

# **The effect of leadership on psychological well-being in a Russian company's workplace**

## Abstract

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Abstract <p>The objective of the thesis was to find out what is the leadership style in the department "X" of the "TGC-1" company, and to understand what impact this leadership style and work atmosphere have on the employees' psychological well-being. Nowadays, mental disorders in the workplace are common. The reasons for that can be an unhealthy working atmosphere and not structured leadership as well as abuse from superior-position employers. A role of a leader is significant in the company. A leader with the right attitude, improved soft skills, and structured leadership can motivate employees for effective work. Unstructured leadership in a company could lead to many issues, such as instability in the company's operations and profits.</p> <p>The qualitative research method was used as the main research method. The method of data collection was conducted with the help of five semi-structured interviews with employees from the case company. The open sources were used as a secondary data collection to get the theory. To analyze the data, the SWOT Analysis and deductive approach method were used. With the help of the interview and secondary data collection, the needed data was collected and summarized in SWOT Tables. The analysis demonstrated that department "X" has a Bureaucratic leadership style, and the impact is on the psychological well-being of employees is satisfactory. The impact of the work atmosphere on department "X" is positively good.</p> <p>The conclusion is that leadership is complicated, and a leader can never be perfect. Additionally, thankfulness to employees' work is important, because it is heavy for them to find a motivation to perform and develop when their work is not appreciated enough. Without the needed support and positive work atmosphere, employees may experience burnout. The thesis provides the relevant theory and empirical research. The theory and empirical research are linked together and all information that is included in the thesis is valuable.</p>		
Keywords Leadership, Work atmosphere, Psychological well-being, Soft skills, Work in Russia, SWOT Analysis, Maslow's pyramid		

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# 1 Introduction

## 1.1 Background of the topic and its relevance

The topic that was chosen for the thesis work is called "The effect of leadership style and work atmosphere on psychological well-being in a Russian company's workplace". The purpose of this study is to analyze how leadership style and work atmosphere affect the psychological well-being of employees in a Russian company, named "TGC-1".

Nowadays, mental disorders in the workplace is a highly common situation. Employees may experience depression, neurosis, and a variety of other psychological disorders, due to an unhealthy working environment and abuse from superior-position employers. The problem of the occurrence of mental disorders is not frequently discussed within a working team. Employees are unable to realize that they are experiencing deterioration in mental health. Thus, they do not precede the issues. (Jay & Hersen 2002.)

Stress-related illnesses are not only negatively affecting the lives of people but also, it was stated, that 14% of all insurance claims in the United States of America are of mental illnesses. Problems like the occurrence of mental disorders and diseases in the workplace were not given priority because it was believed that the level of severity is not high enough. (Jay & Hersen 2002.) Because of long working hours and the effort demanded to be put, a safe working atmosphere must be created and maintained in the workplace, otherwise, the psychological health of employees can greatly deteriorate. (Vonderlin et al. 2021)

Concerning leadership, it should be noted, that a leader is not just a manager. A leader is an influencer, inspirer, and mentor in the workplace. A leader is an important team member in a company, who motivates and respects the employees. A leader is a creator of a positive work environment in the company. To be the right leader, it is important to forge positive relationships with your employees and be sympathetic to their needs. It is essential to create an atmosphere in the workplace, where open communication is encouraged. (Schooley 2019a.)

Therefore, the role of a leader with the right attitude and presentation in every company is significant. Moreover, the topic of soft skills development is also essential for many reasons which will be analyzed further. Soft skills include communication skills, listening skills, time management, respect towards workers, and empathy towards them. (Doyle 2020a.)

The development of soft skills is the basis for a respectable leader at work. Soft skills are essential for leading people, solving problems, building and keeping trust with customers, and

being more efficient at work. These factors are key for business success. (Andriotis 2018.) Therefore, the topic of soft skills will be also discussed in the thesis.

Many problems could occur because of not defined or not well-structured leadership. For example, the instability at work, instability among partnerships with other companies, the company's reputation, as well as the number of clients, could negatively change the companies' operations. Instability within a company affects profits and number of customers as well as the number of partnerships. A problem with recruiting employees may also occur.

## 1.2 Objective and Delimitations

In this part, the main focus of the study will be illustrated. (Open Learn Create 2017). The objective of the thesis is to identify the leadership style of the department "X" in a Russian company, named "TGC-1", and to understand what impact on the psychological well-being of employees this, and work atmosphere do. To achieve this goal, materials from open sources, previous research, as well as data from the company's interview will be used.

Delimitations are defining the boundaries of the research study and are divided into theoretical and empirical parts. (DiscoverPhDs 2020). Delimitations should be set so that the goal of the thesis is not too large to complete. The examples of delimitations are objectives, research questions, theory, and targets of the study.

Overall, the limits of research possibilities will be determined (Akashram 2014). The concept of leadership and psychological well-being will be considered from a theoretical point of view, as well as its prevalence in studies about the thesis topic from a Russian case company workplace. Theories that are most relevant to this research will be presented and analyzed in the theoretical part. (phdstudent.)

The next part of delimitations will include the actual research information. The specific case company was selected, and the cooperation agreement was created and signed. The company is called «TGC-1» - a Russian electricity production company. The company was chosen because it consists of many departments, which are headed by different leaders. Therefore, it would be interesting to collaborate with this company and conduct several interviews. A semi-structured interview with the company representatives will be conducted.

Various topic questions will be asked about the experience of the employee, regarding leadership styles, job satisfaction, understanding of standards and goals of the company, etc. The interview aims to understand which leadership style does one of the company's departments, named department "X", follows, whether employees are satisfied with this

leadership style and whether it affects their psychological well-being. Some additional questions could be added during an interview to get more data if needed.

Due to the fact that psychological well-being and leadership in general, are quite broad topics and that the empirical data will be collected only from one company, it will not be possible to fully analyze these terms in Russian workplaces because of insufficient data. Nonetheless, the most extensive analysis will be carried out to answer the research question.

### 1.3 Research questions

#### 1.3.1 Main research question

The research question is the main question around which the research is centered. This question must be clear, focused, and understandable. (The Writing Center 2018). The idea of the study is to understand how leadership and psychological well-being can be interrelated in a workplace at a Russian company, named "TGC-1". Therefore, the main research question of the thesis is – How do leadership style and work atmosphere affect the psychological well-being of employees in the workplace at "TGC-1" company's case department?

Accordingly, the thesis work will define what are the leadership styles in a workplace. Additionally, how leadership styles can affect the psychological well-being of employees and work atmosphere in general. Factors causing the worsening of the mental well-being of employees in a workplace will also be considered. The topic of mental illness in the workplace and the causes of its occurrence will be analyzed.

#### 1.1.1 Sub-questions

The idea of sub-questions is to help to find an answer to the major research question. The first sub-question will look like the following: Which leadership style does the "TGC-1" company's department "X" have? The idea of this sub-question is to identify a leadership style in a company with the help of interviews with workers in the company. The second sub-question is – How do leadership style and work atmosphere affect workplace satisfaction of employees in the Russian company, named "TGC-1"?

### 1.4 Methods and collection of the data

The qualitative research method will be used as the main research method. Qualitative research is a type of research in an area that aims to collect non-numerical data to then interpret it to answer the research question. (Crossman 2020). In other words, qualitative

research is the process of understanding specific social phenomena under ordinary conditions. It is a process that aims to figure out why people act the way they do in different cases. (Editor in Chief 2019.)

The qualitative research method is about collaborating for further research. Additionally, the requirements for such an analysis are less stringent. Moreover, a qualitative research method implies long-term contact with reporters and since it was decided to conduct an interview with Russian company representatives, a qualitative approach is the most suitable for the research. (Cropley 2015.)

The data collection method will be used for collecting the information; additional primary data will be collected from a semi-structured interview with some of the company's representatives. The data collection method is a process of collecting and analyzing information to propose solutions to relevant issues and evaluate the results. The data collection method focuses on figuring out the information about the specific topic. (Formplus Blog 2020.) The data collection method is one of the most common and it was chosen for collecting and analyzing the primary data for the thesis.

The goal of the semi-structured interview will be to gain more knowledge about the topic of the thesis work and answer research questions. One more reason for having an interview as a collection data method is to get a deeper description and overview of working experiences from subordinates from the company's department "X" about the research topics.

A semi-structured interview is an interview in which the interviewer does not follow a strictly formalized list of questions, but instead will ask more open-ended questions, allowing discussion of a topic. (Doyle 2020b). Since the chosen topic is relatively wide, it was decided to use a semi-structured interview in case to get more versatile information from the respondents.

This type of interview is usually conducted with each person individually to understand each person's real point of view. The reason for that is that if this interview would be conducted in a group, some respondents may have been afraid to express themselves on certain topics. This type of interview implies more leeway than, for example, an interview with a short question and a short answer. (William 2015.) A semi-structured interview is suitable for the thesis work because the topic which will be discussed in the interview requires extended answers. Therefore, the decision was made to choose this type of interview. Moreover, secondary data collection will be used as one more research method. Secondary data is data that already exists and was previously collected by another person for another purpose. (South Dakota Communities). This type of data collection was chosen to review and analyze the work

of other studies. Secondary data collection will include open-source information, such as: literature, articles, previous research which could be found in the open domain, videos, and blogs from the internet as additional sources of evidence. Due to the fact that the thesis work will include derivation of the abstract information to specific, detailed information and conclusion, the deductive approach method will be used. This approach helps to specify more general information to a more specific one. (saylordotorg).

## 1.5 SWOT Tool

SWOT analysis was chosen as a method for analyzing the company's **strengths**, **weaknesses**, **opportunities**, and **threats**. (Gulam n.d). SWOT is a tool that helps to assess both the strengths and weaknesses of the company, as well as the opportunities for company growth and threats that may hinder that. (Indradeep 2021). Such an analysis serves as a source of information that will later help formulate strategies and plans for development. SWOT is a tool for identifying favorable and unfavorable factors and conditions for solving existing issues, as well as for the development of a company. (Wang & Wang 2020.) The SWOT Analysis will be used as a tool for analyzing the leadership, psychological well-being, job satisfaction of the case company's representatives. In my case, the interview that will be conducted will be analyzed with the SWOT table.

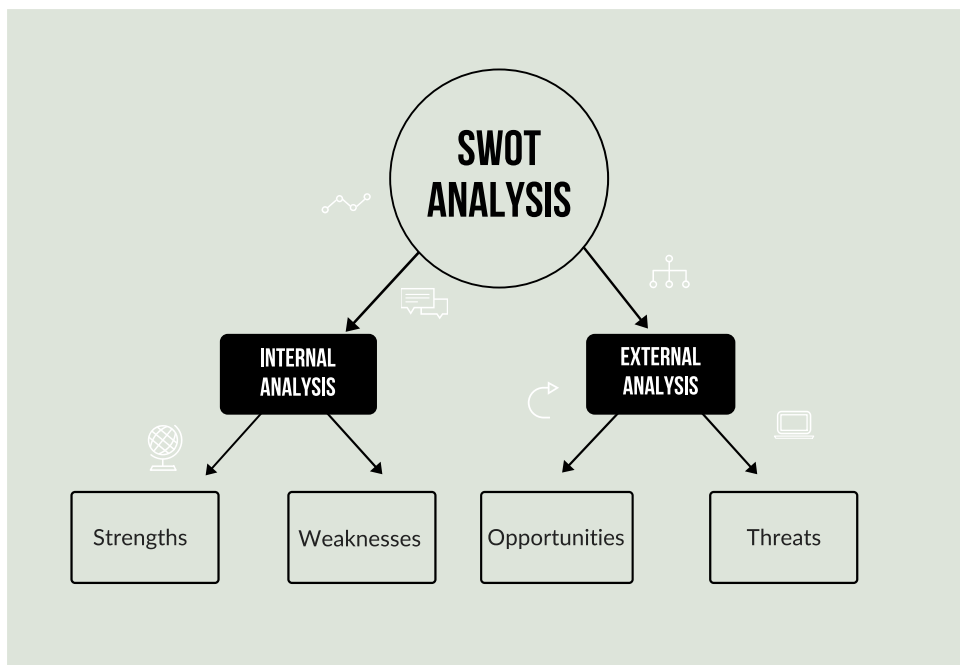


Figure 1. SWOT ANALYSIS.

SWOT includes Strengths, Weaknesses, Opportunities, and Threats. Strengths and Weaknesses refer to an internal environment in the company, and Opportunities and Threats refer to an external environment. (Gulam n.d.) The internal environment in an organization is about the domestic circumstances in the company, which is also named as internal analysis and includes company structure, company's image, organizational structure, way of a leading behavior, work environment, etc. The external environment is also called "external analysis" and this type of environment refers to customers, competitors, code of conduct, company's standards of working, etc. (Netmba.)

**Strengths** refer to how good is the company, which qualities does the company have, and how they differ from the competitors. Strengths could include workers with advanced skills at work, good leadership, a positive work atmosphere, or modern technologies and equipment, used within the company. (Shewan 2021.) An organization's capabilities and career opportunities can also serve as company strengths. Moreover, strengths can serve as a company's prominence, reputation and demand. (Gulam n.d.)

**Weaknesses** are the weak sides of the company. These are areas in which a business needs to improve to remain a strong company in the marketplace compared to competitors. For example, an unknown brand or product may be considered a weakness of the company. Additionally, poor and improper leadership in the company, uncomfortable work environment as well as high level of company debt or lack of company's capital are examples of weaknesses. (Kenton 2021.) Lastly, weaknesses are factors that do not correspond to the company's common standards. (Gulam n.d.)

**Opportunity** is an area where opportunities for the development of the organization are painted. These are positive factors that indicate where the company can move forward and how it can develop. Examples include change of approach to customers, learning new markets for the company, improving technology operations, changing customer needs, etc. (Gulam n.d.) Opportunity is about factors that could help provide an organization with a competitive advantage. (Kenton 2021).

**Threats** are external factors that may interfere with the company's development and growth opportunities. That is, these are threats that must be kept in mind when taking certain actions and decisions in the company. It can be as competing companies that can hinder the development of the business, changing of company's strategy, changing the leader of the company, etc. (Gulam n.d.) Some more examples of possible threats of the company are the lack of staff in the organization or the rise of prices for consumables and mandatory materials

in the company are threats, as it can harm the organization if measures are not taken in time. (Kenton 2021).

## 1.6 Thesis structure

The thesis text will be divided into several parts. The psychological well-being of employees will be examined from a physical, emotional, and mental point of view.

An abstract, background of the selected topic and its relevance, objective and delimitations, case company interview and interpretation of the results, research, main question, and sub-questions will be illustrated. Moreover, the methods and collection of the data will be explained. The theoretical framework part will provide the theory which is needed to make a research.

## 1.7 Case Company

The decision was made to cooperate with one company. The case company is named «TGC-1» (Territorial Generating Company No. 1), which is a Russian energy production company, a leading producer of electric and thermal energy in the North-West region of Russia. (tgc1). TGC-1 is a multilevel company, i.e., the leader of the entire company is not even a managing director, but a structure called “Gazprom Energoholding”.

“TGC-1” is also an international company. The main shareholders of this company are “Gazprom Energoholding” (51.79%) and “Fortum Power and Heat Oy” (29.99%). The “Fortum Power and Heat Oy” is a Finnish company and located in Finland. The “TGC-1” has 52 power plants in four regions of the Russian Federation: Saint-Petersburg region, the Republic of Karelia region, Leningrad region, and Murmansk region. There are several branches of TGC-1, as well as a directorate. Considering that the company is multi-structural, there are many departments in “TGC-1”, each of which is headed by its leader. (tgc1.) The «TGC-1» is a well-known company, so the workers must have some experience in the research topic. Additionally, this company has many departments, every of which is headed by a leader. For these reasons it was decided to cooperate with this company.

The possibility of cooperation has already been discussed; an agreement has been obtained. The co-operation agreement was created and signed. The plan of cooperating will be in the format of a theme interview with five workers. Due to security and confidence reasons, the interview with employees will not use the real names of the employees and the actual name of the department, so that the interview will be reported anonymously. The case department

will be named as "X", and employees will be named as: Worker 1, Worker 2, Worker 3, Worker 4, and Worker 5.

The interview will be conducted with five subordinates from the same department of "TGC-1" company. The first employee, who the interview will be conducted with is Worker 1 – a Leading Specialist. Worker 2 is a Training center worker. The following employee is named as Worker 3 and has a position of a Customer Service worker. The next respondent is Worker 4 – a worker in Debts sector. The last respondent will be Worker 5 – Engineer of the department. (tgc1.)

## 2 Theoretical Framework

### 2.1 History of Leadership

This part will provide some theory about the emergence of interest in leadership using examples of historical figures who made significant developments in world history.

Leadership has existed throughout world history. There have always been monarchs, kings, and boyars at the head. A certain interest in the personal characteristics of a leader always existed, since most of the discoveries in science and historical actions were invented by people with leadership qualities. (Tyagunova 2014). Moreover, an interest in leadership can also be explained by the fact that leadership qualities are the leading characteristics of a person. Other people want to follow how leaders perform and imitate them. (Tyagunova 2014).

An example of a historically famous person who is a leader - Franklin Delano Roosevelt – a politician and 32nd president of the United States of America. Franklin Roosevelt was able to help the United States emerge from the Great Depression (banking and socio-economic crisis) and showed himself as a leader when he was able to unite completely diverse people to achieve a common goal in a difficult time for the country, by assembling a team of specialists to create reforms to restore the economy, and as a result, Franklin Roosevelt won support. (Krutko n.d.)

#### 2.1.1 The importance and definition of leadership

Leadership is one of the most discussed and debated topics in the social sciences. (Derue et al. 2011). Leadership is arguably one of the most popular but least understood concepts nowadays. (Amanchukwu et al. 2015). There are many groups of definitions of what leadership is, but these groups always have something in common.

To begin with, leadership is the impact on groups of people to motivate them to achieve common goals. (Gifford 2009.) One more definition of the term "leadership" is that leadership is the process of influencing employees to achieve the overall goals of the company. (Amanchukwu et al. 2015). A broadly defined leadership is about inspiring, motivating, and expecting high-performance outcomes from others based on firmly held core values. Leadership has six primary subscales which should be followed – vision, inspiration, self-sacrifice, integrity, decisions, and orientation to performance. (House et al. 2004, 15, 675.)

There are many different leadership styles and theories. Notwithstanding, an effective leader inspires and shows by example how to work in a professional manner. An effective leader is

far-sighted, not forcing, but directing the employee on the right path of actions, which in turn are necessary to achieve common goals for a company's success. (Amanchukwu et al. 2015.)

Leadership is also important because, with the help of the words and actions, leaders can inspire all personnel in the company, effectively influencing the behavior and feelings of employees, thereby creating a strategy for action, and employees through this work. An effective leader knows how to look to the future of the company and meet the challenges necessary for the success of the company, not only the bottom line. (Amanchukwu et al. 2015.)

### 2.1.2 Having a structured leadership style in a company

Structured leadership is important in company management because, this can improve relationships with employees, improve the organizational climate and the quality of work. (Erkutlu & Chafra 2014.) Structured leadership in a company is the way of how leadership behavior is defined. Structured leadership style in organizations begins from the fact, that a leader should be honest and open to employees because this will indisputably motivate employees to be open and honest as well. (Schooley 2019b). A leader should also be an initiator of building the right relationships with subordinates and defining working roles, tasks, and company's standards, because when employees know what the company's goals are, then the motivation and desire of employees will increase. This happens because workers will be interested in the result of the tasks performed and will try to do accomplish work tasks effectively. The responsibilities of leaders and subordinates can be also discussed and described in advance. After defining working roles, a leader and subordinates know what to expect from work and each other. Though, building the right relationships with subordinates is not an easy task. A right leader should listen and take into account the desires and opinions of subordinates: with some workers, the relationships could be more informal, and close; some other workers would prefer to have more formal relationships with talks concerning only work tasks. People's preferences are dissimilar, and a leader must take into account the needs of subordinates to create the right and suitable relationships. The company's performance standards and code of conduct should also be explained to employees to provide with the level of a necessarily performing working tasks according to the company's working standards.

A code of conduct is a set of company rules and regulations for better corporate governance. A code of conduct includes core values of a company, standards of performance, company policies, and support for company processes and principles. This is a guideline that must be understood and accepted by all employees of an organization. The purpose of a code of conduct is to define the principles of business conduct in the company as well as providing

guidelines for ethical decision-making. In other words, this is a set of internal rules of business conduct in the company to which employees must adhere. Company codes can also be helpful for investors and lenders, particularly those looking for safe and fair investments, ethical commitment, and partnerships. Code of conduct determines the image of the company, the behavior of employees with clients, and also with colleagues within the company. (iasplus 2006.) Knowing the company's standards and code of conduct and the purpose of working tasks, the employee understands why it is necessary to perform this way.

Unstructured leadership is generally everything opposite from structured leadership. Ethical and correct leadership is not easy work. Good leadership should be constantly kept. Unfortunately, leaders may often have unethical leadership, in organizations where the working roles are not defined, and workers do not understand why they should accomplish particular work tasks. Often, even one employee with unstructured, undefined leadership can have private conflicts with subordinates and demotivate them, and at most even "destroy" the entire company.

Leadership can be not only unstructured but also inappropriate. Inappropriate leadership is an ineffective, inadequate, and adverse action on the part of senior management concerning employees and the company. This kind of incorrect leadership can imply self-interest, insensitivity to the needs and beliefs of followers, and the use of coercion and fear as a method of influence. Incorrect leadership is such a spread problem that it is already an epidemic in today's world. The reasons for such an epidemic of incorrect leadership can be personality disorders of the leader himself, erroneous values, immoral nature, among others. This type of bullying can be as common as sexual harassment at work and can have serious consequences. The actions and statements of such inappropriate leaders can be offensive and demeaning towards employees. Poor leadership can be unprofitable for the company. In addition, conflicts in the workplace often lead to frequent layoffs, which is also a problem for a company's HR management. Decreased operational efficiency and frequent layoffs cause unstable company results. In worst cases, the company can even go bankrupt. (Roque et al. 2020). Correct, ethical leadership should not be taken for granted. (Roque et al. 2020). This is a constant work and a desire to achieve the right approach to employees, which should be demanded.

To sum it up, leadership in a company must be structured. Employees should understand what the company's work standards are, what the company's policy is, why employees do specific tasks, and what relationships are built between employees and a leader. For employees to

work well and productively, it is important to understand why they are performing certain working tasks.

## 2.2 Positive work environment

This part will include what is a positive work environment, why is it important, and how it can affect employees' psychological well-being.

A positive work environment implies a safe and comfortable place for employees of a company or organization to achieve common work goals in a comfortable environment. (Indeed Editorial Team 2021). A positive work environment is an essential factor for effective working operations in a company. Without having it, achieving common organizational goals will not be easy. Previously, companies in Russia had a policy stating that tense and stressful workplace encourages employees to work faster and more efficiently. However, over the years it has been noticed that this scheme does not only works in short term, but it also negatively affects the well-being and health of workers. (work-russia.)

Creating a pleasant and positive work environment where colleagues respect and listen to each other leads to increased efficiency at work. The reason for that is the growth of various creative and innovative solutions. For instance, discussing current tasks during working meetings will help employees find the right solution faster and reduce their fear of taking initiative. By creating a safe workplace environment, company employees are not afraid to suggest new ideas, take initiative, and even help colleagues when needed. (work-russia.) This energy exchange motivates employees hence, which gives them the strength and desire to work. That means, that employees in a supportive environment want to develop and work for the success of the company.

A positive work environment engages workers in their work, and this can increase the likelihood of a company's success. An employee has the right to work to the best of his/her ability, where the worker is surrounded by an environment in which human relations and mutual understanding are valued. (Gangwar 2018.) Despite the fact that a good relationship among workers in the workplace have a positive effect on the work environment, the leader is the main person who creates the working environment attractive. Inappropriate and unstructured leadership, a negative work atmosphere, and unfriendly attitudes in the team can cause negative emotions throughout the entire working life. In some cases, it could happen even after being fired. Those leaders who show empathy towards their subordinates and build trusting friendly relations with the team, can increase employee loyalty and consequently create a positive work atmosphere. (work-russia.)

After considering the significance of a positive work environment, it is important to determine how organizations can create a safe, supportive work environment for employees. First of all, respect towards each other is important. Employees should realize that they work for a common goal of one company and that there is no need to be isolated and keep thoughts and problems concerning working to themselves. Employees should understand that by being proactive, clarifying issues, and helping each other, the atmosphere at the workplace will be more open and friendly. A leader must, first, create this atmosphere, starting first with him or herself. By sharing the positive energy, a leader unwittingly motivates employees to be more open. This can determine at the initial stages how to form positive professional relationships with certain workers in the workplace. Secondly, it is important to listen to the workers. An important aspect regarding the characteristics of a leader in respect for the feelings and needs of each employee. This will help build trust, which is one of the most important factors in creating a positive work environment.

Nonetheless, just creating a positive work atmosphere is not enough. The leader must be able to keep it on the line. The work of the company can be unstable, and sometimes even critical when the company is on the verge of practical bankruptcy. At such times, it is important to maintain the working atmosphere by encouraging employees, thanking them for their effort at such a serious and complex time for the company. An essential aspect is not to put pressure on employees by pointing out shortcomings or mistakes that they could have made but to encourage them. This can be done by noting that the work team is united and able to manage and solve the issues. The company's activities can be unstable and variable. Nevertheless, this is problematic to precisely monitor. Therefore, when some business operations are not going according to a plan or strategy of a company, the leader could calmly inform employees about what is happening, motivate them for their successes, invigorate them by saying that the company's team is strong and guide them to promote and develop the company's performance while clearly explaining how to do so. These actions will relieve the team and the work environment of unnecessary stress, anxiety, and negative impact on the psychological well-being of employees.

After analyzing the above, it is worth noting that knowing the basic information about a positive work environment helps to get a basic understanding of why this aspect is crucial in the workplace and why close attention should be paid to this topic.

### 2.3 Psychological well-being

This section will analyze and present the definition and subdivisions of psychological well-being in everyday life and organizations. The model of Maslow's pyramid and the correlation of the workplace and Maslow's pyramid will be also presented. The general importance of psychological well-being in a workplace and the effect of leadership on workers' well-being as well as the definition of successful leadership and diverse teams' advantages will be examined.

Psychological well-being is one component of a person's mental health. (Griffin 1999). The concept of psychological well-being as itself can be defined as the inner good feeling about life, which includes the development of a person's potential, having a sense of setting goals, and achievement of them. Psychological well-being at the workplace is about having a motivation to work effectively to have a sense of personal growth and to feel safe at work. Nonetheless, in a case when negative and uncomfortable emotions and sensations are prolonged and interfere with a person's normal functioning, then psychological well-being is at risk. (Huppert 2009; Burns 2016.)

For a better understanding of subdivisions of psychological well-being, a plan with the necessary terms is presented below.

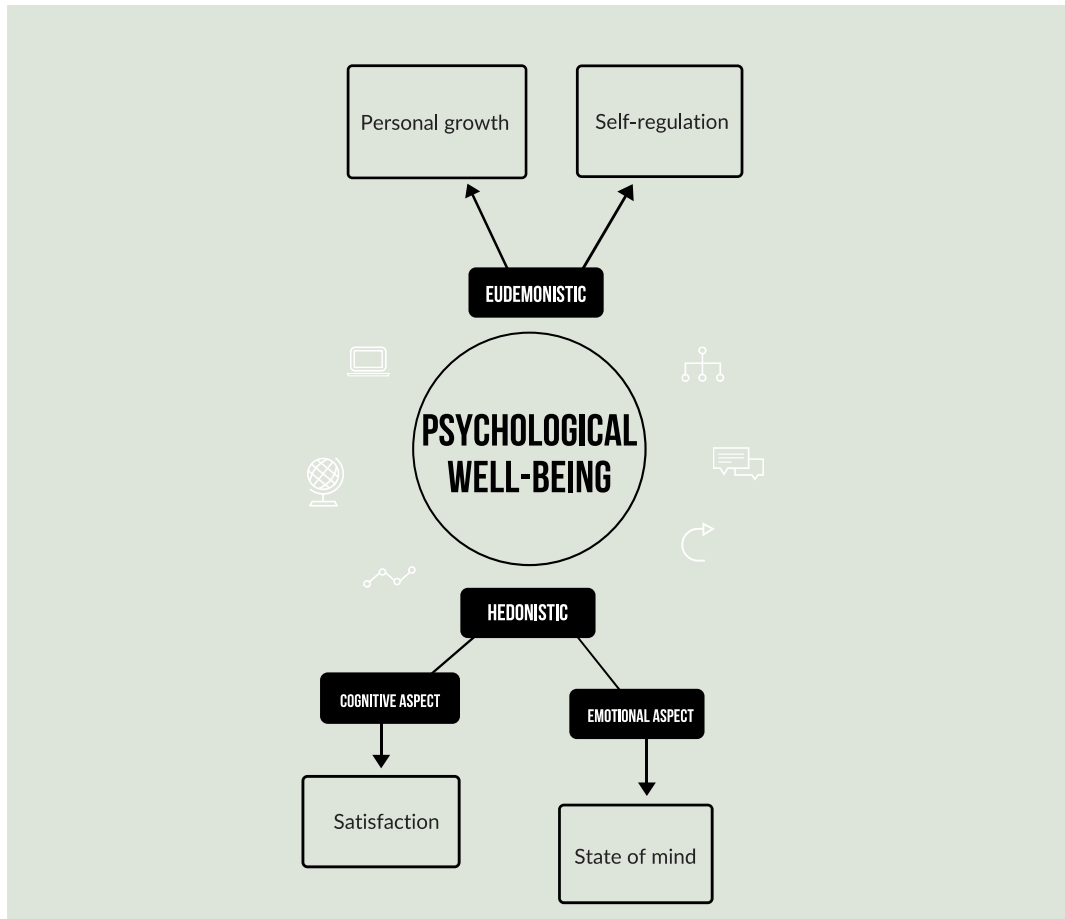


Figure 2. Psychological well-being concepts.

From previous research, two main subdivisions of the concept of psychological well-being were found - hedonistic and eudemonistic. Eudemonistic subdivision implies the personal growth of a person and self-regulation – how a person develops him or herself. There are examples of such famous personalities in history, for example, Abraham Harold Maslow, who created the famous pyramid of human needs. (Boeree 2006).

The hedonistic subdivision of psychological well-being includes satisfaction or dissatisfaction with a person's life and emotions, positive or negative. The representative of such a unit is Ed Diener - an American psychologist, professor, and writer. The hedonistic subdivision is further subdivided into two aspects of well-being - cognitive and emotional. The cognitive aspect includes the assessment of satisfaction in different areas of life while the emotional aspect assesses mood, respectively. (Sidorov 2014.)

### 2.3.1 Maslow's pyramid

Abraham Maslow is an American psychologist, who invented the pyramid of human needs. (Wright 2009).

Maslow's pyramid is one of the most famous ideas in the behavioral sciences. In the pyramid of human needs, Maslow shows what are the human life needs. They are based on innate and universal human predispositions. (Kenrick et al. 2010.)

The concept of the pyramid of human needs is uncomplicated for understanding but valuable in learning about basic human needs and analyzing a basement of human's psychological well-being. The pyramid has five stages, and they are divided into three types of needs: basic needs, psychological needs, and self-fulfillment needs. (Figure 3). Exclusively, by satisfying the basic needs of a person, an individual moves and develop further along with the pyramid of needs. Maslow's pyramid can be analyzed with the connection to the workplace needs of a worker. (Wright 2009.)

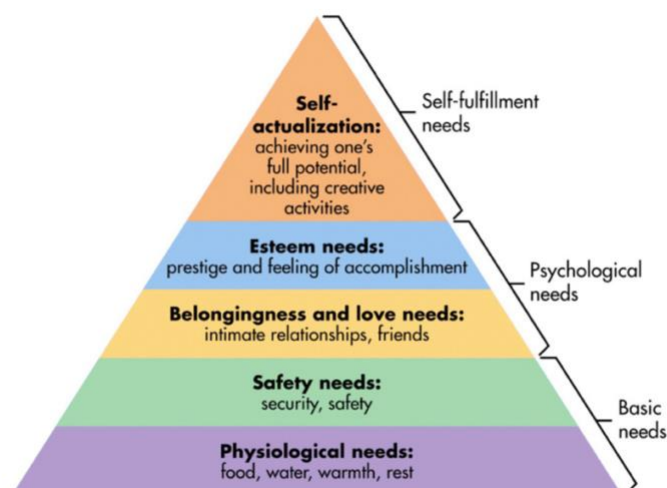


Figure 3. Maslow's Hierarchy of Needs (McLeod 2020)

The first stage is called physiological needs. This stage includes biological requirements for the survival of a person. (McLeod 2018.) This is a type of need that includes food, air, water, sleep, etc. Essentially, basic needs include needs that people cannot live without. Only after satisfying this first stage, it is possible to move to the second one. (Wright 2009.) According to this stage, a company should provide an employee with a lunch break and time for having a rest.

The second stage is called safety needs. (Wright 2009). An interesting fact is that safety at the workplace is essential as it was already concluded, so these stages are intercorrelated in some cases. The safety needs stage includes physical safety and protection as well as well-being, financial, and health security. (Wright 2009). Safety needs at the workplace could mean being in a safe and positive work environment, with the right leadership and trust. Safety needs could also mean having stability and freedom from apprehension. (McLeod 2018).

The third stage is called belonging needs. They include family, friends, relationships. This is about private connections. (Wright 2009.) The third level of Maslow's pyramid is social and shows that human also needs contact with other people and being part of a social group. (McLeod 2018). The workplace could provide an employee with belonging needs by showing a good, possibly friendly attitude to build stable and loyal relationships.

The next group of needs is called esteem needs. These types of needs include the respect, power, and prestige needs of a human. This group of needs shows, that a person needs to be in a higher position within a social group. (Wright 2009.) Maslow also noted that esteem needs are more essential for children and teenagers for building self-esteem than for the older generation. (McLeod 2018). The workplace could provide a worker with it by providing with a possibility of career path, so that an employee knows, that he or she can be in a higher position in the future and build a successful career. Self-actualization is the last stage of the pyramid of needs and it includes unlocking human's potential and personal growth. (Wright 2009).

Providing the necessary conditions for the employee such as time for lunch, safety, pleasant relationships, and career opportunities are one of the most essential factors for a person's life needs. By observing them, the company will achieve effective and quick positive results from the company's employees, which will also contribute to new solutions to certain problems and the further development of the company. Providing the conditions to meet the needs of workers is also critical because a person spends most of the time at work, which is why the atmosphere and relationships in the workplace are so crucial. As it can be shortly concluded, human needs are not challenging. Nevertheless, what is difficult is also to have follow them and provide the possibility of these needs' satisfaction at the workplace. Financial safety should also be taken into account. Financial safety is about employment and savings so that a human feels financially safe. A company should show an employee, that they can provide an employee with a stable income in the company, despite the company's crises and critical situations. (Wright 2009.)

The relationship between well-being and work is not straightforward to understand, so additional research is needed to examine and analyze the actual connection. One study found

that many negative symptoms of workers, such as stress and fatigue, were reduced by 40-50 percent with the help of improvement of the workplace furniture. One more important aspect which should be taken into consideration is sexual harassment in the workplace. This problem has also been shown to be damaging to psychological well-being and job satisfaction. When the employee ceases to feel safe, anxiety rises. Even an indirect impact, labeled "environmental sexual harassment", can have the same consequences as a direct impact. Sexual harassment can deprive the employee of the desire to work efficiently and cause a feeling of a fear and insecure. Personal work experience always affects the state of the person while the employee is at the workplace, as well as the state in non-work areas. Stress, aggression, and pressure by leaders can lead to negative emotional consequences due to excessive mental stress. This can affect the well-being of employees and even cause burnout. (Griffin 1999.)

### 2.3.2 The importance of psychological well-being at the workplace

Any model of health must take into account the physical and psychological factors of the environment, as well as their interactions. The relationship between work and psychological well-being is nowadays used as an important criterion for employee performance. Initially, achieving a work-life balance is complicated, as it is not uncommon for problems in the workplace to affect a person's relationships. Therefore, to eliminate problems in these areas and also to improve the efficiency of the employee, it is necessary to have a safe and positive working environment to meet the needs of the employee, as already mentioned in the previous paragraphs. (Griffin 1999.)

The impact of mental health on motivation, productivity, and willingness to work largely depends on job requirements and social relationships within the company. Tense relationships with colleagues contribute significantly to psychological burnout, which certainly negatively affects the psychological well-being of the employee. Employees who are primarily satisfied and interested in their work tasks are more effective and productive. In addition to that, if employees have pleasant relationships with colleagues, then employees will be more satisfied in the workplace. The motivation and willingness to work of employees are influenced by how high the requirements for the work are. (Fernet 2013.) While discussing about the schoolteachers, the higher perceptions of overload in the classroom and higher demands on students at school reduce motivation, which in turn predicts greater psychological burnout. (Bazorova 2020). Psychological well-being in the workplace is crucial and related to motivation, desire to work and directly affects productivity. (Fernet 2013).

### 2.3.3 The effect of leadership on psychological well-being of employees

A leader could carry out many actions to affect the workers' psychological well-being. As an example, a leader can change the mood of workers and make them feel comfortable in the workplace. Changing the mood is initially captious and complicated. This is already clear that this cannot be specially learned according to any rules, but it could be learned to feel and manage it afterward with the advent of experience. (Gifford 2009.)

A study, that was recently conducted, showed that 77% of all employees in the United States experience emotional exhaustion and burnout, which is by far a huge and significant indicator. Furthermore, employees noted that the main possible reasons could be incorrect leadership and an incorrect, uncomfortable working atmosphere. Employees do not feel needed by their team and company, which is why the motivation to work was lost and this led to emotional burnout. (SAP.)

Emotional exhaustion is a problem that most workers face when they find themselves in an unpleasant work environment. The feeling of emotional exhaustion can be described not only by the unwillingness to work but also by the depletion of energy in general. The employee does not only have no desire to work, but an employee also find it difficult to live a normal daily life. Additionally, emotional burnout can lead to headaches, constant stiffness, and insomnia, which subsequently badly affects basic human functions such as concentration and memory. (SAP.) Favorable relationships with a leader and colleagues are essential concerning the effect on psychological well-being. This creates a feeling of being safe, comfortable, and can even increase the number of good emotions. These aspects are important for being productive and satisfied in a workplace.

### 2.3.4 What is successful leadership and advantages of diverse teams

One more important topic to consider and analyze is what makes a leader successful. This topic is essential in the theory, because it is never enough just to be a leader and guide subordinates. After all, leaders are also willing to grow up in their career. Knowing what successful leadership is could provide with some essential information concerning the ways of being a successful leader with the help of diverse teams.

Firstly, a great leader can build good and powerful relationships with people who are different from him physically, culturally, politically, etc. Great and successful leaders understand that having diverse networks will bring many diverse solutions into the working operations of a company. Diverse workers think out of the box and offer various solutions. Successful leaders

are risk-takers. They always risk, try new things and learn. In case they have got a lot of different experiences, it does not stop them from having different, newest experiences. Successful leading cannot be reached by doing something only once. Successful leadership is a way of attitude to workers, self-confidence, and being ready for taking a risk. (Torres 2013.)

Successful leadership as itself nowadays is not only about leading, but also taking care of the people at the workplace. A good leader helps and listens to other workers and does not put himself above others. Successful leadership is a “decision” that a leader makes every day to support and guide the subordinates. Openness, psychological safety of employees, support, and empathy for the psychological well-being of employees at the workplace requires a lot of effort from a leader. (Adair 2021.)

Summing up a brief conclusion, psychological well-being is important in everyday life, hence, at the workplace as well. The psychological well-being of employees implies productivity and effectiveness at work. In the example of Maslow’s pyramid human needs it can be assumed, that basic human needs should be met as much as possible in the workplace, as well as a comfortable work environment needed to maintain a positive work mood. Leadership has a lot to do with employees’ work and their work attitudes. Therefore, a basic understanding of why a leader must always develop soft skills and keep them on the line is useful.

## 2.4 Soft skills

This part will characterize soft skills as a term and explain why these skills are necessary for a leader. This part will also include a diagram with essential soft skills in the workplace, and what is the actual relevance of soft skills at the workplace.

### 2.4.1 What are the soft skills and why are they important for a leader?

Having personality traits is not enough to be a good leader. The skills must always be in a process of developing. (Yukl & Van Fleet 1992.) Soft skills are personal qualities and habits. Soft skills improve communication skills, work efficiency, and career prospects. Many soft skills need to be developed and applied in the workplace in the future. (Vasanthakumari 2019.) Soft skills are beneficial for managing an organization.

Soft skills include many different parts. At first, communication skills. Without communication skills building profitable and trusted relationships at the workplace is not possible. Secondly, teamwork skills. Working in a team is about collaborating, sharing diverse ideas, and helping subordinates to achieve common working goals. Problem-solving skills, decision-making skills

are also essential because they are helping to create many diverse solutions and translate them into reality. One more important skill in emotional intelligence, where leadership depends on the ability to assess emotions before facing different situations and to identify environmental factors that cause negative emotions. (Indeed Editorial Team 2021.)

There is a large amount of different soft skills that should be taken into account and developed by leaders, such as creativity, strategic planning, adaptability, time management, willingness to learn, etc. The reason for that is to develop and improve leadership skills and interpersonal skills for expanding opportunities for advancement in a leadership position. (Indeed Editorial Team 2021.) One research shows, that 85% of the overall success at the workplace belongs to soft skills, and technical skills are only around 15%. (Vasanthakumari 2019).

Most of the soft skills examples that are highly beneficial at the workplace are presented below. (Figure 4).



Figure 4. Soft skills examples.

Moreover, statistically, 93% of hiring managers highlighted that soft skills were “essential” or “very important” for them when managers were hiring an employee. Additionally, many employers are agreed with a statement, that interpersonal soft skills are more important than technical ones. Companies with workers who have developed soft skills are more likely to outperform companies where employees have mostly only technical and analytical knowledge. On the other hand, most hiring managers in the United States find this difficult to

find candidates with the right soft skills developed because not all employees correctly understand the relevance of soft skills. (peoplescout.)

The relevance of soft skills at the workplace is growing every year, so the development of soft skills is crucial, especially in a leadership position. Developing soft skills is also important for being in demand in the labor market and achieve personal success. (Pakhotina 2019).

## 2.5 Leadership methods and theories

This section will illustrate varied leadership methods with the help of the diagram with further explanations. Additionally, leadership theories will also be represented and defined.

### 2.5.1 Leadership styles

For a better understanding of which leadership approach is more suitable for the company, at first, the basic concepts of which leadership styles exist should be understood. (Nanjundeswaraswamy & Swamy 2014.) This sub-part will cover the most common leadership styles, as well as some other leadership styles. Moreover, this part will include the most common leadership theories. The main goal is to provide an overview of leadership styles and theories to have a basic understanding of what are the theories of leadership existence, and which styles of leadership do companies' CEO use to guide their followers.



Figure 5. Leadership styles.

- Transactional

Transactional leadership is the type of leadership where the relationships between the leader and the employees are based on a contract and divided roles, through which the main organizational goals are achieved. The purpose of such leadership is to maintain stable performance and stable relationships with employees in the organization. (Nanjundeswaraswamy & Swamy 2014.) Transactional leadership involves motivating followers primarily for their interests. The main goal of the follower is to obey the leader's directions while performing some action for the good of the company, there is a system of rewards and punishments in this leadership style. (Juneja n.d.) Transactional leadership implies a formal relationship. The leader is motivated to complete tasks through rewards. When a task is completed, the employee is rewarded. This is done to maintain working spirit and efficiency at work. Trust in the workplace is built based on the timing of the work and the quality of the work, that is, the leader, for example, assigns the time of the task for the employee, and hopes that the task will be completed on time. The type of transactional leadership is not based on human relationships, but more on contractual ones. (Nanjundeswaraswamy & Swamy 2014.)

- Transformational

Transformational style means the leader's focus on the needs of the workers. This style focuses on the growth and development of the employee value system. Such leaders motivate employees to achieve common goals, taking into account the employee's abilities. (Nanjundeswaraswamy & Swamy 2014.) The transformation style of leadership implies a more empathic, friendly approach. The main idea of transformational leadership is to cause changes in individuals and social systems. This leadership style creates valuable and positive change in followers with the ultimate goal of turning followers into leaders. Transformational leadership increases the motivation, morale, and effectiveness of followers through a variety of different mechanisms. (Creative Commons Attribution)

In addition to these basic and most common leadership styles, several other styles are also worth mentioning.

- Autocratic leadership style

This leadership style implies the leader's complete authority over the staff. Employees and team members have little opportunity to contribute ideas and suggestions, even if they are in the best interests of the team or organization. Such leadership is very effective due to quick decision-making and quick implementation of work. (Amanchukwu et al. 2015.) Autocratic

leadership style implies insignificant input from subordinates. The leader does not often listen to subordinates, or does not listen at all, but makes important decisions him or herself. This style of leadership implies a large and responsible work of a leader who is not only making decisions and performing the most important tasks, but a leader must also dictate all work processes for employees, proposing methods for their implementation. A leader in such companies must be strong in spirit and ready for having a lot of work. This style is most often used in companies with frequent stressful situations, where decisions are made immediately. (Cherry n.d.) However, such leadership is not respectful of employees, they are not listened to and are allowed to speak out. Such leadership can quickly demotivate employees to work and can negatively affect the psychological well-being of employees. (Amanchukwu et al. 2015.)

- Bureaucratic leadership style

This leadership style implies strict adherence to the established rules and procedures in the company. (Amanchukwu et al. 2015.) According to this leadership style, everything should be done by company policy. If a leader does not know how to behave, then he or she asks questions to those who are at a higher level in their position in a company. According to this leadership style, it is impermissible to create or propose any other rules that are not described in the company's policy and may even be considered as something disrespectful to the company's work. The goal of a leader is most often to enforce the rules, but this work may seem too mundane. (Cherry n.d.) This leadership style is mainly suitable for companies that require work with hazardous elements, such as working with gas, toxic substances, or working at construction. This leadership style is ineffective in companies that value a creative and diverse approach to tasks. (Amanchukwu et al. 2015.)

- Charismatic leadership style

Charismatic leaders influence employees by inspiring and motivating them to achieve new challenges. The consequence of this style of leadership is the enthusiasm and commitment of the team, which is a big benefit to the productivity of the employees. Among the possible disadvantages of this leadership style, one can single out the employees' trust in the leader, and not in colleagues, since the leader creates this rhythm of inspiration for the organization's success. However, if the leader can properly create a positive work environment, then this deficiency can be addressed. (Amanchukwu et al. 2015.) Leaders adhering to a charismatic leadership style are confident in their judgments and abilities, have a vision and a company goal that will help them become successful, as well as a willingness to take high risks to achieve the desired goal for the benefit of the company's development. (Sparks 2014 p.4).

- Democratic / Participative leadership style

Democratic leaders are the ones who make the final decisions, but also take into account the suggestions of the workers. Such leadership helps to unleash the potential of employees and inspires them - employees usually feel needed in the company and feel that their work is appreciated. (Amanchukwu et al. 2015.) Some researchers have emphasized that this leadership style is one of the most effective and leads to higher productivity and greater contributions from workers. This leadership style is characterized by group members sharing creative problem-solving approaches, ideas, and opinions. Group members are involved in the process and actively participate in the life of the company, so most often employees try to work correctly and do their job correctly, taking care of the result. (Cherry n.d.) On the other hand, such leadership can be viewed from a negative point of view when speed and quick problem solving are needed, for example, in critical situations and when deadlines are limited. (Amanchukwu et al. 2015).

- Laissez-Faire Leadership style

This leadership style describes leaders who allow people to work independently and without interference. Such leaders shy away from responsibility and avoid making big decisions, such as time limits or the number of tasks assigned per day. Usually, the responsibility for this lies with the employees, so that they create their time management. (Amanchukwu et al. 2015.) Group members understand that the responsibility for working tasks lies on them, not on the CEO. On the other hand, the leader usually provides some methods, resources, and tools, which could help workers to make better decisions. For a better action of this leadership style, workers should be high-skilled and motivated to work properly. (Cherry n.d.) This style can be effective when the leader provides feedback to employees and supports them, motivating them to work more efficiently. However, if employees do not strive to get the job done right and quickly enough, this leadership style can be a failure for the company. Therefore, in such leadership, there must be a good and trusting relationship between the leader and the employees. The main advantage of such leadership is freedom of action. (Amanchukwu et al. 2015.)

In conclusion, it is worth to mention, that leadership styles are primarily approached for motivating followers by a leader. Each company must first analyze what the company does, how it works, and what results are expected from employees, and then choose the appropriate leadership style to meet these criteria. Therefore, it is useful to have an overview and understanding of leadership styles to be aware of the tools available for effective leadership. (Amanchukwu et al. 2015.)

## 2.5.2 Leadership theories

Leadership theories could be important to understand leadership as a term from different perspectives. (Amanchukwu et al. 2015). The knowledge of leadership theories could be useful for understanding the origins and genesis of leadership as itself. The leadership theory part is more for personal interest and personal knowledge, it does not have much impact on companies' operations. In order to gain further knowledge on the topic of leadership, it was decided to also mention leadership theory as part of the thesis.

The topic of leadership theories is quite widespread, so new leadership theories are constantly being updated. However, most of the most common theories can be attributed to one of the eight basic Charry's types. (Amanchukwu et al. 2015.) Kendra Charry is a writer, who also was interested in leadership theories. (verywellmind). Kendra Charry has identified 8 major leadership theories that are presented below. (Amanchukwu et al. 2015.)



Figure 6. Leadership theories.

- “Great Man” theory

This theory implies that leadership is an innate quality of a person, not an acquired one. (Amanchukwu et al. 2015.) The “Great Man” theory was presented as the first leadership theory and explained leadership as a quality that can only be inherited. The idea of the “Great

man” theory is that the leader is genetically talented with leadership qualities and this will initially distinguish him from the followers. The theory recognizes that the ability to lead is a genetically transmitted integral part of a person, which means, that a person was originally born with it, and not what he was able to achieve subsequently. (Madanchian et al. 2016.) The name of leadership theory “Great Man” is presented this way because leadership was previously considered as the main and most important quality of the male sex. (Amanchukwu et al. 2015).

- Trait theory

This leadership theory assumes that people inherit certain leadership qualities or traits from their ancestors. The theory focuses on various behaviors that leaders can be committed to, such as intelligence, creativity, and strength. Trait theory implies characteristics that differentiate leaders from followers. Trait theory explains that some people are born with certain traits that make them good leaders in life. (Madanchian et al. 2016.) However, this theory has many controversies, such as the inconsistency of the fact that if certain character traits are key traits of leaders, then it is impossible to explain why people who have these inherited leadership qualities are not leaders. (Amanchukwu et al. 2015).

- Contingency theory

According to this theory, no leadership style is suitable for all situations; accordingly, a different approach is needed for different situations. This theory implies that effective leadership depends on the degree of correspondence between the qualities and leadership style and what is required in each particular case. (Amanchukwu et al. 2015.) This theory explains that for the right leader, it is necessary to correct behavior based on a rational understanding of the problem. Therefore, this theory implies that a leader must own several leadership styles. (Vidal et al. 2017.) This theory states, that the effectiveness and professionalism of a leader depend on how well his or her leadership style corresponds to a particular problem situation that is in his control. (Lalhall n.d).

- Situational theory

The situational theory assumes that leaders choose the right approach and leadership style based on the situation for better decision-making. The fact that a leader can behave like a professional in any situation makes him a real and professional leader. (Amanchukwu et al. 2015.)

This theory shows that successful leadership depends on choosing the right leadership style depending on the readiness of the followers to complete a particular task. (Lalhall n.d). The

situational theory implies that leadership depends not only on the leader, as indicated in the previous theory of leadership but also on the followers in particular. Therefore, using this leadership style, the leader needs to be confident in his team and have a working, trusting contact with them.

The situational theory includes four leadership styles (S1-S4) and four maturity levels of followers (M1-M2). Four leadership styles contain **S1** (telling) – telling followers the clear directions of working and explaining how to work, **S2** (selling) – having a right balance between orientation on people and tasks, **S3** (participating) – supportive and participative styles, where a leader allow workers to take initiative in creative ideas, and **S4** (delegating) – is a complete discretion, where followers make most of the decisions. (Lalhall n.d.)

Four maturity levels of followers are **M1** (unable and unwilling) – the lowest level of maturity of followers, lack of knowledge and experience, also lack of desire for action. The second level is **M2** (unable but willing) – lack of knowledge and experience, but a worker already has a willingness to work and to get some knowledge. The next level is **M3** (able yet unwilling) – where workers have enough knowledge and skills to act, but they do not have a lot of motivation or inspiration to act or initiate. The last level is **M4** (able and willing) – workers know-how and wants to work and take initiative. This level is the most desirable level of all four levels. (Lalhall n.d.)

These four maturity levels and four leadership styles are interconnected, which means that the S1 leadership style matches M1 of maturity level and S2 matches M2, and so on. (Lalhall n.d). Understanding that can provide an overview of the team in the company to help in understanding which stage does the team have now and which stage does it want to attain.

- Behavioural theory

This theory is the opposite of the first theory. In this theory, leadership is viewed as an acquired quality, and not a quality with which they are born. The theory focuses on the actions of leaders, not on intellectual qualities or inner states. According to behavioral theory, people can become leaders through learning, observing, and gaining experience. (Amanchukwu et al. 2015.) In behavioral theory it is assumed, that leader characteristics can be gained, rather than people can have it with birth. Successful leadership is based on learnable behavior so that a person can learn how to lead people and how to be a professional. It is believed that the behavior of a leader as itself is the best evidence of the success and professionalism of a leader. (TechnoFunc 2020.)

- Participation theory

Participation theory suggests that good leadership recognizes input and encourages the work and involvement of others, so that team members feel meaningful and important in an organization. This theory implies collective leadership and involvement of others, enhancing collaboration while helping the business. (Amanchukwu et al. 2015.) Participation theory implies the process of solving an issue together with workers, consult with them, ask for suggestions and other ideas. The goal is for both the leader and followers to acquire, share and integrate information. With joint decision-making and the freedom to express opinions and propose new ideas, multiple opinions and ideas are used to solve problems and are better solved later. (Sagnak 2016.)

- Transaction theory / Management theory

Management theory bases leadership on a system of rewards and punishments. This theory means that the leader creates structures and roles in the company that make it clear what is expected of employees, as well as rewards or punishments for actions taken by the employee. When an employee goodly follows the instructions and tasks, he or she receives a reward, or, otherwise, punishment. (Amanchukwu et al. 2015.) This theory can be also described as a conditional reward theory, that is, as an exchange between a leader and a follower of opinions and ideas, after which the followers are rewarded or recognized for achieving goals and completing tasks. It doesn't have to be tangible, but it can, for example, have a positive effect on the relationship between leader and follower. (Zakeer 2016.)

- Relationship theory / Transformation theory

Relationship theory focuses on the connections between the leader and the employee. This theory aims to create a bond between leader and follower to increase motivation, morality, and inspiration for further work. This theory assumes a more friendly relationship between leader and follower, the goal of which is to realize the maximum potential of the employee. Leaders of this style usually maintain high ethical and moral standards in building relationships. (Amanchukwu et al. 2015.) According to the theory of relationships, good relationships with a leader help to increase the self-esteem of employees, and it also inspires employees to achieve goals and develop them. This is because when the leader responds to the needs of the mediators, the workers feel understood and heard. Developing relationships between the leader and the follower is a long-lasting process. When an advanced level of relationships between the leader and the worker is reached, and relationships are based on mutual trust and respect, it leads to a mutual commitment to the goals of the company. (Martin 2013.)

- Skill theory

This theory states that acquired knowledge and acquired skills and experience are essential aspects of the right leadership. The theory states that skills (learned and innate) and acquired knowledge are the keys to professional leadership. However, this theory implies a great deal of effort in mastering such skills and gaining experience. (Amanchukwu et al. 2015.) Leadership success according to this theory is based on knowledge and skills which a leader achieves through experience. The skill theory of leadership implies that anyone who wants to become a leader can achieve this. (Meredith 2014.) This approach is the most loyal one because according to this theory, a person himself chooses whether to be a leader or not.

Analyzing and summarizing the above, transaction theory of leadership is one, which is used the most frequently in Russian companies – reward and punishment system since the hierarchy most often dominates the life of the companies in this country. (Afeworki & Lindh 2013). More theory and details about working in Russian companies will be described in the next subdivision.

## 2.6 Work in Russian companies

In this part of the thesis leadership in Russia will be succinctly analyzed. The development of Russian leadership will be roughly evaluated. The importance of the psychological well-being of employees in organizations in Russia will also be nearly assessed. 8D model assessment of Russian workplace will be analyzed with the illustration of some Russian companies.

The Russian leadership is traditionally characterized by hierarchy. This means the subordination of lower positions to higher ones. Employees in Russian companies, especially those who are lower in the hierarchy, are more motivated by wages to effectively perform any tasks in the company. Unlike other European countries, the motivation for working in Russian companies is mainly to win a competition with colleagues to show that this employee is better than others and to get more praise later. During the Soviet Union time, a peculiar culture of fear of the authorities was also formed in Russia. It is generally accepted that a leader in an organization is most often an evil boss, to whom you need to be accountable for almost every action an employee performs. However, this culture is changing for the better with the arrival of the younger generation, but the changes are slow, and the outdated culture of fear still affects many Russian organizations. (Afeworki & Lindh 2013.)

To improve the situation in Russian companies, it is certainly necessary for employees not only to have a desire but also to act. Currently, in Russia, there is a preference for routine and a reluctance to take responsibility for any changes, so general changes in the life of the

leadership and the company are comparably slow. On the other hand, there is a significant generation gap between the older generation, formed and affected by Soviet Union values, and the young generation. As it was mentioned earlier, the younger generation is more inclined to take responsibility and is generally more interested in the success of the enterprise and the development of a pleasant relationship between leader and employee. The younger generation wants more changes to eliminate the old regime from the Soviet Union and the hierarchy that has taken root for modern Russian companies. (Afeworki & Lindh 2013.)

The older generation is used to living in an already proven leadership system - hierarchy. The older generation is used to living in an already proven leadership system - hierarchy. In the past, in times of Soviet Union existed, there was an opportunity to always shift the responsibility onto someone else, not to take responsibility for your own mistakes, which was always more convenient and comfortable. Moreover, Russian workers are used to waiting for work instructions and following them, rather than bringing creative ideas to solve various issues. Russian companies are more often highly competitive, unequal division of power and roles in the workplace than in other European countries, and compromise can often be mistaken for weakness. (Afeworki & Lindh 2013.)

#### 2.6.1 6D model

There is the six dimensions cultural model of Geert Hofstede, which culturally compare different countries. The cultural model includes power distance dimension in a country, individualism, masculinity, uncertainty avoidance, long-term or short-term orientation, and indulgence indexes indicators. The model of national culture is used as a tool for comparing different cultural backgrounds of people. (Callegari et al. 2019.) The 6D model of Russia will be used in this part to provide an overview of operations in most of the Russian workplaces and culture in general.

According to the indicators of power distance in Russia – the distance between leader and follower in the company – is high in Russia, which proves a high amount of hierarchical way of leading in Russian companies. One more interesting fact is that according to this model, Russia has a high uncertainty avoidance index, which shows that people, in general, are afraid of new ideas and decisions in working life. The masculinity index here means that the vast majority of executives in Russian workplaces are men. Leadership in Russia can be often described by the theory of the “Great Man Theory”, which was mentioned above and indicates that leadership is an innate quality, which was also considered as the main quality of men. (Amanchukwu et al. 2015). One more interesting index in this model is a high indicator of a

long-term orientation (81). This fact could signify that Russian companies are mainly oriented on long-lasting results and focused on a distant future. (Figure 7.)

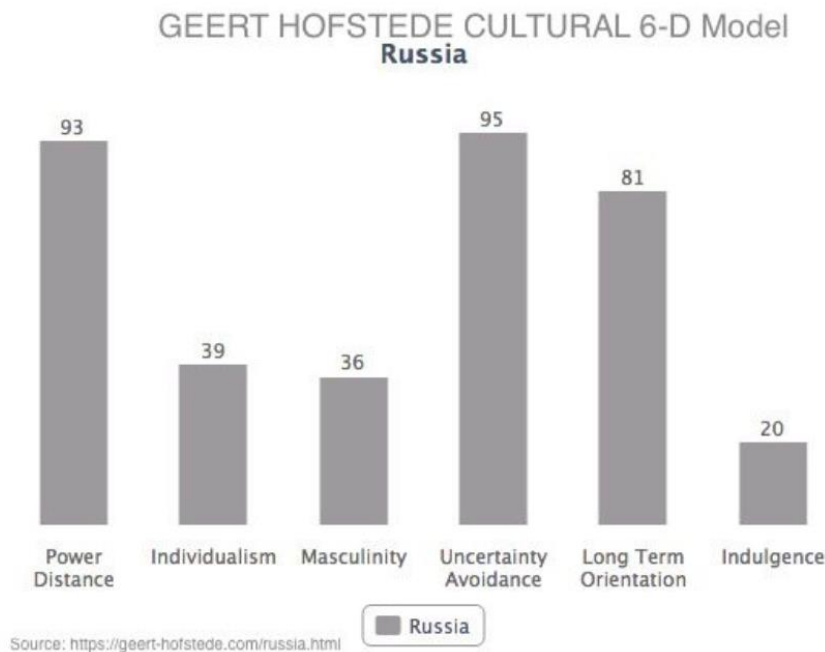


Figure 7. Geert Hofstede Cultural 6-D Model. (McDonald 2017.)

## 2.6.2 The importance of psychological well-being in Russian companies

In the Russian healthcare system, mental health has traditionally been not paid a lot of attention and importance. Even so, the number of people with psychogenic illnesses was growing, and this influenced the importance of taking action to change this fact. (Jenkins et al. 2007.)

There is a well-being ecosystem that is being actively implemented in Russian companies. The well-being ecosystem is a program that aims to ensure the health and psychological well-being of workers in the workplace. There are some well-known companies, called “Yandex” and “Mail.ru” companies that have already implemented this ecosystem. The number of companies implementing the well-being ecosystem program is constantly growing and even small companies are already starting to study this program. (Nagernjak et al. 2020.) The theory about creating a well-being ecosystem is a novelty in the Russian market, and in this thesis, it was decided to review the theory on this to understand the new system innovation for implementing new standards in the company.

The ecological well-being program includes training programs aimed at changing the approach to company employees in Russia. There are three phases of this corporate wellness

program. *Well-being 1.0* is a program with an emphasis on employee health. This program includes habitual proper nutrition, regular exercise, visits to doctors as needed, and so on. This is something that also affects employees, but employees must monitor this themselves. On the other hand, such a training program still exists to explain to employees why it is so important to follow this. *Well-being 2.0* is a program aimed at financial well-being. This practice includes educational programs to help employees understand how to properly and correctly manage their finances and learn how to properly manage their savings. *Well-being 3.0* is a program to focus specifically on the well-being of employees. This program focuses attention on each employee while considering his or her goals and desires. This program is more suitable for leaders to show why caring for workers is so important. (Kushner 2021.) The goal of the program is to take care of employees, involve them in work processes, inspire them, and subsequently prevent the emotional burnout of employees. This program also aims to subsequently create a culture in which psychological well-being and employee involvement in the life of the company are maintained at all times. (Nagernjak et al. 2020.)

One more interesting fact is that in Russia, the profession of a teacher in schools has different influences on their psychological well-being. In a comfortable, and safe environment, teachers are productive and mostly satisfied with their job. Although, in a different company (as an example, another school with a different director, that is, a leader) with a negative or neutral attitude towards the psychological state of employees (teachers), workers are exposed to severe stress and more often have psychological health problems. This can happen because of misunderstandings and the amount of work tasks, such as checking homework, communicating with parents of students, preparing materials for lessons, as well as teachers, should monitor the progress of students. These are not all the tasks of teachers, but these are already carrying a lot of responsibility and can be very stressful and overwhelming. (Bazorova 2020.)

The topic of psychological health in Russia, unfortunately, is not as developed as it is, for example, in the European countries. More often it is considered only at the level of the policies of individual companies. (Nikitichna 2014.) On the other hand, the fact that some programs as the “well-being 3.0” ecosystem already exist and are actively being introduced in Russia is undoubtedly positive.

### 3 Empirical Research

#### 3.1 Introduction

This part will introduce the interview structure, data acquisition, and then data analysis and the result of an interview with the case company with the help of the SWOT tool. The decision was made to conduct a semi-structured interview with five subordinates from “TGC-1” company, located in Saint-Petersburg, Russia. The semi-structured interview will be conducted online, where individual interviews with each worker will be possibly conducted.

The date of the interview is the 4<sup>th</sup> – 6<sup>th</sup> and it will be held online in the shape of five separate interviews with each worker separately. The reason why the interviews will be separated, and it will not be held in one big group interview, is to get an honest, sincere, and personal point of view of every respondent. Divided interviews may allow respondents to feel freer in speech and expressions. This type of interview was chosen as the most suitable option for collecting versatile and informative data about assessing workers’ job satisfaction, identification the leadership style, and identifying the effect of leadership style on psychological well-being for further data acquisition. The interview is targeted to get a result and answer the main research question.

Some interview questions involve the understanding of academic theory, such as the meaning of psychological well-being at the workplace, which leadership styles exist, and so on. For making an interview more comfortable for both sides, I decided to explain some questions to respondents in advance, such as the theory of leadership styles and methods. The main goal of the interview is to ask the same questions for subordinates in case to find out the leadership style in a company and to identify approximate job satisfaction in the company’s department and then answer to research questions. The data of the interview will be analyzed with the SWOT table. As it was mentioned before, the interviews will be reported anonymously due to security reasons of employees. The plan is to get an interview from Worker 1, Worker 2, Worker 3, Worker 4, and Worker 5 from the “TGC-1” company’s department. (tgc1).

##### 3.1.1 Interview structure

The semi-structured interview structure includes two parts and three sub-parts in each. The idea of the interview is to gain the data, which will help to answer the main research question with the help of two sub-questions. The interview is divided into two parts. The plan is to answer the sub-questions with the interview data, after which the main research question will be answered. The first part will start with a broad question in case to delve into the subject

gradually. After that, the middle section will include the questions that are made in a list for making a SWOT Analysis will be asked in case to get data for answering the first sub-question. In a concluding section of the 1<sup>st</sup> section, the clarification questions can be asked from a respondent if the information will be unclear or the provided information will be not enough. (IfD\_Qualitative Research Specialists 2018.) The second section, which is aimed to answer the second sub-question has the same structure, as the first one, but the questions will deal with different topics. For a better understanding of the idea of interview structure, the figure is presented below. (Figure 8).

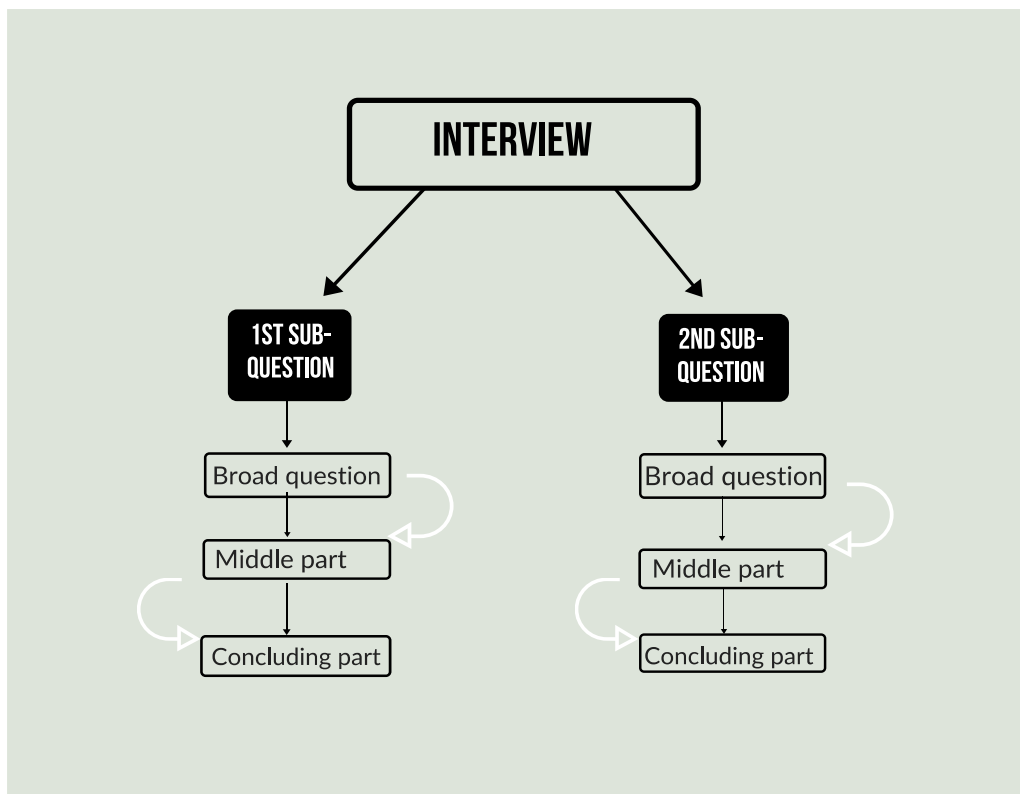


Figure 8. Interview structure.

### 3.1.2 Interview data acquisition

The interviews were conducted on the 4-6<sup>th</sup> of October 2021, where the data was collected. The main objective of the interview was to analyze the sub-questions with the help of the data and SWOT table and therefore answer to the main research question. The interviews were taken through five separate online interviews, where the data from the respondents was collected. The respondents for this interview were employees from the same department of “TGC-1” company.

## 3.2 Data analysis

The plan is to analyze the interviews and at first answer the sub-questions, and afterward answer the main research question. The sub-questions will help to answer the research question, and this is the reason why it was decided to answer sub-questions first, and then with the help of the reported theory and sub-questions answer the main research question.

### 3.2.1 Analysis of the first sub-question

At the start, the first sub-question will be analyzed with the help of the data from the interviews and SWOT Analysis. The first sub-question is – What is the leadership style in the “TGC-1” company’s department? In case to answer this question, the SWOT table will be made to analyze the leader’s style and behavior strengths, weaknesses, opportunities and threats. At first, the interviews data will be reported, and the SWOT Table with the summary will be made afterward. The main topics that are covered in this sub-question are soft skills, leadership, leadership style and behavior, and workers’ relationships.

In the beginning of the interview, Worker 1, in answer to the first question about how he thinks a leader presents himself at work, started, that the leader shows himself as a very responsible person. The leader always demands to meet working deadlines, and is diligent, no matter what the circumstances. Among the disadvantages, Worker 1 pointed out that the superior sometimes expect excessive work from employees, for example, big number of tasks within a short time. Of the suggestions for improving this, Worker 1 noted that one option might be to redistribute work tasks between employees if the boss notices that one employee already has enough working tasks to accomplish, but another employee, for instance, does not. Out of concern, Worker 1 suggested that if work would be reallocated, this process will take longer, and then the project will probably not be completed on time. Delay in project execution may entail bad consequences for the department and the company as a whole, because the company depends also on many other factors.

According to the opinion of Worker 1, the supervisor has developed soft skills, especially teamwork skills. Worker 1 believes that the department leader always works and co-operates with the work team and trusts their work and task performance. While understanding which worker is more experienced in a particular issue, the leader can properly allocate responsibilities to employees.

Among the positives of the managerial model of the leader, Worker 1 emphasized support from the leader. In case of questions and misunderstanding of any tasks, employees can

always turn to the leader for help or advice. The disadvantages are that the leader can answer in a rude way when there is little time left for a project. Worker 1 offered no options to improve this situation, noting that because of the really tight deadlines, it is understandable and understandable why the leader might react in this way. Of the concerns, Worker 1 responded that the leader might want to quit on his own, as Worker 1 often notices that employees are often not completing some necessary tasks on time.

Worker 3, already in the beginning of the interview, mentioned that the leader of the department has a bureaucratic style of communication. Moreover, as a supervisor he is also considered to be quite democratic. The reasons for this, Worker 3 mentioned, are that the leader sometimes speaks quite harshly about employees' work and can suddenly give new instructions for work, even when the employee already has enough work tasks for a limited time. Nonetheless, when Worker 3 says directly that he does not like this attitude and the fact that he is starting to get bogged down with work, then the leader stops doing this. Therefore, according to Worker 3, even though the manager is strict and may sometimes express disapproval of the workers, the main thing is to answer that this is not the right thing to do and not to be afraid. As a boss, Worker 3 noted that he is good, and the employee even rated the leader at 4 on a scale of 5, explaining that sometimes there are unpleasant moments in her competence. The supervisor is multi-tasking and demands the same from her subordinates. On the downside, Worker 3 noted that the boss also divides employees into "favorite" and "not favorite", as some other employees also mentioned during the interview. On the plus side, Worker 3 noted that the manager always tries to protect the team if they are pressured by someone from other departments.

When asked if the boss has developed soft skills, Worker 3 replied that yes. For example, a supervisor is able to make decisions quickly and calmly in critical situations. The leader is able to clearly and quickly give instructions to workers when necessary. The leader knows how to correctly allocate responsibilities in a crisis so that it can be prevented more quickly. Time-management skills Worker 3 answers that this is a difficult question to answer. The leader always tries to allocate duties related to work projects correctly and comfortably in order to meet deadlines as much as possible, but sometimes, unfortunately, this can be difficult to do. Teamwork skills, according to Worker 3, are certainly developed by the head of department, due to the competent division of roles. According to Worker 3, the leader has some soft developed skills, but he is also still in the process of developing them.

The leader, according to Worker 3, in the management model does not know how to separate working relationships from personal ones. Worker 3 attributed this to the fact that if the leader

has a personal dislike for an employee, it will be reflected in the working relationship, which is unprofessional. Among the positives of the managerial model of leadership Worker 3 mentioned the ability to take responsibility and the competent distribution of roles. Among the possibilities of improving the leader's behavioral model, Worker 3 suggested a change of attitude towards employees, i.e., that the personal relationship of the leader with his employees should not affect the workers. Of the concerns, Worker 3 suggested that it would be difficult for the leader to change because he is used to working the way he has worked. Despite this, the leader is liked by Worker 3 in that he does not have complete control over the actions of the employees, so the employees have the freedom to choose how and with whom they will perform a task, which also gives free rein to the actions and is certainly liked by Worker 3.

While asking about how the leader presents himself as a boss, Worker 4 said that the leader is ambitious, responsible, persistent and determined, has well-developed time management skills and teamwork skills. Nevertheless, among the negative factors, it was noted that from time to time the leader is not patient and is too demanding to get all tasks done on time no matter what. Even in cases where workers have a high workload, the leader insists on getting everything done on time. Worker 4 also says that the leader provides the employees with support and advice when needed. Of the possibilities for change for the better, Worker 4 noted that it would be good if the leader changed his attitude towards the workers and was more compassionate. According to Worker 4, the leader does not have much compassion for workers when they have a lot of work, but instead can add more errands if he or she sees fit. Of the concerns about change, Worker 4 pointed out that it may be difficult for a leader to change, as they are used to working the way they worked before. It is also possible that the leader will not be motivated enough to make such a change. Worker 4 also fears that the leader may suddenly overwhelm staff with work and then this may harm the psychological well-being of staff.

Worker 5 noted that it is quite difficult to answer exactly how the chief is showing himself. The fact is that the boss became head of the department not too long ago, a few months ago. Although, from the points that have already been made, Worker 5 believes that the leader is quite strict and demanding. The reason for this opinion is that the head has already been able to fire several people in a short time who in her opinion were not suitable for the job.

When asked if the leader had developed time management skills, Worker 5 responded that she did, as the manager left and came to work on time every day. Notwithstanding, Worker 5 responded that it was quite difficult to answer this question as she had known the boss

relatively recently. On the positive side of leadership in the department, it was noted that Worker 5 thinks that such a leader knows how to allocate duties competently. On the negative side, Worker 5 noted that sometimes the leader requires skills that the employee does not have, for example, working in a program that the employee has not worked in before, and then the employee has to spend time to learn them. In addition to that, the Worker 5 said that the leader sometimes requires employees to work very quickly when the company needs them, and this can make the employees feel uncomfortable and stressed. The last negative factor about leadership Worker 5 noted that the leader does not value employees' creative ideas and most often does not take them into account, noting that at "TGC-1" company, there are certain policies and work standards that should be followed.

The leader, according to the opinion of Worker 2, resembles a teacher at school who divides workers into "liked" and "disliked", which means, that there is unprofessionalism in the leader's behavior as a boss in terms of dividing workers according to personally convenient criteria. Among the disadvantages, Worker 2 also noted that the leader may publicly, in front of other employees, reprimand workers and point out their shortcomings and mistakes. Worker 2 feels that such behavior is not allowed and puts Worker 2 in an uncomfortable position. Additionally, the department leader does not respond by thanking employees for the work they have done. This according to the opinion of Worker 2 decreases the motivation to work. From the disadvantages it was also noted that the leader does not give feedback to the employees and the leader is not motivated to develop his team, because according to Worker 2, this can threaten the competence of the leader.

On the positive side, Worker 2 pointed out that the leader is energetic, proactive, and efficient. The leader is not afraid of new tasks and likes to take risks, and willingly fits into new management projects. According to Worker 2, the department leader can organize the work of subordinates by distributing tasks to responsible employees, i.e., the leader correctly distributes work roles and tasks in the department. This opinion is also supported by Worker 5, who also said that the leader knows how to allocate the work roles in the company correctly. Worker 2 also said that the leader of the department has a clear time frame, and the leader is familiar with and has developed time management. Among the strengths of leadership in the department, it was also mentioned that the leader knows how to keep a close eye on the employees' performance of certain tasks.

Worker 2 believes that the leader can readily make quick decisions in all situations, which is a definite strength of leadership in the department. The leader, according to Worker 2, works

in the interest of the company. Among the positives of leadership, Worker 2 also noted that the leader follows the work plan schedule as well as the work standards set by the company.

Among the disadvantages of leadership was the lack of communication of the overall business strategy to the team, lack of information about the further development of the company, scattered tasks to the team, without a common linkage and understanding of the overall goal as a whole. Lack of encouragement and motivation of employees, in terms of elementary gratitude, as well as unacceptable aggression on the part of the leader and even humiliation of employees.

As opportunities suggestions for remedying this leadership situation, Worker 2 suggested some alternatives, such as communicating business strategy and objectives to the entire team in weekly meetings. Additionally, leader development of employee competencies, performance feedback in the form of personal dialogue, and appreciation for the work done. As a threat Worker 2 cited as insufficient motivation for change on the part of the leader, which was also answered by Worker 4.

The table below introduces the summary of the conducted interview as a deductive approach in case to answer the first sub-question. (Figure 9).

<b>Strengths of the leader</b>	<b>Weaknesses of the leader</b>
<ul style="list-style-type: none"> <li>• Purposeful, responsible, and ambitious</li> <li>• Has improved time management, teamwork, problem-solving skills</li> <li>• Provides support and advice</li> <li>• Knows how to correctly distribute responsibilities</li> <li>• Monitors the correct performance of work duties</li> <li>• Shows energy, initiative, and diligence</li> <li>• Open to new tasks and projects</li> <li>• Risk-taker</li> <li>• Works in the interests of the company</li> <li>• Strictly adheres to the work schedule, as well as the company's working standards</li> </ul>	<ul style="list-style-type: none"> <li>• Excessive exactingness on the work of employees</li> <li>• Power distance between the leader and employees is high</li> <li>• Requirement of fast work tasks competition</li> <li>• The leader is overly strict</li> <li>• No feedback to employees</li> <li>• No motivation and interest in team development</li> <li>• Lack of appreciation for work</li> <li>• Public debriefing on staff shortcomings and mistakes</li> <li>• Unprofessionalism regarding the separation of staff</li> <li>• Not motivated to develop the team</li> </ul>

<ul style="list-style-type: none"> <li>• Protects the subordinates from other employees and managers</li> <li>• Gives a freedom of action</li> <li>• Workers can ask the leader for help or advice</li> </ul>	<ul style="list-style-type: none"> <li>• Not communicating the overall business strategy to the team</li> <li>• Lack of information on the further development of the company</li> <li>• Lack of employee incentives</li> <li>• Manifestation of aggression</li> <li>• Not separating work relationships from personal</li> </ul>
<p style="text-align: center;"><b>Opportunities to improve</b></p> <ul style="list-style-type: none"> <li>• Changes in the leader's attitude towards employees</li> <li>• Development of empathy soft skill.</li> <li>• The change of the leader</li> <li>• Employees may suggest options for the changes they wish to make</li> <li>• Communication of business strategy and objectives to the work team in weekly meetings</li> <li>• Development of employee competencies by the leader</li> <li>• Feedback on performance in the form of face-to-face dialogue</li> <li>• Expression of appreciation for the work done</li> <li>• Ability to reallocate work between staff if needed</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Difficult for a leader to change, as the leader is already used to working this way</li> <li>• The leader could not be motivated to change the behavior</li> <li>• A leader can suddenly give too many work tasks</li> <li>• Reallocating work tasks may take longer, and the right project may not be completed on time</li> <li>• The leader could have a desire to abandon the workplace due to the slow progress of employees</li> </ul>

Figure 9. Swot Table 1.

### 3.2.2 Leadership style of the department

To compare the various opinions and identify the prevailing leadership style in the company's department, the overview of the opinions of the employees will be analyzed and reported. For

having a better vision of which leadership style dominates in the company, after the reported interview, the table will be presented. (Figure 10).

After asking Worker 3 about defining the leadership style, before explaining the theory and what leadership styles there are and what their characteristics are. Worker 3 did not hesitate to answer that in his opinion the leader in the department uses a democratic leadership style. According to the opinion of Worker 3, although the leader makes the final decisions on his own, he also takes into account the opinions and ideas of employees by asking and listening to them in advance. In addition to that, because there are certain rules of conduct and work standards in the company, Worker 3 assumed that the leader also uses a bureaucratic leadership style.

After the interview, the theory of different leadership styles was explained to the employees, and Worker 4 decided that Bureaucratic leadership prevails in his department because the company system, according to Worker 4, has prescribed work steps by regulations as well as code of conduct. Worker 5 has a slightly different point of view from Worker 3, suggesting that his department is dominated by a bureaucratic leadership style. The reasons for this are that the leader is strict about deadlines, does not listen to the creative and creative ideas of employees, and only asks to do the specified work. Worker 5 shared that the company is not free to develop in different directions as it is highly dependent on many other factors. For instance, Worker 5 explained that the company has an established set of work rules - local regulations and documentation – code of conduct. Moreover, the company has some companies controlling the work of TGC-1, such as the Investigative Committee, and even the police, as TGC-1 is a company that works with dangerous fixtures such as cooling towers, which need to be carefully monitored (figure 9).



Figure 11. Cooling tower of “TGC-1” company. (Belayeva 2020.)

The company is also controlled by electricity laws, which are laid down in regulations. There are no deviations from these acts and all employees of the company have to obey such rules. Worker 5 also pointed out that the leader cannot make final decisions on any tasks that are not prescribed in the regulations. The leader of a department can only appeal to higher management.

According to Worker 2's point of view, there is autocratic and bureaucratic leadership in the company. Worker 2 justified the presence of autocratic leadership by the fact that in his opinion, the head of the department does not value others' ideas and preferences but values and listens to his thoughts and feelings and subsequently makes decisions himself. Also, according to the employee, the leader does not see his team as employees with whom to create and implement projects by sharing ideas, but only as employees performing routine tasks.

Worker 2 justified the bureaucratic leadership in the department by the fact that the company has its code of conduct and all decisions are made according to this regulation. Worker 2 clarified that the company has corporate codes of conduct, rules of procedure, and subordination, which are constantly monitored by the leader. For these reasons, it is wrong to deny the existence of a bureaucratic style of leadership. Also, Worker 2 has observed that there is a clear hierarchy of subordination in the department. From personal experience, Worker 2 explained that there is a high-power distance between leader and subordinate in the

department and the company as a whole. For example, Worker 2 as a mid-level employee is not allowed to write a letter to the head of another department, which means, that only supervisors can communicate with each other. According to the opinion of Worker 1, bureaucratic leadership also prevails in the department, as the team and the company as a whole try to act according to a set of company rules and guidelines in the organization.

The table below shows the overview of the prevailing leadership styles in the company's department, according to the opinions of Workers. (Figure 10).

<b>Workers</b>	<b>Leadership styles</b>
Worker 1	Bureaucratic leadership
Worker 2	Autocratic and Bureaucratic leaderships
Worker 3	Democratic and Bureaucratic leaderships
Worker 4	Bureaucratic leadership
Worker 5	Bureaucratic leadership

Figure 10. Leadership styles overview in the department.

### 3.2.3 Analysis of the second sub-question

2nd sub-question is aimed to answer how does leadership style and work atmosphere affect workplace satisfaction of employees in a Russian company, named "TGC-1"? Firstly, the interviews data will be analyzed and reported, and then the second SWOT Table with a summary will be introduced. The second SWOT Table includes topics of work atmosphere, leadership styles, workers' psychological well-being.

After asking about what the working atmosphere in the department is like and how it affects workers' workplace satisfaction, Worker 4 replied that the working environment is pleasant with a good team. On a positive note, Worker 4 also said that the workplaces are well equipped and generally comfortable to work in. This work atmosphere has a positive effect on Worker 4's mental health, but according to Worker 4, the reason for this lies only in the team and not in the leader. On the negative side of the working environment, it was noted that it was sometimes noisy to work, as many people were working in the office at the same time. Additionally, among the negative aspects, Worker 4 noted that the employee feels that their work is useless, as in general, the employee does not influence the overall processes of the

company. Worker 4 feels that he only performs certain tasks, and this reduces his desire and motivation to work. Worker 4 does not feel he is needed in the department and feels he is only doing routine work.

Worker 5 felt that the working atmosphere was very good, comfortable working conditions and it was also said that the location of the office - in the center of St. Petersburg – which is a huge advantage. The relations within the team were good and trustworthy. The respondent said that he had been working for the company for about 25 years and during this time there was no desire to leave the company. Worker 5 said that one of the negative aspects of the working environment is that situations can arise where colleagues start to lecture the employee, even though the employee may not like it and does not need it. In addition, Worker 5 did not observe any negative aspects of the work atmosphere, also noting that the work team is friendly and always willing to help. Worker 5 also enjoys spending time outside of work with such a team.

Of the positive and supportive factors that are positive for the employee's workplace satisfaction is that worker 5 works in a team where he has been working for a long time, hence, there is stability. He also added that in his opinion, working in a stable team and at a stable pace is the key to a better workplace satisfaction in the workplace.

Although, some employees are described by the employee as "strangers", it means, people who have recently joined the company and this makes Worker 5 anxious and uncomfortable, and the employee fears that in his department the employees may also change, which would lead to unpleasant feelings and anxiety in Worker 5. The worker also prefers a clear and limited scope of duties because it provides stability, i.e., the employee always has something to look forward to, and the employee knows what he or she has to do. From the prospect the possible opportunities, that were suggested by Worker 5 to improve job satisfaction was that there should be the possibility of promotion at work, so that there will be something to look forward to. However, this is not about improving work atmosphere, but more about working perspectives. Threats that were said by Worker 5, fears are that the department may be downsized, and workers can be fired.

Worker 1 assessed the working atmosphere as good, but it was in the work collective of colleagues, but not management. Colleagues in the opinion of worker 1 are responsive. According to worker 1, the manager does not play a big role in the working atmosphere, since he is in another office and only gives instructions. Worker 1 would like to spend more time outside of work with the manager and colleagues, but as other workers have noted, this is most likely impossible, because the relationship between the manager and subordinates is

not so close and friendly. Worker 1 added that the relationship between a manager and employees is more formal and working.

Nevertheless, during the interview, Worker 2 often mentioned that the leader is incompetent and there were often cases that the boss discusses and condemns employees behind his back, which negatively affects the working atmosphere. When talking about the working atmosphere and workplace satisfaction, Worker 2 replied that due to constant provocations from the leadership, there is a tense atmosphere and fragmentation in the team. Pitting colleagues against each other entails a negative attitude toward each other and a state of enmity. Physically and psychologically, many at work feel uncomfortable and depressed, as well as frequent impulses to change jobs. Even though colleagues are kind and friendly, the work atmosphere remains tense according to the opinion of Worker 2.

While talking about workplace satisfaction and the influence of leadership on the job satisfaction in general, Worker 2 noted that, in general, the worker is in a comfortable state at work, due to the long period of work in the company, when all people and all processes are known, that is, stability, as Worker 5 thinks. Additionally, Worker 2 noted the established personal authority, which helps in solving some tasks at work and getting pleasure from communicating with colleagues and clients. These aspects, according to Worker 2, do have a positive effect on workplace satisfaction and the work environment. Of the negative points that Worker 2 pointed out, the treacherous behavior of the management and some negative colleagues in the team are factors that have a detrimental effect on the satisfaction at work and interfere with the work atmosphere in general. This creates an uncomfortable state for Worker 2 and lowers the motivation to work.

The next question was what opportunities and alternatives could be offered to correct the negative aspects of the impact of leadership on the job satisfaction of employees and the work environment. Worker 2 suggested that a change in leadership could be one of the main solutions to such problems. Worker 2 noted that he was not satisfied with this leader and leadership approach in general. The worker said that this leader has many disadvantages, and a leader is not a professional in his field. Another alternative for improving the situation, the employee called the redistribution of tasks within the team, noting that it is possible because of this, the employees will not be so overloaded. Interestingly, Worker 4 also noted that the employee is often tired and sometimes overworked, which also lowers the desire and motivation to work, and can even lead to burnout. The last alternative that was proposed by Worker 2 was to change the location zone, that is, to be able to change the location for work and be more detached and focus more on your work, and not on the tense atmosphere in the

team and on the boss, who sometimes may not be competent. From the threats side, Worker 2 noted that even if the management of the department changes, it may not be better than the previous one.

Worker 3 mentioned that he is very comfortable with the working atmosphere in the department. The relationship between colleagues at work is pleasant and trusting, and there is support, according to Worker 3. All problems and misunderstandings in the team are discussed, which positively affects the workplace satisfaction of Worker 3.

The working environment is comfortable, but there are situations when you have to do too many things at the same time, and then stressful situations arise when you need to hurry up, just to finish everything on time. Such stress, of course, causes unpleasant sensations and negatively affects the psychological well-being of Worker 3. Nevertheless, such situations, according to Worker 3, do not occur very often, therefore, in general, the working atmosphere has a positive effect on the workplace satisfaction of Worker 3. Finishing the answer to the question of the working atmosphere, such a positive effect, according to Worker 3, is achieved at the expense of the team, but not at the expense of the manager.

After the question about the general mental state at work, Worker 3 noted that due to the cohesion of the team and colleagues, the state is favorable. Leadership does not greatly affect the general state of the worker. The most important thing that Worker 3 noted within the team is mutual assistance. On the other hand, from the negative aspects of the general state of the workplace, Worker 3 noted possible conflicts in the team, but they are resolved in a timely manner by the employees themselves, not enduring such conflicts to the authorities. Another unpleasant factor, worker 3, noted the leader's unwillingness to unite the team, even when needed, and the leader sees that the workers have problems with this. The leader does not bring employees together for leisure or corporate events. As suggestions for improving the situation, worker 3 called the fact that workers and the leader can meet more outside of work and get to know each other better, because, according to worker 3, this can positively affect both the working atmosphere and the workplace satisfaction of workers. Out of risks and concerns, worker 3 said that due to too high-power distance, it would be difficult for a leader to communicate with employees on the same wavelength.

The table below will illustrate the summary of the second part of the interviews which help to answer the second sub-question. (Figure 12).

<p style="text-align: center;"><b>Strengths of work atmosphere</b></p> <ul style="list-style-type: none"> <li>• A pleasant working atmosphere</li> <li>• Well-equipped workplaces</li> <li>• Comfortable to work</li> <li>• Responsive and friendly colleagues</li> <li>• Financial stability and security</li> <li>• Convenient location of the company</li> <li>• Team has a good influence on psychological well-being</li> <li>• Colleagues spend time together outside of work</li> <li>• Enjoyment from communication with colleagues and customers</li> <li>• Misunderstandings are discussed within the team</li> <li>• Mutual support within the team</li> </ul>	<p style="text-align: center;"><b>Weaknesses of work atmosphere</b></p> <ul style="list-style-type: none"> <li>• Can be too noisy to work</li> <li>• The workers may sometimes lecture the colleagues</li> <li>• A tense and fragmented work environment due to the leader</li> <li>• The work environment sometimes causes feelings of discomfort</li> <li>• Frequent impulses to change the job</li> <li>• Treacherous behavior from superior</li> <li>• Sometimes negative colleagues</li> <li>• Sometimes there are too many working tasks to accomplish</li> </ul>
<p style="text-align: center;"><b>Opportunities to improve</b></p> <ul style="list-style-type: none"> <li>• Conducting leisure time activities with the team</li> <li>• Changing the management</li> <li>• Redistribution of tasks within the team</li> <li>• Opportunity to change locations for work</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• When the work team changes, an unstable working atmosphere can negatively affect the employee's psychological well-being.</li> <li>• Fear of downsizing and redundancy in the department</li> <li>• New management may be no better than the previous one</li> </ul>

Figure 12. SWOT Table 2.

### 3.2.4 Conclusion of the interview

Concluding the interview with Worker 1, the employee noted that he is happy with his job and that this work has a positive effect on his psychological well-being. The leadership style suits Worker 1, and he believes that he is lucky to be in such a team where everyone helps each other out when needed. Additionally, Worker 1 added that he always manages to find support from the leader when required, and the employee would not want another boss in the

department, since the employee believes that the new leader of the department will be no better than the one in the department is now. Leader of the “TGC-1” company’s department, according to the workers’ beliefs, has some improved soft skills, such as teamwork, time management and problem-solving skills, but some important soft skills, like empathy to subordinates or communication are not as developed as should be.

Concluding the interview with Worker 5, the employee also noted that he is satisfied with this leadership style, and the working atmosphere in the department favorably affects the psychological well-being of the employee, since stability is ensured. Employee 5 likes that everything is spelled out in the rules and regulations of the company and this gives stability at work and a feeling of safety and confidence in the workplace. If there is a situation in which you need to make a decision, then there is always a set of rules and rights that will ensure the correct decision and the safety of employees. The employee has a stable salary, stable working hours, which are strictly limited according to the schedule and cannot last longer than they should. Salaries are also paid regularly, twice a month and without delays. If an employee is sick, then the sick leave will also be paid by the company so that the employee feels financially safe. Worker 4 said that this leadership style is not very suitable for the employee, as the employee appreciates the creative approach to tasks and ideas. Worker 4 would prefer to have a leader who does not put himself above the workers but appreciates their work and listens more. At the end of the speech, Worker 4 noted that he would prefer to work in a company that can develop in a more creative direction and appreciate employees with a creative approach to work, and not in a company where all employee actions are scheduled according to the regulations.

At the end of the interview, Worker 2 noted that he likes the stability at work and knowledge of the processes that need to be performed, but such leadership does not suit him personally, since worker 2 does not receive the gratitude he needs for his work, and sometimes the employee even notices incompetence on the part of his superiors. Worker 2 believes that it was the leader who influenced the working atmosphere so much, and because of the leadership, the working atmosphere is not as pleasant as it could be. The influence of the working atmosphere and leadership on the psychological well-being of Worker 2 is ambiguous. On the one hand, because of the stability, the employee feels confident and this has a positive effect on the psychological well-being at work. On the other hand, the employee noted that this leadership style is not empathic enough to the employee's needs, which causes the team to be negative, and this negatively affects psychological well-being at work promptly.

### 3.2.5 Answers to the research questions

In this part, first of all, the answers for sub-questions will be illustrated, and then the answer on the main research question will be reported. With the help of the conducted interviews and theory, that was studied, the answer to the first sub-question was found. For reiterating, the first sub-question was – Which leadership style does the “TGC-1” company’s case department have?

It was found out, that the Bureaucratic leadership prevails in the “TGC-1” company’s case department. The reasons for that are that the company has its own set of conduct, working standards, and actions that are strictly enforced by all workers in the company. The mission of every leader of the department is to closely monitor compliance with these rules. After the interview, it was confirmed that this is something that the leader is good at. The company leader is strict, committed to the rules and deadlines, and does not allow these deadlines to be missed, as this will have bad consequences not only for this company but also for the companies that support it. In addition to that, bureaucratic style of leadership in the department is detached by the fact that at the “TGC-1” company everything is done according to company policy. In case the leader does not know how to behave, he asks to those workers who are at a higher level in their position in the company. The department leader of “TGC-1” company’s department is responsible for ensuring that employees follow the rules.

The second sub-question was – how does leadership style and work atmosphere affect workplace satisfaction of employees in a Russian company, named “TGC-1”?

Although the bureaucratic leadership style is effective, the behavior of a leader is strict, and it can often have a negative impact on work satisfaction of employees. As it was revealed in the interviews, the employees of the department lack concern for their job satisfaction and a more human and warm relationship in the workplace. For the most part, employees confirmed that the leader is sometimes too demanding and often ungrateful for the work that employees contribute to the organization. According to workers opinions, the leader of the case department does not pay a lot of attention to employees needs and desires. This often makes employees feel unmotivated to work, and sometimes even makes them want to leave the job position and find another work. In spite of this, employees are mostly satisfied with their leadership style, because this leadership is effective, and employees also spend little time in contact with the leader himself, so we can conclude that leadership in the company has a relatively positive effect on the workplace satisfaction of employees. The working atmosphere is generally favorable, and the atmosphere is comfortable to work in, as was found out from the employees. Employees indicated that they like the work team, colleagues help each other

when needed, and colleagues spend time outside of work. After comparing the SWOT analysis results, the negative aspects, which are mostly temporary and impulsive, were significantly less than positive ones, so it can be concluded that the work environment affects the work satisfaction of the employees in a good way. Ultimately, both the work environment and leadership in general have a positive effect on the job satisfaction and psychological well-being of employees. Notwithstanding, the important fact is that there are also significant negative aspects of leadership that need attention and may in the future have a bad effect on the psychological wellbeing of employees if not addressed, if not to pay attention for that.

The main research question of the research was – How does leadership style and work atmosphere affect psychological well-being of employees in a workplace in a “TGC-1” company’s case department?

As it was already found out from the sub-questions, leadership and a democratic style of leadership in a company department are generally satisfactory for employees and have a positive impact on the psychological well-being of employees, except for some negative aspects of leadership that the leader should take into account, such as the leader's ingratitude for the work done by employees, requirement of many and fast work tasks competition, lack of employee incentives, etc. On the other hand, if the leader will be interested in this research and the SWOT analysis indicators showing not only the negative sides of leadership in the opinion of employees, but also opportunities for improving the leader's pitch, then the effect of leadership on the psychological well-being of employees may change from “satisfactorily” to “good”.

In addition to that, it was found that the work environment is good for job satisfaction and employees feel comfortable around their colleagues. With the help of the SWOT analysis, it was found that most of the employees really enjoy being in the team. They are satisfied with the work atmosphere due to the pleasant and friendly relations with their colleagues and the fact how well the offices and workplaces are arranged. In general, workers are satisfied with the work environment and they feel secure in the team, so the impact of the work environment on workers' psychological well-being is good and positive.

The figure below shows an overview with a short table-summary of the answer to the main research question. (Figure 12).

**GENERAL EFFECT OF BUREAUCRATIC LEADERSHIP STYLE AND WORK ATMOSPHERE  
ON PSYCHOLOGICAL WELL-BEING OF WORKERS IN CASE COMPANY' DEPARTMENT**

	Bad	Satisfactorily	Good
Bureaucratic Leadership Style			
Work atmosphere			

Figure 11. The answer to the main research question.

## 4 Conclusion

The topic of leadership is nowadays one of the most discussed topics. A general interest in leader characteristics exists already for a long time. After studying the theory, it was analyzed, that leadership is mostly aimed to guide the subordinates for achieving the company's goals. The leadership must be structured and well-defined. Employees should be informed about company's code of conduct and goals, because when workers understand what their work is aimed at and for, they tend to care more about the outcome. Indisputably, being a professional leader is not easy, because he must not only care for the employees and work in general, but also have and keep on the line soft skills for a constant leadership improvement. Leadership can be not only unstructured but also inappropriate to workers and can lead to the occurrence of mental illnesses. Mental disorders in the workplace are highly common and the main reasons for that could be poor leadership as well as bad working atmosphere. As a consequence, workers may experience psychological disorders. The relationship between work and psychological well-being is nowadays used as an important criterion for employee performance. Psychological well-being is related to influence on motivation and desire to work and therefore, working productivity and effectiveness. Leader should care for psychological state of employees and listen to them in order to avoid emotional exhaustion of workers and build favorable relationships with subordinates, where workers feel safe. This can be done through the creation of a positive work environment.

Creating a pleasant and positive work environment where colleagues respect and listen to each other leads to an increased efficiency and productivity at workplace. A positive work environment engages workers in their work, and this can increase the likelihood of a company's success. This is important for being productive and satisfied in a workplace. Maslow's pyramid human of needs model could also help organizations to create more pleasant and desirable work environment for employees. Understanding of different leadership styles and theories could provide with an overview on the company's leadership primarily and learn about the tools available for a more effective leadership.

After the interviews, it turned out that appreciation and thankfulness to employees' work is crucial, because it is essential for them, and it is heavy for them to develop and find a motivation to work when their work is not appreciated or thanked for it. Otherwise, employees may experience burnout. Through the conducted research, it has been confirmed that leadership is a complicated path that cannot be perfect. A leader does have a large number of responsibilities concerning not only their own working tasks, but also their concern for the employees, their job satisfaction and psychological well-being in the workplace. A leader also

has a strong influence on the work atmosphere and the worker's job satisfaction. A leader can really make a big difference to an employee's desire and motivation to work as well as their effectiveness. Therefore, learning about leadership styles and leadership in general as a topic is important so that every leader understands what the company values and what is more suitable for employees.

The thesis provided with the useful and relevant theory and empirical research. "Theoretical framework" chapter provides with a structured theory concerning the leadership topic and its importance, as well as what is psychological well-being of employees at work and why it is needed to pay attention for it. "Empirical Research" part thesis chapter provided with a large semi-structured interview data and answered the research question of the research with the help of deductive approach. The theory and empirical research are linked together and all information that was included in the thesis is valuable. In total, this thesis has achieved the main research objective and answered the research questions. A suggestion for future research would be to analyze a larger number of Russian companies to identify an average leadership style, that superiors prefer to use and to build a broader picture of leadership and work atmosphere in the Russian workplace. This will require more data for a more extensive analysis.

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## Appendix 1. Semi-structured interview questions

### SEMI-STRUCTURED INTERVIEW QUESTIONS

1. Could you please tell me about your leader . How does he/she present him or herself as a manager?
2. Do you think your leader has the following skills: time management, ability to work in a team, ability to make decisions in crisis situations? Why?

**Next, there will be questions to compile the SWOT Analysis. Please try to answer each question in detail.**

3. What advantages in your opinion are of the chosen managerial model of your leader? What negative aspects have you noticed? If they exist, how would you correct/improve them, what alternative would you suggest? What do you think could be a hindrance to the suggested improvement? Why?
4. Could you please tell me about your working environment. What is your general feeling about the office? How does the atmosphere at work affect your overall mental state?
5. Could you detail the positive aspects of your psychological well-being at work, the impact of the work atmosphere on this? Now, please list the negative aspects. How and what aspects could improve your working atmosphere and your job satisfaction? And what are the risks that could negatively affect this? Why?

**The final topic of the interview is leadership styles. The aim is to identify the leadership styles of your leader.**

The following will outline what leadership styles exist and their characteristics, and it will be up to you to choose which style you think your boss uses and explain why you think so.

#### 1. Transactional leadership

- A formal relationship with a superior, with roles assigned in a contract
- The purpose of this leadership is to maintain stable work and stable relationships with employees in the organisation
- The main goal of the employees is to obey the leader's instructions
- In this style of leadership there is a system of rewards and punishments. That is, when an employee does something for the good of the company, he gets a reward. Otherwise he is punished

## 2. Transformational leadership

- The boss focuses on the needs of the workers
- This style focuses on the growth and development of the employee value system
- The focus is more on the needs of the employees
- These supervisors motivate employees to achieve common goals, taking into account the abilities of the employee

## 3. Autocratic leadership

- The total power of the supervisor over the staff
- Employees and team members have little opportunity to contribute their own, other ideas and suggestions
- The leader does not often listen to his subordinates or does not listen at all, but makes important decisions himself
- The leader makes all important decisions himself

## 4. Bureaucratic leadership

- A company has its own set of rules of conduct, standards, and actions
- Strict adherence to established rules and procedures in the company
- Everything must be done in accordance with company policy
- If a leader does not know how to behave, they question those at a higher level in their position in the company
- It is the leader's aim to ensure that employees follow the rules

## 5. Charismatic leadership style

- Creative ideas for problem solving
- The boss inspires employees to complete tasks, but does not dominate
- There is a great deal of trust between the leader and the employees.
- The leader creates a work atmosphere and the employees support it

## 6. Democratic leadership style

- The chief has the final say in decisions but he also considers ideas and suggestions from the workers
- Team members share creativity, ideas and insights into problem solving
- Team members are involved and actively participate in the life of the company, so most often workers try to do their jobs well and take care of the results
- The ultimate decision is made by the supervisor, not the employees

## 7. Laissez-Faire leadership style

- The manager lets the employees work freely
- The employees do their own work and are responsible for what they do
- The supervisor is not involved in the employees' work, but can help when there is a problem or something is not clear
- Employees are independent. They do their own work, create their own time management, and are responsible for their own work
- The main advantage of such leadership is freedom of action

Thank you.