

## Organizational Effects of Employee Performance Management

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**ABSTRACT:** In order to improve business results and secure their position in the global market, organizations are increasingly paying attention to employee performance management. Performance appraisal, job security, employee engagement, and investment in employee career development by the organization contribute to higher productivity, employee identification with the organization, and workforce stability by reducing turnover and absenteeism. This paper seeks to demonstrate that adequate employee performance management in Bosnia and Herzegovina can contribute to organizational efficiency. Under performance in this research, key dimensions such as performance appraisal, job security, employee engagement, and career development planning were considered. Organizational effects were considered through three basic aspects: increasing productivity, strengthening employee identification with the organization, and improving workforce stability. Empirical research was conducted in 128 medium-sized and large organizations in the industrial sector in Bosnia and Herzegovina. Regression analysis was applied as part of hypothesis testing. The results show that employee performance management, examined through the dimensions: performance appraisal, job security, employee engagement, and career development planning, has a statistically significant impact on organizational efficiency, with particular emphasis on performance appraisal, which plays a key role in workforce stabilization, enabling objective evaluation of employee contributions and efficient resource management.

**KEYWORDS:** work performance, performance evaluation, job security, employee engagement, career development planning, productivity, employee identification with the organization, workforce stability.

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### I. INTRODUCTION

Employee performance management is a complex process that plays a key role in achieving the strategic goals of an organization. In this paper, performance is defined through several dimensions: performance appraisal, job security, employee engagement, and career management. Such a multidimensional approach allows not only to monitor organizational results, but also to create a work environment that encourages long-term professional development of employees, increases motivation, and strengthens loyalty to the organization. Križmarić (2014) points out that modern approaches to performance management and job design have evolved in response to changing business conditions and the increasing role of human resources as a strategic resource. This process relies on the concept of strategic management, which proactively identifies changes in the labor market and directs business activities towards their adaptation.

According to Bahtijarević-Šiber (1999), performance monitoring is a continuous process that guides employee behavior through continuous analysis of work tasks, all with the aim of achieving professional development of employees and achieving organizational goals. The effectiveness of this process depends on a clearly established system in which criteria and methods are precisely defined, so that the assessment of each individual's work is objective. The importance of employee perceptions of human resources management practices oriented towards recognition and respect is reported by Hennekam and Herrbach (2013), emphasizing that practices oriented towards recognition and respect for employee contributions have a direct impact on their productivity.

Human resource management practices (HRM) have proven to be a very useful tool: managers use them to ensure smarter use of resources and organizational success in an increasingly demanding market (Martin & Epitropaki, 2001; Li et al., 2011; Chang et al., 2011). The model of work performance in organizations shows the presence of various situational factors that influence the behavior of workers. Namely, an employee may have the necessary skills, but may not always demonstrate the desired work behaviors. The reason for this sometimes lies in the culture of the organization that reduces proactive activities or in the rules of the work group that determine acceptable practices and expected results. It can be said that motivational factors play an important role because lack of motivation often occurs when workers do not trust that their efforts will be directly recognized and rewarded (Križmarić, 2014).

Given the above, this paper aims to analyze how different components of performance management affect key aspects of organizational effectiveness. The focus of this research includes four basic components of performance management, namely: performance appraisal, job security, employee engagement, and career management. By analyzing the interaction of these factors, the paper focuses on understanding their impact on productivity, employee engagement, and long-term workforce stability.

## II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

To succeed in a competitive environment, organizations must implement a distinct set of human resource management practices that emphasize the human side of management and the need to encourage desired service-oriented behavior to achieve organizational goals. When employees perceive their organization's HRM practices as conscientious, diligent, and fair, they reciprocate with positive attitudes, resulting in superior performance (Lu, Chen, Huang & Chien, 2015). Weinberger (1998) points out that the growth of human resources has a mixed nature and encompasses wide fields of knowledge and works. McLagan (1989) described human resource development as the combined use of learning and growth, career growth and organizational advancement to improve individual, group and organizational effectiveness. Swanson (2001) describes human resource development as a process in which human expertise is developed and released through organizational development and employee training, with the intention of improving performance at all levels: organizational, work process, as well as group and individual. These definitions, according to Uraon (2011), show that the goal of human resources development was to give employees several chances to learn through various activities, and the result of these learnings are changes in behavior, improvement of skills, high motivation and ultimately better individual, group and organizational efficiency.

According to research by Kotzé, Van der Westhuizen, and Nel (2014), empowerment and growth are strongly linked to all aspects of work engagement. Their results show that workers whose goals align with the organization's strategy, who work in an environment that offers trust and support from management, and who also receive feedback and recognition for their efforts, show higher levels of energy and mental resilience at work. These workers have a stronger connection to their work, a sense of pride and importance, and are more likely to be more focused and fully committed to their work. The research confirms the findings of Bakker, Schaufeli, Leiter, and Taris (2008), who showed that workers with good relationships with their superiors have a greater will to achieve goals, which leads to better performance and higher levels of engagement (Kotzé, Van der Westhuizen & Nel, 2014).

**Work Performance Management:** Although performance appraisal, engagement, career satisfaction, and organizational security show strong interrelationships on the one hand, while on the other hand they tend to be relatively consistent within individuals over time, they can be considered as different dimensions. Namely, employees who make an effort are more motivated, more active in their team and organization, which makes them more efficient and satisfied at work. Such individuals are more likely to be goal-oriented, interested in their work, and compassionate towards their colleagues, which contributes to organizational effectiveness. (Joo & Lee, 2017). In this paper, performance management includes: performance appraisal, job security, employee engagement, and career planning.

**Performance appraisal:** Performance management is a process aimed at improving employee performance. Within the framework of the social exchange paradigm and the job demands model, Van Waeyenberg, Peccei, and Decramer (2022) argue that employees who see performance management as an important part of a broader HR practice strategy feel more valued, which contributes to their connection to the organization. The authors' research confirms this assumption, highlighting that the perceived strength of the performance management process improves their work performance (Van Waeyenberg, Peccei & Decramer, 2022). Career development practices and performance appraisals are designed to prepare employees for development within the organization. People with their knowledge and skills can become valuable assets to the organization if management is willing to commit to their development. When employees are aware of management's interest in their well-being, this increases their interests and contributes to productivity as well as identification with the organization (Nasurdin et al., 2008).

**Job security:** Job security according to Toosa, Bakhtiary and Saleha (2020), is a set of feelings and perceptions about the existence of a suitable job whose continuity is ensured in the future. The authors note that the presence or absence of a sense of job security in the workplace can have significant and effective consequences for employees and the organization.

Informing employees about changes within the organization increases their sense of security and contributes to the stability of the workforce (Toosi, Bakhtiary & Salehi, 2020). According to Lambert (1991), job security is nothing more than a kind of comfort with a positive relationship to employee commitment and productivity. Employees whose jobs do not provide security are not committed and are more likely to leave the organization (Akpan, 2013). According to Morrow and McElroy (2001), job security refers to job stability or HRM practices that aim to ensure that employees remain in the organization. Job security should produce positive effects on the organization in the form of workforce stability, identification with the goals and values of the organization, and increased productivity (Scheible & Bastos, 2013).

**Career management:** Career management is a useful tool for both employees and the organization. Popescu Neveanu (2003) points out that linking individual needs with the needs of the organization should be the responsibility of management if it wants to ensure the gradual development of employees based on their personal ambitions and motivations. Namely, it is necessary for career management experts, as Torlak, Kuzey and Ragom (2018) point out, to assess, advise and inform employees about their career development opportunities, and to provide training and development programs for employees. Authors Lee and Bruvold (2003) also believe that employee development is a key factor in organizational development. It is noteworthy that Granrose (1997) states that employee satisfaction and motivation cannot be absent when there is a high level of alignment between employees' career goals and the goals that the organization has for them. Orpen (1994) presents career management as the improvement of employees' knowledge and skills through clearly implemented and defined development practices approved by the organization. Career management programs promoted by the organization imply prerequisites for employees' identification with the organization, which can result in increased productivity, if these plans are aligned with employees' ambitions ( Kaya & Ceylan, 2014). Employee satisfaction is not easy to ensure and according to Renee Barnett and Bradley (2007) career satisfaction includes elements such as financial support that will encourage workers to carry out set goals. Therefore, learning and career satisfaction variables affect employee professional satisfaction ( Joo & Lee).

**Employee Engagement:** Employee involvement in work and decision-making has become a practice for many employers. Knudsen et al. (2011) state that employee engagement can be viewed through the prism of the work they do in the organization, contributing to its effectiveness. Employees' commitment, first to their job and then to the organization, defines their work engagement (Schaufeli & Bakker). When employers trust employees by allowing them to make important decisions, asking them for their opinions on shaping their work, and appreciating their contributions, it is natural that in such situations employees will try to return the trust shown. This trust is usually manifested through long-term loyalty and better performance (Khalid & Nawab). From the literature review, it can be noted that engaged employees have a positive impact on the organization, unlike those who are not (Sahoo, Behera & Tripathy). In their research, Bakker et al. (2008) point out that engaged employees, due to their involvement in work procedures, contribute to better organizational performance because they are driven by a strong identification with the organization's goals.

**Productivity:** There is a generally accepted opinion in the literature that adequate performance management can ensure productivity in an organization. Starting from this approach (Murphy & Cleveland, 1995), they believe that it not only improves individual results, but also has a significant impact on the efficiency of the organization as a whole. Looking at productivity through the prism of employee performance management, the authors note that if there is continuous employee education, clearly set goals, guaranteed job security and employee participation in decision-making, there is greater motivation and employee satisfaction, which leads to increased productivity. Organizations that apply this approach record improvements in business processes and improve the quality of their products and services, which ensures better competitiveness. According to Gong et al. (2013), employee creativity plays a key role in improving productivity because it leads to the development of new ideas. New ideas lead to the development of new products and improvements in business processes, which ensures the organization's more efficient work, better performance, and success in the market (Shalley et al., 2004, Owino et al. 2019).

**Employee identification with the organization:** An organization's greatest strength lies in its employees. However, managers who are primarily focused on technological advancements often fail to devote sufficient attention to their employees, pushing them into the background. As a result, employees may feel a diminished sense of belonging to the organization they work for. Research has shown that when employees develop a strong sense of identification with their organization, their efficiency and willingness to fully engage are significantly higher compared to those who do not feel connected to their workplace (Mael & Ashworth, 1992).

Today's business environment is becoming increasingly demanding and complex. In such conditions, organizations that manage to sustain long-term success are those that implement employee retention strategies by involving staff in decision-making, providing career development opportunities, and ensuring job security. Through these practices, organizations aim to reassure employees that their workplace aligns with their needs and expectations. This fosters a sense of belonging, making employees more likely to adopt the organization's goals as their own. Stuart (2002, pp. 28-30) describes identification as a cyclical process in which stronger identification with the organization enhances overall performance, whereas weaker identification can lead to reduced stability and slower organizational growth.

Jenkins and Delbridge (2014, p. 871) state that the literature on organizational identification often adopts an approach that assumes employee happiness directly leads to higher productivity. However, in their view, this approach places excessive emphasis on employee identification with the organization while overlooking key factors and mechanisms that shape this identification process. Blader, Patil, and Packer (2017, p. 19) also argue that organizational identification is both a theoretically and practically significant phenomenon. Employees who strongly identify with their organization tend to develop a more favorable perception of it, which can ultimately lead to greater job engagement and satisfaction (Mete, Sökmen, & Biyik, 2016, p. 872).

**Workforce stability:** According to Kinjerski and Skrypnik (2008), the implementation of appropriate human resource management policies and practices can significantly foster the development of an entrepreneurial spirit among employees, which in turn increases their commitment to the organization, positive aspects of organizational culture such as teamwork and morale, and reduces turnover and absenteeism. Similar findings are reported by Davey et al. (2009), who state that positive employee attitudes towards work, including satisfaction and engagement, reduce absenteeism, while increased stress and burnout cause the opposite effect, i.e. higher absenteeism (Davey, Cummings, Newburn-Cook & Lo, 2009).

Investigating the impact of job insecurity on employee turnover intention, Lee and Jeong (2017) prove that job insecurity positively influences turnover intention, with high-performing employees finding new jobs more easily, thus increasing their turnover risk. The authors emphasize that managers, especially in the human resources sector, must pay special attention to job insecurity, as it can lead to reduced organizational commitment, lower job satisfaction, reduced trust in management, and poorer performance, resulting in increased turnover rates (Lee & Jeong, 2017). Employees who are committed to an organization play a key role in its success, as their commitment contributes to greater management accountability, cost reduction, and improved organizational performance. (Sahoo, Behera & Tripathy, 2010; Rustamadjji & Omar, 2019). On the other hand, unplanned absenteeism seriously harms the progress of the organization, leading to loss of profitability, increased costs due to additional employment, and low trust among employees. Absenteeism affects the organization's competence, profitability, and control (De Boer, Elpine, Bakker, Syroit & Schaufeli, 2002). Specific HRM practices, such as rewards for regular attendance, can have a direct impact on reducing absenteeism, a broader system of high-performance HRM practices and policies (Kehoe & Wright, 2013).

In accordance with the above, we propose the following hypotheses:

H1: "Effective performance management has a positive impact on increasing employee productivity."

H2: "Performance management contributes to strengthening employees' identification with the organization."

H3: "Adequate management of work performance has a positive effect on the stability of the workforce."

### **III. METHODOLOGY**

The research was conducted in Bosnia and Herzegovina within the industrial sector. A structured questionnaire was used for the research. Regression analysis was applied as part of hypothesis testing. Data processing was carried out using the SPSS 21 software tool. The questionnaire was organized into two parts. The first segment included the components of performance management, namely: performance appraisal, job security, employee engagement and career management. The second segment included the key characteristics of organizational success, namely: productivity, employee identification with the organization and workforce stability. The variables used in this research were measured on a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." The research aimed to examine the impact of performance management on productivity, employee identification with the organization and workforce stability in medium and large organizations in Bosnia and Herzegovina. The data collected by the questionnaire were subjected to reliability analysis. The reliability of the measurement scales in the questionnaire was tested by calculating the Cronbach's Alpha coefficient. The questionnaires were delivered to managers and professional staff. Out of a total of 140 distributed questionnaires, 128 were returned completed, with a response rate of 91.43%. In selecting

organizations, territorial representation was ensured, including companies from the Federation of Bosnia and Herzegovina, Republika Srpska and the Brčko District of Bosnia and Herzegovina.

#### IV. RESULTS

The first step in the research analysis was to assess the reliability of the measurement scales used in the questionnaire. Reliability was determined using the Cronbach's Alpha coefficient, which shows the degree of internal consistency of the statements, and its values can vary between 0 and 1. The closer the value is to 1, the greater the precision and stability of the measuring instrument. Based on the collected results and their analysis, it can be concluded that the measuring instruments used in this research have a high degree of reliability, which ensures the credibility of the collected data.

Table 1. Cronbach's Alpha coefficients of questionnaire reliability

Variables	Cronbach's Alpha
Management of employee performance	0.969
Performance assessment	0.968
Job security	0.982
Employee engagement	0.969
Career management	0.968
Productivity	0.937
Employee identification with the organization	0.933
Workforce stability	0.934

Source: Authors' research

#### *Analysis of the impact of employee performance management on increasing employee productivity*

The results of the analysis of the key factors of employee performance management on employee productivity are shown in Table 2. The application of regression analysis confirmed the high predictive value of these factors, whereby the model explains 31.9% of the productivity variability ( $r^2 = 0.319$ ,  $F = 58.892$ ,  $p < 0.000$ ).

Table 2. Impact of employee performance management - on increasing employee productivity

Components (factors)	Representativeness regression model				Linear regression equation parameters		
	r	r <sup>2</sup>	F	p	and	b	Beta
Performance assessment	0.567	0.321	59,602	0.000	3,813	0.512	0.567
Job security	0.462	0.213	34,150	0.000	3,813	0.417	0.462
Employee engagement	0.433	0.188	29,085	0.000	3,813	0.391	0.433
Career management	0.508	0.259	43,931	0.000	3,813	0.459	0.508
Employee performance management - TOTAL	0.564	0.319	58,892	0.000	3,813	0.509	0.564

Source: Authors' research

It can be seen from Table 2 that the Performance Estimate stands out as the single most important factor with a correlation coefficient of  $r = 0.567$  and a contribution of 32.1% of the productivity variation. Job security ( $r = 0.462$ ) and career management ( $r = 0.508$ ) also significantly contribute to increased productivity, while employee participation ( $r = 0.433$ ) has a slightly weaker but positive impact. The employee performance management model has a statistically significant impact on increasing productivity per employee ( $p < 0.000$ ). By analyzing the various components of employee performance management and their impact on organizational efficiency, several key dimensions were identified: performance evaluation, job security, employee engagement and career management. These dimensions, individually and as a whole, provide statistically significant indicators that explain changes in employee performance, thus confirming the first hypothesis H1.

The results show that the synergy between performance appraisal, workforce stability, employee engagement and planned career management is an important factor for long-term productivity gains. These results provide useful guidelines for designing integrated human resource management practices, ensuring sustainable workforce development and competitive advantage for the organization.

*Analysis of the impact of employee performance management on employee identification with the organization*

The analysis of the regression model (Table 3) of employee performance management, taking into account key factors such as performance appraisal, job security, employee engagement and career management, shows significant statistical results ( $r^2 = 0.375$ ,  $F = 75.456$ ,  $p < 0.000$ ), which clearly indicate the connection of these factors with employee identification with the organization. The results of this analysis show that the regression model has a solid representativeness and predictive value for employee identification with the organization. Performance appraisal and career management have the strongest influence, while job security and employee participation additionally contribute to improving employee identification with the organization. The model provides a significant basis for strategic decisions that can improve human resources management practices and contribute to organizational efficiency.

Table 3. The impact of employee performance management on employee identification with the organization

Components (factors)	Representativeness regression model				Linear regression equation parameters		
	r	r <sup>2</sup>	F	p	and	b	Beta
Performance assessment	0.633	0.401	84,438	0.000	15,695	1,728	0.633
Job security	0.521	0.272	47,065	0.000	15,695	1,423	0.521
Employee engagement	0.389	0.151	22,487	0.000	15,695	1,062	0.389
Career management	0.564	0.319	58,908	0.000	15,695	1,540	0.564
Employee performance management - TOTAL	0.612	0.375	75,456	0.000	15,695	1,670	0.612

Source: Authors' research

Shown results from Table 3. show that the most important single predictor of random performance management is performance appraisal ( $r=0.633$ ;  $r^2=0.401$ ), which explains 40.1% of the variability of employee identification with the organization. Job security shows a strong positive influence ( $r=0.521$ ;  $r^2=0.272$ ). Career management ( $r=0.564$ ;  $r^2=0.319$ ) plays a significant role in long-term development when it comes to employee identification with the organization, while employee participation ( $r=0.389$ ;  $r^2=0.151$ ) contributes to the development of an organizational culture focused on employee identification with the organization. The combined regression model ( $r=0.612$ ;  $r^2=0.375$ ) explains 37.5 % of the total variability of employees' identification with the organization, with confirmed statistical significance ( $F=75.456$ ;  $p < 0.000$ ), thus confirming the second hypothesis H2.

The results indicate that adequate performance management of employees not only improves individual performance, but also creates the prerequisites for the functional integration of the organization, strengthening its flexibility and advancing collective goals. This study investigates the key determinants of performance management and their statistical impact on organizational effectiveness. The factors analyzed include performance appraisal, job security, employee participation and career management. The parameters of the regression model indicate a complex but clear relationship between these factors and organizational harmony.

*Analysis of the impact of employee performance management on workforce stability*

The results of the analysis of the key factors of employee performance management on workforce stability are presented in Table 3. The application of regression analysis confirmed the high predictive value of these factors, with the model explaining 31.9% of the variability in productivity ( $r^2 = 0.342$ ,  $F = 65.472$ ,  $p < 0.000$ ). The results of this analysis show that the regression model has solid representativeness and predictive value on workforce stability.

Table 3. Impact of employee performance management on workforce stability

Components (factors)	Representativeness regression model				Linear regression equation parameters		
	r	r <sup>2</sup>	F	p	and	b	Beta
Performance assessment	0.584	0.341	65,123	0.000	23,688	2,548	0.584
Job security	0.544	0.296	52,868	0.000	23,688	2,373	0.544
Employee engagement	0.394	0.155	23,159	0.000	23,688	1,720	0.394
Career management	0.521	0.272	46,987	0.000	23,688	2,275	0.521
Employee performance management - TOTAL	0.585	0.342	65,472	0.000	23,688	2,552	0.585

Source: Authors' research

From an overview of the results in Table 3. It can be concluded that performance appraisal ( $r=0.584$ ;  $r^2=0.341$ ) stands out as the most important single factor, with a correlation coefficient of  $r=0.584$  and an explained variability of 34.1% ( $r^2=0.341$ ). Job security also has a strong positive impact ( $r=0.544$ ;  $r^2=0.296$ ). The slope coefficient ( $b = 2.373$ ) confirms that improving job security plays a key role in retaining talent and reducing employee turnover, **while** career management ( $r=0.521$ ;  $r^2=0.272$ ) contributes to stability through long-term employee development strategies. Employee engagement ( $r = 0.394$ ;  $r^2 = 0.155$ ) shows a weaker but significant positive impact, explaining 15.5 % of the variability, with the slope coefficient ( $b = 1.720$ ) suggesting that employee engagement fosters a sense of belonging to the organization.

The combined regression model of all factors ( $r = 0.585$ ;  $r^2 = 0.342$ ) explains 34.2 % of the total variability of labor force stability. The statistical significance of the model was confirmed by an F-value of 65.472 ( $p < 0.000$ ), with a slope coefficient of 2.552, thus confirming the third hypothesis H3.

These findings highlight the importance of an integrated approach to performance management. Performance appraisal and job security stand out as dominant predictors of stability, while career management and employee engagement further contribute to creating a work environment that fosters long-term commitment. Organizations that strategically develop these key aspects of human resources management have a greater chance of retaining qualified workers and ensuring sustainable growth.

## V. DISCUSSIONS

The organizational effects of employee performance management have been proven by research conducted in the industrial sector of medium and large companies in Bosnia and Herzegovina. The effects of employee performance management on productivity, job stability, and organizational involvement confirm and build on the results of previous studies that investigated various aspects of people management in organizations (Armstrong, 2006; Burke & Cooper, 2000). The first hypothesis (H1) on the positive impact of performance management on employee productivity was confirmed by the analysis of key elements such as performance appraisal, job security, employee engagement and career management. Performance appraisal emerged as the most important factor ( $r=0.567$ ;  $r^2=0.321$ ). These results confirm previous research that emphasizes that regular performance appraisal contributes to the continuous improvement of organizational performance (Lyu et al., 2023). The job security component ( $r=0.462$ ;  $r^2=0.213$ ) showed a significant impact on productivity, confirming that the perception of a stable job has a positive impact on employee motivation (Greenhalgh & Rosenblatt, 1984). Career management ( $r=0.508$ ;  $r^2=0.259$ ) also proved to be crucial for long-term productivity maintenance, highlighting the need for strategic employee development (Hall, 1996).

The second hypothesis (H2), which relates to the connection between performance management and employee identification with the organization, was also confirmed. Performance appraisal ( $r=0.633$ ;  $r^2=0.401$ ) and career management ( $r=0.564$ ;  $r^2=0.319$ ) proved to be the most significant predictors. These results indicate that the implementation of positive performance management practices can strengthen employees' emotional and professional connection with the organization (Conteh & Yuan, 2022). Job security ( $r=0.521$ ;  $r^2=0.272$ ) also played a significant role, confirming that job stability positively affects the sense of belonging to the organization (Mael & Ashforth, 1992).



Employee engagement ( $r=0.389$ ;  $r^2=0.151$ ) showed a slightly weaker, but still significant contribution, indicating the importance of involving employees in the decision-making process (Kahn, 1990). The third hypothesis (H3) about the positive impact of performance management on workforce stability was also confirmed. Performance evaluation ( $r=0.584$ ;  $r^2=0.341$ ) and job security ( $r=0.544$ ;  $r^2=0.296$ ) proved to be dominant factors contributing to the reduction of employee turnover. Career management ( $r=0.521$ ;  $r^2=0.272$ ) and employee engagement ( $r=0.394$ ;  $r^2=0.155$ ) also contributed to workforce stability, indicating the importance of strategic human resource management (Spreitzer, 1995). The results obtained confirm the importance of a holistic approach to HRM. Namely, research such as that conducted by Lyu, Su, Qi, and Xiao (2023) indicates the importance of fair performance appraisal as a factor that positively influences job performance. Similarly, Conteh and Yuan (2022) emphasize that effective work systems can increase employee performance, especially when they are linked to perceptions of organizational support. Analysis of the results suggests that the synergy between factors such as performance appraisal and job security is crucial for the long-term development of organizations. On this topic, Yang and Mostafa (2024) emphasize that job stability increases employee confidence, which has a positive effect on productivity and workforce turnover. In addition, the importance of career management is also confirmed in the research of Hall (1996), who emphasizes that career management of employees contributes to maintaining motivation and achieving organizational goals. Previous research has also identified employee engagement as a key element (Kahn, 1990), while Mael and Ashforth (1992) point out the importance of organizational identification for strengthening employee belonging to the organization. The analyzed models showed high predictive power and statistical significance, confirming the importance of an integrated approach to performance management. Organizations that apply strategies such as performance appraisal, ensuring job stability, and career development have a greater chance of achieving sustainable development and organizational effectiveness.

## VI. CONCLUSION

In order to improve employee productivity and identification with the organization and ensure workforce stability, all with the aim of improving competitiveness, organizations in Bosnia and Herzegovina must pay more attention to work performance practices. The results of the research consistently confirm the statistical significance of the impact of employee performance management on important organizational outcomes. The most important component of employee performance management in the research in question was performance appraisal, the systematic monitoring of which leads to increased productivity, improved organizational identification and strengthened workforce stability. The results also show that job security is an important component for achieving job stability and reducing turnover and absenteeism. What needs to be emphasized is that Bosnian and Herzegovinan organizations should focus their attention on career planning of their employees, which, according to the research results, helps the long-term development of employees but also the organization's ability to adapt to market changes. Employee engagement also has positive effects on engagement, innovation and organizational culture. The results of the regression analysis ( $r^2=0.342$ ;  $F=65.472$ ;  $p < 0.001$ ) showed that employee performance management, when viewed as a whole, significantly contributes to organizational efficiency. Given the confirmed statistical relevance, it can be concluded that organizations that implement employee performance management practices can significantly improve business efficiency, increase workforce stability, and achieve long-term employee identification with the organization.

The theoretical contribution of this research is reflected in the improvement of existing theoretical frameworks in the field of performance management, productivity and workforce stability. Through quantitative analysis of key factors such as performance appraisal, job security, employee participation and career management, the research contributes to a deeper understanding of their interrelationships and impact on organizational performance. The practical contribution of this study is to provide concrete guidance for organizations seeking to improve workforce productivity and stability. The research findings identify key factors, such as performance appraisal, job security, employee engagement, and career management, that directly impact organizational goals. Implementing these factors can reduce employee turnover, increase engagement, and create a more stable work environment. The societal contribution of this research lies in deepening the understanding of the role of performance management practices in the broader context of social and economic stability. Ensuring workforce stability, improving productivity, and reducing employee turnover are key factors that contribute to job preservation, reducing unemployment, and reducing social inequalities. Previous research suggests that policies that promote job security, career development, and greater employee engagement have a positive impact on social cohesion (Conteh & Yuan, 2022). Implementing these strategies can reduce pressure on social systems and support sustainable economic growth by stabilizing the workforce, resulting in stronger social integration and reduced social tensions. In this way, organizations become key actors in shaping a positive social environment, contributing to broader social prosperity and balance, which has long-term benefits for the



economy and society. This study builds on theoretical models by integrating multiple variables into HR strategies, providing a methodological framework for more accurately modeling organizational performance and predicting future outcomes. In this way, it contributes to the academic community and offers guidelines for practical application in human resources management.

Recommendations for organizations that want to improve work, employee stability and alignment within the organization, based on the results of this research, are:

1. Introducing regular employee performance monitoring based on clear and open performance appraisal systems. Focusing on personal feedback can motivate workers and improve their efficiency.
2. Offering secure work helps to provide stable and familiar working conditions, which is important for retaining capable people. Long-term contracts, assistance during job changes and clear communication contribute to a stronger sense of security.
3. Encouraging employee involvement, their active participation in decision-making, contributes to a sense of belonging and identification with the organization. Organizations could consider management methods that incorporate these elements to encourage innovation in their employees.
4. A program of personal career development plans, assistance and learning opportunities can improve a worker's work ability in the long term.
5. Incorporating essential parts into the entire human resource management model has the combined impact of a performance monitoring system, job security, employee involvement, and career guidance that can lead to a major improvement in organizational efficiency.

One of the limitations of this research is that it was conducted only in the industrial sector. It cannot be stated with certainty that the results obtained can be applied to other areas that differ in work processes and employee performance management policies. Also, the assessment of the performance of employees in industry may be subject to personal interpretations of managers, which may affect the accuracy of the collected data. In addition, the impact of performance management on productivity may vary by industry, and further research for specific sectors would provide a better understanding of these differences. These limitations indicate the need for future research that will include larger samples, use long-term studies, and combine quantitative with qualitative methods, which will strengthen the conclusions and provide more precise results.

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