ISSN 0861-6604
ISSN 2534-8396

D. A. TSENOV ACADEMY OF ECONOMICS

BUSINESS management

Published by the D. A. Tsenov Academy
of Economics – Svishtov

SVISHTOV * 2026 YEAR XXXVI * BOOK 3

Editorial board:

Prof. Krasimir Shishmanov, Phd - Editor in Chief, Tsenov Academy of Economics, Svishtov, Bulgaria
Assoc. Prof. Marin Marinov, PhD – Co-editor in Chief, Tsenov Academy of Economics, Svishtov, Bulgaria
Prof. Mariana Petrova, PhD - Managing Editor Tsenov Academy of Economics, Svishtov, Bulgaria
Assoc. Prof. Aleksandar Ganchev, Phd - Tsenov Academy of Economics, Svishtov Bulgaria
Assoc. Prof. Irena Emilova, Phd - Tsenov Academy of Economics, Svishtov Bulgaria
Assoc. Prof. Ivan Marchevski, Phd - Tsenov Academy of Economics, Svishtov, Bulgaria
Assoc. Prof. Simeonka Petrova, Phd - Tsenov Academy of Economics, Svishtov Bulgaria
Assoc. Prof. Taner Ismailov, Phd - Tsenov Academy of Economics, Svishtov, Bulgaria

International editorial board:

Olena Sushchenko, Prof., DSc (Ukraine)
Dariusz Nowak, Prof., PhD (Poland)
Nurlan Kurmanov, Prof., PhD (Kazakhstan)
Ryszard Pukala, Prof., PhD (Poland)
Yoto Yotov, Prof., PhD (USA)
Badri Gechbaia, Prof., PhD (Georgia)
Mahmut Kadir Isguven, Assoc. Prof., PhD (Turkey)
Stefan-Alexandru Ionescu, Assoc. Prof., PhD, (Romania)

Proofreader: Elka Uzunova
Technical Secretary: Zhivka Tananeeva
Web Manager: Martin Aleksandrov

The printing of the issue 3-2026 is funded with a grand from the Scientific Research Fund, Contract KP-06-NP7/18/05.12.2025 by the competition "Bulgarian Scientific Periodicals - 2026". The Scientific Research Fund is not responsible for the content of the materials.

Submitted for publishinq on 16.09.2026, published on 18.09.2026,
format 70x100/16, total print 80

© D. A. Tsenov Academy of Economics, Svishtov,
2 Emanuil Chakarov Str, telephone number: +359 631 66298
© Tsenov Academic Publishing House, Svishtov, 11A Tsanko Tserkovski Str

BUSINESS management

D. A. Tsenov Academy of Economics, Svishtov

Year XXXVI * Book 3, 2026

CONTENTS

MANAGEMENT practice

THE IMPACT OF PRODUCT QUALITY ON GREEN TECHNOLOGY PRODUCT CONSUMPTION BEHAVIOUR IN AN EMERGING MARKET: EVIDENCE FROM URBAN CONSUMERS IN VIETNAM
Tran Thi Hoa, Nguyen Van Hiep, Nguyen Hai Anh, Nguyen Thi Nga 5

THE EFFECTS OF AI-WASHING ON CONSUMER'S TRUST, ETHICS AND PURCHASE INTENTION
Shovan Nasim Haider, Miloslava Chovancova 24

DIGITAL CAPACITY, RULE OF LAW, AND REGULATORY QUALITY AS DETERMINANTS OF GOVERNMENT EFFECTIVENESS: A POOLED OLS INTERACTION MODEL FOR EU MEMBER STATES
Pavel Ivanov, Borislav Borissov 49

LIQUIDITY ANALYSIS OF NON-MANUFACTURING ENTERPRISES
Krasimir Kulchev.....67

IS SUSTAINABLE TOURISM VALID FOR THE BALKAN COUNTRIES? EVIDENCE FROM THE ENVIRONMENTAL KUZNETS CURVE HYPOTHESIS
Ayberk Seker, Mahmut Kadir Isguven,Taner Ismailov 82

CONTESTS OF HUMAN RESOURCE MANAGEMENT AND PUBLIC ORGANIZATIONS: THE IMPACT OF ECONOMIC, POLITICAL AND ORGANIZATIONAL FACTORS
Arsim Gjinovci, Dren Gjinovci..... 114

CONTESTS OF HUMAN RESOURCE MANAGEMENT AND PUBLIC ORGANIZATIONS: THE IMPACT OF ECONOMIC, POLITICAL AND ORGANIZATIONAL FACTORS

Arsim Gjinovci [1],
Dren Gjinovci [2]

Abstract: Public organizations face a number of economic and non-economic challenges that directly affect the performance and development of human resources. These challenges include excessive bureaucracy, political influence in the selection of managers, high unemployment, lack of sustainable economic reforms, and non-transparent tendering practices. This study aims to identify the main obstacles to human resource management and to analyze the impact of economic, political, and organizational factors on the efficiency and professionalism of public organizations. The use of a combined approach of primary data, collected from institutional documents and organizational reports, and secondary data, extracted from scientific literature and surveys, allows for a comprehensive analysis of the current situation. The results of the study provide practical recommendations for improving organizational and human resource management, contributing to sustainable economic development and the professionalization of public institutions. This study is particularly relevant for human resource professionals and policies aimed at increasing efficiency and innovation in the public sector.

Keywords: employment, political influence, human resources, professionalization
JEL: H83, J21, J24, M12, O15.
DOI: https://doi.org/10.58861/tae.bm.2026.3.06

[1] DSc, RKS, University of Prishtina, independent researcher, e-mail: arsimgjinovci@yahoo.com,ORCID: 0009-0005-3308-0216, Web of Science Researcher ID: KOD-0276-2024.

[2] MSc, RKS University of Prishtina, independent researcher, PhD Candidate, e-mail: dren.gjinovci@gmail.com, ORCID: 0009-0009-8719-8139, Web of Science Researcher ID-6509-2025.

1. Introduction

The global economy is experiencing an intensified phase of globalization, including technological integration and profound structural changes (Akbari, 2013). Organizations in the southwestern Balkans face legal and ethical challenges, including operating outside the legal system, which contributes to economic informality and hinders sustainable market development. In Kosovo, politically influenced public organizations risk bankruptcy, creating pressure on future governments to manage social and financial demands. The sustainability of public organizations is essential for economic development and for increasing domestic and foreign investments. Modern business models are oriented towards knowledge and human resources, which require new managerial approaches, new thinking models, and more flexible in organizational structures. The sustainable development of public organizations is essential for the economic stability of the country.

The study aims to analyze the impact of factors on human resource management and provide recommendations for policies and practices that increase professionalism, innovation, and organizational efficiency.

The main factors examined include political influence in manager selection, lack of creativity and innovation, non-transparent tendering practices, unfavorable economic policies, and limited professional human resources.

1.1 Methodology

The study uses a combined approach of primary and secondary research.

- Primary data: collected from the analysis of documents of different departments of public organizations.
- Secondary data: extracted from the scientific literature on human resource management, challenges of public organizations and personnel selection practices.

The sample included:

a) Public organizations of Kosovo.

b) Documents and reports published by state institutions and international organizations. Data analysis consisted of a literature review, document analysis and the interpretation of survey results and participant reports.

1.2 Research Hypotheses

Below are the hypotheses:

- H1: High unemployment negatively affects the development of public organizations and the ability to invest in human resources.
- H2: The selection of managers under political influence reduces the professionalism and efficiency of public organizations.
- H3: Lack of innovation hinders the development and effectiveness of services.
- H4: Non-transparent tendering practices negatively affect employee motivation and performance.
- H5: Unfavorable economic policies and the lack of reforms hinder the development of organizations and human resources.
- H6: The lack of professional human resources and the inhibition of competition within organizations reduce the quality of services and innovation.

1.3 Research Questions

- What are the main obstacles to human resource development in public organizations?
- How do unemployment and lack of qualifications affect the performance of public organizations?
- How do political factors affect the selection of managers and organizational efficiency?
- How does the lack of innovation affect decision-making and development?
- What are the consequences of non-transparent tendering practices on employee motivation and performance?
- How do economic policy and the lack of reforms affect the capacity of organizations to develop human resources?

2. Results and Discussion

2.1 Unemployment and its impact on organizational development

Human resources are a key factor for economic growth and innovation (Chirtoc, 2010; Bontis, Keow, & Richardson, 1999; Becker, 1993, Gjinovci, 2025b). Open innovation implies that enterprises can and should exploit both external and internal ideas, and use internal and external routes to reach the

market, in order to advance their technologies (Chesbrough et al., 2006). The quality and flexibility of the workforce directly affect investment decisions. Kosovo faces high unemployment and a lack of qualifications, which limits the development of organizations and the creation of jobs (CBK, 2010; SOK, 2015; World Bank, 2021).

Main effects of unemployment:

• Decrease in purchasing power (Eurostat, 2022).

• Inability to generate new ideas (OECD, 2017).

• Limitations in the professional development of human resources (Boselie, Dietz, & Boon, 2005).

• Reduction in opportunities for opening new jobs.

• Increase in social cases and negative impact on the state budget.

Table 1

Unemployment rate and average wage (2014–2016)

Year	Unemployment Rate (%)	Public Sector Employment	Net Salary (Public, EUR)	Gross Salary (Private, EUR)
2014	35.3	81,618	408	352
2015	32.9	81,777	441	354
2016	27.5	81,629	449	409

Source: Kosovo Agency of Statistics (2014- 2016)

Recent trends show a decrease in unemployment from 31.3% in 2021 to 10.8% in 2024 (ASK, 2025), while the demand for qualified labor remains unmet.

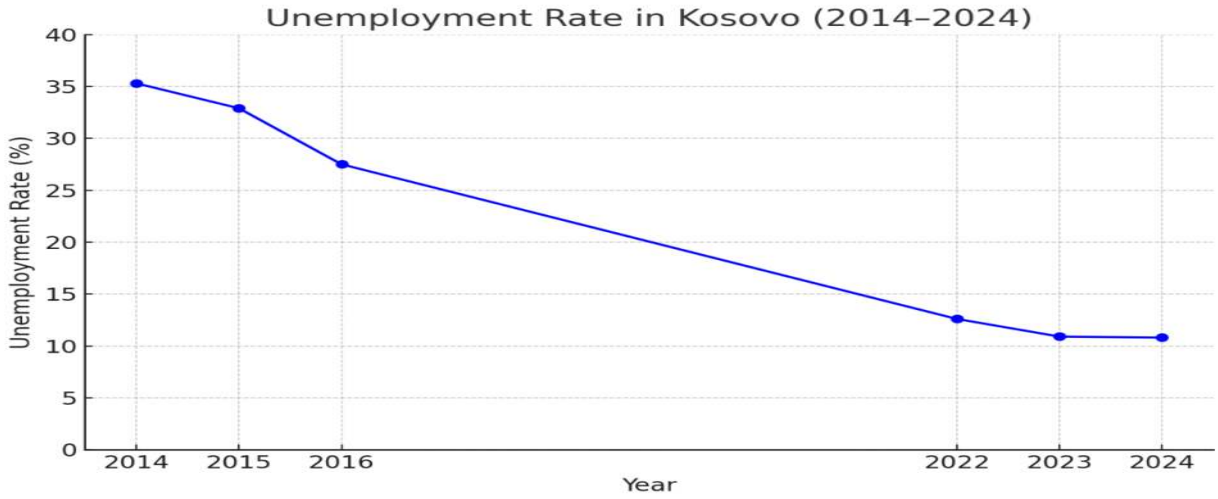

Figure 1. Statistical Office of Kosovo (SOK, 2015-2024) — Unemployment Rate

Source: Kosovo Agency of Statistics (2016-2024)

Graph showing the unemployment rate in Kosovo from 2014 to 2024. Analysis of data from the Statistical Office of Kosovo (SOK, 2015–2024) shows a significant evolution of the unemployment rate in the country over the last decade. From 2014 to 2016, unemployment has undergone a significant decrease, going from 35.3% to 27.5%, an indicator of initial improvements in the labor market and, potentially, of increased local economic activities. However, 2021 marks an increase in unemployment, which may be related to methodological changes in data calculation, as well as the impacts of the global economic and health crises that affected the country. After 2021, the trend shows a steady decrease in the unemployment rate, with a gradual decline from 31.3% in 2021 to 10.8% in 2024, reflecting a continuous improvement in the labor market and an increase in active labor force participation. This trend is an important indicator of economic development, but also indicates the need for sustainable employment policies and workforce preparation, in order to meet market demands for qualified skills and ensure sustainable organizational and economic development.

2.2 Challenges for public organizations

2.2.1 Lack of innovation

Innovation is essential in many areas, and researching it is equally important; it is impossible to avoid, both literally and figuratively. In a literal sense, it is impossible to read business magazines or newspapers, attend economic conferences, or read annual reports without constantly being confronted with the importance of innovation. In a figurative sense, it is impossible to ignore the fact that corporations must be innovative in order to survive and maintain their competitiveness (Barczak, 2016; Eiada et al., 2008; Chung & Kim, 2017; Nelson & Winter, 1977). According to Chesbrough (2003), the impact of innovation lies not only in the creation of new ideas, but also in the ability of firms to manage and commercialize them. He emphasizes that “firms must manage the flow of ideas within and across their organizational boundaries to create and capture value” (Chesbrough, 2003). This approach, known as open innovation, has transformed the way companies develop technology and remain competitive in the marketplace. Lack of creativity hinders new investments and expansion of existing businesses. Investors require state support, quick legal solutions and infrastructure for sustainable development (Gjinovci, 2025a; Almeida & Ferreira, 2025; Bowen & Lawler, 1992).

Key challenges for investors:

- Institutional and legal support;
- Human resource training and development, and minimizing investment risk.

90% of employees in public organizations report a lack of support for advancement based on skills and experience (Gjinovci, 2014a; Harusha, 2012).

2.2.2 Selection of managers under political influence

The independence of public boards is often compromised by political influence, reducing efficiency, professionalism and institutional performance (Mayo, 2001; Akbari, 2013; Edlira et al., 2012). The independence and advancement of public boards and organizations are essential for the efficient functioning of the administration and sustainable economic development. However, Gjinovci's research (Gjinovci et al., 2018; Gjinovci, 2015a) shows that political influences and nepotism often undermine these principles, reducing the professionalism, effectiveness and overall performance of public organizations. The stability and advancement of the public sector depend on the respect of professional criteria during the recruitment and promotion of staff, including professional training, practical experience and concrete results in previous positions (Gjinovci, 2014b). In practice, political influences favor individuals with political connections over those with the necessary qualifications and performance, creating an unfair and non-meritocratic environment. This process has obvious consequences for human resource management: staff overload is created, employee motivation is reduced, and the development of professional skills within organizations remains limited. Favoring politically connected individuals on boards and management positions not only undermines decision-making processes, but also has a negative impact on the performance of organizations and the country's economic development. The research highlights that, despite the efforts of some employees for professional advancement and improvement of qualifications, their potential remains underestimated due to non-meritocratic practices. Public administration reform requires an integrated approach: it is not only the responsibility of the government, but also of the civil society and institutional monitoring mechanisms. Through the active involvement of citizens and monitoring organizations, transparency, accountability and respect for professional criteria can be ensured. Such a system promotes meritocracy, increases employee motivation, improves public sector performance and contributes to

long-term economic and social development (Gjinovci, 2018a; 2018b). Gjinovci's research (Gjinovci et al., 2018; Gjinovci, 2015b) shows that the advancement and independence of the public sector are often hindered by political influences and nepotism in the selection of boards and managing directors. These practices favor politically connected individuals, regardless of qualifications and professional performance, reducing the motivation, effectiveness and development of public organizations.

2.2.3 Staffing Overload and Average Wages

The limited number of public sector positions and political influence reduce employee motivation. The average gross wage increased from €383 in 2014 to €650 in 2025, while the net wage increased from €350 to €620 (ASK, 2025). However, the levels remain below European Union standards (Eurostat, 2022; World Bank, 2021).

Table 2
Regional Comparison of Average Gross Salaries (EUR, 2014 vs. 2025)

Country	2014	2025
Kosovo	383	650
Albania	350	620
North Macedonia	400	670
Montenegro	600	820
Bosnia & Herzegovina	800	1,350
Serbia	1,000	1,550

Influencing factors: fiscal policy, foreign investment, employee qualification (Becker, 1993; World Bank, 2021).

3.2.4 Consequences of privatization and tendering

Privatization has brought partial benefits; lack of foreign investment, corruption and financial crises have had a negative impact (Privatization Agency of Kosovo, 2012; GAP, 2015). Recommendations include performance reporting, contract enforcement, and increased transparency.

2.3 Human capital and its importance for development

Human capital, consisting of the intelligence, skills and experience of individuals, is a key component of economic growth and innovation (Bontis, 1999; Chirtoc, 2010; Becker, 1993). In Kosovo, the lack of skills and high unemployment rates remain obstacles to economic development and attracting foreign investment (World Bank, 2021; OECD, 2017).

2.4. Practical implications

The key challenges:

1. Unemployment and skills gaps
2. Political influence in staff and managerial selection
3. Non-transparent privatization, tendering processes, and limited innovation

Implications for policy and management:

• Professional development programs
• Meritocratic systems for employee advancement
• Increasing transparency and accountability
• Encouraging innovation and new investments

Academic and practical conclusions:

• Increasing employee responsibility and accountability
• Minimizing political influences on decision-making
• Basing advancements on education, experience and performance
• Active participation of civil society for monitoring and international standards (OECD, 2017; Boselie et al., 2005)

Table 3
Recommendations for improving public organizations and economic development in Kosovo

Area	Key Challenge	Recommendations
Human Capital	High unemployment, lack of advanced skills and training	Develop structured professional advancement programs, specialized training, alignment with market and international standards
Recruitment and Promotion	Political influence in hiring and promotions	Implement merit-based recruitment and promotion systems; establish clear criteria based on performance and qualifications
Governance and Transparency	Non-transparent privatization and procurement, corruption	Increase accountability, publish annual and financial reports, ensure independent institutional monitoring
Innovation and Investments	Lack of new ideas, limited investments	Support innovative projects and scientific research; encourage new technologies and idea diversity
Civil Society Participation	Weak monitoring of public institutions	Engage civil society actively in performance evaluation and public policy monitoring

Source: Author (2026).

This table clearly presents the link between the main challenges and concrete measures to address them, making the material more structured

and readable for academic publications. Based on the analysis of the challenges faced by public organizations and businesses in Kosovo, an integrated approach is recommended that focuses on developing human capital, promoting meritocracy, increasing transparency and encouraging innovation. Workforce development should be a priority, by creating structured programs for professional advancement and specialized training that align with market needs and international standards. This will help reduce unemployment and increase the capacity of organizations to innovate and expand economic activities. Recruitment and promotion of staff should be done on a merit basis, setting clear criteria for performance and qualifications. This measure aims to minimize political influences and increase the motivation of professional employees, ensuring efficiency and professionalism within public institutions. Furthermore, increasing transparency and accountability in resource management and privatization processes is essential. The publication of annual and financial reports and information on decision-making will strengthen the credibility of institutions and reduce the opportunities for non-transparent practices. Another important element is the encouragement of innovation and new investments. Organizations should support creative projects, scientific research and technological development, creating an environment that facilitates competition and diversity of ideas. This approach not only increases productivity, but also contributes to long-term economic sustainability. Active participation of civil society is also essential for monitoring public institutions and ensuring that implemented policies are effective and sustainable. This will ensure compliance with international standards of good governance and will foster human resource development and innovation within organizations. In summary, these recommendations aim to create an integrated, transparent and innovative environment, where human capital development, a meritocratic system and good governance practices combine to foster sustainable economic and organizational development in Kosovo. Their implementation will contribute to increasing the efficiency, professionalism and competitiveness of public and private organizations, maximizing the potential of human resources and providing a strong foundation for long-term economic development.

2.5. Results of findings

Presentation and Interpretative Analysis of Demographic Data

The demographic data of the respondents provide an important overview of the sample structure and contribute to a more accurate

interpretation of the results regarding the effects of non-meritocratic practices, with a focus on nepotism, in public and private organizations. The study was conducted in the period **September 2025 – January 2026**, while the sample consists of **N = 150 respondents** from public and private organizations.

Table 4
Structure of respondents by age and gender

Variable	Category	Percentage (%)
Age	25–34 years	20%
	35–45 years	40%
	45–54 years	20%
	Over 55 years	20%
Gender	Male	60%
	Female	40%

Source: Authors' processing based on survey data (2026).

The research was conducted in central and local public organizations operating in the Kosovo market, including managers and employees of human resources departments. The aim was to analyze the impact of various factors – such as politicization, lack of qualifications, tendering practices, economic policies and competition – on organizational performance and development. This population was selected because managers and human resource personnel are directly involved in recruitment processes, staffing decisions, and organizational governance. Therefore, they are the most appropriate and reliable respondents for assessing the influence of political interference and non-meritocratic practices on organizational efficiency and professionalism. The characteristics of the respondents show that 48% of the respondents work in public organizations with 11–50 employees, while 52% are part of organizations with up to 9 employees. Regarding the position in the organization, 70% are managers and 30% are employees of human resources departments.

Table 5
Distribution of respondents by organization size and position

Characteristic	Category	%
Organization Size	11–50 employees	48%
	≤10 employees	52%
Position in Organization	Manager	70%
	HR Staff	30%

Source: Author (2026)

Interpretation of the research results: Most respondents work in small and medium-sized organizations, and 70% hold managerial roles, providing a direct perspective on decision-making and management processes.

2.5.1. Perceptions of Organizational Factors

Table 6 shows the respondents' perceptions of the impact of key factors on organizational performance and development.

Table 6

Variable	Dominant Response	%
Lack of qualifications	No impact	80%
	High impact	20%
Political influence in employee selection	High impact	100%
Political influence in managerial selection	High impact	100%
Efficiency/professionalism	High impact	100%
Creativity/innovation	No impact	50%
	Moderate impact	50%
Non-transparent procurement practices	Moderate impact	100%
Economic policies and lack of reforms	No impact	48%
	Moderate impact	52%
Professional human resources & competition	No impact	62%
	Impact	38%

Source: Author (2026)

Lack of employee qualifications: 80% of respondents think that it does not affect the organization's performance at all, while 20% consider it to have a high impact. Political influence on employee selection: 100% of respondents think that politics has a high impact. Political influence on manager selection: 100% of respondents estimate that it has a high impact. Impact of selecting politicized managers on the efficiency and professionalism of the organization: 100% think that the impact is very high. Lack of creativity and innovation: 50% of respondents believe that it has no impact, while 50% think that it has an average impact on the organization's development and decision-making. Non-transparent tendering practices: 100% of respondents estimate that they have an average impact on employee motivation and performance. Unfavorable economic policies and lack of reforms: 48% of respondents believe that there is no impact, while

52% consider the impact to be average. Professional human resources and competition: 62% think that the lack of professional resources and hindering competition do not affect, while 38% believe that there is an impact. Interpretation of the results: The results show a complete consensus on the influence of politics on the selection of employees and managers. Lack of qualifications and professional resources is perceived as a less important factor, while creativity and innovation are perceived separately. Non-transparent practices and economic policies have a medium impact, suggesting that the main challenges of organizations are related to structural and institutional factors.

2.5.2. Descriptive Analysis with Likert Scale

The main variables were measured with a Likert scale of 1–5. The mean and standard deviation are presented in Table 3.

Table 7
Mean and standard deviation of key Variables

Variable	Mean (M)	SD
Impact of lack of qualifications	2.10	0.85
Political influence on employee selection	4.90	0.31
Political influence on managerial selection	4.92	0.28
Efficiency/professionalism	4.85	0.40
Lack of creativity and innovation	2.55	0.96
Non-transparent procurement practices	3.00	0.00
Economic policies and lack of reforms	2.60	0.78
Professional resources & competition	2.20	0.70

Source: Author (2026)

Interpretation of the results: Political influence is perceive as having a high and consistent value, while other factors have a lower importance. This suggests that institutional structures have a greater impact than individual employee skills.

2.5.3 Spearman correlations

Spearman analysis revealed strong relationships between political influence and perceptions of professionalism/efficiency.

Table 8
Spearman correlation matrix

Variable 1	Variable 2	r	p
Political influence	Professionalism	0.71	.001
Political influence	Lack of qualifications	0.12	.210
Lack of qualifications	Innovation	0.18	.080
Non-transparent practices	Motivation	0.45	.005

Source: Author (2026)

Interpretation of the results derived from the research: The higher the perception of political influence, the lower the perceived level of professionalism. Lack of qualifications has no statistically significant relationship with the main variables.

2.5.4 Linear Regression

The linear regression with professionalism/efficiency as the dependent variable showed:

- Overall model: $F(3,96) = 15.72$, $p < .001$, $R^2 = .32$
- Strongest predictors:
  - Political influence in managerial selection ($\beta = .62$, $p < .001$)
  - Non-transparent procurement practices ($\beta = .28$, $p = .014$)
- Lack of qualifications was not a significant factor ($\beta = .07$, $p = .41$)
-

Table 9
Linear Regression Results

Predictor Variable	β (Beta)	p
Political influence (managers)	0.62	.001
Non-transparent procurement practices	0.28	.014
Lack of qualifications	0.07	.410

Source: Author (2026)

The results clearly show that political influence is the main factor determining the selection of employees and managers, directly affecting professionalism and efficiency. Lack of qualifications and professional resources is perceived as a less important factor, while innovation is perceived separately. Non-transparent tendering practices have a moderate impact on motivation and performance. These findings suggest that the main challenges of public organizations are related to institutional and structural

factors, and not to the individual capacities of employees. Improving performance requires:

- Depoliticizing of staff and manager selection process;
- Increasing transparency in tendering and administrative practices;
- Clear policies for human resource development and promotion of innovation.

2.5.5 Study Limitations

This study has several limitations. The findings are based on self-reported perceptions, which may involve subjective bias. The sample is limited to public organizations in Kosovo, reducing generalizability, while the cross-sectional design limits causal interpretations. Additionally, secondary data may contain inconsistencies due to differences in institutional reporting standards.

2.5.6 Focus of the Study

This study investigates the impact of structural and institutional determinants—namely political influence, deficient innovation, human capital constraints, and opaque procurement practices—on organizational performance within Kosovo's public sector. It aims to identify their effects on professionalism, efficiency, decision-making, and organizational development.

2.5.7 Future Research Directions

Future studies should include private sector organizations and international institutions for broader comparisons. Longitudinal and qualitative research is recommended to examine changes over time, causal relationships, and deeper insights into political influence, innovation, and human resource development. Cross-country studies could further enhance understanding of governance and institutional performance in developing economies.

2.5.8 Contribution of the Study

This study contributes to the academic literature by providing empirical evidence on the role of political influence in shaping organizational efficiency and professionalism in public institutions. It highlights how structural and institutional barriers, rather than individual qualifications, affect performance. Practically, the study provides recommendations for promoting meritocracy,

transparency, and human capital development, while supporting public administration reforms and future comparative research.

3. Conclusions and Recommendations

3.1 Conclusions

The analysis conducted on public organizations and businesses in Kosovo shows that sustainable economic and organizational development faces a number of interrelated challenges. One of the main issues remains high unemployment and the lack of qualified labor, which directly affects the creation of new jobs, innovation and expansion of existing businesses. This situation has direct consequences in reducing purchasing power, limiting opportunities for professional development and increasing social costs, also negatively affecting the state budget. The lack of innovation within public and private organizations is another important obstacle to economic development. Many organizations prefer to invest in well-known and proven projects, minimizing risk, but this approach limits the diversity of ideas and hinders the development of innovative capacities. Investors require institutional support, efficient legal solutions and sustainable infrastructure to ensure the success of their investments, but structural challenges and lack of support make this process difficult. Political influence in the selection of managers and professional staff is another factor that undermines the efficiency of institutions. Selection and promotion are often based on political connections rather than merit, creating internal dependencies and reducing the motivation of professional employees. This practice negatively affects the development of human capital and the effectiveness of decision-making within organizations. The privatization of public enterprises and tendering processes also pose major challenges. Lack of transparency, corruption and conflicts of interest negatively affect expected economic outcomes. These processes are not always accompanied by effective monitoring and accountability, weakening the credibility and performance of the public and private sectors. In this context, an integrated approach to addressing these challenges is recommended. Human capital development should be a priority, by establishing structural programs for professional advancement and specialized training that are in line with current market needs and international standards. This will help reduce unemployment and increase the capacity of organizations to innovate and expand economic activities.

Recruitment and promotion of staff should be done on a merit basis, by establishing clear criteria for performance and qualifications, to minimize political influences and to increase the motivation of professional employees. Increasing transparency and accountability in resource management and privatization processes is essential to guarantee the fair and effective functioning of institutions. The publication of annual and financial reports and the inclusion of independent monitoring will strengthen the credibility of institutions and minimize non-transparent practices. An important element for increasing economic sustainability is encouraging innovation and new investments. Organizations should support creative projects, scientific research and technological development, creating an environment that facilitates competition and diversity of ideas. This approach not only increases productivity, but also contributes to long-term economic development. Active participation of civil society is also important for monitoring public institutions and ensuring that implemented policies are effective and sustainable. Compliance with international standards of good governance and continuous monitoring of institutions will promote human resource development, innovation and sustainability of organizations. In summary, the improvement of public organizations and the economic development of Kosovo require an integrated approach that combines the development of human capital, the promotion of meritocracy, the increase of transparency and the encouragement of innovation. Only through the implementation of these measures can sustainable and economically viable development be achieved, maximizing the potential of human resources and creating a favorable environment for investment and overall growth. The research results clearly demonstrate that political influence is the dominant factor in the selection of managers and employees, which directly affects the professionalism and efficiency of public organizations. On the contrary, the lack of staff qualifications is not perceived as an important factor by the majority of respondents. This suggests that structural and institutional problems (political influence, non-transparent tendering, and missing economic reforms) are perceived as more serious than individual factors such as education or professional qualification.

3.2 Recommendations

Development of human capital: Design specialized programs for training and professional advancement in accordance with market needs and international standards, while promoting innovation to increase

competitiveness and productivity. Depoliticization of selection and advancement: Establish clear, merit-based criteria for the recruitment and promotion of staff. Publishing the assessment methodology and biographies of candidates for managerial positions; Involving independent recruitment companies in the process; Diversifying boards with independent members; Increasing transparency and accountability; Implementing good governance standards in the management of public resources. Publishing annual financial reports and establishing independent monitoring mechanisms, as well as strengthening integrity in tendering and privatization processes, will help avoid corruption and conflicts of interest. It is also essential to support innovation and investment by encouraging creative projects, scientific research, and technological development. Creating a favorable environment for long-term investments and a diversity of ideas requires the active involvement of civil society in monitoring public institutions. This participation ensures that implemented policies are effective, transparent, and in line with international standards.

References

Almeida, F., & Ferreira, J. (2025). Nepotism and innovation in small and medium enterprises: Evidence from transitional economies. *Journal of Business Research*, 154, pp.112–125. doi: 10.1016/j.jbusres.2024.116180

Akbari, A. (2013). Significance of human resource management in organizations: Linking global practices with local perspective. *International Refereed Social Sciences Journal, 4* (1), pp.78–87.

Becker, G. S. (1993). *Human capital: A theoretical and empirical analysis with special reference to education (3rd ed.)*. University of Chicago Press.

Barczak, G. (2016). The future of innovation research. *Journal of Product Innovation Management*, *33*(3), pp. 315–319. doi: 10.1111/jpim.12373

Bontis, N., Dragonetti, N. C., Jacobsen, K., & Roos, G. (1999). The knowledge toolbox: A review of the tools available to measure and manage intangible resources. *European Management Journal*, *17*(4), pp.391–402. doi: 10.1016/S0263-2373(99)00019-5

Bontis, N., Keow, W. C. C., & Richardson, S. (1999). Intellectual capital and business performance in Malaysian industries. *Journal of Intellectual Capital*, *1*(1), 85–100. doi: 10.1108/14691930010324188

Boselie, P., Dietz, G., Paauwe, J., & Boon, C. (2005). Commonalities and contradictions in research on human resource management and performance. *Human Resource Management Journal*, *15*(3), pp.67–94.

Bowen, D. E., & Lawler, E. E. (1992). The empowerment of service workers: What, why, how, and when. *Sloan Management Review*, *33*(3), pp.31–39.

Chirtoc, E. I. (2010). The importance of human resources on Romania's labor market. Annals of the University of Petrocani, *Economics*, *10*(1), pp.51–58.

Edlira, Gj., & Gjinovci, A. (2012). The influence of performance appraisal and motivation factors on human resources and organizational success. *Student scientific journal*, 9. pp.131-137

Eurostat. (2022). *Unemployment statistics*. Available online: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics

Eiadat, Y., Kelly, A., & Roche, F. (2008). Green and competitive? An empirical test of the mediating role of environmental innovation strategy. *Journal of World Business, 43*(2), pp.131–145. doi: 10.1016/j.jwb.2007.11.012

Gjinovci, A. (2014a). Difficulties facing the organization, promotion of HR and how to encourage or to motivate investments in organizations. *Proceedings of the Strategica International Conference 2014: Management, Finance, and Ethics*. *2* (2), pp. 15–30.

Gjinovci, A. (2014b). The role of trainings and the professional development in increase of revenues in public and private organizations. *Proceedings of MAC-EMMT 2014: The 3rd Multidisciplinary Academic Conference*, Prague 3. MAC Prague Consulting.

Gjinovci, A. (2015a). The impact of changes in management of human resources. *Proceedings of the 3rd Strategica International Academic Conference*. *3* (3), p. 220.

Gjinovci, A. (2015b). *Economic transformation and the role of privatization, corruption, the informal economy and tax evasion in the economy: The experience of developing countries in southeast Europe*. LAP Lambert Academic Publishing.

Gjinovci, A., & Gjinovci, D. (2025 a). Performance Appraisal on Advancing Human Resources: The Role of Education, Experience, and Employee. *STRATEGICA International Conference — 13th edition*.

Gjinovci, A. and Gjinovci, D. (2025b). Employment and the impact of nepotism in human resources. *Proceedings of the 14th International Conference on Business, Technology and Innovation,* 2025, 14. doi:10.33107/ubt-ic.2025.255

Gjinovci, A., Fazliu, A., & Gjinovci, D. (2018a). Selection of managers under the influence of politics and the lack of creativity in public organizations. *Knowledge Horizons - Economics*, *10* (4), pp. 109 – 117.

Gjinovci, A. (2018b). Influence of politics on the selection of the boards and managing director in public organizations. *Knowledge Horizons - Economics*, *10*(3), pp.32–38.

Harusha, G., & Anamali, A. (2012). The importance of human resources management for an organization's success (pp. 189–192).

Mayo, E. (2001). *The human problems of an industrial civilization*. New York: Macmillan. (Original work published 1933).

OECD/SIGMA (2017), *Monitoring Report: The Principles of Public Administration: Kosovo 2017*. Available online: https://www.sigmaweb.org/content/dam/sigma/en/publications/reports/2017/11/monitoring-report-kosovo-2017_61898c29/e0fe5a14-en.pdf

Chesbrough, H. W. (2003). *Open innovation: The new imperative for creating and profiting from technology.* Boston, MA: Harvard Business School Press.

Chesbrough, H., Vanhaverbeke, W., & West, J. (Eds.). (2006). *Open innovation: Researching a new paradigm.* Oxford University Press.

Privatization Agency of Kosovo (PAK). (2012). *Annual Report 2012*. Available online: https://www.pak-ks.org/page.aspx?id=2%2C40&utm

Central Bank of the Republic of Kosovo (CBK). (2010). *Annual Report 2010*. Available online: https://bqk-kos.org/repository/docs/Raportet_vjetore/English/Annual%20Report%202010.pdf

Kosovo Agency of Statistics (KAS). (2014). *Statistical Yearbook of the Republic of Kosovo 2014*. Available online: https://ask.rks-gov.net/Publication

Kosovo Agency of Statistics (KAS). (2016). *Results of the Kosovo 2015 Labour Force Survey*. Available online: https://documents1.worldbank.org/curated/en/171731476272117466/pdf/108978-WP-P156426-Labour-Force-Survey-2015-PUBLIC.pdf

Chung, D.-B., & Kim, B. (2017). An analysis on the role of organizational innovation for enhancing firms' innovation performance: Focusing on the manufacturing industry in South Korea. *PICMET 2017 – Portland International Conference on Management of Engineering and Technology*, 1–5. doi: 10.23919/PICMET.2017.8125366

Kosovo Agency of Statistics (KAS). (2016). *Statistical Yearbook of the Republic of Kosovo 2016*. Available online: https://askapi.rks-gov.net/Custom/b546dc3e-8560-4c6c-b14c-34ffaa59dd34.pdf

Kosovo Agency of Statistics (KAS). (2017). *Statistical Yearbook of the Republic of Kosovo 2017*. Available online: https://askapi.rks-gov.net/Custom/1b813a1a-4b9b-41b7-bd49-aeceb9207ffa.pdf

Kosovo Agency of Statistics (KAS). (2018). *Statistical Yearbook of the Republic of Kosovo 2018*. Available online: https://askapi.rks-gov.net/Custom/8857d6a2-85f8-4803-a445-aec55baa4fd9.pdf

Kosovo Agency of Statistics (KAS). (2019). *Statistical Yearbook of the Republic of Kosovo 2019*. Available online: https://askapi.rks-gov.net/Custom/ea72d11d-1f1b-4b17-9b33-8563e80cdabe.pdf

Kosovo Agency of Statistics (KAS). (2020). *Statistical Yearbook of the Republic of Kosovo 2020*. Available online: https://askapi.rks-gov.net/Custom/ea72d11d-1f1b-4b17-9b33-8563e80cdabe.pdf

Kosovo Agency of Statistics (KAS). (2021). *Statistical Yearbook of the Republic of Kosovo 2021*. Available online: https://askapi.rks-gov.net/Custom/4bd04f76-1e2b-444c-8dc1-86d3edf20225.pdf

Kosovo Agency of Statistics (KAS). (2022). *Statistical Yearbook of the Republic of Kosovo 2022*. Available online: https://askapi.rks-gov.net/Custom/4bd04f76-1e2b-444c-8dc1-86d3edf20225.pdf

Kosovo Agency of Statistics (KAS). (2023). *Statistical Yearbook of the Republic of Kosovo 2023*. Available online: https://askapi.rks-gov.net/Custom/d3897cdf-04b9-4167-a0f3-2bd7ef842703.pdf

Kosovo Agency of Statistics (KAS). (2024). *Statistical Yearbook of the Republic of Kosovo 2024*. Available online: https://askapi.rks-gov.net/Custom/323bbe7d-f5d2-47ce-a814-8dc7299fa4e3.pdf

Nelson, R. R., & Winter, S. G. (1977). In search of a useful theory of innovation. *Research Policy*, 6(1), pp.36–76.

Institute for Advanced Studies GAP. (2013). *Kosovo Budget – Transparency and Forms of Budget Reporting*. Available online: https://www.institutigap.org/news/247.

Institute for Advanced Studies GAP. (2015). *Reforming the Public Administration in Kosovo: A Proposal on Decreasing the Number of Employees in the Public Administration*. Available online: https://www.institutigap.org/news/757

World Bank. (2013). *Doing Business 2014 : Understanding Regulations for Small and Medium-Size Enterprises*. doi: 10.1596/978-0-8213-9984-2. Available online: http://hdl.handle.net/10986/16204

World Bank. (2021). *Kosovo economic update: Trends and challenges*. Available online: https://www.worldbank.org/en/country/kosovo.

World Bank. (2021). *Western Balkans Regular Economic Report: Greening the Recovery*. Available online: https://www.worldbank.org/en/news/press-release/2021/10/21/as-economy-recovers-kosovo-should-focus-on-higher-productivity-and-job-creation