

Reorganization Of Human Resources In The Public Sector: A Reformative Perspective On Contemporary Practices And Challenges

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Abstract: *New organizational forms of human resources in the public sector present a continuous and complex challenge that reflects the need to increase the efficiency, effectiveness and quality of public services in organizations. This process requires moving away from traditional personnel administration practices and adopting a more approach to human resource management (HRM), where the focus is on attracting, developing, motivating and retaining qualified staff. It is required to harmonizing the policies with the dynamic needs and the challenges present by the political and economic environment. Factors such as budgetary constraints, rigid legal and institutional frameworks, and influence over administrative processes often hinder the effective implementation of reforms in organisations. To overcome these obstacles, strategies of innovative, sustainable reforms, and strong institutional commitment are needed to build a more flexible and effective human resources management in public sector. This study addresses these issues by offering critical perspectives and concrete recommendations for advancing reforms in this field.*

Keywords: *Perspective, Advancement, Challenges.*

INTRODUCTION

The contemporary market, characterized by intense competition and rapid change, requires modern organizational models that reflect advanced managerial methods and mindsets. The new approach to HRM treats human resources as strategic capital that directly contributes to the long-term development and sustainability of organizations (Armstrong, 2012; Brewster, 2016; Becker & Huselid, 2006). However, in many public sector organizations, there is a marked lack of respect and appreciation for human resources, which negatively affects their development and competitiveness (Chirtoc, 2010, Gjinovci, 2026a). Scholars emphasize that human resources are a key driver of innovation and a critical factor for creating competitive advantages by fostering new ideas, improving processes, and increasing productivity (Singh & Finn, 2011; Folger & Cropanzano, 2012; Boxall & Purcell, 2016; Gjinovci, 2015). Modern organizations use HRM to define and achieve objectives dictated by market changes and global

competition (Armstrong, 2020). Successful HRM is built on two main components: First component:

- Defining a clear and articulated vision for HRM;
- Designing comprehensive management structures;
- Maximizing efforts to achieve targeted results;
- Identifying policies and practices that affect effective HRM.

Second component:

a) Developing governance policies for HRM to channel employees' individual potential and creative knowledge toward achieving organizational objectives;

b) Addressing external factors (technological development, globalization, migration, political and economic shifts) that have transformed HRM structures and practices (Gjinovci, 2017; Armstrong, 2012; Boxall & Purcell, 2016). According to Chirtoc (2010), human resources are primary not equal to other organizational resources—because their planning and management are essential for economic functioning. To improve efficiency and track staff progress, modern organizations implement structured performance appraisal systems (Aguinis, 2013; Pulakos, 2009). Performance evolution serves not only as a monitoring tool but also as a guiding and developmental mechanism that identifies training needs and fosters professional advancement of human resources (Noe, 2017, Gjinovci, 2025a). Procedural fairness and transparency in the evaluation process are closely linked to employee motivation and engagement, enhancing organizational effectiveness (Folger & Cropanzano, 2012; Colquitt et al., 2001).

METHOD

This study employs a quantitative approach, combined with qualitative elements, to analyze the role and impact of performance appraisal on employee motivation, professional development, and career advancement in the public sector.

Quantitative approach: A structured questionnaire was used to measure employees' perceptions regarding the implementation of performance appraisal, its impact on motivation, and identification of training needs.

Qualitative elements: Theoretical analysis and interpretation of HR management practices in public administration, based on existing academic literature.

Combining these methods allows for a comprehensive analysis of human resource management processes and the challenges associated with public sector reform (Gjinovci, 2026).

Study Population

The study population includes public sector employees who are directly involved in performance appraisal processes and affected by HR management policies.

The population includes:

- Administrative staff in public institutions
- Managers and supervisors
- Technical and professional personnel
- Employees across different hierarchical levels

These individuals represent the most relevant group to assess the impact of performance appraisal on motivation and professional development.

Sample and Sampling Technique

The sample size was calculated using Yamane's formula (1967):

$$n = \frac{N}{1 + N * e^2}$$

Where:

- N = population size
- n = sample size
- e = margin of error (usually 5%)

A total of 100 questionnaires were distributed and completed, providing a representative sample for statistical analysis.

Research Hypotheses

- **H1:** Performance appraisal positively affects employee motivation in public organizations.

- **H2:** There is a positive relationship between performance appraisal and professional development of human resources.
- **H3:** The regular and systematic performance appraisal helps identify individual training and development needs.
- **H4:** Organizations with clear and transparent appraisal policies achieve better HRM outcomes.

Research Questions

1. What is the impact of performance appraisal on employee motivation in public organizations?
2. How does performance appraisal influence staff development and career advancement?
3. In what ways does performance appraisal help identify individual training needs?
4. Do transparent performance appraisal policies contribute to improve HRM?
5. How involved do employees feel in decision-making processes related to training and professional development?
6. How frequent and qualitative is the feedback employees receive after performance appraisal?
7. How effective are the training programs offered by organizations perceived to be?

Research Objective

This study examines the role and impact of performance evaluation in HRM within the public sector, focusing on employee motivation, professional development, and career advancement. The specific objectives are to:

- Assess the implementation level of performance appraisal practices in public organizations;
- Evaluate the impact of performance appraisal on employee motivation and engagement;
- Identify the role of appraisal in professional development;
- Analyse how appraisal practices influence organizational development;
- Theoretically address key concepts related to performance appraisal and workplace motivation;

- Evaluate how performance appraisal helps identify staff training and personal development needs.

Study Limitations

The study primarily focuses on the public sector in Kosovo, which may limit the generalizability of the findings to the private sector or other countries. Based mainly on available theoretical and empirical analyses, direct data from interviews or large-scale surveys may be lacking. Findings may vary depending on future institutional changes or reforms in public administration.

Focus of the Study

The study focuses on analyzing the role of education in fostering economic growth and developing future skills for a knowledge-based economy. It aims to examine educational strategies and policies that influence human capital development, preparing a competitive workforce, and promoting innovation. The study also assesses the link between developing future skills and improving the analytical capacities of educational institutions and businesses to face the challenges of economic and technological transformation.

RESULT AND DISCUSSION

The Importance of Performance Appraisal and Human Resources in Organizations

Akbar (2013) emphasizes that human resources require more careful management and greater attention than any other organizational resource due to their complex nature and direct impact on organizational success. Meanwhile, Rees (1985) argues that one of the main objectives of performance appraisal systems is to provide a fair basis for employee compensation, thereby motivating them to increase their efforts toward accomplishing work tasks.

According to Colquitt et al. (2001), perceptions of fairness in the appraisal process are essential to its effectiveness. If employees believe that appraisals are unfair, this negatively affects their attitudes toward compensation systems, resulting in demotivation and ultimately reduced organizational performance. Gjinovci and Fazliu (2012) suggests that performance appraisals not only affect employee motivation but also shape their perception of career

opportunities within public organizations. He further argues that a transparent and merits based appraisal system strengthens employee engagement (Gjinovci, 2018; Gjinovci, 2026c). Moreover, he observes that when appraisal outcomes are linked with professional development and skill enhancement, employees are more likely to exhibit commitment and improve their performance (Gjinovci, 2014; Gjinovci, 2025b). These findings reinforce the notion that performance appraisals, when implemented effectively, serve as a strategic tool for motivation and success in organizations.

The rapid economic and technological changes at the end of the last century and the beginning of this one have created new models for managing human resources and organizations in general. These changes—both at the national and global level—have made human resource management one of the greatest challenges for contemporary managers (Armstrong, 2009).

Performance appraisal affects employees differently depending on their position, perceptions of work, and organizational culture. Robbins and DeCenzo (2011) define motivation as a “willingness to exert high levels of effort toward organizational goals,” directly linking it to performance and commitment.

Key Motivation Theories and Their Connection to Performance Appraisal

Herzberg’s Two-Factor Theory (1959) divides factors affecting employee motivation into two categories: hygiene factors and motivators. The absence of hygiene factors (e.g., salary, working conditions, interpersonal relationships) causes dissatisfaction, while the presence of motivators (e.g., achievement, recognition, career growth) increases motivation and commitment. A fair and transparent performance appraisal can act as a motivator, encouraging employees to improve their performance.

Vroom’s Expectancy Theory (1964) focuses on the connection between employee effort and the rewards they expect to receive. According to this theory, motivation is high if employees believe that their effort will lead to good performance, performance will be rewarded, and the reward is desirable. This highlights the importance of a performance appraisal and compensation system that is clear, fair, and tightly linked to performance.

Deci and Ryan's Self-Determination Theory (1985) emphasizes intrinsic motivation, which relates to employees' sense of autonomy, competence, and relatedness at work. An appraisal system that fulfills these needs—through constructive feedback and employee involvement in decision-making—helps enhance intrinsic motivation and long-term commitment.

Smith (1994) argues that employee motivation is necessary for organizational survival, especially in work environments characterized by rapid change.

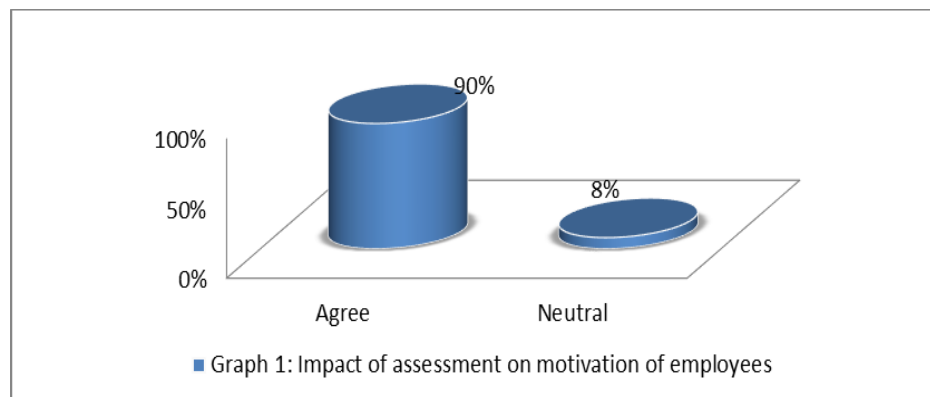
Motivated employees are more productive, helping organizations face challenges and remain competitive (Gjinovci, 2025c). In this context, Winer (1982) stresses that employee motivation is always in management's interest; therefore, performance appraisal and compensation systems must be closely aligned with both employee and organizational needs.

Findings from the Empirical Study

To identify the impact of appraisal on employee motivation and commitment, an empirical study was conducted. Results show that 90% of respondents believe appraisal positively affects motivation, responsibility, and work obligations, while 8% of respondents were neutral, indicating the need for deeper managerial interventions for this employee group.

These results support H1, as 90% of respondents believe performance appraisal has a positive impact on motivation. Therefore, managers should focus more on employees who expressed neutral opinions regarding motivation, responsibility, and obligations, ensuring they feel part of the organization and are encouraged to make a greater contribution at work.

Chart 1. The impact of appraisal on employee motivation.



Source: Authors (2026)

Managers must ensure that the performance appraisal system is fair, transparent, and clearly communicated to avoid negative perceptions from employees. Furthermore, they should work closely with employees who do not feel sufficiently included by using techniques such as regular feedback, involvement in decision-making, and opportunities for professional development (Armstrong, 2009).

The *Adult Learning Theory* (Knowles, 1980) emphasizes the importance of training programs tailored specifically to the needs of adult employees, fostering self-motivation and engagement in professional development. Effective training programs should build on prior experience and individual interests, helping employees address real workplace challenges and develop practical skills (Knowles, 1980).

On the other hand, *Super's Career Development Theory* (1957) links performance appraisal with identifying employee potential and advancement opportunities within the organization. Super (1957) highlights that a career is a continuous developmental process, and organizations should support this process by providing customized training and opportunities for professional growth. Integrating these two theories into performance appraisal practices enables organizations to enhance staff development, increase motivation and effectiveness, and provide better career advancement opportunities.

Analysis of Results: The performance appraisal questionnaire indicates that the overwhelming majority of employees in the public sector experience a structured and systematic appraisal process in their institutions. Specifically, 95% of respondents fully or partially agree that appraisals are conducted systematically. This finding aligns with Armstrong's (2020) view that institutionalizing the appraisal process is a key mechanism for effective human resource management.

However, a detailed analysis of perceptions reveals certain challenges. While 80% of employees consider the process clear and understandable, 20% disagree, signaling a lack of transparency and communication regarding the methodologies used. According to Noe (2017), transparency and clear communication are essential for acceptance and success of appraisal systems, reflecting the concerns of this employee group.

Regarding fairness and objectivity, 70% of respondents believe appraisal criteria are fair and objective, while 30% remain skeptical. This uncertainty can undermine the credibility of the system and employee motivation. Folger and Cropanzano (1998) stress that perceived fairness is critical for the acceptance of any appraisal process and for staff engagement.

Another key element is feedback. While 82% of participants confirm receiving comments about their performance, 80% do not find this feedback helpful for professional development and career advancement. London (2003) emphasizes the importance of high-quality feedback for individual growth, and Aguinis (2013) argues that performance appraisal must be directly linked to development and motivation.

These results reveal a clear contrast: the appraisal process is formal and systematic but not perceived as an effective tool for professional improvement. This suggests a need for reforms to align appraisals more closely with career development and employee motivation. Despite regular implementation, the lack of direct connection between appraisal, professional development, and motivation limits its potential as an effective managerial instrument. Aguinis (2013) highlights that for performance appraisal to be effective, it must be directly tied to professional development and motivation, a dimension lacking in the participants' perceptions in this study.

The questionnaire findings show that the majority of employees (95%) confirm the systematic implementation of performance appraisal, partially supporting hypotheses H3 and H4. However, only 20% believe that this appraisal process contributes to career advancement, which calls into question the actual effectiveness of the system (H2).

Table 1. Implementation of Performance Appraisal and Lack of Direct Link to Professional Development

Item	Agree (%)	Disagree (%)
Appraisal is conducted systematically	95	5
Process is clear and understandable	80	20
Criteria are fair and objective	70	30
Employees receive feedback on performance	82	18
Feedback helps professional development	20	80

Source: Authors (2026)

As shown in Table 1, the data indicate the percentages of public sector employees' responses regarding the implementation and perceived impact of performance appraisals.

Although the process is systematically applied, it is not widely seen as contributing to career development opportunities. This disparity between the presence of a formal process and its actual effectiveness raises concerns regarding the functionality of current performance appraisal mechanisms in the public sector. The results suggest that despite the regular implementation of appraisal practices, the lack of a direct link between this process, professional development, and employee motivation limits its potential as an effective managerial tool. Although the formal process exists (95%), it lacks alignment with professional development outcomes (only 20%).

The questionnaire findings show that the majority of employees (95%) confirm the systematic implementation of performance appraisal, partially supporting hypotheses H3 and H4. The 20% believe that this appraisal process contributes to career advancement, which calls into question the actual effectiveness of the system (H2). This contrast suggests a mismatch between the formal structure and the substantive impact of the appraisal process.

The findings are consistent with Aguinis (2013), who emphasizes that an effective performance appraisal must be directly linked to professional development and employee motivation. Furthermore, the perception of insufficient transparency (20%) and fairness (30%) risks undermining the credibility of the process, confirming that hypothesis H1 is only partially supported: while appraisal influences motivation for the majority of employees, it does not do so universally.

The Impact of Performance Appraisal on Employee Identification and Professional Development

Performance appraisal is an essential tool for identifying employee training needs and professional development opportunities within organizations. Empirical studies indicate that this process can pinpoint competencies requiring improvement and determine training programs that contribute to staff advancement (Singh et al., 2011). This is consistent with Aguinis (2013), who argues that performance appraisal must be directly tied to professional development to be effective.

Based on the data collected in this study, more than 50% of respondents agree that performance appraisal is an important mechanism for identifying training needs, while 20% express neutrality toward this statement. This result highlights a limited level of awareness and involvement among some employees in the professional development process through performance appraisal, underscoring the need to increase awareness and improve communication about its organizational importance.

In the organizational context studied, the appraisal system operates through manager–subordinate models, where managers are responsible for discussing and analyzing employees’ performance results and jointly identifying training needs. This collaborative process is essential to ensure that professional development is targeted and aligned with role-specific and organizational requirements (Aguinis, 2013). The findings reveal shortcomings, particularly regarding transparency and communication of the appraisal’s role in relation to employee training and career advancement. About 20% of respondents are unsure whether performance appraisal effectively identifies training and development opportunities, indicating a need to improve employee communication and education about the value of this process.

This situation is consistent with performance management theories, which emphasize the importance of transparency and active employee participation in the appraisal process to maximize its motivational and developmental effects (DeNisi & Pritchard, 2006). In this regard, managers should take concrete steps to raise employee awareness about the function and value of performance appraisal and provide training opportunities to enhance their professional capabilities.

Performance appraisal plays a key role in identifying employee potential for career advancement within organizations. According to Mullins (1999), this process should be continuous and systematic, highlighting individual strengths and weaknesses and determining training and development needs. Consistent with this, 90% of respondents in this study agree that performance appraisal is conducted regularly and helps identify their potential, reflecting a positive perception of its impact on professional growth. However, regarding the link between appraisal and actual employee development (training and advancement), responses are more

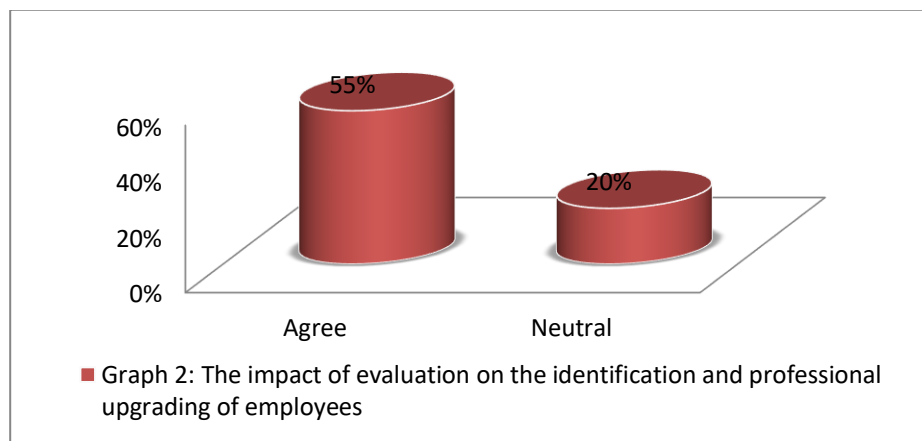
divided, with a considerable portion remaining neutral. This may relate to ineffective communication or the absence of clear mechanisms to translate appraisal results into concrete developmental actions (London, 2003). Performance appraisal assists in identifying employee strengths and weaknesses in relation to meeting objectives, work quality, and customer satisfaction (Pulakos, 2009).

Findings from the Empirical Research

The results indicate that 78% of respondents believe this process contributes to staff improvement and professional advancement, while 8% remain neutral—again pointing to the need for better communication and employee engagement throughout the process.

In conclusion, to maximize the positive impact of performance appraisal on professional development, managers should focus on improving communication, actively involving employees, and fostering an organizational culture that promotes transparency and continuous development.

Chart 2. *Professional Advancement of Staff*



Source: Authors (2026)

Results Analysis: Motivation and Professional Development

The findings in chart 2 indicate that a significant portion of employees in the public sector feel undervalued by management, with 60% of respondents stating that they do not feel appreciated, while only 40% report that their work is recognized and valued (Robbins, 2019). This perception may directly reduce motivation and engagement at work.

On the other hand, 65% of respondents report having opportunities for training and professional development, while 35% disagree. This result reflects a relatively satisfactory percentage but still highlights room for improving organizational training policies (Noe, 2017).

A considerable number of respondents (70%) agree that training needs are identified based on their performance, indicating a results-oriented practice in professional development planning. However, an equal proportion (70%) disagree that the organization actively encourages them to develop their skills, suggesting a lack of continuous support for professional advancement (Armstrong, 2020).

Involvement in Training-Related Decision-Making

An important issue revealed by the study is the minimal involvement of employees in decision-making processes regarding their professional training needs.

Table 2. Employee Involvement in Decision-Making Regarding Training Needs

Question	Response (%)
Slightly involved in decision-making	10
Not involved in decision-making at all	90

Source: Authors (2026)

In Table number 2, it shows that the percentages reflect survey responses regarding employees' involvement in organizational decisions related to professional training. Only 10% of employees feel slightly involved, while 90% feel not involved at all, suggesting the need for a more inclusive and participatory approach to training management (Brewster, 2016).

Results on Motivation and Professional Development

Table 3. Results on Motivation and Professional Development

Question	Agree (%)	Disagree (%)
I feel that my work is valued by management	40	60
I have opportunities for training and professional development	65	35
Training needs are identified based on performance	70	30
The organization encourages me to develop my skills	30	70

Source: Authors (2026).

As shown in Table 3, the results in public sector employees' perceptions regarding motivation and professional development opportunities. The 65% of respondents report having access to training and professional development, only 30-40% feel encouraged by management to develop their skills or that their work is valued. The 70% indicate that training needs are

identified based on performance, suggesting some alignment between appraisal and development. However the low levels of perceived encouragement and recognition indicate that organizational support for motivation and skill development are limited. These findings suggest that although formal mechanisms for professional development exist, their practical impact on employee motivation is constrained.

Feedback after Performance Appraisal

Table 4. Feedback after Performance Appraisal

Question	Response (%)
Receive frequent concrete feedback	10
Do not receive concrete feedback	90
Feedback is not useful at all	90
Feedback is slightly useful	10

Source. Authors (2026).

In Table number 4, it shows that feedback following performance appraisals is largely perceived as inadequate by public sector employees. Only 10% of respondents report receiving frequent and concrete feedback, and 90% receive little or no feedback at all. The 90% consider the feedback weak or not useful for professional development, indicating a significant gap in the quality and effectiveness of communication between management and employees (London, 2003). These findings show the limited role of current performance appraisal practices in supporting employee growth and development.

Training Effectiveness

Table 5. Effectiveness of Training

Question	Response (%)
Training is effective for improving skills	15
Training is not effective	85
I applied the knowledge gained in training	17
I did not apply the knowledge in practice	83

Source. Authors (2026).

Table number 5, the effectiveness of the training provided, only 15% of respondents consider it effective in improving professional skills, while 85% are dissatisfied with the effectiveness. Additionally, only 17% have had the opportunity to apply the knowledge gained in practice, while 83% have not been able to do so (Aguinis, 2013). These findings indicate a need to review and improve training content and methods to better align with employees' actual needs.

Suggestions for Improvement

Table 6. Suggestions for Improvement

Question	Response (%)
Suggested improvements in the appraisal process	30
Did not suggest any changes	70

Source. Authors (2026).

As shown in Table 6, approximately 30% of respondents provided concrete suggestions for improving the performance appraisal process, reflecting engagement and interest in continuous improvement, while 70% did not propose any specific changes.

Analysis of the Impact of Performance Appraisal on Professional Development and Employee Motivation

Based on the collected data, performance appraisal proves to be a key instrument for identifying training needs and professional development. More than half of the respondents (over 50%) agree with this statement, indicating general recognition of the importance of this process within the organization. However, the fact that 20% remain neutral suggests a knowledge gap or lack of engagement in this aspect of human resource management. This indicates a need to improve institutional communication and educate employees on the role and benefits of performance appraisal.

Furthermore, 90% of respondents believe that performance appraisal positively influences motivation and commitment in the workplace, reflecting the process's ability to encourage better professional behaviors and outcomes. This aligns with motivational theories such as Vroom's Expectancy Theory (1964), which emphasizes the role of expectations and rewards in employee motivation, and Deci and Ryan's Self-Determination Theory (1985), which highlights the importance of intrinsic motivation and autonomy in professional development. In this context, performance appraisal should serve not only as a control mechanism but also as a tool that empowers employees through constructive feedback and clear development goals.

On the other hand, 8% of respondents remained neutral regarding the impact of appraisal on their motivation, suggesting a need for more specific managerial interventions to address uncertainty or distrust in the appraisal process. This challenge is recognized in the literature

and is closely linked to the concept of organizational justice (Colquitt et al., 2001), which emphasizes fairness and transparency in performance management processes. Managers should ensure that appraisal processes are transparent, fair, and responsive to individual employee needs.

These data highlight the importance of an effective performance appraisal system, not only as a tool for measuring results but also as a developmental process that promotes motivation, commitment, and professional growth. According to Adult Learning Theory (Knowles, 1980), performance appraisal should serve as a basis for tailored training that meets employees' specific needs, thereby enhancing self-motivation and self-directed development. Additionally, career development theories, such as Super's (1957), emphasize the importance of identifying potential for advancement and growth, with performance appraisal playing a central role.

Practical Recommendations for Organizations:

- Invest in manager training to provide effective feedback and foster an open and fair appraisal culture.
- Use appraisal as a two-way process that encourages dialogue between employee and manager to identify real development needs.
- Raise employee awareness of the importance of appraisal for career development and personal motivation.
- Integrate appraisal results with concrete career and professional development plans so employees feel valued and engaged.

By implementing these measures, organizations can maximize the potential of their human resources and improve overall organizational performance in an increasingly competitive environment.

Table 7. Hypotheses, Empirical Findings, and Interpretation

Hypothesis	Key Findings (from Survey)	Scientific Interpretation
H1: Performance appraisal positively affects employee motivation.	90% agree; 8% neutral; 2% disagree.	Supported. Clear positive impact on motivation, but the neutral group suggests a need to increase transparency and feedback (Folger & Cropanzano, 2012).

H2: Performance appraisal is related to professional advancement.	Only 20% believe appraisal affects career; 80% see no link.	Not fully supported. Formal process exists, but linkage to professional development is lacking (Aguinis, 2013).
H3: Organization uses effective and fair feedback.	90% of employees rate feedback as insufficient.	Not supported. Feedback is not perceived as clear or useful for improvement (Armstrong, 2012).
H4: Training and professional development are linked to performance appraisal.	85% believe training does not improve performance effectively.	Not supported. Training is not personalized and not sufficiently based on appraisal outcomes (Vroom, 1994).

Source. Authors (2026).

In Table No. 7, we present the data processed from the author's survey (2025) and interpreted based on literature on motivation and performance management. The results indicate that performance appraisal has a significant positive impact on employee motivation, supporting hypothesis H1. However, the lack of connection between this process and professional advancement (H2), poor feedback (H3), and low training effectiveness (H4) suggests that the appraisal system is more formal than substantive. These findings align with the existing literature, which emphasizes that performance appraisal should be accompanied by professional development and constructive feedback to achieve and the long term effects (Aguinis, 2013; Armstrong, 2012).

Key Findings:

- Performance appraisal is formal and regular (95%) but not always effective, as only 20% link it to professional advancement.
- Motivation is positively affected (90%), but a neutral group (8%) indicates a need for managerial intervention.
- Feedback is insufficient, with 90% of respondents considering it weak.
- Trainings are not perceived as effective by 85% of respondents.

Research Ethics

This study was conducted in full compliance with established ethical standards for academic research. Ethical approval was obtained from the relevant institutional review board

prior to data collection. Participants were fully informed about the purpose of the study, the voluntary nature of their participation, and their right to withdraw at any time without any consequences.

Future Research

Future research first, subsequent studies could evaluate the direct impact of targeted training programs on employees' actual performance and on organizational outcomes, thereby providing evidence for more effective professional development strategies. Second, researchers could investigate the relationship between skill development and innovation, examining how specific competencies contribute to organizational adaptability and competitive advantage across different sectors.

CONCLUSIONS

The results of this study highlight the central role of human resources in driving innovation and creating competitive advantages for organizations. In an increasingly dynamic global environment, strategic human capital management represents a key factor for the sustainability and long-term development of organizations.

Performance appraisal is presented as a strategic instrument, not only for monitoring the work of staff, but also for their professional orientation and development. This process enables the identification of employees' skills, weaknesses and potentials, providing management with a solid basis for making decisions on training, advancement and process improvement. As highlighted in previous studies, procedural fairness and transparency directly affect long-term motivation and employee engagement (Colquitt et al., 2001; Greenberg, 1990; Gjinovci, 2017).

Data analysis shows that the majority of respondents value the role of performance appraisal in professional development. However, a portion of them remain neutral, which signals the need for more structured communication, broader involvement, and clearer explanation of the goals, criteria, and outcomes of the appraisal process.

Organizations should invest more in internal staff development through personalized training and development programs, including the drafting of Individual Development Plans

(IDPs). This strategy reduces dependence on external recruitment and increases the level of staff loyalty and commitment (Knowles, 1980; Singh et al., 2011; Gjinovci 2025d). In conclusion, performance appraisal should be treated as a dynamic and developmental process with strategic impact, and not just as an administrative procedure. Continuous improvement of the system, supported by procedural fairness, professional development and effective communication, enables organizations to increase staff motivation and engagement; identify training and development needs in a timely manner; make evidence-based management decisions; be better prepared for market competition.

Previous studies emphasize that appraisal systems are more effective when accompanied by constructive feedback and clear professional development perspectives (Armstrong, 2012; Aguinis, 2013).

Recommendations

- To create the individual development plans for each employee immediately after the performance appraisal process.
- Integrating personalized training, mentoring, and professional development programs directly linked to the appraisal results.
- Creating a transparent communication system, where the goals, criteria, procedures, and appraisal results are clarified for all employees.
- Periodically monitoring the effectiveness of the appraisal system, through measuring staff satisfaction, productivity, and impact on managerial decision-making.
- Investing in internal staff development as a means of increasing loyalty and reducing dependence on external recruitment.
- To use constructive and two-way feedback, creating opportunities for dialogue between employees and managers.

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