

**A Study of Leadership and its Impact on Vision, Strategy and  
Change Management in Three Russian Financial Services  
Businesses:**

**A Case Study Approach**

Three Case Studies from within the Financial Services Sector:

Insurance, Leasing and Retail Banking

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## Abstract

This study aims to explore how a vision and strategy were developed and implemented in three Russian financial services businesses. The businesses were all part of Basic Element, one of the largest Russian industrial and financial services conglomerates owned by Oleg Deripaski, one of the richest Russian oligarchs with extremely close connections to the Kremlin. The CEOs that led each business were from different nationalities. A Russian national led Ingosstrakh, the insurance company, a British CEO led Bank Soyuz, and a Canadian CEO led the leasing company, Element Leasing. Each demonstrated distinctly different leadership styles.

The literature suggests that the transfer of leadership theory to non Anglo-USA-centric cultures may well lead to findings different from the current ones. Indeed, it is proposed that the dominant national culture will impact both the enacted leadership style and the followers' expectations and acceptance of such a leadership style. The literature and the popular press have articulated that the most effective leadership style and the one most preferred by Russians, even in modern Russia, is the stereotypical autocratic leader—the kind who 'takes no prisoners'. Thus, the Russian authority figure is expected to exercise a high power-distance relationship with followers, as a distant and highly directive, coercive leadership style is still believed to be the most effective in contemporary Russia. In addition, the literature calls for more research to explore leadership styles and practices outside of the Anglo-USA context. This study contributes to the call for more information on leadership styles and behaviours in different national cultural contexts.

The study employs a case study method using 20 in-depth interviews with the above stated companies. The interview style used a semi-structured format and interviewees included the three CEOs (each of a different nationality) and 14 directors (all of whom were either direct reports or fellow board members). The interview transcripts were analysed using a combination of a priori and emergent coding. These analyses were then used to explore the 10 propositions developed from the literature review.

The findings demonstrate that more engaging and authentic leadership styles can be, and are, effective in a culture that is significantly different from the UK and the USA in terms of the Hofstede dimensions of power distance and uncertainty avoidance (Hofstede). From the data

obtained, the effectiveness of the CEOs and their related styles were not overly influenced or constrained by their nationality.

The assessment of the CEOs' effectiveness included the views and reactions of followers. These indicated that, contrary to expectations, followers from the home nation preferred a more engaging and involving style of leadership. This represents a challenge to established cross-cultural literature and contributes to this literature by challenging models and assertions within a global business context.

It should be noted that the study was based on direct access to CEOs and direct reports of significant companies within the Russian context. This contributed to much of the cross-cultural leadership literature that relies on survey-based data or case studies employing secondary data. In terms of this study's contributions to leadership practice, this case study contradicts the conventional narrative regarding what Russian managers should do in order to organise people; it also contradicts the idea that an autocratic leadership style is preferred. Against this background, the current study contributes to the call for more information on leadership styles and behaviours in different national cultural contexts. This has particular implications for leadership development in multinational corporations (MNCs) in terms of both the parent company and their branches in other countries. In talent management, succession and leadership development, it is important that future leaders are developed to cultivate followers' behaviours and expectations by understanding their basic common human qualities and employing a leadership style that transcends national boundaries and caricatures. In addition, leaders should do this based on an in-depth understanding of the "real" national culture rather than on stereotypical assumptions.

Furthermore, in practical terms, the study provides a note of significant caution to potential Russian investors and management development experts from the West in terms of simplistically stereotyping the Russian mindset.

The limitations of the results with regard to generalisability have been considered, and suggestions for future research presented.

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## Chapter 1

### 1. Introduction

This chapter provides context, the purpose for this area of interest, the value derived from this study, open issues related to the study, and the framework and organisation of the thesis. This study is exceptional due to the direct access it gained to CEOs and reports of significant companies in Russia. This contributes to much of the cross-cultural leadership literature that relies on survey-based data or case studies employing secondary data. The businesses are owned by Basic Element, which is one of the largest Russian industrial and financial service conglomerates. Basic Element is owned by Oleg Deripaski, one of the richest Russian oligarchs with extremely close connections to the Kremlin.

The research setting was unique in that it accessed a little known or understood echelon of the Russian economic and political elite. It also provided access to Russian senior managers, some of whom were 'new' professionals—i.e. young men and women—while others owed their positions to the Soviet reign and their status as former members of the KGB. The researcher's deployment inside such an organisation as Basic Element placed him in a privileged position, and he sought to introduce the best Western practices of governance. In this context, the timing of the study was fortunate and there was openness towards the research.

At the time of the study, the researcher was a non-executive director within the Financial Services division at the Group Centre, responsible for 'Insurance and Pension' businesses. The position title was 'Managing Director – Insurance & Pensions', which emphasised the seniority of the role. The researcher had exceptional access to the owner, the owner's board representative, chairman, board members, CEOs, directors and senior managers. The researcher regularly interacted with all of the above: they were, in large measure, the researcher's peer group. The researcher's non-executive mandate was to provide an overview regarding strategy, governance, audit and executive performance. The role was new and the researcher was the first incumbent as the owner sought to improve results and, in due course, attract foreign investment

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through a planned IPO. The researcher was given open and unrestricted access, and there was no pressure in terms of process or the editing of the findings. The researcher made it clear that the study was for a UK-based doctoral programme and that the results would be published. There was no pressure on the research approach or findings such that they would be compromised. The researcher did not, therefore, have to put in place any special measures to protect the integrity of the process. He was aware that his phone may well be 'bugged', but this would not be unusual for a foreign manager living and working in Moscow, Russia. As a managing director within a Russian private equity group, the researcher was able to explore previously inaccessible phenomena. He was careful to minimise the chances of misrepresentation and to maximise the access required to collect the data. The researcher was aware that interviews take place in a context of social interaction and was therefore sensitive as to how the interaction could influence the responses (Denzin & Lincoln, 2000). There was potential for bias, minimised by using multiple sources of evidence and corroborative evidence. Bias cannot be completely eliminated but should be recognised and its implications acknowledged and accepted (Remenyi et al., 1998). As the current literature is a rich source of themes, the researcher used the text to create themes and sub themes (Miles & Huberman, 1994). The title of 'managing director' ensured the appropriate perceived level of authority. It was assumed that certain interviewees provided information the researcher wished to hear. This was ameliorated by ensuring that time was invested in clarifying the researcher's purpose. The study provided a unique management opportunity to gain insights into the mechanisms of organisational change within a complex setting, i.e. that of a Russian oligarch-owned private group of companies. The researcher had easy access to people, data, events, history and the underlying institutional motivations. The study is an example of a senior executive undertaking management research into the organisation and changing the programme for which they were partially responsible.

The two key research design choices were the degree of involvement as a researcher, and the unit of analysis; ultimately, the leaders of the three Russian companies were selected as units of analysis (Yin, 1993, 1994). These findings offer local knowledge and are essentially contextually bound. The construct validity is dealt with by using multiple

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available sources of evidence to provide a more accurate representation of reality (Silverman, 2001).

There a number of weaknesses associated with this approach:

- Data can be open to misinterpretation due to cultural differences.
- Data is subject to observer effects, which may be obtrusive and reactive.
- The process is highly dependent upon the ability of the researcher to be resourceful, systematic and honest, thereby controlling bias.

The researcher attempted to reduce bias by adopting a rigorous and systematic approach to redress any poorly understood questions, response bias, and 'reflexivity'—i.e. the interviewee telling the interviewer what he wants to hear (Yin, 1994).

Chapter 1 is organised such that it offers a clear road map for this thesis.

### **1.1. Background**

This section outlines the purpose of the area of interest within this study. There were, from the extended period that the researcher was immersed in the subject matter, numerous and multifarious influences affecting his standpoint; this is based on expert opinions of these scholarly reviews. The researcher wished to contribute more information on leadership styles and behaviours in different national contexts. This learning orientation certainly shaped his understanding of the visioning process, the leadership role, strategy formulation, how it is culture-bound, and the implementation of sustainable change. Furthermore, this section will set up the context of the study, highlight recurring issues and address the questions of why and what to research (Remenyi et al., 1998).

With regards to visioning, leadership, strategy formulation and organisational change, the literature is extensive and long-standing. Leadership research and theory has been largely developed and tested within 'Anglo-USA' contexts, with not many studies in emerging economies (McCarthy et al., 2008; Fairhurst, 2009; McCarthy et al., 2010; Puffer & McCarthy, 2011; Edwards & Gill, 2012). This study explores the extent to which leadership theory is relevant in different cultural contexts, or needs further

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explanation to account for cultural differences. Our 'story' takes a Western view of visioning, strategy formation and change effectiveness associated with leadership behaviours, and explores the significantly different picture in Russia. Russia is very different to the USA and UK. By dint of circumstance, the researcher lived and worked in Russia for five years, and was able to access a purposive sample of senior managers and board directors from within the financial services sector. The decision was therefore taken to look at visioning, strategy formulation and organisational change in a Russian context.

The key area of interest for this study is the role of Russian leadership behaviours in defining the vision statement and, in so doing, providing a clear direction for organisational change. Without direction, both in terms of who we are and who we want to be in the future, desired organisational change cannot occur (Burke & Trahan, 2000; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Kakabadse et al., 2005; Srinivasan, 2014; Reid et al., 2014). Although scholars have shown that leadership behaviours tend to be associated with effective change management, little attention has been paid to Russian companies. In this study, the 'big' question we seek to shed light on is: what approach is likely to be most effective in developing and implementing a strategic vision in today's Russia? A subpart of this question is: how do owners, CEOs, board members and senior management leadership behaviours set the strategic direction for Russian companies? The study also explores the influence of shareholders in shaping vision and setting direction. The literature in the West addresses how leaders behave largely in an Anglo-USA context. The extent to which it holds true in different cultural contexts is central to this study. Organisational change cannot be separated from organisational strategy or vice versa (Rieley & Clarkson, 2001; Trompenaars & Woolliams, 2003; Higgs & Rowland, 2003; Darcey-Lynn & Farbrother, 2003; Burnes, 2004; Higgins & McAllaster, 2004; Higgs & Rowland, 2005; Bruch et al., 2005; Hannah et al., 2011; Vara & Whittington, 2012; Eberly et al., 2012; Jarzabkowski et al., 2013).

Due to the importance of organisational change, its management is becoming a highly required skill (Senior, 2002). Graetz (2000, p.550) goes so far as to suggest that

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*against a backdrop of increasing globalisation, deregulation, the rapid pace of technological innovation, a growing knowledge workforce and shifting social and demographic trends, few would dispute that the primary task in management today is leadership and organizational change.*

This study seeks to explore shareholder and ownership influence and the perceptions of the board and others regarding CEO leadership behaviour. It examines how leadership behaviours are expressed, forms of language and the organisational climate fostered. The relationship between the leaders, peers and followers is also studied, as is the contextual associations between nationalities. The influence of the Soviet legacy on behaviour is explored and whether personal traits are a significant factor in building trust and a following. The visioning process and the implementation of strategy, both within an organisation and comparatively, are explored. A pastiche composed of directive and 'authentic' leadership behaviour vignettes highlights different 'stories' of change and some surprising and interesting differences.

## **1.2. Aims and Objectives**

In Russia, over the last 20 years, leadership and management have been exposed to significant change. In the 1990s, Russia as a country fell apart and, post-Communism, moved away from a centralised economy; however, there remains a centralisation of the economy in the hands of a few and there is still political intervention. Research has consistently shown that Russian culture differs from Western culture (Hofstede, 2001; McCarthy, Puffer & Darda, 2010; Puffer & McCarthy, 2011). Some argue that Russian leaders are more likely to adopt management practices from the West (Fey et al., 2001; Fairhurst, 2009). However, the main perception is that they remain wedded to 'old habits'. How can we expect Russian companies to operate in a manner similar to Western companies, given the cultural context? We should expect significant differences. Within this context, assessing management behaviour and Russian leadership behaviour has proven problematic (Puffer, 1994; McCarthy et al., 2008). The traditional Russian leadership style is strong, authoritative and deeply embedded in the country's mythology, which embraces forceful and authoritarian leadership actions (Naumov & Puffer, 2000; Ralston et al., 2008; Fey, 2008; Kets de Vries et al.,

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2008; Grachev, 2009; McCarthy et al., 2010). Leadership is a continuous process in context (Higgs & Rowland, 2005). Formulating the content of any new strategy inevitably entails managing its content, shaped by political and cultural considerations, though often expressed in rational and analytical terms (Pettigrew, 1985a, 1985b). Leadership arises in the context of a complex and distributed view of change (Senge, 1997; Higgs & Rowland, 2005; Gill, 2011).

### **1.3. Potential Value**

The first area for exploration concerns the process and content of the activity of visioning. Studies that identify mental representations and processes underlying the visioning activity of leaders in Russia are clearly needed (Elenkov, 1998; Kets de Vries, 2000). What triggers the visioning activity, and what sustains it over a period of time? These are questions that call for answers. What predispositions, motivations and contextual variables may be responsible for the initiation and maintenance of visioning? Another aspect of the visioning activity that needs to be studied is the structure and content of the vision itself (Larwood et al., 1995). What are the components of a vision? This will enhance our understanding of how to structure a vision and what aspects of the vision are crucial (e.g. risk propensity, degree of detail and so on).

Although there is agreement regarding the significance of visioning and strategy activity as a behavioural process, it is poorly understood in Russia (Engelhard & Nagele, 2003; Fey & Denison, 2003; Rassadina, 2007; Ralston et al., 2008; Fey, 2008; Kets de Vries et al., 2008; Ledeneva, 2008; Puffer & McCarthy, 2011). Two polar positions exist in Anglo-USA-centric literature: one argues that the process is deliberate and rational, and therefore trainable (Mintzberg & Waters, 1985; Larwood et al., 1995; Nutt & Backoff, 1997; Orlikowski & Hofman, 1997; Reid & Roberts, 2011), while the other sees visioning by the leader as a more complex, emergent process (Wheatley, 1992; Shaw, 1997; Weick, 1995; Jaworski & Scharmer, 2000; Higgs & Rowland, 2005; Kakabadse et al., 2005; Srinivasan, 2014).

These distinct positions raise several interesting questions:

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- (1). Is strategic visioning indeed deliberate or emergent or both (Higgs & Rowland, 2005)?
- (2). Is it possible for both 'messy', deliberate and emergent visioning processes to occur simultaneously (Shaw, 1997)?
- (3). Under certain contextual conditions, is one process more sustainable, appropriate and feasible than the other (Weick & Quinn, 1999)?

Another area for exploration is the manner in which Russian leaders' behavioural characteristics—such as articulation skills, activity levels and exemplary modelling—facilitate trust, provide direction and motivate Russian followers to achieve the organisation's vision (Rassadina, 2007; Ralston et al., 2008; Fey, 2008; Kets de Vries et al., 2008; Ledeneva, 2008; Puffer & McCarthy, 2011). Kirkpatrick & Locke's (1996) study and the work of Podsakoff et al. (1990) are examples of efforts in this direction. The main issue revolves around how to frame and articulate the vision for maximum impact (Burke & Noumair, 2002; Enkel et al., 2010; Reid et al., 2014).

*Today the field of leadership focuses not on the leader, but also on followers, peers, supervisors, work setting, context and culture, including a much broader array of individuals representing the entire spectrum of diversity, public, private and not-for-profit organisations, and increasingly, over the last 20 years, samples of populations from nations around the globe. Leadership is no longer simply described as an individual characteristic or difference. This has been depicted in various models: dyadic, shared, relational, strategic, global and social dynamic (Avolio et al., 2009, p.422).*

The identification of dispositional attributes of followers that may enhance their receptivity and commitment to a leader is a further area of research. Various researchers (Downton, 1973; Galanter, 1982) have suggested that certain follower predispositions, such as submissiveness and low self-esteem, may, in part, be responsible for behavioural outcomes such as a high level of emotional commitment to the leader, heightened motivation, willing obedience, greater group cohesion and a sense of empowerment (Gerber & Seligman, 1980; Conner, 1999; Higgs & Rowland, 2000, 2001; Higgs, 2003; Marion & Uhl-Bien, 2001; Pearce & Conger, 2003; Lord &

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Brown, 2004; Howell & Shamir, 2005; Shamir et al., 2006; Shamir, 2007; Crossan et al., 2008; Hernandez et al., 2011; Van Knippenberg & Sitkin, 2013; Pearce et al., 2014).

Besides their dispositions, followers' perceptions of the context may act as possible contingencies of transformational leadership effectiveness. For example, when the context evokes feelings of high uncertainty, helplessness, powerlessness and alienation among followers, conditions become ripe for a leader's influence within an organisation. The psychological processes underlying helplessness and alienation, and the identification of specific organisational conditions that promote such psychological states among followers, have received little attention in transformational leadership research (Conger & Kanungo, 1992; Yukl, 2006; Avolio et al., 2009; Buss, 2009; De Vries & Van Kampen, 2010; Day & Antonakis, 2011; De Vries, 2012). This study will explore such issues in Russia in greater depth.

Analysis of culture as a contingency variable in leadership effectiveness is an important area for exploration. Innumerable cultural dynamics influence the leadership process (Adler, 1997). Followers are more likely to attribute leadership to an individual when they perceive his or her leadership behaviour to be culturally appropriate and in congruence with their own cultural values (Higgs & McAllaster, 2004; Trompenaars & Woolliams, 2003; Higgs & Rowland, 2003; Darcey-Lynn & Farbrother, 2003; Higgins & McAllaster, 2004; Higgs & Rowland, 2005; Bruch et al., 2005; Hannah et al., 2011; Gill, 2012; Eberly et al., 2012). Culture sensitivity is a part of the global mindset required of leaders operating in any environment. Because different cultures have different beliefs, values, modes of articulation, vision formulation and so on, explorations of these variations is critical in identifying sources of leadership effectiveness in a Russian cultural context (Kanungo & Mendonca, 1996).

Russia has been plagued by poor governance, corruption, organised crime, intractable bureaucracy and an unstable political and economic system (Fey et al., 2001). Russia also has a high power-distance index (HPDI) as a national dimension (Hofstede, 1980, 2001). A HPDI in a business organisation can manifest in a centralised decision structure: i.e. concentrated authority, tall organisational pyramids, a clear hierarchy and imbedded existential inequality, where an ideal boss is a well-meaning autocrat. Managers rely on formal rules, subordinates expect to be told and authoritative leadership leads to performance satisfaction and productivity, but there is no protection against a superior abusing his power and information is controlled by the

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hierarchy (Fey et al., 2001; Buss, 2009; De Vries & Van Kampen, 2010; Day & Antonakis, 2011; De Vries, 2012).

Change requires an understanding of the underlying systemic structures (Senge, 1990; Weick, 1995) and recognition of the importance of contextual considerations (Kotter, 1996; Beer & Nohria, 2000; Pettigrew et al., 2001). Exploration is required into the dynamics of how, in Russia, context acts as a stimulus for defining a vision and is a contingency variable for transformational leadership effectiveness in both theoretical development and empirical verification (Larwood et al., 1995; Kakabadse et al., 2005). There also needs to be an examination of how, why and when Russian leaders identify and articulate crises and deficiencies. Future research should focus on exploring the extent to which crises and opportunities trigger transformational leadership in the Russian context and how they are used by Russian leaders to increase their influence (Pettigrew et al., 2001).

The debate is whether or not change can only be effective if organisational culture is altered. For change to be successful, it has to be positioned in the dominant organisational culture paradigm (Higgs & Rowland, 2005, 2010). There is a need for a Russian-based 'situational model' or 'contingency model' to ascertain to what degree an organisation needs to vary and change strategies to achieve an 'optimum fit' within a Russian environment (Dunphy & Stace, 1993). Culture has a major impact on change success (Kotter, 1996; Goffee & Jones, 1998; Schaubroeck et al., 2012; Vara & Whittington, 2012; Eberly et al., 2012; Jarzabkowski et al., 2013). It is crucial to develop business change in a way that is compatible with the existing corporate culture (Trompenaars & Woolliams, 2003). There is no right or best culture for an organisation (Higgs & Rowland, 2005). Leadership, it is argued, is power within a context (Grint, 2005). Irrespective of whether there is growing interest in the role of leaders in a change context (Senior, 2002; Higgs & Rowland, 2005), a failure to recognise these considerations can result in "stuckness" (Higgs & Rowland, 2010; Schaubroeck & Shao, 2012; Zhang et al., 2012; Marcus & Le, 2013; Kyootai et al., 2014). Effective leadership is culture-bound and needs to take into consideration the

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unique cultural context within which it operates. This study will shed light on these questions in the context of Russia.

*“Leader as a risk taker in country are conjectured with high, as opposed to low, uncertainty avoidance will be at odds with the prevailing national culture”* (Hernandez et al., 2011, p.1175).

The final area to be potentially researched in a Russian context concerns the mechanisms of the transformational effects on change (Kanungo & Mendonca, 1996). An understanding of these mechanisms influences dynamics and how change is implemented; however, this understanding remains at a speculative level within Russia and requires both theoretical development and empirical validation from future research. For example, the process of empowerment is used to explain the transformational influence process (Meindl et al., 1985; Shamir, 2007). Traditionally, empowerment has been viewed more as a transactional process of sharing power and resources (Conger & Kanungo, 1988c). Several researchers, however, have argued that empowerment should be viewed as a process of enabling followers through the enhancement of their personal self-efficacy, beliefs and intrinsic task motivations (Bandura, 1977; Beer, 1980; Bass & Avolio, 1994; Erez & Isen, 2002). Viewed in this way, transformational leadership influence is a process of transforming followers' concepts, and their attitudes toward the task and the overall organisational goal. The Thomas & Velthouse (1990) model of empowerment, defined around increased intrinsic task motivation, suggests that critical to the process of empowerment is an understanding of workers' interpretive styles and global beliefs. Implications of this cognitive perspective on empowerment need further exploration, as attempted by Spreitzer (1995, 1996). Likewise, the nature of, and mechanisms underlying, the empowerment process of the self-efficacy model proposed by Conger & Kanungo (1988b) could be further validated in the context of Russia. It has been argued that the transformation that followers achieve through empowerment is very much influenced by leaders' altruistic motives and conduct in an organisational context. This study will explore altruism and the ethical conduct of Russian leaders as the basis of their transformational influence in the organisation (Conger & Kanungo, 1993).

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#### **1.4. Defining the Problem and Key Questions**

There are a number of critical questions that have surfaced that are still to be addressed. These include:

##### **1.4.1. The Main Question**

Although scholars have shown that leadership behaviour tends to be associated with effective change management, little attention has been paid to Russian companies (Fey, 2008; Grachev, 2009; Puffer & McCarthy, 2011).

How do senior leaders develop and implement a strategic vision in Russian companies?

##### **1.4.2. Related Questions:**

- In Russia, what triggers the visioning activity and what sustains it over time?
- What is the strategy process in Russia and how is it connected to organisational outcomes?
- How does the Russian cultural context act as a contingency for leadership effectiveness?
- To what degree is the process of empowerment in Russia well characterised primarily on the basis of a transactional process?
- How do the innumerable cultural dynamics in Russia influence the leadership process and ensure that leadership is bound to culture?
- How can the sources of leadership effectiveness in the Russian cultural context be identified?

#### **1.5. Research Tasks**

In order to assist the reader, these signposts have been placed to sense-check the central direction of this study. The study itself was more a circle of activities, and here, each activity is briefly introduced (Creswell, 1994):

1. A comprehensive literature review was undertaken of the following areas: the visioning process, strategy development and processes, leadership behaviours, follower–leadership dynamics and management change with reference to
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Russian national and business culture. This was undertaken to identify gaps and specific research questions.

2. Senior executives within the Basic Element, one of the largest oligarch-owned Russian financial and industrial conglomerates, were approached to request their participation in the study. The reasons for choosing this sector for research are explained in detail in Chapter 4.
3. Pilot interviews were conducted with both a leasing and an insurance company executive within Basic Element. This was a function of timely access and the researcher's belief that each company would present differing and distinct challenges that would 'stress test' the interview approach.
4. In-depth taped interviews were conducted with 20 senior executives from within Basic Element, the largest privately held financial conglomerate in Russia.
5. Responses from the interviews were transcribed by a Russian female executive assistant. The responses were coded into ATLAS.ti coding software for content analysis, for which the researcher has received training.
6. The data was analysed using a combination of inductive and deductive analysis, which combined priori codes with data codes to reflect emerging themes.
7. Multiple techniques were used to make sense of the data gathered; this included collecting memos, understanding relationships, and sorting according to topic, then themes and sub-themes for subsequent analysis.
8. Internal and Boston Consulting Group strategy papers were studied, together with numerous documents from the public domain. These were used as reference points to understand the respondents' feedback and the relevance to the company's 'official' strategy position.
9. The final thesis was written.

### **1.6. Key Assumptions and Limitations of the Research**

The research approach can be better understood by examining how this study fits into the Runkel & McGrath (1972) 'three horned dilemma' model. According to this model, this field of study was in the 'real context'. While the realism of the context is at a

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maximum, precision of measurement and the generalisability of the findings present potential problems. Our ability to generalise outside the sample frame is clear. The value of qualitative research is comprehension, not generalisability, and the researcher's task is to 'find out'.

The typography used to describe is shown below:

- i. Settings in a natural setting.
- ii. Contrived and created settings.
- iii. Behaviour that is not setting-dependent.
- iv. No observation of behaviour required.

- A) Point of maximum concern with generality.
- B) Point of maximum concern with precision of measurement.
- C) Point of maximum concern with system character and context.

*The research process can be viewed as a series of interlocking choices, in which we try simultaneously to maximize several conflicting desiderata. Viewed in that way the research process is to be regarded not as a set of problems to be 'solved' but rather as a set of dilemmas to be 'lived with'; and the series of interlocking choices is to be regarded not as an attempt to find the 'right' choices but as an effort to keep from becoming impaled on one or another of one horn or more of these dilemmas (McGrath, 1982, p.69).*

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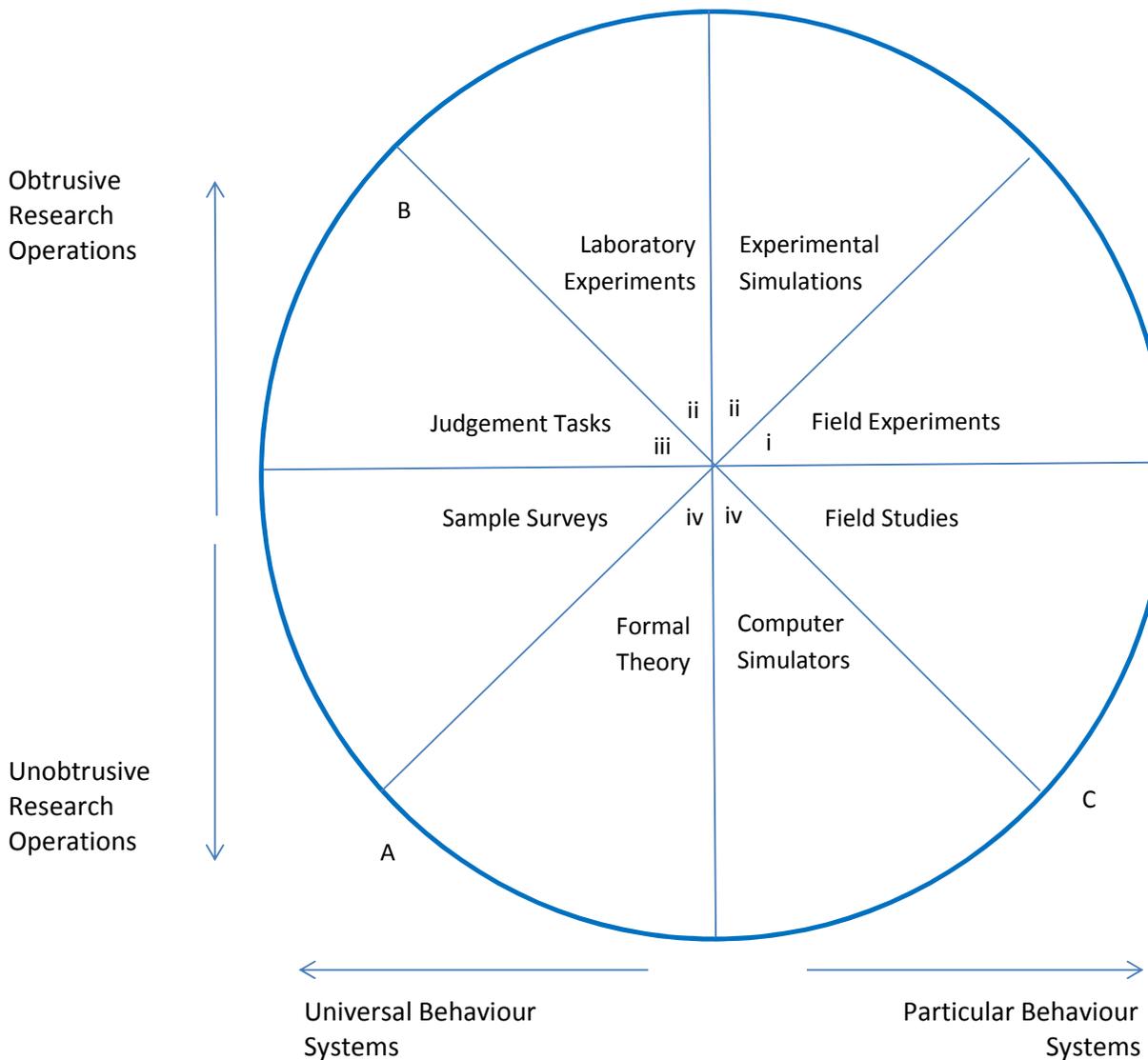


Figure 1. The 'Three Horned Dilemma': Runkel & McGrath (1972).

In reviewing these schemata, the strategy adopted for this study is characterised as existentially 'real', by virtue of taking place in settings. The realism of the context is at a maximum; the precision of measurement and generalisability of the findings are far from their maximum.

*"The field study, thus seizes the 'A' horn of the dilemma boldly, but must 'sit' upon relatively uncomfortable levels of the 'A' and 'B' horns"* (McGrath, 1982).

The organisations sampled were representative of the financial services industry. In Russia, this is dominated by a mix of oligarchic and 'statist' ownership. It is recognised that the qualitative nature of the research was 'rich' and insightful and, to a degree, the generalisability was therefore compromised.

The research methodology will be discussed in full detail in Chapter 4.

### **1.7. Structure of the Thesis**

The spirit of this thesis is to encourage further debate and enquiry into how Russian senior leaders behave; it does not aim to present a definitive picture (Kotter, 1990; Hammer & Champy, 1993; Higgs & Rowland, 2000; Fairhurst, 2009; McCarthy et al., 2010; Puffer & McCarthy, 2011). The structure of the rest of this thesis is as follows:

- **Chapter 2** surveys the literature, and the Anglo-USA-centric character of the body of knowledge. Indeed, there are not many studies that revolve around other emerging economies and, in particular, Russia. Russia is very different from the UK and USA. The review surveys the visioning process, strategy formation, follower commitment, leadership behaviours and implementation of strategy within this Russian context. We would expect Russian national culture to dominate practice.
  - **Chapter 3** presents the model and propositions that arise from the literature review. The model is to identify gaps in the literature and seeks to offer new insights through this study.
  - **Chapter 4** describes the research methodology and philosophical approach, the choice of method, procedure and details of the interviews (such as interviewee status, dates, sample, interview schedule, questions and method of analysis).
  - **Chapter 5** undertakes data analysis sourced with desk research and in-house documents. It defines the industry parameters, key trends, current positioning, strategic changes involved and the status of the implementation of the main strategic projects, pertaining to insurance, leasing and retail banking with special reference to Ingosstrakh, Element Leasing and Bank Soyuz. These were analysed and cross-referenced as relevant to the respondent feedback. A comprehensive themed data analysis for each case, as well as cross-case analysis, was completed. These offer explanations and an exploration of the 10 propositions, as well as reveal the differences between how the CEO perceives
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himself and how others perceive his leadership behaviour within each case. The study also provides an in-depth case and cross-study analysis of Ingosstrakh, Bank Soyuz and Element Leasing, and a comparative analysis across the three case studies, examining each of the six themes. The 10 propositions were tested and the differences in company performance were highlighted, with possible explanations.

- **Chapter 6** contains a discussion and a conclusion based on the content of Chapter 5.
  - **Chapter 7** concludes with major research findings, suggestions for future studies and the implications of the thesis for practice and academia. The chapter looks back to theory to see what is confirmed and what is different when considering the overall contribution to existing theory and practice.
  - **Chapter 8** contains a personal reflective commentary on the learning journey.
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## Chapter 2

### 2. Literature Review

#### 2.1. Introduction

At the beginning of this chapter, the researcher takes the reader through the highlights of the review and offers signposts to thread the foundations for the study.

The overarching question posed in the study is: how and why, in a Russian context, do senior leaders develop and implement a strategic vision in Russian companies? Embedded in this question is another: are there any differences between strategic vision in Anglo-USA companies and Russian companies due to Russian national characteristics? In a Russian context, to what extent is the visioning process, strategy formulation and other follower-alignment aspects in an organisation linked to the successful implementation of change? Successful and effective leadership is shown to be more related to facilitative and enabling behaviour, exemplified by the leader building a 'container of change' (Lichtenstein, 1997; Higgs, 2003).

The literature is extensive and long-standing. Leadership research and theory has been developed and tested largely within Anglo-USA contexts with not many studies in emerging economies (McCarthy et al., 2008). Yet, "*with a growing interest on research and theory that focuses on the role of leadership across cultural contexts*" (Avoli et al., 2009, p.438), this study explores the extent to which the literature holds in a different cultural context and the extent to which it needs further explanation. Our 'story' takes a Western view of visioning, strategy formation and change effectiveness associated with leadership behaviours, and explores the significantly different picture in Russia. Russia is very different to the USA and UK.

In Russia, over the last 20 years, leadership and management have been exposed to significant change. In the 1990s, Russia as a country fell apart, turned post-Communist and moved away from a centralised economy. Research has consistently shown that Russian culture differs from Western culture (Bollinger, 1994; Hofstede, 2001; Puffer & McCarthy, 2011). Some argue that Russian leaders are more likely to adopt

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management practices from the West while remaining wedded to 'old habits' (Bollinger, 1994; Luthans et al., 1998; Puffer & McCarthy, 2011). Would we necessarily expect Russia to operate similarly to Western companies, given the cultural context? We should expect to see significant differences. Within this context, assessing management behaviour and Russian leadership behaviour has proven problematic (Puffer, 1994). The traditional Russian leadership style is both strong and authoritative, which is deeply embedded in the country's mythology. This behaviour embraces both forceful and authoritarian leadership actions (Hofstede, 1980; Bollinger, 1994; Elenkov, 1997; Michailova et al., 2000; Kets de Vries, 2001; Fey & Denison, 2003; Kets de Vries et al., 2008; Puffer & McCarthy, 2011).

Hofstede (1991, p.5) defines culture as the *"collective programming of the mind that includes values that distinguishes the members of one group from another"*. Hofstede's seminal study covers national culture in 50 countries (2001). Five dimensions of national culture are identified: power distance, uncertainty avoidance, individualism, masculinity, feminism and long-term vs short-term orientation. Russian business leaders operate in a transactional leadership style, reflective of the style traditionally exhibited, which, in turn, shapes corporate governance and strategy (Kets de Vries, 2001; McCarthy et al., 2010). Power distance is defined as measuring the inequality of power between the person who has the power and the person who does not (Bollinger, 1994). The second dimension, uncertainty avoidance, measures how much anxiety society can tolerate regarding future events (Bollinger, 1994). Power distance between leaders and followers, and uncertainty avoidance were both exceptionally high in Russia. Power distance relates to the different solutions regarding the basic problem of human inequality. It also manifests itself in Russia as autocratic behaviour, known as high power distance. Exceptionally, high power distance index (HPDI) and uncertainty avoidance index (UAI) scores and have been reaffirmed for Russia in follow-up studies (Naumov & Puffer, 2000).

*Leadership style with high power distance is reflected in leaders distancing themselves from subordinates, employing top down communication; utilising*

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*symbols of rank, status and ceremony; enjoying perks and privileges, whilst exhibiting protectiveness in the form of paternalism toward sub-ordinates* (Kets de Vries, 2000 p36).

*“At its most excessive, this style is seen as abusive and exploitative of followers, indicative of the dark side of leadership that has been noted in Russian business leaders”* (Puffer & McCarthy, 2011, p.28).

In Western contexts, the relationship between leadership behaviour and visioning has been extensively considered (Burke & Trahan, 2000; Levin, 2000)—i.e. the importance of contextual considerations in establishing a more complete appreciation of how change works. Leaders working on change implementation need to recognise such a process in context (Higgs & Rowland, 2010). Formulating any new strategy inevitably entails its context and process being shaped by political and cultural considerations (Pettigrew, 1985b, 1985c). One of the most developed contemporary and emerging leadership theories is the category termed ‘authentic leadership’. This construct highlights the importance of understanding the influence of followers in the ‘authentic leader and follower’ dynamic (Luthans & Avolio, 2003; Avolio et al., 2004, 2005; Ilies et al., 2005; Hannah et al., 2011). These authors highlight the crucial variables that influence the dynamics of follower positivity and the context in which leadership takes place.

Vision is crucial to leadership, strategy implementation and change (Hamel & Prahalad, 1994; Larwood et al., 1995; Lynn & Akgun, 2001; Reid & de Bretani, 2010). Companies that are open to developing and marketing truly visionary products are rare. Market visioning competence represents a set of competencies by which firms achieve a competitive advantage (De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Enkel et al., 2010 and Reid, Bretani & Kleinschmidt, 2014). On a larger scale, it reflects shared values (House & Shamir, 1993) and includes executional ability (Hamel & Prahalad, 1994). A vision is orientated on the future; it is compelling, bold and aspiring yet believable and achievable (Levin, 2000; Kakabadse et al., 2005). Top strategic leaders can, or should be able to, clearly state their visions for their

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organisations (Kotter, 1990). A more recent review of strategic leadership theory proposed that organisational outcomes, strategic choices and performance are predicted by those in the organisation (Hernandez et al., 2011). The literature argues that individuals are at the heart of visionary innovation in organisations where divergent out-of-the-box thinking, openness, cross-disciplinary involvement and easy access to information are encouraged (Reid et al., 2014). Context can affect, and be affected in turn, by leadership effectiveness (Hernandez et al., 2011). Furthermore, in extreme contexts where risks of physical, psychological or material consequences apply to followers, leadership is especially important as followers look for guidance regarding how to respond to such stressful situations (Peterson et al., 2012).

There is a growing interest in research and theory that focuses on the role of leadership across cultural contexts (Gelfand et al., 2007; House et al., 2004). One of the most extensive international research projects was the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) initiative (House et al., 2002). The GLOBE project identified many leadership attributes that are universally endorsed or rejected. For example, leaders with a high level of integrity and inspiration are considered effective in most countries across the world. Likewise, autocratic and non-cooperative leaders are considered largely ineffective worldwide (Den Hartog et al., 1999; Javidan et al., 2006). If a leader is a risk taker, he or she can have a very different impact on followers in countries with high, as opposed to low, uncertainty avoidance (Javidan et al., 2006). Ardichviih (2001, p.365), suggests that

*In low UAI cultures, people try to ease and lower stress and show less emotion, are more accepting of dissent and differing opinions, have a greater tolerance of deviation and a higher willingness to take risks, prefer to have few rules and believe that hard work is not a virtue in itself. In cultures with strong UAI, people have higher anxiety levels, believe that conflict and competition lead to aggression and should be avoided, prefer to show emotions, display a strong need for consensus, are more concerned with security in life, prefer to rely on rules and regulations and have an inner urge to work hard.*

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The GLOBE multiphase research project confirmed what most scholars had intuitively hypothesised: that effective leadership can be culture-bound and needs to take into consideration the unique cultural context within which it operates (Hernandez et al., 2011, p.1175).

As the sole foreign Group Centre British manager, the researcher had unique access to the Russian financial sector, business culture, senior management and strategy documents. Basic Element is the holding entity for the three financial service businesses and a leading oligarch-owned enterprise. Leadership theory is largely Anglo-USA centric and this study, which explores a Russian business conglomerate at the highest level, is therefore of significant interest. The researcher had a particular interest in Russia as a large country, covering eight time zones. Shareholder and stakeholder interest was a pivotal contextual element affecting both strategy development and the processes in place to handling people and uncertainty. Through a research lens, the thesis offers insights into 'little known' Russian society; it seek to not find new horizons, but see through new eyes into the highest levels of management inside the 'Wild East' (Kets de Vries, 2000; Fey et al., 2001; Fey, 2008; Kets de Vries et al., 2008).

This study is based on the Russian business environment, which is not easily accessed. It investigates the behaviours of Russian shareholders and extremely senior Russian managers—not ordinary managers—and, as such, presents a unique opportunity to explore and understand Russian leadership culture. The oligarch owner, Oleg Deripaski, enjoyed links—through politics and family—to the Kremlin and purportedly with less attractive elements from within Russian society once he gained his company. The researcher was, on occasion, at personal risk when discharging some of his assignments as an executive.

The literature review seeks to improve our understanding, within a Russian context, of the strategic visioning process, strategic planning and formulation, leadership behaviour and other follower commitments associated with effective change implementation.

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## 2.2. The Vision Defined

Vision definition has been extensively reviewed in the literature. The following review is not exhaustive but is illustrative of the key concepts. The definition has taken various forms, attaining focus and an agenda (Bennis & Nanus, 1985; Kakabadse et al., 2005; Srinivasan, 2014), new forms of thinking about strategy, structures and people (Tichy & Devanna, 1986), an ideal or unique image of the future (Kouzes & Posner, 1987; Lynn & Akgun, 2001; Reid et al., 2014), a win-win solution and clarity regarding purpose and direction, which creates a destination for the organisation (Wheatley, 1992).

Effective visions are those that are credible, responsive to the current (or anticipated) problems and provide a balance of specificity and ambiguity. Effective visions also have a balance of new and old, or sustainable ideas, values or perspectives. In contrast to recreations (where a break with the past is often necessary and appropriate), effective visions for reorientations often are crafted to have 'resonance', to meld with themes from the organisation's past (Hamel & Prahalad, 1994).

Burns (1978) and Senge (1990) define the building of a shared vision as the central art practice of a learning organisation. Shared vision has been defined as

*a dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals, or both. This influence process often involves peer or lateral influence, and at other times involves upward or downward hierarchical influence (Pearce & Conger, 2003, p.1).*

If any one idea about leadership has inspired organisations, it is the capacity to hold a shared picture of the future. At the simplest level, a shared vision is the answer to the question "what do we want to create?" (Senge, 1990).

Clearly, the vision needs to be made public at some point (Tichy & Devanna, 1986, 1990). The directional, energising and educational goals of the vision cannot be met if it is kept secret. On the other hand, there are many cases of premature articulation of vision leading to negative consequences. In what some (Kouzes & Posner, 1987) have

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called the rush to plastic plaques, certain companies have developed vision statements and immediately distributed them throughout the company, using posters, documents, plaques, pins and so on. When the vision is ill-thought-out (Nutt & Backoff, 1997), when it is not clear how the vision will be achieved, or, perhaps most importantly, when the vision is very much at odds with current management behaviour, employees tend to greet such statements with justified scepticism; the net result is a loss of management credibility. In some cases, this dysfunctional problem has been dealt with by clearly positioning the vision as an aspiration, and recognising that this is not the way the organisation functions today (Bennis & Nanus, 1985).

### **2.2.1. A Review of the Relevant Theoretical Contributions**

#### **2.2.1.1. The Role of Vision**

‘Vision’ is a problematic term. According to the literature (Gibbs & Hage, 1972; Reynolds, 1971; Stinchcombe, 1968; Zetterberg, 1965; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014), we can think of ‘vision’ as a ‘primitive’ term—primitive in the sense that it sensitises us to phenomena without providing clear, specific hypotheses or ideas. Quigley (1993) uses the term ‘vision’ to represent all three elements: values, missions and goals. Even in an allied literature on business strategy, the term’s usage varies. It is similarly used to describe a “*well-articulated point of view about tomorrow’s opportunities and challenges*” (Hamel & Prahalad, 1989, 1993, 1994, p.74) or the strategic dynamics of a visionary individual (Westley & Mintzberg, 1989).

Although this ambiguity around the term’s boundaries confounds its application, primitive terms such as ‘vision’ do have distinct advantages. They can, and do: (1) expose the multidimensionality and complexity of phenomena that otherwise would be treated too simply; (2) integrate what appear to be disparate ideas for more effective analysis; and (3) lead to more precise, well-defined terms (Bacharach & Lawler, 1980, pp.13–14).

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The difference between definitions usually hinges on the precise nature of the goals: whether they can include strategic and tactical goals or whether they must incorporate higher social purpose to be classified as 'vision' (Conger & Kanungo, 1994; Srinivasan, 2014). The role of vision is therefore defined as future-orientated goals that are meaningful as the leader's 'visioning' challenges all followers (Mintzberg & Waters, 1985; Hamel & Prahalad, 1994).

The idealised aspect of vision plays an additional role. We know from the literature on changing attitudes that a maximum discrepant position within the latitude of acceptance puts the greatest pressure on followers to change their attitudes (Hovland & Pritzker, 1957; Petty & Cacioppo, 1981).

The leader's vision creates the perception for followers that they are at an active centre in the social system, those rare and remarkable arenas in society where change and innovation are taking place (Bennis & Nanus, 1985; Higgs & Rowland, 2005). Leaders can also acquire commitment to goals by simply hiring individuals who agree with their vision (Locke, 1991). This discussion around process pivots on the role of the leader and whether the process is rational, intuitive or opportunistic.

#### **2.2.1.2. The Process of Vision Formulation**

The main debate is whether the actual visioning process resides largely with the leader (Kouzes & Posner, 1987; Sashkin, 1988) or is a by-product of multiple decision makers and influences (Bennis & Nanus, 1985). Organisational leaders are often visible and have a formal position of authority, and organisational members have a tendency to attribute causality to them (Calder & Pfeffer, 1977). This process of attribution also reflects societal bias toward explaining experiences in terms of the rational actions of human beings in contrast to natural forces or random events. Individuals in senior leadership positions of organisations therefore come

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to symbolise the controlling or guiding force behind this promise of an organisation (Meindl et al., 1985). Errors of attribution may be made (Ross, 1977), overlooking contributing factors beyond the leader.

Based on their research on innovative or visionary companies, Hamel & Prahalad (1994) conclude that:

*Industry foresight is the product of many people's visions. Often, a point of view about the future, which is in fact an amalgam of many individual perspectives, is represented by journalists or sycophantic employees as the 'vision' of one person. So while Mr Kobayashi may have taken much of the credit for NEC's visionary concept of 'computers and communicatio', the idea of exploiting the convergence between the two industries wove together the thoughts of many minds in NEC, not just one. Senior executives aren't the only ones with industry foresight. In fact, their primary role is to capture and exploit the foresight that exists throughout the organisation (pp.76–77).*

As Burgelman (1988, 1991) has shown, new strategic visions at Intel and other large companies were often shaped by middle-level managers who essentially educated senior managers on what was feasible. In addition to this, Hambrick (1989) has suggested that “*subordinate managers typically possess greater expertise than the strategic leader and that strategic leadership primarily is a function of managing through others*” (Hernandez et al., 2011, p.1180). To possess a “vision” is not itself a predetermination of goal achievement but that the vision has meaningful content (Bryman, 1992; Crawford & Di Benedetto, 2000; Reid et al., 2014).

### **2.2.1.3. The Content of Vision**

There are several problems with organisational vision statements: lack of credibility, too much jargon and brevity can obscure the primary purpose to galvanise (Srinivasan, 2014). Most of the research that looks at the

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content of visions has been limited to a select number of individual case studies (Kotter, 1990; Westley, 1992; Westley & Mintzberg, 1989). The Larwood et al. (1995) study does confirm interpretations of vision as strategic goal setting, but there still remains the important question of the exact nature of a vision's goals. Broadening the term to include messages about strategy is important, given the leader's task of using organisational goals to align the behaviours, values, actions and decisions of the followers (Kotter, 1990; Pascale, 1999). The legendary General Electric CEO, Jack Welch, outlined four basic strategic goals as the company's vision for the operating groups, abstracted from Tichy & Sherman (1993, p.90): *"market leadership, well above average real returns on investments, a unique competitive advantage and leveraging on GE's distinctive strengths"*. Effective leadership provides such an understanding to followers and why and what to do through a choice of words; it defines the future (Sullivan, 1988).

#### **2.2.1.4. Articulation and Communication of the Vision**

As Pondy (1978) notes, one of the most vital roles of a leader is to make activity meaningful, largely through language. The focus is on leaders' communicating their vision; the study proposed that its articulation involved two separate processes: a description of the context and an articulation of the leader's own motivation to lead. In further understanding the role of language in particular, there are three major roles for the leader's use of language as it pertains to followers: (1) meaning-making and motivation; (2) aligning actions, behaviours and values; and (3) credibility building (Conger & Kanungo, 1994). Through the choice of words and portrayals of future organisational outcomes, the leader creates meaning and establishes emotional connections with followers (Hernandez et al., 2011, p.1181).

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As Sullivan (1988) points out, organisational members want to construct an interpretation of their workplace reality that makes sense for them. To understand how the leader uses language to make meaning that is highly motivational, we must turn to the concept of framing. Goffman (1974) notes that individuals use a personal schema of interpretation or 'frames' to understand events as elements of a larger, more coherent picture of life. In essence, we organise experiences to make them meaningful and, in turn, use these resulting scripts or frames of meaning to help guide our actions (Snow et al., 1986).

In their analysis of social movements, Snow et al. (1986) describe a process called 'frame amplification' which involves the amplification of specific values or beliefs by movement leaders to ensure follower participation. Values, in this case, are defined as certain states of existence or modes of conduct that are worthy of promotion and protection (Rokeach, 1973; Turner & Killian, 1972). Beliefs are relationships presumed to exist "*between two things or something and a characteristic of it*" (Bem, 1970, p.4). We believe that a similar process occurs under charismatic leadership.

Through the framing of the vision around highly meaningful and empowering goals, the leader addresses two motivational challenges: one to motivate followers' desires for the vision itself and the second to motivate followers' willingness to expend great personal efforts on achieving this vision.

From persuasion theory, audiences place trust in a speaker's message depending on their interpretations of the individual's character, which is discerned in part by the habits they reveal about themselves through their communications (Hauser, 1986). As Miller (1974) has shown, habits are discerned by the causes an individual advocates, the values he or she endorses and the actions he or she advises to be undertaken.

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We also know from persuasion theory that audiences evaluate a speaker's credibility by assessing three specific categories of habits; these manifest themselves in intellectual, moral and emotional qualities. The more admirable an audience finds these qualities in a presenter, the more credible that individual will appear (Hauser, 1986).

### **2.2.2. Summary**

The leadership field tends to define vision around future-oriented goals that are highly meaningful to followers. Tichy & Devanna (1986) describe vision as *"a conceptual roadmap or set of blueprints for what the organisation will look like in the future"* (p.128). Bennis & Nanus (1985) explain that vision *"articulates a view of a realistic, credible, attractive future for the organisation, a condition that is better in some important ways than what now exists"* (p.89). They conclude that it *"may be as vague as a dream or as precise as a goal or mission statement"* (p.89). To Kouzes & Posner (1987), the term implies an image of the future that provides a sense of direction, a set of ideals and a sense of uniqueness for the organisation. For House (1995), vision reflects *"cherished end values shared by leaders and followers"* (p.416). Nutt & Backoff (1997) similarly conclude that vision is generally interpreted to be *"a mental model of an idealistic future or future perfect state, which sets standards of excellence and clarifies purpose and direction"* (p.312). Moreover, most descriptions shared the following properties of *"inspirational possibilities that are value centred and realizable, with superior imagery and articulation"* (p.312).

The vision leaders provide is a 'strategic umbrella' (Mintzberg & Waters, 1985) in the sense that their goals describe a clear strategic direction in overarching terms for the organisation. Resources are more effectively deployed, given that only a few major strategic goals can be absorbed by an organisation at any one time, due to resource commitments and ongoing momentum (Quinn, 1980). Leaders not only need to have visions—and plans for achieving them—but also should be able to articulate their visions and strategies for action in an effective

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manner so as to influence followers (Erez & Isen, 2002; Hernandez et al., 2011). This is explored further in the next section. The literature casts light on the process and content of the visioning activity, what triggers the visioning and sustains it over time, and how the use of language by leadership can shape a strategic vision to improve receptivity among followers. Leadership and visioning have been integral aspects of strategic literature since the 1980s (Hambrick, 2007; Eberly et al., 2012). The literature offers methodologies, templates that can be used by practitioners in order to gain wider participation, and committed strategic execution (Levin, 2000; Srinivasan, 2014).

## **2.3. Strategy**

### **2.3.1. Introduction**

One of the earliest critical perspectives on strategy defined it as achieving the essential fit between internal strengths and weaknesses, and external threats and opportunities (Chandler, 1962). Strategy has further been defined *“as a pattern in a stream of decisions”* (Mintzberg 1973, 1978a). *“Deliberate and emergent strategies may be conceived as two ends of a continuum, along which real world strategies lie”* (Mintzberg & Waters, 1985). An understanding of the link between strategic processes and outcomes is important (Chakravarthy & White, 1997). Part of this disconnect is due to the complexity of the strategic planning process (Mintzberg & Lampel, 1999). Institutional conditions may influence the appropriate strategy for a firm, with a limited number of traditional strategy concepts in developing countries (Filatotchev et al., 2000; Hermelo & Vassolo, 2010; Phongpeytra & Johri, 2011; Shinkle et al., 2013).

### **2.3.2. Strategy Planning, Content and Process**

Strategy planning is about long-term thinking with an emphasis on extensive analyses of competitors' strengths and weaknesses, of market niches and firm resources (Hamel & Prahalad, 1994). Strategy content describes destinations and explains how to get there. The vision is the destination and steps along the

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journey are the strategies. The 'getting there', the journey, is the task of a strategy. Corporate strategy should guide corporate-level decisions: what business should the company invest its resources in, and how should the parent company influence and relate to the businesses under its control. The parent has the potential to both create and destroy value (Goold et al., 1994).

*The strategy process attempts to address the very difficult question of how strategies are formed, implemented and changed. Embedded in this work is the assumption that managers aspire to, and firms realise, something called strategy (Chakravarthy & White, 1997, p.182).*

The strategy process poses the question of how strategies are formed, implemented and changed.

### **2.3.3. A Review of Relevant Theoretical Contributions**

#### **2.3.3.1. The Strategy Formation Process**

Part of the challenge of creating a strategy is the complexity of the strategy process (Mintzberg & Lampel, 1999). Despite voluminous research on the strategic visioning process (Pettigrew et al., 1992; Papadakis & Barwise, 1997; Lechner & Müller-Stewens, 1999; Huff & Reger, 2002; Carter et al., 2010; Clarke et al., 2011; Cornet et al., 2012; Vara & Whittington, 2012; Jarzabkowski et al., 2013; Rouleau, 2013), relatively little is known about how these processes actually affect strategy.

*The need for explicit strategy is clear enough: it allows for coordination of activities; it provides direction to people; it can boost morale and sustain self-esteem; it can provide a shield against anxiety in a period of change. Explicit strategy also fosters better planning. Rather than merely reacting, people can plan change. An explicit strategy allows people to plan, create change and then learn from the experience (Carnall, 2007, p.150).*

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### **2.3.3.2. Complexity and Complication**

Mintzberg & Lampel (1999) suggest that there are at least 10 different schools of thought on strategy processes. They collapsed these schools into four perspectives: rational, political, evolutionary and administrative. As Pettigrew (1992, p.9) notes, holistic theorising in strategy process research is *“barely an ambition and rarely an accomplishment”*. All these perspectives and change processes have been used to shed light on strategy formation. The dominant view of change considers its linearity as straightforward (Kotter, 1996; Hammer & Champy, 1993). This “one look” approach to strategic change has been challenged by the growing recognition that change is a complex process (Rumselt, 1991; Higgs & Rowland, 2005). Lichtenstein (1996) proposes that much of the *“failure of strategic change is that managers are trained to solve complicated problems rather than complex ones”* (Higgs & Rowland, 2005, p.3). Complexity theory argues that leadership arises from a complex interplay (Uhl- Bien et al., 2007). Avolio et al. (2009) argue that the complexity field lacks a substantive research basis. All such processes are intended to bring about change while, at its core, the strategic process consists of decisions and actions. In the 1960s, the behaviour of the firm was considered a lens into the strategic decision-making process. Rational decision-making, both by individuals and within organisations, is at the centre of much of the thinking regarding the strategy process; it links the strategy process’s characteristics with the resulting outcomes.

### **2.3.3.3. Behavioural Theories**

Empirical studies on decision-making using rational or bounded-rational perspectives have been reviewed by Eisenhardt & Zbaracki (1992) and Rajagopalan et al. (1993). Cyert & March (1963) have attempted to provide a comprehensive ‘Behavioural Theory of the Firm’ (BTF), using their rational-rational perspective.

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*They recognize that individual members of an organization can have different goals and hence conflict is unavoidable in any organization. These can only be quasi-resolved. The emphasis is on rationality and an acceptable organization solution and a sequential attention to goals (Chakravarthy & White, 1997, p.188).*

Many scholars have based their studies on the ideas of Cyert & March (1963) while making important contributions to an understanding of the core elements of the strategy process. These contributions cover decision-making (Cohen et al., 1972; Singh, 1986; March & Shapira, 1987; Eisenhardt, 1989), organisational action taking (Thompson, 1967), organisational learning (Levitt & March, 1988; Argote et al., 1990; Cohen & Levinthal, 1990) and organisational credo of control (Lant & Mezias, 1992; Huff & Huff, 1992). By anchoring their research in the rational perspective, these studies offer only limited understanding. The literature argues that we should examine other core considerations of the process using the political dimension and how the firm's context can shape its decisions and actions (Chakravarthy & White, 1997).

#### **2.3.3.4. Strategy Formulation and Organisational Context**

Power and politics provide vital perspectives on the strategy process, and in the face of uncertainty or ambiguity, choices based on power and politics may be the only feasible way to achieve change (Chakravarthy & White, 1997). Moreover, as Barnard (1938) has observed, the self-interest of the organisation is in a state of continual definition and of seeking the common ground among key contributors. In the face of uncertainty or ambiguity, choices based upon power and politics may be the only feasible way to achieve change and adaptation (Daft, 1983; Pfeffer, 1981, 1982, 1995). The essence of leadership is to set the strategic agenda for the organisation and create a network that can achieve it (Kotter, 1982, 1990). Senge (1990) and others have clearly articulated the importance of

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empowerment and cooperation between organisational members in order to create a supportive climate for strategy formulation and learning. Empowered individuals are more likely to enhance their personal skills and experiment with new mental models. Trust is especially important when the desired strategic outcomes are innovation or migration, each calling for risky strategic decisions and actions within the context of complexity (Chakravarthy & Gargiulo, 1998). Lichtenstein (1996) proposes that much of the failure of strategic change is that managers are trained to solve complicated problems rather than complex ones. Sammut-Bonnici & Wesley (2002) make important distinctions between complicated and complex systems. Complicated systems are rich in detail, while complex systems are rich in structure (Higgs & Rowland, 2005). Authors who share the evolutionary and complexity perspective believe that complex systems are governed with general direction, few rules, and self-organisation; such systems can move in harmony without a leader and strategic patterns emerge through messy processes that cannot be implemented in a top-down approach (Stacey, 1996; Shaw, 1997). These schools recognise that strategic change is complex and that change cannot be implemented uniformly.

#### **2.3.4. Summary**

Power and politics are vital perspectives affecting the strategy process (Daft, 1983; Pfeffer, 1981; Vara & Whittington, 2011). Strategy planning and formation are both complex and complicated process. The broader field of strategic management considers strategy not as something a firm has, but rather as something that people do (Rouleau, 2013). The literature suggests that organisational strategic purpose embedded in a vision is an important lever the top management can use. The essence of leadership is to set the vision, define the strategies and change the agenda for an organisation (Kotter, 1990). As with behavioural theories, the emphasis is on the leadership 'locus' (Hernandez et al.,

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2011). Senge (1990) and others have clearly articulated the importance of shared visions, empowerment and cooperation between organisational members in order to create a climate that allows followers to commit their support.

*“Perhaps one of the most interesting omissions in theory and research on leadership is the absence of discussions of followership and its impact on leadership”* (Avolio et al., 2009, p.434).

This is explored further in the next section.

## **2.4. Follower Commitment**

### **2.4.1. Introduction**

Vision does play an important role. However, the research shows that it is not the vision per se that is the primary source of follower attraction and identification with the leader. Rather, as Weber (1947) suggests, it is the follower’s perceptions of the extraordinary character of the leader that forms the foundations of attraction. It is through these perceptions that followers commit and believe in the viability of the vision and the potential rewards it offers. The literature argues that we have long known that followers and followership are essential to leadership but we also seek a balanced approach that views leaders and followers as co-producers of leadership and outcomes (Uhl-Bien et al., 2014). Furthermore, a new field has emerged that adopts an information-processing perspective termed as ‘Implicit Follower Theory’ or ‘IFT’ (Carsten et al., 2010; Scondrick & Lord, 2010; Van Gils et al., 2010; Sy, 2011; Bligh, 2011; Carsten et al., 2013; Van Knippenberg & Sitkin, 2013). *“Leadership cannot be enacted without the active participation of followers across the organisation; it spans multiple levels and involves leadership of self, of others and the entire organisation”* (Hernandez et al., 2011, p.1165). Research suggests that we can only understand leadership and the strategic vision process when we understand this influence on critical organisational outcomes from followers’ perception of leaders’ qualities and behaviours and how they choose to respond

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(Hollander, 1992; Lord et al., 1982). The literature argues that people are categorised as leaders on the basis of a perceived match between their character and the attributes of the leader prototype; this highlights the positive contribution that socio-cognitive approaches have made to the understanding of leadership and followership (Epitropaki et al., 2014).

#### **2.4.2. Follower Commitment Defined**

Research on the impact of followership on leadership has largely treated follower attributes as outcomes of the leadership process as opposed to inputs, even though there have been a number of calls over the years to examine the role that followers play in the leadership process (Shamir, 2007). Follower commitment occurs when these four effects are achieved. (1) Organisational members internalise the leader's vision; they consider the organisation's mission as their own. (2) They demonstrate increased trust and confidence in the leader. (3) They experience a stronger sense of self-efficacy while accomplishing organisational tasks. (4) They develop a sense of task solidarity or cohesion, therefore making teamwork more effective (Kets de Vries & Dick, 1995; Howell & Shamir, 2005; Crossan et al., 2008).

When the vision is being formulated, the leader will often thoughtfully frame and interpret it in a manner that is inspirational for organisational members (Conger & Kanungo, 1994). This capacity for framing arises from the leader's ability to assess followers. These leaders, in essence, persuade followers of the vision's meaningfulness (Locke, 1991); however, they assume that their goals will be motivational for most members without actively tailoring goals to individual needs. There is a stream of literature that does demonstrate clear links between leader behaviours and a variety of follower behaviours and performance measures. The studies by Higgs & Rowland (2000, 2001, 2003, 2005) identify five broad areas of leadership competency associated with creating change strategy, engaging others and followers in the whole change process, and building follower commitment.

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- i) Creating the case for change. Effectively engaging others to recognise the business need for change.
- ii) Creating structural change. Ensuring that the change is based on a depth of understanding of the issues and supported with a consistent set of tools and processes.
- iii) Engaging others in the whole change process and building commitment.
- iv) Implementing and sustaining changes. Developing effective plans and ensuring good monitoring and review practices are developed.
- v) Facilitating and developing capabilities. Ensuring that people are challenged to find their own answers and that they are supported in doing this (Higgs & Rowland, 2003). Shamir (2007) suggests that leadership effectiveness is just as much a product of good followers as it is of good leaders. Strategic leadership cannot be enacted without the active participation of followers (Crossan et al., 2008).

#### **2.4.3. A Review of Relevant Theoretical Contributions**

Overall, and supported by Higgs & Rowland (2005), is the view that top-down programmatic approach to change does not work. Earlier work on “romantic” or charismatic leadership by Burns (1978), Bryman & Cramer (1992), Bass & Avolia (1993) and Sashkin (1998) have carved out overlapping models where visioning behaviour is the core element of romantic leadership. This is a moot point. Sashkin (1998) identifies numerous leadership behaviours when describing the leader-follower relationship. These are positioned to illustrate how leadership behaviours can build follower commitment: through follower assessment of the leader; role modelling by the leader with the express aim to build trust and mutual reciprocity; empowerment approaches by the leader; contextual change; increased follower self-efficacy; and innovating novel solutions. Leaders who enact participative leadership behaviours and provide equal emphasis to all team members build a platform that can flourish (Dionne et al., 2010.)

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#### **2.4.3.1. Commitment: Follower Assessments of the Leader**

People-oriented sensitivity allows the leader to realistically assess the talent and resources that followers possess. This, in turn, allows him or her to know where best to deploy them and where critical gaps exist (Conger & Kanungo, 1994). There are also other advantages to this form of sensitivity (Rothbard & Conger, 1993). Because followers perceive that the leader's actions are meant to serve them, rather than solely serving the leader, a people-oriented sensitivity may help the leader to garner 'idiosyncrasy credits' (Hollander, 1958, 1979). These, in turn, permit him or her to deviate from certain norms of the organisation. Another area that Bass & Avolio (1993) believe involves the leader's sensitivity to followers is the actual formulation of the organisational vision. These researchers argue that the vision is, to a significant degree, shaped by the followers' own needs, values and aspirations. Shamir et al. (1993) share this viewpoint; they argue that leaders acquire commitment to their visions by addressing followers' motives while formulating the vision. Leaders can also acquire commitment to goals by simply hiring individuals who agree with their vision (Locke, 1991). These studies have become the targets of criticism, as too many measures of the relationship between leader and follower were used (Yukl, 2006). Leaders also use exemplary acts to gain high levels of follower commitment and performance.

We explore the role of followership and leadership in the next section.

#### **2.4.3.2. Followership and Leadership**

Strategic leadership has great relevance to vision formation and the effectiveness of change implementation (Hambrick, 2007). Strategic leadership cannot be undertaken without the active participation of followers across an organisation. Avolio et al. (2009) then suggest that followers who have a personalised relationship with a leader may be more

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likely to show blind loyalty, obedience and deference. Shamir (2007) suggests that leadership effectiveness is just as much a product of good followers as it is of good leaders. The concept of followership may be construed downwards and acted upon differently than what we might find in more established industries (Schyns et al., 2007). Research suggests that we can only understand a leader's influence on critical organisational outcomes—such as vision formation—when we consider how followers perceive the leader's qualities and behaviours, as well as how they choose to respond to them (Hollander, 1992; Lord et al., 1982). More research needs to be done exploring how followership is construed in well-established companies and industries as compared to newly formed companies and industries (Schyns et al., 2007). To summarise, examining the follower perspective on the nexus of leadership and team identification reveals considerable complexity with regards to the perceptions of leadership, a feeling of belonging, and the continuing pivotal role of leadership in promoting team identification (which helps a team overcome problems of cooperation and brace themselves for contingencies arising from different leadership behaviours) (Morgeson et al., 2010; Wu et al., 2010; Huetterman et al., 2014).

This is relevant to the contrasting histories and legacies of the different Basic Element companies in this study. The thesis explores both the national and organisational cultures.

#### **2.4.3.3 Role Modelling Exemplary Behaviour**

Leaders also use role-modelling behaviour to build follower commitment and for several other purposes: (1) to demonstrate their own commitment to the vision and to followers; (2) to emphasise the beliefs, values and behaviours that are essential to realising the organisation's vision; and (3) to provide a vicarious empowering experience for followers (Agle & Sonnenfeld, 1994). Role modelling therefore aims to build follower trust,

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provide examples of required behaviour and promote a sense of self-efficacy. Agle & Sonnenfeld (1994) suggest that such behaviour will have a strong effect on follower performance. The first objective of role modelling—i.e. demonstrating the leader’s commitment—is essential to creating a foundation of trustworthiness. This foundation will allow the vision and role-modelling behaviours of the leader to be accepted and internalised by followers. It also fosters cooperative or ‘good citizenship’ behaviour among followers (Podsakoff et al., 1990). Richard Branson of the Virgin Group, through his dress and actions, models the importance of informality and a non-hierarchical work environment. He dresses in sweaters and slacks, uses few memos, is accessible to company managers, has a relaxed demeanour and hosts company events at his family home in Oxfordshire (Kets de Vries & Dick, 1995). Role modelling is an essential element in a leader’s repertoire of influence tools. It is often employed in highly visible and dramatic ways to emphasise values and actions. In addition to role modelling, the leader uses various strategies to make followers feel empowered with their efficacy and work at achieving exceptional outcomes.

#### **2.4.3.4. Empowerment Approaches of the Leader**

A leader is primarily concerned with influencing organisational members to accept and own the vision and to work in concert towards its realisation. This concern results in the leader exerting transformational influence on followers. The leader tries to bring about changes in attitudes, values and norms of conduct among organisational members, such that they can be driven by their own desire to accomplish the organisational goals encoded in the vision (Uhl-Bien, 2006). In addition to role modelling, the leader achieves these outcomes through the use of strategies and techniques that make followers feel empowered within the organisation (Gerstner & Day, 1997). To engage in empowering strategies, charismatic leaders identify

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three basic conditions that characterise the empowerment of organisational members (Menon & Borg, 1995). They recognise that, in an organisational context, members feel empowered when: (1) they experience perceived control over the limited organisational resources needed to accomplish their tasks (Burke, 1986); (2) they possess an embraced sense of self-efficacy or competence in handling their tasks; and (3) they show an intrinsic desire or a personal commitment that energises or drives them to accomplish their tasks (Thomas & Velthouse, 1990). A further empowerment strategy is to manage the context in which change is to be implemented. Leaders need to be adept at detecting the conditions that compromise the implementation of the vision.

#### **2.4.3.5. Empowerment through a Change of Context**

A leader attempts to avoid or eliminate contextual conditions within the organisation which foster a sense of powerlessness among members (Conger & Kanungo, 1988c). When organisations do not provide rewards that are valued by members and when the rewards are not based on member competence, initiative and innovative job behaviour, the members' sense of powerlessness increases (Sims, 1977; Szilagyi, 1980). Leaders must focus on removing these contextual factors from the organisation. They must implement organisational mechanisms or structures and processes that make members feel empowered, i.e. they feel they have enough control over their environmental resources to be effective within the organisation. Context is acknowledged as an important aspect in creating a shared leadership; it is often defined as a reciprocal recursive influence. It is believed that in cultures with a HPDI, shared leadership is less likely to emerge as *"individuals' socialization and cultural norms do not align with the basic assumptions underlying shared leadership ie power sharing, [and] emphasising group goals over individual goals"* (Hernandez et al., 2011, p.1178). Yukl (2006) acknowledges the

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importance of context and leadership as a recursive process embedded in a particular social context. Through the process of empowerment, which makes followers feel empowered via context change, a leader can instil a greater sense of self-efficacy to effect change.

#### **2.4.3.6. Empowerment through Self-Efficacy Information**

Bandura (1977) identifies several sources of self-efficacy information: enactive attainment, vicarious experience, verbal persuasion and the emotional arousal state. Leaders can structure organisational change programmes associated with the new strategic vision in such a way that initial objectives are sufficiently attainable, and thus subordinates are able to execute them successfully (Beer, 1980). Words of encouragement, verbal feedback and other forms of social persuasion are often used by leaders to empower followers (Weber et al., 2001).

As Bandura (1986) suggests, modelling can have a significant impact on efficacy expectations:

*People convinced vicariously of their inefficacy are inclined to behave in effectual ways that, in fact, generate confirmatory behavioural evidence of inability. Conversely, modelling influences that enhance perceived self-efficacy can weaken the impact of direct experiences of failure by sustaining performance in the face of repeated failures (p.400).*

Leaders also strive to build a strong collective identity among organisational members. This is principally because cooperative behaviour is essential for the mission of the leader.

#### **2.4.3.7. Promoting Cooperative Behaviour among Followers**

The demands of a vision require highly effective teamwork and follower commitment, both of which go beyond the pursuit of individual gain. Cooperation also ensures heightened individual performance as

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organisational members are engaged to assist one another and to sacrifice their personal pursuits for the collective mission (Kanter, 1967). The collective itself establishes norms for members that puts them under significant psychological and social forces that heighten their commitment to the mission. The most substantive role of top management is the creation of a common purpose (Boal & Schultz, 2007). Such extra-role behaviours would appear to be a consequence of leadership, whereby followers are highly motivated to perform beyond conventional performance standards (Bass, 1985; Graham, 1988) although these behaviours can take many forms (Organ, 1988).

Leaders do indeed have an impact on organisational citizenship behaviours. Podsakoff et al. (1990) have shown that the behaviours associated with the leader build follower trust and, in turn, influence citizenship behaviour. Some of these behaviours are intended to model creativity and lessen the follower's acceptance of risk.

#### **2.4.3.8. Innovative and Unconventional Solutions**

Some leaders are known for their unconventional approaches, not only in terms of their behaviour but also in their strategies and tactics. The aim of their unconventional behaviour is to model innovation and risk-taking, as well as to heighten the followers' perceptions that their leader is extraordinary and possesses a special expertise (Kets de Vries, 1995). Their unconventional strategic actions also aim to catch competitors off-guard, to provide "first-mover" market advantages, and to overcome environmental barriers (Hamel & Prahalad, 1994). In their research, Hamel & Prahalad (1994) found that companies that typically progressed to market leadership possessed: (1) significantly greater strategic foresight on their marketplaces than competitors; (2) a willingness to "unlearn" their past approaches; and (3) a capacity for challenging industry conventions and for entertaining new competitive forms. A far-reaching schematic,

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which summarises the current literature relating to change management, has been constructed by Higgs & Rowland (2005) and is presented in figures 2.3 to 2.5 (see pp.63–64 of this dissertation).

#### **2.4.4. Summary**

Traditional research in leadership has largely relegated followers to the role of passive recipients or, at best, moderators of leader influence and behaviours. The literature builds on the emerging concept of followers as an integral part of leadership (Oc & Bashshur, 2013). To help develop this theory in order to accurately contextualise followership, the notion of 'reverse the lens' was examined (Shamir, 2007). Leaders do seek to show that they have a complete dedication to the cause they share with followers (Friedland, 1964). Through actions seen by followers as involving great personal risk, cost and energy, these leaders create strong perceptions that they are highly trustworthy, which, in turn, solidifies follower commitment to them and their mission. From the standpoint of instilling beliefs, values and behaviours, the leader serves as a 'representative figure' (Bellah et al., 1985). For followers, leaders embody the characteristics they must emulate and internalise if the organisation's mission is to be achieved. As Shamir et al. (1993) note, followers learn vicariously through the relevant messages they infer from observing the leader's behaviour, lifestyle, emotional reactions, values, aspirations, preferences and so on, such that the leader becomes a symbol which brings together, in one concentrated image, the way people in a given social environment organise and give meaning and direction to their lives (p.584). This thesis argues for the inclusion of followers into the complex equation of leadership and that the social influence of followers, and by extension followership, should not be overlooked. One note of caution is that followers face certain risks if they speak out; their opinions may trigger retaliation or unfavourable outcomes. The literature argues that followers need to build strength through integrity, have positional informational power, build coalitions and reduce the social distance between the leader and

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followership (Lord & Brown, 2004; Shamir et al., 2006; Achua & Lussier, 2007; Shamir, 2007; Monin & Jordan, 2009; Shamir, 2011; Owens & Hekman, 2012; Oc & Bashshur, 2013).

We now turn our attention to leadership in the next section. The field of leadership covers the topics of the leader, followers, peers, supervisors, context and culture (Avolio et al., 2009).

## **2.5. The Role of Leadership**

### **2.5.1. Introduction**

*“A leader’s capacity to cultivate trust affects his or her ability to direct followers”* (Hernandez et al., 2014, p.1867). This review is not proposed as exhaustive, but provides a further context for understanding the issue at hand. In recent times, the area of leadership has been studied more than almost any other aspect of human behaviour (Kets de Vries, 1993; Goffee & Jones, 2000; Higgs & Rowland, 2001). This review follows the integrative approach by Higgs (2009), Avolio et al. (2009) and Eberly et al. (2013) to examine the recent theoretical and empirical developments in leadership literature. The core issue is whether leadership should focus on personality or behaviours (Hogan & Hogan, 2001). *“Leadership is an imprecise concept and difficult to define and operationalize”* (Higgs, 2003, p.6). Another issue is the distinction between leadership and management (Kotter, 1990). The research on leadership is vast, inconclusive and contradictory.

We begin by examining contemporary authentic leadership. Luthans & Avolio (2003, p.243) defined authentic leadership as a *“process that draws from both positive psychological capacities and highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development”*. This definition includes ‘multilevel’ as conceptualised and measured (Yammarino et al., 2005). This thesis then considers the cognitive science approach, new-genre leadership theories, complexity leadership, and

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leadership that is shared, collective or distributed. The review references the antecedent theories of the last 100 years, broadly categorised by trait, behaviour, contingency and the social exchange perspective. It also touches upon the role of relationships through a review of the leader-member exchange (LMX), the emerging work on followership, work that has been done on subsidies for leadership, servant leadership, spirituality and leadership, cross-cultural leadership, e-leadership, and organisational culture and leader style.

### **2.5.2. Leadership Defined**

As a starting point, it is acknowledged that the definition of leadership is much debated (Higgs, 2002). One of the goals for this integrative review is to examine the methods through which the field of leadership evolves and has been understood, and the consequences of its evolutionary path for the models, methods and populations examined. At the outset, in the field of leadership, the primary focus is on studying an individual leader, most likely a male working in a large private-sector organisation in the USA (Avolio et al., 2009).

*Today the field of leadership focuses not only on the leader, but also on the followers, supervisors, work settings/context and culture, including a much broader array of individuals representing the entire spectrum of diversity, public, private and not-for-profit organizations, and increasingly over the past 20 years, samples of populations from nations around the globe. Leadership is no longer simply described as an individual characteristic or difference, but rather is depicted in various models as dyadic, shared, relational, strategic, global and a complex social dynamic (Avolio et al., 2009, p.422).*

As stated above, Higgs (2003) argues that the personality of the leader is only a minor determinant of effectiveness (Hogan & Hogan, 2001; Collins, 2001). Recently, there has been a resurgence in interest regarding leader traits; it has been argued that the relatively weak relationships between personality and leadership styles in previous studies are mainly due to low levels of self-

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agreement (De Vries & Van Kampen, 2010; Day & Antonakis, 2011; De Vries, 2012). According to Buss (2009), people who have high extraversion seem to be most capable of negotiating social hierarchies and to emerge as leaders. Another element is that effective leaders are differentiated through the exercise of a small range of skills or competence areas (Higgs & Rowland, 2001). Most of the leadership studies that account for the relationship between leadership competences and change do not take into account the complexity of intra-organisational processes and that organisational change is highly nuanced and a highly differentiated process (Battilana et al., 2010). Gill (2011, p.9) offers the essence and suggests that leadership is underpinned by six core themes: *“Leadership is showing the way and helping or inducing others to pursue it. This entails envisioning a desirable future, promoting a clear purpose or mission, supportive values and intelligent strategies, and empowering all those concerned”*. The following literature review is not an exhaustive historical review (Bass & Bass, 2008); instead, the focus is on what is most current in the field.

### **2.5.3. A Review of the Relevant Theoretical Contributions**

*“For centuries, we have been almost obsessed with leaders and with identifying the characteristics for effective leadership. Indeed, the topic has been extensively studied more than almost any other of human behaviour in an organizational context”* (Higgs & Rowland, 2001, p1). This review commences with examining new genre leadership vs traditional leadership.

#### **2.5.3.1. Genre Leadership**

Although significant progress has been made in understanding the contribution from this area of study, questions remain as to what determines or predicts leadership behaviour. Notwithstanding these caveats, the relevance to effective visioning, strategy formation and implementation of change is clear.

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Burns (1978) and Bass (1985) have signalled the need to shift the focus of leadership research from predominantly examining transactional models (which were based on how leaders and followers exchange with each other) to models which might augment transactional leadership (and were labelled charismatic, inspirational, transformational and visionary). Bryman (1992, p.21) states, "*there was considerable disillusionment with leadership theory and research in the early 1980s*". Part of the disillusionment was attributed to the fact that most models and measures of leadership accounted for a relatively small percentage of variance in performance outcomes, such as productivity and effectiveness. Out of this criticism emerged a number of alternate approaches which shared some of the common features, collectively referred to as the 'new leadership' (Bryman 1992, p.21). What Bass (1985) refers to as being based on 'economic cost-benefit assumptions' (p.5), the new leadership models emphasises symbolic leader behaviour; visionary, inspirational messages; emotional feelings; ideological and moral values; individualised attention and intellectual stimulation. Emerging from these early works, charismatic and transformational leadership theories have turned out to be the most frequently researched theories over the past 20 years (Avolio, 2005; Lowe & Gardner, 2000).

The theory of transformational leadership suggests that such leaders raise followers' aspirations and activate their higher-order values (e.g. altruism), such that followers identify with the leader and his emission/vision, feel better about their work and then work to perform beyond simple transactions (e.g. Avolio, 1999; Bass, 1985; Conger & Kanungo, 1994). Accumulated research (see Avolio et al., 2004 for a summary of this literature)—including a series of meta-analytic studies (e.g. Judge & Piccolo 2004)—has found that charismatic/transformational leadership is positively associated with leadership effectiveness and a number of important organisational outcomes, such as productivity and turnover,

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across different types of organisations, situations, levels of analyses and cultures.

A lot of research effort has been invested in understanding the processes through which transformational leaders positively influence followers' attitudes, behaviours and performance. The processes are: followers' formation of commitment, satisfaction, identification, perceived fairness (e.g. Liao & Chuang, 2007; Walumbwa et al., 2008). Important characteristics include variety, identity, significance, autonomy and feedback, trusting the leader, and how followers come to feel about themselves and their group in terms of ethnicity, potency and cohesion (e.g. Bass et al., 2003; Bono & Judge, 2003; Schaubroeck et al., 2007).

The literature has witnessed a shift toward studying leadership in context; (Edwards & Gill, 2012). It has found distinct patterns of behaviour across different hierarchical levels and that transformational leadership is equally effective across all hierarchical levels while transactional leadership is not as effective at the uppermost levels but is effective at lower levels (Fairhurst, 2009; Gill, 2006). Several studies have focused on identifying and understanding contextual variables that mediate or moderate the relationship of transformational leadership with followers' levels of motivation and performance at the individual, team or group, and organisational levels (De Cremer & Van Knippenberg, 2004; Keller, 2006; Walumbwa et al., 2007). Additional research has focused on examining the moderating effects of follower dispositions such as efficiency (Dvir & Shamir, 2003; Zhu et al., 2009) and cultural orientations such as collectivism (e.g. Walumbwa & Lawler, 2003).

There has been a dearth of conceptual and empirical research on the relationships between these new leadership theories and followers' effective states (Bono & Ilies, 2006). Researching transformational leadership at the organisational strategic level has generally lagged behind

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all other areas of leadership research, as cited earlier (Waldman & Yammarino, 1999). The results thus far have been mixed. For example, Waldman et al. (2001) and Tosi et al. (2004) found that the charisma of the CEO was not related to subsequent organisational performance as measured by net profit margin and shareholder return or return on assets respectively. On the other hand, Waldman et al. (2004) report that CEO charisma is associated with subsequent organisational performance. Finally, any cross-cultural application has largely occurred within Western cultures and is survey-based, which is a limitation (Avolio et al., 2009). This study will offer further insights into the Russian business context, authentic leadership behaviour, vision formulation and implementation. While most of the previous research has been conducted in Western contexts, the GLOBE project affirmed that effective leadership can be culture-bound and needs to take into account the unique cultural context within which it operates. A leader as a risk-taker can have a different impact on followers in countries with high vs low risk avoidance. The GLOBE project identified leader attributes that are universally rejected or endorsed (House et al., 2004). *“For example, leaders with a high level of integrity and inspiration are considered effective in most countries across the world. Likewise, autocratic and non-cooperative leaders are considered largely ineffective world wide”* (Den Hartog et al., 1999; Javidan et al., 2006; Hernandez et al., 2011, p.1175). The ‘authenticity’ of the leader in context will be explored in the next section.

### **2.5.3.2. Authentic Leadership: Good and Bad Leadership**

*“One of the emerging pillars of interest in the field of leadership has been called ‘authentic leadership’”* (Luthans & Avolio, 2003, p.423). Authentic leadership has been defined as *“a pattern of transparent and ethical behaviour that encourages openness in sharing information needed to make decisions while accepting followers’ inputs”* (Avolio et al., 2009,

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p.423). Research on defining and measuring authentic leadership is at an early stage of development. More research is required to show how this construct relates to others within its nomological network. However, there appears to be general agreement as to the components of authentic leadership: balanced processing, internalised moral perspective, relational transparency and self-awareness.

*Balanced processing refers to objectively analyzing relevant data before making a decision. Internalised moral perspective refers to being guided by internal moral standards which are used to self-regulate one's behaviour. Relational transparency refers to presenting one's authentic self through openly sharing information and feelings as appropriate for situations (i.e., avoiding inappropriate displays of emotions). Self-awareness refers to the demonstrated understanding of one's strengths, weaknesses and the way one makes sense of the world (Avolio et al., 2009, p.424).*

To date, the main focus of leadership studies is 'heroic', 'good' or 'effective' leadership. A few studies have examined 'flawed' leader behaviour and narcissism in leaders (Higgs, 2009). The work of the Centre for Creative Leadership identified a range of causal factors for such leaders: skill deficiency, burn out, arrogance, betraying trust, being insensitive to others, being cold and aloof, and being overambitious. More recent work has summarised the range of terms, overlapping themes and evidence that these characteristics lead to dysfunctional performance (Higgs, 2009). Unethical organisational behaviours have been attributed to individual 'bad apples' (Hannah et al., 2011; Schaubroeck et al., 2012). In research on 'bad' leadership, there has been a growing interest in the relationship between narcissism and leadership. A selection of the 'bad' components are grandiosity, arrogance, self-belief, fragile self-esteem, need for power, dominance, lack of empathy, poor listener and inflexibility (Higgs, 2009).

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This has been further refined with the notions of 'productive' and 'destructive' narcissism. There are numerous descriptions of 'bad' leadership behaviour to juxtapose with 'authentic' leadership attributes: abuse of power, inflicting damage on others, over exercising one's control to satisfy personal needs, breaking rules to serve one's own purposes and so on (Higgs, 2009). *"Leaders should be encouraged to embed their assumptions and expectations concerning ethical conduct among organizational members"* (Hannah et al., 2011, p.1076).

### **2.5.3.3. Complexity Leadership**

There is a growing recognition among the literature that change is a complex process (Rumselt, 1991). Higgs (2005, p.3) argues *"that complex phenomena do not lend themselves to lines and predictive models."* Many traditional models of leadership were designed to accommodate more outdated hierarchical organisational structures. To the degree that organisations are hierarchical, so too are leadership models (Uhl-Bien et al., 2007). Yet, there has been a growing sense of tension in leadership literature, as models of leadership—which were designed for the past century—may not fully capture the leadership dynamic of organisations operating in today's knowledge-driven economy. Applying the concepts of complexity theory to the study of leadership has resulted in what has been called complexity leadership (Uhl-Bien & Marion, 2008). Complexity leadership posits that to achieve optimal performance, organisations cannot be designed with simple rationalised structures, as such structures underestimate the complexity of the context in which the organisation must function and adapt (Uhl-Bien et al., 2007). Understanding cognitive complexity is important in assessing leader effectiveness. Hooijberg et al. (1997) labelled this a 'leaderplex' model.

Complexity leadership theory (CLT) (Uhl-Bien et al., 2007) has been developed as an overarching explanation of how complexity leadership

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operates within a bureaucratic organisation. It identifies three leadership roles that must be explored: adaptive (e.g. engaging others in brainstorming to overcome a challenge); administrative (e.g. formal planning according to doctrine); and enabling (e.g. minimising the constraints of an organisational bureaucracy to enhance follow-up potential). One of the core propositions of CLT is that *“much of leadership thinking has failed to recognise that leadership is not merely the influential act of an individual or individuals but rather is embedded in a complex interplay of numerous interactive seeing forces”* (Uhl-Bien et al., 2007, p.302). ‘Shared’, ‘collective’ and ‘distributed’ leadership are interchangeable, overlapping with relational and complexity leadership (Pearce & Sims, 2002).

#### **2.5.3.4. Shared, Collective and Distributed Leadership**

Shared leadership *“reflects a shared ownership of problems; an emphasis on learning and development (empowerment) to enable sharing, understanding and contribution; and a culture of openness, mutual respect and trust”* (Gill, 2011, p.31). This is exemplified by the successful turnaround of Asda by the co-leaders, Archie Norman and Allan Leighton. For clarity’s sake, *“distributed leadership may be regarded as the (hierarchically) vertical dispersal of authority and responsibility and shared leadership as the ‘horizontal’ aspects of this phenomena”* (Gill, 2011, p.30). According to Day et al. (2004), team and shared leadership capacity is an emergent state; it is dynamic, developing throughout the team’s lifespan, and varies based on the team’s imports, processes and outcomes. It produces patterns of reciprocal influence, which reinforce and develop further relationships between team members (Carson et al., 2007). The most widely cited definition of shared leadership is by Pearce & Conger (2003): *“a dynamic, interactive influence process among individuals and*

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*groups for which the objective is to leave one another to the achievement of group or organisational goals or both” (p.1).*

Highly shared leadership is broadly distributed within a group, or a team of individuals, rather than localised in any one individual who serves as supervisor (Pearce & Conger, 2003). More specifically, shared leadership is defined as a team-level outcome (Day et al., 2004) or as a “*simultaneous, ongoing, mutual influence process within a team that is characterised by a ‘serial emergence’ of official as well as unofficial leaders*” (Pearce, 2004, p.48). Effectiveness in leadership becomes more a product of those connections and relationships among the parts, than the result of any single part of that system, such as the leader (O’Connor & Quinn, 2004, p.423). The ability to undertake a shared and collective leadership style would significantly impact change implementation in this study. The literature argues that shared leadership can play a role in fostering responsible leadership by facilitating mutual accountability and more balanced attention to the needs of various stakeholders (Doh & Quigley, 2014; Pearce et al., 2014).

A major criticism of research on shared leadership is the lack of agreement on its definition (Carson et al., 2007). Pearce & Conger (2003) note that further research is needed to examine potential moderators such as Carson et al. (2007). They propose that future research examine the type of team environment that enables shared leadership and suggest that the environment consists of three ‘highly interrelated and mutually reinforcing’ dimensions: shared purpose, social support and voice. It is also stated that further research needs to examine how external team leaders affect a team’s ability and motivation to be self-directed and share in leadership (Carson et al., 2007). Hackman & Wageman (2005) suggest that an external leader to the team can “*help team members make coordinated and task-appropriate use of their collective resources in accomplishing the team’s*

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*task*" (p.269). This suggests that individual-based 'heroic' models of leadership may not be sustainable in and of themselves (Pearce, 2004). Unlike shared leadership which focuses on groups, the LMX focuses on the leader-follower relationship. We explore this in the next section.

#### **2.5.3.5. Leader-Member Exchange**

This perspective is given to add to our understanding. Chen et al. (2006) reported that regardless of whether the manager was American or Chinese, the quality of the LMX relationship was related to cooperative goal setting or interdependence. These findings are relevant to this study.

LMX theory focuses on the relationship between the leader and the follower (Cogliser & Schriesheim, 2000). This literature has evolved from focusing exclusively on the consequences of the leader and member relationship to focusing on both antecedents and consequences. For example, Tekleab & Taylor (2003) assess leader and follower levels of agreement on their mutual obligations and their psychological contract with each other. Furthermore, both Uhl-Bien (2006) and Graen (2006), building on earlier LMX research, now view organisations as the systems of interdependent dyadic relationships, or dyadic subassemblies, and advocate the importance of both formal and informal influences on individual, team and network flows of behaviour.

One pervasive criticism of this literature revolves around measurement; for example, many different measures of LMX have been developed and used since the theory was first proposed (Yukl, 2006). Schriesheim et al. (1999, p100) argue: *"LMX skills seem to have been developed on ad hoc, evolutionary bases, without the presentation of any theological theory justifying the changes which were made."*

Another promising area for future research is to extend LMX theory across cultures, and this is of some relevance to this study. Chen et al. (2006)

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reported that whether the manager was American or Chinese, the LMX relationship quality was a function of cooperative goal setting or interdependence.

LMX research has also been criticised for failing to conceptualise the social context in which leaders and followers are embedded (Hogg et al., 2004, p.22). In other words, theory and research on LMX have focused on the leader-follower relationship without acknowledging that each daily relationship occurs within a system of other relationships (Cogliser & Schriesheim, 2000; Yukl, 2006).

*Treating follower attributes as outcomes of the leadership process, as opposed to inputs, even though there have been a number of calls over the years to examine the role that followers play in the leadership process (Avolio et al., 2009, p.434).*

#### **2.5.3.6. Cross-Cultural Leadership**

Several researchers have argued for an increased focus on cross-cultural leadership (Gelfand et al., 2007). Extensive reviews have been completed of cross-cultural research that is tangentially linked to leadership (Hofstede, 2001; Leung et al., 2005; Kirkman et al., 2006). The goal of identifying leaders who are able to effectively lead across a variety of cultures has great appeal and has been the focus of numerous articles in both academic (Mobley et al., 1999) and popular press (Green et al., 2003). Substantial differences and approaches remain on how global leadership is conceptualised and defined. One approach primarily focuses on international experience, implying that leaders must spend time living in different cultures in order to lead (Van Dyne & Ang, 2006). The second approach emphasises the competences the leader needs to have in order to lead effectively and successfully across cultures (Mendenhall, 2001). This approach emphasises having a broad set of management experiences

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across cultures rather than a deep knowledge of one or two cultures. This approach is reflected in related work on the global mindset (Boyacigiller et al., 2004; Clapp-Smith et al., 2007) and cultural intelligence (Earley et al., 2007; Thomas, 2006). While this research area is of considerable interest, the very word 'culture' itself refers to a complex set of constructs and brings with it associated conceptual and methodological challenges (Van de Vijver & Leung, 2000).

#### **2.5.4. Summary**

Visioning, strategy formation, change implementation effectiveness and context are greatly influenced by, and interrelated to, leadership behaviour and follower commitment. This literature review offers a lens through which to understand the impact of transformational and transactional leadership styles, authentic leadership as a distinct and evolved notion, and the positive and negative effects of 'good' and 'bad' leadership behaviours on the shared leadership. The theory suggests transformational leaders raise followers' aspirations (Levin, 2000; Avolio et al., 2009). One of the most interesting themes in theory and research on leadership is the discussion of followership and its impact on leadership. Leadership researchers treat follower attributes as outcomes of the leadership process, as opposed to inputs, even though there have been a number of calls over the years to examine the role followers play in the leadership process (Shamir, 2007). The notion of 'bad' leadership has been explored. We considered this earlier under the literature review 'Commitment'. Complexity of the working environment and the social network aspects highlights the interplay between stakeholders and the skills required. The influence of culture as moderating the relationship between leadership practice and relevant performance outcome merits the further attention that this study offers (Walumbwa et al., 2007). We touch on the relevance of different types of industries with regards to affecting leader and follower relations and mutual effectiveness. Russian national culture is the focus within this study.

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## **2.6. Implementing Change**

Much of the literature is focused on attempting to identify the reasons for the failure of change (Higgs & Rowland, 2003, 2005). The literature increasingly recognises that change is a complex process (Rumselt, 1991). Lichtenstein (1996) proposes that the root of the problem is that managers are trained to solve complicated problems rather than complex ones (Higgs & Rowland, 2005).

### **2.6.1. Introduction**

The main research question to be addressed in this study is to what degree, in Russia, is there a link between strategic choice, vision and organisational performance? Embedded in this is another question: how do these choices, and the vision implemented by followers, depend upon follower buy-in and follower motivation to perform? The purpose of the opening section is to establish a better understanding of the theoretical underpinnings of change theory, how organisational change occurs and the degree to which these moving parts influence the effectiveness of organisational change. Organisational change cannot be separated from organisational strategy and vice versa (Burnes, 2004). Strategy and change literature have also explored how organisations can build a sustainable change capacity (Higgs & Rowland, 2001, 2003, 2005, 2010; Meyer & Stensaker, 2006). Change has also been characterised by the rate of its occurrence, how it comes about, and by the change scale (By, 2005). It is now argued that it is of vital importance to organisations that people are able to undergo continuous change (Burnes, 2004; Rieley & Clarkson, 2001). How does change come about? The literature is dominated by two approaches: planned and emergent (Bamford & Forester, 2003). There is wide agreement among existing research that change can be characterised by scale. According to Dunphy & Stace (1993), change is identified into four different types. By (2005) argues that, given the poor success rate for change programmes, more research is needed.

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### 2.6.2. Definition of the Implementation of Change

*“Change management has been defined as the process of continually renewing an organisation’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers” (Moran & Brightman, 2001, p.111).*

Organisational change and managing change are important current concerns. The value of change to the organisation can be defined in terms of goals, structure, technology, tasks, product markets, the structure of power and control, and the structure of rewards contingent on membership performance (Carnall, 1986, p.748). The starting point for strategic change is strategic context, and new strategy will entail managing the organisation’s context and change management process (Pettigrew, 1987).

*The issue is not to prematurely downplay the explanatory role of leadership behaviour in any theory of strategic change but to address the questions about leadership within a sufficiently broad analytical approach. This means treating leadership as a continuous process in context; where the context refers to the antecedent conditions of change, the internal structure, cultural and political factors within which the leadership occurs, as well as the broad features of the outer context of the firm from which much of the legitimacy for change is derived (Pettigrew, 1987, p.650).*

The transformation of the firm is an iterative, multilevel process with outcomes emerging unbounded by rational debates, but shaped by the interests and commitments and groups, and the structural context around decisions (Mintzberg, 1978b; Burgelman, 1983).

*“The content of strategic change is the product of political and cultural considerations, though largely expressed in rational and analytical terms” (Dunphy & Stace, 1993, pp.905–920). Change is essentially ‘situational’ or contingent. The contingency organisational view was argued and became the basis for situational views of change (Chandler, 1962; Tichy & Devanna, 1990).*

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Pettigrew & Whipp (1991) argue that strategic change has three essential dimensions—business context, change content and change process—and that dominant ideologies of change are often culturally specific with managers developing the capability to alternate between consultative, directive, and incremental change styles. Based on this research, it has been argued that the best practice is eclectic, pragmatic and culturally and situational attuned (Stace, 1996).

*Organisational change literature remained underdeveloped regarding a number of interconnected analytical issues: (1) the examination of multiple contexts; (2) the inclusion of time and history; (3) the link between change process and organisational performance; (4) cross-cultural comparisons; and (5) the sequencing of pace, episodic versus continuous (Pettigrew et al., 2001, p.697).*

Since 2005, Higgs & Rowland's research has offered new insights into three interconnected questions:

- 1) What approach to change management is likely to be most effective?
- 2) What leadership behaviours tend to be associated with effective change management?
- 3) Are leadership behaviours related to the underlying assumptions to different approaches to change?

The theories and approaches to change management are often contradictory and lacking robust empirical evidence (By, 2005).

### **2.6.3. A Review of Theoretical Contributions**

Theory and change models based on this contemporary thought process are further explored in the literature review, under the heading 'Implementation of Strategy and Change Effectiveness'. Strategies for implementing a vision and mission require understanding and need to address context, content and the process of change (Pettigrew, 1987). The factors that integrate change models

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and theory help us know more about what to change and how to implement strategic changes.

The difficulty of implementing change is clearly a major challenge for leaders (Kotter, 1996; Beer & Nohria, 2000; Higgs & Rowland, 2005); up to 70% of change initiatives fail (e.g. Kotter, 1990; Carnall, 2007; Higgs & Rowland, 2005). Following the line of argument taken by Higgs & Rowland (2005), change is classified into two axes: the extent to which change approaches seek uniformity or accept differentiated implementation and the extent to which change is seen to be linear or non-linear. This leads us to question those change initiatives that do work. Indeed, leading and implementing change according to textbook theory is difficult. The prevailing paradigm and mindset begins with Lewin (1947). The paradigm of change inherently grounded in these existing models is linearity. All these models see change as being driven from the top of the organisation and implemented uniformly, according to a detailed plan. Lewin (1947), Tichy (1983), Schein (1987), Weisbord (1987) and Nadler & Tushman (1990) all base their models on assumptions of linearity and planned phases. Other critics have challenged this view, as in reality, change is a much more complex process (Higgs & Rowland, 2005). An important aspect of the more complex view of change is the significance of shared values (Hurst, 1995); this factor requires a greater effort in order to engage people in the change process. The antecedents for this thought process are rooted in expectancy theory (Lawler, 1973); positive reinforcement (Skinner, 1948); changing values throughout the group (Lewin, 1951); participative management (Likert, 1967); and organisation as a family (Levinson, 1972).

The theories from psychology and organisational behaviour that were selected for this review are most applicable for organisational change and development. These theories address certain aspects of organisational change. This short review illustrates, from the seminal literature, the types of theories of development and change. Likewise, the theories drawn from psychology and

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organisational behaviour are selective, yet relevant in casting light at both individual and group perspective in terms of, for example, job enrichment, reward systems, the work environment, and norms and values that shape organisational development. This school of thought retains a 'one look' approach. Organisational models will be further explored in the next section.

#### **2.6.4. Why Use Organisational Models and Theory?**

The first definition of 'model' in dictionaries is a 'standard to emulate, to imitate, or with which to compare'.

An organisational model can be useful in a number of ways (Burke, 1994). An organisational model can help categorise, enhance our understanding, interpret data about the organisation, provide a common shorthand language and guide action for change. An organisational theory and a model can indeed be useful (Burke & Noumair, 2002).

Organisational models appeal to a practitioner because they are grounded in both theory/research and change consulting practice. More comprehensive theories have emerged from domains such as cell biology, chaos theory and/or non-linear complex systems theories (Sammut-Bonnici & Wesley, 2002). The examination in this thesis is not offered as an exhaustive review but a selection of seminal and relevant models. These models were selected by the researcher as representatives of organisational reality and models to which practitioners can relate.

#### **2.6.5. Organisational Change and Theory of Choice: Contingency Theory**

The planned approach to organisational change attempts to explain the process that brings about change (Burnes, 1996; Eldrod II & Tippett, 2002). The planned approach to change came under increasing criticism after the early 1980s (Kanter 1982; Burnes, 1996). It is considered not applicable to situations that require rapid and transformational change (Burnes, 1996, 2004; Senior, 2002) based on the assumption that organisations operate under constant conditions and that

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they can move in a pre-planned manner from one stable state to another (Bamford & Forrester, 2003). The approach of planned change ignores situations where more direct approaches are required. This can be a crisis situation which requires major and rapid change and does not allow any scope for widespread consultation or involvement (Burnes, 1996, 2004; Kanter, 1982). Critics argue that the planned approach to change presumes that all stakeholders in a change project are willing and interested in implementing it and that a common agreement can be reached (Bamford & Forrester, 2003).

The contingency approach to change is the change approach of choice; it is founded on the theory that the structure and performance of an organisation are mutually interdependent (Fiedler, 1967; Dunphy & Stace, 1993). Fiedler posits that leadership effectiveness depends on the interaction of leadership style with features of the situation, referred to as 'situation favourableness'. Similarly, House (1971) espouses the path-goal theory; this is focused on situational moderators upon which the leader's effectiveness is contingent. It was found that leadership styles depend on employees' personal characters and contextual demands; this called for the development of a contingency model of change. Strategies for organisational change that are successful in one business arena and in one culture may not necessarily be successful in another (see figures 2.1 and 2.2). The four categories of change in the model below are: developmental, task-focused, charismatic and turn-around.

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### The Dunphy-Stace change matrix – Dominant patters of corporate change

Style of change management	Scale of change			
	Fine tuning	Incremental adjustment	Modular transformation	Corporate transformation
Collaborative				
Consultative	Lower Performers	Maintaining alignment, or creating the competitive environment (medium to high Performers)		Transformations
Directive				Regaining Strategic Alignment
Coercive				Turn-around

STACE, D. & DUNPHY, D. (2001) *Beyond the boundaries: Leading and re-creating the successful enterprise, 2nd Edition*, McGraw-Hill Book Company Australia Pty Limited. – page 107

Figure 2.1. Dunphy-Stace Change Matrix – Dominant Patterns: Stace &amp; Dunphy (2001).

### The Dunphy-Stace change matrix – Which approach to corporate change?

Style of change management	Scale of change			
	Fine tuning	Incremental adjustment	Modular transformation	Corporate transformation
Collaborative				
Consultative	Taylorism (avoiding Change)	Developmental Transitions (constant change)	Charismatic Transformations (inspirational change)	
Directive		Task-focused Transitions (constant change)	Turnarounds (frame-breaking change)	
Coercive				

STACE, D. & DUNPHY, D. (2001) *Beyond the boundaries: Leading and re-creating the successful enterprise, 2nd Edition*, McGraw-Hill Book Company Australia Pty Limited. – page 109

Figure 2.2. Dunphy-Stace Change Matrix – Which Approach?: Stace &amp; Dunphy (2001).

The problem with change is that powerful cultural forces within a company often tend to limit pragmatic solutions. Burnes (1996) argues that organisations do have real choices. Many studies suggest that an organisation's preferred approach to change stems from its culture. Where the vision and change programme prescriptions run counter to the organisation's culture, they will be either ignored or be ineffective. *"Successful leaders create strong positive*

*cultures: the culture supports the vision and purpose of the organization or group and facilitates their pursuit” (Gill, 2011, p.191).*

The linear planned approach to change, central to much of the theory and practice of change, has not been uniformly successful in producing effective change implementation. Higgs & Rowland (2005) provide evidence of an approach that recognises complexity as more likely to succeed.

Improvisation and iterative experimentation—where they predict that the organisational impact of technological change is infeasible—is proposed. *“Once the jazz performance begins each player is free to explore and innovate” (Orlikowski & Hofman, 1997). “Jazz is not everyone’s cup of tea; some are incapable of playing jazz, much less listen to what they consider noise” (Jaworksi & Scharmer, 2000).*

Evolutionary models and theories cannot alone explain why organisations behave in certain ways. The theories of probability and complexity provide an enhanced view of change and transformation in organisations (Sammut-Bonnici & Wensley, 2002). The consulting firm, Rowland Fisher Lexon Consulting (RFLC), framed this view of change literature as shown in figures 2.3, 2.4 and 2.5.

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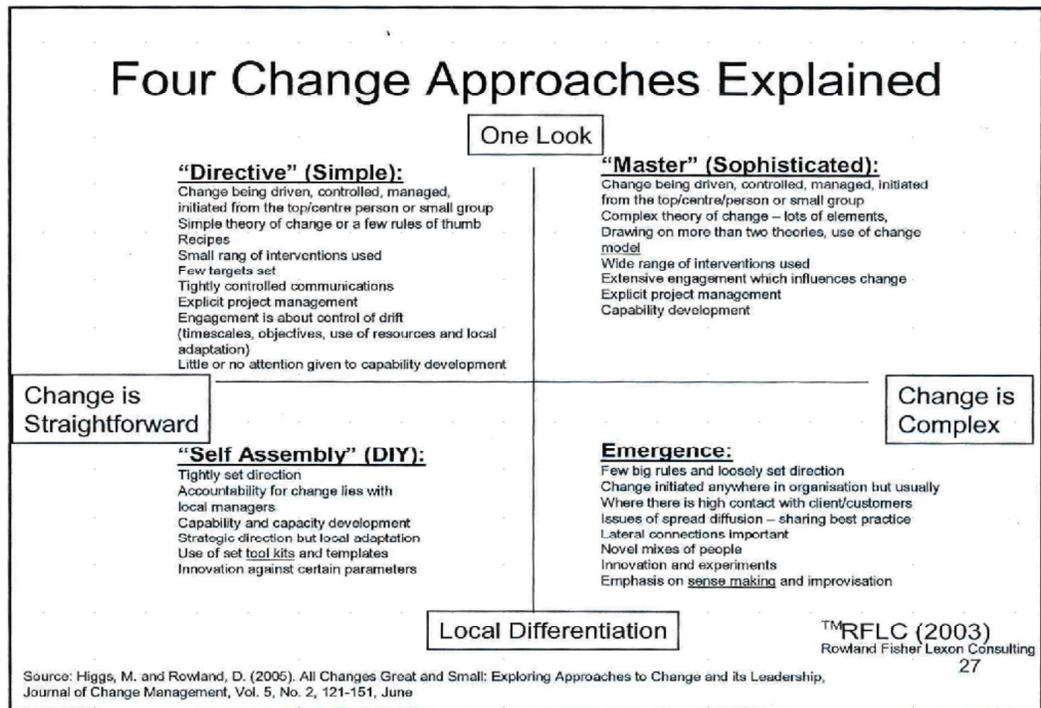


Figure 2.3. Four Change Approaches Explained: Higgs and Rowland (2005).

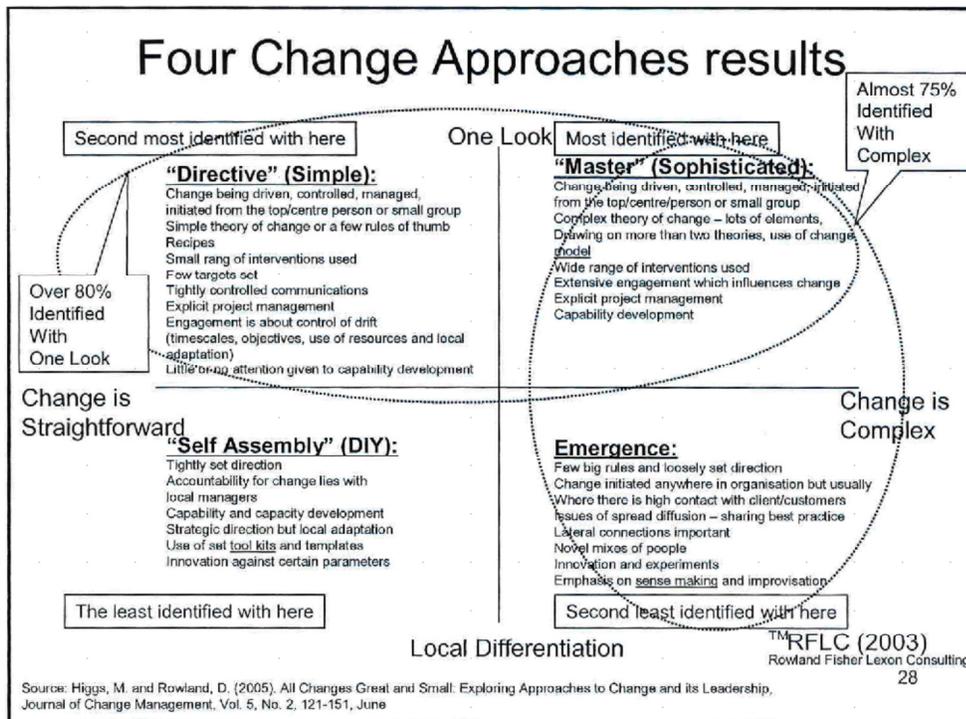


Figure 2.4. Results of the Four Change Approaches: Higgs and Rowland (2005).

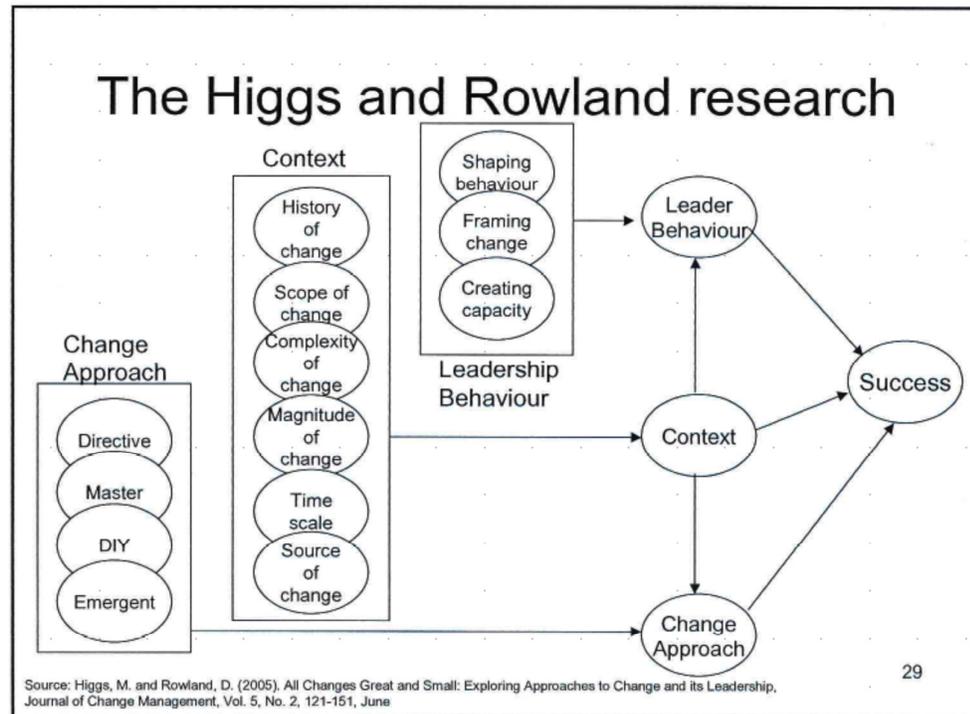


Figure 2.5. Conceptualising Change Approaches: Higgs and Rowland (2005).

### Higgs & Rowland: Conceptualising Change Approaches

The Higgs & Rowland study of 2005 in figure 2.5 presents a typology of the four change approaches: context (history of change, scope of change, complexity of change, magnitude, timescale and source of change) and leadership behaviours (which are either shaping behaviour, framing change or creating the capacity for change). This study was a mixed-method research design that explored seven organisations with 40 informants, and captured 70 change stories to provide indications of the relative strengths of the relationships (Figure 2.5). The literature (Higgs & Rowland, 2003, 2005, 2010) argues that taking a complex adaptive system view of organisations provides a more realistic understanding of how organisations change.

Complexity science studies the nature of such dynamics in complex networks of adaptive agents and suggests that “order emerges for free”, without any central or governing control or intention when the network operates in “edge of chaos” conditions (Kauffman, 1995). Stacey (1996, 2001) has argued that self-organising

processes are to be primarily found in an organisation's shadow system, i.e. the complex web of interactions in which social, covert political and psycho-dynamic systems coexist in tension with the legitimate system.

In the paradoxical conditions of 'bounded instability', such systems are capable of spontaneous novelty. Every day, people have to deal with disorderly paradoxes and contradictions in their official and unofficial roles, and the place of conversation is critical in addressing complexity in organisations and transformative actions (Shaw, 1997). This is the paradoxical nature of what Shotter (1984) suggests and means by joint action, which, as he points out, always produces unintended and unpredictable outcomes. People generate among themselves "*without conscious realization of the fact, a changing sea of moral enablers, constraints, of privileges and entitlements, and obligations and sanctions – in short, an ethos*" (1984, p.39). The complexity is created by the fact that all agents constantly respond to one another's signals in an iterative, non-linear dynamic. Shaw (1997) makes a number of suggestions as to how we might think of such a practice in terms of transformative activity.

#### **2.6.6. Summary**

According to the literature, the implementation of contemporary change is not a linear process (Senge, 1997; Pascale, 1999; Higgs & Rowland, 2005). Managers do not have the expertise or capacity to implement change successfully (Higgs & Rowland, 2005). Contingency theory is the change theory of choice. Higgs & Rowland's (2005) research attests that approaches to change, based on assumptions of linearity and predictability, do not tend to lead to success (Aldrich, 1999; Buchanan & Boddy, 1992; Dolan & Garcia, 2002; Higgs & Rowland, 2005). These findings further suggested that, for change to be implemented effectively, it is necessary to take into account the culture of the organisation (e.g. Shrivastra, 1985; Swaffin-Smith & Townsend, 2002; Trompenaars & Woolliams, 2003).

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It is important to consider both change approaches and leadership behaviours within the context of a change initiative (Higgs & Rowland, 2005, 2010). A critical factor for the success of a change process is top management credibility or the design of change. What can be credibly implemented is a key question. Certain change processes cannot be executed in certain contexts; in more bureaucratic cultures, other types of processes are simply not compatible with team-oriented or innovative/dynamic organisations (Bruch & Ghosal, 2004). Different types of change programmes will be more effective with companies characterised by comfortable inertia as compared to their compatibility with companies that have other types of energy, such as change tiredness, high productive energy or designative inertia (Bruch & Ghosal, 2003, 2004). This literature is largely Anglo-USA-centric, focused upon acceptance, attention, effective change agents, and momentum and sustainability. Most of the prior research on change management and leadership in Russia has suffered, however, from the common mistake of accepting Western change theory approaches and certain stereotypical views of enterprise management in that country instead of truly analysing the changes taking place in companies in the context of Russia.

## **2.7. Context**

Context can exert influence on, or receive influence from, organisational members (Mowday & Sutton, 1993). "*Context can act as a direct determinant of the nature of leadership*" (Hernandez, 2011, p.1167). Theories in this category see context as the actual 'spring' that generates leadership (Uhl-Bien, Marion & McKelvey, 2007). Contingency theorists argued that the effectiveness of certain styles depend on the environment in which they are embedded (Avolio et al., 2000). The GLOBE project explored leadership in a cross-cultural context and argues that effective leadership can be culture-bound (House et al., 2002).

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### 2.7.1. Introduction

Contemporary literature on change theory is largely contextual in character (Pettigrew, 1987). A view of process that combines political and cultural elements is compelling in explaining change and continuity (Pfeffer, 1981). There is evidence to support the link between change effectiveness and culture (Darcey-Lynn & Farbrother, 2003). Hofstede (1991) describes culture as 'software of the mind', a collective programming of the mind that distinguishes the members of one group of people from another (Schein 1985, p.5). Colloquially, most describe the link as the 'way in which things are done around here' (Schein, 1985; Deal & Kennedy, 1988; Goffee & Jones; 1998). There has been a long-standing debate regarding whether leadership varies across nations and is generalisable across cultures (Avolio et al., 2009; Schaubroeck & Shao, 2012; Zhang et al., 2012; Marcus & Le, 2013).

Our 'story' takes a Western view of visioning, strategy formation and change effectiveness associated with leadership behaviours, and explores a significantly different contextual picture. Russia is very different to the USA and UK. This study's theoretical model is grounded in leadership and contingency theory. Research has consistently shown that Russian culture differs from Western culture. The traditional Russian leadership style is strong and authoritative and deeply embedded in the country's mythology, which embraces forceful and authoritarian leadership actions. Power distance between leaders and followers and uncertainty avoidance are both high in Russia (Naumov & Puffer, 2000). The ability to exercise power has been defined as a measure of the inequality between the person who has the power and the person who does not (Bollinger, 1994). Using five cultural dimensions, Hofstede (1980) notes that cultures with strong uncertainty avoidance lead to behaviours based on rules; Russia scored high on this dimension. Uncertainty avoidance measures how much anxiety a society can tolerate regarding future events (Bollinger, 1994). *"Russian citizens are virtually guaranteed a job and a modest standard of living if they do not*

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*challenge the status quo*" (Naumov & Puffer, 2000, p.712). Power distance in Russia is at the level at which the least powerful members of society expect power to be distributed unequally. In a broader sense, both these beliefs and values constitute parts of the Russian mentality. High power distance, combined with high uncertainty avoidance, gives rise to pyramid-shaped bureaucratic structures that are both formal and centralised (Bollinger, 1994).

The literature argues that a neglected area of research is context as the locus of strategic leadership. *"The leader's traits, cognitions and behaviours may have little explanatory power, whereas context can directly explicate the leadership outcome"* (Hernandez et al., 2011, p.1180). The same literature further posits that existing research has neglected context as a locus of leadership as the *"context can dictate the content of a leaders vision"* (Hernandez et al., 2011, p.1180).

The literature argues that there is a need to address the role of cultural values both within and between cultures (Dulebohn et al., 2011). Results from recent studies argue for the consideration of cultural values at an individual level and emphasise an understanding of followers' commitment to change both within cultures as well as between cultures (Kyootai et al., 2014). Managers who rely on stereotypes will find this of limited usefulness in informing the change implementation process at a country level (Zhang et al., 2012).

## **2.7.2. A Review of Relevant Theoretical Contributions**

### **2.7.2.1. Russian Culture**

To what extent can Russian leaders change strategy without changing the dominant Russian organisational culture and achieve follower buy-in? The literature review explores Russian leadership and management practices and the links with effective change management and the implementation of a strategic vision in a Russian company.

The dominant national culture can impact dominant organisational culture (Adler, 1997). Hofstede (1980) argues that Russian culture has a particular

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impact on Russian managers. Hofstede (1980), in his investigations into work-related attitudes and values, identifies five cultural dimensions along which countries can differ. These dimensions are 'power distance', 'uncertainty avoidance', 'individualism / collectivism', 'masculinity / femininity' and long-term orientation. Power distance and uncertainty avoidance have been defined above in this thesis. When individualism is more prevalent, there may be difficulty in moving towards team empowerment. *"Individualistic people prefer control over their own destinies, and therefore seek information that gives them such control ... and may have difficulty in self-managing teams"* (Gill, 2011, p.243). Collectivism is characterised by interest in tightly woven groups. *"When collectivism is strong, information sharing and team accountability are preferred"* (Gill, 2011, p.243). Masculinity/femininity refers to typical behaviour where the social roles for men and women are strictly defined. (Naumov & Puffer, 2000). *"Masculinity is defined as the degree to which such 'masculine' values as assertiveness, competition and success are emphasized, as opposed to such values as quality of life, warm personal relationships and service"* (Ardichvili, 2001). Hofstede then argues that these cultural dimensions determine the way in which organisations are structured and managed. This thesis explores how leadership and managerial values in a Russian context impact the implementation of the change process. *"It is a small but significant point that the vast majority of the people in the entirety of the Confederation of Independent States have had no experience with democracy or market economics"* (Holt et al., 1994, p.136). Furthermore, the legacy of the Communist era forces firms in Russia to deal with a unique time perspective and a unique set of subcultures which often undermine attempts at coordination and integration (Fey & Denison, 2003, p.686). Further analysis of the GLOBE data reveals that there was strong support for the connection between

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organisational culture and national culture and leadership (Javidan et al., 2006).

While Russian is the predominant culture, the Russian Federation consists of more than 100 ethnic groups. Nevertheless, perceptions of Russian character have homogeneity (Puffer et al., 1997). Although information that specifically relates to managers' beliefs and values in Russia is scant, more recent studies have concluded that different values exist among different generations of Russians (Bahry, 1993). Russians are accustomed to powerful leaders who delegate little power and centralise authority. Authoritarian leadership in Russia has a long history (Mead, 1955; Gorer & Rickman, 1962; Puffer, 1994). Bollinger's (1994) study of the Russian system of management placed Russia among the countries with the highest power distance. In Russia, self-accomplishment has been closely associated with achieving the objectives of social collectivism (Holt et al., 1994). Russia has generally been viewed as a culture that traditionally emphasises values of solidarity, close personal relationships and care for the weak (Connor, 1991; Puffer & Bollinger, 1994). Russian managers had much of their drive suppressed by the egalitarian principles of traditional Russian society and the stifling bureaucracy of a centrally planned economic system (Puffer, 1994).

*Centralisation of authority and authoritarian leadership in Russia have a long history. Russian culture, over the centuries, is replete with ruling elites and authority figures who tightly controlled society and suppressed personal freedom (Elenkov, 1998, p.134).*

#### **2.7.2.2. Russia: Leadership Behaviour**

One should not overemphasise or underestimate the peculiarities of being a leader in Russia (Naumov & Puffer, 2000). Many business scholars, political economists and business executives agree that economic

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problems in Russia have a lot to do with the style of management at various levels in the country (Elenkov, 2002, p.467). Most Russians prefer directive leaders and believe that effective leaders should prioritise task accomplishment over any relationship building (Fey et al., 2001). The Russian leadership style is dictated by subordinates' expectations; legitimate power and referent power are the most effective sources of influence for Russian managers. The Russian managerial culture profile shows a much lower individualism score and much higher uncertainty avoidance value. *"You don't understand; workers work and managers make decisions"* (Fey, 2008, p.254).

Relatively few management and organisational behaviour studies have explored leadership behaviours in Russia. In most studies on Russian leadership (Kets de Vries, 2001), the authoritarian mindset is considered to still be alive in Russia (Gurkov, 1996). Typically, power and control come from the top in a Russian organisation. At its most excessive, this style is seen as abusive and exploitive of followers, indicative of the dark side of leadership (Luthans et al., 1998). Russians need to distinguish between 'authoritarian' and 'authoritative' leadership. Knowledge sharing was considered constrained by lack of incentives for sharing, while the lack of departmental thinking and the fear of admitting mistakes was compounded by the 'not invented here' syndrome (Engelhard & Nagele, 2003). Such limitations require consideration in assessing the extent to which the three companies within the case study company are truly Russian culture-bound and the likely impacts on leadership implementing a strategic vision. Dominant national Russian culture will limit possibilities for transferring Western management and organisational techniques to Russia (Elenkov, 2002). Differences in learning styles between expatriates and Russian managers will impede learning and organisational development (Engelhard & Nagele, 2003). A more recent study exploring the learning styles of successful Russian entrepreneurs showed they exhibit open or

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transformational leadership generally attributed to US entrepreneurs (McCarthy et al., 2010), suggesting that entrepreneurial leadership styles may be similar across countries and cultures.

### 2.7.2.3. Organisational Culture

To what extent can Russian leaders change strategy without changing organisational culture? The literature tells us that organisational cultures are embedded in, and shaped by, national cultures (Puffer & McCarthy, 1995). The literature argues that culture does indeed have a relationship to the successful implementation of change. The literature pertaining to both Russian culture and Russian leadership behaviours underlines the implementations that change challenges in Russia (Engelhard & Nagele, 2003; Korotov, 2008).

The Goffee & Jones (1998) cultural framework has been widely used in research studies (Higgs & Rowland, 2005). Two dimensions, sociability and solidarity within organisations, resulted in a matrix of four culture types and a positive (functional) or negative (dysfunctional) form within an organisation. These culture types are: networked, communal, fragmented and mercenary in a double S cube model.

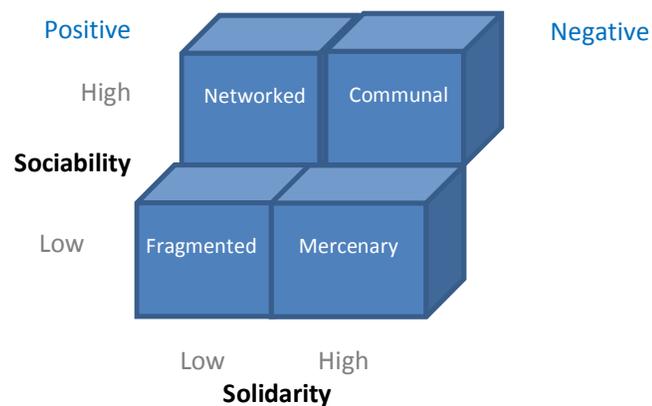


Figure 2.6. Goffee & Jones Culture Model (1998).

Organisations with higher levels of solidarity in their culture (Goffee & Jones, 1998) tend to have greater success in implementing change. Goffee & Jones (1998) define sociability as a measure of friendliness among members of a community and consider how people relate to each other. High levels of sociability are likely to be among people who share similar ideals, values, personal histories, attitudes and interests. Solidarity is based on common tasks, mutual interests and clearly understood, shared goals that benefit all the involved parties. Framing behaviours in a high solidarity culture appears to be associated with successful change implementation.

There is agreement that organisational culture has a major impact on the ability to implement change effectively (Kotter, 1996; Goffee & Jones, 1998; Faull et al., 2004; Trompenaars & Woolliams, 2003). However, overall, there is a dilemma in the literature "is it to change a culture to achieve a business change or develop the business change in a way that is compatible with the existing culture (Higgs & Rowland, 2005, p.8)? There is an emerging view that organisational culture has a major impact on the ability to implement change effectively (Shrivastava, 1985; Dolan & Garcia, 2002; Trompenaars & Woolliams, 2003; Higgins & McAllater, 2004; Higgs & Rowland, 2005).

Studies in the 1990s and the early 2000s show that attitudes, habits, cultural-based behaviour and organisational business practices have been embedded in traditional Russian culture for centuries (Puffer & McCarthy, 2011). The literature argues that most Russian business leaders operate with a transactional leadership style traditionally exhibited by Russian political leaders and that is not compatible with 21st century organisational models (Kets de Vries et al., 2004; Grachev, 2009). *"This style has been embedded in the Russian culture that has become institutionalized and continues to influence Russian business leadership style which in turn shapes corporate governance and strategy"* (Puffer & McCarthy, 2011). It

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has been argued that transactional leadership is a short-term managerial orientation rather than a true leadership style (McCarthy et al., 2008).

This finding will be revisited and further referenced in this study.

#### **2.7.2.4. Russia: Financial Services**

Banks and insurance companies have extremely important macroeconomic functions in Russia (for example, in capital formation, paid insurance premiums enhance overall savings) and it is especially important to consider the standard of living, which in Russia are about one third of the average in Western Europe (calculated on the basis of GDP per capita and purchasing power parity adjusted). The review in this thesis covers the period in which the research was conducted and offers a current assessment of the sector. Income in Russia is extremely unevenly distributed. It is estimated that about one fourth of the population lives in poverty. At the same time, Russian oligarchs can be found among the richest people in the world. Moscow has a living standard roughly four times higher than Russia on average. Inequality is thus obvious on personal, as well as local levels (Fitch Ratings, 2006). In this respect, Russia is not in the same situation as transitional economies in Central Eastern Europe, which were forced to mend their institutional frameworks rapidly amid EU-membership negotiations. Eight of them managed to join the EU in May 2004. However, present-day Russia is still an emerging market, in which their post-industrial service society is far from maturity. Thus, many modern service sectors, including banking and leasing, have a long period of structural change ahead (Deutsche UFG, 2006). Fitch Ratings (2006) states in a special report that it expects the Russian insurance sector will continue to grow, aided by retail business development, regional diversification and new compulsory lines. Further regulatory tightening is expected to dramatically reduce the number of players and improve the

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financial strength of the insurance market as a whole (Deutsche UFG, 2006).

The Russian insurance sector grew by 4% in 2005. The low growth rate is explained by the decline in tax-avoidance schemes in insurance. Market commentators estimate the real growth of the insurance sector to be 27% for 2005; this growth was mainly driven by corporate property, corporate accident and health, and retail motor insurance. Life insurance is still a small market but is expected to double within two years. The rapidly developing insurance market has generated a growing demand for capital. As internal sources of capital and new injections from shareholders are limited, major insurers may be expected to reach out to the public market to raise funds. Medium-sized or large players who are not ready to become public are more likely to look for portfolio or strategic investors. Fitch Ratings sees initial public offerings (IPOs) representing a tough challenge for insurance players who are new to the public market (Fitch Ratings, 2006). Following discussions with the US, Russia finally agreed to the terms for joining the World Trade Organisation (WTO), and allowed the direct presence of branches of US insurers in the Russian market. Russia's earlier resistance to do this may partly explain US insurers' previous lack of interest in the Russian market (Fitch Ratings, 2006). Supported by rapid economic growth, the banking and leasing industries also continue to grow on a double-digit base. The banking boom has increased industry penetration to levels comparable to those in Eastern Europe. Mergers and acquisitions have accelerated and reached an all-time high within Russia. Banks in the former Soviet Union have attracted the attention of both domestic and foreign investors to become star performers. This dynamic and transformational context for the insurance, banking and leasing sectors provides a framework for a contextual understanding of leadership challenges within Basic Element. In the intervening period, i.e. 2006–2013, Moscow began to emerge as an international financial centre. There was

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significant scope now for both international and domestic firms as Russia opened up its financial services sector. The Russian government put considerable emphasis on restructuring and stabilising the financial services and banking systems. With the Russian banking system still in transition, the events in Ukraine in the second half of 2014 has triggered a financial crisis in Russia and resulted in the collapse of the Russian ruble and the associated shrinking of the economy (Economic Intelligence Unit, 2015).

## **2.8. Summary of the Literature Review and Research Agenda**

The literature in an Anglo-USA context is long-standing and extensive with respect to what triggers a vision and strategy formation, how follower commitment and leadership styles can be defined, and what makes for effective change implementation in the West. In a Russian context, our understanding is less clear and the literature is considerably more limited.

### **2.8.1. Vision**

Vision is important to leadership, strategy implementation and change (Doz & Prahalad, 1987; Sashkin, 1988; Kotter, 1990; Hunt, 1991, pp.199–203). Without direction, both in terms of who we are and who we want to be in the future, organisational change cannot occur (Burke and Trahan, 2000; Avolio et al., 2009; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Srinivasan, 2014).

The first area of exploration concerns Russian leaders with vision and how they improve an organisation's performance. The review has identified gaps in Russia with regards to the process and content of the visioning activity of the leader. What triggers the visioning activity? Another aspect that needs to be studied is the content of the vision and the use of language.

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### **2.8.2. Strategy Formation**

Strategic change is the most difficult notion to comprehend. The literature argues that strategy formation, as a behavioural process, is poorly understood (Carter et al., 2010; Hannah et al., 2011; Vara & Whittington, 2012; Eberly et al., 2013; Rouleau, 2013; Shinkle et al., 2013). The need for an explicit strategy is clear enough, and it is the duty of the leader to make the strategy and the vision explicit. Process skills, at the most general level, involve the legitimization of strategy content in the evolving inner and outer context of the firm (Pettigrew, 1985c, 1987). The extent to which Russian leaders change strategy without deliberately changing culture is an interesting area for further research. Strategy formation is a process poorly understood.

### **2.8.3. Follower Commitment**

Effective change leadership, in terms of change success, eliminates contextual conditions within the organisation that would otherwise foster a sense of powerlessness among followers (Carsten et al., 2010; Bligh, 2011; Hernandez et al., 2011; Shamir, 2011; Oc & Bashshur, 2013; Epitropaki et al., 2014; Doh & Quigley, 2014; Pearce et al., 2014). In Russia, the continued survival of transactional leadership has led to a resistance to organisational change. Such a leadership and motivational style frees followers from accountability. Transformational leadership does not depend on 'tough love' and paternalism but instead recognises followers as team members that should accept responsibility and accountability. Such a style would better position Russian companies and its members to accept change (McCarthy et al., 2008; Van Genderen, 2015). Cultural sensitivity and the analysis of culture as a contingency variable in leadership effectiveness is an important area for exploration in this study.

### **2.8.4. Leadership**

Universal models of change management are inadequate to describe the diversity of change approaches actually used in organisations (Higgs & Rowland, 2005;

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Fairhurst, 2009; McCarthy et al., 2010; Puffer & McCarthy, 2011; Edwards & Gill, 2012). This thesis explores the features in the environment that give rise to leadership. The power of the context, the macro environment, national cultural norms and character, uncertainty and sense of crisis, and the microenvironment team norms all combine to create a 'climate' (Mowday & Sutton, 1993). It seeks to understand the behavioural complexities that leaders in Russia face and sheds light on possible relationships between exhibited leadership styles, leader performance and follower commitment within a Russian context.

Another area of exploration for this study is the manner which the leaders' behavioural characteristics, articulation and exemplary modelling facilitate follower commitment, trust and provide direction. To what extent is leadership Russian culture-bound? To what extent does leadership empower followers through the enhancement of their personal self-efficacy beliefs and intrinsic task motivation?

#### **2.8.5. Implementation of Change**

To understand the nature of the organisation's culture is imperative, and business changes should then be developed in a way that is compatible with the existing culture (Carnall, 1986; Kotter, 1996; Goffee & Jones, 1998; Trompenaars & Woolliams, 2003; Carnall, 2007; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014).

It makes sense to acknowledge the importance of the key question 'what would be right?' as a leadership decision, and 'how to do it right?' as a management decision. There is no single path to achieving successful change implementation in all situations (Bruch et al., 2005). There is, then, a growing realisation that change is a complex process (Rumselt, 1991; Senge, 1997; Pascale, 1999). Top down, programmatic change does not work (Senge, 1997; Pascale et al., 1999; Higgs & Rowland, 2003, 2005, 2010). This thesis explored, in Russia, the relationship between organisational culture and the organisation's approach to change and change success, as well as the relationship between organisational culture and

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dominant leadership behaviours. Few companies in Russia can sustain profitability in this globally competitive environment without strong leadership (and motivated followers) (Van Genderen, 2015). The literature argues for the prevalence of the stereotypical Russian leader and embedded follower resistance to change (Puffer & McCarthy, 2011).

#### **2.8.6. Context**

This researcher wished to move beyond stereotypes. Culture as a contingency variable in leadership effectiveness is an important area for further study. While many models have been proposed (Hofstede, 1991; Goffee & Jones, 1998; Johnson, 2001), all are seen to have their limitations. Different cultures have different beliefs, values, modes of articulation and vision formulation. Exploration of these variations in Russia is central to this study and, in turn, cast light on leadership effectiveness. The study will explore how the Russian context acts as a contingency for leadership effectiveness (Higgs & Rowland, 2010; Dulebohn et al., 2011; Marcus & Le, 2013; Kyootai et al., 2014).

#### **2.8.7. Summary**

Leadership research and theory has been largely tested within Anglo-USA contexts while our 'story' explores a significantly different picture in Russia (Puffer & McCarthy, 2011). There is a growing interest in research that focuses on the role of leadership across cultural contexts (Gelfand et al., 2007; House et al., 2004). Vision is a problematic term (Levin, 2000). Earlier, we identified the two polarised positions on process. One argues that process is deliberate and the other that process is emergent or both (Westley & Mintzberg, 1988). These two distinct positions raise several interesting questions. Drawing on the poor rate of success of change programmes, this study explores the nature of change effectiveness in Russia and identifies the critical factors required for the successful management of change. It is reported that 70% of all change programmes fail (Balogun & Hailey, 2004; Higgs & Rowland, 2005).

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## Chapter 3

### 3. The Research Model and Propositions

#### 3.1. Introduction

The literature review provided context for the key concepts and principles of this research. Vision was shown to be important to leadership, strategy implementation and change. Without direction, both in terms of who we are and who we want to be in the future, organisational change cannot occur. Vision can be distinguished by future goals that are seen as attractive for followers. The literature review outlined the processes underlying the visioning activity of a leader, the structure and content of the vision itself, the use of language, the behavioural process, the manner in which the leader's behaviours affect the visioning, how context acts as a contingency, the dispositional attributes of followers, culture as a contingency variable and, finally, the mechanisms of transformational effects on followers. The first area for further exploration concerns Russian leaders with vision and how they improve an organisation's performance. The literature review identified data gaps in a Russian context of the process and content of the visioning activity of the leader. What triggers the visioning activity? Another aspect that needs to be studied is the content of the vision and the use of language.

In the previous chapter, strategic change was shown to be a difficult notion to comprehend. The need for an explicit strategy is clear, and it is the duty of the leader to make strategy and vision explicit. An interesting question for further research is if Russian leaders can change strategy without deliberately changing culture. Strategy formation is a process poorly understood.

The previous chapter also addressed effective change leadership in terms of change effectiveness. Accumulated research has produced mixed findings, and the literature review is cognisant of the fact that there are gaps in follower-centred research. Does the nationality of the leader materially affect the quality of the leader-follower relationship? Can we observe any differences in emotional commitment to the leader,

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heightened motivation, group cohesion and a sense of empowerment? Followers are more likely to attribute leadership to an individual when they perceive his or her leadership behaviour to be culturally appropriate and in congruence with their own values. Cultural sensitivity and an analysis of culture as a contingency variable in leadership effectiveness is an important area for exploration in this study.

Universal models of change management are inadequate to describe the diversity of approaches actually used in organisations. Furthermore, they tend to provide support for the importance of leadership in ensuring that change is implemented effectively. Context is extremely powerful as a factor: national cultural norms and character, uncertainty and sense of crisis, and the team norms combine to create a 'climate'. This thesis seeks to understand the behavioural complexities that leaders in Russia face. To what extent is leadership Russian culture-bound? To what extent does leadership empower followers through the enhancement of their personal self-efficacy beliefs and intrinsic task motivations?

To understand the nature of an organisation's culture is imperative, and business changes should then be developed in a way that is compatible with the existing culture. The basic assumptions of linearity and predictability do not tend to lead to success. There is no single path to achieve successful change implementation in all situations. This contingent approach to situational opportunities affects the occurrence and meaning of organisational behaviour. The thesis explores relationships between organisational culture and its approach, and the dominant leadership behaviours.

The researcher wished to move beyond stereotypes. Culture as a contingency variable in leadership effectiveness is an important area for further study. While many models have been proposed, all are seen to have their limitations. It is argued that you cannot change strategy without changing organisational culture. Different cultures have different beliefs, values and modes of articulation and vision formulation. Exploration of these variations in Russia is central to this study and, in turn, cast light on leadership effectiveness.

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The objective of this chapter is to present a visual model representing the suggested relationships between key constructs in the field of study and associated propositions relating to the research questions outlined at the end of the previous chapter. The propositions seek to improve our understanding in a Russian context. The thesis seeks new insights and applications linking visioning, strategy formation, leadership, follower commitment and the implementation of change in organisations. The study will explore how the Russian context acts a contingency factor for leadership effectiveness.

### **3.2. Research Model**

The model presented in this thesis builds on previous models that are based on contingency theory (Dunphy & Stace, 1993; Stace, 1996; Higgs & Rowland, 2005; By, 2005; Young & Dulewicz, 2006; Kyootai et al., 2014). There is no best method for management, for strategy, for structure; it all depends (Lawrence & Lorsch, 1967). It depends on the organisation's relationship with the external environment, relationships within the organisation, and the relationship between organisational members and the organisation. It will be argued that strategies for visioning which are successful in one culture may not necessarily be successful in another. The espoused ideal approach is a myth (Stace, 1996). A good contingency map and model will reference the business environment of the organisation and the prevailing cultural context. The early thinking and planned approach—as touched upon by models created by Friedlander & Brown (1974), Weisbord (1976), Nadler & Tushman (1989)—is built on inputs, outputs, congruence and the idea of 'fit'. This thinking has its origins in Lewin (1947). There is a growing realisation that change is a complex process (Higgs & Rowland, 2005). Emergent change is 'messy' rather than planned activity (Higgs & Rowland, 2005; Battilani et al., 2010). The contingency model is the dominant ideology presented in the study as a 'lens' through which to understand the 'Russian situational' context. This is not to downplay the explanatory role of leadership and of followers. Leadership is argued as a continuous process in context (Pettigrew, 1987), which refers to the internal structure of the firms explored and to broader Russian cultural and political considerations. How strategy is developed and implemented within a Russian

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context is explored. The inter-intra relationship between the visioning process, strategy formation and implementation is presented in the research model (figure 3.1). It is argued that Russian culture is the most pervasive element in the model and will shape, not merely reflect, organisational power relationships beyond political and cultural considerations.

## Research Model



Figure 3.1. Research Model: Russian Context.

### 3.3. Research Propositions

Building from the research model, we propose to explore the following propositions. The research model reflects both the discrete character of each proposition and the interconnectedness of the different elements featured. The propositions emerged from the literature review and an identification of the gaps in the literature.

The propositions to be explored are:

**Proposition 1:**

Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.

(Bennis & Nanus, 1985; Burke, 1986; Westley & Mintzberg, 1988; Conger & Kanungo, 1988a; Podsakoff et al., 1990; Thomas & Velthouse, 1990; Agle & Sonnenfeld, 1994; Kets de Vries & Dick, 1995; Larwood et al., 1995; Menon & Borg, 1995; Nutt & Backoff, 1997; Levin, 2000; Burke and Trahan, 2000; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

**Proposition 2:**

Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.

(Pondy, 1978; Beer, 1980; Snow et al., 1986; Kouzes & Posner, 1987; Conger & Kanungo, 1988d; Sullivan, 1988; Cummings & Davies, 1994; Hamel & Prahalad, 1994; Christensen, 1997; Jolly, 1997; Crawford & Di Benedetto, 2000; Lynn & Akgun, 2001; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

**Proposition 3:**

Leaders in Russia cannot change strategy without changing organisational culture.

(Shrivastava, 1985; Deal & Kennedy, 1988; Dunphy & Stace, 1986, 1988, 1990; Rumselt, 1991; Pettigrew & Whipp, 1991; Hofstede, 1991; Schein, 1992; Kotter & Heskett, 1992; Hammer & Champy, 1993; Stace, 1996; Kotter, 1996; Goffee & Jones, 1998; Higgs & Rowland, 2000; Filatotchev et al., 2000; Harris & Ogbonna, 2002; Trompenaars & Woolliams, 2003; Higgs & Rowland, 2003; Darcey-Lynn & Farbrother, 2003; Higgins & McAllaster, 2004; Higgs & Rowland, 2005; Bruch et al., 2005; Battilana et al., 2010; Carter et al., 2010; Hermelo & Vassolo, 2010; Phongpeytra & Johri, 2011; Clarke et al., 2011; Hannah et al., 2011; Cornet et al., 2012; Schaubroeck et al., 2012; Vara & Whittington, 2012; Eberly et al., 2012; Jarzabkowski et al., 2013; Rouleau, 2013; Shinkle et al., 2013)

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**Proposition 4:**

Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.

(Hofstede, 1980; Mikheyev, 1987; Bollinger, 1994; Holt et al., 1994; Puffer, 1994; Adler, 1997; Elenkov, 1998; Luthans et al., 1998; Kets de Vries, 2000; Hofstede, 2001; Fey et al., 2001; House et al., 2004; Gill, 2006; Ralston et al., 2008; McCarthy et al., 2008; Fairhurst, 2009; McCarthy et al., 2010; Puffer & McCarthy, 2011; Edwards & Gill, 2012)

**Proposition 5:**

In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates 'stuckness' for both decisions and actions.

(Pettigrew, 1985c, 1987; Senge, 1990, 1997; Dunphy & Stace, 1993; Weick, 1995; Kotter, 1996; Goleman, 1996; Shaw, 1997; Beer & Nohria, 2000; Pettigrew et al., 2001; Stacey, 2001; Dulewicz, 1995; Senior, 2002; Higgs & Dulewicz, 2000; Higgs, 2003; Higgs & Rowland, 2005, 2010; Young & Dulewicz, 2006; Dulewicz & Higgs, 2003; Dulebohn et al., 2011; Richards & Hackett, 2012; Schaubroeck & Shao, 2012; Zhang et al., 2012; Marcus & Le, 2013; Kyootai et al., 2014)

**Proposition 6:**

Leadership effectiveness in Russia is dependent on the leader-follower relationship.

(Hambrick, 1989; Hollander, 1992; Bryman, 1992; Bass & Avolio, 1993; Adler, 1997; Dahl, 1957; French & Raven, 1959; Blau, 1974; House, 1971; Menon & Borg, 1995; Lichtenstein, 1997; Kouzes & Posner, 1998; Conner, 1999; Higgs & Rowland, 2000, 2001; Higgs, 2003; Marion & Uhl-Bien, 2001; Pearce & Conger, 2003; Lord & Brown, 2004; Howell & Shamir, 2005; Shamir et al., 2006; Achua & Lussier, 2007; Shamir, 2007; Crossan et al., 2008; Monin & Jordan, 2009; Galvin et al., 2010; Carsten et al., 2010; Morgeson et al., 2010; Scandrick & Lord, 2010; Van Gils et al., 2010; Wu et al., 2010; Bligh, 2011; Hernandez et al., 2011; Shamir, 2011; Sy, 2011; Owens & Hekman, 2012; Oc & Bashshur, 2013; Carsten et al., 2013; Van Knippenberg & Sitkin, 2013; Epitropaki et al., 2014; Huettermann et al., 2014; Uhl-Bien et al., 2014; Doh & Quigley, 2014; Pearce et al., 2014).

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**Proposition 7:**

Whether a Russian or a foreign leader, the quality of the LMX relationship is related to cooperative goal setting and interdependence.

(Dansereau et al., 1975; Gerstener & Day, 1997; Cogliser & Schriesheim, 2000; House et al., 2004; Chen et al., 2006; Yukl, 2006; Avolio et al., 2009; Buss, 2009; De Vries & Van Kampen, 2010; Day & Antonakis, 2011; De Vries, 2012)

**Proposition 8:**

The stereotyped preference in Russia for autocratic leadership is because it is more effective than authentic leadership.

(Mikheyev, 1987; Puffer, 1994; Fey, Nordahl & Zätterström, 1999; Luthans & Avolio, 2003; Fey & Denison, 2003; Kets de Vries et al., 2004; McCarthy et al.; Fey, 2008; Kets de Vries et al., 2008; Grachev, 2009; McCarthy et al., 2010)

**Proposition 9:**

Transformational Russian leaders use distant and utopian goals while transactional leaders use proximal goals.

(Vroom, 1964; Burns, 1978; Bennis & Nanus, 1985; Bass, 1985; Kotter, 1990; Bass & Avolio, 1993; Yukl, 1999; Higgs & Rowland, 2000, 2001, 2005; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

**Proposition 10:**

Visions guiding change in Russia, which are co-developed with key people and not a single leader, increase the prospect of dramatic improvements in organisational performance.

(Higgs & Rowland, 2003; Crossan et al., 2008; Kets de Vries & Dick, 1995; Bass, 1985; Howell & Shamir, 2005; Kark et al., 2003; Spreitzer, 1995; Levin, 2000; Burke & Trahan, 2000; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

**3.4. Conclusions**

The research model reflects a focus on four distinct areas as described below.

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The thesis will shed light on how senior leaders develop and implement a strategic vision in Russian companies. The study demonstrates the importance of interaction between the change approach and the change context.

For clarity's sake, some of the central themes and relationships underlying the study within the thesis are restated below:

**The relationship between leadership, clarity of vision and improved organisational outcomes.**

A vision's clear articulation and imagery and an organisational outcome has been acknowledged as crucial. Vision formulation is a complex process stretching beyond the leader. The complexity of the process is impacted by the social interactions the leader has, and the role of leader is one of differing balances, not an absolute.

**The relationship between strategy formation and change of an organisational culture.**

The link between strategies, vision and outcomes is important. As stated in an earlier chapter discussion (Ch.2 Literature Review), understanding how the vision is set can influence the decisions and actions guiding the firm's strategy.

**The relationship between leadership, the dominant 'power distance' dimension in Russian culture and change implementation effectiveness.**

A leader is concerned with influencing organisational members to accept and own the vision and to work in concert towards its realisation. The manner in which leaders' behavioural characteristics, such as articulation skills, high activity level or exemplary modelling, facilitate trust, provide direction and stimulate motivation in followers to achieve the vision for the organisation remains poorly understood.

**The relationship between leadership behaviours, followers and the implementation of change in Russia.**

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We have gained an understanding of the nature of visioning, strategy formation, and leadership behaviours in aligning an organisation for effective implementation. This needs to be further examined to ascertain the extent to which these factors are dominated by Russian national culture. The next chapter will detail the manner in which this research has been operationalised.

## Chapter 4

### 4. Research Methodology

#### 4.1. Introduction

In Chapter 1, this research was introduced as a qualitative case study. This chapter, at the outset, presents the industry's contextual parameters and strategies involved for the three case studies. In presenting the findings of the data analysis, the following structure has been employed: a) a brief overview of each case study and the strategic context faced by leaders in each organisation; b) key trends in the market in 2006; c) a brief overview of each company's main strategic projects and changes involved.

The rationale for the research design sets out the underlying philosophical assumptions that have informed the approach adopted. This chapter will present the research methodology chosen for the study of visioning: definition, process, organisational alignment and transformation within the Russian finance sector. The research design was approached as a series of choices and attention paid to the alignment of the study's purpose, questions and methods so that the research could be presented cohesively. The philosophical assumptions set the research paradigm and, in turn, the research design (Creswell, 1994).

The methodological choices taken by any researcher are extremely important in adjudging the value implicit in research.

#### 4.2. Background and Context: Case 1

##### 4.2.1. Industry: Financial Parameters of the Insurance Industry

There are 670 permanent companies in the Russian insurance market. Ingosstrakh plays a key role in the Russian insurance market and any change by Ingosstrakh, either upwards or downwards, influences the aggregate amount of insurance premium in the market by upto 10% per year. The first 50 insurance companies received 72.4% of premium in 2006, 64% in 2005 and 52% in 2004 ('Russian Insurance Sector at a Glance', 2006).

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In 2006, 168 companies offered compulsory motor TPL insurance (12 more than in 2005). The concentration of wealth in this type of insurance is higher than in other types of insurance; 88.5% premiums go to 50 companies. As the growth of different types of insurance is unequal, the total market share of personal insurance premium increased from 14.1% in 2004 to 18.9% in 2006, for property insurance, from 40.9% to 56%, for voluntary liability insurance, from 3.3% to 4%, and for compulsory motor TPL insurance, from 13.1% to 15.7%.

The total market share of life insurance premium reduced from 27.3% to 3.9% in the same period. Although the comparative premium trend in the life insurance market is still negative, the overall insurance market has started to develop. In 2006, the volume of real life insurance was slightly less than 13 billion, and premiums in this segment of the life insurance market almost doubled as compared to the same period in the previous year. Not all real life insurance is long-term or endowment individual life insurance; the leading position belongs to corporate employee insurance.

In the personal insurance sector, the largest share is still taken by voluntary medical insurance. Higher premiums in the segment build an appreciation of the policy of voluntary medical insurance and deficit of skilled personnel, which causes more and more employers to offer compensation packages with medical insurance to their employees. Accident insurance is another segment of the personal insurance market. In 2006, higher premium was also driven by the explosive growth of mortgage lending. In the case of mortgage, many insurance companies classify life insurance as personal insurance.

Continued economic growth in Russia, in particular higher capital investments from all sources of finance, as well as an unprecedented increase in sales of brand new foreign manufactured cars, directly influenced insurance premium in the automobile insurance market and caused its share of the total insurance market to increase (*Ingosstrakh Annual Report 2006*). The year 2005 was a milestone for the automobile market; sales of new foreign cars reached one

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million and exceeded the volume of sales of domestic cars. Higher premiums for compulsory motor TPL insurance helped expand the growth of Russia's car fleet.

#### **4.2.2. Key Trends in the Russian Insurance Market in 2006**

In 2006, there were fewer participants in the insurance market as several companies left. The main reasons for insurers exiting the market were capital raising deficiencies, voluntary termination of activities due to low efficiency of transactions and financial insolvency because the permissible level of insurance and business costs was exceeded. Some insurers, especially regional subsidiaries, became affiliated with federal level companies, and the small ones were taken over by the larger companies. Efforts to establish insurance groups, holdings and business mergers also intensified.

During 2006, insurers had to fulfil the requirement to increase authorised capital. The insurance companies had to ensure real solvency pursuant to the rules of the Ministry of Finance of the Russian Federation on placement of premium reserve and the standards imposed on the composition and structure of assets for equity capital. The ambition of large insurers to get an excellent rating by the top rating agencies helped improve the transparency of the insurance market leaders and the insurance sector in general.

State and municipal entities intensified their use of insurance services, which was connected to the level of budget allocation for insurance. This trend is seen not only in the area of compulsory motor TPL insurance, but also in involuntary medical insurance and property insurance. The number of insurance tenders supporting organisations of various levels in all the regions of the Russian Federation increased considerably.

More foreign insurers were beginning to enter the Russian market at around this time. In 2005, against the background of Russia's WTO accession negotiations, foreign insurance companies, who only had representative offices

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in Russia, became more active and, in 2006, started to convert these offices into full-fledged subsidiaries. In 2006, 11 foreign insurers entered the Russian market.

#### **4.2.3. Current Positioning of Ingosstrakh**

Ingosstrakh is leading in all voluntary insurance, other than life insurance, in terms of insurance premium. The company holds the first place among all insurance participants in premium property insurance and voluntary liability insurance. In absolute terms, the gap with the closest competitor is rather substantial.

Ingosstrakh's growth and market share is illustrated in tables 4.1 and 4.2. The tables show a dominant and leading position in all segments: property (40%), medical (26.1%), cargo (56.4%), automobile (54.9%), accident and illness (25%) insurance. It also holds the leading position for all motor insurance, including compulsory (21.5%) and large corporate combined for cargo, aviation, space, hull and marine and transport insurance. At the time of the study, Ingosstrakh was number one in terms of market position (table 4.2).

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## Russian Insurance Sector at a Glance

**Table 4.1. Russian non-life insurance market**

\$m	Market (Official Statistics)			Market (Net of Financial Schemes)			Free Market		
	2004	2005	Change %	2004	2005	Change %	2004	2005	Change %
Legal entity property (other)	2,659	2,991	12%	1,821	2,360	30%	982	1,150	17%
Voluntary medical	1,349	1,617	20%	863	1,067	24%	468	584	25%
OMTPL	1,756	1,950	11%	1,756	1,950	11%	1,738	1,934	11%
Legal entity cargo	538	603	12%	311	289	-7%	82	85	4%
Liability (except motor)	477	533	12%	305	468	53%	244	386	58%
Accident and illness	497	669	34%	343	566	65%	236	411	74%
Private MOD	972	1,654	70%	972	1,654	70%	953	1,633	71%
Legal entity transport (except motor)	170	183	8%	160	167	4%	117	114	-2%
Private property (other)	269	328	22%	213	321	50%	212	320	51%
Legal entity MOD	393	530	35%	393	530	35%	363	501	38%
Property, financial risks	373	360	-3%	29	25	-14%	25	25	0%
Voluntary MTPL	32	24	-25%	32	24	-25%	32	24	-25%
Private cargo	20	47	131%	7	29	319%	7	29	319%
<b>Total</b>	<b>9,506</b>	<b>11,487</b>	<b>21%</b>	<b>7,206</b>	<b>9,449</b>	<b>31%</b>	<b>5,459</b>	<b>7,197</b>	<b>32%</b>

Deutsche UFG: 7<sup>th</sup> August 2006 - Rosstat, ARIA, Interfax, Expert, Deutsche UFG Research Estimates.

**Table 4.2. Position in the corporate insurance market**

	2003	2004	2005		Main Market Competitors
Corporate P&L	1	1	1	↗	SOGAZ, RESO-Garantia, Soglasieye, Rosgostrakh, ROSNO, Alfainurance
Cargo	2	2	3	↘	RESO-Garantia, Soglasieye, Alfainurance
Aviation and space	1	1	1	↗	Moscow, SOGAZ, Spasskiye, Gates, ROSNO,
Hull and marine	1	1	1	↗	UralSib, SOGAZ, Soglasieye, ROSNO, Alfainurance
Transport operators	1	1	1	↗	UralSib, ROSNO, Neftepolc
Commercial credits	1	1	1	↗	ROSNO

Ingosstrakh Corporate Strategy Board Paper – 3<sup>rd</sup> October 2006.

Ingosstrakh traditionally targets property types of insurance; therefore, the share of personal types of insurance in its portfolio is smaller than in the structure of the insurance market. Regardless, in voluntary personal insurance, Ingosstrakh was the fourth in 2006 in terms of insurance premium. Ingosstrakh holds third place in compulsory motor TPL insurance, due to a deliberate and careful approach by the company towards this form of insurance.

#### **4.2.4. Strategy and Changes Involved**

The strategic goal of the company was increased capitalisation and profitability through efficient capital management. This was to be achieved by retaining leadership positions in the market and strengthening competitive advantages. To attain this goal, the company chose a differentiated development model in four key segments: retail insurance, motor and individual property, corporate insurance, and healthcare and life insurance.

In retail forms of insurance, the company's goal was to become the most profitable player on the market. The key factor to achieve this was Ingosstrakh's ability to offer the best service and prices. The corporate segment provides for increasing the company's capitalisation based on higher profits. This market was estimated to grow from US\$4723 million in 2006 to US\$6999 million in 2010. This was to be supported by a reduction in the auto insurance claims ratio from 80% to 67%, through the use of more intelligent information systems and by expanding the agent channel to US\$180 million in sales. The company sought to retain its leadership in all types of corporate insurance by diversifying its client portfolio, increasing its share of the 'medium' client segment and by the aggressive penetration of regional markets. They aimed to grow sales by entering new and promising market segments, developing a multichannel sales model and increasing the number of products by client. In medical insurance, the company was looking to become one of the top three, by means of efficient control and quality management of services offered by healthcare institutions and through a competitive pricing policy. This would capitalise on the current high retention rate of 85% by number of clients and 97% by value. The intent was to grow the health insurance portfolio by acquiring five clinics in the Moscow region. The main goal in life insurance was to obtain a 10% share of the real insurance market by introducing and actively developing a diversified sales model.

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### **4.3. Background and Context: Case 2**

#### **4.3.1 Industry: Financial Parameters of the Leasing Industry**

Element Leasing is comprised of two companies, Sial-Leasing (renamed as LC Element Finance) and Element Leasing. LC Element Finance was established in 1998 to act as the primary finance company for the Basic Element Group (formerly known as Siberian Aluminium, hence the name Sial–Leasing). Basic Element was the owner and holding entity for Element Leasing. It had a particularly large portfolio of leased vehicles, 30% of which were owned by Basic Element. Element Leasing effectively served as the leasing arm for the companies within Basic Element. At the time of this study, Basic Element had over 350,000 employees nationwide.

In 2004, a strategic decision was taken to develop the retail/commercial leasing niche. As part of this decision, a new company was created: Element Leasing, as 100% subsidiary of LC Element Finance. Basic Element attracted the leasing team from KMB Leasing, the leasing company belonging to the European Bank for Reconstruction and Development. This was one of the most experienced small business and small ticket leasing teams in Russia.

#### **4.3.2. Key Trends in the Russian Leasing Market in 2006**

The industry is characterised by innovation, fragmentation and limited scale.

There are four types of industry participants:

- 1) Independent leasing companies with a regional network.
- 2) Leasing departments of banks with regional networks.
- 3) Local leasing companies (i.e. no network).
- 4) Sales from leasing substitutes (i.e. banks and credits).

These are described in more detail below:

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*Independent leasing companies with a regional network*

There are essentially two such companies: Europlan and Carcade. Due to Element Leasing's more stable funding base since their launch in 2006, they have taken considerable market share from Carcade, who have encountered refinancing problems. Element Leasing was presently out competing on service to the dealers, i.e. they paid the dealers faster. Even though Element Leasing's IRRs (internal rates of return) are in the 30% plus range, Carcade pricing has been even higher.

Europlan's target niche is slightly above Carcade's, despite its competitive funding from IFC (International Finance Corporation) and EBRD (European Bank for Reconstruction and Development) in USD/EUR. In the under US\$20,000 niche, and where a lower cost of financing is not as much of an issue, Element Leasing's ability to make fast decisions, and their unwillingness to develop this niche, means that they will only be a competitor if and when Element Leasing moves up from an average retail vehicle transaction between US\$10,000 and US\$25,000 to US\$30,000. Assuming Element Leasing can access USD funding on rates compatible with Europlan's, Element Leasing's flexibility should give them an opportunity to compete with Europlan and take market share.

*Leasing departments of National Banks*

For larger ticket vehicle transactions greater than US\$50,000, these entities generally have a cost of funding advantage. However, they are much slower in the documentation, and their processing requirements are much higher than Element Leasing. Thus far, Element Leasing have avoided this niche due to a strategy of building the network via small ticket deals. With a guaranteed funding base and competitive pricing, Element Leasing's ability to make fast decisions and offer more flexible conditions (lower security requirements, seasonal payment schedules and so on) will allow the company to compete in this niche.

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Element Leasing did not see these entities being competitive in the sub US\$50,000 niche in the period 2007–2010.

*Local leasing companies (excluding Moscow and St Petersburg)*

In a number of secondary and tertiary cities (such as Novgorod, Nizhny Novgorod, Barnaul and Novosibirsk), there are reasonably active and decent leasing companies. They often have long-standing relationships with local dealers. Nonetheless, they are relatively limited in the products that they can offer and do not necessarily have the same market and pricing power as Element Leasing. Element Leasing did not foresee how they would be able to keep their existing market share during the next one to two years.

*Leasing substitutes*

Clearly, one of the biggest risks that Element Leasing faced when selling full payout finance leases is that they are somewhat comparable to a bank loan and are generally more expensive. This was forecast to impact the margins or market share during the next one to three years. However, there were two tendencies in Element Leasing's favour: 1) the overall automobile market in Russia continues to grow by 20% per annum—therefore, while the market share may drop in terms of these products, the overall market should continue to grow; and 2) absence of any residual risk products. Once we begin to actively examine the market for residual risk products (operating leases), the financial advantages of leasing will become more evident. These residual risk products essentially did not exist in Russia before 2007. The trends in the market support the continuing speed and transparency of service, excellence in terms of in-house expertise, and enhanced marketing and product innovation.

**4.3.3. Current Positioning of Element Leasing**

With the launch of the new retail and commercial business via its subsidiary, Element Leasing, Element Finance will increasingly focus its activities on inventory finance for its dealer partners, developing non-leasing products (i.e.

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medical equipment and instalment loans to individuals) and using existing credit facilities to finance medium-ticket transactions.

Element Leasing's primary activities involve the sale and marketing of standardised lease products to small and medium-sized enterprises (SMEs) and registered entrepreneurs. The breakdown of the portfolio is roughly 30% of vehicles manufactured by Basic Element's vehicle division (RusPromAvto), 30% miscellaneous vehicles, 30% Heidelberg equipment and 10% miscellaneous. As of July 2005, Elements Leasing (the Group) markets its products in a total of 25 cities via LC Element Finance branches and Element Leasing representative offices and agents. Currently, there are 107 staff, of which 60 are in Moscow and 47 in the surrounding regions. The breakdown between the front and back office is 51/49%.

#### **4.3.4. Strategy and Changes Involved**

The intent was to build Element Leasing into the number one network leasing company. During the first seven months of Element Leasing operations, Element Leasing reportedly captured 38% of the leasing market for the 'Gazelle', a delivery truck, and became the number one partner for Heidelberg in Russia. Due to market fragmentation and the fact that Element Leasing is the second most capitalised leasing company in small ticket niche, Element Leasing was extremely confident in its ability to grow its penetration and attract new suppliers. Moreover, within the first seven months of 2006, Element Leasing managed to create the most extensive regional network in Russia. This was achieved while maintaining an IRRs in the 25% to 30% range.

Credit risk assessment is one of Element Leasing's competitive advantages. All of their key personnel have extensive credit training at KMB Bank, the European Bank for Reconstruction and Development's small business bank. This bank pioneered credit technology especially suited to the Russian marketplace, supporting the analysis of statutory (tax) accounts and the 'management'

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accounts of Element Leasing's potential lessees. Top management in the company also had experience with international banks and financial institutions, thereby giving Element Leasing excellent exposure to international best practice in this area. Element Leasing teams' statistics (over 1,000 deals, arrears, not losses, and over 60 days <1%) suggest that their policies are appropriate for the Russian market.

The basis for Element Leasing's credit risk management is both in the product development design phase and the credit committee. All products are designed with the active participation of the CEO and the head of Risk/COO. They review all potential problems, approve the analysis requirements for each product, approve the key financial indicators necessary for approval, and set the down payment and additional security requirements. All approval power is vested in the management board, which then—on the basis of an 'authority matrix'—delegates decision-making power to individual credit committees, depending on the value at risk and the product.

Due to Element Leasing's present concentration on two primary groups of suppliers, Heidelberg and motor dealers, they presently have a certain degree of market risk. Element Leasing is mitigating these risks by 1) increasing the car dealers' attachment to Element Leasing by initiating inventory finance programmes, and 2) expanding their range of supplier partners in Q3 and Q4, 2007. Nonetheless, the relative ease with which they have been able to capture market share with these two groups of partners suggests that a slight alteration in Element Leasing's marketing policy will allow them to reduce their exposure to this risk.

Element Leasing's operational risk exposure was primarily driven by a relatively large number of small transactions, their reliance on a number of manual imports and their regional operations. To mitigate the first two risks, Element Leasing was in the process of contracting a consulting company to implement a

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modern and robust IT system to reduce the possibility of human error and increase management access to information in a timely and efficient manner.

#### **4.4. Background and Context: Case 3**

##### **4.4.1. Industry: Financial Parameters of the Banking Industry**

Bank Soyuz is a wholly owned bank within the Basic Element holding company. Prior to 1861, the growth of private savings was limited by the fact that the majority of Russia's population was composed of serfs: agricultural labourers who were tied to the land and had few personal freedoms. In 1862, there were only 140,000 deposit holders in a country of 70 million people. Banks were, in the 20<sup>th</sup> century, important frameworks for the creation of a socialist society. In Soviet times, the role of banks was limited to financing the central government's economic plans. Modern Russia inherited the banking system of the Soviet regime, which comprised a few big state banks. After 15 years, there were 1,183 financial institutions with an excess of 3,000 branches. After the 1998 Russian financial crisis, large banks lost up to 40% of their retail deposits. In 2003, the government introduced a government deposit insurance scheme (OECD Report, 2004).

##### **4.4.2. Key Trends in the Russian Banking Market in 2006**

During the 2000s, in the run up to 2006, the Russian banking system passed through several stages of development, a period of rapid growth, an acute crisis and a recovery. The Russian banking system from 1992 to 1998 struggled under unfavourable macroeconomic conditions, including social and political instability, continuous decline in production and investment and high inflation. Directly after the system's financial crisis in August 1998, the banks proceeded according to three basic recovery scenarios: government support, attracting foreign capital on the domestic market, or recovery through using the company's own banking capital. Further developments depended on oil price levels, and the state of the developed and domestic Russian economy. The most likely recovery scenario

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was the strengthening of the state-controlled and foreign banks. Entrance to the WTO promised to accelerate this process.

#### **4.4.3. Current Positioning of Bank Soyuz**

The CEO of Bank Soyuz, Stuart Lawson, was closely involved in the evolution of Russian banking, beginning in 1995 when he joined Citibank Russia as president. In 2000, he became the first senior adviser and subsequently chairman of Delta Bank (later bought by GE money) after working briefly as director for external relations for Trust Bank in 2003. The bank collapsed in 2008 and was acquired by GazProm. In 2009, the bank was reacquired by Basic Element.

#### **4.4.4. Strategy and Changes Involved**

Stuart Lawson became the first foreigner to be executive chairman of a Russian-owned bank, Bank Soyuz, part of Oleg Deripaska's Basic Element group. In 2004, Stuart Lawson served as chairman of Bank Soyuz, which moved from an Standard & Poor's (S&P) rating of CCC to B positive, quadrupled its worth, increased assets by US\$2 billion and expanded its operations from five regions and 30 offices to 27 regions and 67 offices, along with an increase in headcount from 700 to 2,700. Between 2006 and 2007, Stuart Lawson was nominated as one of the "Russian Bankers of the Year", an annual award recognising outstanding contributions to the Russian banking sector; winner were selected by a committee comprised the Central Bank, the Russian Ministry of Finance and the Association of the Russian regional banks. For some observers, this was a politically motivated award. Stuart Lawson is an occasional lecturer at the Emory Business School in Atlanta. He was born in London. The researcher was aware that this nomination was a highly politicalised process.

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## **4.5. Discussion of Contrasting Research Methodologies**

### **4.5.1. Philosophical Questions**

The literature suggests that there are at least three major philosophical questions that should be addressed at the outset of the research (Remenyi et al., 1998). These are: 'why research?', 'what to research?' and 'how to research?'. Indeed, the same source argues that 'where' and 'when' to research, although of lesser philosophical importance, deserves attention.

The literature stresses the importance of positioning research within a philosophical framework (Miles & Huberman, 1994). This qualitative research is legitimised through its philosophical grounding, given the possible research strategies and interpretative frameworks.

### **4.5.2. Why Research?**

The focus of this study and the central concept being examined is defining the process of vision formulation. This is, in part, formed by extensive study of existing literature, suggestions from colleagues and advisors, and the researcher's practical experience.

The researcher considered whether this interest was researchable and believed the criteria for making this decision (Remenyi et al., 1998) were satisfied, given that:

The topic was researchable, given time, resources, and availability.

The researcher had a deep personal interest in the area.

The results from the study would be of interest to others.

The topic was likely to be publishable in a scholarly journal.

The study extended and developed new ideas in scholarly literature.

The project will contribute to the researcher's career goals.

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Leadership research and theory has been developed and tested largely within Anglo-USA contexts; not many studies in emerging economies exist (Avolio et al., 2009). The literature relating to leadership is extensive and long-standing. Our 'story' takes a Western view of visioning, strategy formation and change effectiveness associated with leadership behaviours and explores a significantly different picture. Russia is extremely different to the USA and the UK. This study's theoretical model is grounded in leadership and contingency theory. This model seeks to improve our understanding, in the Russian context, of the process of leadership behaviour, visioning, the strategic planning process, follower commitment and effectiveness in implementing change. Research has consistently shown that Russian culture differs from Western culture (Hofstede, 1980). The traditional Russian leadership style is strong and authoritative and deeply embedded in the country's mythology, which embraces forceful and authoritarian leadership actions (Bollinger, 1994; Fey & Denison, 2003). Power distance between leaders and followers and uncertainty avoidance are both exceptionally high in Russia (Naumov & Puffer, 2000; Puffer & McCarthy, 2011).

The thesis will shed light on how senior leaders develop and implement a strategic vision in Russian companies. The study demonstrates the importance of interaction between the change approach and the change context. It will explore the link between leadership behaviours and effective organisational change management. Lastly, the thesis will attempt to define the vision statement and, in doing so, how it can provide a clear direction for organisational change.

The theory of leadership shows that leaders increase their "likable" qualities in the eyes of followers by formulating a set of idealised, future goals that represent an embodiment of a perspective shared by followers and appear to satisfy their needs (Bligh, 2011; Hernandez et al., 2011; Shamir, 2011; Oc & Bashshur, 2013; Carsten et al., 2013; Van Knippenberg & Sitkin, 2013; Epitropaki et al., 2014; Huettermann et al., 2014; Doh & Quigley, 2014; Pearce et al., 2014). This also provides a strategic umbrella (Rouleau, 2013).

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The research has attempted to learn more about the behavioural complexities that transformational leaders face: interpersonal, informational and decisional. Examples of this include serving multiple constituencies, dealing with conflicting values, and managing tensions and paradoxes (for example, serving followers by building a buffer between them and the higher authorities in the organisation, yet keeping them well-informed about what is going on and performing multiple roles).

Another line of transformational leadership research pursued focused on followers. As Hogan et al. (1994) point out, leadership research has focused too much on the leader (e.g. trait studies) and not enough on the relationship between the leader and followers. Furthermore, research on leadership ought to concentrate more on what followers accomplish and how these accomplishments can be traced back to the leader's actions and behaviours.

*"The questions 'What' to research? and 'Where' to research are closely related"* (Remenyi et al., 1998, p.26).

#### **4.5.3. What (and Where) to Research**

How do senior leaders develop and implement a strategic vision? The aim of this thesis has been to close the gap outlined in the literature review and develop a model to improve the understanding in Russia of how leaders create and implement a strategic vision. We seek to understand the visioning activity, leadership effectiveness and organisational change. The first area for exploration concerns the process and content of visioning. Studies that identify mental representations and processes underlying the visioning activity of a leader are clearly needed. Because the formulation of a vision implies an activity that is novel, or original, useful or adaptive, further research in this area will benefit from creativity literature. What triggers the visioning activity and what sustains it over a period of time are questions that call for answers. What predispositions, motivations and contextual variables may be responsible for the initiation and

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maintenance of visioning is an equally important question that needs to be answered.

Another aspect of the visioning activity that needs to be studied is the structure and content of the vision itself (Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014). What are the components of a vision? Are there different types of visions based on unique configurations of various content, such as corporate values, missions, specific goals or purposes, their scope, time frame, specificity and complexity? Knowing how to structure a vision and what aspects of the vision (e.g. risk propensity, degree of detail and so on) are universally important can help corporate executives in their leadership role.

Although there is agreement on the significance of visioning as a behavioural process, it is poorly understood. Two polar positions exist: one argues that the process is deliberate and rational and therefore trainable, and the other sees visioning by the leader as a more complex, emergent process. These distinct positions raise several interesting questions for future research: (1) whether strategic visioning is indeed deliberate or emergent or both; (2) whether it might be possible for both deliberate and emergent visioning processes to occur simultaneously; and (3) whether, under certain contextual conditions, one process is more appropriate and feasible than the other.

The research needs to be able to present answers that will convince a peer group that the 'why', 'what' and 'how' are credibly addressed.

#### **4.5.4. How to Research?**

The research aims to develop an understanding of organisational change and leadership issues in Russia relating to how senior leaders develop and implement a strategic vision. It was conducted from a qualitative stance, relying on a local and emergent dimension; it is essentially constructionist, phenomenological, subjectivist and inductive. From the literature review and the associated

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research questions, a set of questions was developed. A case study method has been used that is revelatory. The research questions focus on the 'how' and 'why' aspects of research.

The researcher recognised the concern regarding a lack of rigour associated with a case study research approach: it is believed such an approach provides little basis for scientific generalisation and may take too long. These issues have been considered but, given that the researcher wished to investigate a contemporary phenomenon within a real-life context, the case study method is the most favourable.

The three cases were drawn from within Basic Element, in the financial services sector. This company operates as the private equity arm for Mr Oleg Deripaska. Given that this is a three-case design, the researcher was looking to test well-formulated theory and a clear set of propositions.

As a director within a Russian private equity group, the researcher has analysed phenomena that was previously inaccessible. He was careful to minimise the chances of misrepresentation and to maximise the access needed to collect the case study evidence. The researcher approached the research with a certain 'world view' or 'paradigm' which is set of beliefs and assumptions that have guided this study. These assumptions are how the findings relate to reality (the ontology issue), the relationship of the researcher to that being researched (the epistemological issue), the role of values in the study (axiological issue), and the process of the research (the methodological issue); they will be explored further in the next section (Creswell, 1994).

#### **4.6. The Paradigm of the Study**

This term 'paradigm' has come into vogue among social scientists, particularly through the work of Kuhn (1962), who used it to describe the progress of scientific discoveries in practice rather than how they are subsequently reconstructed within textbooks and academic journals.

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The new paradigm—which has been developed by philosophers during the last half century largely in reaction to the application of positivism to social science—stems from the view that ‘reality’ is not an objective exterior, but is socially constructed and given meaning by people. The idea of social constructionism, then, as developed by authors such as Berger & Luckman (1996), focuses on the ways in which people make sense of the world, especially through sharing their experiences with others via the medium of language. Social constructionism is one of a group of approaches that Habermas (1970) has referred to as an interpretive method.

The researcher therefore is trying to understand why people have different experiences, rather than search for external causes and fundamental laws to explain their behaviour. The following frameworks are considered helpful in organising the contrasting implications of positivism and social constructionism (table 4.3) and ontological, epistemological methodology and methods. The following tables (tables 4.4 and 4.5), adapted from both Easterby-Smith et al. (2002) and Creswell (1994), show the contrasting implications of positivism and social constructionism, and present a framework for the appreciation of ontology, epistemology and method. They also provide a complete overview of the common elements of these same world views and implications for practice.

The primary measure of methodological quality is the appropriateness of the methodology. The tables, taken together, explain and summarise the discussion between the differing paradigms. The distinct methodological implications for the pragmatism, ontology, epistemology, methodology and the role of values are emphasised in these tables. Qualitative researchers approach their studies within a certain paradigm or world view. This research has adopted a ‘pragmatic’ world view.

*“Generally speaking, however, this philosophy views knowledge as an instrument or tool for organizing experience, and it is deeply concerned with the union of theory and practice” (Schwandt, 2001, p.204).*

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Pragmatism is characterised by singular and multiple realities, practicality (what works) and multiple stances (e.g. researchers can include both biased and unbiased perspectives, can combine quantitative and qualitative data and the writing style allows for informality).

Case study was chosen as the most powerful tool to answer the 'who', 'why' and 'how' questions. It is the best form when the inquirer has little control over events being studied, when the object of the study is a contemporary phenomenon, when the context is not clear, and when it is desirable to use multiple sources of evidence (Yin, 1989). It is not essential that the case study be generalisable, but it is important that the cases are relatable and within real-life contexts. Stake (1995) emphasises that the foremost concern of case study research is to generate knowledge of the particular.

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**Table 4.3. Comparison of positivism and constructionism**

Summarises the principle differences between the three paradigms of positivism, constructionism and realism.

	<b>Positivism</b>	<b>Constructionism</b>
<b>Ontology</b>	Realist. Naïve realism: a “real” and discoverable reality.	Relativist. Local and specific constructed realities.
<b>Epistemology (theory of knowledge)</b>	Objectivist. Findings are true. What can be observed is real; the status of the non-observable is doubtful.	Subjectivist. Findings are created through interaction among investigator and respondents.
<b>Axiology</b>	Value-neutral: research independent of human interests.	Value-laden nature of research.
<b>Methodology</b>	Experimental/controlled conditions; verification of hypotheses. Deductive approach. Chiefly quantitative methods.	Hermeneutical/dialectical. Focus on natural settings. Inductive approach. Chiefly qualitative methods.
<b>Enquiry aim</b>	Explanation through demonstrating invariable relationships, as suggested by theory and tested by experiments. Use of strong statistical relationships.	Understanding and reconstruction of previously held constructions. Extended and accurate description.
<b>Place and role of theory</b>	Ideal theory is a set of laws or well-founded generalisations from which conclusions can be deduced. Precise hypotheses should be used for testing.	If used, theory has a general meaning as a perspective, genre or approach. Alternatively, it refers to very low level or “local” generalisations and identification of patterns.

Guba and Lincoln (1994).

**Table 4.4. Ontology, epistemology, methodology and methods**

<b>Ontology:</b>	Assumptions that we make about the nature of reality.
<b>Epistemology:</b>	General set of assumptions about the best methods of inquiring into the nature of the world.
<b>Methodology:</b>	Combination of techniques used to enquire into a specific situation.
<b>Methods:</b>	Individual techniques for data collection, analysis, etc.

Adapted from Easterby-Smith et al. (2002).

**Table 4.5. Common elements of world views and implications for practice**

<b>World View Elements</b>	<b>Post Positivism</b>	<b>Constructionism</b>	<b>Advocacy and Participatory</b>	<b>Pragmatism</b>
Ontology (what is the nature of reality?)	Singular reality (e.g. researchers reject or fail to reject hypotheses).	Multiple realities (e.g. researchers provide quotes to illustrate different perspectives).	Political reality (e.g. findings are negotiated with participants).	Singular and multiple realities (e.g. researchers test hypotheses and provide multiple perspectives).
Epistemology (what is the relationship between the researcher and that being researched?)	Distance and impartiality (e.g. researchers objectively collect data on instruments).	Closeness (e.g. researchers actively involve participants as collaborators).	Collaboration (e.g. researchers actively involve participants as collaborators).	Practicality (e.g. researchers collect data by “what works” to address the research questions).
Axiology (what is the role of values?)	Unbiased (e.g. researchers use checks to eliminate bias).	Biased (e.g. researchers actively talk about their biases and interpretations).	Biased and negotiated (e.g. researchers negotiate with participants about interpretations).	Multiple stances (e.g. researchers include both biased and unbiased perspectives).
Methodology (what is the process of research?)	Deductive (e.g. researchers test an a priori theory).	Inductive (e.g. researchers start with participants’ views and build “up” to patterns, theories and generalisations).	Participatory (e.g. researchers involve participants in all stages of the research and engage in cyclical reviews of results).	Combining (e.g. researchers collect both quantitative and qualitative data and mix them).
Rhetoric (what is the language of research?)	Formal style (e.g. researchers use agreed-on definitions of variables).	Informal style (e.g. researchers write in a literary, informal style).	Advocacy and change (e.g. researchers use language that will help bring about change and advocate for participants).	Formal or informal (e.g. researchers may employ both formal and informal styles of writing).

Adapted from Creswell (1994).

#### 4.7. Methodology

An initial review of the methodology indicated that the case study method would be appropriate. The case study was chosen because the researcher sought to further understand a particular issue. The researcher was exploring a single entity or phenomenon (“the case”) bounded by time and activity (development and implementation of the strategic vision) and was able to detail information using a variety of procedures (Creswell, 1994). Other methodologies were considered: experiment, archival research, survey research, action research, ethnography and grounded theory. The ‘how’ question favours an exploratory method, based on case research. Case study research is a strategy for undertaking social enquiry. Here, the case is centre stage, not the variables. The case study was ultimately preferred as the researcher sought ‘how’ and ‘why’ answers and, as the object of the study was a contemporary phenomenon in a real-life context, it was desirable to use multiple sources of evidence (Yin, 1989). The emphasis in the case study was to discern and pursue an understanding of issues intrinsic to the case (Stake, 1995). As pedagogy, case study supports a fundamental business education objective by presenting a situation that is complex, ambiguous and even contradictory (Remenyi et al., 1998). The researcher chose to study the dynamics of strategic decisions in a natural setting. Therefore, he selected what Yin (1984) terms as ‘embedded multiple case’ design. Exploration was conducted at three levels: (1) the firm (its strategy and performance); (2) the top management team; and (3) the strategic outcomes (tracing behaviours). The literature argues that a ‘multiple case’ design allows for “replication” logic (Eisenhardt & Bourgeois, 1988; Yin, 1984). Each case in this study served to confirm or disconfirm inferences drawn from previous studies.

*The greatest concern with case study research has been over the lack of rigor of case study research. A second concern about case studies is that they provide little basis for generalization. A third frequent complaint about case studies is that they take too long and they result in massive and unreadable documents (Yin, 1994, p.10).*

There are a number of criteria for judging the quality of research design:

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- i) Construct validity: establishing correct operational procedures.
- ii) Internal validity: establishing a causal relationship but not for exploratory studies.
- iii) External validity: establishing the common domain to which a study's findings can be generalised.
- iv) Reliability: demonstrating that the operations of a study can be repeated (Yin, 1994).

To meet the test of construct validity, the researcher selected the changes to be studied and used multiple sources of evidence. Internal validity sought pattern matching and the use of inference supported by interviews and documentary evidence. A further issue was whether the study's findings are generalisable beyond the study itself. This limitation is countered by the notion of 'replication logic' (Yin, 1994). Stake (1995) argues that the goal of case study research is not the production of general conclusions, but the 'intrinsic case study' value from the investigation of a particular case for its own sake. The reliability test was tackled by making the steps as operational as possible, "as if someone was looking over your shoulder" (Yin, 1994, p.37).

To the researcher, the appeal of case study was this: *"the closeness to detail and familiarity with ongoing organizations can be more meaningful to them than the preoccupation with often abstract variables that characterizes much quantitative research"* (Bryman, 2000, p.178).

The overarching question of 'how do senior Russian leaders develop and implement a strategic vision?' is explored using the case study research methodology.

#### **4.8. Role of Researcher and Change Practitioner**

Qualitative research is interpretative and the biases, values and judgments of a researcher are explicitly stated in the report (Creswell, 1994). Miles & Huberman (1994) address the hazards and richness of qualitative data-gathering methods.

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*One of the advantages of being a researcher as an insider is that having an understanding of the organization beforehand gave this researcher a 'head start' in knowing what the key issues were, who were the key stakeholders, and the culture of the organizations (Gummesson, 1991, p.12).*

Both research paradigms, positivism and social constructivism, have a contribution to make regarding research of this nature. Case study was considered the most appropriate means of gathering data about how senior leaders develop and implement strategy. A key assumption was that qualitative analysis is more appropriate for understanding human behaviour and thinking in complex social settings. It could be argued that the conceptual and research areas related to the question of 'how do senior leaders develop and implement a strategic vision in Russian companies?' are socially constructed to a large extent; therefore, these areas are best observed through phenomenological methods.

This research study is exceptional due to the direct access it gained to CEOs and reports of significant companies in Russia. This contributes to much of the cross-cultural leadership literature that relies on survey-based data or case studies employing secondary data. The businesses were owned by Basic Element, which is one of the largest Russian industrial and financial service conglomerates. Basic Element is owned by Oleg Deripaski, one of the richest Russian oligarchs with extremely close connections to the Kremlin. At the time of the study, the researcher was a non-executive director within the Financial Services division at the Group Centre, responsible for 'Insurance and Pension' businesses. The researcher had access to the owner, the owner's board representative, chairman, board members, CEOs, directors and senior managers. The researcher's non-executive mandate was to provide an overview regarding strategy, governance, audit and executive performance. The role was new and the researcher was the first incumbent in this role as the owner sought to improve results and, in due course, attract foreign investment through a planned IPO. The researcher was given open and unrestricted access, and there was no pressure in terms of process or the editing of the findings.

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The risk from bias in such a study cannot be totally eradicated. It can only be recognised and minimised by the use of triangulation. Case studies are not perfectly objective due to the bias of the supplier and recipient of the information (Remnyi et al., 2000). Bias is everywhere but attempts by this researcher were made to identify and minimise it; indeed, this was clearly the primary function of this researcher. In a non-executive role, with the title of managing director, the researcher was aware of the risks. It was essential that the researcher gained the trust of the respondents and established a rapport (Denzin & Lincoln, 2000). Corroboration was supported, for example, using triangulation of documentary evidence and through wide employee access within the three organisations in this case study. All relevant facts have been included in a logical sequence, with continuity and coherence.

#### **4.9. Objectives of the Research**

The objectives, purpose statement and research questions were refined with reference to the conceptual framework, which developed from the literature review and the initial research aims.

Although scholars have shown that leadership behaviours tend to be associated with effective change management, little attention has been paid to Russian companies. In this study, the main question is: how do senior leaders develop and implement a strategic vision in Russia?

Based on this question, our research objective was to understand how, in three Russian financial services companies—Ingosstrakh [Insurance company], Bank Soyuz and Element Leasing—senior leaders attempted to develop and lead an effective implementation of the strategic vision. The research sought to understand whether visions with a clear articulation increased organisational performance. To what extent are Russian leaders' culture-bound in seeking to change strategy? The thesis also sought to understand the link between leader and follower and degree of alignment in a Russian context. Furthermore, what is the relationship between strategic choice, vision and organisational performance? The study also sought to identify any gaps, in

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the sense of a 'collective-shared' vision, articulated by the CEO. The emergent propositions sought to explain and understand these dynamics and phenomena.

The key choices that the researcher made were regarding the degree of researcher involvement, the level of scale for the research sample, how theory was constructed based on the researcher's field experience and the level of use based on local knowledge. The literature review provided the context for these key concepts and principles of this research. In addressing these elements, vision was shown to be important to leadership, strategy implementation and change. Without direction, both in terms of who we are and who we want to be in the future, organisational change cannot occur.

Additionally, a decision was also made about which should come first: the theory or the data. Again, this represented a split between the positivist and constructionist paradigms on how the researcher should go about his work. Glaser & Strauss (1968) see the key task of the researcher as 'develop[ing] theory through a comparative method'; this means looking at the same event or process in different settings or situations. In this case, the research undertaken has to be sufficiently analytic to enable certain generalisation to take place, but, at the same time, it should also be possible for the researcher to relate the theory to experiences and thus to sensitise perceptions. Glaser & Strauss (1968) argue that researchers should start with no presuppositions and should allow ideas to 'emerge' from the data (Glaser, 1978, 1992). Furthermore, Strauss (1987) recommends familiarising oneself with prior research and using structured and somewhat mechanistic processes to make sense of the data (Strauss, 1987; Strauss & Corbin, 1990). After all, it seems realistic to assume that a researcher would not be interested in a research topic or setting without any prior knowledge about it. Hence, this researcher argues that most studies would inevitably make themselves aware of previous work conducted in their general field before beginning to generate theory.

In order to pursue the research objectives, this researcher adopted a case study method (Yin, 1993, 1994).

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It is widely believed that case studies are useful in the study of human affairs because they are down-to-earth and grab attention, but that they are not suitable for generalisation. *"I claim that case studies will often be the preferred method of research because they may be epistemologically in harmony with the reader's experience and thus to that person a natural basis for generalisation"* (Stake, 1978, republished 2002, p.20).

*"The trouble with generalisations is that they don't apply to particulars"* (Guba & Lincoln, 1989, republished 2002, p.27).

Eisenhardt (1989) argues in support of the case study approach as a research strategy, as case studies can accomplish various aims by providing description, testing theory and/or generating theory.

The literature argues that, for all practical purposes, knowledge used by managers when completing their work is essentially contextually bound and that it is learned through engaging in practice (Brown & Duguid, 1991; Cook & Brown, 1999). Secondly, cultures should be seen at both national and organisational levels (Boyacigiller & Adler, 1991). Hence, the researcher has attempted to formulate ideas within a cultural context and has tried to not generalise across cultures.

Furthermore, Popper (1975) has made the distinction between verification and falsification. Popper's way out of this problem is to suggest that instead of looking for confirmatory evidence, one should always look for evidence that will disconfirm one's hypothesis of an existing view. This means that theories should be formulated in a way that will make them easily exposed to possible refutation. The case study material has been so organised to both support and refute the theories relating to the study of leadership and its impact on visioning, strategy and change management in Russia.

Silverman (1997) cites refutability, constant comparison and comprehensive data treatment and tabulations as key to defending the case study method (Silverman, 1997). Based on this, the researcher opted for strategies that were carefully

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considered from a constructionist perspective in order to ensure the research is both believable and examined through methods that were transparent.

#### **4.10. Research Strategy**

The case study was chosen as the preferred method of research as it was epistemologically in harmony with the researcher's experience and linked to the literature for methodological guidance. The researcher acknowledges the problems associated with its lack of generalisability. The interpretivist rejects generalisation as a goal and never aims to draw universal conclusions from randomly selected samples of human experience. Goetz & LeCompte (1984) argue that qualitative studies gain their potential for applicability to other situations by providing what they call 'comparability' and 'translatability'. The research strategy provided overall direction and included the ontological and epistemological assumptions for the research.

*One of the most important aspects of research in business and management studies is to decide on an appropriate starting point for the research and on the conceptual framework or research strategy within which the evidence will be collected or analysed (Remenyi et al., 1998, p.120).*

#### **4.11. Research Process: Practical Steps by the Researcher**

##### **4.11.1. The Sample Frame**

The research setting, Basic Element, comprises one of the largest financial and industrial conglomerates in Russia. The companies sampled from within Basic Element include Ingosstrakh Insurance, Element Leasing and Bank Soyuz. Concurring with Mintzberg (1979), the researcher selected three organisations within an established group with a well-defined focus. This followed Creswell's (1994) recommendations for purposeful sampling. The researcher chose this case study for its promise, usefulness, and the potential to show different perspectives while remaining accessible and yet unusual. Although the terms 'qualitative' and 'case study' are often used interchangeably (Yin, 1981), this case study research was largely based on both qualitative data and certain

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complementary quantitative documents and sources (Yin, 1984). This relates to the referencing of internal company reports and external industry documents.

The researcher made additional adjustments to the data collection, such as the addition of questions to the interview protocol and the questionnaire, as it was acknowledged that even in the *'most successful interview situation not every contingency can be anticipated and not every interviewer behaves according to the script'* (Denzin & Lincoln, 2000). As Mintzberg & McHugh (1985) recommend, the researcher compiled detailed transcripts, coupled with the researcher's cross-case search for patterns, and sifted these into various categories. An essential feature within this research was the comparison of emergent concepts, theory or hypotheses with the existing literature (Eisenhardt & Bourgeois, 1988). Comparisons were drawn to studies of strategic decision-making in top management teams, and this researcher identified emergent themes relating to the exercise of power and politics (Eisenhardt & Bourgeois, 1988).

#### **4.11.2. Interview Protocols**

There are a number of interview approaches. Structured interviews are where the interviewer approaches all the respondents with the same series of pre-established questions with a limited set of responses categories; it is intended that nothing is left to chance. *"There is generally little room for variation in responses except where open-ended questions (which are infrequent) may be used"* (Denzin & Lincoln, 2000, p.68). The researcher was aware that interviews take place in a social interaction context and was therefore sensitive to how the interaction could influence responses (Denzin & Lincoln, 2000). The protocols were developed based on the literature review in order to explore aspects that uncovered gaps in the literature. The informants were allowed as much freedom as possible within the framing of the questions as outlined in the semi-structured interview sequence. It was critical to ensure that the interviewer did not prejudge, in any way, the responses that the interviewees offered. The researcher was alert to ensuring no conscious or unconscious views influenced

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the interview and recognised the fact. A list was put together of topics that the interviewer used. These topics were available to prompt the interviewer if the discussion required some prompting or guidance. A pilot interview was undertaken with two interviewees—a CEO and a lower level respondent—who were identified as most open to the exercise of a pilot interview. These two interviewees were also respondents. This exercise was aimed at familiarising the researcher with the interview situation and how executives respond to the questionnaires. On completion of the pilot, the researcher followed up telephonically to ensure that the appointments were made. The interviews took, on average, less than one hour and within a range of between 45 minutes to 60 minutes. A tape recorder was used in the interview situation and no respondent declined to be interviewed with the tape recorder. At least six interviewees were found in each case and this allowed for some triangulation. At least two interviewees were board members, and three were senior managers, i.e. an individual who reported directly to the board of directors. As a member of the board for Ingosstrakh, the researcher had open access in this company. For the other two enterprises, the researcher had good contacts with both the CEOs, which ensured access. Bias is a limitation and although it cannot be totally eradicated, the researcher minimised bias by using techniques such as triangulation whereby he drew upon multiple evidence collection sources and used multiple informants and cases to demonstrate a 'fit' between theory and reality (Remenyi et al., 1998). The researcher had to demonstrate an understanding of the language and culture of the respondents, as well as gain the respondent's trust and build a rapport.

The interviews were obtained at the enterprises, as far as possible, in multiples for each day assigned. This was corroborated with the inclusion and reference of as many secondary and tertiary sources of information as possible. Documentary evidence was secured to validate the oral transcripts. The sources of secondary data presented were gathered from the industry information available within the public domain and in internal documents. The data sources referenced include,

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but are not limited to, 'Ingosstrakh Annual Report 2006', 'Ingosstrakh Corporate Strategy 2006 Board Paper', major financial data for Ingosstrakh Retail Business, 24<sup>th</sup> Jan 2006 (Boston Consulting Group), 'Russian Insurance Sector at a Glance', 7<sup>th</sup> August 2006, 'Due Diligence of Element Leasing', undated but estimated to be 2006, and a leader profile for Stuart Lawson, Chairman of Bank Soyuz.

#### **4.11.3. Interviewing**

There is often cited inherent faith that interview results are trustworthy and accurate and that the relation of the interviewer to the respondent, which evolves in the interview process, should not unduly bias the account (Silverman, 2000). The skills required to be a credible interviewer were not underestimated by this researcher. As Gubrium & Holstein (1998, 2002) note, the interview has become a means of contemporary storytelling, where persons divulge life accounts in response to interview enquiries. The researcher, unlike many, did not feel that it was necessary to reinvent the wheel for each interview situation. *"Interviewing has become a routine technical practice and a pervasive, taken-for-granted in our culture"* (Denzin & Lincoln, 2000). That is not to say that this researcher was not cognisant of the contextual, societal and interpersonal elements; he recognised that he was 'actively' constructing knowledge around questions and responses (Miles & Huberman, 1994).

The researcher attempted to perfect a style of 'interested listening' that rewarded the respondent's participation but did not evaluate the responses (Converse & Schuman, 1974). The literature argues for a non-evaluative and non-judgemental listening climate. Similar to Converse & Schuman (1974), this researcher found that *"There is no single interview style that fits every occasion or all respondents"* (p.53). It was not enough to understand the mechanics of interviewing; it was also important to understand the respondent's world and forces that might stimulate or retard response. As Gubrium & Holstein (1998) note, it is imperative to focus on the 'whats' of the interview—the substantive findings—and pay attention to the 'hows' of the interview—the contexts,

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particular situations, nuances, manners, people involved and so forth—in which interview interactions take place. Gubrium & Holstein (1998) are not alone in advocating this reflexive approach to interviews. Both Silverman and Dingwall (1997) point to the interview as a social encounter. Dingwall (1997) notes: *“If the interview is a social encounter, then, logically, it must be analyzed in the same way as any other social encounter. The products of an interview are the outcome of a socially-situated activity, where the responses are passed through the role playing and impression management of both the interviewer and the respondent”* (p.56).

Seidman (1991) discusses interviewing as a relationship that relies upon a principal intellectual antecedent of the ethnomethodologist (Schutz, 1967). Ethnomethodology is a descriptive discipline that does not engage in the explanation or evaluation of a particular social order and makes sense of the world through analysing accounts and descriptions of day-to-day experiences (Denzin & Lincoln, 2000). Seidman analyses the interviewer-respondent relationship in terms of Schultz’s ‘I thou’ relation, in which the two share a reciprocity of perspective and by both being ‘thou’ oriented, create a ‘we’ relationship. Thus, the respondent is no longer *“an object or a type”* (Seidman, 1991, p.73) but becomes an equal participant in the interaction.

The researcher used a semi-structured interview protocol; the essential process was to record information or, as Lofland & Lofland (p66. 1995) state, *“logging data”*. This process involved recording information through digital sound recording and, thereafter, collecting and organising the various strategy documents. Conducting the interviews was taxing. While, in the majority of instances, the interviews were carried out in English, the transcription was undertaken by using a professional interpreter and translator. The interviews sought to insightfully understand leadership behaviours and how these play out with regards to triggering visioning activity and the organisation consequences of this process.

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Remenyi et al. (1998) identified a number of weaknesses associated with interviewing: misinterpretation can occur due to cultural differences, data is subject to observer effects and the process is highly dependent on the ability of the researcher. The first of these factors was a problem with the Russian managers. The researcher attempted to reduce the bias by adopting a systematic approach.

All three CEOs were interviewed, as well as each member of the top management team, including immediate subordinates. After the initial interview with the CEO, I conducted semi-structured interviews with the top executives.

The interviews consisted of more than 30 questions. Each interview began by asking how the clarity of the vision affected the ability to make changes. Following this, a number of questions were asked:

- (1) Did the CEO identify any potential crises or major opportunities?
  - (2) Did the respondent feel emotionally committed to the CEO's vision?
  - (3) To what extent was the leadership group cohesive as a team?
  - (4) Did the respondent ever feel powerless or uncertain about the future?
  - (5) Was the respondent given enough power and authority to make the changes?
  - (6) Is there enough encouragement from the leadership for the team to work together?
  - (7) Did the CEO define the vision?
  - (8) What is the vision?
  - (9) To what extent does the vision contain corporate values and a mission?
  - (10) Did the respondent develop the strategies for achieving the vision himself?
  - (11) Was the vision shared?
  - (12) Did the vision show the people what to do?
  - (13) Did the vision contain any imagery or symbols to capture the hearts and minds of the people?
  - (14) How did the respondent communicate this to everybody?
  - (15) Were there new behaviours or role modelling by the CEO as an example to follow?
  - (16) Does the CEO use special language to motivate?
  - (17) Does the CEO help build trust?
-

- (18) Does the CEO show any weakness, vulnerability or special humanity to build loyalty?
- (19) Was the visioning process deliberate or emergent?
- (20) Did the goals of the bank help the people change their behaviour?
- (21) What changes were made to the structures and policies of the company to support the vision?
- (22) Were any people fired, recruited or promoted?
- (23) Were there any other forms of persuasion used to make people support the vision?
- (24) Were there any additional resources made available to support new projects?
- (25) Has the strategy been reassessed?
- (26) To what extent is the vision related to the larger environment?
- (27) Does the vision reflect the respondent's concerns and aspirations?
- (28) To what extent is the respondent aligned to the CEO's style of leadership?
- (29) Does the respondent feel empowered through this process to push the vision forward?
- (30) Does the respondent consider the CEO's behaviour ethical?
- (31) Was the CEO's language convincing?
- (32) Has the vision been dynamic and does it change over time?
- (33) Was the CEO's behaviour culturally sensitive?

The researcher recognised that *"interviewing skills are not simple motor skills like riding a bicycle: rather, they involve a high order combination of observation, empathic sensitivity, and intellectual judgement"* (Denzin & Lincoln, 2000). A compromise position was adopted that allowed for a fairly standardised set of questions while offering some flexibility to probe, drawing out, and mirror (Easterby-Smith et al., 2002).

#### **4.11.4. Sample**

The researcher obtained permission from each chief executive to interview them and members of their staff. Each interviewee was invited to the interview and was at liberty to attend or decline. The researcher approached all the principal gatekeepers directly—the CEOs, other board members and the senior managers—to invite participation. The purpose of the research in pursuit of the DBA was made clear to the interviewees. Face-to-face conversations were

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undertaken with the participants prior to the interviews. All gave their consent. The level of genuine interest and support in this endeavour was exceptional. The three CEOs helped in gaining access and time from their respective managers to progress the interview schedule. In a number of cases, this required considerable juggling of schedules.

The board of Ingosstrakh, the largest of the three companies, was especially supportive. The chairman and the shareholder representative were particularly open and honest about their perceptions. The chairman's special area of competency was governance and strategy.

Within Ingosstrakh, the main shareholder's independent board representative was most helpful in offering support, time and insight. Likewise, the chairman and nominee of the minority shareholder were also constructive and understanding of the purpose of the research. The researcher interpreted this level of interest as due to the independent board representative's role outside of the board, where he holds a professorship within Moscow University, Business School.

It was made very clear from the outset, and throughout the time the researcher was working in Russia, that the interview and all other related information were part of doctoral research. It was also made clear that the findings would be available, and the raw data destroyed, once the DBA was completed.

Finally, all respondents from the board downwards were aware that the results would be published. In fact, the researcher was often asked when the results would be revealed, which he assumed to reflect the ongoing genuine interest in the findings from this study. The summary of the findings and conclusions will be made available.

The interview sample shown in table 4.6 describes the size of the company, interviewees' role, gender, age and nationality.

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**Table 4.6. Interview sample**

<b>Ingosstrakh – Insurance</b>					<i>Number of employees: 2400</i>
<b>Name</b>	<b>Nationality</b>	<b>Gender</b>	<b>Est. Age</b>	<b>Role</b>	
Sergey Goglenkov	Russian	M	43	Chairman/Board Director	
Alexander Grigorjev	Russian	M	42	CEO/General Director/Board Director	
Oleg Vikhanski	Russian	M	55	Main Shareholder/Ind. Board Director	
Nikolay Galushin	Russian	M	38	Deputy CEO	
Tatiana Kaygorodova	Russian	F	40	Deputy CEO	
Alexsey Saveliev	Russian	M	42	Insurance Manager	
Zachar Borisenko	Russian	M	34	Head of Strategy	
Anton Kusher	Russian	M	37	President Life Company	
Konstantin Sokolov	Russian	M	40	CFO	
<b>Element Leasing</b>					<i>Number of employees: 300</i>
<b>Name</b>	<b>Nationality</b>	<b>Gender</b>	<b>Est. Age</b>	<b>Role</b>	
James Gorham	Canadian	M	40	CEO/General Director/Board Director	
Gennadiy Belousov	Russian	M	35	Finance Manager	
Natalia Savchenko	Russian	F	35	Sales Manager	
Tatiana Griskumha	Russian	F	37	Manager	
Andrey Pisarenko	Russian	M	40	Manager	
Elisaverta Karpilovskaya	Russian	F	40	Manager	
<b>Bank Soyuz</b>					<i>Number of employees: 600</i>
<b>Name</b>	<b>Nationality</b>	<b>Gender</b>	<b>Est. Age</b>	<b>Role</b>	
Svetlana Voropaeva	Russian	F	35	CFO/Board Director	
Georgy Kravchenko	Russian	M	42	Head of Banking/Board Director	
Stuart Lawson	British	M	55	Chairman/CEO/Board Director	
Ekaterina Demygina	Russian	F	40	Head of Finance	
Anton Naumov	Russian	M	47	Head of Risk	

#### 4.12. Data Analysis

The data in the study was systematically subjected to content analysis. This initially required a process of coding the interview transcripts. Qualitative data analysis is often interpretative as it is about explaining meaning (Denzin & Lincoln, 2000). Context plays a particular role, as meaning tends to be intrinsically linked to context. Qualitative data analysis is an iterative process, particularly if a more inductive approach is taken. The literature suggests that there are a number of frameworks that help with the process (Miles & Huberman, 1994). The nature of the analysis depends on your choice of methodology and approach, e.g. content analysis, discourse analysis, narrative analysis or grounded theory. However, the process remains similar (Miles & Huberman, 1994). Further, data reduction is the process of selecting, focusing, simplifying, abstracting and transforming the data collected in order to identify themes and categories (figure 4.1, Miles & Huberman, 1994). Data display is the process of organising, assembling,

and compressing in order to draw conclusions. This can be in different formats, such as matrices, figures, tables and so on. The common features of analytical methods and tools are summarised (Strauss & Corbin, 1990).

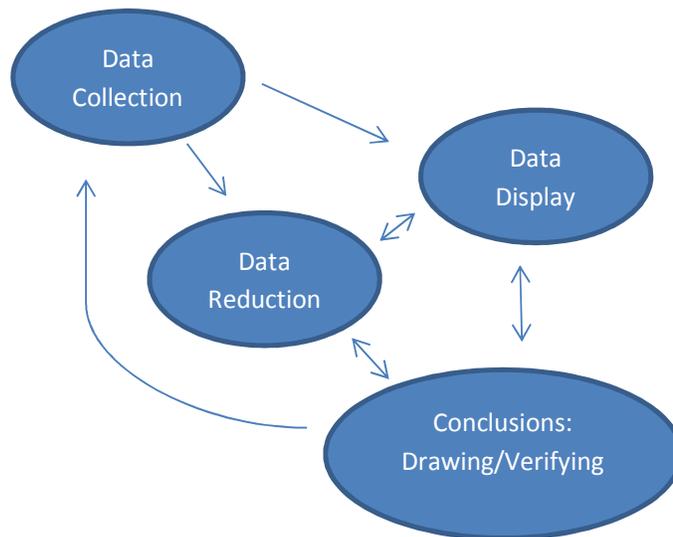


Figure 4.1: Miles & Huberman's Components of Data Analysis: (Miles & Huberman, 1994)

Once a clear framework had been instituted and a list of codes established, the researcher proceeded with the systematic coding of 20 interviews. The common features of the analytic methods applied in this study are described in the following section.

Affixing codes to a set of field notes drawn from the data collection. Noting reflections or other remarks in the margin. Sorting or shifting through the materials to identify similar phrases, relationships between themes, distinct differences between subgroups and common sequences. Isolating patterns and processes, commonalities, and differences and taking them out to the filed in the next wave of data collection. Gradually elaborating a small set of generalisations that cover the consistencies discerned in the database. Confronting those generalisations with a formalised body of knowledge in the form of constructs or theories.

The analytical tools available form the process of developing a theory relevant to the case and set of cases. 'Open coding' identified relevant categories or themes in the data. 'Axial coding' looked for relationships between open codes. 'Selective coding'

identified the principal category or theme and puts other codes into a relationship with this. This analysis considered words, context, internal consistency, frequency and intensity of the comments, specificity, trends and themes.

Pattern coding was then used to group the summaries of data into themes and constructs. Themes were generated by looking for recurrent threads of phrases within the first level codes.

In summary, the process of data analysis is eclectic; there is no 'right way' (Creswell, 1994). Following the organisation and conversion of the data, the researcher continued the analysis by contemplating and forming a sense of the whole database. Agar (1980), for example, suggests that researchers read the transcripts in their entirety several times. Interpretation involved making sense of the data, the "*lessons learned*" as described by Guba & Lincoln (1994). Several forms exist for the interpretation based on the researcher's hunches, insights and intuition. Stake (1995) advocates two forms of data analysis and interpretation in case study research. In categorical aggregation, the researcher should seek a collection of instances from the data, hoping that issue-relevant meanings will emerge. In direct interpretation, the case study researcher looks at a single instance and draws meaning from it without looking for multiple instances. It is a process of pulling the data apart and putting it back together in more meaningful ways. This researcher established patterns and looked for a correspondence between two or more categories based largely on seeing patterns through a deductive and emergent theme-seeking process.

Material collected through such a qualitative method was both unstructured and unwieldy (Miles & Huberman, 2002, p.305). The researcher followed the 'framework' of these authors. The process is not iterative but involved a great deal of back and forth and sifting, charting and sorting material. The five stages were familiarisation, identifying a thematic framework, indexing, charting, mapping and interpretation.

Most qualitative methods within the literature (Goetz & LeCompte, 1984; Lofland & Lofland, 1984; Miles & Huberman, 1994) make little reference to the use of computers.

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Periodically, commentators have raised concerns about whether the range of available software is dominated by a particular approach, methodology or epistemology. Computers can facilitate the analysis process and, for this researcher, editing, coding, storage, search and retrieval, data 'linking', memos and content analysis were useful. ATLAS.ti was the software of choice, based on informal soundings regarding ease of use and versatility. The researcher accomplished the coding of text (tagging chunks of text with labels—codes—that indicated the conceptual themes this researcher wished to sort them into) by typing in line numbers and code names to mark up the text. *"In comparison to marking up text with coloured pencils, this felt awkward and at best a fantasy"* (Weizman, 1999). The software provides the tools but is no substitute for learning data analysis methods that avoid the temptation of auto coding and short cuts.

The researcher attempted to treat the respondents' accounts as potentially 'true' pictures of 'reality' to open up what was culturally rich for analysis (Gubrium & Holstein, 1998; Voysey, 1975). Of course, every way of seeing is also a way of not seeing. As Atkinson (1992, p459) points out, one of the disadvantages of the coding schemes (such as ATLAS.ti) used in both interview and text-based analysis is that, because they are based on given sets of categories, they furnish 'a powerful conceptual grid' from which it is difficult to escape. The crucial requirement is that the categories be sufficiently precise to enable different coders to arrive at the same results within the same body of material (Berelson, 1952). The aim of this researcher was to understand the participants' categories and to see how these are used in concrete activities, such as telling stories (Propp, 1968; Sacks, 1974). The concept of sense-making is well named because, literally, it means the making of sense. Many investigators imply that sense-making involves placing stimuli into some kind of framework. The well-known phrase 'frame of reference' has traditionally meant a generalised point of view that directs interpretations.

The activity of interpretation suggests that sense, of which interpretation is a component, has applicability. Most descriptions of interpretation focus on some type

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of text. For this researcher, sense-making was about authoring as well as reading.

As earlier cited, the process was highly iterative, with data collection and analysis moving back and forth (figure 4.2: 'The Qualitative Analytical Process'). Choosing the method to collect data is complex and driven by the nature of the problem, the clarity of the objectives, and the time and scope, as well as rigorous assessment and diagnosis to ensure appropriate evidence-based activities.

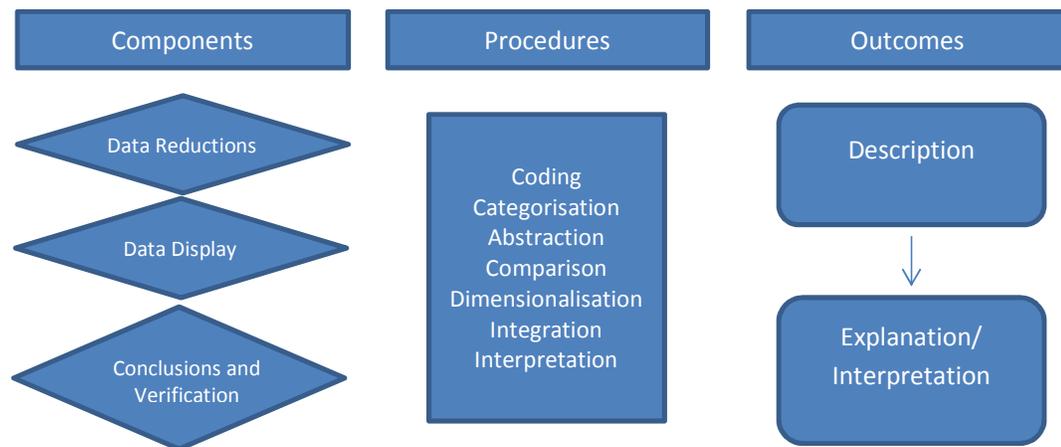


Figure 4.2: The Qualitative Analytical Process:

adapted from descriptions in Strauss & Corbin (1990), Spiggle (1994), Miles & Huberman (1994).

A logical and process approach is presented of this researcher's practical approach.

#### 4.13. Defining the Codes

The iterative nature of the process should not be underestimated nor should the significant amount of back and forth. To organise a presentation of the data analysis trail, the researcher adopted similar logic to that of Miles & Huberman (1994). Template analysis refers to a group of techniques for thematically organising and analysing textual data. The essence of template analysis is that the researcher produces a list of codes representing the themes identified in the textual data from the transcripts (Appendix A and B). Some of these codes were identified a priori in the period 2008–2010, and were modified and added as the researcher read and further interpreted the text to achieve a measure of objectivity and coding reliability. The code label was attached to a section of the text to index it as relating to a theme or issue in

the data that this researcher identified as important to the interpretation. These codes were descriptive and required little or no analysis by this researcher of what the interviewee meant as this stage.

#### **4.13.1. Thematic guides**

A key feature of template analysis is the thematic and sub-thematic organisation of the codes with groups of similar codes clustered together to produce more or general higher order codes. This approach allowed the researcher to analyse texts at varying levels of specificity.

#### **4.13.2. Developing the template**

It is crucial to recognise that the development of the template was not a separate stage from the analysis of the text. The initial template was applied in order to analyse the text through the process of coding, but was revisited numerous times in light of the ongoing analysis. The template analysis started with a few predefined codes that helped guide the process. The first issue for this researcher was how intensive the initial template should be. He sought a balance between too many codes, which might blinker analysis, or too sparse a set of codes, leaving him with no sense of direction and being overwhelmed by the mass of rich data.

#### **4.13.3. Topic guide**

The starting point was the interview topic guide: the set of question areas, probes and prompts used by the interviewer. The topic guide drew on the following sources, academic literature, the researcher's own personal experience, and anecdotal and informal evidence. The main questions from the guide served to suggest the themes and the sub-themes (Appendix E). The approach used was to develop an initial template by examining a subset of the transcript data and defining the codes in light of the stated research aims. These codes were then explored with colleagues to take into consideration their

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suggestions, and a provisional template was then defined. This form of collaboration forced the researcher to justify the inclusion of each code. Initially defined codes were deleted at the end of the process of template construction simply because there were no use for them. For example, there was too much of an overlap between 'assessment' and 'reassessment' according to the comments and it did not make sense to keep these as separate sub-themes.

#### **4.13.4. Using software in the template analysis**

This researcher used ATLAS.ti to index segments of the text to particular themes, to link research notes to the coding and carry out complex search and retrieve operations. The time needed to prepare the data and to learn to use the packages was significant.

#### **4.13.5. Interpreting and presenting template analysis**

The researcher's approach was ongoing with regards to interpreting the coded data and developed a strategy that best fitted the aims and content of the research. The researcher referenced the research model for continuous sense checking (Appendix D). The researcher compiled a list of all the codes occurring in each transcript with an indication of frequency. He was cautious not to overstate any meaningfulness simply from the coded frequency. The researcher sought patterns that would encourage further examination yet remain alert to the risk of drifting into a quasi-quantitative approach of counting codes rather than examining each code to an equal degree of depth. There was a need to be selective and yet open and not so strongly guided by the research questions to unwittingly disregard themes of indirect relevance. The researcher iteratively revisited the seminal literature seeking links between the emerging template analysis, themes, sub-themes, detailed case-by-case data analysis and the 10 propositions (Appendix, E, F, G and H). The researcher developed a set of templates in Appendix E, F, G and H. This should not suggest a linear approach as there was a great deal of back and forth and the researcher felt free to use this kind of strategy to build an interpretation.

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#### **4.13.6. Presentation**

The researcher organised the findings into a template that reflected the themes (Appendix I). The final task was to present an account of this researcher's interpretation in a few 1,000 words. This was achieved through summarised detailed notes about the themes with selective quotes to produce a coherent 'story' of the findings. The presentation approach adopted was to present the individual case studies, followed by a discussion of differences and similarities between the cases. This was intended to give the reader a good grasp of the perspective and themes within the presentation of the findings.

#### **4.14. Presentation of the Findings**

Writing and composing the narrative report brought these three case studies together. Unquestionably, the narrative formed in this qualitative research was extensive. Richardson's (1990) ideas triggered the researcher's thoughts about how one might encode a qualitative narrative—i.e. an overall structure that did not conform to the standard quantitative introduction, methods, results and discussion format. Richardson (1990) pays particular attention to the narrative stance through which the writer can shape the material. Short quotations, embedded quotations and longer quotations are all discussed. Instead, the methods were 'procedures' and the results might be called 'findings' (Creswell, 1994). The findings were deductive and emergent. A writing style was chosen that was personal, familiar, readable, friendly and applicable to a broad audience. A level of detail was given to make the work come alive. The research has used ample quotes and the researcher also found Richardson's (1990) discussion about the types of quotes useful. The critics addresses the discovery of the story, the coding of the material into a genre, the development of tone, the use of quotations, the argument of generality, and the establishment of authority with a great deal of wisdom. The study used embedded quotes to extensively provide evidence in the respondents' words.

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#### 4.15. Conclusions and Limitations

*“The case study has long been stereotyped as a weak sibling among social science methods”* (Yin, 1994). The most important condition for differentiating among the various research strategies is to identify the type of research question being asked. In general, ‘how’ and ‘why’ questions are likely to favour the use of case studies (Remenyi et al., 1998). Although the case study is a distinctive form of enquiry, many researchers are disdainful. The greatest concern is the lack of rigour of case study research. The other concern is that they provide little basis for scientific generalisation. *“The short answer is that case studies are like experiments, are generalizable to theoretical propositions”* (Yin, 1994). The case study strategy begins with the logic of design: *“a strategy preferred rather than an ideological commitment to be followed whatever”* (Yin, 1994). The logic of design is to investigate a contemporary phenomenon within a real-life context. The three cases were based in the company Basic Element, Moscow, Russia. However, this selected research methodology contained a number of limitations. The research was conducted within a single holding company in Russia, i.e. Basic Element, and comprised three case companies from within the financial sector for study. History, ownership, structure, leadership styles, context, culture and power groups affect the degree to which this research can be generalised (Pettigrew, 1992). However, the chosen methodology has enabled the researcher to access rich and detailed data for all three organisations and across three multiple cases.

Levene, Managing Director of Insurance and Pensions for Basic Element, as the researcher, conducted all the interviews. Notwithstanding him being a non-executive, this created particular tensions. The ‘managing director’ title was given for the assignment to ensure the appropriate perceived level of authority. It is assumed that some of those interviewed provided information that the researcher would wish to hear. This was ameliorated by invested time in ensuring clarity as to the researcher’s purpose. The study provided a unique management opportunity to gain insights into the mechanisms of organisational change within the complex setting of a Russian

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oligarch-owned private group of companies. The management researcher (as the managing director) had ease of access to people, data, events, history and the underlying institutional motivations. The study is an example of a senior executive undertaking management research on the organisation and change programmes for which they are partially responsible.

The two key research design choices were the degree of involvement as a researcher, and the unit of analysis; ultimately, the leaders of the three Russian companies were selected as units of analysis (Yin, 1993; 1994). These findings offer local knowledge and are essentially contextually bound. From a pragmatist's perspective, the construct validity is dealt with by using multiple available sources of evidence to provide a more accurate representation of reality (Silverman, 2001). These were purely used for triangulation purposes. The researcher believes that a further strength of the methodology lies in its potential to explore. The limitations of this research relate to the lack of generalisability of the findings to other industries and settings due to the limited sample size. A further limitation is that the researcher was aware of the leadership styles of each CEO when coding the interviews. There was potential for bias that was minimised by using multiple sources of evidence and corroborative evidence. Bias cannot be completely eliminated but should be recognised and its implications acknowledged and accepted (Remenyi et al., 1998). The literature was a rich source of themes and the researcher used texts to induce themes and sub-themes (Miles & Huberman, 1994). The coding was integral to the analysis process. Codes were essentially assembled in a hierarchy of codes. 'Leadership' was the highest code level, with sub-codes of 'goal orientation', 'involving', 'role model', 'empowering' and 'authentic' (figure 5.6). The researcher had a colleague check the first few coded transcripts. The researcher examined the coding with a time delay, which sharpened the definition of the codes as the coding benefited from the researcher's reflections. The coding used was built on ATLAS.ti, a sophisticated software with the capacity to create conceptual diagrams and emergent concepts. Analytic induction was used to build a picture of causal explanations. The number of interviews was 20. Given the investment in time, money and energy into ATLAS.ti, the question remains whether

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that investment is justified. In hindsight, with this number of data sets, it may have been better to have avoided such additional time, cost and effort. Ultimately, the data was best understood and analysed through more traditional methods, such as multi-coloured highlighting pens and close readings on screen and paper (Easterby-Smith et al., 2002).

In conclusion, it is clear that the process of case study research is strikingly iterative.

*“The process is alive with tension between the divergence into new ways of understanding the data and convergence onto a single theoretical framework”* (Eisenhardt, 1989).

The next chapter examines the analysis of case study evidence.

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## Chapter 5

### 5. Results and Testing the Propositions

#### 5.1. Introduction

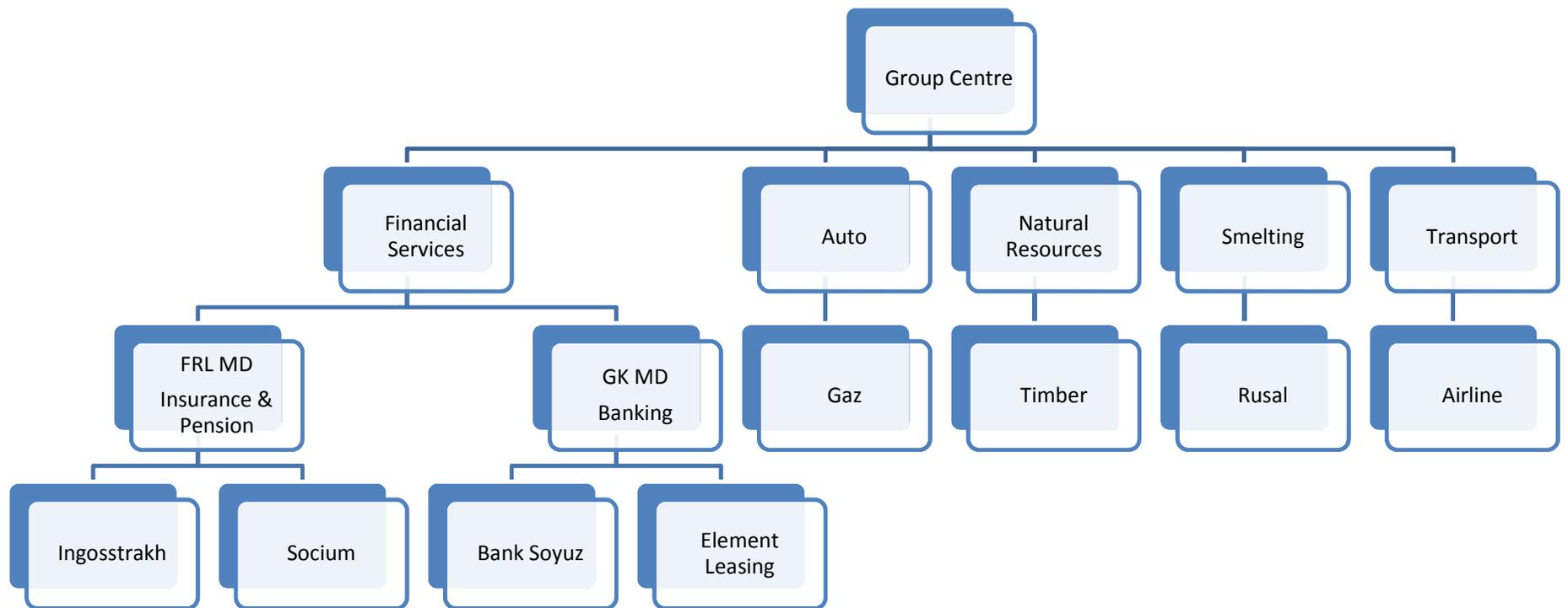
All three cases are from within the same holding company, Basic Element, one of the largest Russian private oligarch-owned financial and industrial conglomerate. All three CEOs were interviewed, as well as each member of the top management team, including immediate subordinates. The 20 interviewees were drawn from the most senior levels within the three companies and included the chairman, in the case of Ingosstrakh, and the owner Oleg Deripaki's independent board member.

In this section, the results of the analysis of the data are presented. The data has been analysed using deductive analysis with data coded to reflect emerging themes. The sources of secondary data presented were gathered from the industry information available within the public domain and from internal documents. The data sources referenced include, but were not limited to, 'Ingosstrakh Annual Report 2006', 'Ingosstrakh Corporate Strategy 2006 Board Paper', major financial data for 'Ingosstrakh Retail Business', 24<sup>th</sup> Jan 2006 (Boston Consulting Group), 'Russian Insurance Sector at a Glance', 7<sup>th</sup> August 2006, 'Due Diligence of Element Leasing', undated but estimated to be 2006, and a leader profile for Stuart Lawson, Chairman of Bank Soyuz. The date of these publications was relevant to the research period; the situation has changed significantly in the intervening period.

The Basic Element corporate organisation chart is shown in figure 5.1.

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Figure 5.1. Basic Element: corporate organisational chart



## **5.2. Implementation of Ingosstrakh's Main Strategic Projects**

In 2006, the company continued the systematic implementation of its long-term strategic plans. This is evidenced by the researcher's board membership. The development strategy for retail and corporate segments prompted the company to introduce new sales channels and insurance programmes for corporate clients by establishing a multichannel model, more proactive development of partnerships with international intermediaries, cross-selling and new products to penetrate the small and medium clients. The above measures were undertaken to adjust the retail businesses model to the conditions of the quickly developing motor and individual property insurance market with regard to the introduction of a new pricing model and an agent network development.

The life insurance strategy and development of medical insurance enabled the company to clearly identify the areas for further activities. It spurred their development and increased their shares within the company's insurance portfolio.

Streamlining the claims settlement system in retail insurance enabled the company to improve the quality of internal procedures and streamline the company's resources.

In 2006, the company launched an Internet site for segregated cars, which increased the company's net income by 19.8 million rubles. The expected yield from the program in 2007 was 31 million rubles. After business modelling, the company identified around 20 initiatives to help streamline sales. The main initiatives included the setting up of agent and partner networks, development and subsequent implementation of a knowledgebase, and better quality and speed of information provided after monitoring. Interim results in 2007 of the customer relationship management system project included a material improvement in customer service, the handling of client applications and the automation of business processes in the Contact Centre for the retail sales of the company.

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### **5.3. Implementation of Element Leasing's Main Strategic Projects**

This information was gathered through a series of interviews with James Gorham, the CEO of Element Leasing. These interviews sought to identify what precipitated the change programme, the changes within the organisation, the interlocking processes that triggered these changes, and vision development. The researcher also sought to understand how the messages had been conveyed and what resistance had been encountered.

From the open semi-structured interviews with James Gorham, he indicated that he had involved the shareholders and managers. The key positioning for the leasing company was to focus on speed, accessibility and a high level of innovation in meeting the dealers' needs. The strategic change programme was implemented by employing good front-of-house professionals, constructing simple products and continually seeking feedback from the marketplace. The primary proposition, he argued, was 'execute what you promise' and to construct coherent tasks that can be implemented.

*There are no simple rules. Take your feedback, as things will always change. I worked across frontiers and there was no punishment from mistakes. I am not a command and control guy, I offer continuous support for initiatives (James Gorham, April 2007).*

### **5.4. Implementation of Bank Soyuz's Main Strategic Projects**

Bank Soyuz was the smallest and most financially fragile of the three companies within this study. Notwithstanding, numerous efforts were made to cite and review strategic documents but no documents were ever provided. The source of this information was from a personal briefing by Stuart Lawson to the researcher and access to local publicity for Bank Soyuz. The vision was articulated by Stuart Lawson. It is to be noted that, during the financial crisis in 2007, the bank failed and was absorbed into Gazprom.

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### 5.5. Case Study Coding Analysis

The researcher has relied on building on the research model (figure 3.1) in change literature. Models are important because they help link theory with practice. The objective of the figures 5.1 to 5.6 is to present visual models that represent the suggested relationships between the key constructs in the field of study and the associated propositions. Some of these propositions test previously established relationships in a different context. Central to this study is the establishment of new insights and applications linking how senior leaders in Russia develop and implement a strategic vision. These will be elaborated in the latter sections of this chapter. The new insights are an attempt to establish clearer links between bodies of theory and research.

Coded themes and sub-themes from the research model are depicted in figures 5.1 through to figure 5.7 and formed the basis for the framework of the analysis. The term 'template analysis' does not describe a single clearly delineated method; it refers, rather, to a varied but related group of techniques for thematically organising and analysing textual data (Denzin & Lincoln, 2000). The essence of the study template analysis is that the researcher produced a list of codes (template) representing themes identified in the textual data. Some of these codes were defined in advance, a priori, and were modified and added as the researcher read and interpreted the texts. The template was organised in a way that represented the relationships between themes, as defined by the researcher, most commonly involving a theme and sub-theme structure (Gummesson, 1991).

As a set of techniques, rather than a distinct methodology, a template analysis was used. It was concerned with 'discovering' the underlying causes of human action, for which this researcher sought to achieve researcher objectivity, and to demonstrate coding reliability (Miles & Huberman, 1994). The template analysis was also used within what is called a 'contextual constructivist position' (Silverman, 2000). Here, the researcher assumed there were always multiple interpretations for phenomena that depended on the position of the researcher and the context of the research. The

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researcher was cognisant to code for the purpose of explaining and developing an understanding of 'what's going on here' and avoid the tendency to think of coding as a mechanical, straightforward algorithmic process, where codes are seen as 'fixed' or unchanging labels and their organic, dynamic character is ignored (Schwandt, 2001). Analysing qualitative data is both an art and science, and it is undertaken by means of a variety of procedures that facilitate working back and forth between the data and the ideas (Miles & Huberman, 1994).

The researcher used ATLAS.ti to manage and analyse the case study research. The role of the software in the research process was as a project tool, to improve access to the data, enhance flexibility, rigour and the sharing and archiving of the data. The usefulness was dependent on the researcher's aim and the degree of familiarity with the software. In using ATLAS.ti version 5.0, this researcher found the software an extremely flexible, interactive and sophisticated enquiry tool. The software assisted in word search, auto-coding, identifying and commenting on the data. The approach to coding was a mix of inductive and deductive cogeneration using a non-hierarchical coding scheme, providing 'drag-and-drop' coding and in context retrieval. The analysis allowed for the linking of codes to one another and the visual presentations of coded quotations. The management researcher, Levene, retained an ATLAS.ti coach (QDAS) to assist in coaching through six modules of learning: preparation; a new project's organisation of data links and networks; codes; coding; auto-coding; and a query tool. The data was analysed using a combination of inductive and deductive analyses that combined a priori codes with data coded to reflect emerging themes.

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# Vision

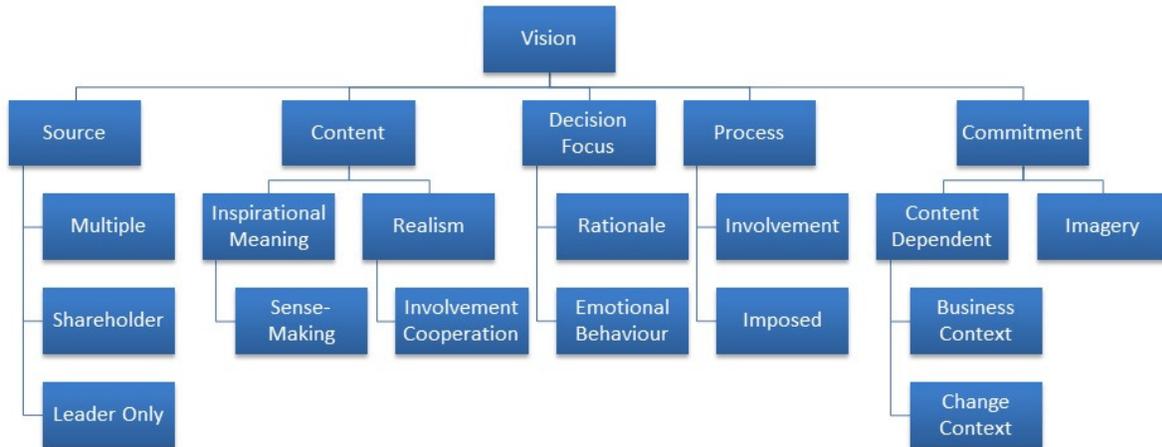


Figure 5.2. Visioning theme and sub-theme data analysed.

# Strategy

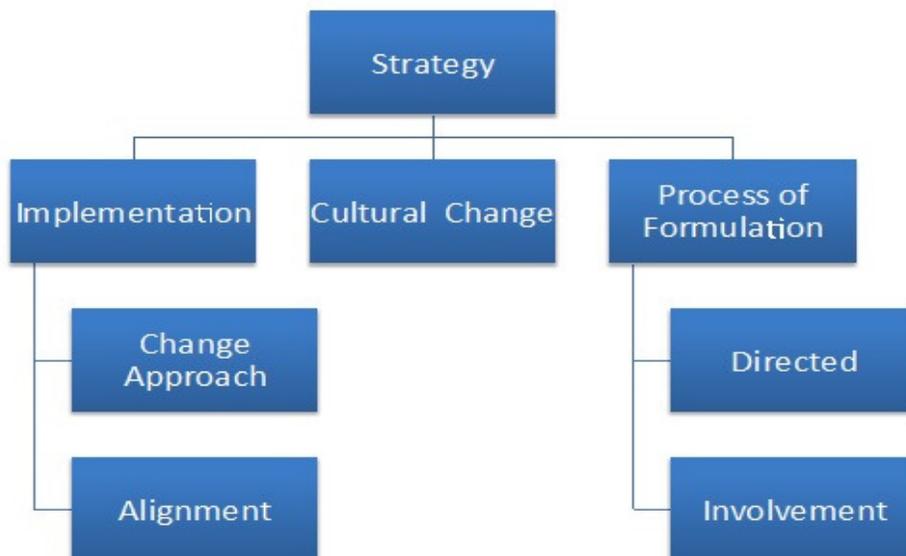


Figure 5.3. Strategy theme and sub-theme data analysed.

# Commitment



Figure 5.4. Commitment theme and sub-theme data analysed.

# Context

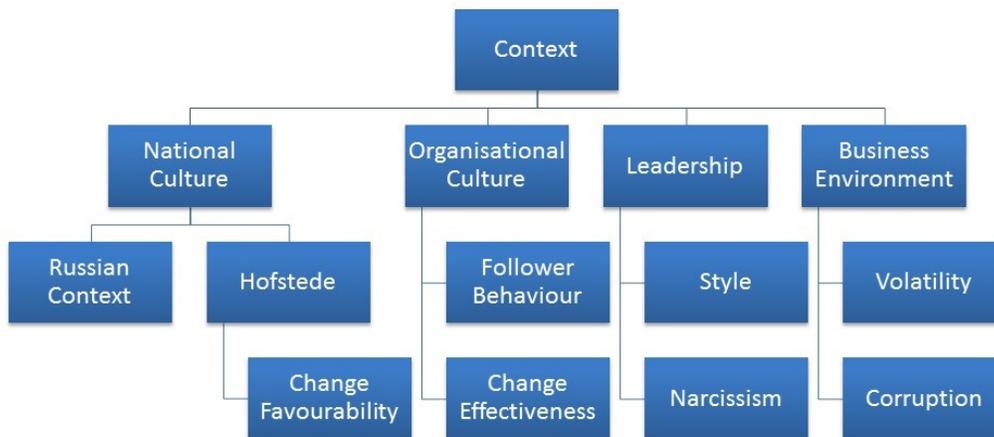


Figure 5.5. Context theme and sub-themes data analysed.

# Leadership

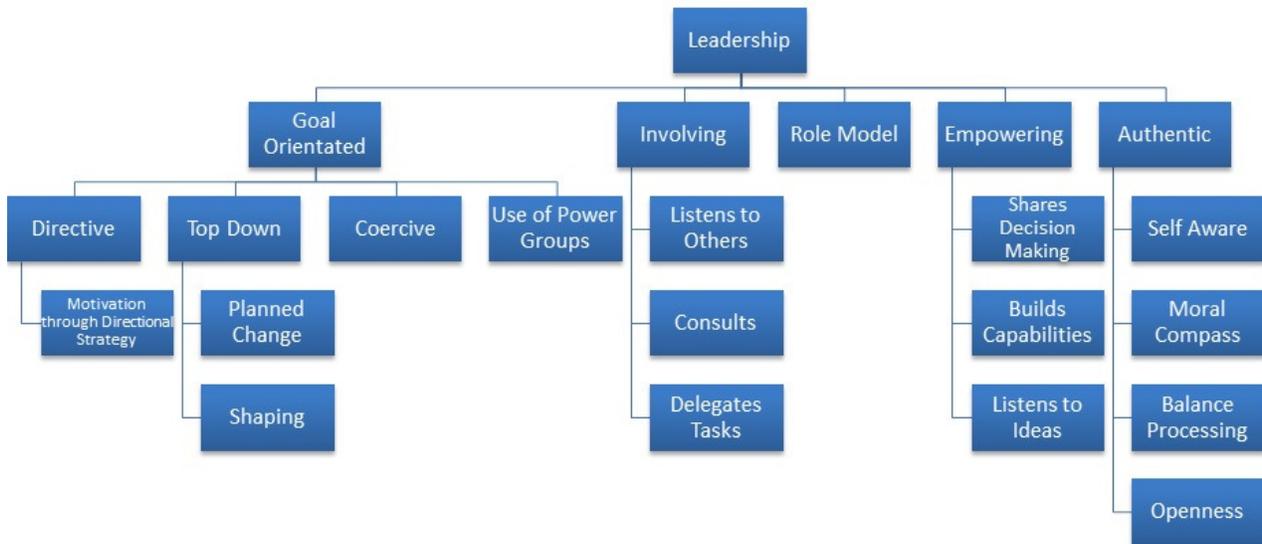


Figure 5.6. Leadership theme and sub-theme data analysed.

# Implementation of Change

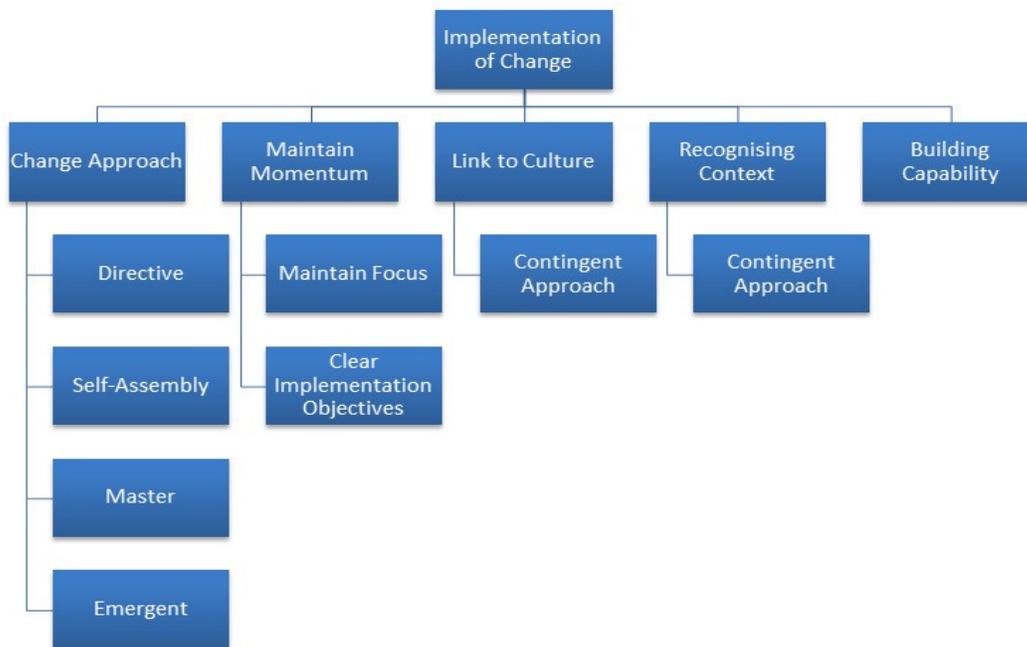


Figure 5.7. Implementation of change theme and sub-theme data analysed.

### 5.6. Cases Sorted By Case: Interview Data Analysis

For ease of reference to the study's context, the researcher restates the main question: how do senior leaders develop and implement a strategic vision in Russian companies? In multiple case studies, the evidence is compelling and robust (Yin, 1994). Each case had a single purpose. The logic of each case, embedded in the same organisation, was the same. The cases were selected so that they would either predict similar results or produce contrasting results but for predictable reasons. The themes explored were the same in all cases. Sub-themes were explored and expanded in seeking to explain and understand the drivers within each sub-theme. This is a deductive priori and emergent analysis that stems from coded themes, as shown in figures 5.2 to 5.7.

For each case, the vision, strategy, context, commitment, leadership styles and the implementation of change has been explored.

In exploring **vision**, a number of sub-themes emerged from the data analysis. In exploring the data analysis, the researcher sought to shed light on the vision's source, the influence of shareholders, the leader's role, the context and rationale, involvement of others, content, approach to communication and engagement, change considerations and communication, and style and change implementation.

In exploring **strategy**, the data analysis explored the following sub-themes: implementation cultural change and strategy process formulation.

Within **context** data analysis, the effect of national culture, organisational culture, leadership and the business environment was explored. The Russian context was also examined, along with the effect of several dimensions: power distance and uncertainty avoidance, the existence of a 'Soviet mentality', collectivism, the 'Russian soul', whether organisational culture was centralised and paternalistic and the degree of command and control behaviours on follower disposition, trust in the company

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relative to leadership style, power groups relative to both new recruits and elder statesmen, and the degree of change favourability in the macro business environment.

For **follower commitment**, the sub-themes were: business environment, the vision's relevance and connection to emotional values, nationality (foreign or Russian), the CEO's communication style and sensitivity to followers, contingent leadership, focus on goals, degree of competence building, use of power groups and trust formation.

**Leadership styles** were explored with regard to the following sub-themes: goal-orientated; source of leadership and how leadership was transmitted; styles of leadership (transformational, transactional, 'authentic' and degree of 'good or bad' leadership behaviours were explored); the degree to which the leaders were self-aware; and open, shared leadership with relevance to the context.

Lastly, we addressed **change implementation** with respect to the change approach: directive, self-assembly, master emergent, links to culture, context, content and process, and degree capabilities were developed, creating capacity, framing or leader-centric as sub-themes.

Analysis and descriptions of the data to these sub-themes are explored below.

### **5.6.1. Case 1: Ingosstrakh**

#### **5.6.1.1. Theme: Vision**

A brief description of the vision theme: visions are developed for a number of different purposes. They are directional and signal where the reorientation is headed. They are symbolic and provide a point for rallying and identification. They are energising and educational in helping individuals understand events around them.

*It was considered not an easy question to answer. The Board has a vision but as far as the management level, there is a lack of vision within the top management of the company (Chairman, Sergey Goglenkov).*

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The perception of the leader's role was that he was open to accept any strategy from the board and be accountable for implementation.

*A hard question to answer actually, as the CEO has a very specific position in the Company, he keeps saying he would fulfil any strategy that fits in the vision which would be given to him by the Board of Directors. But in order to understand the vision and the strategy, you must invest a lot of your personal time to develop it (Chairman, Sergey Goglenkov).*

Traditional attitudes prevailed among the management who were aligned to this top-down approach. In the data from the interviews, this was clearly confirmed.

*"The Shareholders should present their vision to the management who should assist in its implementation" (Head of Reinsurance, Alexsey Saveliev).*

It was clear that shareholder influence was dominant in the strategic visioning process. Management were changed if they were perceived as unable to accept the vision. Such a leadership style, characteristic of top-down autocracy, reinforced the CEO's 'tough love' approach.

*The thing done in the Company was to change the top management; once at the beginning and then once again, which happened not because people could not accept their vision, but they used different paradigms as all their experience was telling them that. Ingosstrakh is exactly the same as it used to be but when Grigorjev came, he delegated a lot of authority to the Board. Of course he is a very tough manager, but he is not intervening in the strategic issues, leaving the resolution to the Board or the Strategic Committee. This approach might be surprising as it contradicts the usual practice when the CEO seems to be involved in all the strategic processes. But it has led to a complete*

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*change of the role of the Board at Ingosstrakh as it assumes the governing role more and more (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

Middle management were not involved and were 'puzzled' by what was going on. To appreciate the vision, it was thought by the shareholder representative that it was simply only a matter of understanding the owner's proposition to be a part of building a 'new country'.

*It seems to be shared at the top level. But the middle level personnel seem to be puzzled by what has been going on. The vision is inspirational and it represents the mission of the main shareholder. OVD considers all his investments not in terms of profits to make but of the business to build, as OVD perceives himself as a person participating in the building of a new country. There are very few people like him in Russia. For instance, looking at his automobile business, we see that he trying to make a true Russian car, which will be competitive and Russian people will buy it. So, in order to understand visions in all his businesses, we have to understand his own prospectiv (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

Senior management, from the interview data, argued that the board was remiss with respect to a lack of clarity in the transmission of the vision and the use of power without engaging the 'really good managers'.

*The main risk for Ingosstrakh is that the Shareholders do not clearly know how to achieve their goal. To say to be 'Number One', but they do not say how. The Board is trying to make decisions without knowing the exact goal of the Shareholders. I think there are really good managers at Ingosstrakh and they have to understand the goal and the benchmarks along the way (Deputy CEO, Tatiana Kaygorodova).*

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The CEO completed his own analysis and was mindful to share these results with the shareholder.

*No, first I had a due diligence implemented. I showed the results to the shareholders and I understood whether my conclusions were in accordance with their view, and what they had in mind—how they see the company and what they would like to do with it (CEO, Alexander Grigorjev).*

In the data from the interviews, it was the CEO who translated the vision into a target.

*“In this case, the vision itself was the target for me, and with the shareholders’ approval, I had to achieve it” (CEO, Alexander Grigorjev).*

In exploring the content of the vision, it was market driven, as evidenced by the interviews of those involved, both the CEO and the chairman.

*Strategically, it is very simple. First, Ingosstrakh historically has been the leader—an all-Russian universal insurance company with international operations, international liabilities and procedures, acting in full compliance with international rules with regards to solvency. It is impossible to develop Ingosstrakh as just a unified or a niche company (CEO, Alexander Grigorjev).*

*The vision is our understanding of the market of the environment we are operating in, how to achieve general goals within different segments, what general resources we have to achieve the goals (Chairman, Sergey Goglenkov).*

In the data from the interviews, some of the senior managers might be thought ‘heroic’ but the vision’s content was not considered the inspiration for such behaviour.

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*Galushin and Sherbakov make heroic efforts but I do not think that the vision alone can make people heroic. They must have a heroic personality and it is the task of the CEO to find such people in order to use their heroic nature for achieving our goals (Deputy CEO, Tiantiana Kaygorodova).*

The content was focused on delivering market share goals and reducing costs. There was an implicit 'realism' inherent in what the vision was intended to deliver from the board.

*From my point of view, the first element of the vision is the role of Ingosstrakh in the insurance business in the country. The second part of the vision represents the idea as to what Ingosstrakh's market share should be. The third part indicates the sources of efficiency. Certainly the understanding of the parts is changing. While before the emphasis was put on the process of how to attain targets, now it lies on how much to be spent to get there. Much more effort is taken with regards to reducing cost, and this is becoming more important in the conditions of toughening competition and the entry of foreign companies (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

This finding was clearly confirmed with the report from the deputy CEO.

*Of course it was deliberate and systematic when I joined the company; it was presented to me by Grigorjev. He told me what the company needed to achieve and set up very specific targets for me. Of course, I understood some very specific goals only after a while but it had no influence on the main goal (Deputy CEO, Tatiana Kaygorodova).*

The transmission of the vision and the strategies to senior management was not effective. The approach was clearly not getting the shareholders' vision across to the organisation.

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*It should come from the Board of Directors. It is again for the Board of Directors to be consistent in pursuing the vision and putting it across to the organization. There is no vision. No vision today. There is a strategic plan, but it is not a vision (CFO, Konstantin Sokolov).*

However, from the data, it appeared that the nature of involvement was approached through the leader communicating his own analysis of the antecedents and nature of the new vision.

*First, I analyse financial reports—balance sheets, accounting, audit acts, anything tangible. Secondly, I interview all managers in the company, e.g. I did 300 interviews at Ingosstrakh to understand what the currents are, where are they going, where the critical management issues lie, where the management is, how the managers understand their responsibilities, their powers, roles, duties and liabilities. The third thing is to understand the current procedures, first of all in operations, as the first part was the financials. And the fourth thing, which is very important for me, here at Ingosstrakh, is how the internal situation reflects the challenges of the market. And the basis of all this, the CEO has or must make change (CEO, Alexander Grigorjev).*

The Russian CEO's perspective is internally focused and offers no explicit support in the value of a vision process.

*During Soviet times, no business needed a vision. Since mid-1990s, it was possible to implement. Business achievements in Russia are the result of personal lobbying, and a business vision, not essential, just a formal requirement to appease foreign partners or consultants to attempt to add value to the company (Deputy CEO, Nikolay Galushin).*

The leader then proceeds to attempt to persuade others to make the same sense of the required vision as he made. In addition, the level of involvement appeared to be limited to delegating tasks to others that the

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leaders had identified as necessary for the sense-making of needs related to the vision. This is evidenced by the perceptions of others.

*This vision comes from Mr Grigorjev. As my boss, he gives me instructions and explains the Shareholders' position. Sometimes, I get information from the Board although I do not understand the Board position. I then ask Grigorjev for clarification (Deputy CEO, Tatiana Kaygorodova).*

The leader's communication style was directive, not inspirational, nor did he seek shared goals.

*He is the CEO, he is a hard person, he has his own opinions, you can give your comments and ideas on his decisions he makes. More or less, he is the keeper of the vision, it was him who brought the vision around (Deputy CEO, Nikolay Galushin).*

The degree of leader effectiveness in communicating the vision from the interview data was uncertain across the wider organisation.

*"The vision is somewhere in the air" (Head of Reinsurance, Alexey Saveliev).*

The vision was seen as being 'imposed' upon the company and not readily understood. It was seen as a slogan at best, and all followers were not fully supportive. The CEO behaved coercively and sought shared goals through persuasion.

*Unfortunately the vision is not clearly understood by the company—90% of the staff members do not know the goal; the understanding of the vision does not force people to change (Head of Strategy, Zachar Borisenko).*

*"The vision itself does not specifically tell the people what to do. The vision is just a slogan" (CFO, Konstantin Sokolov).*

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#### 5.6.1.2. Theme: Strategy

The leader, by making strategy explicit (vision) and by using the process of strategy formulation, mobilised the organisation.

The organisational culture was resistant to change. Ingosstrakh is a legacy organisation from the days of the Soviet Union. The business was, in Soviet times, a government entity until the demise of the Soviet Union. The organisational culture continued to be similar to a government department, i.e. bureaucratic and a 'silo' type management structure. The independent board member related a number of 'stories' where prior management had been replaced due to an inability to revitalise the company. Not meeting shareholders expectations was clear.

The CEO leader used his power to introduce a new motivation system as the leader sought alignment and change momentum.

*The same story with the motivation system—it has been introduced to face an enormously aggressive opposition, outrage and rejection, but in a couple of years, people will understand the advantages of the system (CEO, Alexander Grigorjev).*

The leader, in implementing change, tried to inspire support and was more than prepared to confront those managers who were not aligned, involved or open to being engaged in the implementation of the strategies.

*But some of the managers are slumbering. I know they are not with me, they are only forced to work in the changing circumstances and their mentality will change only in three to five years. Changes of a corporate culture normally reach maturity not before five years' time (CEO, Alexander Grigorjev).*

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The leader was trying to inspire and win support based on individual charisma. From the data, this very personal approach was not supported or considered effective by the chairman of the board or the head of strategy.

*I would say it is cohesive. But I would say that the basis for consolidation of the team is a bit wrong, as it is based on the General Director's personal charisma, but I think there should be a different basis for that. It should be the vision of the company and its resource (Chairman, Sergey Goglenkov).*

The leader was aware of the necessity for change and recruited new staff who were supporters, while seeking cooperation from the current managers. The leader's self-perception of his role, not surprisingly, is that of the person whose purpose is to implement the wishes of the shareholders.

*I invited people like Galushin and Sokolov who had been convinced of the necessity for changes three to five years before. They became partners in the process. Of course, the motivation for changes is very difficult. The managers who were against the changes had two options—either leave or comply. ... I am only appointed by the shareholder's to implement their tasks. I am not a hero. And I should make the people understand that after my contract with Ingosstrakh finishes, I might be anywhere but they will stay as they are connected with Ingosstrakh for their entire lives. And they will gain from those changes implemented. That was the main idea. But the most difficult idea to transmit was that they should believe in Ingosstrakh and in the fact that life can change here (CEO, Alexander Grigorjev).*

*They could not accept the total changes and moreover could not comprehend the reasons for doing it. So the leaders looked for some new managers within Ingosstrakh who could accept these new ideas.*

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*Of course, the strategy is not easy to implement, there are some obstacles but nevertheless we are advancing* (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).

Those involved in the strategy formation were focused on clear goals that were proximate in duration. The chairman and the CEO were both focused on either on a time horizon of no more than one and half years or a broad growth target and market capitalisation goal. The change process was goal orientated, planned and programmatic. The direction setting was not utopian or transformational; the leader very much played out a transactional leadership style.

*“I think the current vision is only about short-term goals—maximum 1.5 years”* (Chairman, Sergey Goglenkov).

Within this theme, the interviews clearly showed that the goals were well defined and directed.

*“The main goal is to make it transparent and capitalized, i.e. the capitalisation of \$1.5b by estimation of the international markets”* (CEO, Alexander Grigorjev).

*“Strategically, it is very simple. First, Ingosstakh historically has to be the leader—an all-Russian universal insurance company with international operations, international liabilities and procedures”* (CEO, Alexander Grigorjev).

*“I do not see any specific actions driven by this vision”* (Head of Strategy, Zachar Borisenko).

The strategy formation approach did not define the action steps and how best to operationalise the strategies. The perception was that it was not an inspirational set of strategies, well understood or bought into cohesiveness by followers and others. The CEO's view was that he was in touch with

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their 'Russian soul'. This autocratic, confronting and tough-talking CEO style was not attractive, not even to the shareholder's board representative. However, this was tolerated on the 'anvil' as the board sought change and positive results. The CEO does the shareholders' bidding in the 'traditional' Russian leadership method.

#### **5.6.1.3. Theme: Context**

A brief description of the context theme: to what extent is leadership in Russia culture-bound and needs to take into consideration the cultural 'power distance' and other characteristic dimensions prevailing in the Russian context?

Culture acted as a barrier against aspired change within the company. Complacency and overconfidence, stemming from a historically dominant market position, were this company's Soviet legacy. The data suggests that the days of 'heroics' in Russia were no longer the case in business life.

*The culture at Ingosstrakh used to be like if there was a task set by management, the personnel have to comply with and fulfil it. You just have to agree to execute. What I am trying to do is to make people understand the essence and purpose of the tasks they have to fulfil. They have to struggle for the ideas sometimes to find the best solution together. They have to learn to express their own opinion (CEO, Alexander Grigorjev).*

*"The culture at Ingosstrakh is strong and one year is not enough to break the culture to bring these people to a common goal" (CFO, Konstantin Sokolov).*

An air of complacency and overconfidence made it more difficult to effect change.

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*“They are very self-confident, though sometimes they forget that they are not the only insurer in the market nowadays” (CEO, Alexander Grigorjev).*

The opinion of the deputy CEO shows an unfavourable view of how things are in Russia now. The CEO’s leadership style was perceived unfavourably, backdropped against a compliant organisation and one not exceptionally motivated.

*There is a category of people who work enthusiastically all their life because they cannot live any other way. And only people like that would do sacrifices for their work. The majority of people—not only at Ingosstrakh, anywhere in Russia or around the world—do not go for sacrifices anymore. They work to provide their living, they work for money. Insurance is not filled by heroes (Deputy CEO, Nikolay Galushin).*

Both the independent board director and the head of strategy said they disliked and were discouraged by increasingly finding this leader with his closed personality and formal elevated sense of self-worth adopting a high power-distance relationship style. Such sentiments are in line with an expected high power-distance basis for leader-follower relations.

It would appear that the shareholders undertook, in response to this situation, change initiatives without consulting the management. The board’s behaviour was autocratic, authoritarian and exhibited a non-communicative attitude towards the organisation. In Ingosstrakh, there existed a distinct absence of trust towards the shareholders. This was largely due to, over the years, the use of illegal corrupt practices: *“schemes and unfair ways of doing business”* (CEO, Alexander Grigorjev).

From the data, the nature of the communication appeared to be limited. The approach to employees by shareholders was characterised by high power distance. The reason the leader argued for this climate was a failure to understand the local management or indeed their ‘Russian soul’.

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*People did not trust the shareholder. For the past 10 years, they witnessed so many schemes and unfair ways of doing business, they have been so pushed by the shareholders. In 2003–2004, I am sorry to say that the shareholders had made so many mistakes that I did not trust the shareholders at all when I joined. Nobody ever spoke to the people and for Russian people the most important part is the soul. So when Bill Pollard came to present the financial sector and spoke about the shareholders' ideas three months ago, it was the first time in Ingosstrakh's history. Funny as it may seem (CEO, Alexander Grigorjev).*

Using persuasion based on personality was not, as evidenced from the data, effective in consolidating the newcomers with those who had been at Ingosstrakh previously. There was a sense that this promoted politics and 'game players' in Ingosstrakh. From the data, the method of seeking involvement of the followers was largely based on the leader attempting to persuade others to make sense of the required strategies as he had made.

*I would not say we have a management team, in fact we have personalities who are unable to work as a team. There are also some people who have been working at Ingosstrakh for a long time. Some newcomers who joined together with the new CEO and the two groups don't easily understand each other. The company is very much politically driven; there are a lot of tensions inside it perhaps like any other organisation. People tend to play games rather than play as a team. But I think there are some people who team up even in this situation. We can name the Deputy CEO, Nickolay Galushin, who is very reasonable in terms of team playing, new initiatives passed across all the departments, not only those he is responsible for, trying to put efforts together to involve people from over the Company to deal with things that have to be changed (Head of Strategy, Zachar Borisenko).*

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The data suggests, contextually, that national Russian culture and the communication method were understood and used to affect. Tough talking to the 'Russian soul' was suggested as an important sense-making leadership behaviour.

*Western people, like you, use a very good word: communication. I need to speak with people in order to convince them of their ability—'you can', 'you will'—and this eventually will result in changes in people's mind. I never bribe people, and never play games. In Russia, it is not possible. You have to understand the people's soul, to give them a slogan, an idea, a goal to pursue. If you want to prove that you are the leader, you have to show results (CEO, Alexander Grigorjev).*

*The GD is trying to be rather formal to do everything in accordance with the legal requirements so he is quite ethical from this point of view. He is also trying to grow in his position. He is not just being ambitious (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

*I think he is quite selfish, with an elevated self-esteem, but he is a successful and knowledgeable person, but he once told me he has no success with the shareholders. Well, maybe he is not the type of person who is able to set up good personal relations. It is rather easy to discuss business issues with him and what he is interested in, but as soon as the topic changes to something personal, he closes completely (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

*"All the relationships he has built within the management team are quite formal" (Head of Strategy, Zachar Borisenko).*

There were those followers who thought it quite understandable if colleagues left the company to seek a better life. Things were so bad that one senior manager thought it widespread.

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*“We have a Russian saying: a fish looks for deeper waters and man looks for a better life. Certainly everybody here would like to have a better life”* (Head of Reinsurance, Alexsey Saveliev).

The power base of the leader was fragmented and, for all practical purposes, the leader had three groups of managers: the ‘old guard’, new recruits and those ‘sitting on the fence’. Negative trust across all the managers undermined the leadership climate.

*In the first three months, nobody trusted me, not a single person. The managers were divided into three groups. One group thought it would be a very short period with this new guy, and who knows whether they were right or wrong. The second group; we would wait and see what happens and most probably it would not be successful. And the third group, the most positive one (like Sherbakov, for instance), wanted somebody to make the changes but thought it was not realistic within Ingosstrakh, as it is extra difficult to do anything* (CEO, Alexander Grigorjev).

The head of reinsurance spoke about an overwhelming impression of poor team cohesion and a lack of motivation, driven by a directive, disempowering leadership style. Fears were expressed that disaffection and fragmented organisation were prompting many to leave the organisation. The views expressing these beliefs are shown verbatim.

*“When nobody explains to you what is going on in the company, you feel sometimes like a baby without a proper mother”* (Head of Reinsurance, Saveliev).

*“We see changes only through the orders issued by the top management”* (Head of Reinsurance, Alexsey Saveliev).

*Most of the people are emotionally committed to the company. There could be a contradiction between the strategy of the company; the*

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*vision of the company, and the vision of the people—the way they personally feel about the actions, especially with regard to their own motivation. It is not a secret that a lot of people have left Ingosstrakh, not only because of the business but because of the motivation in other companies (Head of Reinsurance, Alexsey Saveliev).*

*I would say, at the moment, the company is disintegrated, people are located in different buildings and communication is not easy. Though we should be considered a team, we are a bit estranged as sometimes we should recognise our colleagues from other departments, as we only know them by phone (Head of Reinsurance, Alexsey Saveliev).*

In these circumstances, the leader introduced 'new' managers into the management structure. These managers were not deterred by the need for change. Some saw this as positive change and began to trust the leader.

The power group forming around new recruits in support of the CEO was perceived by the previous management as a divisive intervention, as they coalesced around the CEO.

*And the other group started to have trust in me, and what was important was I invited several people who used to be with Ingosstrakh before, who were well known among other Ingosstrakh managers; I invited people like Galushin and Sokolov who had been convinced of the necessity of these changes three to five years before. They became the partners in my success (CEO, Alexander Grigorjev).*

The leader sought cooperation, using a blend of power and persuasion. The managers remained sceptical of the leader. The management inevitably contained some individuals with views and ingrained behaviours grounded in a typical Russian power-distance relationship. The CEO's formal sense of worth and elevation was not appealing to a number of the management. This is an interesting observation and suggests that autocracy and

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authoritarian leadership style is not for 'everyone'. In summary, the CEO leader's perceived coercive directive style had the express support of the shareholder representative. Context can be seen to be extremely intrusive and particularised to the case. The strategic process was a top-down, perceived imposed direction from the board to the CEO and management and then subsequently the CEO's 'tough talking' communication approach to implement directed change and these strategies. The absence of a cohesive management team—the 'old guard' and the CEO's power repositioning of the 'new recruits'—could potentially compromise the senior leader's efforts to develop and implement a strategic vision.

#### **5.6.1.4. Theme: Commitment**

A brief description of the commitment theme: commitment through visioning strategy, context-change strategy and stronger self-belief among followers and leadership role modelling builds commitment through shared leadership and enhanced follower trust.

The Russian CEO references the Soviet regime to explain his management practices and he sought to rationalise the leader's directive and coercive approach. The responses in the verbatim quotes illustrate the effect on trust building. Comments of this nature highlight the leader's transactional style and question both the quality of the LMX and the leader-follower interdependency.

*After the Soviet times, people had to learn what procedures are. For some, it is enough to be told once to understand, and another will require 20 times. I am ready to repeat 20 times to remind what is important e.g. smoking is prohibited till 11.00am. I used my power to request from managers full compliance with the rule, explaining to them that smoking is a time-wasting process, as you spend 15 minutes for a smoke break by average. It took me quite a long time before everyone*

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*started to observe the rule, but that's the process implementation—continuous persuasion and control (CEO, Alexander Grigorjev).*

*For instance, the use of mobile phones is forbidden at the Board meetings. We don't wait for latecomers at the meetings. Punctuality is required in everything. When I ask for something, I only repeat twice. If I have to do it a third time, there is a risk of punishment for the staff member who would not get it without any further discussion. I am reasonably emotional but not pathetic, friendly, open and direct (CEO Alexander Grigorjev).*

The leader's argument for a coercive style is that this most effective in Russia. The stereotyped Russian 'tough' leadership approach works, the leader argues, the best.

The shareholder representative also supports toughness in securing acceptance. The focal point here is goal-focused behaviour, supported by centralised authority and a rigid approach to building consensus.

*The new vision had to be protected from any disruptions or obstacles at the management level. There were a lot of discussions of whether to make concessions to those people i.e to come to an agreement and to let them work in the way they used to before, to try to force them to accept the new vision or to let them go. There was certainly a lot of opposition between the old members of Ingosstrakh, who emphasised the importance of expertise, and the new comers, who pushed for the absolute acceptance of the new vision. So they let them go. And you can see that Ingosstrakh is still surviving (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

*I have seen him very hard with people. Once he was rather impolite with me personally where he would not accept my telephone calls or call me back upon my repeated requests. I felt very much disappointed and since*

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*then I never call him. And I suppose I am not the only one. So there is a certain communication problem (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

Continuing this line of argument, the CEO enlisted a senior well-trusted manager to 'mediate' his confrontational style to work on securing follower commitment and on the negative attitude stemming from the CEO's behaviour.

*Well, there are two players at Ingosstrakh—Alexander and Vyacheslav who certainly does not have so much power but he has been with Ingosstrakh for a very long time and he has the trust of the people, he knows them well and he has got very good personal relations. At the present stage, the key players have a very important role. In this case, Vyacheslav is 'neutralising' the negative attitude that could be created by Alexander's behaviour, he is trying to smoothen it down. If Vyacheslav gets out of the way of Alexander, it can create some problems but for the time being, the former is extremely helpful (Independent Board Director, Main Shareholder OVD Representative, Oleg Vikhanski).*

Some views expressed an ambivalent commitment as to the meaningless character and lack of emotional connectivity with the vision.

*Regretfully, I don't understand the issue of making two billion dollars at all. I understand the figure of 8% market share. The market situation may experience drastic changes and the two billion dollars might appear an absolute nought or vice versa. Some foreign companies may enter the market and cause a lot pf disturbance making the two billion quite an unattainable position (Deputy CEO, Nikolay Galushin).*

The introduction of better controls was viewed positively. There was a 'forced insistence' on improved cooperation between departments that had not developed a sense of teamwork.

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*Yes, I think he has showed some new models of management but they are different to the older culture at Ingosstrakh. The good things introduced by the GD were the high level of responsibility and control over the processes implemented by the managers. He also demands more cooperation between certain departments and parts of the company. He forces people to agree with one another rather than format any decisions. But unfortunately, there is not a team. Even though people are forced to come to agreements they are not one management team. So team playing has not still [been] introduced at Ingosstrakh (Head of Strategy, Zachar Borisenko).*

In contrast to the CEO, some Russian managers have an engaging and involving style of leadership. The quality of their LMX appears to have a positive effect on their followers. The self-referential data suggests a fragmented 'climate' for followers to manage within the same organisation.

*In comparison with Grigorjev, I am rather soft and I often have management meetings in an informal atmosphere. We spend weekends together. Everyone in my team knows that I will try and solve problems no matter whether they are related to their business or their family. I sometimes try to assist in reconciliation between spouses because I believe that peace in the family would enhance business performance (Deputy CEO, Nikolay Galushin).*

*I suppose there is a good way to motivate the staff—in order for them to perform well and to respect the manager, the manager has to love them. I care about my staff and they know that if they make a mistake not on purpose I shall never give them away to the GD or the Board. Every mistake is my mistake. They know about this attitude and this motivates them not to make mistakes. I also try to motivate the most ambitious staff members with money that they receive for implementing*

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*challenging tasks. I try to understand the needs of every member of my staff to motivate them accordingly. I think this is a key factor of the manager's success (Deputy CEO, Tatiana Kaygorodova).*

The CEO recognised that the company was a fragmented organisation. The leader was aware of the challenge in securing company-wide follower commitment.

*For the past 16 months I have been here, we have passed three stages. In the first three months, nobody trusted me. Not a single person. The managers were divided into three groups. One group thought it would be a very short period with this new guy—and who knows whether they were right or wrong. The second group: we would wait and see what happens and most probably it would not be successful. And the third group, the most positive one (Sherbakov for instance), wanted somebody to make the changes but thought it was not realistic within Ingosstrakh as it is extra difficult to do anything. The second period started last summer when some changes and success had been achieved and, as of July 1st 2005, we started to understand the operational and underwriter's limitation changes. And at this point, the managers and employees divided into two groups—those who were against any changes left the company in the summer and autumn. But as for the two groups, one of them was conservative and consisted of those people who had been with Ingosstrakh for 30–40 years and knew everything about it and they did not feel sure about whether the changes were good or not (CEO, Alexander Grigorjev).*

Leader role modelling created positive follower effects in the communication of the new motivation system.

*As the GD during the first months in the company, Grigorjev met with all department heads—the smaller units and the divisions—and he*

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*personally introduced the motivation system to division and departments. That's a good example of the ability of the person to deliver special messages to the whole organisation (CFO, Konstantin Sokolov).*

Others were invited to join the organisation to make a specific contribution. The CEO sought to buttress follower commitment by hiring individuals who would pledge an allegiance and believe that changes could be wrought, but he was well aware that this was a long-term change challenge.

*I invited people like Galushin and Sokolov who had been convinced of the necessity of changes three to five years before. They became partners in the process. Of course, the motivation for changes is very difficult. The managers who were against the changes had two options—either leave or comply. ... I am only appointed by the shareholders to implement their tasks. I am not a hero. And I should make the people understand that after my contract with Ingosstrakh finishes, I might be anywhere but they will stay as they are connected with Ingosstrakh for their entire lives. And they will gain from those changes implemented. That was the main idea. But the most difficult idea to transmit was that they should believe in Ingosstrakh and in the fact that life can change here (CEO, Alexander Grigorjev).*

In line with such views, the following opinions were expressed in verbatim.

*But some of the managers are slumbering. I know they are not with me, they are only forced to work in the changing circumstances and their mentality will change only in three to five years. Changes of a corporate culture normally reach maturity not before a five-year time (CEO, Alexander Grigorjev).*

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The paradox facing the CEO seeking to galvanise follower commitment is that his CEO leadership style is considered the most significant barrier to developing and implementing the strategic vision. Some believe that there is something seriously wrong with the CEO's values and personality. Verbatim views are used to illustrate this observation.

*Well, he is a very good speaker, impresses people, but what he lacks in his character is an eagerness to listen to what people say. In my personal opinion, he relies too much on what he thinks* (Head of Strategy, Zachar Borisenko).

Some respondents touched on divisiveness and the absence of team building.

*There is no team building. We are united as the members of the Management Board. But we have known each other for a long time. We know each other's merits and shortcomings which helps us find solutions to business situations* (Deputy CEO, Nikolay Galushin).

The CFO offered his sense of only functional transactional change. This was a result of a focus on competence building around improved internal controls.

*The things we are doing now have nothing to do with the vision. Reinforcing the internal control is not a vision. Putting underwriters under control in certain departments is not a vision either. We are putting control procedures in the company, but the vision is about where we go, what to acquire and what direction to develop* (CFO, Konstantin Sokolov).

The head of strategy was much more sanguine about the current leadership qualities.

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*“My personal view is that people do not really trust the GD”* (Head of Strategy, Zachar Borisenko).

A trust formation deficit is a significant disadvantage to any senior leader addressing the development and implementation of a strategic vision.

#### **5.6.1.5. Theme: Leadership**

A brief description of the leadership theme: leadership is no longer simply described as an individual characteristic or difference, but rather is depicted in various models as dyadic, shared, relational, strategic, global and based on a complex social dynamic.

The leadership was internally focused on controls and processes, combined with a coercive, autocratic, authoritarian style and a consequent perceived gap in teaming. The line of argument is that without a degree of cooperative goal setting and leader-follower interdependence, development by leaders and the subsequent implementation of a strategic vision is negatively compromised. The focus of the CEO is mandated cooperation and increased controls. With the CEO focusing on executing the top-down board vision and strategic direction, followers were not perceived to be functioning as team.

Firstly, a compliance and leader-centric climate is the declared mandate of the CEO.

*After the Soviet times, people have to learn what procedures are. For someone, it is enough to be told once to understand and another will require 20 times. I am ready to repeat 20 times to remind what is important e.g. smoking is prohibited till 11.00am. I used my power to request from managers full compliance with the rule, explaining to them that smoking is a time-wasting process, as you spend 15 minutes for a smoke break by average. It took me quite a long time before everyone*

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*started to observe the rule, but that's the process implementation—continuous persuasion and control (CEO, Alexander Grigorjev).*

The CEO change agenda was internally centred and top-down in its approach to process control improvements.

*Yes, I think he has shown some new models of management but they are different to the older culture at Ingosstrakh. The good things introduced by the GD were the high level of responsibility and control over the processes implemented by the managers. He also demands more cooperation between certain departments or parts of the company. He forces people to agree with one another rather than format any decisions. But unfortunately, there is not a team. Even though people are forced to come to agreements, they are not one management team. So team playing has not still [been] introduced at Ingosstrakh (Head of Strategy, Zachar Borisenko).*

The CEO exhibited little follower sensitivity or listening skills and has built a culture based on punishment and coercion.

*For instance, the use of mobile phones is forbidden at the Board meetings. We don't wait for latecomers at the meetings. Punctuality is required in everything. When I ask for something, I only repeat twice. If I have to do it a third time, there is a risk of punishment for the staff member who would not get it without any further discussion. I am reasonably emotional but not pathetic, friendly, open and direct (CEO, Alexander Grigorjev).*

Regarding this criticism, the head of strategy goes further to underline an observation that the people in the company are treated poorly.

*Some things are acceptable to me; there are others that are not. The things that I strongly appreciate are strong leadership as he is a person who might lead changes I suppose. The thing I don't align with is the*

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*way he actually manages relationships with personnel. I mean that financial business is all about people as it is not a producing factory. All we have is the person, his time and writing materials. So purely, it is intellectual work. So the way the company treats its personnel and keeps its best personnel best defines the success of the company. The way I witness people are treated is unacceptable and forced a lot of people to leave the company (Head of Strategy, Zachar Borisenko).*

As the CFO comments, this change approach is developing and/or implementing a strategic vision, but is solely focused on improving control procedures. This was not the board direction set for the Ingosstrakh strategy development, as demonstrated earlier in the study.

*The things we are doing now have nothing to do with the vision. Reinforcing the internal control is not a vision. Putting underwriters under control in certain departments is not a vision either. We are putting control procedures in the company but the vision is about where we go, what to acquire and what direction to develop (CFO, Konstantin Sokolov).*

The CEO had a transactional approach to managing, with a focus on organisation and improved controls. Some of the views expressed concerns and misgivings regarding the leader's behaviour and style. Directorial competence was questioned in a number of verbatim comments. The researcher emphasises the lack of mutual trust and a common understanding of organisational performance.

*"My personal view is that people do not really trust the GD" (Head of Strategy, Zachar Borisenko).*

*"Personally, I am not supportive of the GD's style of management. Sometimes, I have got my own reservations on this matter" (Chairman, Sergey Goglenkov).*

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*“When nobody explains to you what is going on in the company, you feel sometimes like a baby without a proper mother”* (Head of Reinsurance, Alexsey Saveliev).

In summary, the shareholders largely, through the board, define strategic direction. The CEO has ‘vacated’ the strategy-developing role with a focus on implementation. The leadership style of the board and the CEO is top-down, with a CEO change agenda centred on process controls. It could be postulated that the CEO is ‘playing’ to his own perceived strengths. The ambitions set out by the board, explored earlier in the study, are ambitious in seeking to build the retail, life, health and regional businesses. The open question is whether the CEO’s leadership style is the ‘optimal fit’ for this agenda and whether it can bring senior managers into the strategic development process through involvement and engagement. Strategic development and implementation are twin changes for the CEO and the senior leaders.

We turn our attention to the implementation of change.

#### **5.6.1.6. Theme: Implementation of Change**

A brief description of the implementation of change theme: this is focused on the change agenda with clear priorities—do only what the organisation can commit to, do right by the company’s culture, create acceptance, manage attention, maintain momentum and deliver sustainable change.

Attention has already been drawn to the leader’s transactional change approach, with a suggestion from the chairman that the CEO is managing, as opposed to leading, the visioning and strategy formation process. The CEO offers to fulfil any strategy delegated from the board and the owners with a focus on delivery.

*“The CEO has a very specific position in the Company: he keeps saying he would fulfil any strategy that fits in the vision which would be given to him*

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*by the Board of Directors. But in order to understand the vision and the strategy, you must invest a lot of your personal time to develop it"* (Chairman, Sergey Goglenkov).

The CEO change agenda was centred on process improvements and the motivation system. Arguably unclear, the board's priorities set strategic direction.

We explore the perception of his managers by the CEO.

*"But some of the managers are slumbering. I know they are not with me, they are only forced to work in the changing circumstances and their mentality will change only in three to five years. Changes of a corporate culture normally reach maturity not before a five-year time"* (CEO, Alexander Grigorjev).

This theme develops into a more positive vein. The leader focused on a technical hard change agenda to maintain the change momentum. The impact of these changes was to align goals and the change programme. The motivation system was designed to clarify the implementation objectives and centre this on sales and market share objectives.

*"As the GD during the first months in the company, Grigorjev met with all department heads—the smaller units and the divisions—and he personally introduced the motivation system to divisions and departments. That's a good example of the ability of the person to deliver special messages to the whole organisation"* (CFO, Konstantin Sokolov).

The study respondents highlight the ineffectiveness of top-down direction setting without engaging followers in support of a number-driven vision. Even an understanding of the vision 'cannot force people to change'. The verbatim responses are illustrative.

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*“The vision itself does not specifically tell people what to do. The vision is just a slogan and the slogan can be translated to show how it achieves a goal. We want to be number one and, in order to be number one, we need to do this and this. We need to open new offices, we need to acquire companies, we need to introduce the CRM because it would facilitate our communications with our customers, we increase our retention rate etc. The setting of specific goals. We also have to allocate the resources”* (CFO, Konstantin Sokolov).

*“Unfortunately, the vision is not clearly understood by the company—90% of the staff members do not know the goal. The understanding of the vision does not force people to change”* (Head of Strategy, Zachar Borisenko).

There was also more management focus on increased accountability and interdepartmental cooperation. A leader contingent transactional approach that simply demands cooperation without team cohesion is thought unlikely to be effective.

As reported earlier, the leader was seeking shared goals through persuasion and a coercive use of power. He tried to inspire and compel using logic and rational. The CEO acknowledged the quality of follower compliance to the vision as unsatisfactory.

The company has built better controls and risk management protocols, without an improved congruence, that works towards the achievement of the vision.

*“Although the company has changed, having become much more structured and organised with regards to policies and risk management, but I don’t think there was any visible influence of the vision on the practices, structures and procedures”* (Chairman, Sergey Goglenkov).

*“The things we are now doing now have nothing to do with the vision. Reinforcing the internal controls is not the vision. Splitting the claims and*

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*acquisitions in certain departments is not a vision. Putting underwriters under control is not a vision either. We are putting control procedures in the company, but the vision is about where to go, what to acquire, and what direction to develop” (CFO, Konstantin Sokolov).*

The change approach was ‘directive’ and ‘simple’ (Higgs & Rowland, 2003). The descriptors within this model resonate with the change approach of the CEO within Ingosstrakh.

In summary, the vision process was primarily driven by the board and through the ‘independent’ board member who acted as a proxy for the main shareholder. The process involved the board, shareholders and the management. The CEO viewed his role as transmitting the strategy and implementing it through strict delegation. The leader’s change approach was to use his positioning power to coerce and be authoritative. The driving force for the new vision was clearly coming from the board of directors. The buy-in from the management was mixed, with an inadequate follower involvement and engagement. Clear goals were set to grow the business but the process was not viewed as inspirational, in essence only about top-down targets. The vision was at best a slogan, and imposed from the top downwards without clearly expressing what was to be done differently. The CEO was a conduit in the process and his own view of his accountability was only to execute. A lack of common understanding among the management as to who makes, and even what is, the value in a company vision exacerbates the entire process. The researcher observed a deficit in trust formation between all the stakeholders: shareholders, board, CEO and followers.

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Table 5.1

Summary: Ingosstrakh			
<b>Vision</b>	<b>Source</b>	<b>Multiple</b>	Board dominant. CEO devolved to board. Focus diffused. Negative communication.
		<b>Shareholder</b>	Soviet style of behaviour. Mission of the main shareholder. Power of shareholder.
		<b>Leader Only</b>	Transactional Executorial role. Focus on the short term. The loci was on internal control.
	<b>Content</b>	<b>Inspirational/Meaningful Sense-Making</b>	Negative values.
		<b>Realism Sense-Making</b>	Leader-centric. Simple
		<b>Empowering Involvement/Cooperation</b>	Negative organisation connectivity. Links between the vision and strategies were weak.
	<b>Decision-Making</b>	<b>Rational</b>	Pedestrian Pedantic
		<b>Emotional</b>	Negative compelling.
		<b>Balanced</b>	Shareholder sense-making. Fragmented
	<b>Process</b>	<b>Involvement</b>	'New' personal bonds to CEO buy-in. 'Old' management negative.
		<b>Imposed</b>	Top-down Negative intrinsic value. Negative shared ownership.
	<b>Communication</b>	<b>Context-Dependent Business Context</b>	Top-down Vision 'orphaned'. Delegated up to shareholder. Accountability absent.
		<b>Change Context</b>	Shareholder at board 'theoretical' sense. Working level negative buy-in.
		<b>Imagery</b>	Slogan
	<b>Strategy</b>	<b>Implementation</b>	<b>Change Approach</b>
<b>Alignment</b>			Negative attitude to motivation system.
<b>Cultural Change</b>			Negative drives shareholder changes to management.
<b>Process Formulation</b>		<b>Directed</b>	CEO coercive. Negative actions from strategy.
		<b>Involvement</b>	Negative team cohesion.

			Negative common understanding of 'new' vs 'old' managers. Political game playing.
<b>Context</b>	<b>National Culture</b>	<b>Russian Culture</b>	Negative trust towards shareholders. Historically illegal practices. Directive ~ coercive CEO behaviours. Dominance in internal context, corporate culture and politics. Compliance HPDI
		<b>Hofstede</b>	HPDI Power groups.
		<b>Change Favourability</b>	Power groups. Conservative culture mitigates rate of change.
	<b>Organisational Culture</b>	<b>Following Behaviour</b>	Directive, simple, coercive. Negative trust and alliance with 'Statesman'. Negative ~ empowerment. Negative ~ self-efficacy.
		<b>Change Effectiveness</b>	Power groups. Culture mitigates rate of change.
	<b>Leadership</b>	<b>Style</b>	Directive, simple, coercive
		<b>Narcissism</b>	Dark side, bad leadership
	<b>Business Environment</b>	<b>Volatility</b>	Complexity Negative ~ personal commitment.
		<b>Corruption</b>	Russian business context. Inequality, political elite.
	<b>Commitment</b>	<b>Nationality of CEO</b>	<b>Foreign</b>
<b>National</b>			Contingent leadership. Use of power groups, CEO hiring, personalised relationships. Negative ~ follower sensitivity. Directive, coercive.
<b>Communication</b>		<b>Goal-Focused Positive Comments</b>	Centralised authority. CEO hiring, personalised relationship.
		<b>Involving Sensitivity to Followers</b>	Role modelling. Negative ~ follower sensitivity, cooperative dependency. Directive
		<b>Shared Goals</b>	Negative ~ shared values, team.
		<b>Engaging Competence Building</b>	Transactional change.
	<b>Shared Goals</b>	Negative ~ shared goals. Negative ~ trust.	
<b>Leadership</b>	<b>Goal Orientated</b>	<b>Directive Motivation</b>	Directive, simple. Coercive, autocratic, authoritarian.

		<b>through Direction Setting</b>	Negative follower sensitivity.
		<b>Top-Down Planned Change</b>	Coercive, autocratic, authoritarian.
		<b>Shaping</b>	
		<b>Coercive</b>	
		<b>Use of Power Groups</b>	Personal blind loyalty.
	<b>Involving</b>	<b>Listens to Others</b>	Negative emotional intelligence
		<b>Consults</b>	Role modelling.
		<b>Delegates Tasks</b>	Task driven.
	<b>Role Model</b>		Negative role modelling.
	<b>Empowering</b>	<b>Shares Decision-Making</b>	Negative empowerment.
		<b>Builds Capability</b>	Transactional
		<b>Listens to Ideas</b>	
	<b>Authentic</b>	<b>Self-Award</b>	Negative ~ relational transparency.
		<b>Moral Compass</b>	Negative ~ trust.
		<b>Balance Processing</b>	Negative on follower buy-in and relational transparency.
<b>Relational Transparency</b>		Closed	
<b>Implementation of Change</b>	<b>Change Approach</b>	<b>Directive</b>	Transactional managing vs leading. Negative empowerment, participation. Use of power groups. Centralised authority, political elite. Negative communication ~ empowerment. Negative ~ shared values, LMX.
		<b>Self-Assembly</b>	
		<b>Master</b>	
		<b>Emergent</b>	
	<b>Maintaining Momentum</b>	<b>Maintain Focus</b>	Communication ~ role modelling.
		<b>Change Implementation Objectives</b>	Negative ~ follower buy-in.
	<b>Link to Culture</b>	<b>Contingent Approach</b>	Transactional Statesman Directive
	<b>Recognising Context</b>		Negative follower buy-in.
	<b>Building Capability</b>		Transactional change.

### 5.6.2. Case 2: Element Leasing

We now turn our attention to a much more dynamic and agile enterprise led by a Canadian national as the CEO.

#### 5.6.2.1. Theme Vision

There was a high degree of co-dependence which fostered trust and team cohesion.

*“Well, the vision is actually ‘there is no simpler’. We are faster than anybody else. We are more successful than anybody else” (CEO, James Gorham).*

*“We more or less crafted it ourselves. We have a high degree of ownership of the vision” (CEO, James Gorham).*

*When I came to the bank two years ago, we did not know what retail was. For me, changing is not a problem. In two years, we made 350 million in individuals (individual banking), universal products for the regions, we changed the sales system, we installed an automation system, increased the number of points of sale. And now we understand changes as our intensive expansion in the regions, because we need to change the technology of opening points of sale. This year, it is planned to open more than 20 points in 22 cities; we have opened two already, and five are opening in the nearest two weeks (Head of Retail, Ekaterina Demygina).*

*When we started our business, we had some experiences in the field already together with James. We had the understanding of the environment, its financial requirements and market demands. We also had the advantage to analyse and figure out what we had been doing wrong or right before, what worked and what did not (Manager, Andrey Pisarenko).*

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A determination to succeed was engendered through management empowerment. A formal framework was defined, a unitary approach that allowed the management to participate in building the vision.

*It includes hopes, dreams of the people who work here, what they want, and how they want to reach their goals, what procedures they should create to reach the goals. The vision is the best leasing company on the basis of simple procedures (Finance Manager, Gennadiy Beulosov).*

*The vision defined itself when we made a new logo, a new brand—it was more our hope. Our approach in our business is to take the commercial feeling that they have in the stomach to get something done. Everything we do is actually to free people to do what they know best. But as long as you keep the framework tight, you keep them going in the right direction. You don't have to tell them, you don't have to preach to them. You just give them the tool, simple tools and they are going to build something after that (CEO, James Gorham).*

*To my mind, the present vision covers all necessary things. We cannot grow continuously, as we have to make profit and use it carefully in our investments. We work 10 hours a day to be the leading bank—what other values could be there? Our business goal is to be among the Top 10 in all segments. Our latest slogan says 'We fight for each client'—we try to meet our customers' needs, we treat customers in a charming way to help them take financial decisions, we do our best and we are different. (Head of Retail, Ekaterina Demygina).*

A robust credit scoring system underpinned the vision. The strategic visioning process was based on a proven mechanism for handling this process together.

*The strategy is that we understand who our clients are. We have consumers and we have clients. The clients are the people who sell our*

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*product like the dealers and our supplier partners. It was the basic business decision we made. It was that we would focus on our clients. We would develop the products that would be the easiest products on the market for our supplier partners. And we'd give them high approval rates—exactly what they want* (CEO, James Gorham).

The CEO established the guiding principles for the vision, such that it would prove sense-making and inspirational. The management internalised the strategic vision and drew a sense of mission from the vision. The verbatim quotes are illustrative.

*The vision in this company, the guiding principle, is our slogan 'there is no simpler' and that, in a way, guides everything that we do in our procedures, in our hiring and in all our policies—commercial and back office ones* (CEO, James Gorham).

*"The vision helped to get to know the clients and to find a common interest to ensure productive cooperation"* (Manager, Tatiana Grikumha).

*"Together we go in the same direction, but each level has its bit of specific understanding. It is inspirational"* (Manager, Andrey Pisarenko).

*"But it makes me feel great. It is inspiring"* (Finance Manager, Gennadiy Beulosov).

*Maybe only the motivation system. We divided the personnel into several groups, set up five key performance indicators, which cover sales on the one hand and risks on the other, or sales and costs depending on the division. Then we set up a sales volume that ensures a certain salary level. If the sales exceed the limit, the profit made at the point of sale is increased. If the staff show lower results, they get less than expected* (Head of Retail, Ekaterina Demygina).

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As new people were engaged, it was crucial they were likewise committed to the vision.

*We are not hiring people who worked here before who would not blend into the new environment but new hungry people who responded to our salary and commission competition system (CEO, James Gorham).*

Management and leadership shared the values embedded in the vision. The leader and the team were fully cognisant of the business challenges in setting the rate of change programme.

*It was not deliberate but it was rational. We did not sit down as a committee drafting it, we did it in numerous discussions—we discussed how we wanted to set the business up, how we wanted it to be and what kind of strategy we wanted to have and what slogan to use. It was a long time before I arrived in Russia. It was a long process, but it was rational. We knew what we wanted to do. We thought about it, we talked our ideas over. But we did not sit down and do it in a formal manner (CEO, James Gorham).*

*“Yes, he did. The company has been growing rapidly—now we open a new branch nearly every week. Our strategy is very well conceived” (Sales Manager, Natalia Savchenko).*

The leader’s skills, as a change agent, actualised the vision.

*Yes, because there was one existing attitude when I came in. We gently, ever so gently, pushed it over to the side and ever so slowly and relentlessly put resources into the team to get familiar with the new vision. And, because there was little cross-fertilization, if you will, new people to new vision, they just did it (CEO, James Gorham).*

In the pursuit of the vision was a simplicity of execution and consequently in creating meaning.

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*There was more a real understanding of what the clients needed, and what we needed to do to be successful commercially and everybody understood that. So it was not a question of twenty thousand procedures; it was just the need for the people to do what had to be done. And that's all. Again, everything was back to the simplicity of our business model and the simplicity of our policies and procedures. You did not need to bring in a big instruction book so the people understood it. They just did it (CEO, James Gorham).*

#### **5.6.2.2. Theme: Strategy**

The literature attests that strategy process research attempts to address the very difficult question of how strategies are formed. The most often cited view from this CEO was the simplicity of the vision and its translation into strategies through active participation of followers: logically, simply and with full transparency.

*We work in our style here. We don't expect obedience. We expect understanding because we try to do everything transparently and as logically as possible. The people see the results which they do. The results are easy to see. The logic is easy to understand (CEO, James Gorham).*

*The emphasis is put on the regional development because the leasing market has been growing in Moscow only, but Russia is much bigger than Moscow. Our goal is to open a representative office in Ukraine, maybe other countries of the former USSR. And the most important point stressed by James is that we shall be very successful (Sales Manager, Natalia Savchenko).*

*Yes, the strategy was significantly changed—last year, we promoted ourselves as a universal bank, now we are emphasising the process of*

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*building the corporate value, achieving sales volume, regional expansion (Head of Retail, Ekaterina Demygina).*

*We arrived here 19 months ago or so and we started a new brand, a new image right away. Everything we did was to focus on keeping things simple, hiring simple people who understood what they had to do and making our business as user-friendly for our own people and partners as possible. In a way, it drives everything—and the vision, the slogan and all are kind of interlinked (CEO, James Gorham).*

Cultural change was managed through subordinates recognising the importance of retaining a balanced approach. The approach was to work with both the new and existing team to ‘gently’ change attitudes. A ‘simple’ approach was put in place as a process to converge thinking and create a common strategic platform.

*Yes, because there was one existing attitude when I came in. We gently, ever so gently, pushed it over to the side and ever so slowly and relentlessly put resources into the team to get familiar with the new vision. And because there was little cross-fertilization, if you will, new people to new vision, they just did it (CEO, James Gorham).*

Customer insight, coupled with the middle management controlling customer relationships, was the basis for the emergent strategy. Flexibility, informality and delegation helped to inform the consensus. The slogan ‘simplicity’ was central to the vision and its translation into strategy.

*We know our customers. People who we hire are middle managers who know the customers. They know the product and they have that feeling in their stomachs to know if they are appealing to their customers or not. And our job is to give them the framework and tools so that they sell our product to someone who is going to pay us back (CEO, James Gorham).*

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*“I believe that this company will be one of the top 10 in Russia with the most extensive regional network” (Finance Manager, Gennadiy Beulosov).*

*Everything goes back to our approach to empower people. You let them see the simple truth in life and the simple business truth. You let them go on implementing that business truth. They know the clients better than we do. They know which clients are going to pay us back. They know what to sell at a point of sale. It’s a matter of empowering them. We were introducing a new product and some people were believers or not. We’d show them how simple it was to sell this product, what to focus on, and the people were very successful (CEO, James Gorham).*

#### **5.6.2.3. Theme: Context**

This CEO was able to be ‘himself with skill’ (Higgs & Rowland, 2005) in the Russian context. The CEO’s empathy to Russian culture was a relevant critical skills fit. The CEO is perceived as a ‘special person’ who manifests sincerity and values grounded in democratic equality. The prevailing literature would suggest the preferred Russian leadership behaviour to be autocratic. The verbatim quotations are illuminating.

*James is a very specific person for Russia. He has the academic knowledge and some practical experience; he can apply this combination to the Russian market. We know the market very well and with getting ideas from James about how Western markets function, we come up with a new vision and try to implement it here (Manager, Andrey Pisarenko).*

*It is very informal. We all communicate a lot by email so he sometimes praises people in his letters to the other managers. He often says thank you personally (Manager, Andrey Pisarenko).*

*I think he is a very sincere person; he is open and sociable and he likes to make friends interested in active people. When his second baby was*

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*born, he showed the baby to all employees (Manager, Tatiana Griskumha).*

The strategic values of the organisation and team cohesion were developed through listening to followers and delivering on promises to those followers.

*My team and I have been together for so long, the team of core people, you don't have to do anything, it's just natural. You promise something and you deliver it. It's simple. You listen to people, you solve problems, don't create them (CEO, James Gorham).*

In summary, key is the creation of a leadership climate, favourable to developing and implementing strategy. Inherent risks were managed through instilled disciplines and the fostering of competences. An ability to manage risk well through teaming and a deep business and customer knowledge are the core strategies for this business.

#### **5.6.2.4. Theme: Commitment**

This leader drew upon a common motivational core among subordinates. The CEO, a Canadian by nationality, created a common vision and values with his Russian management team, which transcended differences in nationality. The leader established follower self-belief, which is built on trust and a shared leadership.

*Because I am a foreigner for a number of reasons, I lower my guard quite a bit because it is a way to build trust to get better information from the people on the ground on what is really happening with the clients (CEO, James Gorham).*

*Very, very fortunate that I work with some brilliant and un-intrusive managers, people who ask a lot of questions and allow other people to get on with their business. And that is what influences me, for the most*

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*part, is that once again my people know the business better than I do—the daily job. I don't know how to speak to someone who came out of some back woods about a van that is delivering something. But these people know their job. And my job is to ask the right questions to figure how we'd give them the instruments to sell to their clients. And my whole style is to talk to people, to listen to people, to understand people if they are able to do what we want them to do and to make sure that they are going to understand to be team players, loyal to execute what we want (CEO, James Gorham).*

*Of course. Work takes a big place in my life. So achieving results is very important for me. If I don't achieve any, I don't do it anymore, or I push to make it work (Head of Retail, Ekaterina Demygina).*

There was no data to support the use of power groups. To the contrary, shared leadership and respectful delegation seemed common.

*"James gives a lot of independence to the members of the team. He never imposes his views on anyone. And I am very appreciative for that" (Manager, Tatiana Griskumha).*

The business model was based on the empowerment of the followers by deploying informality and establishing a sense of community. The social exchange is well established.

*"Our whole business model is based on empowering our people to take the feeling that they have in their stomachs and get things done. That's everything really" (CEO, James Gorham).*

*It includes hopes and dreams of the people who work here and what they want and how they want to reach their goals, what procedures they should create to reach the goals. The vision is to be the best leasing company on the basis of simple procedures (Finance Manager, Gennadiy Beulosov).*

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*“He trusts me, thus making me feel very stable about my position”* (Finance Manager, Gennadiy Beulov).

*“Sometimes, it’s just trust and confidence, through informal friendly relations. People have a strong sense of community here”* (Manager, Andrey Pisarenko).

*Yes, I do—200%! The key managers are committed to James and his ideas. We understand his ideas; they are very close to our beliefs. His personality, his ability to create and his creative power is very engaging. He has charisma which has made us committed to the idea of the business* (Manager, Andrey Pisarenko).

In summary, the CEO’s behaviour is grounded in teaming and a low power distance approach to followers. Followers were highly committed, shared the ownership of the vision, strategies and the change programme. An open personality and style of management brought the management together. This approach created a focal point around which the management can congregate. The CEO style was respectful and sensitive towards his followers. This leader’s qualities were founded on personal charisma, inspiration, intellectual stimulation and individualised consideration. The role was performed with a balanced approach between ‘people concern’ and ‘task concern’.

#### **5.6.2.5. Theme: Leadership**

Explicit leadership strategy development was able to build new products and capabilities.

*We had to change everything. We changed the products, we changed the whole marketing, the decision-making process. We implemented the whole delegated system of decision-making dependent on the product on each person. Each person is assigned an approval limit and we are*

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*able to move the decision three to four levels down (CEO, James Gorham).*

*Yes, the strategy was re-evaluated in accordance with the vision. It became more aggressively open to cooperation, both internal and external. It became more detailed in terms of leadership to have a better understanding what way we have to follow in different lines of business (CEO, James Gorham).*

*We put certain people in one room, whom we would like to promote and other people in another room. We tried a little cross pollination to see, to see how people might respond (CEO, James Gorham).*

The motivational system was aligned with the strategic goals, established direction and rewarded exemplary results.

*One of key elements: to develop the motivation system for our team which was the base for our success of our business. A lot depends on the role of every member of the team (Manager, Andrey Pisarenko).*

*I see clearly what the bank needs in the segment that I am responsible for. Stuart has never worked with retail before, that's why I feel empowered to insist on my point of view. But I am ready to accept any reasonable arguments that might convince me of the importance of any other way of development for the bank. There must be professionals working in any division who would envisage the potential results in one or another market segment. And the role of the management is to find balance in combining the capabilities of the professionals in the company (Head of Retail, Ekaterina Demygina).*

The organisation's goal and motivation system principals were founded on shared leadership, delegated decision-making and clear accountability. The

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design algorithm was intended to engender a positive emotional contagion. The CEO's behaviour exemplified shared decision-making.

*Very, very fortunate that I work with some brilliant and un-intrusive managers, people who ask a lot of questions and allow other people to get on with their business. And that is what influences me, for the most part, is that once again my people know the business better than I do—their daily job. I don't know how to speak to someone who came out of some back woods about a van that is delivering something. But these people know their job. And my job is to ask the right questions to figure how we'd give them the instruments to sell to their clients. And my whole style is to talk to people, to listen to people, to understand people if they are able to do what we want them to do and to make sure that they are going to understand to be team players, loyal to execute what we want (CEO, James Gorham).*

This leader was clearly using an authentic leadership style, as can be illustrated by these verbatim quotes. The study uses such illustrations to distinctly exemplify this in this case study, as authentic leadership was not evident in the other two case studies.

#### Self-awareness

*"I am lucky that I have the trust and independence that allows me to make mistakes, and allows our people to make mistakes" (CEO, James Gorham).*

#### A moral compass

*"I have been working with him for six years. I like this approach. He delegates a lot of authority but he is always very just—a success of somebody in the team is this somebody's success. A mistake made by someone is James's mistake. We also try to behave this way to our subordinates" (Manager, Andrey Pisarenko).*

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#### Balanced processing

*“He knows very well what language can understand and he uses different language dealing with different people. But he is always honest” (Manager, Andrey Pisarenko).*

*“I think he is a very sincere person; he is open and sociable and he likes to make friends interested in active people. When his second baby was born, he showed the baby to all employees” (Manager, Tatiana Griskumha).*

#### Relational transparency

*“People have the confidence that I am not going to yell at them if they make mistakes. If I am doing it they are not achieving a result. That is one of the keys” (CEO, James Gorham).*

*“People realise that I don’t care so much about the process but I care about the result. If there is a mistake during the process, I think I am able to look beyond this if there is a result” (CEO, James Gorham).*

The CEO de-emphasised his positional power. The shareholder unambiguously left the leader to lead the business largely independently. The trust and independence that was accorded to the leader was shared with the followers. The CEO personified ‘authentic leadership’ through self-awareness, demonstrating a moral compass, balanced processing and exhibiting relational transparency. The CEO’s strategy developing process engaged the management and promoted internal brainstorming and knowledge sharing. An emergent change approach was the hallmark, with few big rules, lateral connections and novel mixes of people. Under this umbrella, strategic thinking change could be initiated anywhere in the organisation.

#### **5.6.2.6. Theme: Implementation of Change**

We explore the relationship between change effectiveness and leadership. There was no ambivalence about how ‘masterly’ the change approach of

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this leader was. The view expressed by the CEO underlined his leadership characteristics. Extremely respectful views expressed by the leader about his followers demonstrate the leader's core values and that active cooperation was in place.

*Very, very fortunate that I work with some brilliant and un-intrusive managers, people who ask a lot of questions and allow other people to get on with their business. And that is what influences me for the most part is that once again my people know the business better than I do—their daily job. I don't know how to speak to someone who came out of some back woods about a van that is delivering something. But these people know their job. And my job is to ask the right questions to figure how we'd give them the instruments to sell to their clients. And my whole style is to talk to people, to listen to people, to understand people if they are able to do what we want them to do and to make sure that they are going to understand to be team players, loyal to execute what we want (CEO, James Gorham).*

*"We have a tremendous amount of delegation downwards but pretty strict frameworks within which we are working and because we understand our clients" (CEO, James Gorham).*

Such opinions are illustrative of how the majority of the participants viewed the organisation. The CEO details the key elements of the change approach, the momentum and the main focus.

*We've opened up distribution in 60–70 cities within a year. We are already hitting the dispersion levels of companies who have been on the market for six to seven years, with lower costs of funding and cheaper products that we have. I am fairly happy. We are number one or close to number one. Our margins are better than that of the competition and we have better distribution (CEO, James Gorham).*

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This manager addresses the excellent working environment. Shared leadership and trust formation build a sustainable organisation through capabilities and teamwork.

*“It falls in line with my philosophy of getting results. And James gives me the freedom to go my own way in achieving common goals”* (Finance Manager, Gennadiy Beulosov).

*Our vision is what the market wants and we are ready to do everything to achieve it. It does not mean that we have to stay night hours, but it is important to plan our work in the most efficient way to get to our vision. But sometimes we have to fight hard* (Manager, Andrey Pisarenko).

*We have doubled, tripled our margins, massively reduced our arrears and we have increased by three to four times our business model compared to the one there was before our team arrived* (CEO, James Gorham).

In summary, clarity of purpose and a collective intent was reflected in the language of the vision and was embedded into the vision. The vision was defined in the company by the shareholder, and was not top-down. The trust accorded the CEO by the shareholder flowed to his followers. Unanimity between the management and mutual cooperation supported the direction-setting process. The upshot was clarity in the simplicity of intent in the strategic vision. The CEO's cooperative partnering style of management was the platform for strategies to be formed and tested against the vision. A CEO maintained an 'authentic leadership' style that understood the complexity inherent in leading a change. The CEO's Canadian nationality and leadership style transcended Russian stereotypes. An emergent change approach was exhibited in the CEO's strategy development to implementation (Higgs & Rowland, 2003). The company's organisational culture proved dominant to any stereotyped national

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characteristic. The literature has argued that Russian followers prefer autocratic and authoritarian leadership (Hofstede, 1980).

Table 5.2.

<b>Summary: Element Leasing</b>			
<b>Vision</b>	<b>Source</b>	<b>Multiple</b>	Clarity of mission. Followers empowered. Trust and team formation.
		<b>Shareholder</b>	Explicitly managed. Trusted
		<b>Leader Only</b>	Sense of mission. Insight, foresight and knowledge.
	<b>Content</b>	<b>Inspirational/Meaningful Sense-Making</b>	Followers internalised the vision.
		<b>Realism Sense-Making</b>	Self-efficacy
		<b>Empowering Involvement/Cooperation</b>	Follower control, trust, team and self-efficacy.
	<b>Decision-Making</b>	<b>Rational</b>	Rational Consensual
		<b>Emotional</b>	A passion
		<b>Balanced</b>	
	<b>Process</b>	<b>Involvement</b>	Team-driven Ownership
		<b>Imposed</b>	Owned
	<b>Communication</b>	<b>Context-Dependent Business Context</b>	Cross-fertilisation. Relevant
		<b>Change Context</b>	Team internalised and executed strategy.
		<b>Imagery</b>	Simplicity Keep it simple.
	<b>Strategy</b>	<b>Implementation</b>	<b>Change Approach</b>
<b>Alignment</b>			Common customer insights.
<b>Cultural Change</b>			New business. Made own house.
<b>Process Formulation</b>		<b>Directed</b>	Cultures converging ~ LPDI and LUAI. CEO passion for empowerment.
		<b>Involvement</b>	Shared leadership.
<b>Context</b>	<b>National Culture</b>	<b>Russian Culture</b>	James is a very specific person for Russia.
		<b>Hofstede</b>	Democratic equality.
		<b>Change Favourability</b>	Everybody is, in Russian, the second person singular, like the French 'tu'.
	<b>Organisational Culture</b>	<b>Following Behaviour</b>	Team cohesion.
		<b>Change Effectiveness</b>	LPDI

	<b>Leadership</b>	<b>Style</b>	Positive feedback. Nurturing followers.
		<b>Narcissism</b>	
	<b>Business Environment</b>	<b>Volatility</b>	Risk management. Disciplines
		<b>Corruption</b>	Trust formation.
<b>Commitment</b>	<b>Nationality of CEO</b>	<b>Foreign</b>	Leverages foreigner positioning. Deploys LPDI.
		<b>National</b>	Relational transparency. Authentic
	<b>Communication</b>	<b>Goal-Focused Positive Comments</b>	Positive LMX, follower trust, shared leadership, and follower self-belief.
		<b>Involving Sensitivity to Followers</b>	Shared leadership.
		<b>Shared Goals</b>	Informality and formality. Sense of community.
		<b>Engaging Competence Building</b>	Receptivity to input.
		<b>Shared Goals</b>	Social exchange. Shared goals. Highly committed followers.
<b>Leadership</b>	<b>Goal Orientated</b>	<b>Directive Motivation through Direction Setting</b>	Shared leadership alignment. Positive emotional contagion. Interdependency
		<b>Top-Down Planned Change</b>	
		<b>Shaping</b>	We had to change everything.
		<b>Coercive</b>	
		<b>Use of Power Groups</b>	
	<b>Involving</b>	<b>Listens to Others</b>	Cross-polarisation.
		<b>Consults</b>	Strategy was re-evaluated. Cross-pollination. Person to be modelled.
		<b>Delegates Tasks</b>	Directive
	<b>Role Model</b>		
	<b>Empowering</b>	<b>Shares Decision-Making</b>	Whole style is to talk to people, to listen to people, to understand people.
		<b>Builds Capability</b>	Transformational.
		<b>Listens to Ideas</b>	De-emphasises positional power. Follower's more empowered.
	<b>Authentic</b>	<b>Self-Award</b>	Good leadership.
		<b>Moral Compass</b>	HEI Equitable
		<b>Balance Processing</b>	Forgiving and learning culture.
		<b>Relational Transparency</b>	Open

<b>Implementation of Change</b>	<b>Change Approach</b>	<b>Directive</b>	
		<b>Self-Assembly</b>	
		<b>Master</b>	
		<b>Emergent</b>	Shared leadership. Follower buy-in. Mutual trust and understanding.
	<b>Maintaining Momentum</b>	<b>Maintain Focus</b>	Exceeded expectations.
		<b>Change Implementation Objectives</b>	Emancipated, common goals.
	<b>Link to Culture</b>	<b>Contingent Approach</b>	Committed subordinates. Harmonious and shared values.
	<b>Recognising Context</b>		Follower buy-in.
	<b>Building Capability</b>		Transformational change.

### 5.6.3. Case 3: Bank Soyuz

#### 5.6.3.1. Theme: Vision

The visioning process was top-down and leader-centric. Given the business context for the bank, this behaviour created unintended negative consequences. It was recognised that the bank's independence was in question. The way things were, it was difficult for the people in the bank to see that their participation was valued. The CEO was very aware of the legacy consequences of top-down shareholder intervention. Shaping behaviours were evidenced (Higgs & Rowland, 2003, 2005).

*I think that one fundamental corporate value that has to change is the concept that we do what other people tell us to do. We do what we want to do. And if this is to succeed—and luckily with Katya and her team, it has been growing—one of the key values is: are we an independent bank or not? Does anybody take us seriously? There used to be a phone call from Basel to tell everyone what they had to do and that it should be done at any cost. People here lacked self-confidence. They did not have the experience: they've grown upon the environment where*

*there were no credit processes, sales processes, and therefore they could not feel proud of themselves because what they achieved was nothing because what they achieved they were told to achieve (CEO, Stuart Lawson).*

The sense of a vision 'void' compelled the leader to make his analysis. The CEO personally worked to form a consensus through individual persuasion and to define a new image for the bank. The disadvantages inherent in this approach were also identified.

*There was no vision. There was a combination of three captive banks, with no Chairman moving in odd directions, so there was no vision at all. The only vision was, I would say, the self-interest and localised interest of each of these captive banks, but there was no overall view that Soyuz should be like and how it should function. So there was a great opportunity to destroy the old image and create a new one. The bad news was that you had 1,200 people who had no idea of what a vision was, as they never had one. So it was not only a question of taking an image and changing it, it was creating an image and trying to communicate it (CEO, Stuart Lawson).*

The leader-centric approach is illustrated by the verbatim quotes. The leader sought to increase the bank's independence from Basic Element, the holding company.

*Today's vision is that we are an independent bank that services Basic Element and we will continue to do so at market rates and in an efficient way. That we will also have an aggressive treasury operation to create high level profitability and we will use those investments to rapidly expand. A focused retail bank, which will be both in Moscow and regions. We are not now a retail bank. We cannot become a retail bank overnight but we can live with this retail strategy, and let the Basel and*

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*the treasury function strategy remain within our emphasis (CEO, Stuart Lawson).*

*“The vision, I think, came from Stuart” (Head of Risk, Naumov).*

The leader’s role was central as the catalyst and driving change agent. It was essential to demolish the ‘old’ culture of the three captive banks, now operating as one entity.

*There was no vision. There was a combination of three captive banks, with no Chairman moving in odd directions, so there was no vision at all. The only vision was, I would say, the self-interest and localised interest of each of these captive banks, but there was no overall view that Soyuz should be like and how it should function. So there was a great opportunity to destroy the old image and create a new one. The bad news was that you had 1,200 people who had no idea of what a vision was, as they never had one. So it was not only a question of taking an image and changing it, it was creating an image and trying to communicate it (CEO, Stuart Lawson).*

The CEO sensed new opportunities. The leader described the prior state as a ‘non-vision’ developed by consultants who failed to set a viable market direction.

*First of all, there was a two-stage vision. The first was a non-vision. Accenture spent a lot of time and money coming in with a non-vision. The non-vision was to be a universal, commercial, independent regional, retail, treasury and corporate bank. If you look carefully, you see that vision has no vision and has no direction. Because it basically said we had to be everything everywhere all the time. When the Supervisory Board acknowledged that wonderful piece of work by Accenture, I had to be in the minority vote and say that’s not a vision, it’s a bunch of words all together (CEO, Stuart Lawson).*

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The backdrop to these exertions was a fragmented organisation polarised between the retail team and the rest of the bank. The retail team was encouraged to act independent of the owner's group treasury mandates.

*So the vision that is now—which is heavily weighted towards the retail side—allows the bank to feel that it is an independent bank. But I think we will have to re-craft the vision and we will add to it the concepts of an efficient, good employer with the highest business standards (CEO, Stuart Lawson).*

The ability to transmit strategy and the implementation approach was, in the leader's view, made more difficult as none of the stakeholders had an interest in crafting a vision.

*Well, considering the fact that the raft was headed towards the waterfall in its own sweet way, under the current circumstances creates an opportunity to get people's attention. The issue is that in order to announce and implement a strategy, you have to have the full backing of the constituents –shareholders, the Supervisory Board, the Executive Board, the management and then the employees. And, frankly speaking, none of those levels when I joined had an interest in crafting a vision (CEO, Stuart Lawson).*

Echoing an argument covered earlier, the retail side of the bank was perceived to be favoured and out of control of the main company. Such views are expressed verbatim.

*“Our retail is really independently led by Katya and, in my opinion, its extreme independence should be limited somehow. But it's hard to do so” (Head of Risk, Naumov).*

*“Would have never worked with him (Stuart Lawson) if he had not listened to my arguments and explanations of the national specifics” (Head of Retail, Ekaterina Demygina)*

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The leader acknowledged the nature of the fragmented organisation. To address this problem, wholesale people and structural change was planned.

*“I had some problems due to a lack of information” (Sales Manager, Natalia Savchenko).*

*In the last month, I have forced people to consider more clearly whether they are going to be on my side or the other side. In the next three months, I will expect significant shifts during which people would have to remove the large block of the existing management to allow changes to happen (CEO, Stuart Lawson).*

The CEO candidly accepted that he had not succeeded in creating a cohesive management team. The group head of banking and the CEO both point to the tensions and lack of agreement between the multiple stakeholders in the visioning process. There was limited support for the CEO’s vision, and the absence of cooperation remained. The CEO was seen by some to be the source of the strategic vision. A directive approach to the visioning process blended with a degree of ‘self-assembly’, tightly set direction, and capability and capacity development (Higgs & Rowland, 2003).

#### **5.6.3.2. Theme: Strategy**

In this case, we stress the importance of cohesion and alignment in delivering a strategic direction. The strategic visioning process was decidedly leadership-centric in its change approach. Stuart Lawson recognised the high risk in pursuing this strategy. Indeed, language ‘gamble’ was a term coined by the leader.

*I came out with a rapidly new idea for Russian banking and I was prepared to risk it failing because I wanted to demonstrate it was possible. It was rejected three times by the Supervisory Board and everybody inside the bank. People did not believe it was ever going to*

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*live and breathe. By forcing it through, I was using it as an object lesson of what I believe we should be doing with other business. Which is take gambles to differentiate ourselves from the marketplace (CEO, Stuart Lawson).*

Others at group management level were quite definitely aligned and viewed the changes in a more positive light:

*A clear strategy is always good for the employees as they have to understand what they are doing. And right now, I see that the strategy has a little bit changed from being just a universal bank with equal parts of investment, corporate and retail business to emphasising more than just retail. It is better because it is very difficult to be a universal bank (Group CFO, Svetlana Voropaeva).*

*Despite all the variety of interpretations, the visioning activity had a great impact. The greatest change that happened was that we started to build a retail bank inspired by the vision formed by Stuart and Katya. The prevalence of this vision created enormous resistance among other managers who had a different perception. And the tension is still there (Group Head of Banking, Georgy Kravchenko).*

Such a fragmented and unaligned culture lowered performance expectations:

*I think there are probably three groups of people in the bank. These are people who probably won't change no matter what we did, and the people who have been sitting waiting to see how things will go and there are people who've been running with new ideas (CEO, Stuart Lawson).*

*So I stuck a rod into the bicycle this year and enforced top-down direction. What I used as a strategy to ensure the vision happened was that I killed the growth investment. I drove the increase in the retail side*

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*and said 'Go and work that up'. It is not very sophisticated but is not a very sophisticated environment (CEO, Stuart Lawson).*

The CEO sought to improve the overall level of management involvement. Uncertain change outcomes were observed when accompanied by his 'shaping' and directive leadership approach. This top-down CEO intervention to 'make the vision happen' had multiple and unintended negative consequences, undermining attempts to bring the bank together.

### **5.6.3.3. Theme: Context**

Contemporary literature on change theory is largely contextual and process in character. The literature addresses the situational and contextual considerations that can influence a visioning process. The CEO is clear as to the significance of this factor in setting expectations.

*There was no vision. There was a combination of three captive banks, with no Chairman moving in odd directions, so there was no vision at all. The only vision was, I would say, the self-interest and localised interest of each of these captive banks, but there was no overall view that Soyuz should be like and how it should function. So there was a great opportunity to destroy the old image and create a new one. The bad news was that you had 1,200 people who had no idea of what a vision was, as they never had one. So it was not only a question of taking an image and changing it, it was creating an image and trying to communicate it (CEO, Stuart Lawson).*

The value of the strategic visioning was not fully supported by the traditional Russian managers.

*The company procedures had been dominated by a Soviet planning mentality. The business planning process here was GosPlan: a Soviet system under which all the different units submitted their numbers to the CFO, who had the biggest Excel spreadsheet in the world. So huge*

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*that you could not move it anywhere or send it by email. And there was no business plan put at all, it was just pure budget—a work plan. It was very frustrating (CEO, Stuart Lawson).*

*The vision only helps you realise where you want to go; it does not tell you exactly how to get there. Unfortunately, it is very often disregarded by Russian managers who view it as something evident. Well, it just the best (Group Head of Banking, Georgy Kravchenko).*

The CEO, with a foreign leader management style and fit, was not wholly appreciated by the management. The leader's self-perception was that he led with an involving style. The management's expressed preference was for a more directive traditional 'Russian' leadership style; the fact that the leader was not fluent in Russian compounded the difficulties.

*You know there is a difference between Russian and Western style. For instance, Stuart says, 'We have to do something etc' while I say 'We should achieve this, and your responsibilities are clear; I am expecting results by Friday'. This is the big difference and this is mostly the Russian way, sometimes too ethical. Like 'Ok guys, we are a team we are the best, let's do'. He uses strict formulae's very seldom (Head of Risk, Naumov).*

The CEO acknowledged that, as a foreigner, he was not accepted.

*As the only foreigner in the building of the bank, people took me for a wedding general, too long questioning what I was here for. And as I had that blockage at the management level, was not able to do anything. But as Bill and George were in place, I think that people understood that I was prepared to make changes fairly radically and they'd better get on with it (CEO, Stuart Lawson).*

*"I am a foreigner and there will always be a question whether a foreigner can run and lead a Russian bank. I think I am doing better than most*

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*foreigners would because of my time in Russia and because I love Russia. But this story can only be told in two years' time"* (CEO, Stuart Lawson).

In a traditional high power-distance environment, this approach depositions the leader in this context.

*"I use humour. I don't take myself incredibly seriously. If you look at my office, there is nothing that reeks of power"* (CEO, Stuart Lawson).

The uncooperative organisational culture, complicated by a "foreigner's" leadership behaviour, was incapable of building a team with a common purpose.

*The vision only helps you realise where you want to go; it does not tell you exactly how to get there. Unfortunately, it is very often disregarded by Russian managers who view it as something evident* (Group Head of Banking, Georgy Kravchenko).

*I hope the retail division have been inspired by my ability to clear away their obstacles. That does not apply to the corporate banking and to the treasury and I think that there is an issue there how to maintain their motivation in this changing environment* (CEO, Stuart Lawson).

*I think it is happening in the retail side, it is not happening in corporate and I have not been able to touch treasury. Part of that is the language. It is difficult for me to connect personally—I am doing it through an interpreter* (CEO, Stuart Lawson).

Change stagnation pervaded the organisation. The challenges and risk of failure in attempting to deliver this change programme successfully were increased because the leader was not fluent in Russian. The inherent risks and volatile nature of the Russian banking sector were well recognised at the Group Centre. The retail section of the bank was seen to be out of control and too independent. The leader-centric CEO conveyed ambiguous

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leadership behaviour. The CEO's preferred expressed style was both low and high on power distance. Some followers cared for a more consistent directive style. The fragmented relationships between departments were further complicated by the perceived lack of 'fit' in the foreigner's leadership behaviour. These findings would appear broadly consistent with Hofstede's four cultural dimensions. Power distance is defined as the degree of inequality among people that is considered normal and uncertainty avoidance indicates how people try to avoid stress, seek consensus and are more concerned with security in life. The leader was not perceived as displaying the characteristics of an autocratic strong leader. The CEO self-perception was that he was a 'strong leader'. Follower perception was polarised and uncertain as to the degree of CEO support. The CEO was not seen as someone who was 'being himself' with skill in this high PDI and low UAI context.

#### **5.6.3.4. Theme: Commitment**

The literature argues that leadership cannot be enacted without the active participation of followers across the organisation. From all accounts and a practical perspective, a transactional leadership approach was overlaid onto a divisive organisational climate.

*Well, it's not like they were put into a hostile environment and told not to cooperate. They were many times told to cooperate but I don't think they really understand why they should do so. And we think that sometimes it is because they only declare what they are doing while in fact they were doing something different (Group Head of Banking, Georgy Kravchenko).*

*As the only foreigner in the building of the bank, people took me for a wedding general too long, questioning what I was here for. And as I had that blockage at the management level, was not able to do anything.*

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*But as Bill and George were in place, I think that people understood that I was prepared to make changes fairly radically and they'd better get on with it (CEO, Stuart Lawson).*

*No, no it's not a retail bank now. It has no clear goals. It's my personal opinion. Well, we are not so stupid. The direction is defined very clearly but it is not officially announced and again it is not reinforced by numbers (Head of Risk, Naumov).*

*I would say they are certainly not cohesive. But now we, the Board meetings, have a different feel. Before, there was a lot of fighting and actual unpleasantness. Now that has all disappeared. I would still say we are not cohesive but they are much more relaxed showing normal business interaction. Are they behind me, I don't know, you'll have to ask them (CEO, Stuart Lawson).*

The data suggests low follower commitment evidenced by the follower's perceived negative assessment of the leaders, outlook, qualities and behaviours. The absence of a common view on the business or a basis for building both cooperation and trust is evident. Evidence of a positive relationship with the head of retail was counter-balanced by a seriously negative relationship with the head of risk. Leader-centric visioning formulation was associated with negative follower sensitivity and trust formation. Russian management's innate scepticism toward a strategic vision process negatively complicated any effort to build social cohesion. Proven competencies in how to build any cross-cultural alignment and secure follower engagement were absent. There was follower resistance to the CEO's message and some followers quietly withdrew from being engaged or were not simply fully committed.

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### 5.6.3.5. Theme: Leadership

The literature argues that effective leadership can be culture-bound and needs to take into consideration the unique cultural context in which it operates. In this sense, the disadvantages of being a foreigner were well articulated by the self-aware CEO. Notwithstanding this limitation, the data does not suggest any exemplary role modelling, sensitivity to context, creation of mutually agreed expectations or a leadership style that empowered followers on the basis of shared beliefs and values.

*As the only foreigner in the building of the bank, people took me for a wedding general too long, questioning what I was here for. And as I had that blockage at the management level, was not able to do anything. But as Bill and George were in place, I think that people understood that I was prepared to make changes fairly radically and they'd better get on with it (CEO, Stuart Lawson).*

On the leader's own admission, his intervention was top-down. The interview data suggests that this unilateral intervention was intended to be disruptive.

*So I stuck a rod into the bicycle this year and enforced top-down direction. What I used as a strategy to ensure the vision happened was that I killed the growth investment. I drove the increase in the retail side and said, 'Go and work that up'. It is not very sophisticated but is not a very sophisticated environment (CEO, Stuart Lawson).*

The leader polarised staff with both positive and negative expressions of emotion.

*Understanding of personnel needs and the gift of listening are very important for keeping people together. We have been working as a team so we know each other's needs (Head of Retail, Ekaterina Demygina).*

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*“Yes, he does. I hold all the responsibilities in a few areas. He trusts me; I cannot let him down”* (Head of Retail, Ekaterina Demygina)

The CEO’s style and informality were not welcomed by all the team.

*You know there is a difference between Russian and Western style. For instance Stuart says, ‘We have to do something etc.’ while I say ‘We should achieve this, and your responsibilities are clear; I am expecting results by Friday’. This is the big difference and this is mostly the Russian way* (Head of Risk, Naumov).

*“Sometimes too ethical. Like ‘Ok guys, we are a team, we are the best, let’s do’. He uses strict formulae’s very seldom”* (Head of Risk, Naumov).

In summary, visioning and strategy development demonstrates, yet again, the importance of leadership behaviours regarding implementation of strategic change initiatives. The complex and distributed view of the change process, addressed in the literature, is rooted in the view that change processes demand high levels of involvement from an organisation. Strategy and organisation need to emerge from a local base and be broadly based on the power of individual leadership (Higgs & Rowland, 2000, 2001, 2005). Change leadership literature argues that leaders need to acknowledge that change is a complex and emergent process (Wheatley, 2000; Senge, 1997; Jaworski & Scharmer, 2000). The CEO has to play the role of an enabler, articulating strategy and organisation. The leader-centric behaviours within Bank Soyuz impeded the intended change initiatives.

#### **5.6.3.6. Theme: Implementation of Change**

The literature argues that organisational outcomes may be partially predicted by examining the change approach and the behaviours of those at the top of the organisation. This CEO’s approach to triggering the

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strategic visioning created a negative alignment among all the stakeholders and followers.

*So I stuck a rod into the bicycle this year and enforced top-down direction. What I used as a strategy to ensure the vision happened was that I killed the growth investment. I drove the increase in the retail side and said, 'Go and work that up'. It is not very sophisticated but is not a very sophisticated environment (CEO, Stuart Lawson).*

The CEO was leader-centric and expressed a tough control style to maintain focus. A CEO with a leader-centric style defines the strategic vision yet with negative consequences with certain followers.

*Despite all the variety of interpretations, the visioning activity had a great impact. The greatest change that happened was that we started to build a retail bank inspired by the vision formed by Stuart and Katya (Group Head of Banking, Georgy Kravchenko).*

*Our dividend; from that we doubled up the deposit base of our clients and in the last two years, we generated \$360m of auto loans because of the focus and that puts us in the top five in Moscow at least (CEO, Stuart Lawson).*

*No, no it's not a retail bank now. It has no clear goals. It's my personal opinion. Well, we are not so stupid. The direction is defined very clearly but it is not officially announced and again it is not reinforced by numbers (Head of Risk, Naumov).*

There was unanimity among some that the bank had developed.

*Due to my position, I look mainly at the financials but there are some improvements in risk management. I also think the development process has become more scientific as before there was just a range of tasks and*

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*the employees just had to implement them without full market analysis”*  
(CFO, Svetlana Voropaeva).

Table 5.3.

Summary: Bank Soyuz			
Vision	Source	Multiple	Negative alignment and common understanding between all the stakeholders.
		Shareholder	Top-down shareholder interventions.
		Leader Only	Leader-centric source of vision.
	Content	Inspirational/Meaningful Sense-Making	Fragmented, polarised follower buy-in.
		Realism Sense-Making	Sense of new opportunities by the leader.
		Empowering Involvement/Cooperation	Top-down Negative trust. Negative shared values. Negative team cohesion.
	Decision-Making	Rational	Subjective
		Emotional	Personal advocacy.
		Balanced	Fragmented Shareholder scepticism.
	Process	Involvement	
		Imposed	Fragmented culture and organisation and directed leadership. Forced changes. Behaviour polarising.
	Communication	Context-Dependent Business Context	Leader’s role as driving change agent.
		Change Context	Triggered by crisis.
		Imagery	Over a waterfall.
	Strategy	Implementation	Change Approach
Alignment			Fragmented culture. Negative alignment and performance outcomes. Negative LMX and active participation.
Cultural Change			Negative cultural change.
Process Formulation		Directed	Negative vision usefulness as it is unaligned.
		Involvement	Enforced top-down direction.
Context	National Culture	Russian Culture	Soviet mentality. Soviet mentality, foreign leader negative on PDI and UAI.
		Hofstede	Fragmented, LPDI in conflict with style.
		Change Favourability	Change stagnation, leader-centric, LPDI, negative alignment and shared goals.

	<b>Organisational Culture</b>	<b>Following Behaviour</b>	Negative team cohesion. Follower buy-in polarised.
		<b>Change Effectiveness</b>	Complexity of changes. Negative shared goals.
	<b>Leadership</b>	<b>Style</b>	Directive Negative team building.
		<b>Narcissism</b>	
	<b>Business Environment</b>	<b>Volatility</b>	HUAI, scale of change.
		<b>Corruption</b>	Bad leadership.
<b>Commitment</b>	<b>Nationality of CEO</b>	<b>Foreign</b>	Negative Russian mentality.
		<b>National</b>	
	<b>Communication</b>	<b>Goal-Focused Positive Comments</b>	Regularised and formal.
		<b>Involving Sensitivity to Followers</b>	Negative trust building.
		<b>Shared Goals</b>	Negative shared goals, fragmented, 'blind loyalty'.
		<b>Engaging Competence Building</b>	Positive
		<b>Shared Goals</b>	Negative team cohesion.
<b>Leadership</b>	<b>Goal Orientated</b>	<b>Directive Motivation through Direction Setting</b>	Negative team cohesion.
		<b>Top-Down Planned Change</b>	Directive and negative shared leadership. Creating the case for change.
		<b>Shaping</b>	Positive
		<b>Coercive</b>	Directive and negative shared leadership. Creating the case for change.
		<b>Use of Power Groups</b>	Polarised followers.
	<b>Involving</b>	<b>Listens to Others</b>	Positive to believers.
		<b>Consults</b>	Positive to believers.
		<b>Delegates Tasks</b>	Whole system of delegation.
	<b>Role Model</b>		Culture-bound.
	<b>Empowering</b>	<b>Shares Decision-Making</b>	Shared accountability with power group leader.
		<b>Builds Capability</b>	Not by firing people.
		<b>Listens to Ideas</b>	Mixed
	<b>Authentic</b>	<b>Self-Award</b>	We've blown ourselves up a bit by appearing bigger.
		<b>Moral Compass</b>	Negative to PDI.
		<b>Balance Processing</b>	Negative
		<b>Relational Transparency</b>	Leader-centric.
	<b>Implementation</b>	<b>Change</b>	<b>Directive</b>

<b>of Change</b>	<b>Approach</b>	<b>Self-Assembly</b>	
		<b>Master</b>	
		<b>Emergent</b>	
	<b>Maintaining Momentum</b>	<b>Maintain Focus</b>	Leader-centric.
		<b>Change Implementation Objectives</b>	Clarity of vision. Negative managing of all process, content, and politics.
	<b>Link to Culture</b>	<b>Contingent Approach</b>	Context and culture impediments.
	<b>Recognising Context</b>		LPDI conflicts with follower expectations.
	<b>Building Capability</b>		Task-focused, cultural challenges impediments.

### 5.7. Conclusions

The analysis has shed light on what approach to change management is likely to be the most effective in Russian current business environment, and what leadership behaviours tend to be associated with effective change management. The dominance of stereotypical and autocratic leadership behaviour was not universally seen as effective, or more crucially, preferred. Within Ingosstrakh, the findings suggest a degree of alienation towards the leader's coercive behaviour. It takes being 'yourself with skill' (Higgs & Rowland, 2000) as a leader to prevail and create the shared values and common platform to develop strategies and effectively implement. This seems to be played out in a 'global' approach by the CEO of Element Leasing, who took more of a worldview of the connections between relationships, strategy development and change implementation. Irrespective of his status as a foreigner, the findings provide a degree of support for this leader that prove his success.

Basic Element is owned by Oleg Deripaski, one of the richest Russian oligarchs with extremely close connections to the Kremlin. The CEOs that led each business were

from three different nationalities. A Russian national led Ingosstrakh, the insurance company, a British CEO led Bank Soyuz, and a Canadian CEO led the leasing company Element Leasing. Each demonstrated a distinctly different leadership style (McCarthy et al., 2008).

The literature suggests that the transfer of leadership theory to non Anglo-USA-centric cultures may well lead to different findings from those in the extant literature (McCarthy et al., 2008; Puffer & McCarthy, 2011). Indeed, it is proposed that the dominant national culture will impact both the enacted leadership style and the followers' expectations and acceptance of such a leadership style (Hofstede, 2001). The literature and the popular press have articulated that the most effective leadership style, even in modern Russia, and the one most preferred by Russians is the stereotyped autocratic leader—the sort who 'takes no prisoners'. Thus, the authority figure would exercise a high power-distance relationship with the followers, and a distant and highly directive coercive leadership style is still characterised as the most effective in contemporary Russia (Hofstede, 1980; Fey & Denison, 2003).

In addition, the literature calls for more research that explores leadership styles and practices in non-Anglo-USA settings (Higgs & Rowland, 2005).

Against this background, the current study contributes to the call for more information on leadership styles and behaviours in different national cultural contexts. The findings tend to demonstrate that more engaging and authentic leadership styles can (and were) be effective in a culture that is significantly different from the UK and the USA in terms of the Hofstede dimensions of power distance and uncertainty avoidance (Hofstede, 1980; Avolio et al., 2009).

From the data obtained, the effectiveness of the CEO and their related style was not overly influenced or constrained by their nationality. For example, the Canadian CEO, who adopted a transformational/authentic leadership style, was very effective. However, the British CEO was not as effective as he appeared to work on the assumption that the national culture called for an autocratic style. The national CEO

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was also relatively ineffective, also adopting an autocratic style. However, it was notable that the Canadian CEO had mastered the local language and was sensitive to the cultural setting. Further research that explores the significance of language and cultural sensitivity would seem to be warranted.

This assessment of effectiveness also included the views and reactions of followers. These indicated that, contrary to expectations, followers from the home nation preferred a more engaging and involving style of leadership. This represents a challenge to the established cross-cultural literature (Puffer & McCarthy, 2011) and provides a contribution to this literature in terms of challenging the models and assertions within a global business context.

The study was based on direct access to CEOs and direct reports in significant companies within the Russian context. This adds much to the cross-cultural leadership literature that relies heavily on survey-based data or case studies employing secondary data (Hofstede, 2001; House et al., 2004).

Overall, the study does demonstrate that Anglo-USA-centric models of leadership are still valid in distinctly different cultural settings.

The study has demonstrated the importance of the interaction between the change approach and the change context. In order to ensure that the analysis is more accessible to the reader, each proposition is further analysed separately in the next chapter, with suggested explanations, thereby ensuring a focus on the issues pertaining to each proposition.

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## Chapter 6

### 6. Results and Explanations

#### 6.1. Introduction

This chapter presents the study's results, proposition by proposition, and offers insights as to the level of support found in the data analysed from the respondent interviewees in the study, while referencing similarities and differences between the cases.

#### 6.2. Results and Explanations

We seek to improve our understanding in a Russian context of the strategic visioning process.

##### 6.2.1. Proposition 1: Vision

Leaders with a vision increase the prospect of dramatic improvements in organisational performance.

##### 6.2.2. Proposition 2: Vision

Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian Businesses.

##### 6.2.3. Case 1 Vision: Ingostrakh, CEO Nationality – Russian

Senior management argued that the board communicated the 'vision' without effectively engaging with the management. In the data from the interviews, the vision's content was not considered inspirational. The vision was focused on delivering market share goals and reducing costs. The transmission of the vision to senior management was not effective. The approach did not get the shareholder's vision across to the organisation. From the data, we observe the leader communicating his analysis of the antecedents and nature of this new

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vision. This vision was felt to be simply 'imposed' and was seen by some influential followers to be no more than a slogan, at best.

#### **6.2.4. Case 2 Vision: Element Leasing, CEO Nationality – Canadian**

The CEO's 'passion' was instrumental in defining the vision for the business and an idealised future state. Such 'masterly' leadership behaviour was based on keeping it simple. A new brand and image formed the basis for a cohesive group identity. The team drove the visioning process and took ownership. The clarity of their vision empowered followers. The vision created a sense of mission and tapped into the collective insight. Followers internalised the vision, articulated a sense of control, trusted in the team and projected a cohesive sense of self-efficacy. The vision slogan, 'there is no simpler', was direction-setting and reflected in the procedures.

#### **6.2.5. Case 3 Vision: Bank Soyuz, CEO Nationality – British**

The visioning process was leader-centric and drove this change approach. Change was triggered by a crisis confronting the bank. Personal subjective advocacy was the basis for the decision-making process. A fragmented organisation enforced changes and leadership behaviours that polarized management. A lack of mutual trust and common understanding, with top-down shareholder intervention, exacerbated the situation.

Overall, propositions 1 and 2 were largely supported. In Case 1, Ingosstrakh Insurance, the vision was imposed, not considered inspirational and, consequently, not clearly articulated to effectively motivate the management. In Case 2, Element Leasing, the passion of the CEO, coupled with the active participation in defining a well-understood and simple vision for the followers, was transformational. Case 3, Bank Soyuz, was a top-down visioning process based on a high degree of personal advocacy by the CEO. This alone was not sufficient to deliver dramatic improvements in organisational performance.

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### **6.2.6. Proposition 3: Strategy**

Leaders in Russia cannot change strategy without changing organisational culture.

### **6.2.7. Case 1 Strategy: Ingosstrakh, CEO Nationality – Russian**

The Ingosstrakh organisational culture was known to be resistant to strategic change. The leader used his power to introduce a new motivation system as he sought strategic alignment. The leader tried to inspire support and was more than prepared to confront management, who were not aligned, involved or open to being engaged in the development and implementation of strategy. The Ingosstrakh leader attempted to inspire and win support, based on his individual charisma. Both the chairman and head of strategy shared the view that this very personal approach was not universally supported or likely to be effective. The predominant view was an absence of clarity pertaining to both the ‘what and how’ of strategic issues. Without the CEO addressing cultural change with a leadership style that was seen to be team-centred and respectful of individuals, the coercive approach was not thought sustainable or likely to secure follower support.

The leader was aware of the cultural challenge and took steps to recruit supportive new staff while continuing to seek co-operation from the existing managers. The leader’s own self-perception of sole purpose was to implement the wishes of the shareholders. In this cultural change pursuit, he was more than capable of culturally acceptable ‘tough talking’. His own sense-making justified this change approach as being consistent with his understanding of the ‘Russian soul’ as a fellow Russian.

This coercive and directive style was accepted by the shareholder, but many others at the management level held alternative views. Some of the management believed the leader’s attempts to bring about the cultural changes had simply and unduly promoted politicalising and ‘game playing’ between the

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‘new’ management and the existing management at Ingosstrakh. For those management involved in strategy formation, it was, at best, considered focused, planned and programmatic with clear yet only proximate goals. Such strategic direction setting was not viewed as utopian or transformational.

#### **6.2.8. Case 2 Strategy: Element Leasing, CEO Nationality – Canadian**

The CEO sought active participation of his followers in the strategy formation and implementation. Cultural change challenges were managed through and with his subordinates; he recognised the importance of retaining a balanced approach. The approach worked with both new recruits and the existing team, and by so doing, ‘gently’ changed the culture and attitudes. A ‘simple’ approach was put in place to converge management thinking and to create a common platform. Customer insights and middle management’s ownership of customer relationships was the basis for forming an emergent strategy. Flexibility, informality and delegation helped to inform the consensus. The slogan ‘simplicity’ was central to the visioning and its translation into strategy. These cultural changes made a new business and built a ‘new house’ in the process. Strategy process formulation was supported by the leader acting out a low power-distance approach, combined with ‘authentic’ follower involvement in putting in place methods to lower inherent perceived business risks. Indeed, this CEO had a passion for empowerment. Despite being a Canadian, this CEO, above all other CEOs in this study, was recognised by his followers as very well suited to lead a Russian business, culturally and technically.

#### **6.2.9. Case 3 Strategy: Bank Soyuz, CEO Nationality – British**

The strategic visioning process was leader-centric with the leader recognising the risk and ‘gamble’ in pursuit of such a strategy. Group management was in alignment and viewed the approach in a somewhat positive light. The organisation was split between the retail division and the rest. This fragmented and polarised business culture negatively affected performance expectations.

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Top-down leader interventions to 'make it happen' had negative consequences with regards to undermining attempts to promote any broad cooperation. The leader did seek, belatedly, to improve the level of management involvement, accompanied by a less directive leadership approach. The absence of common purpose supporting the change approach makes for a polarised management and fragmented business. There was an absence of broadly distributed leadership within the group of executives, but instead, it was localised in one person: the CEO. Without redefining an agreed strategy, the bank was unlikely to see any visible improvement in the level of cooperation between the retail and treasury departments. The strategic direction was seriously at risk from this fragmentation of purpose.

Generally, the proposition was largely supported. In Case 1, Ingosstrakh Insurance, tough talking and a coercive approach by the CEO did not change the cultural values of the management. Indeed, there was more evidence in support of resistance from the existing management. New recruits to the management team were more positively inclined to the CEO. In Case 2, Element Leasing, an Anglo-USA-centric model of leadership was effective in leading strategic and cultural changes. Case 3, Bank Soyuz, was illustrative of a fragmented organisation not coalescing around a common set of values and an organisational culture.

#### **6.2.10. Proposition 4: Context**

Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.

#### **6.2.11. Proposition 5: Context**

In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates 'stuckness' for both decisions and actions.

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**6.2.12. Case 1 Context: Ingosstrakh, CEO Nationality – Russian**

Ingosstrakh manifested a conservative and ingrained administrative cultural which was a legacy of the Soviet era. The independent shareholder articulated robust change views that clearly understood the internal resistance to change but without indicating any sense of what interventions might work, other than a leader and management change programme. This, and the CEO's approach based on the board and the senior manager's skill set, approached the context challenge without a strategy to explicitly address the context. Imposed change was the cornerstone and was based on a traditional power-distance leadership style. The organisation since Soviet times had developed with new, more contemporary trained managers from Western companies in its ranks. The imposed approach, with simply espoused goals, had limited appeal.

The shareholders, along with the CEO, were autocratic and authoritarian in the implementation of top-down initiatives. As a result, there was an absence of trust between the shareholders and management; this was exacerbated over time by the shareholders use of illegal and corrupt practices. The nature of the communication was limited and characterised by a high power distance. The CEO's explanation as to why such negative climate existed was the failure of the shareholders to take steps to understand the management, or indeed their 'Russian soul'.

The deputy CEO depicts an unfavourable view of how things are in Russia. Ingosstrakh's culture was no different, with the data suggesting a compliant organisation and one not exceptionally motivated. The independent board director and head of strategy expressed dissatisfaction with the leader's closed personality and formal elevated sense of self-worth. Such sentiments are consistent with a high power-distance-based leader-follower relationship.

It was several followers' thoughts that, due to this pervasive climate, it was quite understandable for colleagues to leave company to seek a better life. Things

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were so bad that one senior manager thought it was widespread. Support for the leader was fragmented, and for all practical purposes, the leader managed three distinct groupings. The head of reinsurance gave an overwhelming sense of a lack team cohesion and demotivated management, stemming from a disempowering top-down and autocratic leadership style.

In these circumstances, the leader introduced 'new' managers into the management structure who were not deterred by this need for change and trusted the leader. Thus, a power group formed around new recruits in support of the CEO. The leader sought cooperation using a blend of power and persuasion. Some of the management, largely holding traditional ingrained views, preferred leadership behaviour based on a high power-distance relationship. The culture was a barrier to the rate of change. An air of complacency and overconfidence made it more difficult to affect change. This was further exacerbated by the existing management taking offense at the CEO's change approach. A change stuckness pervaded the organisation.

#### **6.2.13. Case 2 Context: Element Leasing, CEO Nationality – Canadian**

James Gorham's contextual empathy, skills fit and relevance were crucially important. The organisational context was a critical platform in building strategy and ensuring effective implementation. The CEO was perceived as a 'special person': he manifested sincerity and values grounded in democratic equality. The context was shaped by the CEO and the team. The literature suggests the preferred Russian leadership behaviour is autocratic. In this context, the dominant set of values was those established from within. The advantage that Element Leasing possessed was being a relatively new/small business. It had none of the legacy or shareholder interference challenges that the other companies in the study had to contend with. The values of this organisation, and the consequent team cohesion, were developed by the leader through listening actively to followers and delivering on promises to his followers. The CEO's behaviour was grounded in teamwork and a low power-distance approach to

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followers and others. There was no data to support the existence of 'in' or 'out' of favour groupings. The overall impression was that the CEO created a leadership climate favourable to affect change. The challenging nature of the work and the inherent risks were well managed due to instilled risk management disciplines. The application of team knowledge derisked the business volatility and made for a common framework that proved supportive of good decision-making.

#### **6.2.14. Case 3 Context: Bank Soyuz, CEO Nationality – British**

The bank was previously a captive bank, serving the personal needs of the oligarch, Oleg Deripaski, and those dictated by the Basic Element Group based on a traditional treasury function. The CEO, in attempting to transition to an independently run Moscow-centric retail bank, had poor internal alignment between the retail and treasury teams. The CEO arguably was an active advocate for the repositioning of the bank. It's clear that by such persistent advocacy for a repositioning, the organisation remained fragmented under a directive leadership style.

The company procedures reflected a captive banking legacy dominated by a Soviet planning mentality. The value of the strategic visioning was not fully supported by traditional Russian managers. Being a foreign leader, Stuart Lawson's management style was not wholly appreciated by the management. The leader's self-perception was that his style was an involving style. Some of the management's expressed preference was for a more directive traditional 'Russian' leadership style. Stuart Lawson understood that, as a foreigner, he was not always well accepted. Not being fluent in Russian compounded his difficulties.

Change stuckness pervaded the organisation. The leader-centric CEO conveyed ambiguous leadership behaviours. The CEO's preferred expressed style was to be low on power distance. Some followers wished to be led more authoritatively. In

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a traditional high power-distance environment, this approach poorly positioned the leader in context. This context was compounded by the ‘foreigner’s’ leadership behaviour and his inability to build a team with a common purpose. Some of the management in the retail department were certain that he was appreciated. The volatility of the Russian banking sector was recognised at the Group Centre. The Group CFO expressed reservations and would rather have sought to avoid such uncertainty.

Propositions 4 and 5 were broadly supported. The literature has articulated that the most effective leadership style, even in modern Russia, and the one most preferred by Russians, is the stereotypical autocratic leader. The change approach in Case 1, Ingosstrakh Insurance, was based on the traditional high power-distance relationship between the CEO and followers. The popularised Russian context caricature of what would be most effective was not supported, as evidenced by the effective leadership style in Case 2, Element Leasing. Case 2 defied the conventional narrative about what Russians need to do in order to organise people.

#### **6.2.15. Proposition 6: Commitment**

Leadership effectiveness is dependent on the leader-follower relationship.

#### **6.2.16. Proposition 7: Commitment**

Whether a Russian or a foreign leader, the quality of the LMX relationship is related to cooperative goal setting and interdependence.

#### **6.2.17. Case 1 Commitment: Ingosstrakh, CEO Nationality – Russian**

The CEO operated with a formal approach to rules and protocols. He exercised his will through positioning power and reflected a strong personal preference to manage by deploying the ‘power distance’ dimension. The coercive directive style did not engender commitment from either followers or others. The leader’s justification for a coercive style was that it was considered the most effective in

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Russia. The shareholder representative, while not 'liking' such behaviour, acquiesced if the results were delivered. There were those who believed that there was something seriously wrong with the leader's values and personality. Some respondents were critical of the internal divisiveness and absence of team cohesion. The CFO suggested that the change approach was overly focused on short-term goals and competence building of internal control. The head of strategy was much more sanguine, suggesting that the CEO was simply not one to trust. An insistence on improved cooperation between departments was a mooted positive aspect of leader's follower approach as it was an imposed solution. The case study confirms Chen et al.'s (2006) findings, which argue that, regardless of nationality, mutual respect and trust are the bedrock for the LMX relationships. Leaders with a high level of integrity and inspiration are considered effective in most countries across the world (Den Hartog et al., 1999).

#### **6.2.18. Case 2 Commitment: Element Leasing, CEO Nationality – Canadian**

A LMX core characteristic is leadership 'without authority' (Avolio et al., 2009). The central issue is that this leader had quite positive relations with his followers and clearly had a positive effect on outcomes and higher levels of performance through effective goal congruence (Uhl-Bien et al., 2000). An open personality and style of management brought the management together. This approach created a focal point around which the management could congregate. There was no data to support the use of power groups. On the contrary, data supported shared leadership and respectful delegation. The business model was based on empowering followers, informality and establishing a sense of community. The social exchange was well established. *"Leadership effectiveness is just as much a product of good followers as it is of good leaders"* (Shamir, 2007).

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**6.2.19. Case 3 Commitment: Bank Soyuz, CEO Nationality – British**

Russian innate scepticism towards strategic visioning was unhelpful. The CEO had unproven competencies in the building of a cross-cultural alignment for positive follower commitment. From a practical perspective, a transactional leadership approach was the preferred style. No common view was formed on the basis for cooperation and trust.

The CEO in Case 3, Bank Soyuz, paradoxically attempted, as a British national, to mimic a Russian autocratic style. This was not effective as he was not perceived to be authentic as a British national. In this case, a rapport did exist with the head of retail but a seriously negative relationship existed with the head of risk. The data largely suggested a polarised organisation and organisational culture. Propositions 6 and 7 were largely supported. In Case 1, Ingosstrakh Insurance, the effectiveness of the leader's relationship and exchange basis was negatively impacted by the formal and procedural style. While there was some element of goal congruence, this was limited, as it was not formed on the basis of cooperative goal setting or interdependence. The head of strategy went as far as to suggest a lack of trust between the CEO and management and questioned his values. Additional evidence suggests some Russian managers sought a different basis in which to be led. Case 2, Element Leasing, manifests a CEO whose effectiveness is based upon mutuality with his followers. The Canadian leader created a common vision and shared values with his Russian management team that transcended differences in nationality. Such behaviour best exemplified authentic leadership qualities. The leader established follower self-belief that was built on trust. In Case 3, Bank Soyuz, the leader-centric visioning formulation was negatively associated with follower sensitivity and trust formation.

**6.2.20. Proposition 8: Leadership**

The stereotyped preference in Russia for autocratic leadership is because it is more effective than authentic leadership.

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**6.2.21. Proposition 9: Leadership**

Transformational leaders use distant and utopian goals, while transactional leaders use proximal goals.

**6.2.22. Case 1 Leadership: Ingosstrakh, CEO Nationality – Russian**

Leadership focused internally on controls and processes; it was mainly coercive, autocratic and authoritarian leadership with polarised teaming. The CEO exhibited partial follower sensitivity and listening skills. Some thought positively of the leader's role modelling and communication skills. The CEO's personal charisma was instrumental in forming a loyal following from among the new recruits. Overall, there were a great number of concerns and misgivings concerning the leader's behaviour and style.

**6.2.23. Case 2 Leadership: Element Leasing, CEO Nationality – Canadian**

The design of the motivation system was intended to engender a positive emotional and practical follower support in pursuit of the organisation's goals. James Gorham exercised decisive leadership in team training, development and formation. Authentic leadership was exemplified.

**6.2.24. Case 3 Leadership: Bank Soyuz, CEO Nationality – British**

As a foreigner, the leader articulated that he was at a disadvantage, due to a lack of Russian language proficiency and simply by not being a Russian national. Notwithstanding such self-awareness, the data did not suggest exemplary role modelling, sensitivity to the context, creating mutually agreed challenging expectations or empowerment of followers. The leader polarised followers with such behaviour. The CEO's style was based on informality and firmness, which was not welcomed by all members of the team. Some expressed a preference for a more consistent and conventional autocratic style.

Propositions 8 and 9 were largely supported. In Case 1, Ingosstrakh Insurance, the leader built a culture based on punishment and coercion. Overall, there were

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a great number of concerns and misgivings concerning the leader's behaviour and it was not considered effective. In Case 2, Element Leasing, the motivational system was clearly long-term direction setting and rewarded exemplary achievement. The organisation's goal and motivation system 'principles' were founded on shared leadership, delegated decision-making and clear accountability. In Case 3, Bank Soyuz, the leader admitted that his interventions were top-down. The interview data suggests that this unilateral type of intervention was negatively disruptive and short term.

#### **6.2.25. Proposition 10: Change Implementation**

Visions guiding change in Russia, which are co-developed with key people and not a single leader, increase the prospects of dramatic improvements in organisational performance.

#### **6.2.26. Case 1 Change Implementation: Ingosstrakh, CEO Nationality – Russian**

Attention has already been drawn to the leader's transactional change approach. The chairman suggested that the CEO was managing, as opposed to leading, the visioning and strategy formation process. The CEO's perceived role was to implement board-mandated strategies and not lead the company visioning and strategy formation process. The CEO offered to fulfil any strategy delegated from the board and the owners with a focus on delivery. In these changing circumstances, we explore the general domain of the leader's influence on managers. The comments of the chairman suggest more complex patterns of causality. The view expressed is a team coalescing around the leader, not a vision. The researcher might well conjecture that this is not unrelated to the leader's coercive approach.

This theme develops a positive vein. The leader focused on a technical hard-change agenda to maintain the change momentum. The impact of these changes was to align goals and the change programme. The motivation system was

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designed to clarify the implementation objectives and centre this on sales and market share objectives.

**6.2.27. Case 2 Change Implementation: Element Leasing, CEO Nationality – Canadian**

A ‘masterly’ change approach by the leader was transformational and was based on active follower cooperation (Higgs & Rowland, 2005). Management affirms the excellent working environment.

**6.2.28. Case 3 Change Implementation: Bank Soyuz, CEO Nationality – British**

The CEO’s approach to commencing the strategic visioning created a negative alignment among all stakeholders and followers. There was broad unanimity among the participants; virtually all believed that the bank had developed. A rapport did exist between the leader and the head of retail but a seriously negative relationship existed with the head of risk. The data largely suggested a polarised organisation and organisational culture.

Proposition 10 is largely supported. In Case 1, Ingosstrakh Insurance, the respondents’ opinions focused on the ineffectiveness of this top-down direction setting approach, without engaging followers in support of a numbers-driven vision. Even an understanding of the vision ‘cannot force people to change’. The leader focused on accountability and inter-departmental co-operation. A leader contingent transactional approach that simply demands cooperation without team cohesion is not likely to be effective. With Case 2, Element Leasing, shared leadership and trust formation together build a sustainable organisation through enhanced capabilities and teamwork. In Case 3, Bank Soyuz, the CEO was leader-centric and expressed a directive control style to maintain focus. The Russian organisational context and culture impeded the foreign CEO’s ability to succeed.

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### 6.3. Summary of the Cross-Case Findings

The section compares the cases: what was similar and what was different. The analysis points to a number of findings.

Within Ingosstrakh, the visioning process was led by the shareholders at the board level. The CEO positively delegated 'up' this process to the board; as a consequence, the management was not fully aligned. Soviet-style authoritarian 'old habits' continued to be pervasive with this CEO and the shareholders. Multiple sources influenced the strategic visioning process. The leader's role was largely transactional with an emphasis on the short term, such as improved controls and administration. The board's vision drove the strategic visioning process. The leader's role in visioning and strategy making was largely to do the board's 'bidding' and execute the board and the shareholders' wishes. The vision in Ingosstrakh was perceived as only a slogan by senior management. Goals were defined by the shareholder and were largely focused on market share and growth. Management were not inspired or did not have a full comprehension of the company's vision. The change approach focused on the transactional not the transformational. In practice, focus was on short-term goals, top-down-driven direction setting with an emphasis on improved risk and internal control. Competence building for the insurance company was limited in scope. Leadership was internally focused on control and process improvement.

At Element Leasing, strategic visioning was insightful and knowledgeable. The CEO led the vision sense-making. The effect was definitely considered inspirational. Shared values existed in the organisation. Followers were well aware of the business environment. The leader and the management were mutually in control of the strategic visioning process. The business was managed through the management, senior and mid-level. The CEO actively managed through subordinates. His change approach was to be mindful to work with the new and existing team members and to 'gently' make the changes. The CEO was viewed as a 'special person', sincere with much appreciated values grounded in the democratic tradition. Role modelling was enacted, along with active listening and delivering on the promises extended to the

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followers. The strategic visioning was dynamic and emergent. A common vision was crafted based on shared values that transcended nationality differences. This established a positive LMX, promoted follower trust, a sense of shared leadership and follower self-belief. Shared leadership was in evidence. The CEO appreciated the competencies of his management and a change approach built with empowered followers, fostering a sense of community. The shareholders extended this authority to lead the business. The vision was communicated using simple words. The CEO's change approach reinforced understanding and follower buy-in. Followers actively engaged in strategic visioning. The change process fostered trust and team formation.

Within Bank Soyuz, Russian culture contributed to impairing a foreign CEO's ability to implement 'his' change programme. Russian innate scepticism toward strategic visioning added to this CEO's challenge. The CEO's approach to visioning created considerable negative sentiment. The CEO was restrained by shareholder opinion. Change stuckness was pervasive due to a conflicted change agenda. This leader-centric strategy process at the bank engendered adverse follower sentiment that undermined any effort at trust formation. The CEO was thought to be weak due to his preference for consensus led decision-making and, at other times, tough management. Indeed, some Russian management wished to be led more autocratically. As a British national without Russian language fluency, leading the strategic vision process was challenged and challenging. The Bank Soyuz organisation was structurally and team-wise split between retail and treasury.

The Ingosstrakh CEO was, in the conventional Russian leadership mould, coercive and autocratic. The CEO had a following from among new recruits. Internal politics dominated the organisational climate and created a distrustful work culture that resulted in a resigned and compliant organisation. For many, the organisation was not well motivated and was characterised by a remote top-down board and CEO edicts. The CEO was, in turn, dissatisfied with the commitment of the organisation to the goals. The company instituted improved controls but without the alignment supportive of a broader vision.

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In contrast, in Element Leasing, the CEO led with an authentic leadership style. Similarly, this CEO remained capable of taking tough decisions. Unlike the other two CEOs, the leader within Element Leasing de-emphasised his positional power to engendered trust through shared leadership and, in contrast, was building a sustainable organisation grounded on enhanced capabilities and teamwork.

#### **6.4. Summary Table of Propositions with Evidence**

(See tables 6.1, page 243 and table 6.2, p.253.)

The propositions explored were:

##### **Proposition 1:**

Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.

(Bennis & Nanus, 1985; Burke, 1986; Westley & Mintzberg, 1988; Conger & Kanungo, 1988a; Podsakoff et al., 1990; Thomas & Velthouse, 1990; Agle & Sonnenfeld, 1994; Kets de Vries & Dick, 1995; Larwood et al., 1995; Menon & Borg, 1995; Nutt & Backoff, 1997; Levin, 2000; Burke and Trahan, 2000; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

##### **Proposition 2:**

Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.

(Pondy, 1978; Beer, 1980; Snow et al., 1986; Kouzes & Postner, 1987; Conger & Kanungo, 1988d; Sullivan, 1988; Cummings & Davies, 1994; Hamel & Prahalad, 1994; Christensen, 1997; Jolly, 1997; Crawford & Di Benedetto, 2000; Lynn & Akgun, 2001; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

Overall, propositions 1 and 2 were largely supported. In Case 1, Ingosstrakh Insurance, the vision was imposed, not considered inspirational and, consequently, not clearly articulated to effectively motivate the management. In Case 2, Element Leasing, the passion of the CEO, coupled with the active participation in defining a well-understood

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and simple vision for the followers, was transformational. Case 3, Bank Soyuz, was a top-down visioning process based on a high degree of personal advocacy by the CEO. This alone, without the active participation of followers, was not sufficient to deliver dramatic improvements in organisational performance.

The findings affirm that an 'authentic' leadership style is more effective than a transactional leadership style in defining a clear vision for the future that is formed through a participative approach. Leadership does impact interim and ultimate outcomes (Avolio et al., 2009). This directly and positively predicted organisational performance for one Russian company: Element Leasing. CEO Gorham crafted, with his management and others, a well-understood and accepted business model. This was readily operationalised and effectively executed. This CEO's visioning implied the use of insight, foresight and knowledge (Cummings & Davies, 1994; Christensen, 1997; Jolly, 1997; Lynn & Akgun, 2001). Visioning is the essence of strategic goal setting (Larwood et al., 1995). In other company cases, the vision was either misunderstood or not bought in. The Russian and British manager displayed transactional leadership behaviours and this moderated support for visioning and innovation.

A vision needs to be bold, aspiring, believable and achievable (Levin, 2000). According to the data, group cohesiveness was more positively related to a clearly articulated vision (Higgs & Rowland, 2005). Stereotypical dominant, autocratic and leader-centric behaviours were less successful in forming a strategic vision and effective implementation (Grachev, 2009).

**Proposition 3:**

Leaders in Russia cannot change strategy without changing organisational culture.

(Shrivastava, 1985; Deal & Kennedy, 1988; Dunphy & Stace, 1986, 1988, 1990; Rumselt, 1991; Pettigrew & Whipp, 1991; Hofstede, 1991; Schein, 1992; Kotter & Heskett, 1992; Hammer & Champy, 1993; Stace, 1996; Kotter, 1996; Goffee & Jones, 1998; Higgs & Rowland, 2000; Filatotchev et al., 2000; Harris & Ogbonna, 2002; Trompenaars & Woolliams, 2003; Higgs & Rowland, 2003; Darcey-Lynn & Farbrother, 2003; Higgins & McAllaster, 2004; Higgs & Rowland, 2005; Bruch et al., 2005; Battilana et al., 2010; Carter et al., 2010; Hermelo & Vassolo, 2010;

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Phongpeytra & Johri, 2011; Clarke et al., 2011; Hannah et al., 2011; Cornet et al., 2012; Schaubroeck et al., 2012; Vara & Whittington, 2012; Eberly et al., 2012; Jarzabkowski et al., 2013; Rouleau, 2013; Shinkle et al., 2013)

The most effective leadership is shown to be culture-bound and takes into consideration the unique cultural context within which it operates (Kotter & Stace, 1996; Higgs & Rowland, 2003, 2005; Trompenaars, 2004). Strategies for change are culture-specific (Higgs & McAllaster, 2004). A relationship exists between culture, change approach, leadership behaviours and change success (Higgs & Rowland, 2005, 2010). The stereotyped Russian 'boss', a well-meaning autocrat, relied on formal rules where subordinates expected to be told (McCarthy, 2009). An authoritarian leadership style led to performance dissatisfaction and lowered productivity. The strategy in the insurance company and the bank was not understood or broadly supported. Strategy formation is a personal process and, in order for it to be effective, cannot be acted out without the active participation of followers. In the leasing company, the leader effectively addressed context, change intent and process. Here the strategies were changed but so was the organisational culture (Pettigrew & Whipp, 1991). These findings support the notion that, for strategic change to be successful, it needs to be positioned in a compatible organisational cultural paradigm.

**Proposition 4:**

Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.

(Hofstede, 1980; Adler, 1997; Mikheyev, 1987; Bollinger, 1994; Holt et al., 1994; Puffer, 1994; Elenkov, 1998; Luthans et al., 1998; Kets de Vries, 2000; Hofstede, 2001; Fey et al., 2001; House et al., 2004; Gill, 2006; Ralston et al., 2008; McCarthy et al., 2008; Fairhurst, 2009; McCarthy et al., 2010; Puffer & McCarthy, 2011; Edwards & Gill, 2012)

**Proposition 5:**

In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates one of 'stuckness' for both decisions and actions.

(Pettigrew, 1985c, 1987; Senge, 1990, 1997; Dunphy & Stace, 1993; Weick, 1995; Kotter, 1996; Goleman, 1996; Shaw, 1997; Beer & Nohria, 2000; Pettigrew et al., 2001; Stacey, 2001; Dulewicz, 1995; Senior, 2002; Higgs & Dulewicz, 2000; Higgs, 2003; Higgs & Rowland, 2005, 2010; Young & Dulewicz, 2006, Dulewicz & Higgs,

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2003; Dulebohn et al., 2011; Richards & Hackett, 2012; Schaubroeck & Shao, 2012; Zhang et al., 2012; Marcus & Le, 2013; Kyootai et al., 2014)

Propositions 4 and 5 were broadly supported. The literature has articulated that the most effective leadership style, even in modern Russia, and the one most preferred by Russians is the stereotypical autocratic leader. The change approach was based on the traditional high power distance relationship between the CEO and followers. The popularised Russian context caricature of what would be most effective was not supported. Case 2, Element Leasing, defied the conventional narrative. Case 3, Bank Soyuz, shows that the CEO's attempts as a British national to mimic a Russian autocratic style were not effective.

The literature, which is largely Anglo-USA-centric, argues that leadership is a continuous process in context (Higgs & Rowland, 2005, 2010). The CEO of Element Leasing was most skilful in being conscious of the broader contextual factors at play within his organisation. He did not get 'stuck' or 'trapped' due to effective 'sense-making' and 'sense giving' (Shaw, 1997; Higgs & Rowland, 2010). The data illustrates a superior navigation of his company's 'shadowy' informal people networks. The study showed that, whether a Russian or a foreign leader, the leadership and quality of the relationship was related to cooperative goal setting and interdependence (Marion & Uhl-Bein, 2001; Galvin et al., 2010; Hernandez et al., 2011). The Canadian CEO recognised that effective change required understanding the underlying systemic structures and the importance of the cultural context. Authentic/transformational leaders in Russia, it has been argued, are not a cultural fit. The literature argues that Russian national characteristics are not well suited to teaming and trust formation. Trust is not situated in institutions, but rather closed networks are based on mutual trust (Fey et al., 1999; Kets de Vries, 2000). This was only partially supported (Elenkov, 2002). It could be argued that there is no right or best culture for an organisation. Most organisations are tantalisingly open to cross-cultural receptivity and leadership behaviours that transcend national Russian stereotypes (Elenkov, 2002; Puffer & McCarthy, 2011).

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**Proposition 6:**

Leadership effectiveness in Russia is dependent on the leader-follower relationship.

(Hambrick, 1989; Hollander, 1992; Bryman, 1992; Bass & Avolio, 1993; Adler, 1997; Dahl, 1957; French & Raven, 1959; Blau, 1974; House, 1971; Menon & Borg, 1995; Lichtenstein, 1997; Kouzes & Posner, 1998; Conner, 1999; Higgs & Rowland, 2000, 2001; Higgs, 2003; Marion & Uhl-Bien, 2001; Pearce & Conger, 2003; Lord & Brown, 2004; Howell & Shamir, 2005; Shamir et al., 2006; Achua & Lussier, 2007; Shamir, 2007; Crossan et al., 2008; Monin & Jordan, 2009; Galvin et al., 2010; Carsten et al., 2010; Morgeson et al., 2010; Scondrick & Lord, 2010; Van Gils et al., 2010; Wu et al., 2010; Bligh, 2011; Hernandez et al., 2011; Shamir, 2011; Sy, 2011; Owens & Hekman, 2012; Oc & Bashshur, 2013; Carsten et al., 2013; Van Knippenberg & Sitkin, 2013; Epitropaki et al., 2014; Huettermann et al., 2014; Uhl-Bien et al., 2014; Doh & Quigley, 2014; Pearce et al., 2014)

**Proposition 7:**

Whether a Russian or a foreign leader, the quality of the LMX relationship is related to cooperative goal setting and interdependence.

(Dansereau et al., 1975; Gerstener & Day, 1997; Cogliser & Schriesheim, 2000; House et al., 2004; Chen et al., 2006; Yukl, 2006; Avolio et al., 2009; Buss, 2009; De Vries & Van Kampen, 2010; Day & Antonakis, 2011; De Vries, 2012)

Propositions 6 and 7 were largely supported. In Case 1, Ingosstrakh Insurance, the effectiveness of the leader's relationship and exchange basis was negatively impacted by his formal and procedural style. While there was some element of goal congruence, this was limited as it was not formed on the basis of cooperative goal setting or interdependence. The head of strategy went as far as to suggest a lack of trust between the CEO and management and questioned his values. Additional evidence suggested some Russian managers sought a different basis by which to be led. Case 2, Element Leasing, manifests a CEO whose effectiveness is based upon mutuality with his followers. The Canadian leader created a common vision and shared values with his Russian management team that transcended differences in nationality. Such behaviour

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best exemplified authentic leadership qualities. The leader established follower self-belief that was built on trust. In Case 3, Bank Soyuz, the leader-centric visioning formulation was negatively associated with follower sensitivity and trust formation.

The LMX relationship was not dependent on the nationality of the leader but on the character of the leader's behaviours (Gerstner, 1997; Cogliser & Schriesheim, 2000; Hofstede, 2001; House et al., 2004; Chen et al., 2006; Shamir, 2007). The CEO for Case 2, Element Leasing, exhibited the most distinctive LMX-based informal leader qualities. Likewise, his effectiveness was the most significant with behaviours that were also typical of authentic leadership. Distinctions were visible between authentic and transactional leadership behaviours (Luthans & Avolio, 2003; Uhl-Bein, 2006). The authentic leader focused on follower emotions, values and spiritual aspirations. Transactional management operated largely on technical aspects and resourcing. In the Russian context, where risks of physical, psychological or material consequences to followers exist, authentic leadership is especially important because followers look to leaders for cues regarding how to respond in stressful situations (Peterson et al., 2012). All the CEOs solidified follower goal achievement by hiring individuals who agreed with their vision.

The quality of the leader-follower relationship and empowerment through visioning were shown to alter the impact of leader and member outcomes. Followers are the loci of leadership (Hambrick, 1989). Differing levels of passivity and proactivity affected follower effectiveness. Effective leadership was receptive to input from others, integrated information from others, explained actions and communicated frequently (Bass & Avolio, 1993). Through such actions, the leader created positive bonds and social closeness with followers. From these empowering strategies, followers felt control over resources, an enhanced sense of competence and were energised to accomplish tasks through the building of new capabilities (Connor, 1998). In the leasing company, the framing of the vision was meaningfully undertaken. This CEO's followers attributed leadership to such an individual because clearly they perceived his leadership behaviours to be culturally appropriate. Arguably, the other CEOs did not

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engender such a degree of followership nor were they capable of building such mutually incremental-based followerships as they had quite a different exchange relationship with their followers. Gorham clearly inspired his followers to higher order values and was able to activate a sense of collective identity through pep talks (Bass, 1985). Followers were the 'loci' of his leadership and the crucible was his relationship with his direct reports (Hambrick, 1989).

**Proposition 8:**

The stereotyped preference in Russia for autocratic leadership is because it is more effective than authentic leadership.

(Mikheyev, 1987; Puffer, 1994; Fey et al., 1999; Luthans & Avolio, 2003; Fey & Denison, 2003; Kets de Vries et al., 2004; McCarthy et al., 2008; Fey, 2008; Kets de Vries et al., 2008; Grachev, 2009; McCarthy et al., 2010).

Post the collapse of the Soviet Union, the Russian economy remains under government dominance (McCarthy et al., 2008). Some suggest the continued prevalence of transactional leadership is a Soviet legacy. Russian history makes for 'old habits to die hard': a desire for strong leadership, suppression of self, acceptance of control at every level, team work as considered unnatural, high value on friendship, 'blat' and the preference for 'someone else' to make decisions (Fey & Denison, 2008). The current dominant narrative in the West is 'authentic self', yet in Russia there is a much more fluid notion of identity that is contextually driven (Grachev, 2009).

The literature argues that effective leadership can be culture-bound and needs to take into consideration the unique cultural context within which it operates (Higgs & Rowland, 2005). This study affirms that the effectiveness of certain behaviours depends on the environment in which it is embedded (Higgs & Rowland, 2010). James Gorham's skills repertoire (Case 2, Element Leasing) was quite predictive of his leadership effectiveness. The Element Leasing followers demonstrated self-efficacy, organisational self-esteem, collective efficacy and, all in all, a reciprocity of leadership between fellow team members. This clearly supports the propositions.

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**Proposition 9:**

Transformational Russian leaders use distant and utopian goals while transactional leaders use proximal goals.

(Vroom, 1964; Burns, 1978; Bennis & Nanus, 1985; Bass, 1985; Kotter, 1990; Bass & Avolio, 1993; Yukl, 1999; Higgs & Rowland, 2000, 2001, 2005; Kakabadse et al., 2005; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

The degree of authentic leadership and its impact on organisational effectiveness in Russia, a traditional high power-distance national context, was unexpected (Hofstede, 1980; Mikheyev, 1987; Holt et al., 1994; Puffer et al., 1997; Kets de Vries, 2001; Fey & Denison, 2003; Puffer & McCarthy, 2011). This transformational leadership behaviour offers a transcendent purpose (Burns, 1978; Kotter, 1990; Yukl, 1999). Within the insurance company and, to a lesser extent, the bank, we observe transactional leadership focused on short-term market share goals, based on coercion and contingent reward. Transformational practice was seen to be based on shared values, not solely on a form of contractual exchange embedded into an imposed motivation system without any emotional components (Higgs & Rowland, 2000, 2001, 2005; Crossan et al., 2008).

**Proposition 10:**

Visions guiding change in Russia, which are co-developed with key people and not a single leader, increase the prospect of dramatic improvements in organisational performance.

(Higgs & Rowland, 2003; Crossan et al., 2008; Kets de Vries & Dick, 1995; Bass, 1985; Howell & Shamir, 2005; Kark et al., 2003; Spreitzer, 1995; Levin, 2000; Burke & Trahan, 2000; De Bretani & Kleinschmidt, 2004; Reid & Bretani, 2004; Avolio et al., 2009; Enkel et al., 2010; Srinivasan, 2014; Reid et al., 2014)

The leadership within Element Leasing was the best aligned to the vision, focusing on a change agenda, co-developed with clear priorities and fitting with that company's culture (Higgs & Rowland, 2005; Hernandez et al., 2011). The business also delivered extraordinary results. Surprisingly in Russia, top-down, shaping and leader-centric leadership behaviour does not always work or, indeed, is the leadership behaviour of

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choice (Hofstede, 1980; Kets de Vries et al., 2004; Grachev, 2009). The management in Ingosstrakh were unimpressed by the CEO's directive approach and sought a style that engaged followers in the buy-in process. Directive leadership behaviours were ineffective in the insurance company and the bank. 'Master' leadership behaviours were shown to be better at crafting a vision that co-developed strategies with links to follower buy-in. This argues for increased effectiveness in supporting long-term and continuous change.

Element Leasing exemplified higher levels of solidarity within its organisational culture and greater success in implementing change (Goffee, 1998). This was related to the explicit co-visioning by the CEO and the followers within Element Leasing. In Element Leasing, there was evidence of high levels of sociability and friendliness; their people shared similar ideals, values, personal histories, attitudes and interests. Solidarity was based on co-developed vision, common tasks, mutual interests and clearly understood shared goals benefiting all the involved parties. This type of leadership created capacity by framing and building capabilities in risk management, product design and simplicity in operationalising the business (Higgs & Rowland, 2005).

In summary, vision formulation cannot be effectively enacted without the active participation of followers across an organisation. Cooperation, collaboration and consultation was supportive of long-term change. The findings demonstrate increased engagement, alignment and better communication leading to greater commitment and a more compelling case for change (Higgs & Rowland, 2003, 2005, 2010). The study reaffirms that it is very difficult to implement and affect change if those who are most affected are not involved. Long-term sustainable change requires a co-developed vision, as well as follower commitment in the routinisation of new procedures and institutionalisation of any structural changes (Cogliser & Schriesheim, 2000). CEO Gorham offered individualised consideration and developed stronger personal bonds with direct followers than any of the other transactional leaders. Tough competitive market conditions prevailed in all sectors. It is difficult to see how transactional, coercive and task-focused leadership would best serve the shareholders' wishes. The

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thesis supports a positive link connecting visioning and follower buy-in to organisational performance. The study supports the proposition that the choice of vision, and how well the vision is actually implemented, is dependent on follower buy-in and motivation to perform (Bass, 1985; Kark et al., 2003; Higgs & Rowland, 2003; Howell & Shamir, 2005).

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**Table 6.1.**

<b>Summary: Table of Evidence and Propositions</b>	<b>Ingosstrakh</b>	<b>Element Leasing</b>	<b>Bank Soyuz</b>
<b>Sources of Visions</b>			
<p><b>Proposition 1:</b> Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.</p> <p><b>Proposition 2:</b> Visions that have powerful imagery and are clearly articulated increase the prospects of dramatic improvements in the organisational performance of Russian businesses.</p> <p>Findings: largely supported</p>	<p>The shareholders and the board dominate.</p> <p>The CEO devolves the visioning and strategy formation to the shareholders and the board.</p> <p>The visions trigger and sources are top-down.</p>	<p>Multiple sources.</p> <p>Clarity of the vision and the mission.</p> <p>Explicitly managed.</p> <p>Trust formation.</p> <p>Sense of mission, insight, foresight, and knowledge.</p> <p>Transformational leader.</p>	<p>Negative alignment and common understanding.</p> <p>Top-down from the CEO.</p> <p>Leader-centric is the source of the vision.</p> <p>Absence of common vision. Imposed by CEO and the board.</p>

	<b>Content</b>		
	<p>'Soviet' transactional leadership style.</p> <p>Source of power flows from the shareholders.</p> <p>CEO focused on a short-term and an executorial role.</p> <p>No sense of inspirational or meaning making: a negative effect on common values.</p> <p>Leader-centric shaping behaviours.</p> <p>A simple change approach.</p>	<p>Inspirational and sense-making.</p> <p>Realism and sense-making.</p> <p>Inspirational leader.</p> <p>Leader capability builder.</p> <p>'Masterly' style.</p>	<p>Fragmented, polarised followers.</p> <p>Sense of new opportunities by the leader.</p> <p>Coercive change approach.</p> <p>Leader shaper – directive.</p>
	<b>Empowerment/Involvement</b>		
	<p>A weak link to the vision.</p> <p>Low-level empowerment and cooperation.</p>	<p>Followers internalised the vision</p> <p>Follower control, trust, team and self-efficacy.</p>	<p>Absence of a full buy-in to support the vision.</p> <p>Negative trust, shared values and team cohesion.</p>

	<b>Decision-Making</b>		
	Rational, pedestrian, and pedantic. Negatively compelling. Shareholders sense-making.	Rational and consensual. Passionate belief.	Subjective Personal advocacy by the CEO. Committed by the CEO and by retail team.
	<b>Process</b>		
	Top-down and negative shared ownership. 'New' recruits bond while 'old' management remain largely negative of the change programme.	Team-driven ownership. Not imposed; rather, co-made.	A fragmented culture and organisation. Forced changes. Polarised followers.
	<b>Communication</b>		
	Change – business context. Top-down. Vision 'orphaned'. Accountability delegated up to the shareholders and the board. Imagery Perceived as no more than a slogan.	Team internalised. Execution flows from the visioning. Simplicity. 'Keep it simple' buy-in.	Leader-centric and driving change agent. Triggered by a 'crisis'. Imagery – 'over a waterfall'.

	<b>Implementation</b>		
<p><b>Proposition 3:</b></p> <p>Leaders in Russia cannot change strategy without changing organisational culture.</p> <p>Findings: largely supported.</p>	<p>Change approach by CEO is transactional – task driven.</p> <p>Proximate financial goals.</p> <p>Motivation system not aligned.</p>	<p>Common customer insights.</p> <p>Complexity made simple.</p> <p>Active participation of followers.</p>	<p>Leadership-centric.</p> <p>HUAI</p>
	<b>Culture</b>		
	<p>Shareholders drive the change agenda.</p>	<p>New business.</p> <p>Making one's 'own house'.</p>	<p>Fragmented</p>
	<b>Process</b>		
	<p>Directive and coercive.</p> <p>Involvement</p> <p>'New' team and 'old' team.</p> <p>Negative team cohesion.</p> <p>Political game playing.</p>	<p>Cultures converging – Lower Power Distance Index (LPDI) and Low Uncertainty Avoidance Index (LUI).</p> <p>CEO has a passion for empowerment.</p> <p>Shared values and leadership.</p>	<p>Coercive and directive.</p> <p>Top-down by CEO.</p> <p>Negative team cohesion.</p>

	Organisational Culture		
<p><b>Propositions 4:</b></p> <p>Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural ‘power distance’ dimension in the climate prevailing in Russia.</p> <p><b>Proposition 5:</b></p> <p>In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates ‘stuckness’ for both decisions and actions.</p> <p>Findings: largely supported</p>	<p>Negative trust towards the shareholders.</p> <p>Historical illegal practices.</p> <p>Directive and coercive CEO practices.</p> <p>Change favourability:</p> <p>Dominance of the internal context, corporate culture and politics.</p> <p>Power groups.</p> <p>Legacy culture mitigates any change approach.</p> <p>Follower behaviour:</p> <p>Directive, simple, coercive.</p> <p>Negative trust self-efficacy.</p>	<p>‘James is a very specific person for Russia’.</p> <p>Team cohesion.</p> <p>LPDI</p> <p>Positive follower feedback.</p> <p>Positive leadership climate.</p>	<p>Soviet style mentality.</p> <p>Team fragmented.</p> <p>Ambivalent style for context. LPDI not welcomed by all. HUIAI evidenced.</p> <p>Change stuckness.</p> <p>Fractious</p> <p>Directive</p> <p>Negative trust.</p>

	<b>National Culture</b>		
	<p>HPDI: dominant and top-down.</p> <p>Legacy of the Soviet culture.</p> <p>Corruption</p> <p>Inequality and elitism.</p> <p>Power groups.</p> <p>Disinclined to make decisions.</p> <p>Informal networks and department groupings.</p> <p>CEO autocratic and 'in touch' with the company's 'Russian soul'.</p>	<p>LPDI</p> <p>Democratic equality.</p> <p>Everybody is addressed in Russian second person 'tu'.</p> <p>Team cohesion and shared decision-making.</p>	<p>LPDI not welcomed when combined with directive leadership styles.</p> <p>Regularised and formal.</p> <p>In and out groups.</p> <p>Soviet legacy and over planning culture.</p>
	<b>Leadership</b>		
	<p>Directive, simple change approach.</p>	<p>Exemplified 'authentic' leadership qualities.</p>	<p>Negative team building and shared goals.</p>
	<b>Business Environment</b>		
	<p>Volatile and complex.</p>	<p>Growth opportunities.</p> <p>Risk management disciplines.</p>	

	Nationality of the CEO		
<b>Propositions 6:</b> Leadership effectiveness in Russia is dependent on the leader-follower relationship.			
<b>Proposition 7:</b> Whether a Russian or a foreign leader, the quality of the Leader Member Exchange (LMX) relationship is related to cooperative goal setting and interdependence.  Findings: largely supported	Contingent leadership.  Use of power groups.  CEO hiring based on personalised relationships.  Negative follower sensitivity.  Directive and coercive.	Leverages the foreigner position.  Deploys LPDI.  Relational transparency.  'Masterly' leadership style – 'authentic' leadership.  Vision and goal attainment.	Russian mentality – negative affect.  Absence of language skills.  Fractious organisation – retail vs treasury functions.  Directive – simple.
	Goal focused		
	Short-term market share. Centralised authority.	Proximate and long-term.	Size and retail footprint.
	Involving		
	Limited role modelling.  Negative follower sensitivity.	Expansive role modelling.  Followership – follower self-belief.	Not accepted by some – only by the retail section.

	Shared goals		
	Negative shared goals and trust formation.	Positive LMX. Informality and formality. Sense of community. Receptivity to input. Highly committed followers. A grounded social exchange.	Retail affirmative; treasury negative. Fragmented 'Stick into the spoke'.
	Goal Orientation		
<b>Propositions 8:</b>  The stereotyped preference in Russia for autocratic leadership is because it is more effective than authentic leadership.	Directive, simple, coercive, autocratic and authoritarian.  Shaping behaviours.	'We had to change everything'.  Master leader – built capabilities and capacity.	Large ambitions.  Directive and simple projects.
	Use of Power Groups		
	Yes	Not in evidence.	Split organisation.

	<b>Involving</b>		
<p><b>Proposition 9:</b> Transformational leaders use distant and utopian goals while transactional leaders use proximate goals. Findings: largely supported</p>	<p>Negative listening skills. Negative emotional intelligence. Delegates tasks: Task driven. Role modelling: Negative role modelling. Negative empowering.</p>	<p>Listening skills. Cross-learning. His style is to talk, listen, and understand people. Relationship based. De-emphasises positional power Positive role modelling. Positive empowerment.</p>	<p>Polarised followers. CEO engaged for retail. Positive for the believers. Confused between LPDI and directive style. Limited.</p>
	<b>Building Capabilities:</b>		
	Transactional	Transformational.	Established a retail footprint with a transactional style.
	<b>Authentic – Self-Aware</b>		
	Negative self-awareness.	Positive	Ambiguous
	<b>Authentic – Moral Compass</b>		
	Negative	Positive	Not relevant
	<b>Authentic – Balanced Processing</b>		
	Negative	Positive	Leader-centric

	Authentic – Relational Transparency		
	Negative	Positive	Negative
	Implementation of Change/Approach		
<p><b>Proposition 10:</b></p> <p>Visions guiding change in Russia, which are co-developed with key people and not a single leader, increase the prospect of dramatic improvements in organisational performance.</p> <p>Findings: supported</p>	<p>Directive</p> <p>Transactional</p> <p>Managing as opposed to leading.</p> <p>Negative empowerment and engagement.</p> <p>Use of power groups.</p> <p>Centralised authority.</p> <p>Political elite.</p> <p>Negative shared values and LMX.</p>	<p>Emergent</p> <p>Master – authentic</p> <p>Transformational</p> <p>Charismatic leadership.</p> <p>Shared leadership.</p> <p>Follower buy-in, emancipated, common goals.</p> <p>Delegated powers to committed followers; harmonious.</p> <p>Democratic</p> <p>Positive LMX</p>	<p>Straightforward</p> <p>Directive blend DIY.</p> <p>Driven and controlled.</p> <p>Simple approach to change.</p> <p>Retail vs treasury.</p> <p>Leader-centric</p> <p>Centralised and small range of interventions.</p> <p>Tightly controlled communications.</p>

Table 6.2.

Summary of research conclusions: indexed degree of confidence				
		More than Majority Support	Some Support	Minority Support Only
<b>Research Question 1:</b>	<b>Proposition 1:</b>			
In Russia, what triggers the visioning activity and what sustains it over time?	Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.	Overall, propositions 1 and 2 were significantly and largely supported. In Case 1, the vision was imposed, not considered as inspirational and, consequently, not clearly articulated to effectively motivate the management. In Case 2, the passion of the CEO coupled with the active participation of the management in defining a well-understood and simple vision for the followers was transformational. Case 3 was a top-down visioning process based on a high degree of personal advocacy by the CEO. This alone was not sufficient to deliver dramatic improvements in organisational performance without active follower participation.		
	<b>Proposition 2:</b>			
	Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.			
<b>Research Question 2:</b>	<b>Proposition 3:</b>			
What is the strategy process in Russia and how is it connected to organisational outcomes?	Leaders in Russia cannot change strategy without changing organisational culture.	These findings support the notion that for strategic change to be successful, it needs to be positioned in a compatible organisational cultural paradigm.		

		More than Majority Support	Some Support	Minority Support Only
<b>Research Question 3:</b>	<b>Proposition 4:</b>			
How does the Russian cultural context act as a contingency for leadership effectiveness?	Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.	Propositions 4 and 5 were significantly supported. The literature has articulated that the most effective leadership style, even in modern Russia, and the one most preferred by Russians is the stereotypical autocratic leader. The change approach was based on the traditional high power distance relationship between the CEO and followers. The popularised Russian context caricature of what would be most effective was not supported. Case 2 defied the conventional narrative about what Russians need to do in order to get people organised. Case 3 shows that the CEO's attempts as a British national to mimic a Russian autocratic style were not effective.		
	<b>Proposition 5:</b>			
	In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates 'stuckness' for both decision and actions.			

		More than Majority Support	Some Support	Minority Support Only
<b>Research Question 4:</b>	<b>Proposition 6:</b>			
To what degree is the process of empowerment in Russia well characterised primarily on the basis of a transactional process?	Leadership effectiveness in Russia is dependent on the leader-follower relationship.		Propositions 6 and 7 were largely supported. In Case 1, Ingosstrakh Insurance, the effectiveness of the leader’s relationship and exchange basis was negatively impacted by his formal and procedural style. While there was some element of goal congruence, this was limited as it was not formed on the basis of cooperative goal setting or interdependence. The head of strategy went as far as to suggest a lack of trust between the CEO and management and questioned his values. Additional evidence suggested that some Russian managers sought a different basis by which to be led. Case 2, Element Leasing, manifests a CEO whose effectiveness is based upon mutuality with his followers. The Canadian leader created a common vision and shared values with his Russian management team that transcended differences in nationality. Such behaviour best exemplified authentic leadership. The leader established follower self-belief that was built on trust. In Case 3, Bank Soyuz, the leader-centric visioning formulation was negatively associated with follower sensitivity and trust formation.	
	<b>Proposition 7:</b>			
	Whether a Russian or a foreign leader, the quality of the LMX relationship is related to cooperative goal setting and interdependence.			

		More than Majority Support	Some Support	Minority Support Only
<b>Research Question 5:</b>	<b>Proposition 8:</b>			
How do the innumerable cultural dynamics in Russia influence the leadership process and make leadership culture-bound?	The stereotyped preference in Russia for autocratic leadership is because it is more effective than authentic leadership.			This was not supported. The literature argues that effective leadership can be culture-bound and needs to take into consideration the unique cultural context within which it operates (Higgs & Rowland, 2005). This study affirms that the effectiveness of certain behaviours depends on the environment in which it is embedded (Higgs & Rowland, 2010). James Gorham's (Case 2) skills repertoire was quite predictive of his leadership effectiveness. The Element Leasing company followers demonstrated self-efficacy, organisational self-esteem, collective efficacy and, all in all, demonstrated a reciprocity of leadership between fellow team members. This clearly supports the conclusion drawn from the evidence. The stereotypical autocratic leader was not preferred in Case 1, the insurance company, and unequivocally not evidence in Case 2, Element Leasing

		More than Majority Support	Some Support	Minority Support Only
<b>Research Question 6:</b>	<b>Proposition 9:</b>			
How are sources of leadership effectiveness identified in the Russian cultural context?	Transformational leaders use distant and utopian goals while transactional leaders use proximal goals.	<p>The leadership within Element Leasing was best aligned to the vision, focusing on a change agenda co-developed with clear priorities and fitting that company’s culture (Higgs &amp; Rowland, 2005; Hernandez et al., 2011). The business also delivered extraordinary results. Surprisingly in Russia, top-down, shaping and leader-centric leadership behaviour does not always work or, indeed, is not the leadership behaviour of choice (Hofstede, 1980; Kets de Vries et al., 2004; Grachev, 2009). The management in Ingosstrakh were unimpressed by the CEO’s directive approach and sought a style that engaged followers in the buy-in process. Directive leadership behaviours were ineffective in the insurance company and the bank. ‘Master’ leadership behaviours were shown to be better at crafting a vision that co-developed strategies with follower buy-in. This argues for increased effectiveness in supporting long-term and continuous change.</p>		
	<b>Proposition 10:</b>			
	Visions guiding change in Russia, which are co-developed with key people and not a single leader, increase the prospect of dramatic improvements in organisational performance.			

## Chapter 7

### 7. Discussion, Conclusions, Limitations and Further Research

#### 7.1. Introduction

This chapter discusses the major research conclusions and their implications. In addition, the limitations of the study identified in the methodology are discussed, as are prospects and ideas for further related research. The contributions to practice are further explored. Having completed the research, the anticipated limitations can now be accurately commented upon.

#### 7.2. Major Research Conclusions

##### 7.2.1. Conclusions Related to Vision and Strategy

How do senior leaders develop and implement a strategic vision in Russian companies?

In exploring the data analysis, the researcher sought to shed light on the vision's source: the influence of shareholders, the leader's role, the context and rationale, involvement of others, content, approach to communication and engagement, change considerations and communication, leader's role and style, and change implementation.

Strategic change in the study exhibited consistency with the literature in three dimensions: context, change and process (Pettigrew, 1987; Pettigrew et al., 1992). The study affirmed the dynamic and complex interaction between leadership, a vision, context and followers (Hamel & Prahalad, 1994; Reid & De Bretani, 2010). The impacts are both interim and ultimate (Kakabadse et al., 2005). Visions that are follower-centric with an approach emphasising follower perception are more likely to be sustainable over time (Avolio et al., 2009). A meaningful vision was shown to be bold, aspiring, believable and achievable (Senge, 1990). Such a vision implies use of insight, foresight and knowledge. The

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absence of a vision can create a 'de-vision' effect and without effective visioning, the organisation will fail to achieve their goals due to organisational chaos, paradoxical empowerment, in-house fighting and short-term orientation (Kakabadse et al., 2005).

In exploring vision, a number of sub-themes emerged from the data analysis. The formulation of the vision implies an activity that is both novel and original. The triggering of the vision was shown to flow from the shareholders, board, CEO and the CEO in cooperation with followers. What was clear was that when the CEO and the organisation established the vision in a participative manner, such pre-dispositional, motivational and contextual variables suggested an increased likelihood that the vision would be maintained. Top-down directive 'visioning' was not effective in securing follower understanding and commitment. Strategic leadership cannot be enacted without the active participation of followers across the entire organisation (Crossan et al., 2008). *"Vision must have intellectual acceptance among those led: it must make sense in being challenging but achievable"* (Gill, 2011). This was evidenced irrespective of nationality or nationalities.

In implementing the vision, the organisation faces some fundamental challenges, ensuring high levels of follower commitment and performance, instilling in followers the values, beliefs and behaviours necessary for the vision to be realised and for devising and executing strategic initiatives that further the vision in the marketplace.

Clearly, the language was crucial in effectively shaping the vision within Element Leasing. How to frame and articulate the vision for maximum impact is important (Pondy, 1978). This visioning was derived from multiple sources, was inspirational and sense-making, implemented a decision process that engaged and involved followers, and delivered an organisation-wide commitment that was relevant to both the business and the change context. We found that there were different types of vision based on unique configurations, such as corporate

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values, missions, specific goals or purposes (Kotter, 1990; Crawford & Di Benedetto, 2000; Lyn & Akun, 2001). Knowing how to structure a vision and what aspects of the vision are required to support the leader in his role are important.

The visioning to strategy formation process is not well understood. Two polar positions exist. One perspective is straightforward, rationale and deliberate (Chandler, 1962; Mintzberg & Waters, 1985; Senge, 1997; Sammut-Bonnici & Wensley, 2002; Higgs & Rowland, 2005). The other sees the process as more complex and emergent. The evidence suggests that it might be possible for visioning to be both deliberate and emerging, or, indeed, to occur simultaneously. Under the contextual conditions prevailing, the leasing company's visioning was iterative—both deliberate and emergent—while reflecting the business context complexity (Stacey, 1996; Shaw, 1997; Higgs & Rowland, 2003, 2005).

### **7.2.2. Conclusions Related to Context**

Within context data analysis, we explored the effect of national culture, organisational culture, leadership and the business environment. The Russian context was explored, as was the effect of the dimensions of power distance and uncertainty avoidance, the existence of a 'Soviet mentality', collectivism, 'the Russian soul', the degree to which the organisational culture was centralised under a command and control regime, follower disposition, trust in the company relative to leadership style, power groups and change favourability in the macro business environment (Hofstede, 1980; Elenkov, 1998; Ralston et al., 2008; McCarthy et al., 2008).

The dynamic of how context acts as a contingency for change effectiveness has been illustrated. Why the shareholders, board, and CEOs identified and articulated the need to trigger the visioning was influenced by their perceptions of unexplored opportunities. The contingency justification was characterised as a

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'crisis' in Case 3, Bank Soyuz, and for Cases 1 and 2, Ingosstrakh Insurance and Element Leasing, as business opportunities (Conger & Kangungo, 1988d).

Strategies for change were shown to be culture specific. Consistent with the literature, a relationship was affirmed between culture, change approach, leadership behaviours and change success. Otherwise, as shown in the study, culture can be a major inhibitor of success (Young & Dulewicz, 2006; Trompenaars & Woolliams, 2003; Higgs & Rowland, 2005).

Culture in Russia was shown to be, as a contingency, an important variable in developing and implementing a strategy effectively. Innumerable dynamics were at play in the study (Bollinger, 1994; Puffer & McCarthy, 2011). Followers were shown to be more likely to attribute leadership to an individual when they perceived behaviour to be culturally appropriate and in congruence with their own culture. The predominant culture was not necessarily the national cultural context (Herandez, et al., 2011). The literature argues that national culture strongly influences the implicit beliefs that the people within a culture develop, and it is only when the leader's attributes and behaviours match these culturally endorsed leadership theories that leaders are accepted (House et al., 2004). The authentic leadership style of the CEO in Case 2, Element Leasing, was uncharacteristic in contrast to Russian national culture followership and culture in this organisation.

Russians, it is said, "*mistrust not only the outside world, but each other as well*" (Mikheyev, 1987). Russia is characterised by high power distance, high levels of uncertainty and pyramid-shaped bureaucratic organisational structures (Hofstede, 1980). Some studies suggest a convergence towards Western-orientated cultural values (Naumov & Puffer, 2000; Elenkov, 2002). It was demonstrated in Russia that transformational leadership was indicative of better organisational performance than transactional leadership. More recent literature has shown that exemplary entrepreneurs overwhelmingly exhibited an open or transformational leadership style, generally attributed to USA entrepreneurs

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(McCarthy et al., 2010). Others maintain that transactional leadership behaviour remains the most prevalent in organisations and an inhibitor to change (McCarthy et al., 2008). The study sought to go beyond stereotypes and, in a Russian context, different visioning behaviours in developing and implementing a strategic vision. The study confirmed change success is self-limiting if it is not cognisant of the fact that changing strategy necessitates changing organisational culture.

### **7.2.3. Conclusions Related to Commitment**

For follower commitment, the sub-themes were: business environment; the vision's relevance and connection to emotional values; nationality (foreign or Russian); the CEO's communication style (i.e. sensitivity to followers and contingent leadership); goal focused and degree of competence building; use of power groups; and trust formation (Higgs, 2000, 2001, 2003, 2005; Shamir, 2007).

We identified certain follower behaviours, such as a high level of emotional commitment to the leader, heightened motivation, willing obedience to the leader, greater group cohesion and a sense of empowerment. This was most pronounced under the leadership of the Canadian CEO, Case 2, Element Leasing—nationality was secondary to the organisational culture in developing follower commitment. This leader was able to craft a vision around followers' own needs and aspirations. This has implications for Western CEOs and managers doing business in Russia. Stereotypes that suggest that Russians have unilaterally different 'other' follower needs, preferring directive leaders and believing that effective leaders should prioritise task accomplishment over any relationship building, was not proven. In both the bank and the insurance company, a number of managers wished for a more engaging style in visioning and strategy formation. No doubt, Russia has a long history of accepting inequality based on traditional power-distance relationships. Practitioners should pay attention to not being misled by cross-cultural research that does not

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acknowledge this contemporary phenomenon and the potential to affect the visioning and the strategic change process (Hofstede, 1980; House et al., 2002; Den Hartog et al., 1999).

#### **7.2.4. Conclusions Related to Leadership**

Leadership styles were explored with the following sub-themes: goal-orientated; the source of leadership and how it was transmitted; styles of leadership (transformational, transactional, 'authentic' and the degree of 'good or bad' leadership behaviours); the degree to which the leaders were self-aware and open; and shared leadership with a relevance to the context. Leader-centric shaping behaviours, according to the literature, are negatively related to success (Higgs & Rowland, 2005). The cultural change challenge increases the prospect of failure (Kotter, 1996; Higgs & Rowland, 2000). The CEO within Ingosstrakh would need to demonstrate an understanding of the complexity of the company change programme to be more likely to be successful. Change, it is argued, is complex and emergent leaders require 'authentic' skills (Senge, 1997; Jaworski & Scharmer, 2000; Higgs & Rowland, 2000, 2003, 2005). Creating capacity, the literature affirms, is the cornerstone to positively impact change and implementation. Contrary to this, in Case 1, the CEO's emphasis was on change being driven, controlled and managed from the centre. The literature would classify this as a directive/simple approach (Higgs & Rowland, 2005).

The Element Leasing CEO illustrated a leadership style with the strongest link between visioning, solidarity and change success in a Russian context. This was a surprising finding with the literature suggesting that 'old habits die hard' in Russia, and the desire for strong leadership remains largely preferred. The Western dominant narrative is of an 'authentic self' while in Russia, there are more contradictory observations between generations and new enterprises (Fey et al., 2001; Puffer & McCarthy, 2011).

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Authentic leadership behaviour transformed and inspired the leasing company followers to perform beyond expectations while transcending self-interest for the good of their organisation (Avolio et al., 2009). This leader's behavioural characteristics in defining the vision, articulation skills, high activity level and exemplary modelling were shown to facilitate trust, provide direction and to stimulate motivation in followers to achieve the vision for the organisation. 'Shaping' type leadership behaviours, making others accountable and using an individual focus were negatively related to visioning and the change approach in the insurance company and the bank (Higgs & Rowland, 2005). Organisational culture, not national culture, was predominant in Case 2, Element Leasing. The followers in Case 2 positively accepted the vision. The leasing company empowered the followers and, where the leader's role modelling aligned followers to a vision, fostered exceptional cooperation.

#### **7.2.5. Conclusions Related to the Implementation of Change**

Lastly, we addressed change implementation with respect to the change approach. The four change approaches explained; "Directive" (Simple), "Master" (Sophisticated), "Self Assembly", (DIY) and "Emergence". Links to culture, context, content and process, as well as degree capabilities were developed. Finally, creating capacity, framing and leader-centric were used as sub-themes (Higgs & Rowland, 2000, 2001, 2003, 2005, 2010; Fey, 2008; Grachev, 2009).

Each case was confronted by specific and challenging sector competition and market characteristics. All the cases broadly supported the view that change was required to maintain an industry position. In articulating a vision, Russian leaders that move from leader-centric and directive behaviours to more facilitating and enabling styles were more likely, in this study, to be associated with success. Creating the capacity for change, with the active participation of followers, appealed to higher order follower values. These transformational leadership behaviours can be grouped into specific approaches, referred to as framing change and building capacity (Higgs & Rowland, 2003, 2005). In Russia, these

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were observed to be more successful leadership change behaviour than those grouped as shaping behaviours.

### **7.3. Future Research**

This section is divided into the future research implications for each body of theory contained in this study.

#### **7.3.1. Contribution to Vision Theory**

We were encouraged by the substantial congruence between many of the findings of this study and previous thinking concerning vision. Developing and implementing strategies on the basis of wide communication and follower engagement is most likely to be successful in creating effective change in organisations. We focused on the content and the context of the vision. Clearly, the vision concept includes leadership theory, organisational strategy, empowerment and the change approach. We found that success was enhanced when the vision was created by many people. Vision seems important for all leaders in any organisation, not just the CEO. More cross-cultural studies are needed. Can others in management with a leadership role use vision to give direction, empower and motivate to infuse a sense of purpose? What bearing does the choice of a leader have on the visioning process? More work needs to be done to identify the steps needed to craft a vision. This calls for further study of the visioning process; the results of the research merit study. More exploration of process and content, together with the mental representations of the leader, is needed. The link between vision and strategy leadership is not well understood. Accordingly, we need to *“push the current state of strategic leadership theory and research toward a consideration of the entire leadership system and focus on the development of affect as a mechanism of strategic leadership”* (Hernandez et al., 2011).

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### **7.3.2. Contribution to Strategy Theory**

Strategy process research attempts to address the very difficult question of how strategies are formed. Embedded in this study is the assumption that leaders aspire to, and organisations realise, a process called strategy. What constitutes an effective strategy translated from the vision? An improved link between vision, strategy process and outcome is important. As Pettigrew (1997, p.340) observes, *“the irreducible purpose of a process analysis remains to account for and explain the what, why and how links between context, processes and outcomes”*. The strategy process is dynamic and has numerous schools of thought. To make real progress, the link between strategy and all the elements in this study’s research model needs an integrated theory. For Russia especially, an ambitious multi-disciplinary research programme is necessary.

### **7.3.3. Contribution to Context Theory**

Cultural sensitivity is part of the global mindset required of leaders operating in a global environment. Because different cultures have different beliefs, values, modes of articulation and vision formation, explorations of these variations is critical for identifying sources of leadership effectiveness in different cultural contexts. Effective leadership can be culture-bound and needs to take into consideration the unique cultural context within which it operates. Within Russia, with manifests a high power-distance cultural orientation, more understanding of power sharing and an emphasis of group norms over individuals would be welcomed. The term ‘culture’, as a complex set of constructs, brings further methodological challenges (Van de Vijver & Leung, 2000). Using a country as substitute for measuring culture may be misleading. Further, larger scale projects like GLOBE (House et al., 2004) are required.

### **7.3.4. Contribution to Commitment Theory**

A promising area for future research is to extend our understanding across cultures, as well as extend the link between national culture and the formation

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and development of strategies that flow from a vision and how this links to organisational outcomes. This study offers a modest contribution and has produced some interesting results. To what degree is cooperative goal setting or interdependence related to the quality of the LMX relationship irrespective of nationality (Chen et al., 2006)? More understanding on how, in Russia, follower traits and characteristics might influence leader-follower relationships would be welcomed (Howell & Shamir, 2005). What role do followers play in Russia in the leadership process? Vision does play an important role. Follower commitment has been defined (Crossan et al., 2005). Higgs & Rowland (2005) argue that top-down programmatic change does not work.

#### **7.3.5. Contribution to Leadership Theory**

*“Whilst the research on leadership is vast and diverse it has, to date, been inconclusive and often contradictory”* (Higgs, 2002, p.25). Westerners will often find transactional leadership styles in Russian firms, yet there are many competing identities of Russian modern leaders. One of the open questions of this study has been what effect the major influences of the last 20 years have had on Russian leadership and followers. Research has shown that Russian culture differs from Western culture. The depth and the texture of this study’s findings, offered through this lens, underline the contradictions and complexity of leading by Russian leaders, and foreigners, in senior roles in Russia. Further studies would be valuable to explore the degree to which Russian core traditional personal values remain intact in a post-Soviet epoch. There is some evidence to suggest that followers are ambiguous in their preferred leadership styles. Additional research seeking follower perspectives and whether there are any gender or generational differences would be welcomed. Russia offers a uniquely different political, economic and social context for further research.

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### **7.3.6. Contribution to Implementation of Change Theory**

Overall, there is some evidence from this study that supports the literature (Higgs & Rowland, 2003, 2005). We observed strong links between solidarity and framing. In Case 2, the Element Leasing organisational culture evidenced solidarity and community. The ongoing framing process defined the change start points and the change journey was managed with guiding communications. Change, to be successful, needs to be positioned in the dominant organisational paradigm (Trompenaars & Woolliams, 2003). Given the poor success rate of change programmes in general, and the lack of empirical research on change programmes in Russian organisations, it is recommended that further research is conducted. Given that 70% of all change programmes fail and given the increasing importance of Russia to the global economy, the development of a fundamental framework for change management in Russia would be recommended (Balogun & Hailey, 2004; Senior, 2005).

## **7.4. Practical Implications of the Research**

### **7.4.1. Introduction**

In the researcher's view, organisations wishing to do business in Russia will do well to understand that they will most likely encounter the transactional leadership style. Because high levels of power distance continue to characterise Russian culture, Western executives would be well served to manage these interactions. There are signs that leadership development will promote transformational styles. It is clear that change effectiveness is positively impacted in a Russian organisational context when the leader and followers wish to build such a climate.

### **7.4.2. Contribution to Theory: Summary**

This study explored how a vision and strategy were developed and implemented in three Russian financial services businesses. The businesses were owned by Basic Element, which is one of the largest Russian industrial and financial services conglomerates. Basic Element is owned by Oleg Deripaski, one of the richest

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Russian oligarchs with extremely close connections to the Kremlin. The CEOs that led each business were from three different nationalities. A Russian national led Ingosstrakh, the insurance company, a British CEO led Bank Soyuz and a Canadian CEO led the leasing company, Element Leasing. Each demonstrated a distinctly different leadership style.

The literature suggests that the transfer of leadership theory to non Anglo-USA-centric cultures may well lead to different findings from those in the existing literature (references). Indeed, it is proposed that the dominant national culture will impact on both the enacted leadership style and the followers' expectations and acceptance of such a leadership style (House et al., 2002; McCarthy et al., 2008). The literature and the popular press have articulated that the most effective leadership style, even in modern Russia, and the one most preferred by Russians is the stereotypical autocratic leader, the sort who 'takes no prisoners' (Bollinger, 1994). Thus, the authority figure would exercise a high power-distance relationship with the followers, and a distant and highly directive coercive leadership style is still characterised as the most effective in contemporary Russia (Hofstede, 1980; Naumov & Puffer, 2000; Fey & Denison, 2003).

In addition, the literature calls for more research that explores leadership styles and practices in non Anglo-USA settings (McCarthy et al., 2008; Avolio et al., 2009).

Against this background, the current study contributes to the call for more information on leadership styles and behaviours in different national cultural contexts. The findings do tend to demonstrate that more engaging and authentic leadership styles can be (and were) effective in a culture that is significantly different from the UK and the USA in terms of the Hofstede dimensions of power distance and uncertainty avoidance (Hofstede, 1980; Avolio et al., 2009).

From the data obtained, the effectiveness of the CEO and their related style was not overly influenced or constrained by their nationality. For example, the

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Canadian CEO, who adopted a transformational/authentic leadership style, was very effective. However, the British CEO was not effective as he appeared to work on the assumption that the national culture called for an autocratic style. The national CEO was also relatively ineffective, also adopting an autocratic style. However, it was notable that the Canadian CEO had mastered the local language and was sensitive to the cultural setting. Further research that explores the significance of language and cultural sensitivity would seem to be warranted. This study's assessment of effectiveness also included views and reactions of followers. These indicated that, contrary to expectations, followers from the home nation preferred a more engaging and involving style of leadership. This represents a challenge to the established cross-cultural literature (Hofstede, 2001) and provides a contribution to this literature in terms of raising challenges to the models and assertions within a global business context.

A further contribution to theory is that the study was based on direct access to CEOs and direct reports in significant companies within the Russian context. This contributes to much of the cross-cultural leadership literature that relies heavily on survey-based data or case studies employing secondary data (Hofstede, 2001; House et al., 2004). Overall, the study does demonstrate that Anglo-USA-centric models of leadership are still valid in distinctly different cultural settings.

#### **7.4.3. Contribution to Practice: Summary**

This case study defies the conventional narrative regarding what Russian managers need to do in order to get people organised and the associated preferences in terms of an autocratic leadership style. Cultural sensitivity is a part of the global mindset required for leaders operating in a global environment. As different cultures have different beliefs, values and modes of articulation, explorations of these variations are critical for identifying sources of leadership effectiveness. This has particular potential implications for leadership development for multinational companies (MNCs) in terms of the development of both parent company and home country nationals. In talent management,

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succession and leader development, it is important that future leaders cultivate followers' behaviours and expectations by understanding their basic common human qualities and employing a leadership style that transcends national boundaries and caricatures. In addition, leaders need to do this based on an in-depth understanding of the "real" national culture rather than stereotypical assumptions.

*Vision Theory:* The study found that success was enhanced when the vision was created by many people.

*Strategy Theory:* Embedded in this study is the assumption that leaders aspire to, and organisations realise, a process called strategy.

*Context Theory:* Effective leadership can be culture-bound and needs to take into consideration the unique cultural context within which it operates. In this study, using a country as a measure of culture may be misleading.

*Commitment Theory:* The study supported the notion that the quality of the leader-follower relationship was not a function of the nationality of the CEO.

*Leadership Theory:* The preference by Russian management for autocratic leadership was not proven. Authentic leadership enacted by a Westerner was the most effective style from among the three CEOs.

*Change Theory:* The study confirmed a strong link between leadership framing style and cultural solidarity.

Furthermore, in practical terms, this study provides a note of significant caution to potential Russian investors and management development experts from the West, which is not to simplistically stereotype the Russian mindset.

Overall, these implications are drawn from the Russian context. However, if borne out by future research, it is likely that the points made above could well be relevant to MNCs operating in a wide range of national contexts.

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### **7.5. Limitations of the Study**

Overall, the study falls within the area of case study research. Some of the limitations of the study are those commonly associated with field research, and particularly in Russia. One of the limitations of this study was the self-selection of a geographical region, Moscow, which is part of the European quarter of the country. While Russian is the predominant culture, the Russian Federation consists of more than 100 ethnic groups. Russia is not a homogenous country. It is a matter of conjecture regarding the results if the study had been undertaken in a prevalently Asiatic part of the Russian Federation, instead of in Moscow.

The interviewer worked diligently to perfect a style of 'interested listening', which rewarded the respondents' participation. As this was a semi-structured interview, it left less to chance; however, the on-the-spot translation from Russian to English and vice versa to ensure meaning was understood, was not always guaranteed to produce the desired results. The interviewer had to improvise and sometimes exercise independent judgment, as not every contingency could be anticipated in these circumstances.

Although, in general, the interviewer's characteristics of age and gender would ordinarily have little impact on the responses, in these conditions, the interviewer's seniority could have had an impact. The respondent may have deliberately tried to please the researcher or to prevent the researcher from learning something about the respondent. This concern was addressed through assurances of confidentiality and on the basis of mutual trust.

It is also not enough to understand the mechanics of interviewing; it is also important to understand the respondents' worldviews and the forces that might be at play. Indeed, the fact that the researcher is not Russian should be taken into account in the sense-making of the interview (Eisenhardt, 1989; Yin, 1994). As the naturalised language of the interviewer was not Russian, the interview process took longer. The process required the interviewer to seek repeated confirmation through a continuous

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repetition of the questions, to be satisfied that there was understanding of the questions posed: *"Do we have it right?"* (Stake, 1995).

Clearly, additional research into the dynamics of leadership behaviours would be commended. What contextual variables across cultures may be responsible for the initiation and maintenance of visioning is an equally important question that needs more clarity. In respect to the structure and content of the vision itself, knowing how to structure a vision and what aspects of the vision are universally important will help corporate executives in their leadership role. More work on the behavioural process is needed when considering visioning, as this is poorly understood. Future research should be directed toward exploring the extent to which crisis and opportunities in context are used by leaders to foster influence. Analysis of culture as a contingency variable in leadership effectiveness is an important area of future exploration, and finally, the mechanisms of effects of leadership on followers.

With the rise of conceptualism as a theory of method, this new focus on changing, rather than change, attempts to 'contact reality in flight' (Pettigrew et al., 2001) beg questions for further research. One of these questions is: how many levels of analysis should be included in the treatment of context and other concerns related to complexity, given that there are different levels of context to consider when multiple related processes are under way at all times? The only way to reveal these relationships is to undertake research that captures a time series long enough to illuminate these multiple change processes.

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## Chapter 8

### 8. Personal Reflections, Learning and Practical Applications

Without doubt, the self-discovery gained from this study has been most fruitful.

I derive a great deal of satisfaction from making a difference, especially in being able to tackle complex change programmes that have defined a solution. I also increasingly have a lot of fun in building teams, particularly in growth markets such as Africa, Middle East, South Asia, South-East Asia and Russia.

During the last 10 years, I have become a sort of 'company doctor', specialising in start-ups, aggressive organic growth and turnarounds. Although I did not wake up one day and decide to be a 'company doctor', there is tremendous satisfaction in creating change and releasing the potential of an organisation. Rebuilding confidence in a company through crisis management has been my main task as a 'company doctor'. As a successful 'company doctor', I have tried to bring about the essential ingredients for a turnaround; these include crisis stabilisation, leadership, stakeholder support, strategic focus, organisational change, political process improvements such as cost reduction, improvement of information and control systems and, finally, restructuring.

In many ways, the requirements I need as a 'company doctor' are similar to that of a general manager. Indeed, both are very much about common sense. I would define the ideal turnaround person as someone with considerable leadership skills, the ability to listen and modify views, the ability and courage to make rapid decisions based on a minimum amount of data and analysis, the ability to balance short-term and long-term visions, the courage to make unpopular decisions, high integrity, confidence in one's abilities, experience and driving through change in difficult times, and an entrepreneurial instinct. Through his study, I wished to improve my understanding of leadership within a transformational context; the fashioning of leadership so as to provide enhanced meaning to my life. I wished to make the DBA a platform from which to improve 'skills-persona' at work, and improve as an all-round human being. I wanted to ensure that I could develop both consultative and teaching skills post my corporate career.

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Heeding the counsel of my supervisors has been a lesson well learnt. I have laboured since 2003 to complete this study. Working as a senior manager, CEO and board director in the UK and internationally put me under a great deal of pressure to complete this venture in the right manner.

Remote study, far from Henley Business School (HBS) was more testing than I had appreciated.

For the next three years, I threw myself into a start-up, of which I was the Founder and CEO. Since the Autumn, 2013, after exiting successfully from this start-up venture, I candidly did more justice to the focus required from this study.

I am truly very appreciative of HBS's sympathetic stance regarding my re-enrolment into the DBA programme. My sincere thanks are extended to my first supervisors Professor M Higgs and Professor V Dulewicz in making the case to HBS.

Over a period of four months, I applied myself completely to rewriting and redoing what had been done before.

In this regard, the project has become full time. I heard the supervisors' counsels to be absolutely immersed in the study each and every day but it was only from Autumn 2013 that was I in a position, in terms of time and financial, to satisfy this condition.

I have been working alone, but significant learning was achieved by doing so. Within this period, experiential learning took place. I was committed and took responsibility, using my capacity for creativity, ingenuity and imagination to self-critique and self-evaluate in defining solutions (Knowles, 1980).

During this period of relative isolation, I drew on my specific and individual learning style. Cognitive control has received much attention in adult learning literature, as has field dependence/independence (Joughin, 1992).

On reflection, I am quite comfortable with studying independently. My own need for personal autonomy and an internal locus of control demonstrates that I have a capacity for self-teaching (Rotter, 1990).

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My extensive reading allowed me to my define research. As a direct result, I now appreciate that science is never certain, all scientific theories are open and, certainly when you know the truth, you do not know the whole truth. I devoted a considerable amount of energy to understanding such philosophies and the issues that underpin doctoral research. I began to see that the application of science to business is a extremely complicated process.

*“Science is the attempt to make the chaotic diversity of our sense-experience correspond to a logically uniform system of thought. In this system, single experiences must be correlated with the theoretical structure in such a way that the resulting coordination is unique and convincing” (Einstein, 1954).*

I started to more fully appreciate that my contribution to the body of knowledge would be very modest. I realised that even journal articles need to be scrutinised for weak methodology, design, inappropriate data analysis and/or incorrect interpretation of this analysis. I understand that the relationship between data and theory continues to be hotly debated. Also, as a result of the readings, I have an understanding of why philosophical issues are central to research methodology: firstly, because it can help to clarify research designs; secondly, because a knowledge of philosophy can help the researcher recognise which designs will work and which will not; and thirdly, knowledge of philosophy can help the researcher identify, and even create, designs that may be outside his or her past experience.

I continued to read the texts and expanded my understanding of the debate between realism and relativism. I was able to define an understanding of the differences between ontology (assumptions that we make about the nature of reality), epistemology (a general set of assumptions about the best ways of enquiring into the sociological paradigms and organisational analysis), methodology (nature of the world) and method (combination of techniques used to enquire into a specific situation, and individual techniques for data collection, analysis, etc.).

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It is more clear to me that, from the relativist's position, the assumed difficulty of gaining direct access to 'reality' means that multiple perspectives will normally be adopted, both through 'triangulation' of methods and through surveying viewpoints and experiences of a large samples of individuals. I learnt that, from the constructionist's perspective, the story is different once again. In starting from a viewpoint that does not assume any pre-existing reality, the aims of the researcher are to understand how people invent structures to help them make sense of what is going on around them. I discovered that such reflexive approaches to methodology are recognised as being particularly relevant when studies are considering power and cultural differences (Easterby-Smith & Malina, 1999).

I used reflective observation throughout this period. What is a paradigm? This term was coined by Kuhn (1962); however, I found it difficult to ascertain a definitive description. Guba & Lincoln (1994) refer to a paradigm as a system of ideas: "*We shall call such a systematic set of beliefs, together with their accompanying methods, a paradigm*" (p.15). In my view, a paradigm seems more a way of thinking about, and conducting, research. I do not think it is strictly about methodology, but more of a philosophy that guides how the research is to be conducted. More importantly, a paradigm determines the types of questions that are legitimate, how they will be answered and in what context they will be interpreted. I learnt that for qualitative researchers, there are five axioms that separate qualitative from quantitative research: the nature of reality, the relationship of knower to known (in qualitative research, the observer is part of what is being observed, whereas in quantitative research, the observer has to be independent), the possibility of generalisation, the possibility of causal linkages and the role of values in enquiry.

Through self-study, I also improved my understanding of the differences between positivist and constructivist approaches to research.

I found that the distinction between quantitative and qualitative methods involves more than just the type of data collected. Quantitative methods are most often used when the motives for research are explanation, description or evaluation. Exploration is most often the motive for using qualitative methods, although researchers also use these methods for

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descriptive and evaluative purposes. The specific goals of quantitative and qualitative researchers may also differ.

From extensive reading for the DBA, I also learned this key points: business and social research cannot resolve value questions or provide permanent universally accepted answers.

*“Knowledge enables us to anticipate surprises and avoid landmines” (Anon).*

I researched and reviewed a number of papers provided, with particular reference to learning, and I noted the limitations of my study by virtue of the nature of the sample: a population of selected and highly successful managers.

This learning journey was put into context by attempting to provide a meaningful log that clarified the self-discovery. I discovered that I could organise learning models into frameworks.

My self-discovery was triggered by personal experience and reflects workplace-structured cues. I enjoy deciding on ‘how’ and ‘what’ to do and am consistent with my personality profile and values. I enjoy the mutual respect, participation, freedom and control over my environment. This study was essentially a transformational mindset change, with myself—the learner—taking primary responsibility, sometimes in isolation but not always. It was a process of trial and error, using personal initiatives to locate resources and identifying teachable moments and life-changing events.

I discovered the context and process for learning all competences. The connection is now apparent and observable within myself. My operating style was reinforcing and I have the tendency to see patterns (Gestalt) that are holistic. My personal growth has aided my psychological health and the social context within my peer group has provided useful role models. The self-directed character within me, which enables adult learning, is an integration of my maturation and a developed sense of increasing readiness. The learning process is self-defining and increases maturity.

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## Appendices

### Appendix A

#### Transcript Sample: Bank Soyuz

Interview – July 12<sup>th</sup>, 2006

Ekaterina Demygina, Head of Retail, Soyuz Bank

FL: How does the clarity of the vision affect the ability to make changes?

ED: When I came to the bank two years ago, we did not know what retail was. For me, changing is not a problem. In two years, we made 350 million in individuals [individual banking], universal products for the regions, we changed the sales system, we installed an automation system, increased the number of points of sale. And now we understand changes as our intensive expansion in the regions, because we need to change the technology of opening points of sale. This year, it is planned to open more than 20 points in 22 cities; we have opened two already, and five are opening in the nearest two weeks.

FL: This is very impressive.

ED: I hope our chairman understands it.

FL: But the question was whether it was the vision that inspired all this change?

ED: The main changes are connected with back office as usual. In all banks, there is usually a conflict between the business division and the back office. Now we are looking at conflict points one-by-one trying to resolve problems, especially with regards to opening new sales points. Mainly, the change was initiated by the division engaged in implementing the process. That was transmitted to change the process in the legal division, accounting division, and a lot has been achieved there as well by now. We made typical products, a typical technology, typical business plans, which could be used for opening new points of sale. And now the models are adjusted for the conditions in any new location where a point of sale is opened. Gaining practical experience, we come to understand the real situation in the market.

FL: Did Stuart identify any potential crises or major opportunities in helping you get the vision?

ED: Surely he did. He helped me to understand it; we discussed it a lot, and continue doing so on a weekly basis. As I heard the shareholder wants us to open more than 20 points; if we survive, we shall do it.

FL: Do you feel personally emotionally committed to Stuart's vision?

ED: Sure! He realises the ideas which have been brought to him by me. I am responsible for the retail segment, and he is supporting me so much.

FL: Are you obedient to Stuart?

ED: Sometimes. I am a difficult person, because I am used to success, as I was successful for a long time previously, so I did not know how to listen. He taught me to.

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FL: To what extent was the leadership group cohesive together as a team?

ED: Yes, the retail team is very strong; no one has left the division for the past two years.

FL: Do you ever feel powerless, helpless or uncertain about the future?

ED: I am not afraid of anything.

FL: Was the retail team given enough power and authority to lead any changes in the company?

ED: Now yes, as Stuart helped a lot last year. He needed some time to come to understand; now he does.

FL: Is there enough encouragement from the leadership for your team to work together?

ED: Understanding of personal needs and the gift of listening are very important for keeping people together. We have been working as a team for a long time, so we know each other's needs.

FL: To what extent did Stuart define the vision for you?

ED: He did fully, by discussing it with the members of the board.

FL: What is the vision of the bank?

ED: It is focused on the development.

FL: To what extent does the vision contain corporate values or a mission?

ED: To my mind, the present vision covers all necessary things. We cannot grow continuously, as we have to make profit and use it carefully in our investments. We work 10 hours a day to be the leading bank—what other values could be there? Our business goal is to be among the Top 10 in all segments. Our latest slogan says “We fight for each client”—we try to meet our customers' needs, we treat customers in a charming way to help them take financial decisions, we do our best and we are different.

FL: To what degree was the risk propensity, the risk appetite, reflected in the vision?

ED: We deal with high risks, as we deal in the investment market. But we understood the necessity to take time before we get enough resources to expand [open new points of sale] opting for less risks and more conservative business.

FL: To what extent does the vision reflect future goals or dreams?

ED: It is a retail bank working with small and middle businesses throughout Russia, and it should be among the Top 10 in all segments I am responsible for. Now, we are number 7 in loans, the 13th in mortgage, the 15th in deposits. In my opinion, the vision sets goals for the next three years.

FL: Did you develop the strategies for achieving this vision yourself?

ED: I contributed to them.

FL: Was it shared by everybody?

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ED: Yes. After we discussed them.

FL: Did the vision show what the people can do?

ED: Sure, yes.

FL: How did you do this?

ED: We have a business plan accounting for expenses for marketing, staff, motivation system, property, etc.

FL: Did the vision contain any imagery, symbols to capture the hearts and minds of the people?

ED: Maybe only the motivation system. We divided the personnel into several groups, set up five key performance indicators, which cover sales on the one hand and risks on the other, or sales and costs depending on the division. Then we set up a sales volume that ensures a certain salary level. If the sales exceed the limit, the profit made at the point of sale is increased. If the staff show lower results, they get less than expected.

FL: How do you communicate this to everybody?

ED: Together with the HR division, we prepare materials to illustrate the procedures. And we are discussing them with the board members.

FL: How many people report to you?

ED: Four hundred maybe.

FL: Are you a good, strong leader?

ED: Yes, I am.

FL: Were new behaviours or role models shown by Stuart as an example to follow?

ED: I am very sharp in communications and exacting to all divisions, as I used to work in the banks where extremely strict procedures and tasks were put in place. And what Stuart has tried to show me is another perception of other people's work, achieving results not by firing people but by building up financial and other motivation. It is quite new for me; for the others, it is exciting to see the structuring processes and evolution of the vision, which has been changing. The leaders have now got a new vision and new perception of the ways in which the bank may develop: primarily not through making profits, but through building up the corporate value.

FL: What does Stuart do? What is his role behaviour?

ED: He develops the strategy. He tries to communicate the goals. He tries to be a leader.

FL: Do you follow his example?

ED: No, I am in a different environment. I have been here for five years, and everybody understands what I mean right on the spot. I invest a lot of time in training the newcomers for the first two to three months, and this is the example that Stuart has shown me.

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FL: Does he use a special language to help role modelling, to motivate and encourage you?

ED: Yes, he does. He always gives lively examples by telling true stories and joking.

FL: Does he show appreciation; does he say “thank you” to people?

ED: Yes he does, he says it directly to people. And also by bonuses.

FL: Is Stuart’s vision strong enough to make people turn what seemed routine work into what is a fantastic effort, to sacrifice anything in order to overcome obstacles?

ED: Yes, just look at our business plan—it has grown due to the hard work of the people.

FL: Does the CEO help you build trust in people to take special risks and do new things trying to get them done?

ED: Yes, he does; I hold all responsibilities in a few areas; he trusts me and I cannot let him down.

FL: Did he show any weakness, vulnerability, penetrability, or special humanity to build loyalty among the employees?

ED: He does it a lot; he is emotional too.

FL: Was the visioning process deliberate and rational, or was it rather to do with emerging over time?

ED: In making changes to the vision, we are guided by the market situation.

FL: Did the goals of the bank help the people change their behaviour?

ED: I hope the goals are harmonious with people’s moods and intentions. We are not a state entity, and we are here for our clients’ needs, and we try to make profit for the shareholder. If these aspirations conflict with perceptions of some employees, they should leave.

FL: How are the employees rewarded?

ED: With their monthly salaries. Annual bonuses, some medical insurance, some discounts on the loans, discounts for services provided by the companies of the group [e.g. Ingosstrakh], and we also have some corporate events and activities.

FL: What changes to the structures, systems, or policies of the company were made to make them fit into the vision better?

ED: We continue changing our banking system, installing new software, renewing our database, improving the document circulation system.

FL: Were any people fired, or recruited, or promoted?

ED: Yes, of course. I personally am easy about firing employees if they fail to implement their tasks for over four months.

FL: Were there any other forms of persuasion used to make people support the vision better?

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ED: The new business plan provides higher salaries, and a new motivation system has been promised to be put in place.

FL: Were there any additional resources made available to support new projects?

ED: Mainly through personnel changes.

FL: Has the strategy been reassessed as we see what has been achieved and what is still to be achieved?

ED: Yes, the strategy was significantly changed—last year, we promoted ourselves as a universal bank, now we are emphasising the process of building the corporate value, achieving sales volume, regional expansion.

FL: When and why was the strategy changed?

ED: Due to securitisation, recognition of the high quality of our products, facilitated refinancing, increased sales plan.

FL: To what extent is the vision related to the larger environment—to the market?

ED: I think it is directly linked to the market situation—consolidation, extinction of smaller banks, proactive growth of profit margin in the corporate business, gradual integration.

FL: Does the vision reflect your own concerns and aspirations?

ED: Yes, of course. I would like to stay in the business for a long time.

FL: To what extent are you aligned to the CEO's style of leadership culture?

ED: No, we are quite different. But as a woman, I know how to manoeuvre. I think that any woman can do much more than any man.

FL: How do you work together?

ED: He is my boss, he has got his own goals, I have got mine, and I am trying my best to make them be accepted as the goals of the bank.

FL: Do you feel empowered going through the process of pushing the vision forward?

ED: Of course. Work takes a big place in my life. So achieving results is very important for me. If I don't achieve any, I don't do it anymore, or I push to make it work.

FL: Are you married? Do you have children?

ED: I have a child, but I am not married. I was married before. Why?

FL: It's another story. How do you balance your work with the family?

ED: I try to never let business come into my private life. I am never available for work on weekends and after 8 pm. I never pick up the phone for business calls after that time.

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FL: Do you consider Stuart's behaviour as ethical?

ED: Yes, of course.

FL: Was the language that he used for describing the goals convincing for you?

ED: We describe goals ourselves. He just may correct them.

FL: Has the vision been dynamic and changing over time?

ED: Of course. Last year, nobody would listen to me. But this year, the bank is opening 20 points of sale, which was my idea initially.

FL: Were the directions set at the beginning of all of this for you, or has that been changing?

ED: I see clearly what the bank needs in the segment that I am responsible for. Stuart has never worked with retail before; that's why I feel empowered to insist on my point of view. But I am ready to accept any reasonable arguments that might convince me of the importance of any other way of development for the bank. There must be professionals working in any division who would envisage the potential results in one or another market segment. And the role of the management is to find balance in combining the capabilities of the professionals in the company.

FL: Did you feel that Stuart's behaviour was culturally sensitive to you?

ED: I would have never worked with him if he had not listened to my arguments and explanations of the national specifics. So cultural differences may be a problem. The Russian business is based on personal relations. They determine the results more often than financial profits. It's also necessary to realise that the Russian market cannot become transparent and clear overnight. And a special effort has to be taken to understand the customers.

FL: And you have special gift for that—that's why you are in the retail segment.

ED: Since I was a child, I have wanted to be the president of a bank. And I plan to do it in the future.

FL: Well, very nice talking to you. Thank you.

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## **Appendix B**

### **Coding Structure**

Assessment and reassessment

Assessment

Business goals

Changes in personnel

Components of the vision

Culture and values

Deliberate or emergent

Direction setting

External assessment

Future vision

Language

Leader and appreciation

Leader and trust

Leader behaviour

Leader priorities

Leadership style

Legacy

Magical leader

Makers of the vision

Obedience

Power to make the changes

Shareholders

Symbols

Targets

Teaming

Values

Vision and congruence

Visioning

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## Appendix C

### Topic Guides

#### 1: Vision

##### 1.1. Defining vision

- 1.1.1 Triggered by multiple decision makers: shareholders, board of directors, and management.
- 1.1.2 Triggered by the shareholders as only source of change.
- 1.1.3 A private company has different triggers from a public company.
- 1.1.4 Degree of rational, analytical and intentional factors.
- 1.1.5 Shaped by larger society.
- 1.1.6 Creates a focus.

##### 1.2. Process of vision formation

- 1.2.1 A more rapid pace of change and the consequent leadership of visioning.
- 1.2.2 Clear and compelling imagery.
- 1.2.3 Communication of the vision dependent on context and motivation.
- 1.2.4 Fellowship assessment of the leader on a moral and intellectual basis with regards to vision's buy-in.

##### 1.3. Content of vision

- 1.3.1 Vision is different from strategic planning.
- 1.3.2 A vision is just a slogan?
- 1.3.3 Extent to which it is inspirational.
- 1.3.4 Degree to which it is value-centered and realisable.

##### 1.4. Language that shapes the meaning of a vision

- 1.4.1 Language that shapes fellowship.
  - 1.4.2 Meaningful to followers.
  - 1.4.3 Degree of self-efficacy to followers.
  - 1.4.4. Promotes cooperation among followers.
  - 1.4.5. Organisation creates an interpretation that makes sense to followers.
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## **Research: Notes and Jottings**

### Case 1: Ingosstrakh

The CEO undertook both a 'hard' and a 'soft' diagnostic of the organisation. An inspiration size and growth future state was 'envisioned'. Understanding of 'currents' was an intervention to the 'meaning maker' the culture. Source of changes to be delivered were referenced to 'shareholder' buy-in and what they 'had in mind' was that the CEO was 'translator' of the vision into business goals. Shareholder did not have 'correct vision'.

- Leader insensitivity to followers' needs, values and aspirations.
- Vision shaped by shareholder and market.
- Negative follower dependency and sense of collective identity.
- Unproven change of follower perception of the nature of his tasks.
- Lower receptivity due to lack of disposition.
- Teamwork, cooperation and follower commitment potentially reduced.
- Motivation to perform beyond conventional standards reduced.
- Trust reduced.
- Non-exemplary role model.

### Case 2: Element Leasing

Vision: there is no simpler 'Big strategy' Number One Leasing Company. Direction setting 'guides everything we do in our procedures'. Roles clear. Idealised future state. General and tactical goals. Framing leadership: I know the aim to what I should achieve. We are together with James. It helps a lot. Coming from the team. Our vision is clear Proshe ne nyvayet.

### Case 3: Bank Soyuz

Negative view on communication by leader. Positive view on communication by leader. We fight for each client. I do not see as a bank. A critical component of shared leadership. Destination is common. Leader makes new assessment of the environment. Challenges the status quo. Negative view at board level. A slogan? Board scepticism ~ Russian context. The vision comes from Stuart. Shared managers level. Top-down shaping negative communication and alignment. Leader's role in defining the vision not fully accepted. Negative view of follower support at Group.

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## 1. Visioning and corporate transformation

- 1.1. Context as trigger for the process; source of the visioning.
- 1.2. Shaped by the CEO, shareholder, board, management, roles, interplay of power, control and conflict.
- 1.3. Role, content, formulation and process of a vision.
- 1.4. The magnitude of the changes.
- 1.5. The role of language and articulation in building organisational receptivity.

## 2. Leadership behaviour

- 2.1. Leadership behaviour in a Russian context.
- 2.2. Leadership as a change catalyst.
- 2.3. Senses new opportunities.
- 2.4. Recognises deficiencies in the status quo.
- 2.5. Role modelling exemplary behaviour.
- 2.6. Clear goals are set.

## 3. Leadership sensitivity to followers

- 3.1. Shared values, changes in values and norms between leader and follower.
- 3.2. Empowerment of followers.
- 3.3. Sense of collective identity, teamwork, cooperation and motivation.

**2: Strategy**

- 2.1. The translation of vision into strategies.
  - 2.2. Change approach.
  - 2.3. Leader-centric.
  - 2.4. Cultural change.
  - 2.5. Follower participation.
  - 2.6. Alignment of the organisation.
  - 2.7. Motivational role.
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**Research: Notes and Jottings**Case 1: Ingosstrakh

Focused on capitalisation and growth strategy. Strategy set by the shareholders and approved. We have a general strategy of the company, but not all the parts of the strategy are equally and properly developed. I think the current vision is only about short-term goals—maximum 1.5 years. A declaration made that Ingosstrakh was going to develop separate lines of business but we were never told about some particular steps. Some obvious changes within the current vision, like internal control procedures, profitability and growth. We cannot combine such parameters as high volume and high profitability at the same time. The first thing done in the company was to change the top management. So the leaders looked for some new managers within Ingosstrakh who could accept these new ideas. I guess I am aware of the fact that the vision exists but the people in the middle are not. This approach might be surprising as it contradicts the usual practice, where the CEO is involved in strategic processes.

Case 2: Element Leasing

We do not expect obedience, we expect understanding and we try to do everything transparently and as logically as possible. We are 'Number One' or close. We had to change everything: we changed the products, we changed the whole marketing and the decision-making process. We implemented the whole delegated system of decision-making, depending on the product and on the person. We have moved the decision three to four levels down. Alignment, rational, deliberate, creating shared leadership, delegation. Stretch goals in place. Strategies and tactics aligned to the vision. A willingness to un-learn. Change agenda. One of the key moments was to develop the motivation system for our team, which was the base for the success of our business. Team development.

Case 3: Bank Soyuz

We are not a retail bank, because we cannot become a retail bank overnight. One of the essential things we had to do was to create areas of excellence of sales, and then reinforce our image in the marketplace. Strategies defined for sales, IT, HR and PR. Building new capabilities. Framing leadership. Created centres of excellence. Despite all the variety of interpretations, the visioning activity indeed had great impact. Strategies include aggressive treasury function to build retail business. There are strategies to upgrade retail, HR, IT, PR and advertising.

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**Index**

- 1 Connectivity of vision to strategy.
- 2 Strategic process.
- 3 Change approach.
- 4 Cultural changes.
- 5 Leadership behaviour.

**3: Context**

- 3.1. Russia and Soviet cultural context with regards to PDI and UAI.
- 3.2. Leadership behaviour, autocracy and hierarchy.
- 3.3. Role of shareholder, Oleg Deripaski.
- 3.4. Followers behaviours, collectivism, helplessness, stoicism, trust and distrust.
- 3.5. Corporate and cultural characteristics.

**Research: Notes and Jottings****Case 1: Ingosstrakh**

The CEO's view was that there was a time when not a 'single person' trusted him at the outset. First group thought the CEO's stay would be short, the second were in the 'wait and see' mode. Fulfil any strategy that fits in with the vision, which should be given to him by the board of directors. Vision and developing the strategies require the investment of your 'own' personal time. Good management, a transnational company concentrated on the post Soviet territory, a strong culture and caring about one's employees.

Of course, everyone has his own bee in his bonnet and own ideas but, on the whole, every member agrees with the policy and the vision of the company. I would say, at the moment, that the company is disintegrated, people are located in different buildings, and the communication is not easy. The things we are doing now have nothing to do with the vision. Reinforcing the internal control is not the vision. There is a long way to go to achieve Western standards. Only through the insight of those who can envisage the company in 5–10 year's time, see what is nearly impossible to see for others, can a true vision be formed and sustained. The vision proposed by the shareholders was the power to change this understanding of Ingosstrakh's role.

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Shareholder's perception of the company's role in the Russian economy and the expertise of the current managers, who made some corrections to the general idea with regards to the concrete market situation. Grigorjev has delegated a lot of authority to the board. He is a very strong manager but he is not intervening in strategic issues, leaving their resolution to the board or the strategic committee. This approach might be surprising as it contradicts the usual practice where the CEO is involved in strategic processes. The company is very politically driven and there are many tensions inside it, perhaps like in any other organisation. People tend to play their own games rather than play as a team. There is a high level of bureaucracy and no real team. They are preoccupied with such things as the motivation system so they do not bother with the vision. A low strategic perspective and a focus on task. OVD and board visioning central to context. CEO plays a transactional role. Top-down, autocratic, hierarchical, non-transparent ownership structure effect. The management has an executive role. OVD's primary contextual influence in his board role is source of change and direction setting. Fragmented dysfunctional organisation. Geopolitical dimension in using company for nation building purposes. CEO is a pragmatist in the context of the underlying and even explicit 'power distance' dynamic of his role re OVD. The company looks 'stuck' and low performing in affecting change in context. No team and highly politicalised. The CEO addresses political and managerial *processes* with low involvement in *content* of vision formation and strategy setting.

#### Case 2: Element Leasing

There was an existing attitude when I came in and we gently, ever so gently, pushed it over the side. Everything we do is to actually free people to do what they know is best. But as long as you keep the framework tight, you keep going in the right direction, you do not have to tell them, to preach to them. I am lucky that I have the trust and independence to make mistakes. Our job is to give them the framework and tools so that they sell our product to someone who is going to pay us back. The front and back offices represent two different groups. The managerial teams are cohesive: we do not argue, we understand each other's views. Most of our symbolism is in our daily practices. Shared understanding. Building capabilities. Contextual empathy. Solidarity and community. Framing and building. Team development. Scale of organisation a SME.

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### Case 3: Bank Soyuz

Well, considering the fact that the raft was headed toward the waterfall, in its own sweet way, it did provide an opportunity to get people's attention. The issue is that in order to announce and implement strategy, you have a full backing of the constituents—the shareholder, the supervisory board, the executive board, the management and then the employees. Frankly speaking, none of those levels when I joined had an interest in crafting a vision. There used to be a phone call from Basic Element to tell everyone what to do. Does anybody take you seriously? They have grown up in the environment where there were no credit processes, sales processes; they could feel proud of what they had achieved, which was nothing. For the first year, there was not so much as a crisis than the whole thing was stuck in the mud. In order to announce and implement strategy, you have a full backing. There could be some difficulties with the vision as far as the retail market is concerned. It is highly competitive. I think that any woman can do much more than a man. Stuart has never worked with retail before that is why I feel empowered to insist on my point of view. Retail is a tough market. Katya's extreme independence should be limited. Triggered by crisis, fragmented culture, change was 'stuck'. Negative shareholder vision alignment. Negative change approach. Negative shared understanding. Future state set by the CEO. Context unfavourable. Situational to gender and leadership style. Building capabilities. Emergent change approach.

### **Index**

1. Russian and other values.
  2. Hofstede cultural dimensions in evidence: PDI and UAI.
  3. Context character and change favourability.
  4. Leadership style; transformational, transactional, narcissistic, and dark.
  5. Follower behaviour.
  6. Change effectiveness and 'stuckness'.
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**4: Commitment**

- 4.1. Leadership ~ follower, LMX relationship approach.
- 4.2. Positive communication and shared idealised goals.
- 4.3. Follower sensitivity is more important for vision acceptance and implementation.
- 4.4. Actions that create positive bonds and social closeness with followers.
- 4.5. Empowering strategies; followers feel control over limited resources.
- 4.6. Enhanced sense of competence, energised to accomplish tasks.
- 4.7. Commitment to leadership vision by addressing follower motives.
- 4.8. CEO role modelling as exemplary.

**Research: Notes and Jottings**Case 1: Ingosstrakh

Change process is a long process. People just started to learn. Directive Planned change. Simple directive. Task-focused transitions; constant change. The culture at Ingosstrakh is strong and one year is not enough to break the culture to bring these people to a common goal. He is a tough guy, but when you are restructuring something, you have to be like that. The present GD is a special person. He is a good manager but sometimes he seems too confrontational and not going for compromises, which is better to do sometimes, in my opinion. The GD I do not see day-to-day but I have seen him very hard with people. Strongly appreciate his strong leadership. Most of these people were from middle management who actually do business, produce results and might have become leaders in the company.

The way we witness people are treated is unacceptable and it forced a lot of people to leave the company. He forces people to agree with one another rather than format any decisions. Unfortunately, there is not a team. There is no team building. We do quarrel. CEO is very formal. Looks at relationships but still leader-centric. Style is tough and direct. Negative team development. Coalescing around the 'in and out' group. Task -transition. Top-down, shaping and leader-centric does not work. Directive is ineffective in most contexts. Motivation through direction.

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### Case 2: Element Leasing

Just give them the tools, simple tools, and they are going to build something after that. Simple tools. Everybody understands. Empowering strategies; followers feel control over limited resources. Enhanced sense of competence, energised to accomplish tasks. Leadership and management skills combined. When I spoke to James, I find the vision of the leasing business is very close to mine. The vision for me is a kind of dream but with steps stated. I decide on separate steps within the general strategy. Yes, I do—200%. The key managers are committed to James. We understand his ideas, and they are close to our beliefs. His personality, his ability to create is very engaging. He has charisma, which has made us committed to the idea and the business. James creates a lot of drive for all his employees to follow these ideas of simplicity.

### Case 3: Bank Soyuz

I shall be here for a four-year period and I think it will take away a lot of uncertainty. So I stuck a rod into the bicycle this year and enforced the top-down. I killed the growth investment and drove the increase in the retail side and said, 'Go and work that up'. Contingent leadership style. Negative organisational context and top-down directive. Coercive. Visioning. Fragmented culture. Leader-centric. Top management has a list of Key Performance Indicators closely connected to the vision, so the motivation is based on the KPIs. If these aspirations conflict with the perceptions of some employees, they should leave. I try never to let the business into my private life. I am never available for work on the weekends and after 8 pm. Some thought it should be a small oligarch bank that supports the business; others think about the possibility for the bank to become a universal bank and not thought how to. Set up five performance indicators that cover sales on the one hand and risk on the other and/or sales and costs depending on the division. It is also good because it carries an idea about the shareholder: so you'd better be committed to this, that's why I am. Manager operates on the physical resources level. Shareholder and oligarch goals and expectations have a material effect. Coercive leadership style. Committed on her "Head Retail" 'terms'. Change type is hard KPIs.

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**Index**

## 1. Russian CEO

- 1.1 Follower sensitivity; role modelling.
- 1.2 Cooperative goal setting, positive bonds.
- 1.3 Leader receptivity to input.
- 1.4 Empowering strategies; hope, a self-efficacy and resilience.
- 1.5 Leader-centric, communication style.

## 2. Foreign CEOs

- 2.1 Follower sensitivity; role modelling.
- 2.2 Cooperative goal setting, positive bonds.
- 2.3 Leader receptivity to input.
- 2.4 Empowering strategies, hope, self-efficacy and resilience.
- 2.5 Leader-centric, communication style.

**5: Leadership**

- 5.1. Coalescing around 'in and out' groups.
  - 5.2. Directive planned change.
  - 5.3. Relationships and leader-centric role.
  - 5.4. Motivation through direction setting.
  - 5.5. Top-down, shaping leadership-centric impacts effectiveness.
  - 5.6. Directive is ineffective in most contexts.
  - 5.7. Context-situational factors acting as potential constraints or an opportunity.
  - 5.8. Accepted that the effectiveness of certain behaviours can depend on the environment in which they are embedded.
  - 5.9. Coercive vs democratic.
  - 5.10. Authentic leadership is built on premise of knowing who one is, what one believes in and acting on these beliefs.
  - 5.11. Positive emotional contagion.
  - 5.12. Authentic leaders and their followers enact leadership.
    - 5.13. Creating case for change, creating structural change, engaging others, implementing and sustaining changes, facilitating and developing capabilities.
    - 5.14. PDI and UAI.
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## **Research: Notes and Jottings**

### Case 1: Ingosstrakh

The CEO's view historically was that the 'shareholders' made many mistakes, which included the tolerance of 'schemes' and 'unfair' ways of doing business. The shareholders in the past were not trusted and had 'pushed' the people around. In the CEO's view, there has been an absence of clarity before his tenure on the vision and strategies for Ingosstrakh. In the prior CEO period, led by Ms Dubrovskaya, the shareholders and the managers had entirely different visions of what they would like to do. People just started to learn and benefit from his direct style of leadership and 'kitchen talk'. The use of mobile phones at the board meetings, no waiting for latecomers—punctuality was required in everything. Punishment was meted out if the requests to management went unheeded, and smoking was prohibited with full compliance demanded from all the management. Change process is a long process. People just started to learn. There is no team building but we are united as a management team. CEO, Grigorjev is a hard person but we do understand each other's merits and shortcomings and seek to find solutions together. As I said, Grigorjev is a hard man and we do quarrel. The CEO is the head of HR and he hires for medium and higher managerial positions himself and has set a serious filter in the hiring. The CEO is a hockey and football player and role models; it is about bringing the opposition together.

The communication style is direct and tough. Personally, I am not supportive of the GD's style of management and have reservations on this matter. He is a tough guy, but when you are restructuring something, you have to be like that. I have many managers in my life. I have never seen a better one taking into account my personal negative relations with him in the past. The present GD is a special person. He is a good manager but sometimes he seems too confrontational and not going for compromises, which is better to do sometimes, in my opinion.

### Case 2: Element Leasing

***Because I am a foreigner, for a number of reasons, I lower my guard quite a bit because it is the way to build trust and to get information on the ground on what is really going on. Everybody is in the Russian second person singular, like the French 'tu'. A very open democratic organisation.***

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The people that came in had a high degree of trust in our ability to execute what we knew would work. My whole style is to talk to people, to listen to people, and to understand if they are able to do what we want them to do. You listen to people; you solve problems, you do not create them. My team and I have been together for so long that you do not have to say anything, as it is just natural. I try to use appreciation a lot. I walk up to them and say 'well done'. People have confidence that I am not going to yell at them if they make mistakes. Knows what he is talking about. Many people were fired and recruited. JG is a person to be modelled. He always smiles, he looks like a professional person who is at the right place. He trusts me, thus making me comfortable. JG often says thank you personally. James delegates everything to the right people. To supervise such a huge network as we have, it is impossible without delegation of authority. I like his approach and is always very just—a success of somebody in the team is this somebody's success. Mistake made is James's mistake. We also try to behave in the same manner with our subordinates. He is a very positive and polite person. We found a lot in common. James does not impose any rigid rules on the team but the people respect each other. He is a very good speaker and uses simple language, especially when speaking in Russian. Besides, he likes clever jokes which are always at the right place. Role model. Heroic leader. Recruited team. Listening, team development, relational motivation, delegation, empowerment, open style, encourages others, persuasive, informal.

### Case 3: Bank Soyuz

Well, in the first 18 months, I achieved nothing because I was not able to, as I was blocked in all terms. My HR director was blocked and finally fired by the managing director against my desires. But I think that most of the reports would have a view that I am a hard manager. I am very sharp in communication and exacting to all divisions as I am used to working in banks where extremely strict procedures and tasks were put in place. Stuart develops the strategy, and he tries to communicate the goals and tries to be a leader. I have been here five years and everybody understands what I mean on the spot. They were many times told to cooperate but I do not think they really understand why they should do so. And we think that sometimes it is because they only declare what they are doing while, in fact, they are doing something different. Our retail is really independently ruled by Katya and, in my opinion, its extreme independence should be limited somehow but it's hard to do. Negative team development. Driver - leader-centric.

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Leadership is culture-bound. Independent retail bank is the 'utopian vision'. Set the 'independent retail bank' as desired aspirational goal. Open style. Framing more than shaping. Building capability and team. Ambidextrous style. Climate emerging as positive. Shades of 'authentic'.

## **Index**

1. Authentic leadership behaviour.
  - 1.1 Moral perspective.
  - 1.2 Self-awareness.
  - 1.3 Relational transparency.
  - 1.4 Balanced processing.
2. Narcissistic leadership behaviour.
  - 2.1 Coercive and confrontational.
  - 2.2 Task focused, simple directive.
  - 2.3 Leader-centric.
  - 2.4 A 'dark side'.
3. Situational and context bound.
  - 3.1 Russian ownership structure.
  - 3.2 Company culture.
  - 3.3 Follower's roles and perceptions.

## **6: Implementation of Strategies - Change Success**

- 6.1. Implementation; linkage of strategic choices and vision to organisational performance.
  - 6.2. How a vision is actually implemented by followers. The success is dependent upon followers buy-in and motivation to perform.
  - 6.3. Change success.
  - 6.4. Open - closed style of leadership.
  - 6.5. Change success, both hard and soft.
  - 6.6. Team development.
  - 6.7. Strategic repositioning and restructuring.
  - 6.8. Technical and systems change.
  - 6.9. Work design and HR changes.
  - 6.10. Direct - coaching styles.
-

**Research: Notes and Jottings**Case 1: Ingosstrakh

A financial and motivation system is in place. Full compliance with the company strategy was required from all members of the management. The success of the implementation was measured by tracking capital, solvency, market share, costs and profitability. Not satisfied with the quality of the execution, lack of compliance with the vision, inadequate pace of change and progress. More important to be leader than profitable and not possible to be both in the current market conditions. The shareholders need to understand this. The majority of people—not only in Ingosstrakh; anywhere in Russia or around the world—don't go for sacrifices anymore. They work to provide their living; they work for money. Insurance is not filled with heroes. I do not think the motivation system reflects the vision or has the vision affected any changes in the staff or company systems or structures. The changes were reflecting changes that improved structures and organisation related to policies and risk management unrelated to the vision. It is not an easy task to create a vision and communicate it to the people's minds and I cannot say we have been very successful. Many people who have been with the company a long time are not motivated enough and they have to be trained. The majority of the people, 20 to 25 managers, left the company by their own will. We have a Russian saying—a fish looks for deeper waters and a man looks for a better life. He once told me he had no success with the shareholder. Here are two key players at Ingosstrakh: Alexander and Sherbakov, who does not have so much power or, I would rather say, he does not have the formal power but he does have the trust of the people. The problem is that his arguments and explanations may be clear for me but that does not mean that I accept them. He is not a relationship person.

Case 2: Element Leasing

We have doubled and tripled our margins. We have massively reduced our arrears and we have three to four times increased our business model. Very fortunate that I work with some brilliant and not intrusive managers, who ask a lot of questions and allow other people to get with their business. People know their business better than I do. When we get the vision, we understood that we provided managers something user friendly and easy-to-use to achieve success. We see an obstacle and we cannot straightaway gather what to do to overcome it. The main thing is that James allows people to correct their own mistakes and learn by them. People have a strong

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sense of community here. Now we need to pass over a new qualitative level. Appreciated when I realise my ambitions and receive a thank you for that.

### Case 3: Bank Soyuz.

We generated US\$360m in auto loans because of the focus and that put us into the top five in Moscow. We have been able to generate a bigger footprint in the capital markets. In an ideal world, what you do is you arrive and you remove that resistance: whom you know you cannot convince to change. You deal with them straight away. I was able to have the building rocked and the people understood they had to have performance in their jobs. I hope that the retail division has been inspired by my ability to clear away the obstacles. I hope that the retail division has been inspired by my ability to clear away the obstacles. Negative alignment. I see a lot of slogans but what sort of slogans can do it? Last year, nobody would listen to me but this year, the bank is opening 20 points of sale. You know there is a difference between the Russian and Western style. For instance, Stuart will say 'We have to do something' while I say ... This is the big difference and this is mostly the Russian way. Despite various interpretations, we build a retail bank. Fragmented culture and organisational result.

### **Index**

1. Good or bad leadership personality, cognitions and behaviours of those at the top of an organisation.
  2. CEO style and values ~ collaborative, consultative, directive, coercive.
  3. Contingency approach to change, business context, change content, and change pace.
    - 3.1 Is this the right change?
    - 3.2 How is it to be implemented?
    - 3.4 Focusing on the change agenda, clear priorities. Do only what you can commit to.
    - 3.5 What are the right changes for company's culture and energy?
    - 3.6 How to create acceptance.
    - 3.7 How to manage attention.
    - 3.8 How to maintain momentum and sustainable change.
  4. Change model.
    - 4.1 Creating the case for change.
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4.2 Creating structural change.

4.3 Engaging others.

4.4 Implementing and sustaining changes.

4.5 Facilitating and developing capabilities.

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## Appendix D

# Research Model



Appendix E

Themes and Sub-themes

# Vision

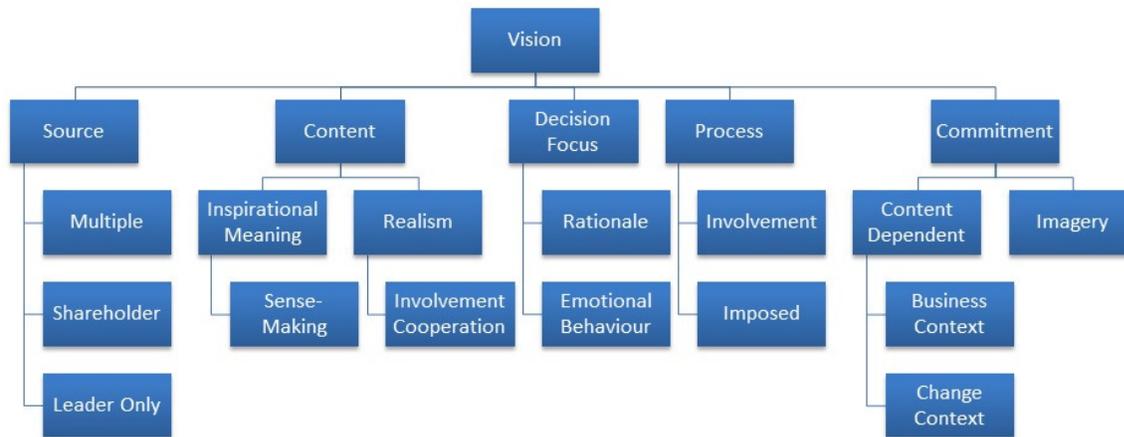


Figure 5.2. Visioning theme and sub-theme data analysed.

# Strategy

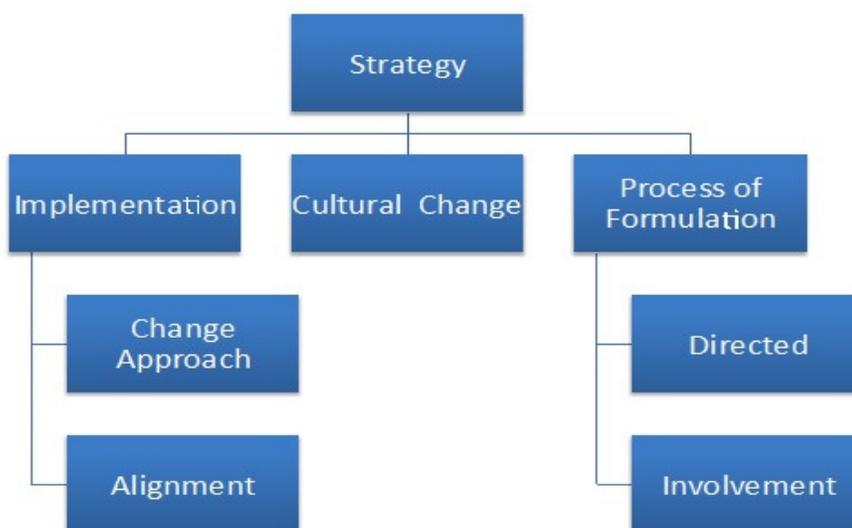


Figure 5.3. Strategy theme and sub-theme data analysed.

# Commitment

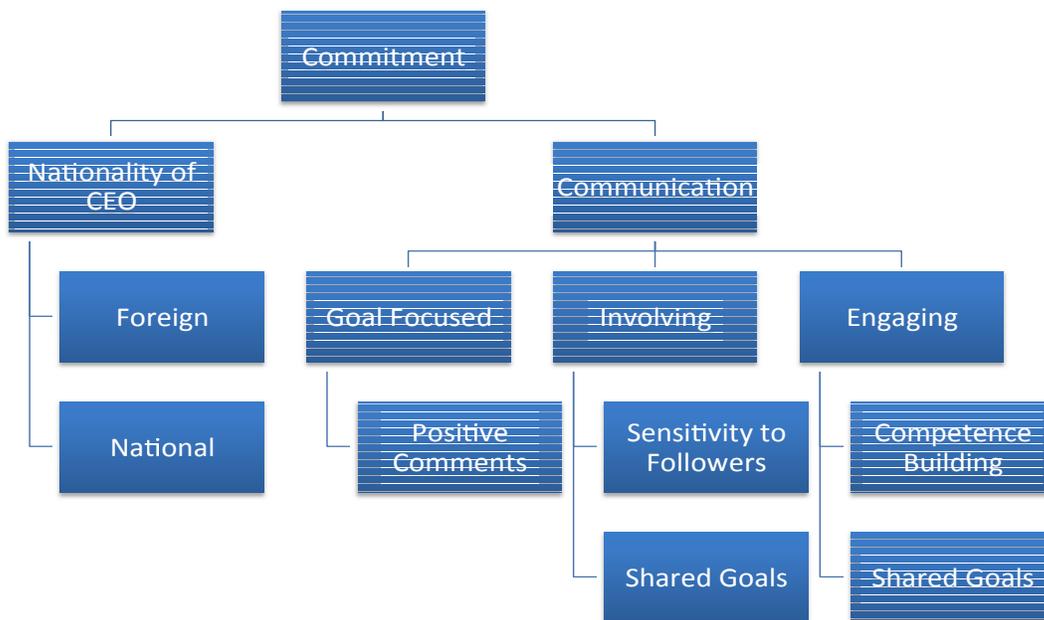


Figure 5.4. Commitment theme and sub-theme data analysed.

# Context



Figure 5.5. Context theme and sub-theme data analysed.

# Leadership

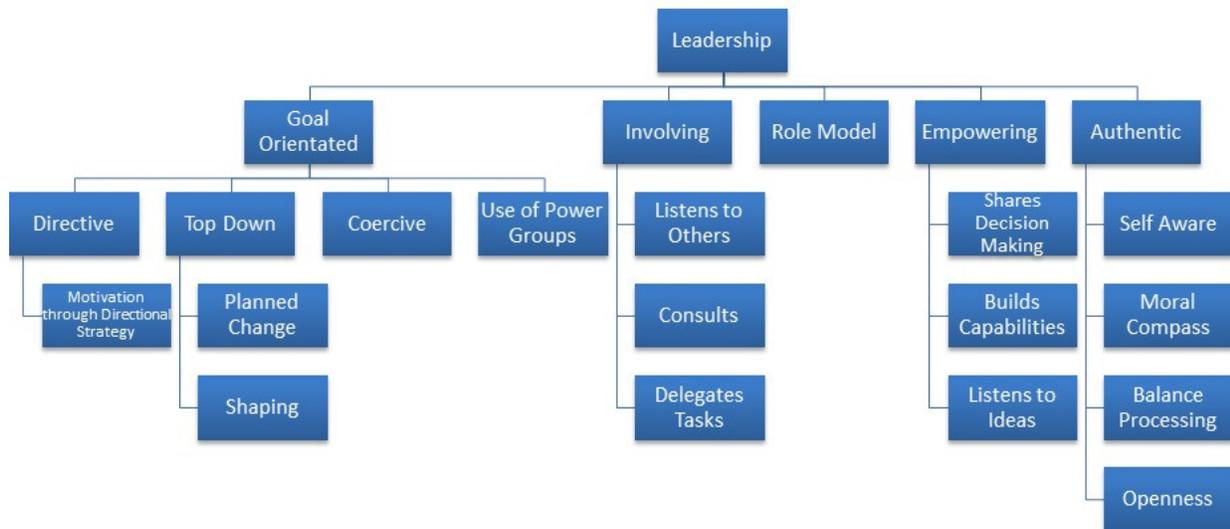


Figure 5.6. Leadership theme and sub-theme data analysed.

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# Implementation of Change

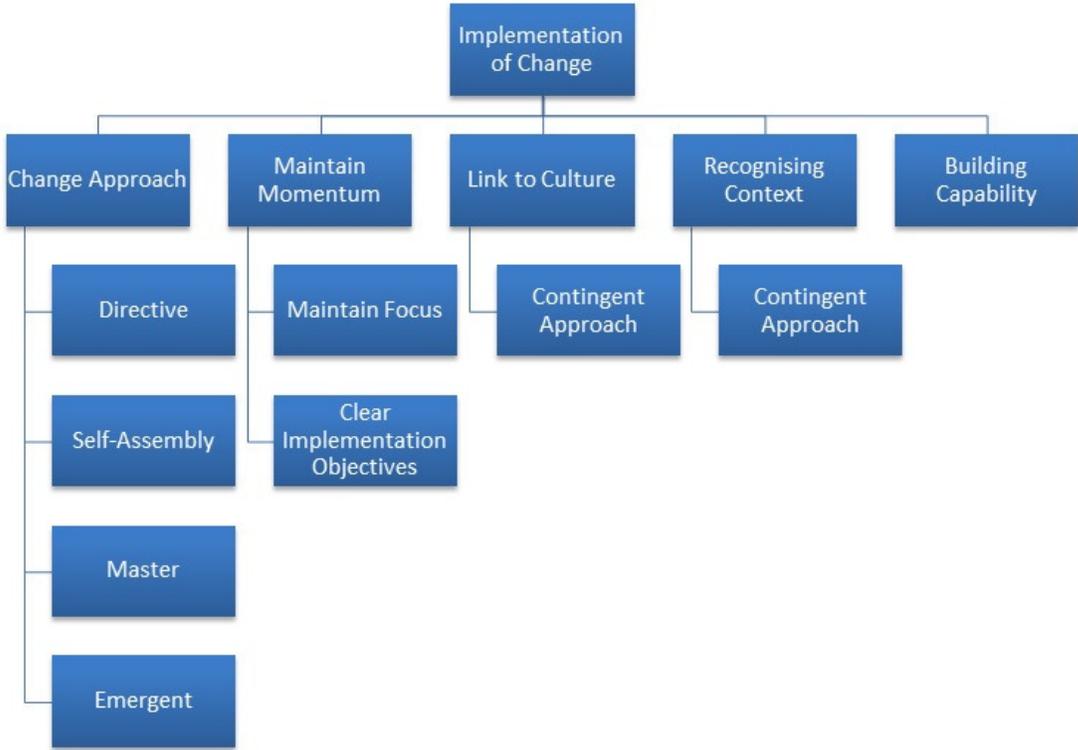


Figure 5.7. Implementation of change theme and sub-themes data analysed.

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## Appendix F

### Illustrative Data Analysis – Ingosstrakh

Ingosstrakh	Data Analysis	Literature Review
<b>VISION</b>		
<b>THEMES 1</b>	Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.	
<b>THEMES 2</b>	Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.	Vision is important to leadership, strategy implementation and change (Larwood, 1995). An ideal or future state (Kouzes & Postner, 1987) reflects shared values (House & Shamir, 1993) and include executional ability (Hamel & Prahalad, 1996).
<b>CEO</b>	<b>ACTUAL</b>	The vision is future-orientated, compelling, bold, aspiring, and inspiring, yet believable and achievable (Levin, 2000; Kakabadse et al., 2005).
	CEO completed DD. Conclusions shared with shareholders. In 'accordance' with shareholders.	<b>LEADERS</b> 1.1 'Transformational leaders provide vision, and a <b>sense of mission</b> , instil pride, gain respect and trust' (Bass, 1989). 1.2. 'Vision is important to leadership, strategy implementation and change' (Larwood et al., 1995) Also, see Sashkin (1988) and Kotter (1990).
	What shareholders had in mind. CEO set the vision.	1.3. <b>Form of leadership</b> (Kouzes & Posner, 1987). 1.4. Process and content (Sashkin, 1988; Westley & Mintzberg, 1989). 1.5. Research on visions themselves focused on process aspects: development, articulation, communication and implementation.
	Translated into a target by the CEO	1.6. Role in visionary leadership (Congor, 1989; Tichy & Devana, 1986). <b>"Top strategic leaders can – or should be able to – clearly state their visions for their organizations"</b> (Kotter, 1990).
	Strategically 'very simple'	1.7. Key themes: <b>creation of focus, an ideal image of the future</b> , a conceptual road map, future organisational purpose, a new order, and principles and values that direct.
	Shareholders did not have the 'correct' vision.	1.8. Many visions resemble slogans.
	<b>Key Text Abstracted from the Transcript</b>	Board and director effectiveness, examines personal competences and processes to be organised as an effective group (Dulewicz & MacMillan, 1995).

	<p>CEO undertook both a ‘hard’ and a soft diagnostic of the organisation. An inspiration size and growth future state was ‘envisioned’. Understanding of ‘currents’ was an intervention to the ‘meaning maker’ of the culture. Source of changes to be delivered were with regard to ‘shareholder’ buy-in and what they ‘had in mind’. CEO was ‘translator’ of the vision into business goals. Shareholder did not have ‘correct vision’</p>	<p>Research findings concerning vision originate from diverse literature. Organisational vision (Collins &amp; Porras, 1991), project vision (Lynn &amp; Akgun, 2001), market vision (Reid &amp; de Brentani, 2010).</p>
	<p><b>Key Coded Words</b></p>	<p>Peripheral vision (Day &amp; Schoenmaker, 2005). Common theme is that vision implies use of insight, foresight and knowledge as well as an image of the desired state (Cummings &amp; Davies, 1994; Christensen, 1997; Jolly, 1997; Rice et al., 1998; Lynn &amp; Akgun, 2001).</p>
	<p>Power; source of change; role of vision; formulation; content; process; articulated; language, directive; engaged shareholder and followers; magnitude of change; future state; clear goals</p>	<p>First vision is related to having a specific goal that can provide direction to the organisation. Vision does not contain actions (Crawford and de Benedetto, 2000). Second goal needs to have certain intrinsic level of desirability. Visions with a magnetic quality are desirable, important, memorable, innovative and infuse value (Selznick, 1957; Collins &amp; Porras, 1995; Davidson, 2001, 2004).</p>
	<p><b>Key Themes - Leadership Behavioural Characteristics - Vision</b></p>	<p>Third generic component is having very clear and specific goals to provide direction (Hamel &amp; Prahalad, 1994) and operationally meaningfulness for clarity (Drucker, 1954; Ackoff, 1970; Collins &amp; Porras, 1995).</p>
	<p>1. Evaluation of the status quo.</p>	<p><b>OTHERS</b></p>
	<p>2. Assessment of environmental resources/constraints and follower needs.  3. Effective articulation.</p>	<p>1.1 Leader tries to bring about changes in attitudes, values and norms of conduct among organisational <b>followers so they can be driven by their own desire</b> to accomplish organisational goals encoded in the vision. In addition to role modelling, the leader achieves these outcomes through use of strategies and techniques to make followers feel empowered (Congor, 1989).</p>
	<p>4. Realisation of deficiencies in status quo.</p>	<p>1.2 Three conditions that characterise the <b>empowerment</b> of organisational followers (Menon &amp; Borg, 1995). A) <b>Followers feel control</b> over limited organisational resources needed to accomplish tasks (Burke, 1986). B) They possess and enhance senses of self-efficacy or competence in handling tasks (Congor &amp; Kanungo, 1998). And C) they show an intrinsic desire or a <b>personal commitment that energises</b> or drives them to accomplish their tasks (Thomas &amp; Velthouse, 1990).</p>
	<p>5. Formulation and articulation of organisational goals</p>	<p>1.3 Organisational effects: A) Followers internalise the leaders vision—i.e. they regards the mission of the organisation as their own; B) they demonstrate increased trust and confidence in the leader, making it easier for the</p>

		<p>leader to create and manage changes; C) experience greater self-efficacy; and D) develop a sense of task <b>group solidarity or cohesion</b>, therefore making teamwork more effective (Kets de Vries &amp; Dick, 1995). 1.4 see LR 'Commitment'.</p>
	<b>Preliminary Observations</b>	
	<p>Vision important to leadership, strategy implementation and change. Use of insight, know-how as well as image of desired future state. Related to a specific goal that can provide direction to the organisation and relates to strategy. Does not contain actions. Set tremendous goals. Intrinsic level of desirability for the 'desired' state. Motivating. Operationally and meaningful goal is necessary for clarity. Strategic vision.</p>	
<b>OTHERS</b>	<b>ACTUAL</b>	
<b>Deputy CEO</b>	<p>More or less formulated by the Management team and also not written down formally. It was argued that, in this context, business vision was not essential; instead, rather cynically, it was just a formal requirement to appease foreign partners or consultants to attempt to add value to the company. Frankly, actually he is the 'maker of the vision'; very shareholder-orientated. The CEO brought the vision.</p>	
<b>Department Head of Reinsurance</b>	<p>Shareholders should present their vision to the management who should assist in its implementation. For the time being, there is no clear vision for the staff where Ingosstrakh is going. We have a new management team and not everybody is able to understand the steps undertaken by them.</p>	
<b>CFO</b>	<p>There is no vision. No vision today. There is a strategic plan, but it is not a vision. In a private company, it is the shareholder who formulates the statement. The vision is about us becoming the 'Number One' company within a three-year period—that is just a general, or the best company in retail. The vision is just a slogan.</p>	
<b>Head of Strategy</b>	<p>The vision comes from the shareholders, discussed by the senior executives. The new vision was formulated by the shareholders to become the 'Number One' insurer arose not because of the crisis or any other dramatic event in the company. Unfortunately, the vision is not clearly understood by the company – 90% of the staff members do not know the goal.</p>	
<b>Chairman of the Board</b>	<p>Lack of vision within the top management of the company. The board has a vision.</p>	
<b>Deputy CEO</b>	<p>This vision comes from Mr Grigorjev, my boss. He gives me instructions. The board is trying to make decisions without knowing the exact goal of the shareholders.</p>	

	Vision alone cannot make people heroic. They must have a heroic personality.	
<b>CEO Life Company Subsidiary</b>	My company's vision is part of Ingosstrakh's vision. I accept and agree with it but it was delivered to me from the outside.	
<b>Independent Director and OVD Majority Shareholder Representative</b>	OVD perceives himself as a person building a new country. The company should play a significant role, not only in the insurance market, but also in Russia as a whole.	
	<p><b>Key Themes - Visioning - Leadership - Follower Behavioural Characteristics</b></p> <ol style="list-style-type: none"> <li>1. Leader insensitivity to followers' needs, values and aspirations.</li> <li>2. Vision shaped by shareholder and market.</li> <li>3. Follower negative dependency and sense of collective identity.</li> <li>4. Unproven change of follower perception of the nature of his tasks.</li> <li>5. Lower receptivity due to his lack of disposition.</li> </ol>	
	<p><b>Preliminary Observations</b></p> <ol style="list-style-type: none"> <li>1. Teamwork, cooperation and follower commitment potentially reduced.</li> <li>2. Motivation to perform beyond conventional standards reduced.</li> <li>3. Trust reduced.</li> <li>4. Non-exemplary role model.</li> </ol>	
<b>STRATEGY</b>		1. Understanding complexity rather than assumption of linearity likely to be more successful (Higgs & Rowland, 2003).
<b>THEME 3</b>	Leaders cannot change strategy without changing organisational culture.	2-4. Leader-centric behaviours, shaping negatively related to success.
<b>CEO</b>	<b>ACTUAL</b>	5. Study by Higgs & Rowland (2003, 2005): a construct of culture was operationalised using Goffee & Jones's model.
	Focused on this capitalisation and growth strategy.	6. Approaches to change, culture and change, demonstrated importance of <b>leadership behaviours combined with the change approach</b> (2005).
	Set by the shareholders and approved.	<ol style="list-style-type: none"> <li>7. Vision usefulness is in aligning the organisation to its strategic direction by providing a <b>strategic umbrella</b> (Mintzberg &amp; Waters, 1985; Pascale, 1989; Kotter, 1990; Tichy &amp; Sherman, 1990).</li> <li>8. Strategy clarifies performance outcomes which, in turn, heighten performance (Locke &amp; Latham, 1990).</li> <li>9. Motivational role of vision through selection of goals meaningful to followers (Bennis &amp; Nanus, 1985; Eisensdat, 1968).</li> </ol>
	<b>Key Text from Transcript</b>	10. Expectation is that leaders are visionary. Will define unconventional strategic actions (Hamel & Prahalad, 1994).

	Goals clearly defined by shareholders.	11. Strategy is set stretch goals. 12. Strategic visioning process is a complex activity.
	<b>Key Themes</b>	13. Cannot change strategy without changing organisational culture (Higgins & MacAllaster, 2004).
	Strategic umbrella, and point of focus.	14. Strategy greatly affected by culture (Shrivastava, 1985). 15. Review of strategic leadership theory (Hernandez et al., 2011). Propose that organisational outcomes such as strategic choices and performance predicted by those in the organisation.
	<b>Preliminary Observations</b>	16. Traits and cognitions primary means by which leadership enacted. Explore dyads, followers, context and affect.
	Aligned with shareholders.	17. Strategic leadership an impersonal process yet <b>cannot be enacted without the active participation of followers; it spans multiple levels, self, others and entire organisation</b> (Hollander, 1992; Lord et al., 1982; Crossan, 2008). 18. Strategic leadership is managing through others as subordinate managers typically possess more expertise (Hambrick, 1989).
		19. Top leaders rely on mid-level managers to spread the word (Galvin et al., 2010).
<b>OTHERS Deputy CEO</b>	No dramatic changes seen since returning after one year's absence.	20. Middle managers who have a positive LMX with leaders will be motivated to see leader's messages in a positive light (Galvin et al., 2010).
<b>Chairman of the Board</b>	We have a general strategy of the company but not all the parts of the strategy are equally and properly developed. I think the current vision is only about short-term goals—maximum 1.5 years. The vision has to be formed and transmitted to the management of the company.	
<b>Deputy CEO</b>	For the CEO and shareholders to explain these changes and what we must do. I understand that is necessary to sell those subsidiaries. The approach was very deliberate and systematic.	
<b>CEO Life Subsidiary</b>	The CEO is using the vision as an instrument for the company to be efficient. The idea of vision without proper implementation gives nothing. I am less emotionally committed than middle or general management to the vision.	
<b>Head of Reinsurance Department</b>	One declaration made that Ingosstrakh was going to develop separate lines of business but we were never told about some particular steps. Not really. We are developing our own insight, which we have presented to the management and the financial officers.	
<b>Chief Financial</b>	Some obvious changes within the current vision, like	

<b>Officer</b>	internal control procedures, profitability and growth. We cannot combine such parameters as high volume and high profitability at the same time.	
<b>Independent Director OVD Majority Shareholder Representative</b>	The first thing done in the company was to change the top management. So the leaders looked for some new managers within Ingosstrakh who could accept these new ideas. Of course, the strategy is not easy to implement; there are some obstacles but nevertheless we are advancing.	
<b>Head of Strategy</b>	I did not see any specific actions which were driven by the vision. I guess I am aware of the fact that the vision exists but the people in the middle are not.	
	<b>Key Text Abstracted from Abstract</b>	
	Negative strategic affect. General goal understood.	
	<b>Key Coded Words</b>	
	Transactional, negative – articulation, ‘task is business goals’ approach.	
	<b>Key Themes – Visioning - Leadership - Stakeholder - Board Behavioural</b>	
	Transactional change agenda ~ no broad-based common understanding.	
	<b>Preliminary Observations</b>	
	1. Transactional, fragmented and short-term. 2. Goal understood but strategies not ‘properly developed’. 3. Absence of ‘strategic umbrella’.	
<b>CONTEXT</b>		<b>LITERATURE REVIEW: Anglo-Centric</b>
<b>THEME 4</b>	Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural ‘power distance’ dimension in the climate prevailing in Russia.	1. Leadership as a <b>continuous process in context</b> . Formulating the content of any new strategy inevitably entails managing its content and process, shaped by political/cultural considerations, though often expressed in rational/analytical terms (Pettigrew, 1985). Leadership arises in the context of a complex and distributed view of change (Senge, 1997).
<b>THEME 5</b>	In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates ‘stuckness’ for both decisions and actions.	2. Change requires understanding of underlying <b>systemic structures</b> (Senge, 1990; Weick, 1995). Importance of contextual considerations (Kotter, 1995; Beer, 2000; Pettigrew et al., 2001).
		3. <b>Initiatives involving cultural change have significantly lower rate of success</b> . Debate whether or not change can be only be affected if organisational culture changes as well. For change to be successful, has to be positioned in dominant organisational culture paradigm.
<b>CEO</b>	<b>ACTUAL</b>	4. Change approaches based on complexity than assumption of linearity more likely to be successful. Leader-centric behaviours less successful. ‘Shaping’ vs creating a change framework and building capabilities. ‘Framing’ change is a complex process and cannot be implemented top-down. Important to consider

		both change approaches and leadership within context of any change initiative.
	In first 16 months in office, he had passed through three stages in managing the business.	5. Culture to be understood; <b>fragmented - negative</b> ; communal - positive; mercenary - positive; communal - negative; mercenary - positive; networked - negative; mercenary - positive; fragmented - negative; communal - positive.
	CEO's view that there was a time when not a 'single person' trusted him at the outset.	6. Context of change; <b>complexity, magnitude, timescales, source, history of change</b> , urgency. Types of change; <b>directive - simple; master - sophisticated; self-assembly - DIY and emergent</b> (Dulewicz, 1995; Higgs, 2003; Higgs & Rowland, 2005, 2009, 2010; Young & Dulewicz, 2006; Dulewicz & Higgs, 2008).
	First group thought the CEO's stay would be short, the second were in the 'wait and see' mode.	7. Need a 'situational model' or ' <b>contingency model</b> '; one that can vary change strategies to achieve 'optimum fit' with an environment (Dunphy & Stace, 1993). Culture has a major impact on change success (Kotter, 1996; Goffee & Jones, 1998).
	Third group was the most positive, including the prior CEO/general director who remained as the president.	8. Developing the business change in a way that is <b>compatible with the existing corporate culture</b> (Trompenaars & Woolliams, 2004). No right or best culture for an organisation (Higgs & Rowland, 2005). Power within context (Grint, 2005). Growing interest in the role of leaders in a change context (Senior, 2002; Higgs & Rowland, 2005, 2008).
		9. Failure to recognise can result in ' <b>stuckness</b> ' (Higgs & Rowland, 2010). Effective leadership is culture-bound and needs to take into consideration the unique cultural context within which it operates. Leader as a risk taker in country conjectured with high as opposed to low uncertainty avoidance (House et al., 2004; Hernandez et al., 2011).
		10. <b>Russian study in 1980s Russia high on PDI. Russia plagued by poor governance, corruption, organised crime, intractable bureaucracy, and unstable political and economic system.</b>
	<b>Key Text Abstracted from Transcript</b>	Hofstede 'Cultures Consequences', 2001.
	Continuous process.	Five dimensions of national culture, power distance, uncertainty avoidance, individualism, masculinity and femininity, and long-term vs short-term orientation.
	Negative - trust; Negative fragmented culture.	Culture as 'the collective programming of the mind that distinguishes the members of one group or category of people from another'.
	<b>Key Coded words</b>	Includes values. National cultures in 50 countries. Culture is the crystallisation of history in the minds, hearts and hands of the current generation.

	<b>Trust Fragmented: Ex-CEO supportive</b>	At the level of national cultures, phenomena on all levels. Power distance, which is related to the different solutions to the basic problem of human equality.
	<b>Key Themes – Visioning - Leadership – Stakeholder - Board Behavioural</b>	Uncertainty avoidance, which is related to the level of stress in a society in the face of an unknown future. Individualism vs collectivism, which is related to the integration of individuals into primary groups.
	<b>CEO-Referenced Contextual Considerations</b>	Masculinity vs femininity, which is related to the division of emotional roles between men and women. Long-term vs short-term orientation, which is related to the choice of focus for people’s efforts, the future or the present.
	<b>Preliminary Observations</b>	PDI revalidated by Naumov & Puffer (2000). Russia characterised by high PDI, high UAI, medium range IND (Individualism in that human societies differ in the relationship that individuals have with other members of the group), low MAS (Masculinity is a cultural value that defines the division of roles between men and woman in a society).
	Negative - sociability and solidarity	<b>Inequality in organisations;</b> an unequal distribution of power over members is the essence in the organisation. <b>Political elites. The exercise of power will give satisfaction. The more powerful individual will strive to maintain or to increase the power distance. Individuals strive to reduce the power distance.</b>
<b>OTHERS Deputy CEO</b>		High PDI ‘in the work organisation’, centralised decision structure; more concentration of authority, tall organisation pyramids, hierarchy in organisation reflects existential inequality. The ideal boss is a well-meaning autocrat, managers rely on formal rules, subordinates expect to be told, authoritative leadership lead to performance satisfaction and productivity, no defense against power abuse by superior, information constrained by hierarchy.
	Return and join with those who were coalescing around the CEO’s leadership.	11. Cross-cultural management is the study of the behaviour of people in organisations located in cultures and nations around the world (Adler, 1983).
	Do business in simplified way that we all agree.	12 Soviet mentality: <b>the distrust towards other people is inside us;</b> it does not come from the outside. It is older than Stalin, older than Communism, maybe older than the Czars (Mikheyev, 1987).
		13 Organisations and national culture: ‘caught national value differences’ (Hofstede, 1990; Bollinger, 1994; Naumov, 1996; Veiga et al., 1995; Elenkov, 1998).
<b>Chairman of the</b>	Fulfil any strategy that fits in with the vision, which	14. Researchers argued about the impact of

<b>Board</b>	should be given to him by the board of directors.	culture on management. One group maintained that managers become more similar (Cole, 1973; Negandi, 1979, 1985) while others concluded they maintain their dissimilarity (Hofstede, 1980).
	Vision and developing the strategies requires the investment of your 'own' personal time.	15. Understanding the Russian beer (Puffer, 1984). <b>Centralisation of authority</b> and responsibility has a long history. Russian traits: leadership, power, dual ethical standard, using connections (blat).
		16. Assessment of Russian values. Russian managers indicated significantly greater importance than did American counterparts (Holt et al., 1994).
<b>Deputy CEO</b>	Of course, everyone has his own bee in his bonnet and own ideas but, on the whole, every member agrees with the policy and the vision of the company.	17. There co-exists within <b>one Eurasian culture at least two sub cultures (European and Asian)</b> . Each retains its own values and ideals (holding on to the past and innovation, Slav and Western, monologue and dialogue, confrontation and compromise) and the whole swings between two forms of power: authoritarian Muscovite method and the consensus method of Kiev and Novgorod (M1994a).
	Good management, a transnational company concentrated on the post Soviet territory, a strong culture and cares about its employees.	18. HCMS study, one on the PDI, high value, a permanent part of Russian mentality. Low tolerance for uncertainty; high level of anxiety, collective mentality, masculine. "Women know how to do everything, men do the rest." High power distance combined with high uncertainty avoidance gives rise to pyramid-shaped bureaucratic structures which is both formal and centralised (Bollinger, 1994).
		19. Recent studies shown that different values exist among different generations.
<b>CEO Life Subsidiary</b>	We had enormous problems in the internal communication.	20. <b>Dark side of leadership in Russia, loyalty</b> at any cost, escalation of commitment, potential leaders erased, halo effect. Linked to collective values. Transformational leaders not a culturally fit and low internal focus of control of followers (Luthans, 1998).
	In a smaller company like mine, I do not see myself as the big boss.	21. Best leadership styles in Russia? Responses: <b>'statesman style'</b> (task-orientated democrat) and the <b>'clergyman style'</b> (relations-orientated democrat) (Fey et al., 2001).
		22. More on leadership styles, contextual factors lead to stoicism, and make for collectivist outlook.
<b>Head of Reinsurance</b>	We see changes only through orders issued by the top management. When nobody explains you what is going on in the company...	23. Other researchers found Russian leadership style characterised by high degree of paternalism (Puffer, 1996).
	...you feel sometimes like a baby without a proper mother.	24. See 20. Study investigated the main effects of the transformational–transactional leadership behaviours on organisational performance of Russian companies, the moderating effects of

		support for innovation on the relationship between the transformational leadership behaviours and organisational performance. Results demonstrate that transformational leadership directly and positively predicted organisational performance of Russian companies over and beyond the impact of transactional leadership. Russian managers who displayed more transactional leadership behaviour also made a positive contribution but moderated support for innovation while group cohesiveness was positively related to transformational leadership (Elenkov, 2000).
	Unfortunately, we do not have enough power to change anything in the company.	25. Decision-making by Russian managers is considered in need of improvement. Exhibit learned helplessness as strong desire for someone else to make decisions (Kets de Vries, 2000). Unwilling to make decisions explained by culturally bound inclination to accept inequality with regard to power (Bakacsi et al., 2000), accepting high power distance (Hofstede, 2000), a strong belief in hierarchy and a general fear of sanctions following wrong decisions (Engelhard & Nagele, 2003).
	A lot of restrictions.	26. <b>Lack of team working skills</b> ; withholding knowledge for the sake of individual power (Gibson & Zellmer-Bruhn, 2001; Michailova, 2001; Smith & Berg, 1997). Opposing views circumvented or default to superior (Matthews & Yeghiazaraian, 1998).
	I would say, at the moment, the company is disintegrated, people are located in different buildings, the communication is not easy.	27. Trust is not placed in institutions but mutual trust within closed networks (Raiser, 1999). Russians simply do not trust organisations only in personal relationships.
	Colleagues from other departments, as we only know them by phone.	28. Involving employees in companies in Russia. "You don't understand: workers work and managers make decisions" (Fey & Denison, 2003; Fey, 2008).
		29. Interview with Russian oligarch, R Vardanian. Leadership under conditions of a developing economy, with undeveloped infrastructure and great uncertainty. Most <b>Russian leaders</b> do not have a vision but are <b>opportunistic</b> . Employees have to go with the flow, doing whatever the owner tells them to do (Shekshnia & De Vries, 2008).
<b>Chief Financial Officer</b>	We know that some things are not good.	30. Russian managers have relied excessively on informal personal networks to conduct business due to the weak legitimacy of the country's formal institutions (Scott, 2008). <b>Leadership focused on autocracy</b> and rather than develop transparent, open corporate governance, focused on survival by any means. Leadership style is strong and authoritative. Soviet style

		leadership continues to be the dominant style, command and control transactional and are incompatible with 21st century organisational models based on information, innovation, and involvement (Kets de Vries et al., 2004).
	The things we are doing now have nothing to do with the vision. Reinforcing the internal control is not the vision. We are putting control procedures in the company but the vision is about where to go. There is a long way to go to achieve Western standards.	
<b>Independent Director and OVD Majority Shareholder Representative</b>	<p>Only through insight of those who can envisage the company in 5–10 years’ time, see what is nearly impossible to see for others, can a true vision be formed and sustained. ‘We are the Number One’.</p> <p>The vision proposed by the shareholders was the power to change this understanding of Ingosstrakh’s role. Shareholder’s perception of the company’s role in the Russian economy and the expertise of the current managers who did some corrections to the general idea with regards to the concrete market situation.</p> <p>When the vision was quite formed, the company were made to understand that they would work in a new system in new circumstances. Company was facing a crisis. Being strong enough to crash obsolete perceptions, but the General Director was not able to come out with a new vision. Her role was one of destroyer and giving the people the understanding that they should learn things in a different way. Alexander Grigorjev was invited to show the way to follow. Grigorjev has delegated a lot of authority to the board. He is a very strong manager but he is not intervening in strategic issues, leaving their resolution to the board or the strategic committee. This approach might be surprising as it contradicts the usual practice where the CEO is involved in strategic processes. It has led to a complete change of role for the board within Ingosstrakh as it assumes the governing role more and more. So the vision was born coming down from the board (OVD) and it is becoming the shared vision of the management.</p>	
<b>Head of Strategy</b>	Some people have been working with Ingosstrakh for a long period. The newcomers joined together with the new CEO. The two groups do not easily understand each other. The company is very politically driven and there are many tensions inside it, perhaps like in any other organisation. People tend to play their own games rather than play as a team. There is a high level of bureaucracy and no real team. They are preoccupied with such things as the motivation system so they do not bother with the vision.	
	<b>Key Text Abstracted from Transcript</b>	
	Fulfil any strategy that fits with strategy. ‘Given’ to him by board of directors. Low strategic perspective. Focus on task. OVD board visioning central to context. CEO	

	plays a transactional role. Top-down, autocratic, hierarchical, non-transparent ownership structure effect. Management executional role.	
	<b>Key Themes - Visioning - Leadership - Stakeholder - Board Behavioural</b>	
	OVD'S primary contextual influence	
	<b>Preliminary Observations</b>	
	Role of board, source of change and direction setting. Fragmented dysfunctional organisation. Geo-political dimension in using company for nation building purposes. CEO is a pragmatist in context of the underlying and even explicit 'power distance' dynamic, his role and OVD. The company looks 'stuck' and low performing in affecting change in context. No team and highly politicalised. CEO addressing political and managerial <i>processes</i> with low involvement in <u>content</u> of vision formation and strategy setting.	

## Appendix G

### Illustrative Data Analysis: Element Leasing

Element Leasing					
<b>VISION</b>	<b>THEME 1</b>	Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.			<b>Literature Review - Vision – CEO - Others</b>  1. Leader tries to bring about changes in attitudes, values and norms of conduct among organisational followers so they can be driven by their own desire to accomplish organisational goals encoded in the vision. In addition to role modelling, the leader achieves these outcomes through use of strategies and techniques to make followers feel empowered (Congor, 1989). 2. Three conditions that characterise the empowerment of organisational followers (Menon & Borg, 1995): a) followers feel control over limited organisational resources needed to accomplish tasks (Burke, 1986); b) they possess an enhanced sense of self-efficacy or competence in handling tasks (Congor & Kanungo, 1998); and c) they show an intrinsic desire or a personal commitment that energises or drives them to accomplish their tasks (Thomas & Velthouse, 1990). 3. Organisational effects: a) followers internalise the leader’s vision (they regard mission of the organisation as their own); b) demonstrate increased trust and confidence in the leader, making it easier for the leader to create and manage changes; c) experience greater self-efficacy; d) develop a sense of task group solidarity or cohesion, therefore making teamwork more effective (Kets de Vries & Dick, 1995).
	<b>THEME 2</b>	Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.			
	<b>CEO</b>	<b>ACTUAL</b>	<b>OTHER</b>	<b>ACTUAL</b>	

		<p>The vision in this company, the guiding principles are in our slogan 'there is no simpler. In that way it guides everything we do in our procedures, in our hiring, in all our policies, commercial and back office one's</p> <p>We arrived here 19 months ago or so, we started a new brand, a new image almost right away. Everything we did was to focus on keeping things simple, making our business user friendly for our own people and our partners as possible.</p> <p>The big strategy is to be 'Number One Network Leasing Company'. We did not sit down as a committee but in numerous discussions</p> <p>We discussed how we wanted to set the business up and how we wanted to be, what kind of strategy we wanted to have and what slogan to use.</p>	<p>Manager</p>	<p>It includes the hopes and dreams of the people who work here, what they want and how they want to reach their goals, what procedures they should create to reach the goals. The vision was to be the best leasing company on the basis of simple procedures. JG identified the opportunity to be the 1st company, a successful company and to be a successful team. I cannot say there is special motivation but we are progressing towards our goals. Our vision is about what the market wants and we are ready to do everything to achieve</p> <p>Together with James we worked on a project for small and medium business</p>	<ol style="list-style-type: none"> <li>4. See LR 'Commitment'.</li> <li>5. Vision is important to leadership, strategy implementation and change (Larwood, 1995). An ideal or future state (Kouzes &amp; Posner, 1987).</li> <li>6. Greater reflection of shared values (House &amp; Shamir, 1993) and include executional ability (Hamel &amp; Prahalad, 1996).</li> <li>7. The vision is future orientated, compelling, bold, aspiring and inspiring yet believable and achievable (Levin, 2000; Kakabadse et al., 2005).</li> <li>8. Transformational leaders provide vision and a sense of mission, instil pride, and gain respect and trust (Bass, 1985).</li> <li>9. Vision is important to leadership, strategy implementation, and change (Larwood et al., 1995; Sashkin, 1988; Kotter,1990).</li> <li>10. Form of leadership (Kouzes &amp; Posner, 1987).</li> <li>11. Top strategic leaders can—or should be able to—clearly state their visions for their organisations (Kotter, 1990).</li> <li>12. Many visions resemble slogans.</li> <li>13. Board and director effectiveness, examines personal competences and processes to be organised as an effective group (Dulewicz &amp; MacMillan, 1995).</li> <li>14. Organisational vision (Collins &amp; Porras, 1997).</li> <li>15. Project vision (Lynn &amp; Akgun, 2001).</li> <li>16. Market vision (Reid &amp; de Brentani, 2010).</li> <li>17. Common theme is that vision implies use of insight, foresight and knowledge as well as an image of the desired state (Lyn &amp; Akun, 2001).</li> <li>18. Vision does not contain actions (Crawford and de Benedetto, 2000).</li> <li>19. Certain intrinsic level of desirability. Visions with magnetic quality are desirable, important, memorable, innovative and infuse value (Davidson, 2001, 2004).</li> </ol>
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			<p>Manager</p> <p>Our vision was to create a financial network for servicing SMEs. The next step was to identify how we should do that. Practically, we all share the general vision. There are some details, some trends, which we might discuss and debate but the final goal and destination is common.</p>	
			<p>Manager</p> <p>Up to now, it has been not coming from Jim but from other members of the team. Our vision is very clear. We have a special slogan ‘Element Leasing – there is no simpler’.</p>	
			<p>Manager</p> <p>Who worked for the company which was founded before Element Leasing and could not accept the company’s new vision and had to leave.</p> <p>The main concept is the idea of simplicity, accessibility and speed expressed in the company slogan—‘There is no simpler’. The general director explained the main idea of the vision. The vision helped to find common interests to ensure productive cooperation. He explained the main idea and gave me full independence in the implementation and correcting some of my steps on the way to the goal. The GD coordinated the work without giving ready solutions.</p> <p>Practically, we all share the general vision. There are some details, some trends, which</p>	

				we might discuss, and debate but the final goal and destination is common.	
		<b>Key Text Abstracted from Transcript</b>		<b>Key Text Abstracted from Transcript</b>	
		Vision: 'there is no simpler'. Big strategy: 'Number One Leasing Company'.		Hopes and dreams of the people. JG identified the opportunity. We are ready to do anything to achieve it. I know the aim to what I should achieve together with James. It helps a lot.	
		<b>Key Words</b>		<b>Key Words</b>	
		Direction setting 'guides everything we do in our procedures'.		Aligned followers. Vision helped find a common interest.	
		<b>Key Themes ~ Visioning ~ Strategy ~ Stakeholders ~ Board Behavioural</b>		<b>Key Themes – Visioning – Strategy - Stakeholders - Board Behavioural</b>	
		1. Transformational 2. New brand, new image. 3. Basis for group identity.		Coming from the team. Our vision is clear: Proshe ne nyvayet. It is fully shared by the team.	
		<b>Preliminary Observations</b>		<b>Preliminary Observations</b>	
		Roles clear. I know the aim to what I should achieve together with James. It helps a lot.		1. A leader's role in defining the vision. 2. A source of follower attraction and identification. 3. Followers believe in the viability of the vision.	
<b>STRATEGY</b>	<b>THEME 3</b>	Leaders in Russia cannot change strategy without changing organisational culture.			<b>Literature Review: Strategy</b> 1. Understanding complexity rather than an assumption of linearity is likely to be more successful (Higgs & Rowland, 2003). 2–4. Leader-centric behaviours, shaping negatively related to success. 5. Studies by Higgs & Rowland (2003, 2005) where a construct of culture was operationalised using Goffee & Jones's model. Approaches to change, culture and change demonstrate the

	CEO	ACTUAL	OTHER	ACTUAL
		But new hungry people who responded to our salary and commission competition system. We do not expect obedience, we expect understanding and we try to do everything transparently and as logically as possible. The strategy is we understood our clients. We are 'Number One' or close. We had to change everything: we changed the products, we changed the whole marketing and the decision-making process. We implemented the whole delegated system of decision-making, depending on the product and on the person. We have moved the decision three to four levels down. The people see the results.	Manager	It means to make new products, to make a profit and to have stability in our growth.
	Manager		It was based on our previous experience used for understanding what exactly our clients required and the risks.	
	Manager		One of the key moments was to develop the motivation system for our team, which was the base for the success of our business.	
	Manager		I see it more like I have to simplify processes used by the managers in dealing with the customers, then also help improve the accounting software.	
		<b>Key Abstracted Text from Transcripts</b>		<b>Key Abstracted Text from Transcripts</b>
		New, hungry people. Logical and transparent organisation. Rational. Moved decision three to four levels down.		Growth and new products. Motivation system based on previous experience - emergent.
		<b>Key Words</b>		<b>Key Words</b>
		Alignment, rational, deliberate, creating shared leadership, delegation, empowered. Change agenda. Capability and cooperation.		Stability in our growth. Strategic alignment

importance of leadership behaviours combined with the change approach (2005).

7. Visions usefulness is in aligning the organisation to its strategic direction by providing a strategic umbrella (Mintzberg & Waters, 1985; Pascale, 1989; Kotter, 1990; Tichy & Sherman, 1990).

8. Strategy clarifies performance outcomes that, in turn, heighten performance (Locke & Latham, 1990).

9. Motivational role of vision through selection of goals meaningful to followers (Bennis & Nanus, 1985; Eisensdat, 1968).

10. Expectation is that leaders are visionary. Will define unconventional strategic actions (Hamel & Prahalad, 1994).

11. Strategy is set stretch goals.

12. Strategic visioning process is a complex activity.

13. Cannot change strategy without changing organisational culture (Higgins & MacAllaster, 2004).

14. Strategy greatly affected by culture (Shrivastava, 1985).

15. Review of strategic leadership theory (Hernandez et al., 2011). Propose that organisational outcomes such as strategic choices and performance predicted by those in the organisation.

16. Traits and cognitions as primary means by which leadership enacted. Explore dyads, followers, context and affect.

17. Strategic leadership is an impersonal process yet cannot be enacted without the active participation of followers. It spans multiple levels: self, others and entire organisation. (Hollander, 1992; Lord et al., 1982; Crossan, 2008).

18. Strategic leadership is managing through others as subordinate managers typically possess more expertise (Hambrick, 1989).

19. Top leaders rely on mid-level managers to spread the word (Galvin, Balkundi & Walkman, 2010).

20. Middle managers who have a positive LMX with leaders will be motivated to view leader's messages in a positive light (Galvin et al., 2010).

		<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>		<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>	
		Stretch goals in place. Strategies and tactics aligned to vision. Willingness to unlearn.		Alignment. Team development. Goals as strategic and tactical.	
		<b>Preliminary Observations</b>		<b>Preliminary Observations</b>	
		1. Organisation positioned for success. 2. Rational for change agenda - deliberate.		Shared leadership. Strategic umbrella from visioning.	
<b>CONTEXT</b>	<b>THEME 4</b>	Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.			<b>Literature Review: Context</b> 1. Leadership as a continuous process in context. Formulating the content of any new strategy inevitably entails managing its content and process, shaped by political/cultural considerations, though often expressed in rational/analytical terms. (Pettigrew, 1985). Leadership arises in the context of a complex and distributed view of change (Senge, 1997). 2. Change requires understanding of underlying systemic structures (Senge, 1990; Weick, 1995). Importance of contextual considerations (Kotter, 1995; Beer, 2000; Pettigrew et al., 2001 ). 3. Success of initiatives involving cultural change significantly lower rate of success. Debate whether or not change can only be affective if within organisational culture. For change to be successful, has to be positioned in dominant organisational culture paradigm. 4. Change approaches based on complexity rather than on linearity are more likely to be successful. Leader-centric behaviours less successful. 'Shaping' vs creating a change framework and building capabilities. Framing change is a complex process and cannot be implemented top-down. Important to consider both change approaches and leadership within the context of any change
	<b>THEME 5</b>	In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates 'stuckness' for both decisions and actions.			
	<b>CEO</b>	<b>ACTUAL</b>	<b>OTHER</b>	<b>ACTUAL</b>	
		There was an existing attitude when I came in and we gently, ever so gently, pushed it over the side. Ever so slowly and relentlessly put resources into the team to get familiar with the new vision. Everything we do is to actually free people to do what they know is best. But as long as you keep the framework tight, you keep going in the right	Manager	The front and back offices represent two different groups. The commercial managers have to make money while the back office has different goals to implement, control and so sometimes, they have to put a stop to the actions of the commercial managers. So it is hard to say it is one family. I am hiring and am looking for risky, open-minded persons, team players with a positive attitude.	

		<p>direction, you do not have to tell them, to preach to them. But what we are doing is not risky because we know what we are doing. We know our customers and we hire middle managers who know their customers. They know the product and they have the feeling in their stomachs to know if they are appealing to their customers. Our job is to give them the framework and tools so that they sell our product to someone who is going to pay us back. I am lucky that I have the trust and independence to make mistakes.</p>	<p>Manager</p>	<p>Some of the ideas were clear to me at the beginning and I accepted them. The risks are very important for defining our goals. We have to take the risks seriously because only this way we can make progress. We have seminars, regular meetings for our managers from our regional and central offices.</p>	<p>initiative.</p> <p>5. Culture to be understood; fragmented - negative; communal - positive; mercenary - positive; communal - negative; mercenary - positive; networked - negative; mercenary - positive; fragmented - negative; communal - positive.</p> <p>6. Context of change; complexity, magnitude, timescales, source, history of change, urgency. Types of change: directive - simple; master - sophisticated; self-assembly - DIY, and emergent (Dulewicz, 1995; Higgs, 2003; Higgs &amp; Rowland, 2005, 2009, 2010; Young &amp; Dulewicz, 2006; Dulewicz &amp; Higgs, 2008).</p> <p>7. Need a 'situational model' or 'contingency model'; one that can vary change strategies to achieve 'optimum fit' with an environment (Dunphy &amp; Stace, 1993). Culture has a major impact on change success (Kotter, 1996; Goffee &amp; Jones, 1998).</p> <p>8. Developing the business change in a way that is compatible with the existing corporate culture (Trompenaars &amp; Woolliams, 2004). No right or best culture for an organisation (Higgs &amp; Rowland, 2005). Power within context (Grint, 2005). Growing interest in the role of leaders in a change context (Senior, 2002; Higgs &amp; Rowland, 2005, 2008).</p> <p>9. Failure to recognise context can result in 'stuckness' (Higgs &amp; Rowland, 2010).</p> <p>10. Russian study in 1980s Russia high on PDI. Russia plagued by poor governance, corruption, organised crime, intractable bureaucracy, and unstable political and economic system. Hofstede 'Cultures Consequences' (2001). Five dimensions of national culture: power distance, uncertainty avoidance, individualism, masculinity and femininity and long-term vs short-term orientation. Culture "the collective programming of the mind that distinguishes</p>
			<p>Manager</p>	<p>A lot depends on the role of every member of the team. The sales people were motivated by their results. The management is motivated by career prospects, development of their personal skills, knowledge, professional and personal expansion. The managerial teams are cohesive: we do not argue, we understand each other's views. Jim has an idea and his team implements. The team is myself and Liza James as deputy. To senior managers, symbols can be very understandable. When talking to our partners, we constantly talk about simplicity and transparency. Most of our symbolism is in our daily practices.</p>	
			<p>Manager</p>	<p>The problem is that the back office is sometimes unable to keep pace with the growing operations. But it was not because I did not get help from anybody but because I have to understand myself. Managerial team cohesive.</p>	

			Manager	As far as I have never worked in such a position, so I had to learn a lot of things.	<p>the members of one group or category of people from another". Includes values. National cultures in 50 countries. Culture is the crystallisation of history in the minds, hearts and hands of the current generation. At the level of national cultures, phenomena on all levels. Power distance, which is related to the different solutions to the basic problem of human equality. Uncertainty avoidance, which is related to the level of stress in a society in the face of an unknown future. Individualism vs collectivism, which is related to the integration of individuals into primary groups. Masculinity vs femininity, which is related to the division of emotional roles between men and women. Long-term vs short-term orientation, which is related to the choice of focus for people's efforts: the future or the present. PDI was revalidated by Naumov &amp; Puffer (2000). Russia characterised by high PDI, high UAI, medium range IND, low MAS. Inequality in organisations; an unequal distribution of power over members is the essence of an organisation. Political elites. The exercise of power gives satisfaction. The more powerful individual will strive to maintain or to increase the power distance. Individuals strive to reduce the power distance. HPDI 'in the work organisation' with centralised decision structure: more concentration of authority, tall organisation pyramids, hierarchy in organisation reflects existential inequality, the ideal boss is a well-meaning autocrat, managers rely on formal rules, subordinates expect to be told, authoritative leadership lead to performance satisfaction and productivity, no defense against power abuse by superior, information constrained by hierarchy.</p> <p>11. Cross-cultural management is the study of the behaviour of people in organisations located in cultures and nations around the world (Adler, 1983).</p> <p>12. Soviet mentality: "the distrust towards other people is inside us; it does not come from the outside. It is older than Stalin, older than Communism, maybe older than the Czars" (Mikheyev, 1987).</p> <p>13. Organisations and national culture: "caught national value</p>
		<b>Key Abstracted Text from Transcripts</b>		<b>Key Abstracted Text from Transcripts</b>	
		Existing attitude: gently pushed it over the side. Free the people. Framework tight.		Hard to say one family but they are getting closer. Risk management. Understand each other's view. Management motivated by career prospects. Use of symbol in daily practice and artefact.	
		<b>Key Words</b>		<b>Key Words</b>	
		Small operation, framing and building, positive communications. Solidarity. Culture 'permits' mistakes.		Shared understanding. Improving team.	
		<b>Key Themes ~ Visioning ~ Strategy ~ Stakeholders ~ Board Behavioural</b>		<b>Key Themes ~ Visioning ~ Strategy ~ Stakeholders ~ Board Behavioural</b>	
		Incremental adjustment. CEO cultural understanding. Built solidarity and community. Framing and building of capability.		Contextual empathy. Building Capabilities. Solidarity and community.	
		<b>Preliminary Observations</b>		<b>Preliminary Observations</b>	
		CEO suggests pace of change in line with organisational readiness.		Framing and building. Scale of organisation of a SME. Team development.	

				<p>differences” (Hofstede, 1990; Bollinger, 1994; Naumov, 1996; Veiga et al., 1995; Elenkov, 1998).</p> <p>14. Researchers argued about the impact of culture on management. One group maintained that managers were becoming more similar (Cole, 1973; Negandi, 1979, 1985) while others concluded that managers maintained their dissimilarity. (Hofstede, 1980).</p> <p>15. Understanding the Russian beer (Puffer, 1984). Centralisation of authority and responsibility has a long history. Russian traits: leadership, power, dual ethical standard and using connections (blat).</p> <p>16. Assessment of Russian values. Russian managers indicated significantly greater importance than their American counterparts (Holt et al., 1994).</p> <p>17. “There co-exists within one Eurasian culture, at least two sub cultures (European and Asian). Each retains its own values and ideals (holding on to the past and innovation, Slav, and Western, monologue and dialogue, confrontation and compromise) and the whole swings between two forms of power: the authoritarian Muscovite method and the consensus method of Kiev and Novgorod” (M1994a).</p> <p>18. HCMS study, one on the PDI, high value, a permanent part of Russian mentality. Low tolerance for uncertainty; high level of anxiety, collective mentality, masculine. “Women know how to do everything, men do the rest.” High power distance combined with high uncertainty avoidance gives rise to pyramid-shaped bureaucratic structures that are both formal and centralised (Bollinger, 1994).</p> <p>19. Recent studies show that different values exist among different generations.</p> <p>20. Dark side of leadership in Russia: loyalty at any cost, escalation, of commitment, potential leaders erased, halo effect. Linked to collective values. Transformational leaders are not a cultural fit and low internal focus of control of followers (Luthans, 1998).</p>
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					<p>21. Best leadership styles in Russia? Responses from the interviews: 'statesman style' (task orientated democrat) and the 'clergyman style' (relations-orientated democrat) (Fey et al., 2001).</p> <p>22. More on leadership styles: contextual factors lead to stoicism, and make for collectivist outlook.</p> <p>23. Other researchers found the Russian leadership style to be characterised by a high degree of paternalism (Puffer, 1996).</p> <p>24. See 20. Study investigated the main effects of transformational and transactional leadership behaviours on organisational performance of Russian companies, as well as the moderating effects of the support for innovation on the relationship between transformational leadership behaviours and organisational performance. Results demonstrate that transformational leadership directly and positively predicted organisational performance of Russian companies over and beyond the impact of transactional leadership. Russian managers who displayed transactional leadership behaviour also made a positive contribution but moderated their support for innovation, while group cohesiveness was positively related to transformational leadership (Elenkov, 2000).</p> <p>25. Decision-making by Russian managers is considered in need of improvement. Exhibit learned helplessness—a strong desire for someone else to make decisions (Kets de Vries, 2000). Unwillingness to make decisions can be explained by a culturally bound inclination to accept inequality with regard to power (Bakacsi et al., 2000), acceptance of high power distance (Hofstede, 2000), a strong belief in hierarchy and a general fear of sanctions following any wrong decisions taken (Engelhard &amp; Nagele, 2003).</p> <p>26. Lack of team skills; withholding knowledge for the sake of individual power (Gibson &amp; Zellmer-Bruhn, 2001; Michailova, 2001; Smith &amp; Berg, 1997). Opposing views circumvented or default to the superior's judgement (Matthews &amp; Yeghiazarian, 1998).</p>
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					<p>27. Trust is not placed in institutions but there is mutual trust within closed networks (Raiser, 1999). Russians simply do not trust organisations, only personal relationships.</p> <p>28. Involving employees in companies in Russia: “you don't understand: workers work and managers make decisions” (Fey &amp; Denison, 2003; Fey, 2008).</p> <p>29. Interview with Russian oligarch, R Vardanian. Leadership under the conditions of a developing economy, with undeveloped infrastructure, and great uncertainty. Most Russian leaders do not have a vision but are opportunistic. Employees have to go with the flow doing whatever the owner tells them to do (Shekshnia &amp; De Vries, 2008).</p> <p>30. Russian managers have relied excessively on informal personal networks to conduct business due to the weak legitimacy of the country's formal institutions (Scott, 2008). Leadership focused on autocracy and, rather than develop transparent open corporate governance, focused on survival at any means. Leadership style is strong and authoritative. Soviet style leadership continues to be the dominant style—command and control, transactional—and is incompatible with 21st century organisational models based on information, innovation, and involvement (Kets de Vries et al., 2004).</p>
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## Appendix H

### Illustrative Data Analysis: Bank Soyuz

BANK SOYUZ	VISION	THEME 1	Russian leaders with a vision increase the prospect of dramatic improvements in organisational performance.		
		THEME 2	Visions that have powerful imagery and are clearly articulated increase the prospect of dramatic improvements in the organisational performance of Russian businesses.		
		CEO	ACTUAL	OTHERS	ACTUAL
			<p>There was no vision. There was a combination of three captive banks, with no chairman, moving in odd directions so there was no vision at all. The only vision was, I would say, the self-interest and localised interest of each of those captive banks, no overall view of what Soyuz should be like and how it should function. So there was a great opportunity to destroy the old image and create a new one.</p> <p>The bad news was that you had 1,200 people who had no idea of what a vision was, as they had never had one.</p> <p>It was not only the question of taking the image and changing it, but it was creating an image and trying to communicate what it was. First of all, there was a two-stage vision. The first was a non-vision. Accenture spent a lot of time and money coming in with a non-vision.</p> <p>The non-vision was that we're to be a universal, commercial, independent, regional, retail treasury and corporate bank.</p> <p>If you look carefully, you see that this vision is a non-vision as it has no</p>	<p><b>Group CFO/BOD</b></p>	<p>Soyuz wants to be retail bank, a universal bank with a focus on retail. I do not think everybody shares the same vision in the bank.</p>
				<p><b>Head Retail</b></p>	<p>To my mind, the present vision covers all necessary things. We work 10 hours a day to be the leading bank—what other values could there be? Our business goal is to be among the top 10 in all segments. Our latest slogan says 'We fight for each client'—and we try to meet our customer's needs.</p>

		<p>sense of direction because it basically said we had to do everything all the time. When the supervisory board acknowledged that wonderful piece of work from Accenture, I had to be in a minority and vote that this is not a vision, only a bunch of words all together. I think we will have to refine the vision.</p> <p>The supervisory board insists on profits while we build the business, but, as you know as well as I do, when you are building retail, you are not making a profit. I think that the idea that treasury is the motive power of our profitability invest in annuity business acknowledges that we have a huge risk vision is based around the development of the business that is aggressive and is driven by profits generated in a high risk environment.</p>	<p><b>Group Head Banking BOD</b></p>	<p>We do our best and we are different. I do not think we can currently speak of a vision of the bank. I may have a vision, Stuart has a kind of vision, but I do not see the bank as a single organisation that has a common vision even at the top management.</p> <p>The mission and a vision are not yet born at Souyz. I think it starts when the organisation starts to think long term, and about whether it is going to be a long-term winner in the business. Then, at this point, you start to think what are you trying to achieve. And that's a kind of a vision. In order to start thinking this way, you have to rise above routine problems, because the vision only helps you realise where you want to go, it does not tell you how to get there. Unfortunately, very often, this is disregarded by Russian managers who view it like something evident. 'Oh, why are you asking me what the vision is?' I do not know how the visioning started, but, a couple of years ago, some kind of activity, like hiring Accenture, took place. I think the purpose was to create an affordable vision, an affordable strategy and maybe a mission statement was created which, in my opinion, had no substance.</p>
			<p><b>Manager</b></p>	<p>We are not so stupid. Yes I think we do. But the problems that it's not officially announced, so sometimes we have to make our own decisions. We are trying to build a perfect bank with transparent, western style business principles focused on retail banking but diversifying in the corporate investment segment. For Stuart the philosophy to be the best bank in one special area, and this is retail banking. The direction is defined very clearly but it is not officially announced and again and it is not reinforced by numbers.</p>
		<p><b>Key Abstracted Text from Transcript</b></p>		<p><b>Key Abstracted Text from Transcript</b></p>
		<p>Ineffective supervisory board with a non-vision. Corporate transformation. Strategic repositioning.</p>		<p>Negative view on communication by leader. Positive view on communication by leader. We fight for each client. I do not see us as a bank with a common vision.</p>

			<b>Key Words</b>		<b>Key Words</b>
			Vision role. Content and process of formulation. Articulation and communication. Aligned followers.		Focus on retail. Trying to build the perfect bank. Directive. Top-down.
			<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>		<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>
			A critical component of shared leadership. Destination is common. Leaders make new assessment of the environment. Challenges the status quo.		Negative view at board level. The vision comes from Stuart. Slogan ~ ? Top-down shaping. Negative communication, alignment.
			<b>Preliminary Observations</b>		<b>Preliminary Observations</b>
			1. A leader's role in defining the vision. 2. A source of follower attraction and identification. 3. Followers believe in the viability of the vision. 4. The leader senses new opportunities. 5. Recognised deficiencies within present contexts.		1. A leader's role in defining the vision not fully accepted. 2. Negative view of follower support at Group.
	<b>STRATEGY</b>	<b>THEME 3</b>	Leaders in Russia cannot change strategy without changing organisational culture.		
		<b>CEO</b>	<b>ACTUAL</b>	<b>OTHERS</b>	<b>ACTUAL</b>
			We are not a retail bank, because we cannot become a retail bank overnight. We can live with this retail strategy and let Basic Element and the treasury strategy remain within our emphasis. One of the characteristics of a captive bank is that it needs no marketing, no sales mentality. One of the essential things we had to do was create areas of excellence of sales, and then reinforce our image in the marketplace as ground-breaking to get the message across to the marketplace that Soyuz Bank was no longer a captive bank.	<b>Group CFO BOD</b>	Strategies, aggressive treasury function to build retail business. Strategies to upgrade retail, HR, IT, PR and advertising.
				<b>Head Retail</b>	All the changes are supportive of the vision. First of all, the human resources top manager will help. We changed the sales system, installed an automation system, and increased the number of points of sale. That was transmitted to change the process in the legal division and accounting, where a lot has been achieved. Gaining practical experience, we come to understand the real situation in the market. Now we are number 7 in loans, 13th in mortgages, 15th in deposits.
				<b>Group Head Banking BOD</b>	Despite all the variety of interpretations, the visioning activity indeed had great impact. The biggest change that happened was they started to build a retail-orientated bank, inspired by the vision of Stuart and Katya.

				<b>Manager</b>	It is not always necessary to develop a strategy because we have goals 10 years ahead. It should be discussed, planned, limited and we should operate with some numbers and conditions to achieve these numbers. Now we have a little bit too many emotions.
			<b>Key Abstracted Text from Transcripts</b>		<b>Key Abstracted Text from Transcripts</b>
			Vision for an independent bank. Strategies defined for sales, IT, HR and PR.		Changes aligned to vision. Past acquisition drove growth.
			<b>Key Words</b>		<b>Key Words</b>
			Cannot become retail overnight. Change agenda incremental. Change mentality - sales marketing external focus.		Strategies, legal, HR, Sales, IT, PR. Silent on cultural changes. All hard changes, not soft. Little too much emotion ~ proxy for tensions in driving change.
			<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>		<b>Key Themes - Visioning - Strategy - Stakeholders - Board Behavioural</b>
			Move from captive to market-based retail bank. Building new capabilities. Framing leadership.		Strategic change. Despite a variety of interpretations, the visioning had a great impact. Started to build a retail bank.
			<b>Preliminary Observations</b>		<b>Preliminary Observations</b>
			Created centres of excellence.		<ol style="list-style-type: none"> <li>1. Supporting elements of the vision.</li> <li>2. Expectation that leaders are visionary.</li> <li>3. Leaders will define unconventional approaches by modelling innovation, and unconventional strategic actions.</li> <li>4. Strategy is to set stretch goals.</li> <li>5. Process is complex.</li> </ol>
	<b>CONTEXT</b>	<b>THEME 4</b>	Effective leadership in Russia is culture-bound and needs to take into consideration the unique cultural 'power distance' dimension in the climate prevailing in Russia.		
		<b>THEME 5</b>	In Russia, there is a failure to recognise the role of context that, despite numerous conversations, creates 'stuckness' for both decisions and actions.		
		<b>CEO</b>	<b>ACTUAL</b>		
			Well, considering the fact that the raft was headed toward the waterfall, in its own sweet way, it did provide an opportunity to get people's attention.		

## Appendix I

### Within Case Comparisons and Differences

TOPIC	THEME	SUB-THEMES	CASE 1	CASE 2	CASE 3
VISION	SOURCE	MULTIPLE	Board as dominant. CEO devolved to board. Focus diffused. Negative communication.	Clarity of mission. Followers empowered. Trust and team formation.	Negative alignment and common understanding between all the stakeholders.
VISION	SOURCE	SHAREHOLDER	Soviet style of behaviour. Mission of the main shareholder. Power of shareholder.	Explicitly managed upwards. Trusted.	Top-down shareholder interventions.
VISION	SOURCE	LEADER ONLY	Transactional Executorial role. Focus on short term. Internally controls the loci.	Sense of mission. Insight, foresight and knowledge.	Leader-centric source of vision.
VISION	CONTENT	INSPIRATIONAL/ MEANINGFUL SENSE-MAKING	Negative values.	Follower's internalised vision.	Fragmented, polarised follower buy-in.
VISION	CONTENT	REALISM SENSE-MAKING	Leader-centric. Simple	Self-efficacy	Sense of new opportunities by the leader.
VISION	CONTENT	EMPOWERING INVOLVEMENT/ COOPERATION	Negative organisation connectivity. Link between vision and strategies weak.	Follower control, trust, team and self-efficacy.	Top-down. Negative trust. Negative shared values. Negative team cohesion.

<b>VISION</b>	<b>DECISION-MAKING</b>	<b>RATIONAL</b>	Pedestrian Pedantic	Rational Consensual	Subjective
<b>VISION</b>	<b>DECISION-MAKING</b>	<b>EMOTIONAL</b>	Negative compelling	A passion	Personal advocacy
<b>VISION</b>	<b>DECISION-MAKING</b>	<b>BALANCED</b>	Shareholder sense-making. Fragmented		Fragmentedshareholder scepticism.
<b>VISION</b>	<b>PROCESS</b>	<b>INVOLVEMENT</b>	New management: personal bonds to the CEO increases buy-in. Old management: negative.	Team-driven. Ownership.	
<b>VISION</b>	<b>PROCESS</b>	<b>IMPOSED</b>	Top-down Negative intrinsic value Negative shared ownership	Owned	Fragmented culture and organisation and directed leadership. Forced changes. Behaviour polarising.
<b>VISION</b>	<b>COMMUNICATION</b>	<b>CONTEXT-DEPENDANT BUSINESS CONTEXT</b>	Top-down Vision 'orphaned' Delegated up to shareholder. Accountability absent.	Cross-fertilisation. Relevant	Leader's role as driving change agent.
<b>VISION</b>	<b>COMMUNICATION</b>	<b>CHANGE CONTEXT</b>	Shareholder at board in a 'theoretical' sense. Negative buy-in at a working level.	Team internalised the vision. Executed strategy.	Triggered by crisis.
<b>VISION</b>	<b>COMMUNICATION</b>	<b>IMAGERY</b>	Slogan	Simplicity Keep it simple.	Over a waterfall.
<b>STRATEGY</b>	<b>IMPLEMENTATION</b>	<b>CHANGE APPROACH</b>	CEO transactional task-driven style. Proximate goals. Financial goals.	Active participation of followers. Common customer insights. Complexity made simple.	Leadership-centric. HUIA.

<b>STRATEGY</b>	<b>IMPLEMENTATION</b>	<b>ALIGNMENT</b>	Negative attitude to the motivation system.		Fragmented culture. Negative alignment. and performance outcomes. Negative LMX and active participation.
<b>STRATEGY</b>	<b>CULTURAL CHANGE</b>		Negative drives shareholder changes to management.	New business. Made own house.	Negative cultural change.
<b>STRATEGY</b>	<b>PROCESS FORMULATION</b>	<b>DIRECTED</b>	CEO coercive. Negative actions from strategy.	Cultures converging ~ LPDI and LUAI. CEO passion for empowerment.	Negative vision usefulness for alignment.
<b>STRATEGY</b>	<b>PROCESS FORMULATION</b>	<b>INVOLVEMENT</b>	Negative team cohesion. Negative common understanding between the 'new' vs. 'old' managers. Political game playing	Shared leadership.	Enforced top-down direction.
<b>CONTEXT</b>	<b>NATIONAL CULTURE</b>	<b>RUSSIAN CULTURE</b>	Negative trust towards shareholders. Historical illegal practices. Directive ~ coercive CEO behaviours. Dominance in internal context, corporate culture and politics. Compliance. HPDI.	James is a very specific person for Russia.	Soviet mentality. Foreign leader. Negative on PDI and UAI.
<b>CONTEXT</b>	<b>NATIONAL CULTURE</b>	<b>HOFSTED</b>	HPDI Power groups.	Democratic equality.	Fragmented, LPDI in conflict with style.
<b>CONTEXT</b>	<b>NATIONAL CULTURE</b>	<b>CHANGE FAVOURABILITY</b>	Power groups. Conservative culture. Mitigates rate of change.	Everybody is in Russian the second person singular, like the French 'tu'.	Change stuckness. Leader-centric. LPDI. Negative alignment and shared goals.

<b>CONTEXT</b>	<b>ORGANISATIONAL CULTURE</b>	<b>FOLLOWER BEHAVIOUR</b>	Directive, simple, coercive. Negative trust and alliance with 'Statesman'. Negative ~ Empowerment. Negative ~ self-efficacy.	Team cohesion.	Negative team cohesion. Follower buy-in polarised.
<b>CONTEXT</b>	<b>ORGANISATIONAL CULTURE</b>	<b>CHANGE EFFECTIVENESS</b>	Power group. Culture mitigates rate of change.	LPDI	Complexity of changes. Negative shared goals.
<b>CONTEXT</b>	<b>LEADERSHIP</b>	<b>STYLE</b>	Directive, simple, coercive.	Positive feedback. Nurturing followers.	Directive. Negative team building.
<b>CONTEXT</b>	<b>LEADERSHIP</b>	<b>NARCISSISM</b>	Dark side: bad leadership.		
<b>CONTEXT</b>	<b>BUSINESS ENVIRONMENT</b>	<b>VOLATILITY</b>	Complexity Negative ~ personal commitment.	Risk management. Disciplines	HUAI, scale of change.
<b>CONTEXT</b>	<b>BUSINESS ENVIRONMENT</b>	<b>CORRUPTION</b>	Russian business context. Inequality, political elite.	Trust formation.	Bad leadership.
<b>COMMITMENT</b>	<b>NATIONALITY OF CEO</b>	<b>FOREIGN</b>	N/A	Leverages position as foreigner. Deploys LPDI.	Russian mentality. Negative
<b>COMMITMENT</b>	<b>NATIONALITY OF CEO</b>	<b>NATIONAL</b>	Contingent leadership. Use of power groups, CEO hiring based on personal relationships. Negative ~ follower sensitivity. Directive, coercive.	Relational transparency. Authentic.	
<b>COMMITMENT</b>	<b>COMMUNICATION</b>	<b>GOAL FOCUSED POSITIVE COMMENTS</b>	Centralised authority. CEO hiring, personalised relationship.	Positive LMX, follower trust, shared leadership, and follower self-belief.	Regularised and formal.

<b>COMMITMENT</b>	<b>COMMUNICATION</b>	<b>INVOLVING SENSITIVITY TO FOLLOWERS</b>	Role modelling. Negative ~ follower sensitivity and cooperative dependency. Directive	Shared leadership.	Negative trust building.
<b>COMMITMENT</b>	<b>COMMUNICATION</b>	<b>SHARED GOALS</b>	Negative ~ shared values, team	Informality and formality. Sense of community.	Negative shared goals. Fragmented, 'blind loyalty'.
<b>COMMITMENT</b>	<b>COMMUNICATION</b>	<b>ENGAGING COMPETENCE BUILDING</b>	Transactional change.	Receptivity to input.	Positive.
<b>COMMITMENT</b>	<b>COMMUNICATION</b>	<b>SHARED GOALS</b>	Negative ~ shared goals. Negative ~ trust.	Social exchange. Shared goals. Highly committed followers.	Negative team cohesion.
<b>LEADERSHIP</b>	<b>GOAL ORIENTATED</b>	<b>DIRECTIVE MOTIVATION THROUGH DIRECTION SETTING</b>	Directive, simple. Coercive, autocratic, authoritarian. Negative follower sensitivity.	Shared leadership. Positive alignment and emotional contagion. Interdependency	Negative team cohesion.
<b>LEADERSHIP</b>	<b>GOAL ORIENTATED</b>	<b>TOP-DOWN PLANNED CHANGE</b>	Coercive, autocratic, authoritarian.		Directive negative shared leadership. Creating the case for change.
<b>LEADERSHIP</b>	<b>GOAL ORIENTATED</b>	<b>SHAPING</b>		We had to change everything.	Positive
<b>LEADERSHIP</b>	<b>GOAL ORIENTATED</b>	<b>COERCIVE</b>			Directive negative shared leadership. Creating the case for change.
<b>LEADERSHIP</b>	<b>GOAL ORIENTATED</b>	<b>USE OF POWER GROUPS</b>	Personal blind loyalty.		Polarised followers.

<b>LEADERSHIP</b>	<b>INVOLVING</b>	<b>LISTENS TO OTHERS</b>	Negative emotional intelligence.	Cross-polarisation.	Positive to believers.
<b>LEADERSHIP</b>	<b>INVOLVING</b>	<b>CONSULTS</b>	Role modelling	Strategy was re-evaluated. Cross-pollination. Person to be modelled.	Positive to believers.
<b>LEADERSHIP</b>	<b>INVOLVING</b>	<b>DELEGATES TASKS</b>	Task driven	Directive	Whole system of delegation.
<b>LEADERSHIP</b>	<b>ROLE MODEL</b>		Negative role modelling.		Culture-bound.
<b>LEADERSHIP</b>	<b>EMPOWERING</b>	<b>SHARE DECISION-MAKING</b>	Negative empowerment.	Whole style is to talk to people, to listen to people, to understand people.	Shared accountability with power group leader.
<b>LEADERSHIP</b>	<b>EMPOWERING</b>	<b>BUILDING CAPABILITY</b>	Transactional	Transformational	Not by firing people
<b>LEADERSHIP</b>	<b>EMPOWERING</b>	<b>LISTEN TO IDEAS</b>		De-emphasises positional power. Followers are more empowered.	Mixed
<b>LEADERSHIP</b>	<b>AUTHENTIC</b>	<b>SELF AWARE</b>	Negative ~ relational transparency.	Good leadership	We've blown ourselves up a bit by appearing bigger.
<b>LEADERSHIP</b>	<b>AUTHENTIC</b>	<b>MORAL COMPASS</b>	Negative ~ trust	HEI Equitable	Negative to PDI.
<b>LEADERSHIP</b>	<b>AUTHENTIC</b>	<b>BALANCED PROCESSING</b>	Negative on follower buy-in and relational transparency.	Forgiving and learning culture.	Negative
<b>LEADERSHIP</b>	<b>AUTHENTIC</b>	<b>RELATIONAL TRANSPARENCY</b>	Closed	Open	Leader centric

<b>IMPLEMENTATION OF CHANGE</b>	<b>CHANGE APPROACH</b>	<b>DIRECTIVE</b>	Transactional Managing versus leading Negative empowerment, participation Use of power groups Centralised authority, political elite Negative communication ~ empowerment Negative ~ shared values, LMX		Negative alignment all stakeholders and followers
<b>IMPLEMENTATION OF CHANGE</b>	<b>CHANGE APPROACH</b>	<b>SELF ASSEMBLY</b>			
<b>IMPLEMENTATION OF CHANGE</b>	<b>CHANGE APPROACH</b>	<b>MASTER</b>			
<b>IMPLEMENTATION OF CHANGE</b>	<b>CHANGE APPROACH</b>	<b>EMERGENT</b>		Shared leadership Follower buy in Mutual trust and understanding	
<b>IMPLEMENTATION OF CHANGE</b>	<b>MAINTAINING MOMENTUM</b>	<b>MAINTAIN FOCUS</b>	Communication ~ role modelling	Exceeded expectations	Leader centric
<b>IMPLEMENTATION OF CHANGE</b>	<b>MAINTAINING MOMENTUM</b>	<b>CHANGE IMPLEMENTATION OBJECTIVES</b>	Negative ~ follower buy in	Emancipated, common goals	Clarity of vision. Negative managing all: process, content, politic
<b>IMPLEMENTATION OF CHANGE</b>	<b>LINK TO CULTURE</b>	<b>CONTINGENT APPROACH</b>	Transactional Statesman Directive	Committed subordinates Harmonious and shared values	Context and culture impedes
<b>IMPLEMENTATION OF CHANGE</b>	<b>RECOGNISING CONTEXT</b>	<b>CONTINGENT APPROACH</b>	Negative follower buy in	Follower buy in	LPDI conflicts with follower expectations.
<b>IMPLEMENTATION OF CHANGE</b>	<b>BUILDING CAPABILITY</b>	<b>CONTINGENT APPROACH</b>	Transactional change	Transformational change	Task focused, cultural challenges impede