Acta Universitatis Danubius
ŒCONOMICA

The Role of Reward Systems in Employee Motivation and Perceived Performance: A Case Study of an Albanian Private Company

Bisina Palaj[1]

Abstract: Objectives: This study examines how a reward and bonus system relates to employee motivation and perceived performance in an Albanian private company and whether it is perceived as fair across hierarchical levels. **Prior Work:** The study builds on theories of motivation and organizational justice, which hold that a clear effort-performance-reward link and perceived fairness shape employee engagement and trust. **Approach:** An exploratory case study combined document analysis with a structured questionnaire administered to 13 employees across three hierarchical levels, analysed through frequency distributions, cross-level comparisons and thematic analysis. **Results:** All respondents reported a positive motivational impact from the annual bonus and most rated performance-linked bonuses as motivating. The system was perceived as fair by 9 of 13 respondents, with specialists showing wider variance than managers, including the sample's only negative rating. Employees proposed greater transparency, feedback and non-monetary benefits. **Implications:** The findings offer practical guidance for administrators and human resource practitioners seeking to strengthen reward system effectiveness and fairness and highlight an under-researched national context. **Value:** The study contributes empirical evidence from an underexplored context, proposes an integrated conceptual model linking reward, fairness, motivation and performance and shows effectiveness depends as much on fairness as on financial value.

Keywords: reward systems; employee motivation; perceived performance; organizational justice; human resource management

JEL Classification: M12, M52, J33

[1] Recruitment Specialist (MSc), The HeadHunter, Tirana, Albania, Address: Rr. Dervish Hima, Pallati Ambasador 3, Tirana, Albania, Corresponding author: b.palaj@theheadhunter.com.

Copyright: © 2026 by the authors.
Open access publication under the terms and conditions of the
Creative Commons Attribution-NonCommercial (CC BY NC) license
(https://creativecommons.org/licenses/by-nc/4.0/)

1. Introduction

In today's business environment, effective human resource management has become a strategic factor for organizational sustainability and competitiveness. Among the core elements of this management are reward systems, which are no longer confined to the traditional function of financial compensation but serve as mechanisms for shaping behaviour, increasing engagement and supporting the achievement of organizational objectives (Armstrong & Taylor, 2020; Cascio, 2018).

The existence of a formal reward system, however, does not automatically guarantee positive outcomes. Its effectiveness depends on how it is designed, communicated and perceived by employees. As discussed in more detail in Section 2, classical motivation theories from Vroom (1964) Expectancy Theory to the modern Total Rewards approach (WorldatWork, 2024) suggest that a clear link between effort, performance and reward is central to sustained motivation and that the concept of reward today extends well beyond salary and bonuses to include social benefits, professional development and organizational recognition.

An equally important dimension is organizational justice in which employees evaluate not only the size of a reward but also the way it is determined, since perceived fairness and transparency shape trust in the organization, job satisfaction and organizational commitment (Colquitt, 2001). In Albania, as private companies increasingly adopt formalized human resource practices, the empirical literature on how reward systems actually function in practice remains limited. Existing studies focus mainly on the general challenges of human resource management (Bajgora, 2017) or on comparative compensation policies across businesses (Dervishi, 2019). In a similar regional context, Beqiri and Aziri (2022) study of commercial bank employees in Kosovo finds that financial reward remains the strongest determinant of performance, although non-financial factors also carry meaningful influence. An integrated analysis of the relationship among reward, justice and performance, grounded in data from employees across different hierarchical levels within a single Albanian private company, nevertheless remains largely unexplored.

This study aims to address this gap through the analysis of a concrete case involving an Albanian private company, referred to as Company X for reasons of confidentiality. Building on this gap, the study's main research question is:

How does the system of rewards and bonuses relate to employee motivation and perceived performance in an Albanian private company?

Two sub-questions follow from this:

(SQ1) Is the reward system perceived as fair, transparent and clearly linked to the performance evaluation process by employees across different organizational levels?

(SQ2) What improvements do employees themselves suggest for increasing the effectiveness of the reward system?

The purpose of the study is not to establish a statistical causal relationship between reward and performance, but to understand how a formal reward system is perceived and functions within a real organization. The study's contribution is threefold. First, it extends empirical evidence on reward systems within a developing economy. Second, it combines analysis of the formal organizational system with employees' actual perceptions. Third, it highlights the importance of fairness and transparency as factors shaping the acceptance and effectiveness of reward policies.

2. Literature Review

2.1. Reward Systems and Strategic Human Resource Management

Reward systems are a foundational component of strategic human resource management. They shape not only financial compensation but also employee behaviour and alignment with organizational objectives. Traditional approaches treated reward mainly as an economic mechanism for compensating completed work, while more recent developments have repositioned it as a strategic instrument that helps organizations attract, develop and retain talent by combining base pay, performance-linked bonuses, social benefits, professional development and non-financial recognition; this reflects a shift from the concept of "compensation" toward that of "total value for the employee" (Gerhart et al., 2023). Armstrong and Taylor (2020) argue that effective reward systems must be aligned with organizational strategy and perceived as fair, creating a sustainable relationship between the organization and its employees rather than a simple distribution of financial resources.

2.2. Theories of Motivation and Organizational Justice

Classical motivation theories offer the foundational framework for understanding the role of rewards. Maslow (1970) places motivation within a hierarchy of needs, from

physiological and safety needs to self-actualization, suggesting that financial rewards primarily address basic needs, while recognition and professional development respond to higher-order ones. Skinner (1953), through reinforcement theory, argues that behaviours followed by positive consequences (such as bonuses) tend to be repeated, providing a direct theoretical basis for linking reward to desired performance.

According to Vroom (1964) Expectancy Theory, motivation is determined by three elements: the expectation that effort leads to performance, the belief that performance is rewarded and the value the individual attaches to the reward. A bonus system is effective only when employees believe there is a clear and fair link between outcomes and reward. Herzberg (1959, 1968) Two-Factor Theory distinguishes hygiene factors from motivators. Financial rewards can reduce dissatisfaction, but long-term motivation also depends on recognition, responsibility, professional development and a sense of achievement; a modern reward system must therefore combine monetary and non-monetary elements.

Deci and Ryan (1985, 2000) Self-Determination Theory adds an important nuance: intrinsic motivation is sustained by a sense of autonomy, competence and relatedness and extrinsic rewards, if poorly designed, may crowd out rather than reinforce intrinsic motivation. This suggests that reward systems should be designed to support, rather than undermine, employees' sense of competence and autonomy.

Organizational justice constitutes a fourth critical dimension. Adams (1965) Equity Theory argues that employees compare their contribution-to-reward ratio with that of colleagues or with perceived standards. A ratio perceived as unequal reduces motivation, increases dissatisfaction and weakens engagement. Colquitt (2001) extends this concept by distinguishing distributive, procedural and interactional justice, arguing that the perceived fairness of the decision - making process itself matters as much as the final outcome. Employees evaluate not only the size of a bonus but also the clarity of criteria, the way performance is measured, the consistency of rule enforcement and communication from management. Taken together, these theories suggest that reward effectiveness depends on the interaction of three conditions: a clear performance-reward link (Vroom), a balance of monetary and non-monetary elements that sustains both extrinsic and intrinsic motivation (Herzberg; Deci & Ryan) and a fair, transparent process for determining and distributing rewards (Adams; Colquitt). These conditions are examined empirically in Section 4.

2.3. Rewards, Performance and Organizational Context

Performance - based reward systems aim to align employees with measurable objectives, but the reward - performance relationship is complex. Gerhart and Fang (2015) argue that performance - linked rewards contribute to increased effort, but the effect is not automatic since poorly designed systems can create excessive competition or a narrow focus on individual metrics that conflict with long-term organizational goals. Pulakos (2009) and Aguinis (2023) emphasize that effective performance management requires more than a periodic evaluation: clear objectives, communicated expectations, continuous feedback and a clear link between outcomes, development and reward. The bonus is thus part of a broader performance management system rather than simply supplementary pay. This relationship is further supported by large-scale quantitative evidence: a meta-analysis of 108 samples and over 71,000 employees (Chen et al., 2023) finds that pay-for-performance is positively related to job performance and that this effect is partially mediated by perceptions of distributive and procedural justice. This finding directly supports this study's conceptual framework, in which perceived fairness functions as the linking mechanism between reward and performance.

The importance of the organizational context in which a reward system operates is echoed in the literature on organizational culture. SHRM (2023) annual benefits survey shows that organizations are continuously expanding their packages beyond base compensation toward flexible benefits and wellbeing programs, reflecting employees' evolving expectations, within the broader Total Rewards framework (WorldatWork, 2024), which combines financial compensation with other elements that create value for the employee. Kotter and Heskett (1992) show that an organization's internal culture and practices directly affect long-term performance, while Schein (2010) argues that formal systems, including reward systems are simultaneously expressions and reinforcers of organizational culture; a reward system disconnected from an organization's stated values risks undermining its own credibility. The effectiveness of a reward system therefore depends not only on its technical design, but also on its ability to balance organizational interests with individual expectations within the existing culture.

Although the international literature on rewards and motivation is extensive, there remains a shortage of empirical studies analysing this relationship within the context of Albanian private companies. This study proposes a conceptual model in which the

reward system influences motivation and perceived performance through the mediating mechanism of perceived fairness and transparency.

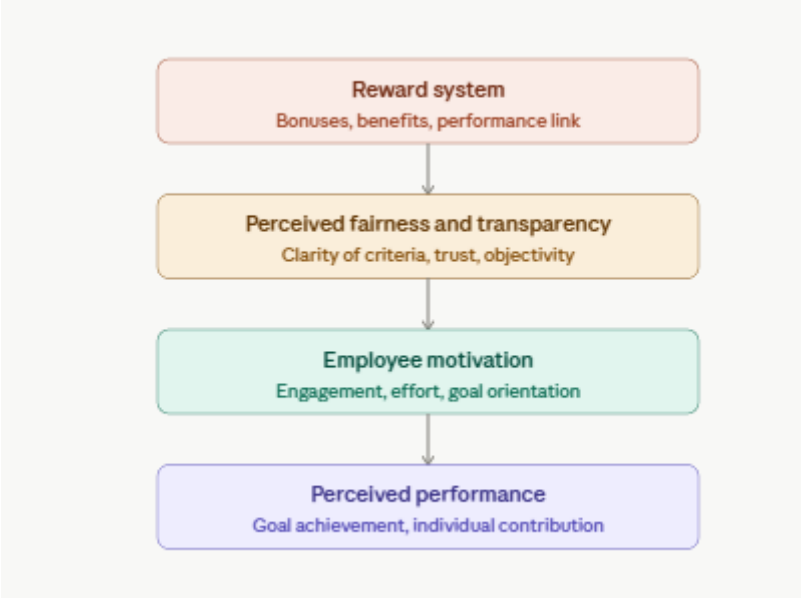

Figure 1. Conceptual model of the relationship between the reward system, perceived fairness, motivation and performance

Source: Author

3. Methodology

3.1. Research Design and Study Context

The study employs an exploratory case study approach to examine how the reward and bonus system is perceived by employees and how it relates to motivation and perceived performance. This methodology is well suited when the aim is to understand an organizational phenomenon within its real-world context and when the boundaries between the phenomenon and its organizational environment are not always clear-cut (Yin, 2018). Unlike studies that test statistical relationships in large samples, this research explores employees' perceptions and interpretations of how the reward system functions, combining two data sources: an analysis of organizational documentation (bonus policies, the performance evaluation form, the benefits policy), and a structured employee questionnaire. Combining these two

sources follows the logic of methodological triangulation described by Creswell and Plano Clark (2018) for mixed-methods research. Using two types of data, documentary and employee-perceived, increases the credibility of the findings and enables a fuller understanding of the phenomenon by bringing together the organizational perspective with that of employees.

The study was conducted at an Albanian private company with a formalized human resource structure. For confidentiality reasons, the company's name is not disclosed and the organization is referred to as Company X. Anonymity protects internal organizational information, preserves participant privacy and encourages more candid responses, a common practice in case studies analyzing employee perceptions or internal management practices.

Company X operates in shopping-center administration and real estate management and is part of a large, multi-sector regional business group active across Albania and the Western Balkans. The company's total workforce is approximately 25 employees, and its reward system consists of an annual bonus tied to individual and, where applicable, departmental performance evaluation, alongside a fixed non-monetary benefits package.

A semi-structured interview format may have generated richer contextual detail at this sample size but the questionnaire was chosen instead to allow standardized comparison across three hierarchical levels and for methodological triangulation with the documentary analysis (Creswell & Plano Clark, 2018), a trade-off discussed further as a limitation in Section 6.3.

3.2. Sample

Given the exploratory nature of the research and limited access to the full employee population, purposive sampling was used. The aim was not statistical representativeness of the entire workforce, but the inclusion of individuals offering diverse perspectives on the reward system. The final sample consists of 13 respondents, distributed across organizational levels as follows:

Table 1. Sample structure by organizational position

Organizational position	N	%
Specialists	7	53.8
Middle-level managers	4	30.8
Senior-level managers	2	15.4

Total	13	100

Source: Author

Including different hierarchical levels is methodologically important, since perceptions of the reward system may vary by role: employees in operational positions tend to focus more on the transparency and fairness of rewards, while managers also evaluate the system from the perspective of organizational objectives and performance management.

3.3. Research Instrument and Data Collection

The main instrument was a structured questionnaire, built around the key dimensions identified in the literature and organized into four thematic blocks: (1) perceptions of the current reward system: clarity of criteria, understanding of the bonus mechanism, satisfaction with the current structure; (2) fairness and transparency: objectivity, equal application of criteria, trust in the process; (3) motivation and engagement: the bonus's impact on individual effort, goal orientation, sense of being valued; and (4) perceived performance: the link between personal results and reward. Questions were designed primarily as 5-point Likert-type rating scales with response anchors specific to each item's content (e.g., "very unfair" to "very fair"; "not at all motivating" to "very motivating"). A small number of items used categorical or multiple-choice response formats where a ranked scale was not appropriate (e.g., preferred reward type), and two items were open-ended to capture explanations and concrete experiences. The full item list, organized by thematic block and response format, is provided in Appendix A. The questionnaire was distributed to the selected employees, participation was voluntary and respondents were guaranteed confidentiality. Data were used solely for academic purposes and analysed in aggregate form, without identifying specific individuals.

3.4. Data Analysis, Trustworthiness and Ethical Considerations

Given the sample size (n = 13), the analysis is primarily descriptive and exploratory: frequency distributions for each question, comparison of perceptions across organizational levels and thematic analysis (Braun & Clarke, 2006) of open-ended responses. No inferential statistical tests were applied, as the sample size does not allow for robust generalizable results. For presentation purposes, responses to 5-point Likert-type items were grouped into three categories: the two most favourable

response options were coded as “Positive,” the midpoint as “Neutral,” and the two least favourable options as “Negative.” This grouping was applied uniformly across all Likert items. This approach is consistent with the nature of an exploratory case study, where the goal is understanding the phenomenon rather than testing statistical hypotheses.

Several measures were taken to strengthen the study’s trustworthiness, grounding the survey dimensions in existing literature, including respondents from different organizational levels and interpreting results with due regard to the sample’s limitations (detailed in Section 6.3). From an ethical standpoint, the study adheres to core principles of social research, voluntary participation, confidentiality and academic use of the data.

4. Results

The study included 13 employees from three hierarchical levels (Table 1). Most respondents 53.8% (7 out of 13) represent the specialist/operational level, while 46.2% (6 out of 13) represent the managerial level (middle and senior combined). This distribution allows for a comparison of perceptions between operational and managerial staff, although the limited sample size keeps the analysis at an exploratory rather than a statistically representative level.

4.1. Perceptions of the Reward System’s Structure and Fairness

Respondents are generally aware of the existence of a formal reward system and perceive the bonus as an important element of the compensation package, linked to work outcomes. However, the perceived clarity of the bonus allocation mechanism is not uniform across levels since respondents at the operational level expressed greater interest in understanding the evaluation criteria, how the bonus amount is determined, and the information they receive about their own performance results. This suggests a possible gap between how the system is managed by leadership and how it is perceived by its ultimate beneficiaries. This finding is consistent with the literature on procedural justice, according to which process transparency is a key component of acceptance of organizational policies (Colquitt, 2001).

As Table 2 shows, 9 of 13 respondents (69.2%) rate the current bonus system as fair or very fair (5 respondents, 38.5%, “very fair”; 4 respondents, 30.8%, “fair”), 3

respondents (23.1%) hold a neutral position, and 1 respondent (7.7%) rates it as unfair. On a related question, 10 of 13 respondents (76.9%) believe that rewards are distributed equally or very equally across levels, while 3 respondents (23.1%) express doubts about this equality.

Table 2. Distribution of perceptions across key dimensions of the reward system (n = 13)

Dimension	Positive (%)	Neutral (%)	Negative (%)
Fairness and transparency of the system	69.2	23.1	7.7
Performance-linked bonuses as a motivating factor	84.6	7.7	7.7
Adequacy of non-monetary benefits	69.2	15.4	15.4
Impact of the annual bonus on individual motivation	100.0	0.0	0.0
Accuracy of the performance evaluation process	76.9	23.1	0.0
Equity in reward distribution across levels	76.9	23.1	0.0
Realism of the objective-setting process	76.9	15.4	7.7
Clarity of the reward–strategy link	76.9	0.0	23.1

Source: Author

Some respondents suggested that more structured communication about bonus criteria would increase trust in the system. This finding supports Colquitt (2001) argument that procedural justice shapes how individuals respond to organizational decisions, perceived fairness is tied not only to the financial outcome, but also to the clarity of objectives, communication of expectations and consistency in applying criteria.

4.2. Perceptions of the Reward System's Structure and Fairness

As Table 2 shows, all 13 respondents (100%) report a positive or very positive impact of receiving the annual bonus on their level of motivation, and 11 of 13 (84.6%) rate the performance-linked bonus as motivating or very motivating (1 respondent, 7.7%, rates it as "slightly motivating"; 1 respondent, 7.7%, is neutral). Employees identify three main mechanisms through which reward affects motivation: (1) recognition of individual contribution, the bonus is perceived as a concrete form of appreciation for work performed; (2) goal orientation, the results - reward link helps create a sharper focus on organizational objectives; and (3) increased engagement, the possibility of a reward encourages employees to invest

greater effort. Financial reward, however, does not emerge as the sole motivating factor. Employees also value opportunities for professional development, recognition from managers, a positive work climate and career advancement prospects, a finding consistent with modern motivation theories, which hold that financial and non-financial factors must be combined for long-term engagement.

Respondents generally perceive a positive link between performance and reward: 10 of 13 (76.9%) believe the performance evaluation process accurately reflects their contribution and most express confidence that achieving personal objectives affects their chances of earning a bonus. Given the nature of the study, these results are interpreted as perceived performance, not as an objective measure of the bonus's impact on the company's financial or operational indicators. This is a methodologically important distinction, since the data capture employees' opinions and experiences rather than a statistically proven causal relationship.

4.3. Differences by Hierarchical Level

Comparing responses by organizational position reveals a consistent pattern, specialists show the widest spread of ratings on system fairness, accounting for three of the five "very fair" ratings, but also the only "unfair" rating recorded in the entire sample. By contrast, no middle- or senior-level manager reported a negative perception of the system's fairness, their ratings cluster mainly around "fair" and "very fair." The same pattern recurs on the question of motivation from performance - linked bonuses, where the single "slightly motivating" response also comes from a specialist. This higher variance at the specialist level, unmatched by similar variance at the managerial level, is consistent with Adams (1965) equity theory. Employees in operational positions, who have less visibility into the decision-making process, tend to be more sensitive to perceptions of inequity.

4.4. Employee Suggestions for Improving the System

Four main categories of suggestions emerged from the open-ended responses: (1) greater transparency, clearer, more regular communication of bonus criteria and the calculation formula; (2) more frequent performance feedback, evaluation not only at the final period but accompanied by ongoing communication; (3) expansion of non-monetary rewards, frequently mentioned: fuel reimbursement, meal compensation, extra leave days, training and public recognition of achievements; and (4)

personalization/standardization of the system, a more flexible system that accounts for individual contributions, alongside a call for consistent application of procedures across group companies.

Table 3. Summary of findings by research question

Research question	Key finding
How does the reward system relate to motivation and perceived performance?	The system is perceived as strongly supporting motivation (100% positive impact at the individual level) and encouraging performance orientation.
SQ1 - Is it perceived as fair and transparent?	Generally positive (69.2% fair +), but with higher variance at the specialist level, greater clarity on criteria and process is needed.
SQ2 - What improvements do employees suggest?	More transparency, continuous feedback, professional development and more diversified non-monetary rewards.

Source: Author

Overall, the results show that the reward system functions as an important motivational mechanism, but its effectiveness depends not only on the financial component but also on perceived fairness, transparency and organizational communication and that this perception is not uniform across hierarchical levels.

5. Discussion

This study examined the role of the reward and bonus system in employee motivation and perceived performance at an Albanian private company. The findings, based on respondents across three organizational levels, suggest that the reward system strongly supports motivation, but that its effectiveness is closely tied to how it is designed, communicated and perceived.

The fact that 100% of respondents report a positive impact of the annual bonus on their motivation supports Vroom (1964) Expectancy Theory: when employees believe that effort leads to performance and that performance is rewarded, motivation increases. At the same time, motivation is not sustained by the bonus alone: employees also value professional recognition, development and communication with managers. This supports Herzberg (1959, 1968) argument that financial factors matter but long - term motivation also requires elements tied to professional fulfillment, as well as Deci and Ryan (1985) self-determination theory, according to which sustained motivation is grounded in a sense of autonomy and competence, not solely in external incentives.

5.1. Perceived Fairness as a Determinant of System Effectiveness

A key contribution of this study concerns the role of fairness and transparency. The clear difference between hierarchical levels (no negative perceptions among managers, versus wider variance among specialists) suggests that visibility into the decision-making process directly shapes perceptions of fairness, consistent with Adams (1965) Equity Theory. Individuals compare their contribution-to-reward ratio with that of colleagues or with their own expectations, and specialists, who have less access to information about the process, are more likely to perceive inequity. This finding is also supported by Colquitt (2001) and Cropanzano et al. (2007) on the importance of procedural and interactional justice in the organization-employee relationship. When criteria are perceived as clear and consistently applied, the system is more likely to be accepted and to function as a motivating factor, conversely, a lack of transparency can weaken the positive effect of reward even when its financial level is satisfactory.

5.2. The Link Between Performance Management and Reward

The results suggest that the effectiveness of a reward system depends on the quality of the performance management process. A performance-linked bonus has motivational value only if employees understand their objectives, how results are measured and the criteria for determining the reward. Aguinis (2023) argues that organizations seeking sustained performance must integrate goal-setting, feedback and reward into a unified cycle. The findings of this study suggest that Company X has built such a foundation, reflected in the high perceived realism of objectives (76.9%) and accuracy of evaluation (76.9%), but that room for improvement remains in communicating and formalizing criteria, as indicated by respondents' own suggestions.

5.3. Implications and Contribution

From a practical standpoint, the results offer three main implications. First, organizations should invest not only in designing reward systems but also in communicating them effectively, a technically sound system may fail to produce expected results if employees do not understand how it works, particularly at the

operational level. Second, organizations should combine financial rewards with other motivating mechanisms, following the Total Rewards approach, which treats compensation, professional development, recognition and wellbeing as parts of a single package. Third, performance evaluation processes should rest on measurable, well-understood criteria, which helps build trust and reduce perceptions of unfairness, particularly among groups with higher perception variance, as observed at the specialist level in this study.

Theoretically, the study contributes to the existing literature in three ways. First, it provides empirical evidence from an Albanian context, relatively underexplored in the international literature on reward systems. Second, it proposes an integrated understanding of the relationship among the reward system, perceived fairness, motivation and perceived performance, treating reward not merely as a financial instrument but as an organizational mechanism that operates through employees' perceptions and interpretations. Third, the finding on differing perception variance by hierarchical level offers a concrete hypothesis for larger future studies: visibility into the decision-making process as a possible mediator of perceived fairness.

6. Conclusions and Recommendations

6.1. Perceived Fairness as a Determinant of System Effectiveness

Reward systems represent one of the most important mechanisms of strategic human resource management, as they shape employee motivation, engagement and orientation toward organizational objectives. Through an exploratory case study and analysis of the perceptions of employees across three organizational levels at Company X, the study answered the main research question and both sub-questions, arriving at four main conclusions.

First, regarding the first half of the main research question, the reward system is generally perceived as strongly supporting motivation. All respondents report a positive impact of the annual bonus on their motivation and view the bonus as both a form of recognition for individual contribution and a mechanism that encourages engagement.

Second, regarding the second half of the main research question, employees also perceive a positive link between reward and performance. Most believe the evaluation process accurately reflects their contribution and that achieving

objectives affects their bonus eligibility, although, as noted in Section 4.2, this remains perceived rather than objectively measured performance.

Third, in response to SQ1, perceived fairness and transparency proved to matter as much as the reward level itself and this perception was not uniform across hierarchical levels. Employees evaluate the system not only by the amount received but also by the clarity of criteria and management communication, with notably higher variance at the specialist level than at the managerial level.

Fourth, in response to SQ2, employees identified four concrete areas for improvement: greater transparency, more frequent feedback, expansion of non-monetary rewards, and standardization of procedures across group companies. This finding directly underpins the recommendations in Section 6.2.

Overall, motivation is not sustained by financial incentives alone. Professional development, recognition of contribution and effective communication are essential complementary elements. The study thus supports treating modern reward systems as an integral part of performance management rather than merely financial compensation mechanisms. While the results cannot be statistically generalized, they offer valuable evidence on how reward systems function within an Albanian private company.

6.2. Recommendations

Based on the study's findings, four main courses of action are proposed for similar organizations:

• Increase transparency: clear, regular communication of evaluation and bonus-determination criteria, particularly toward operational levels, where higher perception variance was observed.

• Strengthen performance management: measurable objectives, continuous (not merely periodic) feedback and a clear link between individual results and reward.

• Expand reward beyond the financial component: professional development programs, training, public recognition of achievements, flexibility and concrete benefits requested by employees themselves (fuel, meals, extra leave days).

• Monitor perceptions periodically: regular satisfaction surveys and discussion channels with employees, to identify issues early and support an integrated Total Rewards approach.

6.3. Study Limitations and Directions for Future Research

The results of this study should be interpreted in light of several methodological limitations. First, the sample size is relatively small, which limits the potential for statistical generalization. This limitation is nonetheless consistent with the exploratory nature of a case study, where the main aim is an in-depth understanding of the phenomenon within a specific context rather than hypothesis testing on a large sample.

Second, the study was conducted at a single organization. The results reflect the characteristics of this specific case and cannot be considered representative of all Albanian companies or economic sectors, which limits comparability with other organizations.

Third, the analysis relies on subjective perceptions collected via questionnaire rather than objective performance indicators. Perceptions may be influenced by individual, organizational, or situational factors.

Fourth, the study is cross-sectional in nature. Data were collected at a single point in time, which does not allow for an assessment of how perceptions change over time or of the long-term impact of the reward system.

Fifth, the choice of a structured questionnaire over semi-structured interviews, while methodologically justified for cross-level comparability (Section 3.1), likely limited the depth of contextual insight that could have been obtained from a smaller number of in-depth interviews; future replications of this study may benefit from a mixed-methods design combining both approaches."

Future research could extend this study through larger samples and organizations from different sectors, comparative analyses between private companies and public institutions, longitudinal studies on changes in motivation and performance over time, combining employee perceptions with objective organizational performance indicators and statistical testing (e.g., regression, structural equation modeling) of the relationships proposed in the conceptual model (Figure 1) using larger samples. These directions would contribute to a fuller understanding of the role of reward

systems in Albanian organizations and would support the development of more effective human resource management practices.

References

Adams, J. S. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology*, 2, 267–299. https://doi.org/10.1016/S0065-2601(08)60108-2

Aguinis, H. (2023). *Performance Management* (5th ed.). Chicago Business Press.

Armstrong, M., & Taylor, S. (2020). *Armstrong's Handbook of Human Resource Management Practice* (15th ed.). Kogan Page.

Bajgora, D. (2017). Praktikat e menaxhimit të burimeve njerëzore në tregun shqiptar: Sfida dhe perspektiva [Human resource management practices in the Albanian market: Challenges and prospects]. *Revista e Studimeve Menaxheriale*, *8*(2), 45–62.

Beqiri, T., & Aziri, B. (2022). Impact of the total reward management on performance of employees in commercial banks. *Management: Journal of Contemporary Management Issues*, *27*(1), 323–335. https://doi.org/10.30924/mjcmi.27.1.18

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, *3*(2), 77–101.

Cascio, W. F. (2018). *Managing Human Resources: Productivity, Quality of Work Life, Profits* (10th ed.). McGraw-Hill Education.

Chen, Y., Zhang, Z., Zhou, J., Liu, C., Zhang, X., & Yu, T. (2023). A cognitive evaluation and equity-based perspective of pay for performance on job performance: A meta-analysis and path model. *Frontiers in Psychology*, 13, 1039375. https://doi.org/10.3389/fpsyg.2022.1039375

Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, *86*(3), 386–400.

Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and Conducting Mixed Methods Research* (3rd ed.). Sage Publications.

Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The management of organizational justice. *Academy of Management Perspectives*, *21*(4), 34–48.

Deci, E. L., & Ryan, R. M. (1985). *Intrinsic Motivation and Self-Determination in Human Behavior*. Springer.

Deci, E. L., & Ryan, R. M. (2000). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, *11*(4), 227–268. https://doi.org/10.1207/S15327965PLI1104_01

Dervishi, E. (2019). Politikat e kompensimit dhe shpërblimeve në biznesin shqiptar: Analizë krahasuese [Compensation and rewards policies in Albanian business: Comparative analysis]. *Journal of Balkan Economic Studies*, *12*(1), 89–105.

Gerhart, B., & Fang, M. (2015). Pay for (individual) performance: Issues, claims, evidence and the role of sorting effects. *Human Resource Management Review*, *25*(1), 41–52.

Gerhart, B., Newman, J. M., & Milkovich, G. T. (2023). *Compensation* (14th ed.). McGraw-Hill Education.

Herzberg, F. (1959). *The Motivation to Work* (2nd ed.). Wiley.

Herzberg, F. (1968). One more time: How do you motivate employees? *Harvard Business Review, 46*(1), 53–62.

Kotter, J. P., & Heskett, J. L. (1992). *Corporate Culture and Performance*. Free Press.

Maslow, A. H. (1970). *Motivation and Personality* (2nd ed.). Harper & Row.

Pulakos, E. D. (2009). *Performance Management: A New Approach for Driving Business Results*. Wiley.

Schein, E. H. (2010). *Organizational Culture and Leadership* (4th ed.). Jossey-Bass.

SHRM. (2023). *2023 Employee Benefits Survey*. Society for Human Resource Management.

Skinner, B. F. (1953). *Science and Human Behavior*. Macmillan.

Vroom, V. H. (1964). *Work and Motivation*. Wiley.

WorldatWork. (2024). *Total Rewards Framework*. WorldatWork Press.

Yin, R. K. (2018). *Case Study Research and Applications: Design and Methods* (6th ed.). Sage Publications.

Appendix A. Questionnaire Items by Thematic Block

Respondent profile

No.	Original (Albanian)	English translation	Response format
P1	Pozicioni juaj në Organizatë?	Your position in the organization?	Categorical (Specialist / Middle-level Manager / Senior-level Manager)
P2	Sa kohë (vite) keni punë në këtë organizatë?	How many years have you worked at this organization?	Categorical (0-1 / 1-3 / 3-5 / over 5 years)

Block 1 - Perceptions of the current reward system

No.	Original (Albanian)	English translation	Response format
B1.1	A ndiheni se përfitimet jo-monetare janë të mjaftueshme për të mbështetur punën tuaj?	Do you feel that non-monetary benefits are sufficient to support your work?	5-point Likert (Not at all sufficient → Very sufficient)
B1.2	Cili lloj shpërblimi ju bën të ndiheni më mirë në punë dhe që lidhet me qëndrimin tuaj afatgjatë në kompani?	Which type of reward makes you feel better at work and relates to your long-term retention?	Multiple-choice
B1.3	Çfarë lloj shpërblimi do të preferonit të shtohej për të rritur motivimin tuaj?	What type of reward would you prefer to be added to increase your motivation?	Open-ended

Block 2 - Fairness and transparency

No.	Original (Albanian)	English translation	Response format
B2.1	Si e vlerësoni sistemin aktual të bonuseve vjetore në drejtësi dhe transparencë?	How do you rate the current annual bonus system in terms of fairness and transparency?	5-point Likert (Very unfair → Very fair)
B2.2	A ndiheni se shpërblimet shpërndahen në mënyrë të barabartë mes niveleve të punonjësve?	Do you feel that rewards are distributed equally across employee levels?	5-point Likert (Very unequal → Very equal)
B2.3	A mendoni se politikat e shpërblimeve vjetore ndikojnë	Do you think the annual reward policies influence	Likert (No influence →

	në mënyrën se si ju perceptoni qëndrimin tuaj në kompani?	how you perceive your standing in the company?	Strong influence)

Block 3 - Motivation and engagement

No.	Original (Albanian)	English translation	Response format
B3.1	Sa mendoni se bonuset e lidhura me vlerësimin e performancës ju motivojnë për të arritur objektivat tuaja?	How much do you think performance-linked bonuses motivate you to achieve your objectives?	5-point Likert (Not at all motivating → Very motivating)
B3.2	Si ndikon marrja e një bonusi vjetor në nivelin tuaj të motivimit?	How does receiving an annual bonus affect your level of motivation?	Likert (Negative impact → Very positive impact)
B3.3	Çfarë ndjesie ju jep varësia e bonuseve nga fitimi i kompanisë?	What feeling does the bonus's dependency on company profit give you?	Categorical/qualitative (Security and motivation / Satisfaction / No particular feeling, a company obligation)

Block 4 - Perceived performance

No.	Original (Albanian)	English translation	Response format
B4.1	A reflekton procesi i vlerësimit të performancës me saktësi kontributin tuaj?	Does the performance evaluation process accurately reflect your contribution?	5-point Likert (Very inaccurately → Very accurately)
B4.2	A mendoni se procesi i vendosjes së objektivave vjetore është realist?	Do you think the annual goal-setting process is realistic?	5-point Likert (Not realistic → Very realistic)
B4.3	A mendoni se sistemi i shpërblimeve ndikon në arritjen e strategjive të kompanisë, dhe lidhja e këtyre elementeve është e qartë për ju?	Do you think the reward system contributes to achieving company strategies, and is this link clear to you?	Likert (Unclear → Very clear)

Open - ended qualitative items

No.	Original (Albanian)	English translation
Q1	A mund të tregoni një situatë personale ose një histori që ilustron ndikimin pozitiv (ose negativ) të një shpërblimi në performancën tuaj?	Can you describe a personal situation or story illustrating the positive (or negative) impact of a reward on your performance?
Q2	Ju lutem, ndani çdo sugjerim që mendoni se mund të përmirësojë sistemin e bonuseve vjetore.	Please share any suggestions you think could improve the annual bonus system.