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THE INFLUENCE OF ACTIVITIES AND CHARACTERISTICS OF MANAGERS AND STRATEGIC ACTIONS ON BUSINESS RESULTS WITH THE MODERATION EFFECT OF IMPROVING KNOWLEDGE (example of Serbia)

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Abstract. The paper analyzes the characteristics of companies, from the aspect of the organizational climate that prevails in them. The goal of the authors was to determine to what extent there is a climate that encourages the exchange of knowledge, information and ideas. Also, it was investigated to what extent the creativity and innovation of employees are encouraged. The main purpose of this paper is to investigate the influence of activities and characteristics of managers and strategic actions on business results with the moderation of improving knowledge in the companies in Serbia.

The mutual relationship and influence of the analyzed variants of management activities and the manager's characteristics were determined through correlation analysis. Correlation analysis confirmed that there is an influence of activity variables and manager characteristics on variable strategic action. Correlation relations of the observed variants of management activities and the strategic action variable from the aspect of how ready the analyzed companies are to improve knowledge are listed.

Based on the results of the regression analysis, a regression model was determined that singles out those activities and characteristics of managers that have the greatest impact on achieving the efficiency of strategic action, and singles out those variables of strategic action on which the greatest influence of the aforementioned variables is achieved.

Keywords: changes, knowledge, human resource, managers, leadership, strategic management, strategic HR management

JEL Codes: D20, D22, J24, L2, M10, M21

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1. Introduction

In the second half of the 20th century, society as a whole faced numerous challenges that brought with it various social, economic, technical-technological and political changes in all areas and human activities. These changes had their repercussions on business systems and companies, imposing a new business philosophy of organizational behaviour and action as an imperative for success. A strategic approach in change management and human resource management is taking the place of the dominant management paradigm. Adaptation to numerous and diverse changes, but primarily their prediction, planning, initiation and implementation with a constant increase in competitiveness and organizational performance, are key prerequisites for the survival and development of modern companies (Premović, 2022). Issues such as communication between people and organizations and the process of making management decisions gained new meaning in terms of personnel policy pursued by the organization and the issue of promotion of social responsibility and its relation to ethics and organizational culture (Petrova, 2017, p. 6).

The main sources of gaining competitive advantages have changed over time. In the modern business environment, surplus value and competitive advantages arise primarily as a result of intellectual work and capital, that is, various innovative and knowledge-based research and development activities (Premović, 2021). The business dynamics that are always changing all the time make the company still look for factors that can improve the company's performance to survive the competition (Octavia and Devie, 2015).

Leadership is an important part of the business process because the company's success is determined by the leader. A good leadership style tends to have a positive impact on the organization (Rianto, et al., 2021). Good leaders are leaders who can provide the best for the organization and encourage employees to always work better. With a leader who always provides inspiration, motivates, and encourages to think innovatively and creatively, and also gives attention to the employee, it will facilitate employees to always learn and will improve employee performance (Ambarwati, et al., p. 80).

2. Literature review

Concentration and centralization of capital, increased competition, rapid changes in phenomena, processes and events, and shortening of the life cycle of products and technology - all these are phenomena and processes that have influenced the increase in the role of human resources and the importance of human resources management in modern business.

As authors indicate (Pavlović et al., 2024) "human resource management in the organization becomes a very important aspect for its relationship in creating value, flexibility, achievement and formulating the competence and flexibility of the organization (Čižiuniene, et al., 2016). Flexibility strategies are used to manage human resources in an organization to overcome the uncertainty of market demand (Sushil, et al., 2016). In order to achieve competitive advantage and maintain business viability, companies need the ability of their employees to be flexible, adapt to changing environments and serve the needs of consumers" (Javed, et al., 2017).

Adaptation of a strong organizational culture has a positive impact on employee work performance and supports organizational performance. Therefore organizational culture and employee participation are important factors in achieving organizational goals and adaptability plays an important role in determining



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employee performance. In terms of improving performance, organizations also need employees who have high competence (Sabuharia, et al., 2020).

In order for organizational development to be more effective and efficient can be done through performance assessment, because by making efforts to assess work achievement, the organization has used all its human resources. To measure it requires a number of supporting indicators, mentioned the indicators used in assessing employee performance whether they already have good performance or not based on the tasks and responsibilities that have been done, the indicator according to Sukarja and Machasin (2015) classified into as follows: work performance, responsibility, obedience, honesty, cooperation, initiative and leadership skills. These indicators become a benchmark of whether someone has worked well and maximally certainly with all the tasks and responsibilities aimed at improving organizational performance as well (Gattang, et al., 2022, p. 5).

The modern development of the economy and society, which is characterized by globalization, and the development of technique and technology, is based on knowledge management. The key challenge of modern companies is defining, measuring, improving, evaluating and managing knowledge.

Knowledge is considered the basis for developing sustained long-term competitive advantage for every organization. In the 21st century, every organization becomes knowledge-based for sustainable development. Knowledge sharing is an important instrument that turns individual knowledge into group organizational knowledge. It is one of the main knowledge processes in a present dynamic and competitive era for the development of organizations. The knowledge-sharing practice plays a remarkable role in the development and innovation in many areas of organizations. The importance of knowledge for the development of organizations globally took the attention of the researchers in the late 1990s (Mohajan, 2019, p. 52).

For organizations, knowledge is in Peter Drucker's view [1994], the only "*source of sustainable competitive advantage*" for the future. Knowledge is unique in the sense that the more widely is used as a resource the more multiplies itself, bringing more value to the owner (Asadi et al., 2020, p. 75).

The today human being is part of the technological and scientific development dominated by information as a both raw material and a base of knowledge (Dinu et al., 2022, p. 16). Knowledge becomes the main production resource, given that the participation of knowledge in the prices of products and services exceeds 50% of its value. The key strategic resources of an organization are no longer natural wealth or capital, but knowledge. The organization's knowledge determines its economic strength and the ability to develop other resources and increase the efficiency of their use. Knowledge can be defined as a set of facts, information and skills acquired through education or experience, with the aim of theoretical or practical understanding and problem-solving. It becomes a valuable asset necessary in all spheres of decision-making, it contributes to the development of the individual, organization and society, while taking into account the fact that knowledge is dynamic because it is created by complex social interactions between individuals and organizations, if it is properly adapted to the circumstances and effectively developed, it can be a key factor in achieving sustainable development (Premović, 2021, p. 18).

Knowledge has been always a reliable and outstanding device for sustaining the competitive advantage of those establishments able to manage and integrate it at an organizational level (Asadi, et al., 2020, p. 75). At the present stage, the focus of attention in the analysis and search for new ways to improve the



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human factor is placed primarily on professional qualities, profile of competence, preparedness for training, and desire for development (Terziev & Arabska, 2015; Arabska, 2016). All this provides evidence that the new modern organization works successfully in developing and refining successful intangible factors of success (Stoyanov, 2016, p. 53).

The key factor to success in a business is human. Knowledge is closely linked to the human factor, which is defined in the organization as *human capital*. Knowledge is based on the whole of human civilization. As a man is a thinking being, he can accumulate process and transmit knowledge. Knowledge has been a human attribute since the origin of mankind. Almost every moment of his life a person has to deal with it and participate in its creation, flow and exploitation. As Grzegorzczyk and Ghiorgheț indicate by analyzing the genesis of knowledge in an organization, one can conclude that knowledge has always been used in an enterprise. As a matter of fact, for hundreds of years, the owners of the organization have relayed their knowledge to their successors (2017, p. 63).

The speed of acquiring new and obsolescence of existing knowledge and skills is particularly related to knowledge and skills in the domain of information and communication technologies, the frequency of changes and distribution of which is the most pronounced. If they want to perform their activities successfully, companies must adjust their organizational structure and culture and encourage the practical application of the concept of continuous (lifelong) learning and education and the efficient use of new knowledge from various fields, especially from the domain of information and communication technologies.

The corpus of organizational knowledge includes certain experiences, the knowledge contained in routines, structures, systems, work technology and the like, which are not lost when an individual leaves the organization, but remain in the organization as its specific property. The adoption of organizational knowledge is most often analyzed through the prism of the knowledge management system, which can be of different complexity, depending on the development level of the business. Which knowledge management system the company will choose and how the chosen system will be applied, depends on the specifics of the company itself, the decision of the management and the specific situation in which the company is at the moment of decision. The main goal of the selected knowledge management system is contained in efforts to successfully collect, process and transfer all relevant knowledge that the company possesses to decision-making places (Premović, 2021, p. 18).

Managers who are in charge of human resources in the company have the task of continuously monitoring and analyzing the changes and tendencies of changes in the environment with the aim of timely and adequate response of the company. Therefore, human resource managers must possess and apply a proactive management approach and develop an entrepreneurial spirit in employees. This is also one of the reasons for the increasingly frequent description of human resources management (HRM) with the attribute strategic.

Numerous theorists in the field of business economics and management emphasize the strategic nature of human resource management. One of the world's most famous authors in this field, Armstrong defines human resource management as "a strategic and coherent approach to managing the most valuable organizational asset - working people who individually or collectively contribute to the achievement of its goals." Human resource management assumes the closest connection with the strategies of companies and



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corporations. In such a development, all the factors that promote the efficiency of employees - the design of work tasks and relationships at workplaces, relationships with other people, the type of employment contract and the amount of salary, methods of personal and group communication, consultation and representation systems - are designed within the framework of "strategic the need to maximize economic performance, milder or harder approach, in the workforce management process"(Premović, 2021, p. 114).

For Beh and Loo, strategic HRM represents a path thanks to which the company's human capital has the potential to become a significant factor of competitive advantage and to contribute to the company's performance by directing its focus on service quality, productivity, product innovation and sales growth to achieve competitive advantage. According to the author, strategic HRM is the link between human resources management and the process of strategic management in the company. Adequate and timely response in unpredictable business conditions is of essential importance, and the assumption for such management response is that employees have the need and desire to learn and develop their knowledge, abilities and skills. Investing funds in the development of human resources and encouraging innovative activities based on knowledge is one of the basic indicators of the success of modern companies, but also one of the global indicators of the success of a national economy and technological progress of the country (Premović, 2021; Премовић, 2022).

Hsiu-Fen Lin (2007) has found bias in gender, age, organizational tenure, job position and ethnicity. His opinion is that these will be critical in KS. He has provided a significant correlation between instrumental ties and KS among women as compared to men. A study conducted by Mccall et al. (2008) reveals that the four factors that influence KS are: i) individual factor, which is closely related to one's behavior to KS to others, ii) relational factor, which refers to an individual relationship in a group, iii) informational factor, that is a complex type of knowledge, and iv) organizational factor, which is related to the emotional bond between individual and organization (Mohajan, 2019).

Research on the impact of human resources strategy on the practice of human resources management in small and medium-sized enterprises in the territory of the Czech Republic was the focus of the analysis by Vrchot and Rehor (2016). Based on the research they conducted in 2016, in which 290 companies participated, the authors came to the results that show that only 2/5 of the surveyed companies have a defined strategy, as well as that there is a weak connection between human resources strategy and management practices of human resources.

Ni et al. (2016) have examined the mechanism to improve knowledge-sharing performance (KSP) with a specific focus on knowledge-sharing culture (KSC) and project team interaction (PTI) in 78 Chinese engineering management organizations. Their research has shown that there is a significant positive correlation among KSC, KSP, and PTI. Obeidat et al. (2017) have studied the various effects that exist among intellectual capital, knowledge sharing (KS), and organizational performance on 356 employees working in manufacturing companies in Jordan. Their result has revealed that intellectual capital had a positive effect on organizational performance and KS. Susanty et al. (2016) indicate how the enabling factors influence KS in 267 employees from three different companies in Indonesia.



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3. Research Methodology

Concentration and centralization of capital, increased competition, rapid changes in phenomena, processes and events, and shortening of the life cycle of products and technology - all these are phenomena and processes that have influenced the increase in the role of human resources and the importance of human resources management in modern business. The main purpose of this paper, as been told, is to be to investigate the influence of activities and characteristics of managers and strategic actions on business results with the moderation of improving knowledge in the companies. The goal of the original empirical research is to point out the importance of certain activity variables and characteristics of managers that have a great influence on the variables of strategic action so that they could be promoted and improved in the company's operations. The subject of the research was companies operating in the territory of the Republic of Serbia. The research presented in the paper should indicate whether there is an influence, and to what extent it is expressed, between the variables of activity and characteristics of managers and the variables of strategic action (Jovanović, 2022).

The survey questionnaire consisted of several chapters. The first segment included basic data about the respondent, namely gender, age, level of education and position in the company (Table 1). The goal of the second segment was to point out the organizational climate that prevails in companies, from the aspect of creating and exchanging knowledge, encouraging innovative and creative work, how much is invested in motivating and rewarding employees, and which areas of improvement are most often represented in organizations. The third segment aimed to determine and evaluate the activities and characteristics of managers in the company and the direction and intensity of strategic action, based on claims that indicate the importance of given variables in the analyzed organizations.

The strategic action of the company was analyzed through the effectiveness of strategic decisions, the quality of the organization's vision and mission, as well as strategic planning and decision-making. In addition, the companies were observed from the aspect of carrying out innovative and research activities, the concept of change management and striving to achieve a greater market share. Improving the quality and competitiveness of business is the basis of the analysis of the strategic action and direction of the company. The aspect of team cooperation, the involvement of employees in decision-making, training and development of employees, as well as the role of leadership and management of employees, is also important. The characteristics of managers are analyzed through their abilities. In addition to the organizational skills of managers, emphasis is placed on the ability to take initiative, trust and commitment, take risks and resolve conflicts. A successful manager is characterized by innovation and flexibility and the ability to improve knowledge, skills and abilities.

The research presented in the paper proves the following hypotheses:

- General hypothesis: Increasing the efficiency of strategic action, and therefore achieving better work results, can be ensured by improving management activities and innovation, flexibility and the ability to improve the knowledge, skills and abilities of managers.
- Special hypothesis 1: The variables of management activities have statistically significant relationships with the variables of the company's strategic actions with the moderating effect of knowledge improvement.



The research results were processed using the software program IBM SPSS Statistics 25. The method used in data processing is descriptive statistics for analyzing the significance and value of the observed variables. The activities and characteristics of managers were used as independent variables in the research, while the strategic action variable had the character of a dependent variable. Correlation and regression analysis determined the mutual influence of the analyzed variables and presented the contribution of individual variables. In addition, the correlation established the mutual relations of the analyzed variables with the moderating fact of improving knowledge.

3.1. Research Structure

The research included a sample of 327 managers of different levels who are employed in companies in Serbia. Managers are employed in companies of different sizes, structures and activities. 137 large companies, 113 small and 77 middle-size companies participated in the survey. Of the listed companies, 64,8% are privately owned, while 35,2% are state-owned. The largest number of 258 companies belong to the service industry, 39 are manufacturing and the rest of 30 are financial companies. The analyzed managers differ in gender, age, level of education and position, i.e. the level of performing work activities in the company, which is shown in Table 1.

VARIABLE		f	%
GENDER	Male	189	57,8%
	Female	138	42,2%
AGE	under 35	84	25,7%
	35 to 50	183	56%
	over 50	60	18,3%
YEARS OF SERVICE	less than 15	147	45%
	15 to 30	144	44%
	over 30	36	11%
EDUCATION	High School	41	12,5%
	College diploma	71	21,7%
	University degree	215	65,8%
POSITION IN COMPANY	Operational-Executive Management	189	57,9%
	Middle Management	79	24,1%
	Top Management	59	18,1%

Table 1: Structure of the sample-respondents who participated in the research according to gender, education and age

Source: Original research by the authors

3.2. Organizational climate of the analyzed companies

The research segment dealt with the analysis of the characteristics of companies, from the aspect of the organizational climate that prevails in them. The goal was to determine to what extent there is a



climate that encourages the exchange of knowledge, information and ideas, to what extent the creativity and innovation of employees are encouraged, and whether the climate is motivating enough for employees to strive to perform their work tasks as efficiently as possible.

The largest number of respondents 282 (86.2%) believe that the organization in which they work can be characterized as an organization based on knowledge, that is, which is ready to create and exchange knowledge among employees, while 45 of them (13.8%) who believe that their organization is not like that. Likewise, a large number of respondents 267 (81.7%) believe that the organizational climate that reigns in their companies is such that it encourages innovation and creativity of employees, while 60 (18.3%) respondents do not agree with this. 234 of them (71.6%) believe that they work in organizations where the importance of motivating and rewarding employees is emphasized, to achieve the best possible work results, while 93 of them (28.4%) do not agree with this statement.

According to the evaluation of the organizational climate, which is motivating and ready for the creation and exchange of knowledge, the respondents indicated whether their organization invests in training and improvement of its employees. Most of them declared that in the last year, one of the employees was in training and 249 (76.1%) of the respondents think so, while 78 of them (23.9%) disagree with this statement. The following table shows the areas of improvement through which employees acquired new knowledge and skills and their frequency in employee training.

RB	Area of improvement	Frequency
1.	Technical and technological training	12 (4,2%)
2.	Managerial training 39 (15.7%)	39 (15,7%)
3.	Professional training in the field the company deals with	165 (66,3%)
4.	Training in the field of human resources management	9 (3,6%)
5.	Getting to know strategic management tools (Benchmarking, Reengineering...)	-
6.	Getting to know quality management tools	6 (2,4%)
7.	Getting to know research and development methods	-
8.	Improving computer skills 10 (4%)	10 (4%)
9.	Improving knowledge of foreign languages	8 (3,2%)

Table 2: Areas of employee training
 (Source: Original research by the authors)

Based on the results of the research, it can be concluded that the largest number of organizations train their employees in the field that the company deals with and which is necessary for them to perform work tasks as professionally and efficiently as possible. Also, organizations attach importance to the improvement of managerial knowledge and skills. Little attention is paid in companies to the improvement of technical and technological knowledge, training in the field of human resources, computer work and knowledge of foreign languages. It is noticeable that companies do not pay much attention to the training of their employees in the field of application of modern methods and techniques, and therefore a small number of them stated that they were trained and familiarized with quality management tools, while the



companies do not know the ways of introducing employees to research and development methods, as well as the application of strategic management tools, such as benchmarking and reengineering. As these are tools that enable companies to operate more efficiently and gain a competitive advantage based on making adequate strategic decisions, companies should focus more attention on modern tools and management methods that are a prerequisite for successful business in an uncertain business environment.

Respondents indicated which type of education is most prevalent in their companies. The results of the research indicated that the largest number of respondents improve and improve themselves through the education necessary for certificates and licenses, namely 115 of them (35.2%), while a slightly smaller number of them attend seminars, counselling and conferences, and that number is 106 (32, 4%) of respondents. 70 (21.4%) respondents acquired additional knowledge through formal education, i.e. retraining and retraining, while 36 (11%) of them decided to study independently as a form of acquiring knowledge necessary for performing work activities.

3.3. Influence of activities and characteristics of managers on the effectiveness of strategic action

The research segment aimed to evaluate the management activities and characteristics of managers within the analyzed companies. The evaluation of the mentioned variables would determine the organizational climate of the given companies and analyze its influence on the efficiency of the company's strategic actions. Through effective strategic actions, companies create conditions for business improvement and gain a competitive advantage in the market.

In this part of the research, the respondents indicated the importance of the activities and characteristics of the managers who are represented in their company by evaluating the above statements. In addition, the evaluations of the aforementioned claims, which were the subject of research, indicate the importance and effectiveness of strategic action within the company's operations. The analyzed variables of the characteristics and activities of management and the variables of strategic action were put in a relationship with each other and showed how important and influential they are in achieving better business results.

The strategic action of the company was evaluated based on claims that indicate the effectiveness of strategic decisions, strategic planning and decision-making, as well as the quality of the organization's vision and mission. The aforementioned claims also assessed the degree of innovative research activities, the extent to which the company is ready to adapt to changes in the environment, but also the degree of improvement of the quality and concurrence of business.

The following table presents the descriptive statistics of the variables of the company's strategic action, where the ratings of the observed variables by the respondents, through the minimum, maximum and mean values, as well as through the standard deviation values, are listed. The table shows the abbreviations for the mentioned variables of strategic action, which will be used in further research analyses.



Variable	Label	N	Min	Max	Mean value	Standard deviation
Effectiveness of strategic decisions	SD1	327	1	5	3,53	1,002
Quality of vision and mission	SD2	327	1	5	3,63	1,119
Strategic planning	SD3	327	1	5	3,46	1,047
Strategic decision-making	SD4	327	1	5	3,47	1,093
Change management	SD5	327	1	5	3,34	1,106
Innovative and research activities	SD6	327	1	5	3,31	1,265
Greater market share	SD7	327	1	5	3,58	1,156
Improvement of business quality	SD8	327	1	5	3,63	1,071
Improving business competitiveness	SD9	327	1	5	3,60	1,120

Table 3: Descriptive statistics of variables of the company's strategic actions

Source: Original research by the authors

Based on the presented results of the descriptive statistics of the strategic action variables, it can be seen that all the analyzed variables were rated well by the respondents. Namely, all the scores of the analyzed variables exceed their mean value of 2.5. This indicates that the respondents are satisfied with the company's strategic performance and performance on the market.

The variables of strategic action that received the highest marks from the respondents are the quality of the vision and mission and the improvement of the quality of business. The importance of these variables for the strategic operation of the company is great. The effectiveness of strategic action is largely determined by the quality of the vision and mission. Improving the quality and competitiveness of business are the goals of the strategic action of every company that wants to be successful in the market.

The research results indicate that the variables of strategic action that received the lowest ratings are innovative research activities and change management. The poorly rated variables indicate that the analyzed companies do not pay much attention to precisely those segments that are necessary for them to maintain or improve their market position in an unpredictable environment. For the company to survive in the market and improve its position, it must be ready to follow all changes in the environment and adapt to them. For a company to keep up with time and all modern technical and technological achievements and to respond to its competitors, it must be ready to invest in research and development, the product of which should be innovative behavior on the market.

The following table presents the assessment of the variables of management activities, with the display of their minimum, maximum and mean values, as well as the values of the standard deviation. The table also contains the abbreviations of variables that will be used in further work.



Variable	Label	N	Min	Max	Mean value	Standard deviation
Leadership	AM1	327	1	5	3,54	1,215
Communication	AM2	327	1	5	3,76	1,091
Motivation	AM3	327	1	5	3,46	1,245
Rewarding	AM4	327	1	5	3,40	1,311
Team cooperation	AM5	327	1	5	3,78	1,157
Involvement of employees in decision-making	AM6	327	1	5	3,47	1,329
Training and development of employees	AM7	327	1	5	3,59	1,163

Table 4: Descriptive statistics of management activity variables
 (Source: Original research by the authors)

The presented results of the descriptive statistics of management activity variables indicate that all the mentioned variables were rated highly by the respondents, that is, they have a value higher than the average value of 2.5.

The variables of management activities that are best evaluated by the respondents are team cooperation and communication. The well-rated mentioned variables indicate that for the effective implementation of activities in the company, first of all, team cooperation is necessary, and then good communication both between employees and management, as well as between the employees themselves. Successful communication within the company ensures the transmission of both information and creative ideas and knowledge, which is necessary for the realization of the set goals of the company. The variable importance of training and development indicated the importance of knowledge as a key resource of modern business. This confirms the importance of continuous improvement and training of employees as a prerequisite for gaining a competitive advantage.

When it comes to the lowest-rated variables of management activities, the research results indicate that they are rewarding and motivating. The mentioned variables are important factors for achieving business efficiency and better work results.

The following table shows the evaluation values of the variables of the manager's characteristics. In addition to the minimum and maximum values, the table also shows the mean value of the analyzed variables and the standard deviation, as well as the summaries of the evaluated variables that will be used in further analyzes of the work.



Variable	Label	N	Min	Max	Mean value	Standard deviation
Taking the initiative	KM1	327	1	5	3,45	1,197
Trust and commitment	KM2	327	1	5	3,65	1,156
Risk-taking	KM3	327	1	5	3,54	1,260
Conflict resolution	KM4	327	1	5	3,55	1,199
Improvement and advancement of knowledge	KM5	327	1	5	3,61	1,193
Organizational skills	KM6	327	1	5	3,58	1,076
Innovation and flexibility	KM7	327	1	5	3,50	1,228

Table 5: Descriptive statistics of manager characteristic variables

Source: Original research by the authors

The presented results show that the respondents rated the variable characteristics of managers with high marks, where it can be seen that all analyzed values have grades that exceed the mean value of 2.5.

Variable characteristics of managers that are rated the best are trust and commitment, training and improvement of knowledge and limiting abilities. These variables indicate that relationships of trust and commitment between managers and employees have been established within the analyzed companies. These relationships certainly contribute to the establishment of an effective organizational climate. Such a climate encourages employees to express their ideas and opinions, to participate in decision-making and to show their innovative and creative potential. Apart from the trust and commitment that a manager shows to his employees, his organizational skills are also of great importance. They contribute to a more efficient distribution of tasks and activities among employees, according to their abilities and skills. Once again, the importance of improving and improving knowledge as an important factor of efficient business was confirmed. A successful manager must continuously improve his skills and abilities and find new ways and methods to achieve more efficient and effective operations of his company.

The lowest-rated variables of managerial characteristics are initiative-taking and risk-taking. The surveyed companies indicated that they lack the power that leaders have to take the initiative and the strength to initiate other employees who will follow them in the realization of the set goals. In addition to taking the initiative, managers must be ready to take risks and take responsibility in case of failure.

3.4. Correlation analysis - Correlation relations between the observed variables with the moderating effect of knowledge improvement

Correlation relations of the observed variables of management activities and the variable of strategic action from the aspect of how much the analyzed companies are ready to improve knowledge are listed. The following table shows the correlation relationships in those companies that stated that their organization can be characterized as an organization based on knowledge, that is, the creation and



exchange of knowledge among employees, and companies that stated that they do not encourage the creation and exchange of knowledge.

	AM1	AM2	AM3	AM4	AM5	AM6	AM7
SD1	,600**	,698**	,567**	,555**	,471**	,525**	,525**
SD2	,720**	,724**	,689**	,644**	,589**	,642**	,595**
SD3	,659**	,685**	,682**	,671**	,600**	,651**	,556**
SD4	,714**	,791**	,687**	,736**	,578**	,713**	,567**
SD5	,631**	,639**	,659**	,550**	,590**	,573**	,451**
SD6	,629**	,659**	,640**	,583**	,537**	,603**	,568**
SD7	,576**	,677**	,604**	,566**	,537**	,569**	,488**
SD8	,701**	,787**	,697**	,617**	,677**	,669**	,601**
SD9	,632**	,739**	,681**	,622**	,590**	,604**	,526**

Table 6: Correlation between management activity variables and strategic action variables with the moderating effect of knowledge improvement

** The correlation is significant at the 0.01 level.

*The correlation is significant at the 0.05 level.

(Source: Original research by the authors)

Analyzing the observed correlations between management activity variables and strategic action variables, it can be seen that correlations of different intensities were recorded in companies that base their operations on knowledge and in those companies where this is not the case. Namely, in companies whose business is based on knowledge, i.e. creation and exchange of knowledge, correlations of high and very high intensity were recorded, while in those companies that did not recognize the importance of knowledge in business, low correlations were recorded, which indicate a small connection between the analyzed variables.

In companies that have recognized the importance of knowledge and work intensively on its improvement and distribution among employees, it is observed that there is a high correlation between leadership variables and variables of strategic planning in the company and innovative and watchdog activities. The knowledge, information and ideas that these companies accumulate represent a good basis for successful innovative and research projects, which enables companies to be efficient in strategic planning and achieving the set business goals. A distinct connection was established between the variables of communication and the improvement of the quality and competitiveness of business. This once again indicates the importance of the availability of timely information to efficiently implement the set work activities, which certainly contributes to better quality and more competitive business. In companies that base their business on knowledge, the variable quality of business showed a strong connection with the variables reward, team cooperation, involvement of employees in decision-making and training and



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development of employees. This confirms that motivated workers, who strive to achieve their individual goals, through improvement, training and proving themselves in the company, achieve better work results and have greater responsibility in achieving business quality.

It has already been pointed out the importance of employee training and development on the quality of business, that is, successful companies build their business quality on a trained, educated and skilled workforce, which contributes by achieving top results. Team cooperation within the performance of work activities and the possibility of presenting opinions and ideas through involvement in decision-making by the company's management certainly contribute to this. What is noticeable in these companies is that knowledge is created and transferred through the training and development of employees, which is confirmed by the strong connection of this variable with all analyzed variables of strategic action, except in the case of the variable of greater market share.

Within companies that do not recognize knowledge as a key factor in a successful business, it was confirmed that there is a small connection between the variable leadership and the variable improving business competitiveness. Companies cannot build good competitive positions in the market without adequate knowledge, information and the role of a leader to guide his followers in new changes and business challenges. In addition, a low correlation and low connection were established between the variables of communication and the variables of greater market share and improvement of business quality. Inadequate exchange of information between departments, sectors and employees in companies prevents efficiency in the realization of their tasks, which certainly affects the quality of business, market position and the possibility of achieving greater market share.

Companies that do not base their operations on knowledge cannot achieve a high level of innovative action on the market. This is indicated by the low correlations between the variable of innovative and research activities and the variables of training and development of employees and remuneration. These companies do not train their employees and do not motivate them for better work through various rewards and incentives, and therefore their work is reduced to the routine performance of work tasks without the possibility of expressing creative and innovative potential. Certainly, the lack of information and necessary knowledge also contributes to this. In addition, the mentioned variables of employee training and development and remuneration show a small correlation with the change management variable. This relationship once again confirms that in companies where the importance of knowledge is absent, the possibility of adequately perceiving the market environment, the possibility of predicting changes and the process of effective adaptation to them is also absent. Such companies do not have a proactive attitude towards the environment, i.e. they cannot foresee and initiate certain changes themselves, and often they are not even capable of acting reactively, i.e., in the event that if changes already occur to adapt to them.

The aforementioned relationships show that there are statistically significant relationships and differences in the intensity of their activity in companies that are characterized as knowledge-based organizations, and in those companies where this is not the case. Based on these results, we can indicate that special hypothesis 1 has been proven. This confirms that the variables of management activities have statistically significant relationships with the variables of the company's strategic action with the moderating effect of knowledge improvement.



Based on the results of the regression analysis, a regression model was determined that singles out those activities and characteristics of managers that have the greatest impact on achieving the efficiency of strategic action, and singles out those variables of strategic action on which the greatest influence of the aforementioned variables is achieved.

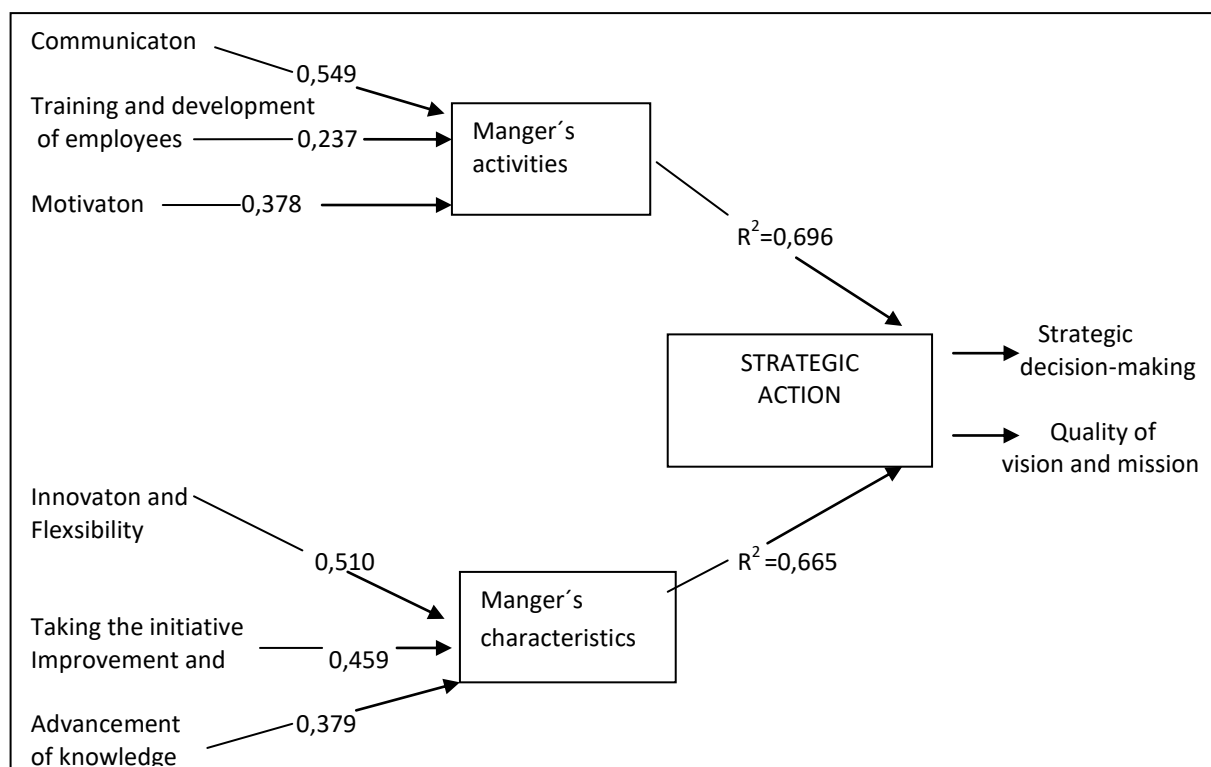


Figure 1: Regression model of the influence of activities and characteristics of managers on the efficiency of the company's strategic actions

Source: Original research by the authors

The regression model indicates the characteristic variables that have the greatest influence on the company's strategic actions, that is, on strategic decision-making and the quality of the company's vision and mission. This model shows the importance of knowledge as an important factor in effective strategic decision-making. Also, the innovation and flexibility of managers and their willingness to take the initiative are of great importance. A key role in effective strategic decision-making, and thus in achieving the company's vision and mission, is played by the corporate climate that encourages communication among all levels of employees and the application of various strategies for material and non-material employee motivation.



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3.5. Results discussion

The assessment of the value of the analyzed variables strategic action shows that in the analyzed companies there is a willingness of the management to invest in the effectiveness of strategic action, direction and thinking. What companies lack is a greater incentive in the area of innovative and research activities. In addition, it is necessary for companies to adequately adopt the concept of change management and implement it in their operations. The future course of action and survival of the company on the market will largely depend on the way of creation and the degree of adaptation to changes in the market.

The relationships between the analyzed variables were observed from the aspect of knowledge improvement. It has been confirmed that those companies that base their business on the creation and exchange of knowledge, invest in the training and development of employees and achieve effective communication create conditions for improving the quality and competitiveness of business. In such companies, favorable conditions are created for achieving effective strategic action with the help of adequate strategic planning and decision-making. Unlike them, companies that do not recognize the importance of knowledge, do not achieve the desired level of business quality and competitive position on the market. In addition, such companies do not have a favorable organizational climate that encourages innovative and developmental activities. Employees are not motivated, they do not have the necessary information about the goals and directions of the company's actions, and as a result they resist the introduction of novelties and changes in the business. The above statements prove the special hypothesis 1. That is, it is confirmed that the variables of management activities have statistically significant relationships with the variables of strategic action enterprises with the moderating effect of improving knowledge.

The general hypothesis of this paper is also confirmed by the stated claims, established relationships and proven hypotheses. The results of the research confirm that increasing the efficiency of strategic action, and thus achieving better work results, can be ensured by improving the organizational climate of the company and the role of managers with their ability, creativity and motivation. Thus, the objectives of the research presented in the paper have been fulfilled, and the set hypotheses have been proven.

3.6. Guidelines for improving the efficiency of strategic action

Effective strategic action of the company must adopt the concept of change management. In addition to adapting to changes, the company often needs to be the initiator of those changes. In order to succeed in this, the company must have courageous managers who are ready to take initiatives and accept the risk and responsibility regarding the actions implemented. The changing and uncertain market can be defeated and overcome only if the manager has leadership qualities that enable him to respond and take action before the market or any of the competitors do.

Successful and efficient strategic action is achieved by those companies that create an organizational climate that supports effective communication, adequate remuneration of employees and involvement in



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the decision-making process, all under the leadership of successful leaders. Managers who are able to effectively guide the company towards the achievement of strategic goals and action processes must be innovative and flexible, ready to take the initiative and have strong organizational skills and the ability to acquire knowledge and improve skills.

The effectiveness of the company's strategic action should be based on the creation and exchange of knowledge. A learning organization is able to offer the market a certain quality that is in demand and build a solid competitive advantage on that basis. Such an organization is capable of predicting changes in the market, easily adapting to them and turning them to its advantage.

The research presented in this paper singled out the key management activities and characteristics of managers that influence effective strategic action, that is, strategic decision-making and the quality of the vision and mission. Management activities that contribute to effective strategic action and direction of the company are communication, motivation and training and development of employees. The success of the mentioned activities is encouraged by the manager's characteristics related to innovation, flexibility, taking the initiative and continuous training and improvement of knowledge.

4. Conclusion

An organizational climate that is motivating and where good communication is established at all levels can gain its competitive advantage from the collective knowledge of the company, which is transferred and spread through the exchange of ideas, opinions and experiences among employees. In addition, for the company to successfully face changes in the market, managers must be ready to lead their employees through changes, to be able to take the initiative, but also responsibility in case of failure. Innovative and flexible business becomes an imperative of modern market conditions, and therefore this characteristic is very important for successful managers. The company can achieve a successful business, through a favorable organizational climate and by improving the abilities and skills of managers, and through the strategic actions of the company.

The results of the research defined a regression model of the influence of activities and characteristics of managers on the efficiency of the company's strategic actions. This model determined that management activities and manager characteristics have the greatest impact on strategic decision-making and the quality of the vision and mission. When it comes to management activities, the model determined that communication, employee training and development, and motivation have the greatest impact on the analyzed activities. Also, the model defines the key characteristics of managers who have been confirmed to contribute the most in achieving the efficiency of strategic action, and among them are innovation and flexibility of managers, taking the initiative and improving and improving knowledge. Separate management activities and characteristics of managers within the mentioned model are the contribution of the mentioned research, which is reflected in the possibility of applying this model in the company's operations. By applying this model, managers would have a clearer insight into what their own characteristics should be perfected, and which activities they should direct special attention and energy to, in order to build a path of effective action and direction of the company based on these activities and their own characteristics. On this way, companies create favorable conditions for business improvement, based on quality improvement and competitive advantage.



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The contribution of this research is reflected in the fact that the activities and characteristics of managers have confirmed their influence on the effectiveness of the company's strategic actions, where the influence of improving knowledge, motivation and communication, innovative and flexible actions of managers was particularly highlighted. The results of the research can indicate to companies in which direction they should develop their organizational climate and which characteristics of managers to improve, to make their business more competitive and efficient. The presented research results can also serve as a basis for some future research that would deal with strategies and methods of improving the activities and characteristics of managers to achieve more effective strategic action.

Such findings may also be a consequence of unevenness in the structure of the sample and they would likely be different if there was a better distribution in the categories of variables related to the socio-demographic characteristics of the respondents. As it was said, managers only from the territory of Serbia participated in the research presented in this paper. It is planned to carry out the research in other countries of the Western Balkans during 2025.

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