

Saimaa University of Applied Sciences  
Faculty of Business Administration Lappeenranta  
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## **Effective Leadership in a Small Enterprise**

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## **Abstract**

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Effective Leadership in a Small Enterprise, 52 pages, 5 appendices

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The primary objective of the study was to provide suggestions to effective leadership for the case-company

This study was carried out in the case-company, among Russian employees and a senior manager, in Saint Petersburg, Russia

The data for this thesis was collected from e-articles, literature, by conducting empirical research, including interview with the employees and questionnaires for both the employees and the leader of the case-company

The results of the study show current leadership status in the case-company, relationship between the leader and the subordinates, and the example of effective leadership in a small enterprise

The final result of this thesis were suggestions to effective leadership provided to the leader of the case-company

The results can be applied to leaders of small enterprises as an example of effective leadership

Keywords: leadership, relationship, research

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# **1 Introduction**

In this thesis, one conducts the research in the sphere of leadership.

Introduction chapter stands for the thesis background. It is worth noting, theoretical framework is not included in the first part as presented theory implicates the background aspects of the investigation as well as the current ones due to its usage for interpreting empirical results. Hence, Theoretical Framework is the second major heading that describes four main concepts operating throughout the study. The third chapter is Methodology, where the research methods were described. Results part encompasses outcomes of empirical analysis, to be more precise, interview and questionnaires findings. The fifth heading aims at combining theory and practice by uniting theoretical concepts and practical part of the research. Finally, the last headline justifies the original thesis objective and provides suggestions to effective leadership.

## **1.1 Background**

To begin with, the chosen topic of Effective Leadership in a Small Enterprise was developed based on the author's experience working as a manager in company X. Being employed, the author's daily observations enabled determine inner issues within a team, and notice crucial gaps in the relationship between the leader and the subordinates that affected communication within a team. As a fact, almost no one working in a department was satisfied with the leader's behavior towards low level managers. Employees manifested dissatisfaction in various ways: uncontrollable facial emotions, unjustified situational fear, a simple lack of desire of coming to work, and, finally, gossips that are not supposed to be underestimated. With a strong «business» outlook of the author, all these features allowed to realize that the leader's power was not directed in a right way: nor competent motivation of personnel neither trust building between the two sides, what takes a vital place in a leader's responsibilities. Instead, the leading methods included psychological pressure and humiliation.

Such an approach is not a rare way of managing individuals and teams in Russian Federation, what is going to be illustrated later on throughout the study. That is why it was decided that the issue is worth conducting the research to warn future leaders in choosing a wrong method in leading a small group of people. Moreover, the investigation may help the company reveal other ways of leadership influence to make employees feel more appreciated.

## **1.2 Objectives**

Due to current leadership status revealed in the case-company, taken as an example of a negative leadership approach, the thesis is aimed at finding the solution for the enterprise in terms of leadership practices. As crucial gaps were discovered in the senior manager's methods of influence, the main project objective is to provide suggestions to the leader regarding his/her power distribution. Therefore, the research will help identify a new approach for the leader, subsequently, build loyalty between the leader and the employees.

## **1.3 Research Questions**

In order to accomplish the goal of the research, the study encompasses three questions in total: the main one and two sub-questions. Two sub-questions direct the investigation process, set the order for the activities, and enable the author to gradually approach the objective. In details, the first sub-question implies conducting the empirical research, whereas, the second one stands for scientific description of the information acquired through that empirical investigation.

Thus, the questions are as follows:

What should be changed in leadership practices in company X in order to build loyalty between the leader and the subordinates?

Sub-questions:

- What is the relationship between the leader and the subordinates in company X?
- What are current leadership practices used in company?

## **1.4 Delimitations**

The research is going to be conducted in Russian language and implemented in a Russian company in Saint Petersburg among Russian employees. The investigation takes into account country's cultural aspects due to its possible effect on the final result of the study. Due to interpersonal relations issues and human factor, the qualitative method was chosen for the research. The study is divided into two parts: secondary and primary. The secondary research implicates using basic theory on the topic of leadership: Hofstede's Cultural Dimensions, Lewin's Three Leadership Styles, French and Raven's Five Forms of Power Despite, and Irving's 5 Effective Leadership

practices. These concepts are suitable for this research as they enable to discover justification for the leader's methods of influence and describe his/her behavior in scientific manner. Despite the sources are old enough, excluding the last mentioned, they still fit for providing some leadership guidance for the case-company. Primary research, an empirical part of the thesis, includes interview and questionnaires. The interview facilitates the results based on subordinates' attitudes, whereas, questionnaires' outcomes are based on engaging both 5 nearly same-experienced low-level managers as well as one leader from the case-company. The genders of the participants do not make sense for the study. The questions created for the interview are open, but questionnaires present closed-ended questions. Both methods are grounded on theoretical framework.

### **1.5 Case-Company**

The company X was founded in 2008 in Samara, Russia. The first established department was dealing with juridical issues. Subsequently, the company opened another department focusing on finances. The sector offers services on business management and tax reports for entrepreneurs. Lately, the Internet department was established that concentrates on turnkey business automation. Finally, in 2018, the company X founded a visa service center that sells services of assistance in getting international passports and obtaining visas. Initially, the enterprise was directed at offering services and tools for businesses only, however, with creating a new travel department, it started selling its products to individual customers.

Nowadays, company X operates in 9 cities in Russia: Samara, Krasnodar, Saratov, Tyumen, Moscow, Saint Petersburg, Simferopol, Yekaterinburg, Kazan. It has 25 offices and employs 200 people in total.

## **2 Theoretical Framework**

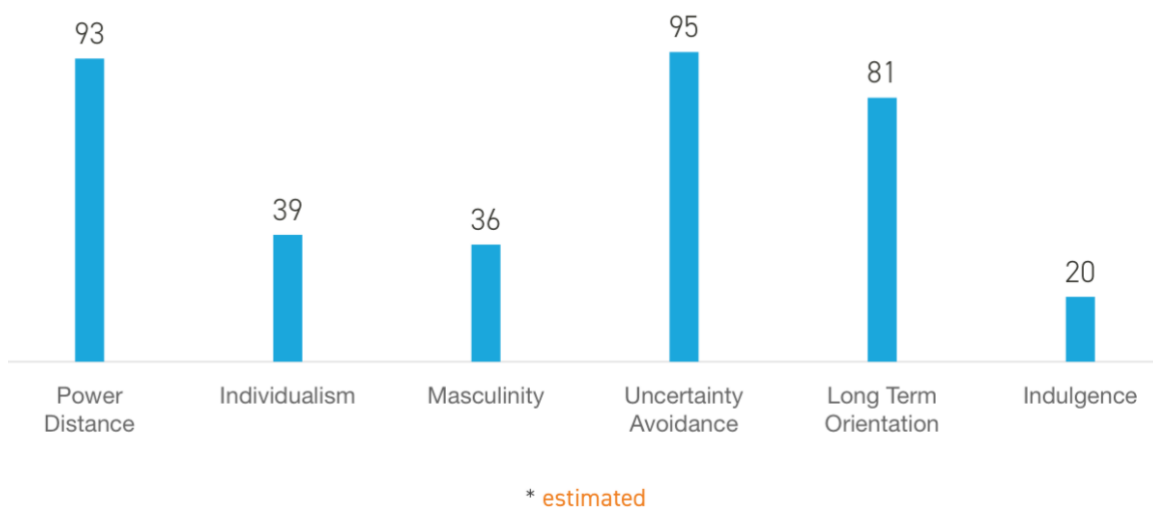
Theoretical framework stands for the foundation of the investigation. It directs further study process and determines the bases for the empirical research that is conducted in the case-company. Theoretical part encompasses various material. It consists of four concepts that the questions of the empirical study are based on. Theoretical part was acquired though browsing internet sources, including literature, e-books, and scientific articles. Primary research was conducted inductively based on presented theory.

The theories that are taken into consideration are as follows: Hofstede's Cultural Dimensions, Lewin's Three Leadership Styles, French and Raven's Five Forms of Power, and, 5 Effective Leadership Practices by Justin Irving.

## 2.1 Hofstede Insights Russia

The Hofstede's Cultural Dimensions theory was founded in 1980 by a Dutch researcher Geert Hofstede. The model describes differences in culture across countries and helps distinguish the ways that business is done across different cultures. In other words, the framework is used to define differences in cultures and their impact on a business setting and life (Corporate Finance Institute n.d.).

In order to find out the solution for the case-company in terms of leadership practices, there is a necessity in studying current leader's behavior. Thus, Hofstede Dimensions stand as the base for defining a pattern of current leadership performance. As the part of theoretical framework, the concept fits for its capability to illustrate the general idea of leadership manifestation in Russia and justification of behavioral pattern of the leader as a result of cultural belonging.



(Hofstede Insights n.d.)

Figure 1. Hofstede Insights Russia

Figure 1 clearly illustrates that Hofstede's model contains of 6 dimensions: Power Distance Index, Individualism Versus Collectivism, Masculinity Versus Femininity, Uncertainty Avoidance Index, Long- Versus Short-Term Orientation, and Indulgence Versus Restraint. However, in order to discover certain leadership features that are

common in Russia, only four of them are necessary. Precisely: Power Distance, Individualism Versus Collectivism, Uncertainty Avoidance and Indulgence vs Restraint. Author claims that these frameworks are the major indicators to describe the business setting in Russia in terms of leadership, as these two models include crucial facts for identification of a common behavior pattern of leaders in Russian enterprises (Corporate Finance Institute n.d.).

Power Distance by Geert Hofstede is identified as the extent to which less powerful members of the society accept the fact that power is distributed unequally (Hofstede Insights). Low index of the dimension indicates egalitarian culture, whereas high score specifies on embrace hierarchy. Figure 1 demonstrates that Power Distance score is fairly high (93) in Russia. That means that power is centralized and inequality in power distribution is supported. High index also determines that the country encourages bureaucracy and tolerates high respect for rank and authority. In terms of leadership manifestation, the conditions are clear. Status plays a significant role as it determines the way the power is distributed. Russian senior managers imply an authority that permits them making an influence on low-level managers in any suitable way (Hofstede Insights n.d; Corporate Finance Institute n.d).

Individualism Versus Collectivism dimension, by Geert Hofstede, stands for the interdependence of the members in a society. Individualistic communities tend to think in terms of «I» and look after themselves or their close folks. Whereas, collectivistic societies represent people, the self-image of whose is defined as «We». As the scientists revealed, Russia represents collectivistic culture (Hofstede Insights n.d.). Such a relationship pattern comes from the old prehistoric times and the fact that the country has been powerfully formed by Eastern Orthodox Christianity. In order to maintain existence during the harsh times, people banded together in order to survive. Thus, relationships have always prevailed over tasks (Chapman 1998). That means people were responsive to one another, but, at the same time, conservative. It is worth noticing that Liisa Salo-Lee claims that such features are characteristic tendency of an unindustrialized society. Normally, the cultures with the lack of modernization process within a state, cannot boast of a wide diverse outlook in life spheres. Business fields of unindustrialized societies does not show behavioral flexibility, egalitarian attitude towards others, and do not encourage openness to innovation and change (Salol-Lee 2006).



Uncertainty Avoidance illustrates to which extent uncertainty and ambiguity are encouraged. Low dimension index determines openness of the society towards risk-taking and comfortability with unknown. In its turn, high index shows negative attitude of the society towards uncertainty in life. Russia implicates an extremely high Uncertainty Avoidance index of 95. It means that the nation demonstrates unreadiness to changes, closeness to unexpected events and situations. From the viewpoint of business, the dimension supports in identifying leadership approach towards reaction to unforeseen actions. In order to minimize uncertainty, Russian leaders tend to set up strict rules, regulations and introduce control under the employees. High Uncertainty Avoidance index also means that Russians do not trust strangers in the beginning. Thus, when it comes to business, the fact is manifested in higher control over a certain employee's behavior by the leader. As personal relations in Russia matters a lot and may stand as the key to success on a business site, the senior managers may «examine» a newcomer through negative attitude and even incitements. (Hofstede Insights n.d.; Corporate Finance Institute n.d.).

Indulgence Versus Restraint — the dimension that measures the extent to which the society members within a country allow gratification of natural human wishes associated with enjoying the life. Indulgence societies tend to put emphasis on personal well-being and happiness, whereas, restraint cultures use modest approach towards desires fulfilment and needs gratification. As Figure 1 illustrates, Russia presents an extremely low Indulgence score (20), that means the society represents Restrained nature. Unlike Indulgent culture, Russian people tend to feel more powerless, express more pessimism and suppress their desires by perception that the life is regulated by strict rules and norms. (Maclachlan 2013; Hofstede Insights n.d.)

## **2.2 Lewin's Three Leadership Styles:**

In 1939, a German American psychologist Kurt Lewin identified three behavioral styles among leaders. They can be matched to one's circumstances – a certain senior manager. In the thesis, Three Styles model is used for giving scientific description of leader's behavior based on interview with subordinates. Subsequently, a share will become a guide to more effective leadership for the case-company.

## 1. Authoritarian

In other words, Autocratic style. The approach is manifested in the way when the leader observes the situation from a non-participative side. Authoritarian leaders control all the operations without meaningful participation of the employees in the decision-making processes. Such leaders set up goals, deadlines and methods while making decisions on their own with little consultation with others. In this case, the senior manager does not normally get involved in the work processes. However, he/she sets up strict rules that are clearly outlined. Thus, the work processes tend to be very structured and organized. Although, Authoritarian leadership style has benefits as well as downsides. The positive aspect of the style is manifested in fast decision-making process even in the stressful situations. In case of the negative side, such a leadership approach may lead to mental issues of employees due to the fear that arises because of the leader's pressure. In addition, the team produces a little input. Kengra Cherry noted that people tend to get more satisfied when they make greater contribution to company development. Also, due to impossibility for the employees to share their ideas, Autocratic style results in lacking creative solution towards various problems (Lewin, Lippit, and White 1939; Cherry 2019). Lewin also found out that leaders who adopt Authoritarian leadership style might be perceived by low level managers as dictators with a negative outlook. (Lewin, Lippit, and White 1939).

## 2. Participative

Might be called as a Democratic style, as well. In this case, the approach implies the leader to put more effort into the work processes of the group and make a greater contribution to the inner activities of the company. The senior manager expresses his/her priorities in setting goals and making decisions while encouraging employees for advice and suggestions regarding the procedures. In this case, workers are encouraged to share their ideas and solutions (Cherry 2019). Despite, the leader makes the final decision as well as the right to decision-making might be given to employees. The style is widely appreciated among individuals in the companies, especially if the ones experienced Autocratic leadership style before (Lewin, Lippit, and White 1939). As participative leaders tend to establish trust and respect, employees produce more creative solutions and increase in productivity. However, such an approach also implies certain drawbacks. As an example, the decision-making process may become weaker

due to unskilled group that might be making a decision. Such an approach helps increase team members' contributions as well as team's morale (Cherry 2019).

### 3. Delegative

Sometimes called as Laissez-Faire style. The Delegative style stands for the delegative way of management and minimizes leader's participation in the decision-making process. That means the leader hands over responsibility for results to the group. The senior level manager lets employees to set up the goals on their own, determine work methods, and define roles themselves with no consultation with the boss. Hence, the workers are still responsible for the outcomes. The employees are given a full freedom in the work procedures. The positive side of such a style is independence value for the workers. However, negative side shows more significance: adoption of such an approach results in poor performance and outcomes (Lewin, Lippit, and White 1939).

It is worth noticing that through multiple researches, Lewin discovered the most effective leadership style: Participative. This approach is more applicable companies as it stands for the balance in power distribution. The leaders make decisions as well may delegate this process to the employees (Lewin, Lippit, and White 1939).

### **2.3 French and Raven's Five Forms of Power**

Social psychologists John French and Bertram Raven studied the phenomenon of power forms more than half a century ago. Despite its age, their research is still relevant and can help understand why and how some leaders influence people (Mind Tools Content Team n.d.).

The concept clearly illustrates the ways leaders use their power in managing individuals. Such a tool is one of the bases for the empirical research of the study. Relying on these power forms in the empirical analysis, it is possible to define the leader's ways of influence on employees in the case-company. That is needed for achieving the main objective of the thesis.

Five Forms of Power are as follows:

- Legitimate Power

Legitimate Power is also called as a «Title Power». The power is manifested due to characteristic attribute – the title. A title of CEO, senior manager, or president is

automatically perceived by society as a power. Hence, an authority come along with an appointed position. The person that holds such a title is seen as a one who is able to manage, control and direct other individuals. However, the impression might be deceiving. Usually, when a title is taken back or granted to someone else, the power disappears as well (Free Management Books n.d.; Mind Tools Content Team n.d.).

- Reward Power

This type of Reward Power involves a «reward-way» of management. It is similar to animal training: when a dog executes host's commands well, it is awarded with food. In business life, there is a senior manager instead of a host, an employee instead of an animal, and more valuable rewards are given out. Authorized people are often able to give out rewards. If a worker has implemented a project well or sold a product at a more benefit price, he/she may get a financial reward – the most common type of encouraging within organization. It also includes raises, promotions, training opportunities, valuable networking, business trips, extra rest time, and other perks. Thus, individual sees a power from the people that are able to give out physical encouragements (Free Management Books n.d.; Mind Tools Content Team n.d.).

- Coercive Power

Coercive Power is an opposite to Reward Power. Here, punishments and threats are common tools. The source of a power comes from a leader's ability to influence workers not through rewarding, but through taking things away. For instance, leader's dissatisfaction with an employee's performance may cause further salary cuts, bonuses deprivations, privileges deny, or demotions. Moreover, it often happens when a senior manager threatens employees with dismissal. In this case, the power of influence is huge, as no one wants to lose the job (Free Management Books n.d.; Mind Tools Content Team n.d.).

- Expert Power

Expert Power is based on acquired knowledge and experience of a leader. When a person outperforms peers, he/she may be automatically elevated to a position of an authority or a power. People tend to listen to a person who exceeds others in skills and abilities, therefore appreciate his/her ideas and values more than other employees'. Through the constant attention from other workers, front runners are confirming their status and superiority, as low-level managers perceive them as confident, resolute, and

more reliable. In the case of Expert Power, the status of a leader may be informal, however, the empirical research in this study is focused on a person that holds an official senior manager position. Although, it is worth revealing whether the employees within a company «obey» the leader taking into account his or her experience in the field, it concerns other grounds (Free Management Books n.d.; Mind Tools Content Team n.d.).

- Referent Power

Referent Power has a lack of rationality, obvious, and consciousness. Such a power comes from a subjective aspect, as it concerns a simple employees' sympathy towards a leader. Such leaders might be compared to celebrities that hold a Referent power due to the fame and audience recognition. Publicity enables to reach a wide audience through product advertising, announcements, and other promotions. In its turn, business sphere allows leader to use his or her status to make a benefit out of it too. When it comes to a company, a senior manager has to do nothing to influence low-level managers, as the power is not dependent on specific achievements, but it is reliant on attitude, charm, and charisma of a leader (Free Management Books n.d.; Mind Tools Content Team n.d.).

## **2.4 5 Effective Leadership Practices**

5 Effective Leadership Practices was invented in 2015 by Justin Irving. The author is a professor of ministry leadership and director of the DMin Program at Bethel Seminary in St. Paul, Minnesota. He has written many journal articles and has contributed to leadership books, including *Servant Leadership: Developments in Theory and Research* and *Practicing Servant Leadership: Developments in Implementation* (Baker Publishing Group n.d.).

Actually, the concept invented by Justin Irving represents 9 practices, however, 4 leadership practices were left out due to their unsuitability for the study. Thus, for this research only 5 practices retained.

The model engages three clusters with core leadership practices in each that unites the practices by the topic. Thus, such a framework is the base for the empirical research, precisely, for the questionnaires for the leader and the subordinates.

## Cluster One — Beginning with Authentic Leaders:

### 1. Modeling what Matters

The first leadership practice from Justin Irving's investigation is Modeling what Matters. Famous scientists, such as Bass and Avolio, and Kouzes and Posner developed similar to Irving's models earlier. In the first case, the researchers created a concept of «Idealized Influence», others considered «Model the Way» as a primary leadership practice. By Justin Irving, Modeling what Matters is an idea that stands for the encouragement of leaders to communicate values, mission and ethos of the company through the actions. Irving claims, words do not mean anything till they are transformed into actions. He believes that clearly expressing and illustrating vision by personal example is the most effective way of communication. When it comes to organizational values, such an approach facilitates employee satisfaction and contributes to the relationship between the leader and the subordinates. (Irving 2015).

### 2. Engaging in Honest Self-Evaluation

The practice of Engaging in Honest Self-Evaluation puts the emphasis on the evaluation of yourself as a primary act of a leader. A scientist notices that, normally, leaders are able to criticize other people, not drawing attention to personal faults. Although, before evaluating others a person has to look at him/herself, Irving believes. That is also a priority in managing individuals. An authority also requires self-evaluation and constructive criticism. The process of self-assessment is hard: admitting faults, imperfections, and weaknesses has never been easy. However, if a leader commits, it always pays back. The employees look up to such a leader, give him/her more respect and recognition as they see no one is perfect. (Irving 2015).

## Cluster Two — Understanding the Priority of People:

### 3. Valuing and Appreciating

A leader is the one who is primary responsible for the organizational health. Such a term includes not only achieving profit goals, but also a personal aspect. Healthiness of an enterprise is also seen from the point of view of relationship within. Each individual requires attention to him/her personality first, and then to their professional talents. Jim Laub, the President of the OLA group and the creator of the Organizational Leadership, states: «Healthy organizations have a different view of people. People are to be valued

and developed, not used». Justin Irving confirms the statement by saying that a good leader has to appreciate people and give them recognition for what they are and what they do. Appreciation, in its turn, involves trust, as well. This aspect is a key to developing decent relationship between the leader and the followers. (Irving 2015).

#### 4. Creating a Place for Individuality

Irving notices that organizations have a tendency to see employees as similar mechanisms. However, no one would like to be perceived as someone else. With Creating Place for individuality, the scientist suggests leaders to pay attention to the difference between the people identifying their distinctive features. A good leader does not have to place everyone on the same level, but let people express themselves in the way they want to. (Irving 2015).

Cluster Three — Helping Followers Navigate toward Effectiveness:

#### 5. Supporting and Resourcing

Supporting and Resourcing practice is simply about equipping people with necessary stuff and support. The author claims that a good leader should also be participating in the work process and be interested in employees' challenges, not waiting for them to make a request. Support might be manifested in removing certain barriers, building the bridges to make a context better for employees to work in. (Irving 2015).

### **3 Methodology**

#### **3.1 Research Method**

As the topic of leadership requires conducting deeper research of human attitudes, the qualitative method was chosen for the study. This approach fits for its capability to develop deep insights on a topic, and when it comes to interpreting human perceptions and experiences, qualitative approach is more effective. Such a method is able to examine qualities and entities that are not normally measured in terms of quantity. In this case, the approach assists in answering questions concerning social experience, processes, and understanding deeper causes and situations change. By immersion in a culture or a situation, as a result of direct interaction, such a method provides detailed data and holistic view of the phenomena. Whereas, quantitative approach accepts the analysis of fundamental relationships between variables, not processes.

The method implies Inductive analysis including creating theory by conducting empirical research. The data collection encompasses interview and questionnaires with the participants. There, the empathic neutrality is a crucial feature, as being immersed in observations of patterns, feelings of respondents, interrelationships in important to achieve the main goal of the study. (University of Southern California 2019).

Thesis work is divided into two major parts: secondary research and primary research. Secondary research includes exploring earlier studies and previous investigations on the topic in order to get familiarized with the research area and get the idea of the whole «picture». In its turn, primary research is intended to provide material based on the empirical analysis. The primary data for the empirical study encompasses author's observations, interviews, and questionnaires.

The interview is held remotely via Skype and takes 15-20 minutes. The session involves subordinates' participation only. The procedure is developed for five nearly same-experienced employees. The age and the gender of the interviewees makes no difference in research. The interview is held in Russian language and subsequently translated into English. It implicates 5 open questions that are designed based on Lewin's Three Leadership Styles and French and Raven's Five Forms of Power theories. The method facilitates the expression of true employees' opinions and enables to discover particular attitudes and perceptions regarding leader's behavior. In addition, it helps collect information about current leadership situation in the case-company and determine leadership style and form power used by the leader in company X. Whereas, questionnaires are targeted at both the leader and the subordinates and help define leadership practices are used in the case-company. The approach implies 25 closed-ended questions that are based on 5 Effective Leadership Practices theory invented by Justin Irving. The answers implicate rating with scale. Both parts are asked similar questions in a form that fits position in order to discover differences in attitudes towards leadership manifestation in the company. The questionnaires function as a tool to identify what needs to be developed with the regard to the leadership in the enterprise.

After the empirical research is done, the acquired information is analyzed by summarizing the results from both methods: interviews and questionnaires. Subsequently, the results are combined with the theoretical framework. As the dissonance is revealed, the recommendations to effective leadership are provided.



### **3.2 Interviews**

Interviews are one of the two methods of acquiring empirical data needed for the study. The primary function of the interviews is to help identify leadership practices used by the leader within a company.

The interview contains of 5 open questions based on two models that were illustrated in the Theoretical Framework section. Those include Lewin' Three Leadership Styles and French and Raven's Five Forms of Power. The questions for the interview were shaped in open-ended manner using simple language with no professional terminology comprised. There is no stilted interview form, but semi-structured one. That means there is a list of prepared questions that are not obligatory to be asked due to the interview form that implies natural two-way conversation (McCammon; Steiner 2017). Also, additional questions might be asked during the conversation. Subsequently, the simple language is transformed into a scientific one. Such an approach helps identify true followers' perceptions and views in regard to the senior manager's leadership practices, determine leadership styles and a form of power due to the questions' simplicity. (Steiner 2017).

### **3.3 Questionnaires**

Questionnaires are the method for obtaining practical material in the research, as well. Such a mean is a tool for defining the relationship matters between the leader and the subordinates within a company. Through presenting the questionnaires for both the senior manager and the employees, it is possible to identify the variances in their view on the stated issue. That difference is taken as a gap in the relationship between the two parts, and, consequently, an undeveloped point in the leadership practices.

The first questionnaire in the empirical research is targeted at low-level managers of the company. There are five nearly same-experienced low-level managers involved in the event. The session implicates 25 closed-ended questions that were created based on the model of 5 Effective Leadership Practices invented by Justin Irving what was described in Theoretical Framework chapter. The employees were asked five close-ended questions on each practice. However, it is worth noting that all the questionnaire questions were placed in a random order and practices names were not opened to participants throughout the session. Such a tactic helps avoid excessive transparency in the questionnaire that may arise due to questions similarity.

The questions imply five answering options:

1. Strongly Disagree
2. Disagree
3. Neither disagree nor agree
4. Agree
5. Strongly Agree

The answers are aimed at illustrating employees' perception of the leader's behavior.

The second questionnaire focuses on participation of a senior manager with the same conditions established: 25 closed-ended questions with limited answering options mentioned above. However, the questions' form is transformed to be targeted at defining the behavioral pattern of the leader and determining the important points that he/she implements and find important in leadership performance.

Thus, the main questionnaires' function is to identify what needs to be developed with the regard to leader's behavior in the company, based on the answers of the participants.

## **4 Results**

### **4.1 Interview findings**

Five open questions were developed based on the theories of Lewin's Three Leadership Styles and French and Raven's Five Forms of Power. With an open discussion, the questions intend to discover true employees' attitudes towards the leader. Collected material helps identify current leadership status in company X, determine leadership style and a power form used by the senior manager. Semi-structured interview was conducted in the discussion form. Such an approach enabled to provoke the conversation and produce wide variety of supplementary information that help lead further research.

After the introduction part, the interview session begun with a short company overview. The team members were asked to tell about the rules the company X introduces. All the employees emphasized four rules established by the company. Those are as follows: do not disturb, do not evaluate, do not dispute, call the supervisor by the full name. In addition, majority of the workers expressed their negative attitude towards the rules. It

was mentioned that the regulations were developed for everyone, but, in fact, they are only followed by the employees. The leaders also shared the fact that such a behavior of the leader is caused by the status abuse.

Subsequently, the employees were asked about decision-making process in company X and the way the responsibilities are delegated. The team stated that the process of decision-making is always retained by a final say of the leader. It was also mentioned that the leader rarely asks the team for the contribution and advice in managing issues. In addition, the employees acknowledged that they do not feel engaged in work processes. Although, concerning delegation, the workers stated that the leader delegates responsibilities fairly based on employee' competence and experience.

Furthermore, the team members were asked to tell about the ways the leader motivates them for better results. The employees mentioned that the leader supports them by inviting senior managers of other departments, supportive speeches and by giving monthly bonuses. Moreover, three out of five workers were able to share the fact they realized that the leader motivates the employees through threats, such as bonuses deprivations. One employee was also able to acknowledge that he/she experiences fear to lose the job. The team member also noticed that the senior manager uses psychological techniques to influence the employees.

Concerning the penalties for the faults, the employees mentioned nearly the same methods used for motivation, but those are stricter. The ways include salary cuts and dismissal.

Finally, the interviewed team members were asked to discuss how they perceive their senior manager at the company. The question intended to receive a broad description of experience of being employed in company X, positive and negative aspects of the employer. Moreover, constructive criticism of working processes and possible suggestions were encouraged as well. Thus, the employees were able to express their true attitudes and perceptions towards relationship with the senior manager. According to conversation, majority of the employees were not satisfied with the leadership in company X. Besides, people expressed disappointment in regard to the lack of respect from the senior manager towards employees. They also believe there are other ways of encouragement instead of pressure that is normally used by the leader. The workers acknowledged that sometimes they experience humiliation that comes from the leader status abuse expressed in arrogant speaking manner, constant criticism, threats and

punishments. As it turned out, the employees have a fear of sharing adverse news and faults due to the leader's inadequate response. In addition, majority shared the reasons of still being employed, including the need in money finalizing with gaining professional experience.

## 4.2 Employees' questionnaire findings

### Employees Modelling what Matters

As it was discussed earlier, the practice of Modelling what Matters means the approach of a leader that stands for expressing company's vision and values by personal example.

Question	Average
Q1	4,6
Q2	1,4
Q3	4
Q4	4
Q5	4,4

Table 1. Employees Modelling what Matters

Table 1 clearly demonstrates the first batch of results on employees' questionnaire. The primary column presents the questions that were asked on the practice, the next five illustrate employees' reactions, and the final column shows the average answers on the questions.

With a high average score of 4,6 it follows that the employees well aware of the company's values as they strongly agree on the fact that the ethics of the firm was clearly demonstrated by the senior manager (question 1: My senior manager clearly demonstrates company's values). A less high rate of 4,4 proves the fact that the leader does not deprive employees of career growth (question: 5 My manager offers new opportunities for growth and development). The subordinates also agreed (average 4)

on the point that the leader maintains positive atmosphere within a company (question 3). Concerning the work duties, the followers feel competent to do their job, as their senior manager explained how things are done (question 4: I get enough knowledge to perform assigned tasks). However, question 2 shows an extremely low average rate (1,4). The employees claim, the leader does not comply with company rules. In the additional space of the questionnaire, majority of the followers noted they would like to see the leader abiding by the company rules. Also, one of the workers gave an example of such an issue: the senior manager allows subordinates-friends call him/her by a first name. By the thesis author's experience, the company X introduced a mandatory rule to address each other by a full name (normally, Russian companies prefer a formal way of communication within a workplace: name + father's name). Nevertheless, the senior manager made an exception for some persons, what others do not support, as it was explained by a worker. According to employees' answers, there were, probably, other leader' faults concerning company rules. However, nothing else was mentioned.

### **Employees Engaging the Honest Self-Evaluation**

The practice of Employees Engaging the Honest Self-Evaluation suggests leaders to be able evaluating yourself before criticizing other, as it helps gain more respect in the employees' eyes.

Question	Average
Q1	2
Q2	1,4
Q3	1,2
Q4	2,2
Q5	3,4

Table 2. Employees Engaging the Honest Self-Evaluation

According to Table 2, the most neutral rate (3,4) is given for the ability of the leader to commit his/her faults (question 5: My senior manager claims he/she is always right).

The employees cannot come to the exact answer; therefore, they remain neutral to such an issue. The next results are adverse. By giving the rate of 2,2 to the question 4 (My senior manager frequently asks employees for an advice) the team means their senior manager does not ask them for an advice to show the belong to work processes. With the nearly same score of 2 for the question 1 (I do not receive consistent criticism from my senior manager), the workers point out that the leader frequently censures them. In addition, one of the team members notes that instead of demotivation and indignation towards employees' work, it is worth developing more innovative approach for the company. Finally, personnel emphasize their inability to inform senior manager of their vision regarding leadership strategy at the company and directly point out at leader's faults question 2: I do not hesitate to give a feedback to my senior manager; I can share my dissatisfaction about leadership strategy with my senior manager). Some people comment that they have a fear of being fired or being given additional work, as their senior manager strictly against of giving a feedback to his/her approach. However, they would appreciate a chance of giving a true feedback and evaluation in order to contribute to company development.

### **Employees Valuing and Appreciating**

The practice of Valuing and Appreciating describes the importance of personality appreciation at work. The inventor is sure that employees have to be first valued as people, and then as professionals.

Question	Average
Q1	2,8
Q2	2
Q3	3,8
Q4	2,8
Q5	1,8

### Table 3. Valuing and Appreciating

As it is seen, Table 3 illustrates mostly negative indicators of the case-company. A relatively positive average rate of 3,8 is agreed on the leader's attitude towards employees' well-being. The team states that the senior manager takes care of their health, and, in case sick leave is needed, he/she always supports. However, the questionnaire revealed trust issues between the two sides. The indicator of 2,8 is a sign of uncertainty in senior manager's reliability. The same can be related to question 1 (I feel appreciated and recognized by my senior manager) that was presented with the same number of 2,8. That means the workers remained nearly neutral, because they were not sure whether they receive enough appreciation from the senior manager or their personality is underestimated. Concerning the followers' opinion (question 2: My opinion is valued by my senior manager), the view was common. The average answer is exactly 2, what is interpreted as impossibility for workers to express an opinion. The people commented that they have a lot to say, but it is not encouraged by the boss. The lowest score was put for humiliation issues (question 5: I do not feel humiliated by the senior manager' status abuse). In addition, people shared some justifications of a choice to make the situation clearer. It was revealed that status was manifested through arrogant communication with employees, pressure, and ridicule. The workers also mentioned the reasons of their patience: convenient work schedule, non-fixed pay, and need for a job.

### Employees Creating a Place for Individuality

Creating Place for individuality approach is for distinguishing people's nature. The scientist suggests leaders to pay attention to the difference between the workers to identify special feature they own, as such an attention helps build warmer relationship between the two sides.

Question	Average
Q1	2,2
Q2	3,8

Q3	3
Q4	3,4
Q5	4,6

Table 4. Employees Creating a Place for Individuality

The data, demonstrated in Table 4, presents overall neutrality. However, for the deeper outcome, it is necessary to delve into the details. Thus, question 5 (I feel free to organize my workplace by my preferences) presents the brighter result out of all (4,5). The employees are happy (4,6) with the opportunity to equip their workplace as they want. Also, positive score of 3,8 was noticed in question 2 (I feel enough attention to my personality). Reading additional comments, it was revealed that the senior manager frequently asks employees about their mood and latest news. Also, the team agrees that the leader encourages schedule changes from time to time what allows them taking day offs during weekdays (question 4: I am allowed to adapt work shifts to my weekly schedule; rated at 3,4). Additionally, the employees say that they rarely feel compared to other workers or do not feel compared at all (question 3: I do not feel frequently compared to others, rated at 3). However, the personnel were disappointed (2,2) with the capability to express individuality at work (question 1: I am able to express my individuality at work). One of the team members noted that it is appropriate to have a dress code in the company, although it is not correct for the leader to make remarks the workers on how to be sited at the desk during the break.

### Employees Supporting and Resourcing

The practice illustrates the approach where the leader is responsive and support employees by the words as well as by the actions.

Question	Average
Q1	3
Q2	3,8



Q3	3,8
Q4	2,4
Q5	4,2

Table 5. Employees Supporting and Resourcing

The result of fifth practice, as it is shown in Table 6, are mostly optimistic. The higher rate of 4,2 is given at question 5 (I can ask my senior manager for help), what means the employees find the senior manager an approachable and responsive person. The same scores (3,8) are put at question 2: I frequently receive motivation from my senior manager; question 3: I can share my challenges to my senior manager. Thus, the employees are inspired enough and feel free to tell the leader if something goes wrong. Although, the workers are not able to agree or disagree answering question 1 (I have enough support and recourses from my senior manager. Concerning the question 4 (I am not afraid telling my faults to the senior manager), the result is negative (2,4). One of the team members commented that there is a fear to tell about his/her faults to the senior manager due to chance to be judged, compared of even fired.

### 4.3 Leader's questionnaire findings

The leader's questionnaire reflects the behavior pattern and important points the senior manager adheres to in his/her leadership approach.

#### Leader Modelling what Matters

Question	
Q1	5
Q2	4
Q3	4
Q4	5

Q5	4
----	---

Table 6. Leader Modelling what Matters

Table 6 indicates a confident leadership vision. The leader is strongly agrees (5) that he/she has a responsibility of demonstrating company's values, as well as teaching employees how to perform tasks (question 1: Company's values must be demonstrated by the leader; question 4: Senior manager is responsible for explaining to the employees how to perform tasks). With the score of 4, the leader also agrees that he/she is the one who helps the team with career opportunities (question 5: Senior manager has to offer growth and development opportunities for the employees). The leader also claims that the employees are responsible for maintaining positive atmosphere within a team (question 5: Employees are responsible for maintaining positive atmosphere within a team, rated at 4). Although, the senior manager states that he/she is not supposed to abide by the company rules. It was also noted that there are no mandatory rules to be followed by senior manager due to an authority, but those are supposed to be abided by the employees.

### Leader Engaging the Honest Self-Evaluation

Question	
Q1	4
Q2	5
Q3	5
Q4	2
Q5	1

Table 7. Leader Engaging the Honest Self-Evaluation

According to results presented in Table 7, the senior manager is against of employees' feedback regarding work processes or any comments about leadership strategy (question 1: Employees cannot give feedback to the senior manager, rated at 5; question 3: Employees cannot share their dissatisfaction about leadership strategy with senior manager, rated at 5). Also, the leader uses criticism as a motivation approach or a pressure method towards the workers (question 1: Criticism is a good way to help employees, rated at 4). In addition, the senior manager is rigid in the statement in the better capability of employees in solving some work issues (question 5: Sometimes employees can be more capable in solving tasks, rated at 1), as well as employees' capability to give a valuable advice to the leader (question 2: Employees can give a valuable advice to the leader if needed, rated at 2).

### Leader Valuing and Appreciating

Question	
Q1	3
Q2	4
Q3	5
Q4	4
Q5	5

Table 8. Leader Valuing and Appreciating

The data from the Table 8 shows leader's relation towards the statements regarding employees' appreciation. The senior manager find significance in taking care about the employees (question 3: Senior manager has to care about team members' wellbeing). The trust is taken as a valuable aspect by the leader in the relationship between the two sides (question 4: Trust is vital between the employees and the senior manager). However, the senior manager is neutral towards the workers' value with no projects

implemented (question 1: Employees are valued even though they do not frequently achieve the goals). With a rate of 4, It is clearly seen that the leader does not encourage team member to express an opinion at work (question 2: Employees cannot express their opinion at work). Finally, as it was discussed earlier in Leader Modelling what Matters, the senior manager claimed he/she may not abide by the company rules. In this case, the leader justifies that statement by strongly agree on the fact that the senior manager has more permissions due to the authority (question 5: Employees cannot express their opinion at work).

### Leader Creating a Place for Individuality

Question	
Q1	4
Q2	3
Q3	4
Q4	4
Q5	4

Table 9. Leader Creating a Place for Individuality

Table 9 demonstrates a positive attitude (4) of a leader towards employees' desire to adapt work schedules and organizing the workplace by their preferences (question 4: It is necessary to let employees change their work schedule if necessary; question 5: Employees are allowed to organize their workplace as they want). The leader claims that one of the ways to motivate employees to enhance outcomes is comparison (question 3: Senior manager should compare employees (in order to motivate them for better results)). The neutrality (3) is expressed towards importance of a worker's personality (question 2: Employee's personality is valuable). The leader is neither agree nor disagree on that statement. The consent was shown in question 1 (Employees cannot express their individuality at work). The senior manager is against of expressing

individuality during the worktime. It was commented that the company has the rules to be followed and deviation from those standards lead to consequences.

### **Leader Supporting and Resourcing**

Question	
Q1	5
Q2	5
Q3	4
Q4	4
Q5	5

Table 10. Leader Supporting and Resourcing

According to the data from the Table 10, the leader express the agree and emphasizes the importance of proving employees with the necessary resources and support (question 1: The leader has to provide enough support and resources for employees) as well as the responsibility to motivate the team (question 2: Senior manager has to frequently motivate employees). The workers are also encouraged to share their work difficulties (question 3: Employees can share challenges to the senior manager) and ask the senior manager for help (question 5: Employees should ask the senior manager for help). Although, with the agree in the question 4 (Every fault of an employee has to be noted), the leader is sure that faults are the sign an employee' incompetence and those has to be taken into consideration.

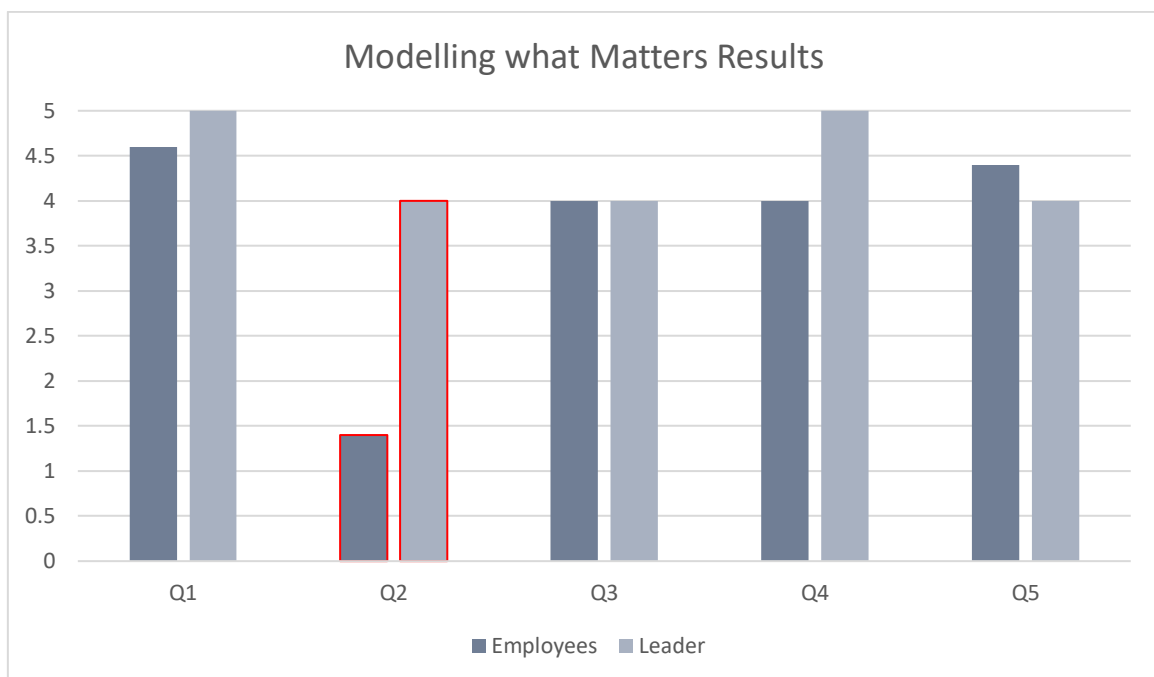
## **5 Comparison of the results**

According to the data acquired during the employees' and the leader's questionnaire, the charts for results comparison were created. Each chart is related to one of the five practices described in Theoretical Framework chapter of the thesis. The charts represent the employees' and the leader's reflections on the questions that were

presented to them at questionnaire session. The purpose of the charts is to figure out the inconsistencies by comparison the answers of the two sides. As the questions were similar for both the employees and the leader, such an inconsistency will be manifested in rigid divergence in the answers of the participants. It is worth noting, neutral scores towards either positive or negative answers is not counted as a divergence.

All in all, such a rigid divergence is taken as a difference in attitudes towards leadership manifestation in the company. Further, such a gap found helps identify what needs to be developed in leadership practices in the enterprise.

### Modeling what Matters Results

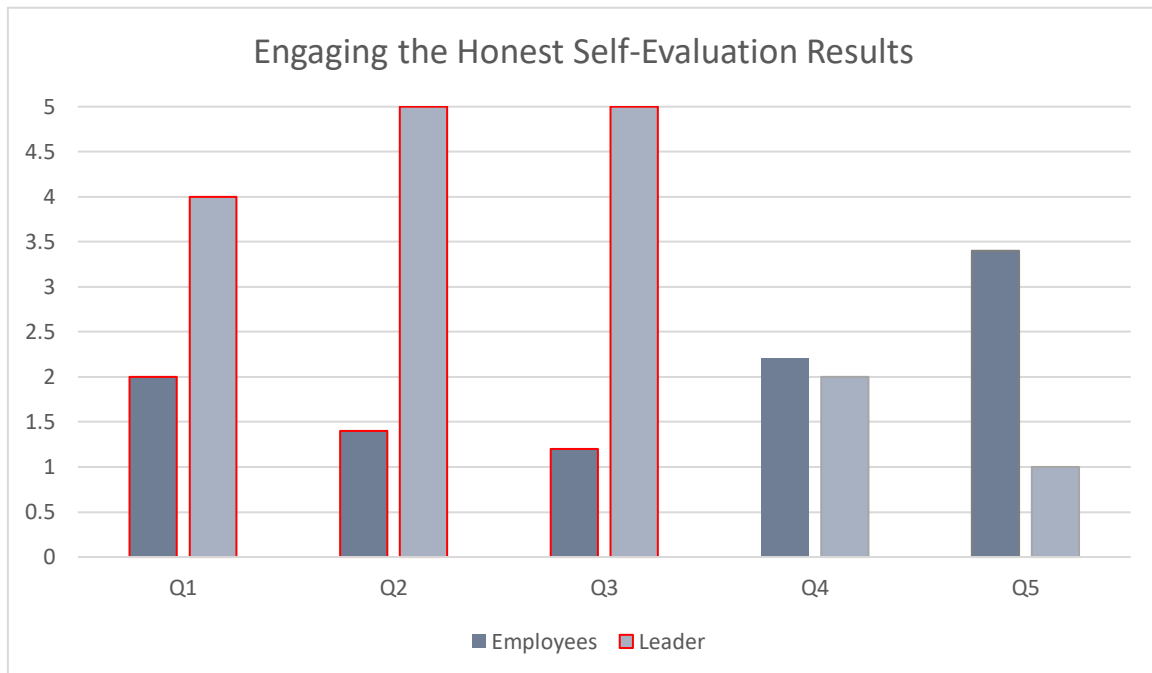


Graph 1: Modeling what Matters Results

The rigid divergence in the employees' and leader's answers is clearly demonstrated in the Graph 1 of Modelling what Matters practice. The area highlighted with the red colour is the question the answers to which are opposite. The average employees' rate for the question 2 (I see the leader abides by the company rules) is 1,4, what means majority of the participants strongly disagree with the statement. Whereas, the question for the

leader (Senior manager does not necessarily have to abide by the company's rules) is rated 4 what corresponds to the answer option of «agree». Thus, the two sides have different opinions on that issue. According to the questionnaire answers, the employees want their leader to follow the company rules as they do, although, the senior manager does not take deviations from the rules seriously.

### Engaging the Honest Self-Evaluation Results



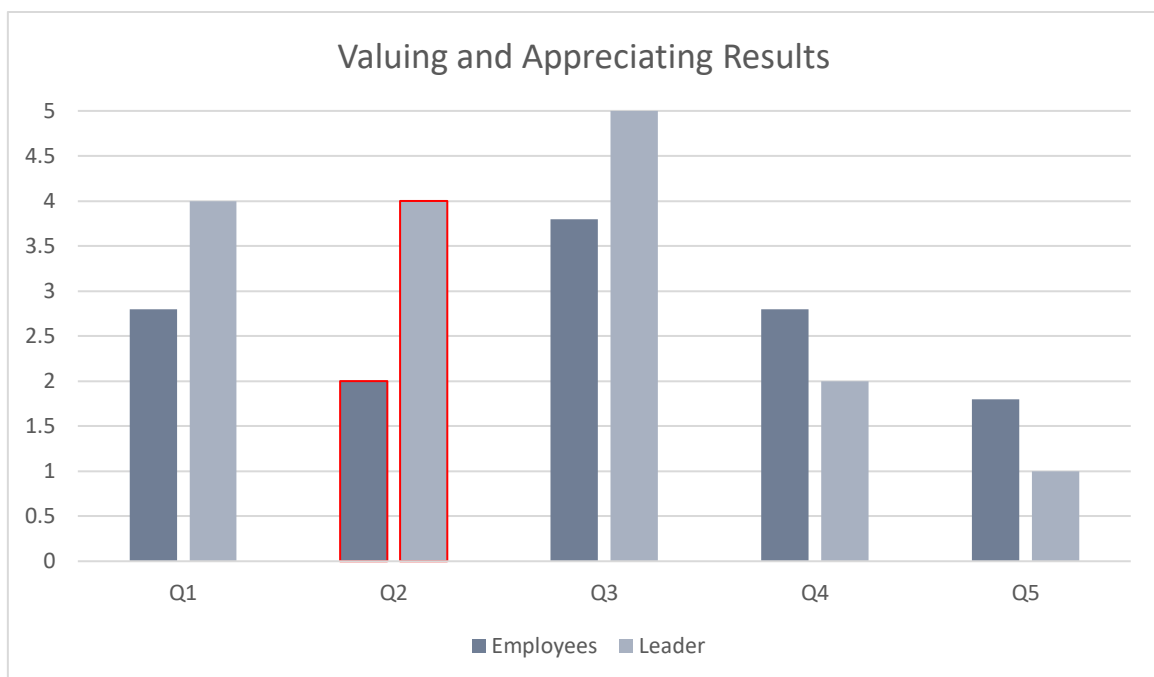
Graph 2: Engaging the Honest Self-Evaluation Results

As it is seen in the Graph 2 of Engaging the Honest Self-Evaluation practice, majority of the questions faced answers divergence.

The employees average answer for the first question (I do not receive consistent criticism from my senior manager) is 2, what means disagreement with the statement. As it was noted by one of the team members, frequent criticism demotivates workers and breaks their self-confidence. However, the leader thinks differently and uses criticism for motivation. He/she rates the question with 4 and agrees with the statement (Criticism is a good way to help employees). Concerning the question 2, by highlighting the results, the huge divergence is seen. In this part, with the rate of 1,4, the followers express disagreement with the statement (I do not hesitate to give a feedback to my senior manager) and note that there is a desire to give an honest comment, but there is a fear of consequences. The same is with the question 3 (I can share my dissatisfaction

about leadership strategy with my senior manager). The team would like to express their disappointment, but it is not possible for them due to significances. Whereas, the senior manager claims that the workers should not comment nor on leader’s work (question 2: Employees cannot give feedback to the senior manager; rated at 5) neither on leadership strategy in the company (question 3: Employees cannot share their dissatisfaction about leadership strategy with senior manager; rated at 5).

### Valuing and Appreciating Results



Graph 3: Valuing and Appreciating Results

According to the Graph 3 that represents the leadership practice of Valuing and Appreciating, the gap was figured out in question 2. The team members express disagreement to the statement (My opinion is valued by my senior manager) by rating at 2. The workers are disappointed by the fact that their opinion is not appreciated by their senior manager and they have no chance to express the view. On a contrary, the leader rates the question with 4, what means agreement, and claims that the employees are not even allowed to share their opinion at work (Employees cannot express their opinion at work).



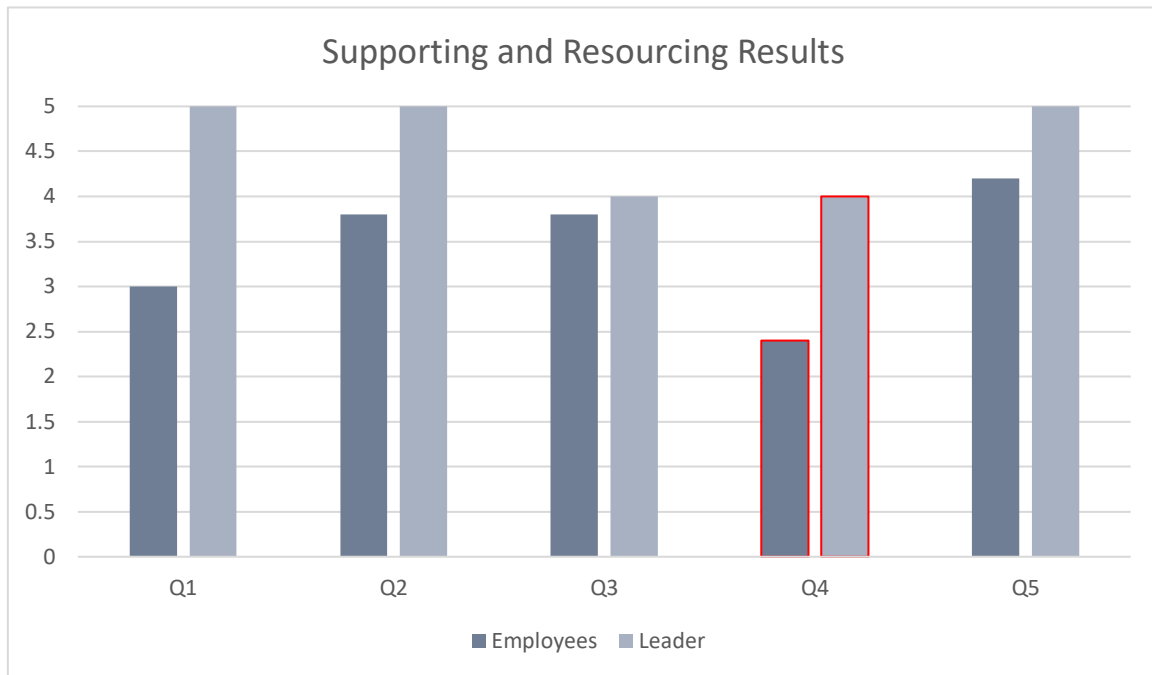
## Creating a Place for Individuality Results



Graph 4: Creating a Place for Individuality Results

Concerning the divergence in the answers in Creating a Place for Individuality practice, the Graph 4 clearly illustrates the question with a gap found. The question 1, in this case, stands for the employee's statement (I am able to express my individuality at work) and for the leader's one (Employees cannot express their individuality at work). The team rates this question at 2,2, whereas the leader does at 4, what means a controversy. The employees express their disagreement and, at the same time, the desire to show their individuality while at work. However, the senior manager does not support such an approach.

## Supporting and Resourcing Results



Graph 5: Supporting and Resourcing Results

The Graph 5 shows the answers divergence in question 4 of Supporting and Resourcing practice. By rating the given statement (I am not afraid telling my faults to the senior manager) by 2,4, the workers shared their fear of telling the leader about unrealized projects. As one of the team members noted, it again comes to a fear. In this case, the fear of being judged, compared or fired. However, due to the answer of the leader, such an anxiety is justified. The senior manager agrees with the statement (Every fault of an employee has to be noted), by rating it with 4. Thus, the employees fear becomes reasonable and dissatisfaction with leadership status in the company proved.

## 6 Combining theory and practice

Theoretical framework was initially used in developing the outline for the empirical research. Scientific theory was taken as the base for generating questions for both the questionnaire and the interview. The close-ended questions for the questionnaire were created based on the theory of 5 Effective Leadership Practices invented by Justin Irving. Whereas, the interview comprised open questions developed based on the theories of Lewin's Three Leadership Practices and French and Raven's Five Forms of Power.

Furthermore, theory's role is engaged in foundation of the empirical research as well as in generating further conclusions and summaries of the investigation. In this stage, Hofstede's cultural dimensions theory is included as well. Thus, the data acquired for the empirical analysis will be combined with the theory discussed in chapter 2.

According to the material gained, there were significant gaps found in the relationship between the employees and the leader. The study revealed the issues that the employees care the most about, whereas, the leader does not either emphasizes those as problems or express critical attitudes towards. It turned out that the employees are unsatisfied with the fact that the leader does not abide by the company rules. However, the senior manager believes it is not mandatory for the leader to follow the guidelines due the authority he/she holds. Such a behavior pattern is commonly seen in Russian companies. As Russia is a country with an extremely high score of Power Distance (93), revealed by Geert Hofstede, senior level managers normally claim that the subordinate must obey the regulations introduced by an organization. Whereas, high-level managers are not supposed to follow the rules due to the status they hold.

In addition, the two sides perceive criticism differently: the employees see it as a pressure, but the leader constantly uses it as a tool for the influence that expected to be working. In Russian business world, people tend to use methods that, in their opinion, work well, for a long time. This feature comes from a fact that Russia represents collectivistic society. Such cultures do not tend to show behavioral flexibility and openness to habits change.

Nonetheless, the most crucial issues were revealed during the study are employees' fear and the lack respect from the leader towards the team. The consistent pattern of fear is traced in various ways. The employees are not able to neither give a feedback to the senior manager nor share dissatisfaction in regard to leader practices they may suffer from. That is the common feature of Restraint counties. Russian culture presents a relatively low level of indulgence, that means the individuals are not usually able to follow their true desires, but they suppress them by deceiving oneself with strict regulations.

In addition, the workers are afraid to tell about their faults to the senior manager. Such a decision is justified, as each employees' fault is noted by the leader and bears consequences. That is a well-known feature of the countries with a high level of Uncertainty Avoidance. Russian people are the indicating example of such a behavior

pattern. They do not normally accept uncertainty in life which concerns all life spheres: business, family, travel and many others. Moreover, the workers are not able to express their individuality and an opinion at work due to senior manager's setup. Consequently, such a leader's vision results in the lack of respect receive by the employees. Thus, the most underperforming leadership areas the relationship suffers from are understanding the priority of people and engaging self-evaluation.

Finally, the knowledge gained during the discussion at the interview session with employees may identify leadership practices used by the leader in company X. As the study revealed, the employees do not contribute to decision-making process. The leader sets up the goals and determine the work methods on his/her own with little consultation with the group. Such indicators are the features of Autocratic leadership style, a stronger one then it was described in chapter 2. Due to the lack of respect and impossibility to express an opinion, people feel infringed. The employees do not receive decent inspiration, as it may seem to the leader. During the interview session, it was revealed that the leader motivates followers though threats and punishments such as salary cuts, bonuses deviation, and dismissals. Such an approach results in coercive form of power that is used by the leader in company X.

## **7 Suggestions to effective leadership**

The investigation is aimed at providing recommendations in regard of leadership practices for company X. The suggestions are given based on the empirical analysis and the theory studied throughout the study. The data acquired for the empirical research enabled to identify crucial gaps in the relationship between the company's leader and the employees and determine what needs to be developed to build loyalty between the two sides. Whereas, the theory helps fill in the gaps with the recommended behavior patterns suggested to the leader of the case-company.

To begin with, the study revealed the employees and the leader disagree on the issues that result in the fear and the lack of respect towards employees. According to the research, the leader holds coercive form of power and adhere to Autocratic leadership style. Such a behavior pattern encourages little participation of the employees in decision-making process, excluding individuality expression what employees are lacking. In addition, due to the rigid work structure, the pressure arises. Subsequently, the fear of sharing the faults and feedbacks increases. As a fact, Participative

leadership style is recognized as one of the most effective among previous studies. Such an approach implies encouraging employees to share ideas and opinions. Moreover, Demographic leaders inspire trust and respect among the team members, what is needed for the case-company.

Finally, the research discovered the gap in power distribution. The employees claim the leader abuse the status by humiliation and infringing the subordinates. Such a behavior is manifested in punishments and threats including bonuses deprivations, salary cuts, or even dismissal. However, if the leader intends to build loyalty within a team, Reward form of power is most suitable. By rewarding the employees, the sense of loyalty in the enterprise increases, satisfaction arises, and, thus, trust is shaped between the two sides.

## **8 Summary**

The primary objective of the research was to deliver suggestions to more effective leadership in order to build loyalty between the leader and the subordinates in the case-company. For this, it was necessary to analyze the relationship between the two sides in order to identify what leadership practices are used by the leader in company X. Subsequently, provide recommendations to a more effective approach that may be further used by the senior manager.

The empirical analysis provided a deeper understanding of current leadership status in company X what enabled to identify potential weaknesses in the relationship between the employees and the leader.

The study revealed that the senior manager in company X succeeded at supplying the employees with necessary recourses, offering growth and development opportunities, and providing sufficient knowledge to help employees perform tasks. However, the leader did not draw attention to the inner state of the subordinate. The motivation and the support delivered by the senior manager was perceives as threatening by the employees of the case-company. The empirical research shown the team suffering from morale pressure due to leader's incorrect way of inspiring. In addition, status abuse was detected, what caused in the lack of respect towards the low-level managers.

The theory enabled to identify the solution for the case company to restore trustworthiness of the leader and build loyal relationships within a company. Thus, the

study suggested to introduce a different leadership style of Participation. Such an approach intends to show the employees their value, by letting them make greater contribution to the company and expressing an opinion. An addition a new form of power was recommended instead of Coercive that was used by the leader. As it was studied, Reward power may have a huge impact on the inner state of the employees. By positive encouragement, such a method enables to build connection between the employees and the leader, thereby increasing trust and respect within a company.

To conclude, the research brought a deep understanding of the relationships between different levels of power. The discovered issues are commonly met in various life spheres, although, suggestions provided by the study may help prevent such problems as well as restore already existing troubles in the relationship between individuals.

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## Appendices

### Appendix 1 Questionnaire for the employees

The questionnaire is created to study leadership performance in company X. The procedure comprises 25 close-ended questions in an assertive form in regard to your experience and perception of the leader's behavior in the company. Select the option that seems most appropriate to your experience and rate it by circulating the number: from 1 to 5:

1 — Strongly disagree

2 — Disagree

3 — Neither agree nor disagree

4 — Agree

5 — Strongly agree

Each question implies only one answer. If the choice needs justification, there is an additional space in the end of the questionnaire.

Be honest. The questionnaire is anonymous. Good luck.

1. I can share my dissatisfaction about leadership strategy with my senior manager	1	2	3	4	5
2. I see the leader abides by the company rules	1	2	3	4	5
3. I do not receive consistent criticism from my senior manager	1	2	3	4	5
4. I feel enough attention to my personality	1	2	3	4	5
5. My manager offers new opportunities for growth and development	1	2	3	4	5
6. I feel appreciated and recognized by my senior manager	1	2	3	4	5

7. I am not afraid telling my faults to the senior manager	1	2	3	4	5
8. I do not feel humiliated by the senior manager' status abuse	1	2	3	4	5
9. I feel trust between the senior manager and the employees	1	2	3	4	5
10. My manager cares about my and team members' well being	1	2	3	4	5
11. I am allowed to adapt work shifts to my weekly schedule	1	2	3	4	5
12. I frequently receive motivation from my senior manager	1	2	3	4	5
13. I can share my challenges to my senior manager	1	2	3	4	5
14. My opinion is valued by my senior manager My senior manager claim he/she is always right	1	2	3	4	5
15. I feel free to organize my workplace by my preferences	1	2	3	4	5
16. My manager maintains positive atmosphere within a team	1	2	3	4	5
17. I do not hesitate to give feedback to my senior manager	1	2	3	4	5
18. My senior manager clearly demonstrates company's values	1	2	3	4	5
19. I am able to express my individuality at work	1	2	3	4	5
20. I get enough knowledge to perform assigned tasks	1	2	3	4	5
21. I do not feel frequently compared to others	1	2	3	4	5
22. I have enough support and resources from my senior manager	1	2	3	4	5
23. I can ask my senior manager for help	1	2	3	4	5
24. My senior manager does not ask employees for an advice	1	2	3	4	5
25. My opinion is valued by my senior manager	1	2	3	4	5

Additional comments

## Appendix 2 Questionnaire for the leader

The questionnaire is created to study leadership performance in company X. The procedure comprises 25 close-ended questions in an assertive form in regard to your view of power distribution within the company. Select the option that seems most appropriate to your vision and mark it by circulating the number: from 1 to 5:

1 — Strongly disagree

2 — Disagree

3 — Neither agree nor disagree

4 — Agree

5 — Strongly agree

Each question implies only one answer. If the choice needs justification, there is an additional space in the end of the questionnaire.

Be honest. Good luck.

1. Employees cannot express their opinion at work	1	2	3	4	5
2. Senior manager has to frequently motivate employees	1	2	3	4	5
3. Criticism is a good way to help employees	1	2	3	4	5
4. Senior manager is responsible for explaining to the employees how to perform tasks	1	2	3	4	5
5. Senior manager may have more permissions due to the authority	1	2	3	4	5
6. Employees are valued even though they do not frequently achieve the goals	1	2	3	4	5
7. Company's values must be demonstrated by the leader	1	2	3	4	5

8. Senior manager has to care about team members' well being	1	2	3	4	5
9. Employee's personality is valuable	1	2	3	4	5
10. Employees cannot give feedback to the senior manager	1	2	3	4	5
11. The leader has to provide enough support and resources for employees	1	2	3	4	5
12. Senior manager does not necessarily have to abide by the company's rules	1	2	3	4	5
13. Employees cannot express their individuality at work	1	2	3	4	5
14. It is necessary to let employees to change their work schedule if necessary	1	2	3	4	5
15. Senior manager should compare employees (in order to motivate them for better results)	1	2	3	4	5
16. Employees are responsible for maintaining positive atmosphere within a team	1	2	3	4	5
17. Senior manager has to offer growth and development opportunities for the employees	1	2	3	4	5
18. Employees cannot share their dissatisfaction about leadership strategy with senior manager	1	2	3	4	5
19. Employees can share challenges to the senior manager	1	2	3	4	5
20. Employees can give a valuable advice to the leader if needed	1	2	3	4	5
21. Employees should ask the senior manager for help	1	2	3	4	5
22. Every fault of an employee has to be noted	1	2	3	4	5
23. Employees are allowed to organize their workplace as they want	1	2	3	4	5
24. Trust is vital between the employees and the senior manager	1	2	3	4	5
25. Sometimes employees can be more capable in solving tasks	1	2	3	4	5

Additional comments

## **Appendix 3 Interview for the employees**

### **INTRODUCTION**

1. Introducing yourself and let the interviewee introduce him/herself
2. Informing about the purpose of the interview, the length, type and number of the questions

### **QUESTIONS**

1. What rules does the company introduce?
2. How decisions are made in the company? How responsibilities are delegated?
3. How does the leader motivate you for better results?
4. How does the leader penal you for the faults?
5. Who is the leader for you? How do you see him/her? Describe your perceptions.



## Appendix 4 Results of the employees' questionnaire

Employees Modelling what Matters	E1	E2	E3	E4	E5	Average
1.My senior manager clearly demonstrates company's values	4	4	5	5	5	4,6
2.I see the leader abides by the company rules	2	1	1	2	1	1,4
3.My senior manager maintains positive atmosphere within a company	4	3	4	5	4	4
4.I get enough knowledge to perform assigned tasks	4	3	4	5	4	4
5.My manager offers new opportunities for growth and development	5	4	4	4	5	4,4

Employees Engaging the Honest Self-Evaluation	E1	E2	E3	E4	E5	Average
I do not receive consistent criticism from my senior manager	2	3	2	1	2	2
I do not hesitate to give a feedback to my senior manager	1	1	1	2	2	1,4
I can share my dissatisfaction about leadership strategy with my senior manager	1	1	1	1	2	1,2
My senior manager frequently asks employees for an advice	2	2	2	3	2	2,2
My senior manager claims he/she is always right	3	3	4	4	3	3,4

Employees Valuing and Appreciating	E1	E2	E3	E4	E5	Average
I feel appreciated and recognized by my senior manager	3	2	3	3	3	2,8
My opinion is valued by my senior manager	2	1	2	2	3	2
My manager cares about my and team members' well being	4	3	4	4	4	3,8
I feel trust between the senior manager and the employees	3	3	3	2	3	2,8

I do not feel humiliated by the senior manager' status abuse	1	2	1	2	3	1,8
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Employees Creating a Place for Individuality	E1	E2	E3	E4	E5	Average
I am able to express my individuality at work	2	2	1	4	2	2,2
I feel enough attention to my personality	4	4	3	4	4	3,8
I do not feel frequently compared to others	3	2	4	3	3	3
I am allowed to adapt work shifts to my weekly schedule	3	3	3	4	4	3,4
I feel free to organize my workplace by my preferences	5	4	5	5	4	4,6

Employees Supporting and Resourcing	E1	E2	E3	E4	E5	Average
I have enough support and recourses from my senior manager	3	3	2	4	3	3
I frequently receive motivation from my senior manager	4	3	4	4	4	3,8
I can share my challenges to my senior manager	4	4	4	4	3	3,8
I am not afraid telling my faults to the senior manager	2	2	3	2	3	2,4
I can ask my senior manager for help	4	5	4	4	4	4,2

## Appendix 5 Results of the leader's questionnaire

Leader Modelling what Matters	L
Company's values must be demonstrated by the leader	5
Senior manager does not necessarily have to abide by the company's rules	4
Employees are responsible for maintaining positive atmosphere within a team	4
Senior manager is responsible for explaining to the employees how to perform tasks	5
Senior manager has to offer growth and development opportunities for the employees	4

Leader Engaging the Honest Self-Evaluation	L
Criticism is a good way to help employees	4
Employees cannot give feedback to the senior manager	5
Employees cannot share their dissatisfaction about leadership strategy with senior manager	5
Employees can give a valuable advice to the leader if needed	2
Sometimes employees can be more capable in solving tasks	1

Leader Valuing and Appreciating	L
Employees are valued even though they do not frequently achieve the goals	3
Employees cannot express their opinion at work	4
Senior manager has to care about team members' well being	5

Trust is vital between the employees and the senior manager	4
Employees cannot express their opinion at work	5

Leader Creating a Place for Individuality	L
Employees cannot express their individuality at work	4
Employee's personality is valuable	3
Senior manager should compare employees (in order to motivate them for better results)	4
It is necessary to let employees change their work schedule if necessary	4
Employees are allowed to organize their workplace as they want	4

Leader Supporting and Resourcing	L
The leader has to provide enough support and resources for employees	5
Senior manager has to frequently motivate employees	5
Employees can share challenges to the senior manager	4
Every fault of an employee has to be noted	4
Employees should ask the senior manager for help	5