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TOP-MANAGEMENT ACTIVITIES IN TRANSITIONAL ECONOMIES: A FACTOR-ANALYTIC STUDY FROM BOSNIA AND HERZEGOVINA

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Abstract: *The role of top management in transitional economies, such as Bosnia and Herzegovina, is particularly critical due to the complexity of strategic and operational decision-making within unstable institutional environments. The aim of this study was to identify and structuralize the key activities of top management in enterprises operating within this context. A quantitative methodology was applied, based on exploratory factor analysis (EFA) of data collected through a structured Likert-scale questionnaire administered to a sample of top managers across diverse sectors. The empirical framework encompasses both domain-specific analyses (marketing, strategy, and human resources) and a comprehensive, integrated analysis of overall managerial latent dimensions. The findings reveal distinct factor structures within individual domains, while the integrated model yields a robust framework highlighting five core managerial priorities, among which organizational justice emerges as a pivotal dimension. This research contributes to a deeper understanding of leadership practices in transitional settings, addresses a prominent gap in the post-socialist management literature, and offers actionable insights for improving corporate performance.*

Keywords: *top management, transitional economies, factor analysis, strategic decision-making*

JEL Classification: *L21, P31, M10*

INTRODUCTION

The role of top management in defining organizational strategies, making critical decisions, and shaping a company's developmental trajectory is widely recognized as a fundamental component of contemporary management paradigms. However, in transitional economies - marked by institutional uncertainty, ambiguous regulatory frameworks, and complex ownership structure strategic leadership faces unique challenges.

One of the most pressing issues is institutional instability, encompassing underdeveloped legal mechanisms, inefficient judiciary systems, and inconsistent regulatory policies. This legal uncertainty complicates the protection of property rights and hampers investments in long-term business ventures. Moreover, there is a widespread deficit of managerial competencies, as many leaders in post-socialist countries lack experience with market-oriented governance and modern management tools.

In addition to limited expertise, restricted access to capital constitutes another major barrier. Financial markets in transitional states are often shallow and volatile, reducing the availability of funding for growth and innovation. Furthermore, high levels of corruption and political interference substantially constrain managerial autonomy, frequently resulting in suboptimal decisions driven by external political pressures.

Another critical challenge is organizational inertia - resistance to change embedded in legacy bureaucratic structures and rigid administrative systems inherited from the socialist era. Finally, managers in transitional economies must strike a delicate balance between responding to local market dynamics and meeting the demands of global competition, further complicating firms' strategic positioning at the international level.

Recent studies further confirm the specificity of the institutional and organizational context of Bosnia and Herzegovina. For example, Kožo et al. analyzed the relationship between cultural dimensions and preferred leadership in BiH, finding that cultural factors significantly influence the perception and effectiveness of managerial practices. This finding highlights the need to observe managerial activities within a broader institutional and cultural framework.

In addition, contemporary literature emphasizes the importance of the institutional context in shaping managerial strategies and achieving organizational legitimacy. A literature review indicates that social enterprises in different environments apply diverse legitimacy strategies to secure resources and generate social impact, demonstrating that the institutional framework and relationships with stakeholders play a decisive role in managerial practices.

Furthermore, research on emotional intelligence suggests that managers' personal traits can significantly contribute to the quality of strategic decisions. Alzoubi and Aziz show that the emotional intelligence of top management positively affects the quality of strategic decisions, with open innovation and intelligent information systems playing a mediating role. These findings confirm that managerial capabilities, in interaction with institutional and technological contexts, are essential for effective governance.

Moreover, the development of new technologies, particularly artificial intelligence, introduces an additional dimension in the study of managerial decision-making. Roundy and Asllani emphasize that AI innovations evolve within entrepreneurial ecosystems, reshaping innovation patterns and creating new frameworks for top management's strategic decision-making. These insights indicate that contemporary managerial activities should also be analyzed through the lens of technological transformations shaping business practice.

The contribution of research on human resource management is also significant. Islami and Mulolli demonstrate that recruitment, selection, training, and performance appraisal positively influence the operational performance of firms in transitional economies. These findings further confirm that HRM represents a critical dimension of managerial activities in the context of emerging economies.

Bosnia and Herzegovina, as a post-socialist country characterized by a fragmented and complex institutional architecture, presents a particularly suitable context for studying managerial activity within the real sector. Under such institutional instability, decisions made by top management have a profound impact on organizational flexibility and sustainability, while middle management plays a critical role in interpreting and operationalizing these decisions.

Despite the relevance of the topic, scholarly literature on managerial patterns in transitional economies remains scarce. The prevailing models are primarily developed in the context of stable Western economies, often overlooking the local institutional specificities and dynamics that characterize transitional settings.

This paper aims to empirically identify the key activities of top management in companies in Bosnia and Herzegovina by analyzing their operations in the domains of marketing, strategy, and human resources. Using factor analysis, the study examines which dimensions of managerial behavior are most prominent in the context of a post-transitional economy.

LITERATURE OVERVIEW

The management literature identifies several functional domains through which the activities of top management are analyzed, with marketing, strategic decision-making, and human resource management standing out as particularly significant . In empirical research, domains such as marketing and human resources are often treated as distinct dimensions of managerial behavior due to their divergent goals, functional logic, and operational approaches. In the context of this study, the analytical separation of these domains is further methodologically justified, as the variables related to each area were examined independently through factor analysis.

Conversely, strategic decision-making in this research is conceptualized as an overarching managerial function that encompasses all other activities of top management—including the formulation of mission and vision statements, strategic goal setting, growth planning, innovation, and the overall direction of organizational development. This analytical segmentation enables a more precise examination of the various aspects of managerial behavior, while the conducted factor analysis confirms that marketing, human resources, and strategy emerge as three distinct dimensions of top management activity as perceived by the respondents.

Top Management's Marketing Activities

In contemporary management theory, marketing is increasingly viewed not merely as a function of promotion and sales, but as a comprehensive framework for managing relationships with markets and customers. By nature, marketing is an externally oriented function—focused on identifying customer needs and behaviors, positioning relative to competitors, creating value, and fostering long-term relationships with external market actors. Within this context, the role of top management extends well beyond overseeing marketing budgets or coordinating promotional campaigns; it involves the strategic shaping of the organization's overall market orientation. This includes defining the strategic direction and value framework that guide the organization's posture toward the market, customers, and competitors.

Additionally, the emergence of digital channels and the integration of multiple consumer touchpoints—commonly referred to as the omnichannel approach—have significantly increased the complexity of managing customer experience. This has necessitated a more active role for top management in designing and guiding customer interaction strategies. In transitional economies such as Bosnia and Herzegovina, these marketing activities take on added importance due to weak institutional regulation, intense market competition, and considerable uncertainty regarding future market trends. In such an environment, the ability of top management to effectively steer marketing efforts becomes critical for achieving differentiation, fostering innovation, and ensuring sustainability in both domestic and international markets.

Top Management's Activities in the Domain of Human Resources

In contrast to marketing, which is primarily oriented toward external stakeholders and the marketplace, human resource (HR) activities are inherently internal in nature, with a focus on developing and engaging employees as the organization's most valuable asset. Within this domain, top management plays a critical role in shaping organizational culture, developing human capital, establishing systems of motivation and reward, and managing talent. Effective HR strategies contribute not only to operational stability but also to the organization's long-term capacity to adapt to change and maintain business continuity - an especially vital capability in environments characterized by high uncertainty, such as transitional economies.

Benefit communication has become a key element in strategies aimed at attracting, retaining, and motivating employees. However, research indicates that despite relatively high levels of reported employee satisfaction, the process of communicating benefits is often perceived as unclear, complex, and frustrating. This inconsistency frequently stems from a lack of systematic involvement by professional communicators and insufficient strategic oversight in the planning and dissemination of benefit-related information. Consequently, the role of top management is not to engage in operational-level communication, but rather to establish a clear vision, value standards, and structured channels through which communication remains consistent, transparent, and aligned with organizational strategy.

In this context, leaders' emotional intelligence becomes a critical component in building trust and collaboration within teams. Furthermore, contemporary HR approaches encompass systematic talent management and employee development, coupled with the ongoing strengthening of HR digitalization processes. Particularly in transitional environments, management's ability to stabilize the organization internally through high-quality HR practices constitutes a key determinant of long-term competitiveness and sustainability.

Strategic Decision-Making by Top Management

In this study, strategic decision-making is treated as a distinct and comprehensive managerial dimension encompassing all top management activities that fall outside the domains of marketing and human resource management. Although strategic decision-making is often discussed in relation to specific functional areas, its separate analytical treatment is warranted due to the breadth of information it requires, the extended time horizon over which it develops, and its organization-wide impact - from operational to strategic levels.

Contemporary management literature positions strategic decision-making and strategy implementation as core responsibilities of top management, given their direct influence on an organization's competitive positioning and long-term viability. Research suggests that strategic decision-making entails not only the analysis of external factors (e.g., digitalization, environmental complexity) but also internal dynamics such as perception and cognitive biases. The scope of strategic decision-making has further evolved through the integration of agile methodologies into planning processes. Agile approaches - including Scrum, Kanban, and Lean - empower top management to align strategic goals with operational execution via iterative planning, team-based collaboration, and continuous adaptation.

Moreover, a recent study combining theoretical review and bibliometric analysis highlights the growing interdependence between organizational innovation, knowledge-based strategy, and learning culture. Within this framework, top management plays a critical role in designing innovative strategies that enable firms to adapt to complex and dynamic business environments. In the specific context of transitional economies, Lau emphasizes that the presence of competent teams, resource availability, and institutional support significantly contribute to the development of market-oriented strategies, which in turn positively affect firm performance.

Aligned with these findings, this research conceptualizes strategic decision-making as a separate managerial dimension encompassing activities such as mission and vision formulation, strategic goal setting, growth planning, resource allocation, and the overall articulation of organizational development. Its analytical separation from other functional domains - such as marketing and HR - is methodologically grounded in the results of factor analysis, which reveal the distinct structure and content of this dimension in the perception of top management behavior.

Defining hypotheses

Building on theoretical findings that highlight the importance of different functional areas of management (marketing, strategy, and human resources) in ensuring competitive advantage and sustainable business development, this study examines whether these activities can be empirically identified through a common factor structure. Particular attention is given to the possibility that, in addition to the core domains, the aggregation of managerial activities may reveal additional latent dimensions that contribute to explaining managerial behavior. Based on this, the following hypotheses are proposed:

H1: The managerial activities of top management in companies in Bosnia and Herzegovina exhibit a latent factor structure that can be grouped into three main domains: marketing, strategy, and human resources.

H2: By aggregating managerial activities in the domains of marketing, strategy, and human resources, additional latent dimensions can be identified.

The testing of these hypotheses was conducted using exploratory factor analysis (EFA). The criteria applied for determining the number of factors included eigenvalues, the scree test, and the cumulative percentage of explained variance, while varimax rotation was employed to enable clearer interpretation of the latent dimensions.

METHODOLOGY

Survey instruments (measures)

Table 1 presents all the variables examined in this study. These variables are classified into three categories: marketing activities, strategic activities, and human resource management activities. Respondents evaluated all variables using a five-point Likert scale ranging from 1 (very low) to 5 (very high).

The development of the items was based on a review of relevant literature from the three key domains: marketing activities (Alakkas et al. ; Aleksić & Petković ; Dias & Lages ; Havlicek; Kushwaha et al.), strategic management (Demirbag et al.; Saeed et al.; Madzík et al.; Yu et al.; Eide & Madsen; Tarigan & Siagian), and human resource management activities (Alsafadi & Altahat; Demo et al.; Jiang et al.; Ulrich & Dulebohn; Wang et al.). These sources provided the theoretical foundation for the construction of the measurement scale and the definition of the dimensions of managerial behaviour under investigation. The table with an overview of the variables used in the research is provided in the appendix.

Data were collected through a structured questionnaire based on a Likert scale, which was distributed to top managers employed in companies across Bosnia and Herzegovina. In total, N = 100 top managers from 78 companies were surveyed, with some firms providing responses from multiple executives. The research was conducted between March 1 and August 1, 2024.

The sample included companies from diverse sectors and industries, representing both the public and private sectors. As members of top management, the respondents were directly involved in strategic decision-making and the management of key organizational processes. Most of the participants held higher education degrees, primarily at the undergraduate (B.Sc.) and postgraduate (M.Sc.) levels.

Data analysis

Data analysis in this study was conducted using the software package IBM SPSS Statistics. Descriptive statistical methods and exploratory factor analysis (EFA) were employed with the aim of identifying latent structures among the examined variables and reducing data complexity.

Factor analysis enabled many interrelated manifest variables to be grouped into a smaller number of latent dimensions—factors—that explain the underlying patterns in the data.

The analysis was carried out in several steps. First, descriptive statistics were calculated for the analyzed items. Subsequently, four separate factor analyses were performed:

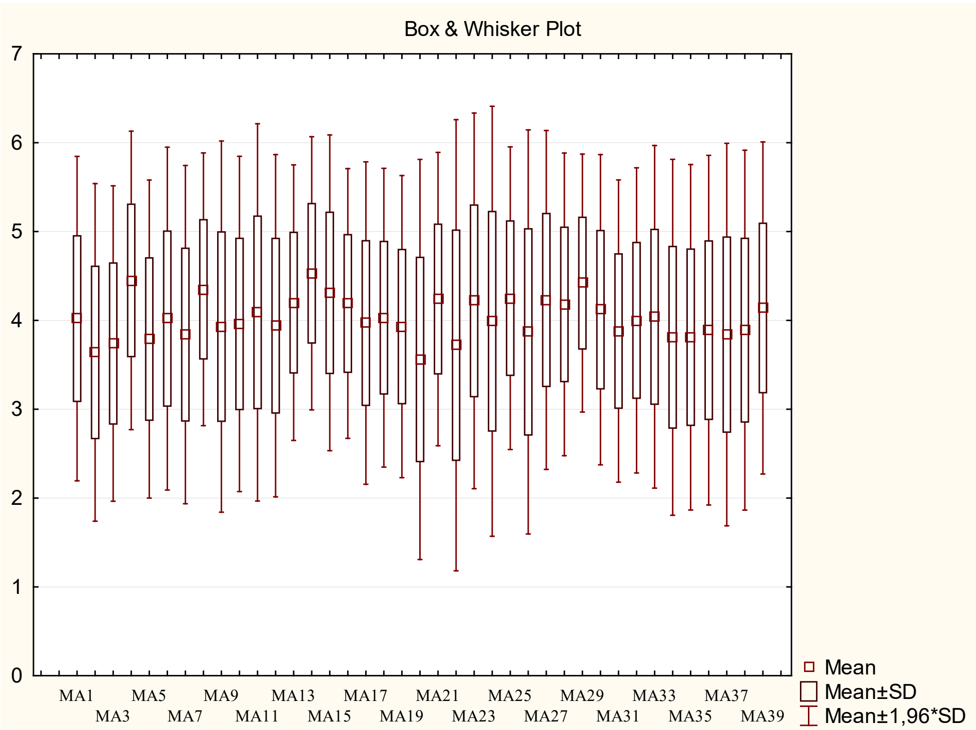
- The first three were applied individually to three groups of items: marketing activities, strategic activities, and human resource activities.
- The fourth analysis encompassed all items jointly and represents the overall factor analysis, through which aggregated patterns of top management activities were identified.

EMPIRICAL EVIDENCE

Descriptive statistics

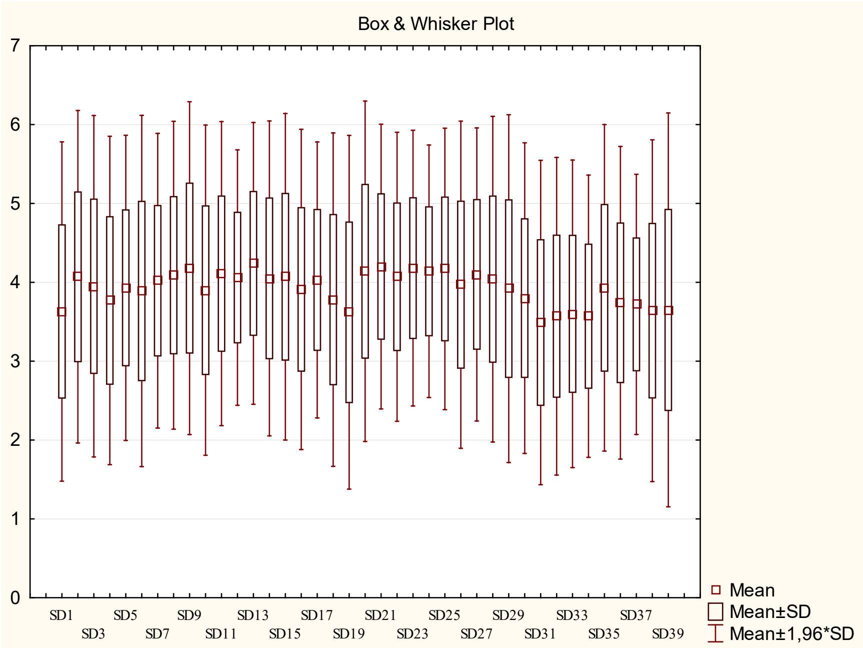
Descriptive analysis of the original data for all analyzed items is presented in the figures: marketing activities (Figure 1), strategic activities (Figure 2), and human resource activities (Figure 3). The figures display box plots for each variable, illustrating the arithmetic means and the ranges within which the variable values occur.

Figure 1. Box plot of each marketing activity variable, showing the arithmetic means and the ranges of variable values



Source: Author's own work

Figure 2. Box plot of each strategic activity variable, showing the arithmetic means and the ranges of variable values



Source: Author's own work

Figure 3. Box plot of each human resource variable, showing the arithmetic means and the ranges of variable values

Source: Author's own work

Factor Analysis of Top Management's Marketing Activities

Through factor analysis of top management's marketing activities, nine factors were extracted. Together, these nine factors explain 76.9% of the variance in the original data, which represents a high percentage given the number of variables in the model (39). The Scree criterion was applied in the analysis. According to this criterion, the number of significant factors is determined by identifying the point at which the eigenvalues level off.

Table 2 presents the eigenvalues for models with one, two, three, up to nine factors. The last column of the table shows how the percentage of explained variance increased with the addition of more factors. The first factor explains the largest share of variance, accounting for approximately 40.1% of the variations in the original data. After the first factor, the values gradually decrease up to the ninth factor, after which they stabilize.

The identified factors were rotated using the Varimax method. The interpretation of the extracted factors is as follows:

- F1 (MA) – Monitoring environmental changes (consumer needs, competitors' activities) to increase the flexibility of the product portfolio.
- F2 (MA) – Enhancing the quality of work and motivation of marketing managers within the company.
- F3 (MA) – Marketing activities aimed at entering and expanding presence in international markets.
- F4 (MA) – Marketing activities aimed at entering and expanding presence in domestic markets.
- F5 (MA) – Monitoring customer satisfaction and ensuring customer retention.
- F6 (MA) – Monitoring the efficiency of marketing activities.
- F7 (MA) – Establishing an appropriate balance between price, product quality, and consumer affordability.
- F8 (MA) – Application of modern information and communication technologies in marketing activities.
- F9 (MA) – Success of new products in the market.

Table 1. Distribution of Eigenvalues Across Different Factor Analysis Models (Top Management Marketing Activities)

Factor	Eigenvalue	% of Variance	Cumulative Eigenvalue	Cumulative % of Variance
1	15,6590052	40,1512954	15,6590052	40,1512954
2	2,84679911	7,2994849	18,5058043	47,4507803
3	2,21706441	5,68478054	20,7228687	53,1355609
4	2,0324819	5,21149204	22,7553506	58,3470529
5	1,76654813	4,52961058	24,5218988	62,8766635
6	1,70678158	4,37636301	26,2286803	67,2530265
7	1,42916168	3,66451712	27,657842	70,9175436
8	1,20163772	3,08112237	28,8594797	73,998666
9	1,13146268	2,90118636	29,9909424	76,8998523

Note: The penultimate column shows the cumulative eigenvalue, while the last column shows the cumulative percentage of variance explained by the extracted factors. **Source:** Author's own work

Factor Analysis of Top Management's Strategic Activities

Through factor analysis of top management's strategic activities, seven factors were extracted. Together, these seven factors explain 74.93% of the variance in the original data, which represents a high percentage given the number of variables in the model (39). The Scree criterion was applied in the analysis. According to this criterion, the number of significant factors is determined by identifying the point at which the eigenvalues level off.

Table 3 presents the eigenvalues for models with one up to seven extracted factors. The last column of the table shows how the percentage of explained variance increased with the addition of more factors. The first factor explains the largest share of variance, accounting for approximately 45.86% of the variations in the original data. After the first factor, the values gradually decrease up to the seventh factor, after which they stabilize.

The identified factors were rotated using the Varimax method. The interpretation of the extracted factors is as follows:

- F1 (SA) – Competence and efficiency of top management (in terms of making sound strategic decisions and readiness to invest in research activities).
- F2 (SA) – Business process management aligned with strategic goals and plans.
- F3 (SA) – Striving for originality in products and business practices to capture markets and achieve better business results.
- F4 (SA) – Application of quantitative methods in strategic planning and decision-making.
- F5 (SA) – Ensuring employee support in responding to environmental changes and consumer needs.
- F6 (SA) – Quality of the company's defined vision and mission.
- F7 (SA) – Introduction of new products/services into the company's portfolio.

Table 2. Distribution of Eigenvalues Across Different Factor Analysis Models (Top Management Strategic Activities)

Factor	Eigenvalue	% of Variance	Cumulative Eigenvalue	Cumulative % of Variance
1	17,89	45,86	17,89	45,86
2	3,17	8,12	21,05	53,98
3	2,33	5,97	23,38	59,95
4	1,93	4,95	25,31	64,90
5	1,52	3,89	26,83	68,79
6	1,31	3,35	28,14	72,14
7	1,09	2,79	29,22	74,93

Source: Author's own work

Factor Analysis of Top Management's Human Resource Activities

Through factor analysis of top management's human resource activities, eight factors were extracted. Together, these eight factors explain 76.4% of the variance in the original data, which represents a high percentage given the number of variables in the model (40). The Scree criterion was applied in the analysis. According to this criterion, the number of significant factors is determined by identifying the point at which the eigenvalues level off.

Table 4 presents the eigenvalues for models with one up to eight extracted factors. The last column of the table shows how the percentage of explained variance increased with the addition of more factors. The first factor explains the largest share of variance, accounting for approximately 47.9% of the variations in the original data. After the first factor, the values gradually decrease up to the seventh factor, after which they stabilize.

The identified factors were rotated using the Varimax method. The interpretation of the extracted factors is as follows:

- F1 (HR) – Employees' knowledge, motivation, and opportunities for career advancement
- F2 (HR) – Fairness and a systematic approach to task allocation, rewarding, and conflict resolution
- F3 (HR) – Efficiency in implementing decisions
- F4 (HR) – Creating a positive organizational climate that encourages employee freedom, initiative, and creativity
- F5 (HR) – Employees' attitude toward change and innovation
- F6 (HR) – Quality of internal communication
- F7 (HR) – Quality of the relationship between top management and employees, based on trust
- F8 (HR) – Speed of correcting errors in production and business processes

Table 3. Distribution of Eigenvalues Across Different Factor Analysis Models (Top Management Human Resource Activities)

Factor	Eigenvalue	% of Variance	Cumulative Eigenvalue	Cumulative % of Variance
1	19,169	47,924	19,169	47,924
2	2,557	6,393	21,727	54,317
3	2,117	5,292	23,844	59,609
4	1,757	4,393	25,601	64,002
5	1,348	3,369	26,949	67,372
6	1,305	3,262	28,254	70,634
7	1,253	3,132	29,506	73,766
8	1,072	2,679	30,578	76,445

Source: Author's own work

Factor Analysis of Overall Top Management Activities

Through factor analysis of overall top management activities, 12 latent factors were identified. These factors cumulatively explain 71% of the total variance in the observed data, which represents a high percentage given the 118 manifest variables included in the model. The Scree test was applied in the extraction procedure, whereby the number of significant factors is determined by identifying the inflection point on the scree plot—the point at which eigenvalues show a tendency toward stabilization.

Table 5 presents the eigenvalues for models with one up to twelve extracted factors, while the last column illustrates the growth of the cumulative percentage of explained variance depending on the number of included factors. The first factor has the highest explanatory power, accounting for 35.68% of the total variance, while the explanatory contribution of each subsequent factor gradually decreases until the twelfth, after which the values stabilize.

The identified factors were rotated using the Varimax method. The interpretation of the extracted factors is as follows:

- F1 (U) – Fairness and a systematic approach to task allocation, rewarding, and conflict resolution
- F2 (U) – Activities related to entering and expanding presence in domestic and international markets
- F3 (U) – Competence and efficiency of top management (in terms of making sound strategic decisions and readiness to invest in research activities)
- F4 (U) – Striving for originality in products and business practices to capture markets and achieve better business results
- F5 (U) – Business process management aligned with strategic goals and plans
- F6 (U) – Enhancing the quality of work and motivation of (marketing) managers within the company
- F7 (U) – Educational background of (marketing) managers
- F8 (U) – Establishing an appropriate balance between price, product quality, and consumer affordability
- F9 (U) – Efficiency in implementing decisions
- F10 (U) – Quality of internal and external communication
- F11 (U) – Creating a positive organizational climate that encourages employee freedom, initiative, and creativity
- F12 (U) – Corporate social responsibility

Table 4. Distribution of Eigenvalues Across Different Factor Analysis Models (Overall Top Management Activities)

Factor	Eigenvalue	% of Variance	Cumulative Eigenvalue	Cumulative % of Variance
1	42,107	35,684	42,107	35,684
2	8,080	6,847	50,187	42,531
3	5,421	4,594	55,608	47,125
4	5,054	4,283	60,661	51,408
5	4,336	3,675	64,998	55,083
6	3,254	2,758	68,251	57,840
7	3,121	2,645	71,373	60,485
8	2,938	2,490	74,311	62,975
9	2,840	2,407	77,150	65,382
10	2,299	1,948	79,449	67,330
11	2,213	1,876	81,662	69,205
12	2,155	1,826	83,817	71,031

Source: Author’s own work

RESULTS AND DISCUSSION

Across all four factor analyses, it can be observed that the first factor explains the largest share of variance, accounting for approximately 35–48% of the variations in the original data. This represents a remarkably high percentage, thus warranting a more detailed analysis of each of these four factors.

In the domain of marketing activities, the first factor is identified as monitoring environmental changes (e.g., consumer needs, competitor activities) with the objective of increasing the flexibility of the product portfolio. This finding confirms the importance of continuous environmental scanning and production adaptation. While the other factors within marketing are also significant, the essence of competitive advantage is most often achieved through product quality and the ability to respond quickly to environmental changes with a flexible product portfolio tailored to market needs. This approach is consistent with the findings of , who emphasize that the characteristics of the global environment and its changes are key determinants of effective international marketing, and that geographic mapping of market parameter differences can contribute to better strategic decision-making. Similarly, points out that the lack of adequate environmental scanning in small firms may severely constrain their ability to recognize early signals of change and to adjust their strategies in a timely manner. This further underline the importance of developing a systematic and proactive approach to monitoring external factors that shape an organization's competitive position.

In the domain of strategic activities, the first factor is identified as the competence and efficiency of top management, particularly in terms of making sound strategic decisions and demonstrating readiness to invest in research and development activities. Given that the consequences of poor strategic decisions can be highly detrimental to the long-term stability and growth of a firm—especially when multiple poor decisions are made consecutively—respondents in this study highlight that the strategic competence of leadership is a critical prerequisite for organizational survival and competitive positioning. While other strategic activities are also important, errors in strategic decision-making can neutralize the positive effects of success in other functional areas.

These findings are consistent with contemporary theoretical models that link strategic decision-making to sustainable innovation and long-term development, where top management must integrate investments in research and development with institutional learning. Specifically, the model proposed by Sarpong et al. suggests that a successful system of sustainable innovation rests on the integration of three key pillars of R&D: investment, talent, and educational institutions, which together provide the foundation for knowledge-based growth and strategic agility. In the same vein, Khattak and Shah emphasize that the capabilities of top management significantly enhance the performance of small and medium-sized enterprises, primarily by facilitating access to external resources, which in turn ensures long-term sustainability and competitive advantage.

In the domain of human resources, the first factor of fundamental importance is employees' knowledge, motivation, and opportunities for career advancement. The most important task of top managers in this context is to create conditions that motivate employees and enable them to engage in continuous professional development and career progression. By fostering such a positive organizational climate, many challenges in human resource management can be effectively addressed.

This approach is consistent with the findings of Mansaray, who emphasizes that human resources play a central role in achieving organizational efficiency, with employee motivation being directly linked to performance. The author highlights that motivational mechanisms and systems of employee support are critical factors that enable organizational success, particularly in the face of modern business challenges and competitive pressures.

Similar results are reported by Bahasoan and Baharuddin, whose research confirms that work discipline and motivation significantly and positively influence employee performance. Their study suggests that establishing systems which encourage responsible behaviour and employee motivation can have a direct effect on productivity and efficiency, thus representing an essential component of human resource management strategies.

Within the overall analysis of top management activities, the most significant factor identified was a fair and systematic approach to task allocation, rewarding, and conflict resolution. Interestingly, this aspect did not dominate the previous individual analyses of variables, but in the aggregated results it emerged as a key determinant of effective management. This finding suggests that the fundamental dimensions of interpersonal relations—particularly perceptions of fairness—have a decisive impact on the overall functioning of the organization, often stronger than traditionally emphasized dimensions such as strategy, marketing, or operational objectives.

This result can be interpreted in the context of transitional socio-economic environments, where employees place high value on transparency, balance in the distribution of responsibilities, and consistency in conflict resolution. In such settings, fairness in decision-making and interpersonal relations becomes not only a moral, but also a strategic category that shapes organizational culture and directly affects employee motivation, trust, and loyalty.

In the literature, this perspective corresponds to the concept of organizational justice, which, according to Greenberg, encompasses distributive, procedural, and interactional fairness, which significantly influence employees' perceptions of the legitimacy of managerial decisions and their own role within the organization.

Within the twelve factors identified in the overall analysis, the factors that were previously the most significant in the domains of marketing activities and human resource activities were not directly included. However, it can be observed that the most important factor from the marketing domain is reflected in the aggregate set through the following factors: F2(U), F4(U), and F5(U). Similarly, the first factor from the human resources domain is reflected within F6(U) and F7(U), which indicates its indirect integration into the overall structure.

In contrast, the most important factor from the domain of strategic activities was directly included in the set of twelve overall factors, specifically as F3(U). This confirms that the strategic dimension has a clearly identifiable and direct impact on overall managerial effectiveness, while the contributions of marketing and HR activities are reflected in indirect, yet analytically important, factors.

It can also be noted that the majority of the twelve identified factors (9 out of 12) had already been recognized within the three groups of top management activities analyzed in earlier stages of the study. This outcome stems from the structural similarities in the grouping of variables in the joint (integrated) analysis, further confirming the consistency of variable classification across all four conducted analyses.

Of particular interest is the fact that F10(U) is conceptually like F6(HR) from the human resources group, specifically in the segment relating to internal communication.

Moreover, the distribution of these nine common factors is balanced, as each of the three analyzed activity groups (strategic, marketing, and HR) contributes three factors.

Regarding F6(U) and F7(U), although they were originally linked to marketing management activities, their substantive content can be interpreted more broadly, as they encompass activities relevant to managers across all functional domains. Therefore, in the designation of these factors, the term "marketing" is placed in parentheses to highlight their primary origin while also indicating the potential for broader applicability.

CONCLUSION

Confirmation of Hypotheses and Summary of Findings

Hypothesis H1 was confirmed. All three partial exploratory factor analyses (marketing, strategy, and human resources) demonstrated that managerial activities can consistently be grouped into distinct factors within their respective domains. The first factors in each domain explained between 40% and 48% of the variance, while the total variance explained exceeded 74%, indicating the stability of the latent structure and confirming that marketing, strategy, and human resources constitute the core dimensions of managerial behavior.

Hypothesis H2 was also confirmed. The integral factor analysis revealed the existence of twelve latent factors, three of which originated directly from strategic activities, and three each from the domains of marketing and human resources. However, in addition to these expected domains, an additional dimension—organizational justice—emerged as a key factor of effective management in a transitional business environment. This finding confirms that the aggregation of managerial activities can uncover new dimensions, with fair task distribution, rewarding, and conflict resolution playing a particularly important role in explaining managerial behavior.

Furthermore, the integrated analysis led to the formulation of a set of five recommendations that provide concrete guidelines for improving top management practices.

Theoretical Contribution

This study makes a significant theoretical contribution by modeling and systematizing top management activities within the context of a transitional economy—an area that remains relatively underexplored in contemporary management literature. The research findings enabled the identification of managerial behavior patterns specific to institutionally unstable environments, such as Bosnia and Herzegovina. In doing so, the paper contributes to a deeper understanding of management practices in developing countries and opens space for further theoretical inquiry in this domain.

Limitations and Directions for Future Research

This study has certain methodological and geographical limitations that must be considered when interpreting the results. Specifically, all data were collected from companies operating within Bosnia and Herzegovina, which limits the possibility of generalizing the findings to a broader regional or international context. However, this national focus also represents a strength of the research, as it allows for an in-depth understanding of managerial activities under the specific conditions of a transitional economy and institutional instability. Such a context is often overlooked in international literature, and this study therefore provides relevant insights into management practices in complex environments, offering a basis for comparative studies or case analyses.

Additionally, the research was conducted at a single point in time, using a cross-sectional design, which does not allow for the tracking of changes or the development of managerial activities over time. This approach prevents the identification of causal relationships, as well as potential shifts in top management behavior within a dynamic environment.

Accordingly, future research should consider conducting longitudinal studies to capture the evolution of top management activities in relation to changes in the market, organizational, and broader socio-economic environment.

Comparative studies across countries in the region may also contribute to a deeper understanding of contextual factors that shape management patterns. Moreover, future analyses could incorporate additional variables such as organizational culture, company size, and industry sector to identify specific managerial approaches across different organizational settings.

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