

KNOWLEDGE-BASED LEADERSHIP AS A KEY FACTOR IN BUSINESS SUCCESS – CASE STUDY OF MONTENEGRO

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Abstract: *In the contemporary globalized environment, effective leadership becomes a crucial factor for managing change and achieving sustainable business success. Leaders, through their knowledge, skills, and ability to manage knowledge, have a key role in shaping organizations that successfully adapt to dynamic market conditions. Continuous learning and application of knowledge enable leaders to respond to complex challenges of modern business. The aim of this research is to examine how leading principles, observed through knowledge management, influence the education of leaders in Montenegro and their readiness to face global challenges, as well as their contribution to achieving business success. The results indicate that leaders in Montenegro possess significant developmental potential, but also that, in addition, there is room for improvement, especially in the areas of leadership styles, knowledge sharing, readiness to take risks, and digital transformation. As directions for improvement, the need for adapting leadership to specific situations, greater openness and transparency, encouraging innovative thinking, development of multicultural competencies, and focus on international cooperation stand out.*

Keywords: *leadership, knowledge, globalization, transformational leadership, education*

INTRODUCTION

The contemporary business environment is characterized by accelerated technological development, omnipresent globalization, and growing complexity of market relations. In such an environment, leadership no longer implies only management of people, but requires strategic thinking, the ability of rapid adaptation, and decision-making based on knowledge. Leaders are expected to encourage innovations, develop flexible organizational structures, and effectively manage diverse teams.

However, although leaders in Montenegro show certain potential, the question arises whether they possess adequate competencies for successfully facing contemporary challenges. Although certain efforts in the direction of leadership development have been observed, there are significant discrepancies between current practices and the needs of the global market. This creates room for critical re-examination of existing approaches to leadership and emphasizes the importance of their adaptation to dynamic changes in the business environment.

Therefore, this research focuses on examining the role of knowledge management in the education and practice of leaders, with special emphasis on how through these processes their ability can be improved to act in a contemporary, competitive and dynamic business

environment. Also, the aim of the research is the identification of key areas in which it is possible to improve leadership practices, so that leaders become carriers of development and business success.

1. Leadership and modern tendencies

Defining leadership is a challenging assignment since each era brings specific demands and shapes the characteristics of leaders in accordance with social, economic and technological changes. Leadership can be viewed through different theoretical and practical approaches, which has led to a multitude of definitions and understandings of this concept. According to Stoner and Freeman (2018), leadership is the process of directing the activities of group members towards achieving common goals. This process involves the application of various forms of influence and is based on the interaction of leaders and group members (Yukl, 2012). Similarly, Northouse (2018) defines leadership as a process in which an individual exerts influence on a group in order to achieve clearly defined goals, while Singh et al. (2023) emphasizes that leadership includes processes by which organizations are shaped and adapted to changing circumstances, defining a vision of the future and directing individuals towards its realization. Regardless of the different approaches, the common basis of leadership definitions is that it is understood as a process of mutual influence between leaders and followers within a group that has a clearly defined goal. Leadership is, therefore, based on interaction that enables not only the achievement of goals, but also the continuous adaptation and improvement of organizational capacities (Northouse, 2018; Boeske, 2023).

Modern tendencies of leadership are noticeable in business and social environment to which transformational leadership takes center stage. This approach implies inspiring and motivating employees through clear vision of innovative strategy and personal example of a leader (Greimel et al., 2023; Stone; Patterson, 2023). In addition, the concept of servant leadership is gaining ground importance, because it focuses on the needs of employees and their professional development, while leaders assume the role of support and guide (Benmira; Agboola, 2021; Claro; Silva, 2025).

In a dynamic business environment, agile leadership is becoming essential, enabling leaders to manage change effectively, make quick decisions, and adapt strategies to keep organizations competitive. Digital transformation further redefines paradigm leadership, emphasizing the need for digital skills, innovation and technology understanding that leaders must possess in order to improve business processes and lead teams through technological changes (Delioğlu & Uysal, 2022; Skare & Soriano, 2021).

At the same time, the leader's role of creating sustainable organizations is becoming increasingly evident. Modern leadership involves responsible management, balancing economic goals with social and environmental aspects of business. Alongside that, globalization increases the importance of leaders who are capable to successfully lead multicultural teams, understanding differences in values, norms and practices (Perez, 2017).

Key characteristics of modern leaders include flexibility, creativity, emotional intelligence, strategic thinking and open mind for innovations. According to Farrel (2017), leaders not only need to cherish creativity and support technological innovations, but also to

create an environment conducive to continuous learning and employee development. Successful leaders steer the organization towards sustainable goals, while developing the capabilities of their teams to face the challenges of the modern business world. Finally, leadership is increasingly defined as a key factor in knowledge management. Leaders are responsible for creating, transferring and applying knowledge in the organization, thereby ensuring its long-term competitiveness and success. This requires constant adaptation, innovation and reliance on teamwork, which makes leadership a central element in the development of modern organizations (Pellegrini et al., 2020).

2. Knowledge as key resource modern organization

Unlike the traditional economy, which relied on physical resources, modern organizations are based on the creation, sharing and application of knowledge as the main driver of development. In a globalized business environment, an organization's ability to effectively manage knowledge can be crucial for its survival and growth, as it enables rapid adaptation to change, increases innovation and strengthens its competitive position (Chaithanapat et al., 2022).

Knowledge in organizations is divided into explicit and implicit. Explicit knowledge is formalized, easily transferable and can be documented through procedures, databases and other records, while implicit knowledge is linked to the experiences, skills and intuition of employees. Although explicit knowledge enables process standardization and increases operational efficiency, it is precisely implicit knowledge that forms the basis of organizational intelligence, as it contributes to creativity and decision-making in complex situations. Its informal nature poses a challenge in identification and transfer, but at the same time allows organizations to develop flexibility and resilience to change (Ellis & Roever, 2021).

One of the key characteristics of knowledge, which distinguishes it from physical resources, is its ability not to be consumed by use, but to create additional value through dissemination and application. Its development depends on research, innovation and collective experiences of employees where knowledge is not only accumulated passively but is actively shaped through interaction and exchange of ideas. Since it is inextricably linked to human capital, its effective application depends on the degree of competence, creativity and engagement of employees. Organizations with highly qualified personnel not only adopt and adapt knowledge faster, but also more easily transform information into strategic resources that provide them with long-term market advantage (Haider et al., 2022).

Modern organizations must develop systematic knowledge management strategies that enable its effective integration into business processes. In this context, knowledge management is not only a technical challenge, but also an organizational and cultural process, which requires continuous collaboration, open communication and the creation of a supportive environment in which the contribution of each individual is recognized and valued. Organizations that successfully integrate knowledge into their business models not only improve operational efficiency, but also foster innovation, increase agility and build long-term sustainable business systems.

3. Synergy of knowledge and leadership in the context of globalization

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Globalization, as a process of accelerated linking of markets, people and information, has created a new business environment in which competition, innovation and technological progress are constant factors shaping the market. In this context, the synergy between knowledge and leadership becomes a key factor for achieving long-term success. Leaders who understand the strategic importance of knowledge can enable organizations to quickly adapt to the dynamic changes brought about by globalization (Claro & Silva, 2025; Born et al., 2025; Jensen, 2024).

Unlike earlier management concepts, where knowledge was treated as a technical resource, today it is increasingly viewed as a strategic tool for decision-making and recognition of market opportunities. Organizations that successfully manage knowledge not only achieve greater flexibility but also ensure sustainable competitive advantage through innovation. On the other hand, organizations that neglect the development of strategies for adequate knowledge management face stagnation and loss of market position (Rupčić, 2024; Nonaka, 2009).

In such an environment, leaders not only manage organizations, but also shape a working atmosphere that encourages the development, sharing and application of knowledge. Their role is no longer just setting goals and monitoring performance - leaders today must inspire, motivate and direct teams, and encourage an open exchange of ideas. In a globalized business environment, intercultural competencies of leaders become crucial for the successful management of teams that operate in different cultural and economic contexts (Hanson et al., 2021; Carreño, 2024; Bilderback & Thompson, 2025). Therefore, the synergy of knowledge and leadership is the basis for building competitive and flexible organizations that can cope with the challenges of globalization. Effective knowledge management, combined with the ability of leaders to guide and inspire teams, enables organizations to not only survive, but also thrive in complex market conditions. To achieve long-term sustainability, organizations must continuously invest in the development of leaders and intellectual resources, thus securing their position in the global market.

4. Leadership approach to global challenges: the example of montenegro research methodology

The research was conducted between January and March 2025, on a sample of 100 respondents employed in various organizations in Montenegro. The sample includes employees of different age groups, educational profiles, job roles and genders, which allows for a representative sample for the analysis of leadership and its role in the development and application of knowledge within organizations. Given the importance of knowledge in today's business environment, the research focuses on how leaders manage, share and use knowledge to respond to the challenges of globalization and improve the competitiveness of organizations.

The respondents were selected using a random sample method, allowing for the representation of employees from different sectors. The industries covered by the research include agriculture, tourism, manufacturing and services, and the research focuses on how leaders in these sectors develop strategies for the transfer and use of knowledge in order to adapt to global trends and technological innovations. Respondents participated in surveys that covered key aspects of leadership, including:

- Democratic and authoritarian leadership styles and their ability to encourage knowledge exchange and development within organizations.
- The impact of leaders on innovation and employee motivation through strategies that incorporate knowledge as a key resource for success.
- Attitudes toward change readiness, where leaders use knowledge to help organizations adapt to new challenges.
- Managing global challenges through strategies that leverage global knowledge and technological innovations.
- Digital transformation as a key element in integrating new knowledge into business processes.
- Competitiveness in the global market, based on leaders' ability to optimize knowledge utilization within the organization.

Thematic analysis was used as a method for data analysis, as it allows identification of key themes and forms in the respondents' responses, with a particular emphasis on how leaders in Montenegro manage and develop knowledge within their organizations. This approach allows for a deeper understanding of how leaders shape organizations and how their ability to develop and apply knowledge affects the competitiveness and sustainability of organizations in a globalized business environment.

4.1. Results

The understanding of leadership throughout history has varied; in the past, it was believed that leaders are born, while today the prevailing view is that leadership depends on the development of skills through education and experience. Leaders develop through a continuous process of learning, training and experience (Jago, 1982; Northouse, 2025).

Table 1. Analysis of Leadership in Montenegro

Key Aspects of Leadership in Montenegro	Arithmetic Mean (%)
Leader's ability to solve problems	80
Leader's willingness to share knowledge with employees	50
Leader's responsibility for the organization's success	88
Role of the leader in organizational changes	89
Creation of knowledge within the organization	91
Communication with employees	76
Commitment to employee motivation and satisfaction	89
Managing different cultures	78
Monitoring global trends	65
Willingness to take risks	56
Recognizing the importance of digital transformation	68
Developing cooperation with international partners	74
Encouraging innovative thinking	60

Source: Own research

4.2. Discussion

The majority of respondents (80%) consider that a leader should be democratically oriented, which means that most people value openness and inclusiveness in leadership. However, 20% of respondents consider that a leader should be authoritarian, which indicates divided opinions about the leadership style. When it comes to knowledge sharing, 48% of respondents consider that the leader shares their knowledge with employees, while 52% of respondents consider that this is not the case. This may indicate the need for improvement in the area of communication and exchange of information between leaders and employees.

In terms of responsibility, 88% of respondents believe that the leader should be responsible for the success of the organization, which includes problem-solving and making key decisions. Similarly, 89% of respondents consider that the leader should be a carrier of change, because leadership largely implies the ability of the organization to adapt and develop. When it comes to knowledge creation, 91% of respondents believe that the leader plays a key role in this process, which is especially important for organizations that strive for innovations and continuous learning. Similarly, 76% of respondents consider that the leader should spend most of the time in communication with employees, because this enables better understanding and effective management of the organization.

Employee motivation and satisfaction also stand out as key factors for success, with 89% of respondents who consider that the leader should be dedicated to this. This is in accordance with modern approaches to leadership that recognize the importance of emotional intelligence and a positive work atmosphere.

In relation to the specific characteristics of leaders in Montenegro, 78% of respondents consider that leaders do not have sufficiently developed multicultural competencies, which indicates room for improvement of skills in this area. Also, 65% of respondents recognize the importance of global trends, but state limitations in the implementation of these trends in organizations. 68% of respondents consider that leaders in Montenegro recognize the importance of digital transformation, but there are challenges in the full application of these changes. Readiness for risk is somewhat lower, with 56% of respondents who consider that leaders are somewhat ready to take risks. This may indicate caution and a desire for stability, but it may also represent an obstacle for rapid adaptation and innovations. In terms of cooperation with international partners, 74% of respondents consider that leaders in Montenegro develop cooperation with foreign partners, but there is room for strengthening international networks and improving cooperation. Innovative thinking is also gradually developing, with 60% of respondents who consider that leaders are beginning to develop innovative approaches.

Previous research, including the works of Janićijević (2019), Nikčević (2016, 2023, 2024), indicate the presence of similar challenges in the domain of leadership in Montenegro. Related conclusions are also found in international studies, such as those conducted by Northouse (2018), Boeske (2023), Anderson & Crutcher (2023), Ishchuk (2024), Batsenko & Halenin (2024), where limited readiness of leaders to take risks is identified, as well as slow implementation of digital innovations in leadership practice.

Based on the results of the survey, several paradoxical situations are observed that reflect contradictory aspects of leadership in organizations in Montenegro. Although 80% of respondents consider their leader democratic, 20% see them as authoritarian. This indicates the existence of a mixed leadership style, which may cause confusion among employees, because some prefer participation, while others expect quick and clear decisions in crisis situations. The majority of respondents consider that the leader should be responsible for the success of the organization, but only 48% consider that the leader shares their knowledge with employees. This discrepancy may reduce the efficiency of the organization, because key information does not reach all members of the team, which may limit the growth of employees. Although 56% of respondents consider that leaders in Montenegro have moderate readiness for risk, there is a strong need for security and stability in organizations. Excessive security may limit innovations, because leaders, although they recognize the need for risk, avoid making decisive and strategically bold decisions that could accelerate progress. Although 60% of respondents consider that leaders are beginning to develop innovative approaches, there still exists significant resistance to new ideas, because organizational culture and traditional business practices favor old methods. This conflict between innovation and tradition may complicate the implementation of changes.

Finally, although 76% of respondents consider that communication with employees is key, digital transformation may create barriers in personal interactions. Balancing effective use of technology with the need for personal communication becomes a challenge for the leader, because excessive digitalization may reduce trust among employees and negatively affect organizational culture.

The obtained research results indicate that leaders in Montenegro possess significant potential for further development, but also that there are aspects of leadership that require additional improvement. If organizations are to become more competitive and ready for contemporary global challenges, it is necessary to invest additional efforts in the education of leaders and the application of modern business practices. In this context, adaptation of leadership styles is particularly important — leaders should skillfully balance between the democratic approach, which encourages inclusion and engagement of employees, and the authoritarian approach, which can be effective in situations that require quick decision-making. Also, it is necessary to strengthen the culture of knowledge sharing within the organization, because transparency in this regard not only contributes to the development of employees but also enables faster and more efficient response to market changes.

In addition, the results indicate the need for greater assumption of responsibility by leaders, as well as for improvement of communication with employees. This contributes to the creation of a positive organizational climate, greater trust, and more efficient decision-making.

In the contemporary business environment, additional attention must be devoted to the development of multicultural competencies, so that leaders are prepared to work in diverse teams and cooperate at the international level. Furthermore, leaders should encourage innovations and develop greater readiness for taking thoughtful risks, because precisely these qualities are key for dynamic and competitive business operations. In parallel with this, digital transformation imposes itself as an unavoidable step — leaders should lead the processes of introducing digital solutions so that organizations keep pace with contemporary trends. Finally,

the results emphasize the importance of developing international business relations, which can contribute to long-term stability and growth of organizations.

Taking into account all the above, it is clear that by strengthening the competencies of leaders and improving key areas of leadership, it is possible to significantly contribute to the development of modern and competitive organizations in Montenegro.

5. CONCLUSIONS

Leadership in the modern business environment represents key strength that enables organizations to respond to challenges of globalization. In a world that is everyday more and more connected, leaders must pay attention to understand the complexity of the global market, cultural differences and economic turbulence. Their capability to develop strategies that balances innovation, sustainability, and cultural adaptability becomes critical to success. Effective leaders not only steer organizations toward growth but also inspire teams to adapt to dynamic circumstances and recognize new opportunities. In that sense leadership is more than usual management – that is strategic response to global challenges, shaping the future of an organization and enabling it to survive and progress in an increasingly competitive global environment. This approach enables leaders to create long-term competitive advantages, making leadership not only a means of management, but also a key factor in sustainable business success.

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