets, formal education of HR professional is not a problem, since it is at high level. However, real business and HRM knowledge needed in modern economy are often beyond formal education. For purposes of the analysis of competitiveness of HR department employees, investments in further competences of HR department employees are proved to be important indicators. When speaking about the additional education of HR professionals in the observed supermarkets, it is mostly present in the above-average supermarkets. Supermarkets with well developed HR practices often send their experts to additional trainings (seminars, courses, postgraduate education, visiting other countries, etc) and invest in their competences. It only shows that performance of HR activities becomes increasingly complex and demanding.

Years of service are considered to be indicators of work force mobility. The issue of years of service is considered to be one of the important elements in the analysis of competitiveness of employees, since competence requires a certain number of years in service, i.e. experience. The descriptive analysis demonstrates that large number of HR managers possess less than ten years of service in the observed supermarkets. It is generally accepted assumption that larger number of years in service implies greater professional experience, but it is not supported in this case. Comparing these data with the age structure of HR department employees in the observed supermarkets, it can be concluded that, having in mind that up until now Serbian economy has been characterized by privatization and restructuring of trade organizations, most managerial personnel come together with organizational changes, as the consequence of the above mentioned transitional processes in Serbian economy. For this reason, they do not have a large number of years of service in supermarkets. On the other hand, it does not mean they lack required professional experience. The average number of years in service of HR professionals in the observed supermarkets (below ten years) suggests that organizational changes involve the formation of HR departments and strengthening of HR activities. Since privatization of domestic supermarkets usually means foreign owners, we can make a connection between the strengthening of HR departments and foreign capital.

Indicators related to the organizational quality of HR departments in the observed supermarkets are also analyzed in this research, since they are considered to be significant indicators describing differences of quality of represented HRM practices. Descriptive analysis demonstrates that supermarkets with more developed HRM practices (above-average supermarkets) have better work organization: HR departments are divided in sectors, certain HR activities are outsourced, they have the highest percent of clear, defined and adopted procedures related to the performance of HR processes (without them, these processes are being implemented in an uncontrollable, unorganized manner and, most importantly, without the system of evaluation and contribution to the trade organization) and they have the highest level of cooperation between HR professionals and managers in important HR decision making.

Quality of generic HR activities is examined according to four groups of indicators: HR planning activities, provision of human resources (recruiting, selection), HR development (training, career development, evaluation of working per-

formance) and HR retention (salaries and benefits system, health and safety system). Descriptive analysis clearly describes the differences in the development of HRM key functions among three groups of the observed supermarkets. Differences noted in supermarkets with more quality HRM practice (above-average supermarkets) as opposed to supermarkets with less developed practice emphasize the following facts: HR needs-assessment plans are made regularly, strategic approach to HR activities is in place, as well as succession plans for key personnel, profiles for working places are precisely defined, not only in terms of educational attainment (which is the case in 50% of supermarkets with less developed HR practices), but also in terms of knowledge, capabilities, skills, working experience, personal characteristics and physical (health) demands; there is a broad and well developed range of methods regarding recruitment, selection, staff training evaluation and career development. On the other side, in supermarkets with less developed HR practices, training and education of employees is conducted sporadically, only when necessary and only for certain groups of employees. Percentage of those believing that employees should be self-educated and trained at their own expense cannot be ignored; there are no clear criteria for the evaluation of working performance and results of their work are usually not discussed with employees; they are not sufficiently motivated and their salaries are usually fixed and determined.

Knowing that all HRM activities are interrelated and that none of them can provide satisfactory results independently, a significant part of the analysis of the quality of generic HR activities is devoted to integration of key HR processes in the observed supermarkets. Descriptive analysis clearly shows the differences in the HRM development among three groups of the observed supermarkets according to interconnection among main HR processes. The observed differences among supermarkets are reflected in the fact that generic HR activities are not interconnected or are not interconnected sufficiently: profile information required for working positions are usually not considered in decision making of selection, training, career development, work evaluation or reward systems; training results are usually monitored in terms of expenses and not in terms of performance and business improvement; promotion to better positions is usually not conducted according to careful monitoring and identification of business results.

The extent of HRM development in a supermarket is best seen through its attitude towards such practices. Descriptive analysis demonstrates that the first group of supermarkets (above-average) has more serious approach to HRM. Those supermarkets, unlike the other two groups, have managers of HR departments that actively participate in the work of the board of directors. They have strategic approach towards HR activities, recognize and acknowledge significance of HR activities in improving the quality of trade services and employee satisfaction, and have appropriate names for departments. They invest more funds into work and quality of HR departments (additional training of employees, recruitment of new workers and quality activities in the department), and develop the formalized system of evaluating HR department performance with multiple participants in the assessment and evaluation of work, not only in terms of expenses but also in terms of effects and customer satisfaction.

4. Factor and correlation analysis

The results of the analysis of the observed supermarkets elaborated so far (evaluation and ranking of supermarkets by calculating summary scores and using percentile measures and percentile ranks, as well as descriptive analysis), give specific answers to two questions: first, which supermarkets are superior in relation to the two defined groups of indicators, and second, what are the differences among them according to the characteristics of those indicators. The results of the analysis presented so far do not completely prove the research hypotheses, they do not demonstrate how relevant descriptive analysis indicators are in achieving business results (it is attempted to be demonstrated by factor analysis) and whether there is a connection between them and to which extent (it is attempted to be demonstrated by correlation analysis).

Factor analysis, using the method of key components, important factors (from the perspective of their contribution to the organizational success) that are statistically most relevant in description of differences in dominant characteristics for each research field are extracted (reduced). Factor analysis analysis is a review of key factors and their values, as well as a review of their manifestational variables (variables with the highest factor coordinates, i.e. which contribute most to corresponding factor). The reduction of indicators related to HRM practices emphasize the following

important indicators of organizational performance in the observed supermarkets: the quality of organization of HR department (.911), integration of HR activities (.987), strategic importance of HR practices (.986) and investment in HR practices (.983). Among generic HR activities most valuable are evaluation of work performance and reward system. In this way, the factor analysis complements the descriptive analysis, which describes these factors but does not answer the question of their importance. Pearson Correlation of the most important factors in the observed supermarkets analyzes the connection between the quality of HRM practices and organizational performance.

Pearson Correlation results indicate that there are significant correlations among all indicators, thus confirming the hypotheses of this research. The evidence that the quality of HRM practice has positive impact on organizational performance in the observed supermarkets is supported by the following correlations: the quality of HR practice and organizational performance: r=,749 p≤0,01 – high connectivity.

Spearman's Correlation coefficient is used to test the hypotheses in this research. Spearman's Correlation of multi-criteria ranking of supermarkets shown in the descriptive analysis confirmed high connectivity between the quality of HRM practices and organizational performance of the observed supermarkets: the quality of HR practice and the organizational performance: Spearman ρ=.769, p≤0,01.

More specific conclusions can be performed from the data obtained by Spearman's Correlation of four groups indicators of human resource management practices and business results (financial and non -financial) of the observed supermarkets which showes high correlation - Table. 9.

Table 9 Correlation of indicators of quality HR practices and organizational performance (financial or and non - financial)

		Employees of HR department	Quality of HR department organization	Quality of HR generic functions	Evaluation of HR practice importance
Financial performance	ρ	.554**	.419**	.624**	.757**
	p	.000	.000	.000	.000
	N	12	12	12	12
Non - financial performance	ρ	.853**	.639**	.844**	.977**
	p	.000	.000	.000	.000
	N	12	12	12	12
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Authors

The correlation shown in Table 9 indicates the following conclusions:

- The highest correlation is shown between the evaluation of HR practice importance and financial and non-financial performance of the observed supermarkets. Companies which attach greater strategic importance to HR practices have more developed systems of evaluation of HR activities results and invest more in them, have more quality human resource management practice recorded better business performance (financial and non - financial).
- Previosly stated implies that those companies which want to achieve better business results have significantly more to: strategically treate and evaluate the human resource management practice, invest the funds in its further development and develop effective methods of evaluating the results of human resource management practices which will make its contribution more visible and understandable.
- Correlation analysis shows that innovating and developing efficient methods and tools for evaluating the results of HR activities are pointed out as the most important factors of improving the quality of HR practices and its further development direction in the trade sector. The more qualitative evaluation of the contribution of HR activities provides the following benefits:
  - ✓ detect defects for which corrective actions can be identified;
  - ✓ detect good practices which should be further strengthened;
  - ✓ allows defining compatible goals and strategies of HR practices in line with conditions of business;
  - ✓ enables easier demonstration of major contribution HR practice to top managers and owners of companies.
  - ✓ how much is the contribution of HR practices and performance of banks as understandable and clear the main leaders depends on its strategic future and further investments in HR practices.
  - ✓ strategic future and further investments in HR practices dependent on how great is the contribution of HR practices to business performance of companies and how much is it understandable and clear to top managers.

Conclusion

For the first time in Serbian supermarkets, this research verifies the hypothesis of interdependence between the success of the organization and the manner of human resource management. It is significant that it proves that the main contribution of the HRM to the company success is in the quality of its generic processes improving the quality of human resources, which essentially determine organizational performance. The main purpose of this study is to create a complex model of relationships between HRM practices and organizational performance, to be used to examine not only the extent but also the manner in which these practices generate business success. This paper defines the group of relationships to be measured in order to indicate the impact of HRM practices to the trade sector in Serbia, which can be used to improve not only supermarkets, but also all the other organizations in the existing conditions and environment. The research results show that supermarkets with better HRM practices have the competitive workforce and better organizational performance, which further highlights the need for more systematized and institutionalized use of human resources in the trade sector in Serbia. Insufficient knowledge on the relationship between human resource management practices and organizational performance reduces the ability of trade and other companies in the economic system of Serbia to adequately manage their most valuable asset - human resources. Accordingly, this research is a first step towards the way in which human resources could be used and developed in order to increase competitiveness and ensure further prosperity, not only in trade but any other organization in Serbia. This is of crucial importance for our companies facing difficult business conditions as a consequence of world economic crisis. SM

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