What strategies do Russian entrepreneurial leaders use to make their businesses competitive?

Master’s Thesis
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Abstract

Due to a highly volatile economic situation, lack of governmental support and young age of market economy, Russia still lags behind western economies in terms of small business development and their contribution to the economy. A large share of Russian companies still employs an authoritarian style of leadership, that was commonly used in the Soviet Union.

Still, there are plenty of entrepreneurs who have been able to keep their businesses competitive in a rapidly changing and highly volatile environment of a modern Russian market. They are efficient entrepreneurs who are able to run long-term businesses despite being raised with Soviet authoritarian style of leadership around them and having no business-related education.

My research is focused on studying three case companies - three Russian entrepreneurial leaders to find out what strategies do they use to keep their businesses competitive in this volatile environment. Beyond that, I try to study the way Russian entrepreneurial leaders view and understand leadership, what kind of relationships they build with their employees and how different are they from entrepreneurial leaders defined in western business literature.

The results show that despite lack of business education and Soviet background, studied entrepreneurs are quite similar to the western scholars’ view on modern entrepreneurial leaders. Their leadership styles naturally evolved to become open, unlike authoritarian leadership still used in many Russian companies.

Keywords entrepreneurship, entrepreneurial leadership, Russia
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1 Introduction

1.1 Research questions

The main purpose of my research is the study of entrepreneurial leaders in Russia. Due to increased corruption, economic crisis and decreasing personal income, Russian marketplace today is highly volatile and fast changing. In addition to that, there are little to none incentives for small businesses, making it extremely difficult to run a successful small enterprise. Therefore, in my research I would like to study what leadership strategies Russian entrepreneurial leaders use in order ensure the survival and competitiveness of their companies. My main research question is:

*What leadership strategies do Russian entrepreneurial leaders in small companies use to make their businesses competitive in the fast changing market place?*

This question is focused on long term operation of small companies, and not just survival during their first years. It is concerned with the ability of entrepreneurial leaders to innovate, manage human resources, and to achieve competitive advantage.

Additional research questions are:

*How do entrepreneurs manage to keep employees engaged and to reduce staff turnover?*

*Is it important for an employee of a small enterprise to be entrepreneurial?*

*How much do these strategies rely on the abilities of the employees of these small companies?*

2 Theoretical background

2.1 Entrepreneurial Leadership

Entrepreneurial leadership is a new field of study that today is considered to be in its infancy stage (Leitch, Volery, 2017). It exists on the intersection of a quite “mature” field of leadership (Hunt & Dodge, 2000) and a relatively younger field of entrepreneurship (Hitt &
Ireland, 2000; Cogliser, Brigham, 2004; Renko et al., 2015; Harrison, Leitch and McAdam, 2015). Today, although gaining much popularity, the field of entrepreneurial leadership still lacks in research (Leitch, Volery, 2017; McCarthy, Puffer and Darda, 2010; Renko et al., 2015; Harrison, Leitch and McAdam, 2015). For example, one study showed that less than 3% of all articles from 1996 to 2006 in 2 two most popular entrepreneurship journals were related to the topic of entrepreneurial leadership (Bruton, Ahlstrom, Obloj 2008; McCarthy, Puffer and Darda, 2010).

The primary reason for the emergence of the field of entrepreneurial leadership is considered to be the fact that results of leadership researches on large corporations proved to be difficult to apply to small and emerging companies (Leitch, Volery, 2017; Leitch, McMullan and Harrison, 2013), as a small business is not simply a “scaled-down version of a large unit” but a distinctive entity that requires its own research (Leitch, McMullan and Harrison, 2013; Gibb 2009). Furthermore, as a result of exposure to highly volatile environments, many entrepreneurial leaders tend to exhibit new type of leadership style, which doesn’t fit into existing theories (Leitch, Volery, 2017; Fernald et al, 2005; Gupta, MacMillan and Surie, 2004).

Another boost to the development of this young field was a result of both leadership and entrepreneurship theories’ development path. Specifically, both fields started with studies of personal characteristics and traits, defining leaders as heroes. And in the process of evolution both fields switched to studying roles and behaviors of leaders and entrepreneurs. Different interactions with stakeholders and environment became the key elements in both fields (Leitch, Volery, 2017). As a consequence, there appeared many overlaps in descriptions of modern leaders and entrepreneurs (Renko et al., 2015; Cogliser & Brigham, 2004; Afsaneh & Zaidatol, 2011; Jones & Crompton, 2009; Fernald, Solomon and Tarabishy, 2005). This resulted in several studies aimed at pinpointing those overlaps, and defining a symbiosis between an entrepreneur and an efficient leader – and entrepreneurial leader (Fernald, Solomon and Tarabishy, 2005; Cogliser & Brigham, 2004; Gupta, MacMillan and Surie, 2004).
2.2 Defining Entrepreneurial Leadership

It is no wonder that because of the young age of the field of entrepreneurial leadership, there is no common definition that researchers agree on. Indeed, there is neither a common agreement on the direction of the field, nor what the primary aim of research is (Leitch, Volery, 2017; Renko et al., 2015; McCarthy, Puffer and Darda, 2010; Afsaneh & Zaidatol, 2011).

Initially there were 2 major views on the theory of entrepreneurial leadership that were based on opposing “preference for the theoretical anchoring” (Leitch, Volery, 2017; Renko et al., 2015). The first view connects entrepreneurial leadership to the field of leadership, and therefore considers an entrepreneurial leader to be a typical leader with entrepreneurial spirit and attitude, no matter what organization he is working in, even if he is a part of large corporation (Leitch, Volery, 2017; Renko et al., 2015; Darling, Keefe and Ross, 2012; Cogliser & Brighma, 2004). For example, Vecchio (2003) states that there is nothing special about entrepreneurial leadership and that instead of creating a new field, the theory of leadership should be extended to cover entrepreneurs. It is no surprise then that definitions of entrepreneurial leadership developed by followers of this view, focus on leadership style, and disregard the context. For example, we can look at definition of entrepreneurial leadership given by Ireland, Hitt, and Sirmon (2003):

*Entrepreneurial leadership entails the ability to influence others to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors.*

Opposite of the view, there is an idea that entrepreneurial leadership is a development of the field of entrepreneurship, and therefore that entrepreneurial leadership is a process that an entrepreneur engages in (Leitch, Volery, 2017; Renko et al., 2015; McCarthy, Puffer and Darda, 2010; Leitch, McMullan and Harrison, 2013). It follows that an entrepreneurial leader is an entrepreneur, who is acts in a volatile environment, and is able to take risks, realize opportunities, and unite followers (Leitch, Volery, 2017; Harrison, Leitch and McAdam, 2015). Additionally, some scholars go as far as claiming that entrepreneurship has become the key element in the field of leadership, and that entrepreneurial mindset is now essential for
effective leadership (Kuratko 2007). To give example of definition that follows this ways of thinking, I would like to use the one proposed by Leitch et al. (2013):

*Entrepreneurial leadership is the leadership role performed in entrepreneurial ventures, rather than in the more general sense of an entrepreneurial style of leadership.*

Lastly, there is a relatively new notion of entrepreneurial leadership being directly “at the nexus of entrepreneurship and leadership” (Coglister and Brigham 2004) (Harrison, Leitch and McAdam, 2015; Renko et al., 2015; Leitch, Volery, 2017). The argument for this position includes notions that entrepreneurs are leaders by definition (Cunningham and Lischeron 1991; Fenald et al 2005; Leitch, Volery, 2017). Their leadership style is characterized as authentic leadership (Leitch, Volery, 2017). And that context matters for studies on entrepreneurial leadership, as “concepts, frameworks and models of analysis that are appropriate and effective in one domain may not be so in another” (Harrison, Leitch and McAdam, 2015; Leitch, McMullan and Harrison, 2013). It is difficult to find example of a definition that closely follows this point of view, as this path of thought is still deep in development, but I think that definition by Renko et al. (2015) does relatively well at connecting 2 initial schools of thought:

*Entrepreneurial leadership entails influencing and directing the performance of group member toward the achievement of organizational goals that involve recognizing and exploring entrepreneurial opportunities.*

### 2.3 Characteristics of Entrepreneurial Leader

Even though there is a lot of disagreement on the topic of entrepreneurial leadership among scholars, there are still some things that most researchers agree on. Specifically, most scholars have agreement about some of the core competencies that an entrepreneurial leader has. The search for such competencies started with attempts to find characteristics that are shared by both modern leaders and entrepreneurs (Fernald, Solomon and Tarabishy, 2015; Leitch, Volery, 2017; Gupta, MacMillan and Surie, 2004; Cogliser & Brigham, 2004). And different studies provided different results (Fernald, Solomon and Tarabishy, 2005; Gupta, MacMillan and Surie, 2004) but the evolution of the field highlighted some of those results, showing that
most entrepreneurial leaders are: proactive, innovative, and willing to take risks (Chen 2007; Afsane & Zaidatol, 2011; Fernald, Solomon and Tarabishy, 2005; Gupta, MacMillan and Surie, 2004; Darling, Keeffe and Ross, 2012; Jones & Crompton, 2009; Leitch, Volery, 2017).

Proactiveness means that an entrepreneur has a vision of the future of his business that enables him to successfully lead the business and his followers into the unpredictable future. Proactiveness allows the entrepreneur to predict problems and future needs of organization, leading to improvement of business operations (Kuratko et al 2007; Afsaneh & Zaidatol, 2011; Darling, Keeffe and Ross, 2012). Some scholars claim that entrepreneurial leadership itself is a proactive response to environmental opportunities (Surie & Ashley 2008).

Innovativeness stands for the leader’s ability and desire to come up with new solutions and develop the business model. Entrepreneurial leaders are innovative because it is typical for them to engage in creative thinking and to come up with new ideas that allow them to gain a competitive advantage (Gupta, MacMillan and Surie, 2004; Leitch, Volery, 2017; Darling, Keeffe and Ross, 2012; Afsaneh & Zaidatol, 2011).

Risk taking stands for the willingness of an entrepreneurial leader to take risks and to operate in volatile environments that are characterized by uncertainty. Afsaneh & Zaidatol (2011) claim that “Prudential and calculated risk taking is one of the common characteristics of entrepreneurial leaders, particularly, in the early stages of the entrepreneurship process”.

An important thing about the competencies listed above is that it is believed that those can be learned (Afsaneh & Zaidatol, 2011; Kempster & Cope 2010). The best method for entrepreneurial learning is considered to be by creating a new business venture and by overcoming problems that arise with it (Cope and Watts 2000; Afsaneh & Zaidatol, 2011). However, now many scholars are working on an idea of creating educational programs aimed at creating entrepreneurial leaders (Afsaneh & Zaidatol, 2011).

2.4 Overview of Research on Entrepreneurial Leadership

2.4.1 Studying the intersection of leadership and entrepreneurship

One of the primary scopes of researches on entrepreneurial leadership today is finding out what qualities and competencies do entrepreneurial leaders possess. One of the most famous examples of such research is Gupta, Macmillan and Surie (2004). In this study, the authors
examine the intersection between the fields of leadership and entrepreneurship, to pinpoint the attributes of an entrepreneurial leader. Then they study how the concept of entrepreneurial leadership is endorsed in different countries and cultures, which gives an important overview of how developed the field is in those cultures. The results show that in general entrepreneurial leadership is endorsed in all countries, although less in non-egalitarian cultures, and post-soviet countries.

Fernald, Solomon and Tarabishy (2005) is another example of a study aimed at finding the middle ground between leadership and entrepreneurship. In their study, they made a list of characteristics possessed by leaders and entrepreneurs, listed in books, articles, dissertations, etc. In the end they were able to find what the shared characteristics are, and attributed them to entrepreneurial leaders. These characteristics were: able to motivate, achievement orientated, creative, flexible, patient, persistent, risk-taker, and visionary.

Another such study has been done by Cogliser & Brigham (2004). In this study, authors fully focus on making a detailed historical and current theoretical analysis of both fields. This work doesn’t really go into the topic of entrepreneurial leadership, but its contribution to the study of the theoretical and empirical overlaps between the fields of entrepreneurship and leadership is highly valuable for the scholars of the young field of entrepreneurial leadership. Among other things, the authors were able to identify some of the problems of the field of leadership that the field of entrepreneurship is able to avoid or learn from. Among those are such problems as: definitional problems that the field of leadership is known for, process identification problems, and levels-of-analysis problems.

### 2.4.2 Learning entrepreneurial leadership

Another popular topic among the scholars of entrepreneurial leadership today is the possibility of teaching entrepreneurial leadership in universities. The popularity of this type of research is attributed to the fact that the field considers entrepreneurial leadership to be based on experience and learning process, rather than on traits (Leitch, Volery, 2017; Afsaneh & Zaidatol, 2011; Harrison, Leitch and McAdam, 2015). Thus, it is believed that “entrepreneurial competencies can be learned and developed through experience and entrepreneurship education and training programs” (Kempster and Cope 2010; Afsaneh & Zaidatol, 2011). Furthermore, there is a notion that the ability of an entrepreneur to lead
people and innovate is highly dependent on his ability to continuously acquire new knowledge (Cope, 2003; Afsaneh & Zaidatol, 2011).

And although the educational programs are listed as part of the entrepreneurial education, the most of learning for entrepreneurial leaders comes from the either doing something themselves, or observing others do it. In other words, from practice. (Holcomb et al., 2009; Afsaneh & Zaidatol, 2011).

So, the creation of an entrepreneurial leadership model is a complex and important problem that many scholars try to solve. For examples of modern studies on this topic we can look at works of Roomi M. and Harrison P. (2009) and Okudan & Rzasa (2004).

2.4.3 Creating a model of entrepreneurial leadership

With the popularity of the field, it is no wonder that many scholars are interested in bringing more clarity into it. Specifically, many make a goal of creating a clear model of entrepreneurial leadership that could be a basis for future research. However, as the field is unable to come up to a common definition or idea of what entrepreneurial leadership really is, the task of making a model of it doesn’t have large chance of success.

Anyway, an example of an attempt to make a universal model is article by Afsaneh & Zaidatol (2011), in which authors, after a thorough review of the theoretical background with specific aim at entrepreneurial learning, came up with a model of entrepreneurial leadership, and its connection with entrepreneurial learning. According to this model, “entrepreneurial leadership is a dynamic process of learning from experience, observation and social interaction and transforming the acquired knowledge through a process of reflection to recognize entrepreneurial opportunities as well as creating novel solutions for challenges and crises of leading entrepreneurial ventures” (Afsaneh & Zaidatol, 2011).

Another attempt of creating a model of entrepreneurial leadership was made by Jones, O. and Crompton, H. (2009). However, in their work they focused on the concept of authentic entrepreneurial leadership. They tried to make a model of it based on 8 interviews with managers of small companies, and found some similarities between the management styles, such as placing high value on the need of employees,
2.4.4 Strategies and leadership styles of entrepreneurial leaders

A more practical topic that attracts many scholars, and is the main focus of my research, is the study of strategies that entrepreneurial leaders employ. Additionally, it includes the leadership styles that they use in their organizations. One of the excellent works on strategies employed in entrepreneurial leadership is Darling, Keeffe and Ross (2012). Its authors are trying to find out what are the strategy and values of entrepreneurial leaders that lead to operational excellence in small organizations, as these are the “primary competitive advantages that differentiate one organization from another” (Nurmi and Darling, 1997). The results show that the key entrepreneurial leaders’ values that lead to operational excellence are joy, hope, charity, and peace. And the four strategies are attention through vision, meaning through communication, trust through positioning, and confidence through respect (Nurmi & Darling, 1997; Darling, Keeffe and Ross, 2012).

Another interesting study that is quite similar to my research is McCarthy, Puffer and Darda (2010). It is a study of entrepreneurial leaders in Russia that aims to identify the leadership style that they employ. Specifically, the authors distinguish 3 leadership styles: open leadership style common to Western economies, controlling Soviet-era leadership style, or something in between. The results show that although some of entrepreneur have kept the Soviet-era style, the majority of Russian entrepreneurs are quite similar to those in the U.S.

Leitch, McMullan and Harrison (2013) addressed the role of human, social, and institutional capital in entrepreneurial leadership development. The study shows that most leaders in their development and learning focus on enhancing their human capital. However, the researchers point out that further development of leadership is highly dependent on social capital, and that the entrepreneurial context requires development of institutional capital as well.

2.4.5 Other studies

Another popular topic in the entrepreneurial leadership field is the role of gender in entrepreneurial leadership. Gender issue in general is gaining popularity in the field of leadership and entrepreneurship (Harrison, Leitch and McAdam, 2015), thus there is no wonder that our young field is also showing interest in it. Article by Harrison, Leitch and McAdam (2015) lays the groundwork for gender studies in the field of entrepreneurial leadership by examining the field, its theoretical background, and relevant gender related
theory. Colette et al. (2015) is another work on this topic, providing a great reflection on gender studies done in the field of entrepreneurial leadership. Additionally, Colette et al. (2015) shows how modern studies on entrepreneurial leadership fail to accurately picture entrepreneurial leaders due to its focus on hegemonic masculine discourse.

2.4.6 Gaps in Entrepreneurial Leadership Research

Despite the popularity of the field among scholars, its research still has many gaps, mostly due to a young age of the field. First of all, it is clear that there is a lack of clarity of even the basic concepts of the field, such as what entrepreneurial leadership is and what place does it hold in relation to fields of leadership and entrepreneurship (Leitch, Volery, 2017; Fernald, Solomon and Tarabishy, 2005; Cogliser & Brigham, 2004). But even the things that have been addressed by some studies, still need deeper analysis. For example, Leitch & Volery (2017) suggest that an individual entrepreneurial leader, entrepreneurial leadership teams, and their interrelations require more analysis.

Secondly, current studies on entrepreneurial leadership offer us little variety of context. There are definitely studies conducted in small companies (McCarthy, Puffer and Darda, 2010; Jones & Crompton (2009); Leitch, McMullan and Harrison, 2013) but usually the authors generalize the concept of small company and don’t go into details of company structure or its business model (Leitch & Volery, 2017). Another example of understudied context are family run companies. Although there is some research concerning family businesses focusing on entrepreneurial leadership (Haynes, Hitt and Campbell, 2015; Leitch & Volery, 2017), it is quite limited in its scope and this context has not been often addressed in the past years. Given how different family businesses are from other companies and the complexity of leadership roles within family that translates on such a business, it is obvious that this context requires additional research.

Next, the majority of research in the field has been focused on the western economies, with Anglo-American models dominating the field (Leitch, Volery, 2017). There are few studies that focus on other cultures (McCarthy, Puffer and Darda, 2010; Asimiran & Bagheri, 2014), and even less of those that deal with multiple cultures (5). Meanwhile, it is important for the field to understand how the concept of entrepreneurial leadership varies in different cultures and what those variations depend on (Leitch, Volery, 2017; Gupta, MacMillan and Surie,
Other environmental contextual factors, like the state of economy, development of competition, bureaucracy, etc. might have large impact on the results of a study. Today, there is a large gap in studies focused on developing economies, especially those that might have completely different understanding of leadership due to their history or culture (McCarthy, Puffer and Darda, 2010; Leitch, Volery, 2017).

Another gap might be found in the field of entrepreneurial leadership learning, which has been discussed above. And although we are not witnessing rising interest in this sphere (Afsaneh & Zaidato, 2011; Roomi & Harrison, 2009; Okudan & Rzasa, 2004), the field is still quite young and offers a lot of opportunities for research.

Additionally, there is a gap in gender studies related to entrepreneurial leadership. And although, scholars began to pay more attention to it, most papers, as of now, simply introduce the issue of the field being too homogeneous and not distinguishing between male and female leaders (Colette et al., 2015; Dean & Ford, 2017; Harrison, Leitch and McAdam, 2015). In the future, there is a lot of space for in depth analysis of how female entrepreneurial leadership differs from male one. Developments in this topic might help in further developing the theory of entrepreneurial leadership learning and other sub-fields.

Lastly, one of the most complex topics in the entrepreneurial leadership field is the study of strategies and leadership styles employed by entrepreneurial leaders, as there are so many of them and they differ greatly depending on multiple factors. In the section above I provided some of the recent examples of the studies on this topic, like McCarthy, Puffer and Darda (2010); Darling, Keeffe and Ross (2012); Leitch, McMullan and Harrison (2013) but they either touch only the surface of the topic with very precise context (McCarthy, Puffer and Darda, 2010) or provide general, mostly theoretical, results (Darling, Keeffe and Ross, 2012; Leitch, McMullan and Harrison, 2013). Therefore, this sub-field stays almost unstudied, despite its how important it is for both theory and practice.

2.4.7 My research

In my study I would like to focus on the last-mentioned gap, as I believe that it offers the most space for research. Specifically, I would like to focus on the leadership strategies that allow entrepreneurial leaders to keep their companies competitive in a highly volatile environment. Previous studies were mostly concerned with theoretical excellence of operations (Darling,
Keeffe, Ross, 2012), or general leadership styles (McCarthy, Puffer, Darda, 2010), which makes my research quite unique it its attempt to study the issue that is more relevant to any entrepreneur – survival and continuous competitiveness of the business.

To help address the above-identified gaps, the research questions my thesis will seek to answer are:

**Research Question 1:** What leadership strategies do Russian entrepreneurial leaders in small companies use to make their businesses competitive in the fast changing market place?

**Research question 2:** How much do these strategies rely on the abilities of the employees of these small companies?

**Research question 3:** Is it important for an employee of a small enterprise to be entrepreneurial?

Speaking about context, Russia is a great example of an unstable environment with poor conditions for small companies and enterprises. It is a complete opposite to well-regulated and highly competitive western markets, thus making it a great context for the field that has been dominated by researches focused on western developed markets. As my research showed, there are almost no studies in the field of entrepreneurial leadership that focus on the Russian market, besides McCarthy, Puffer, Darda (2010). More specifically, there is very little on the topic of entrepreneurial leadership strategies and business survival in developing economies.

With my study I would like to contribute to the field of entrepreneurial leadership in developing and unstable economies. Studying the leadership strategies would also allow me to show how understanding of entrepreneurial leadership in developing markets, specifically Russia, differs from the one that we have in the literature on the topic. Furthermore, with my research questions I also aim at contributing to the study on interrelations between the entrepreneur and employees, which is essential in such small companies as the ones I focus on.
3 Methodology

3.1 Research design

I would like to start this part with a discussion of a philosophical approach to the research. There are two main aspects of ontology – objectivism and subjectivism (Saunders et al., 2007). In my research I assume position of subjectivist, as I assume the social reality that I want to study to be constructed by people themselves – entrepreneurial leadership is a socially constructed phenomenon (Sklaveniti, 2017). There is no entrepreneurial leadership without the entrepreneurial leader, so the character and mindset of a leader are important part in studying leadership strategies employed by this entrepreneur. Therefore, to best understand the leadership strategies and motivations of entrepreneurial leaders it is essential to understand their point of view, their way of thinking, their goals, and the context in which they operate. Furthermore, there is no leadership without followers, meaning that studying the employees of the case companies is another essential part of the research.

Epistemologically, I would call my philosophical stance to be a critical realism. I believe that we would be able to understand the social interaction if we “understand the social structures that have given rise to the phenomena that we are trying to understand” (Saunders et al., 2007). So, my position is that my research can only be conducted within the existing social environment and not independently from it.

Coming to practical issues, the research I am planning to conduct is based on the qualitative research methods, as they give me an ability to show the situation in all its complexity, with entrepreneurial leaders holding the key role in the study. Interview based research allows me to not only picture the strategies used but also to understand the reasoning and motivation behind those leadership strategies, as well as their effect on followers.

As there are many types of the research design in the qualitative research, it is essential to pick the one that suits the purpose of my research the most. For this study I decided to go with a somewhat of a neutral type of research – case study. According to Yin (2003), you should choose to conduct the case study when you “seek to explain some present circumstance”, meaning that you ask “how” and “why”, which excellently fits my research, as the main research question could also be rephrased to “how do entrepreneurial leaders keep their
companies competitive through leadership strategies”, and why question can be used for understanding the reasoning behind specific leadership strategies. Furthermore, case study research is relevant for cases when the researcher doesn’t have the control over the events and for cases, where the event or process is still going (Yin, 2003).

According to Eriksson and Kovalainen (2008), there are two types of case study research – extensive and intensive. For my study I decided to go with an extensive research that “focuses on mapping common patterns, mechanisms and properties in a chosen context for the purpose of developing, elaborating, or testing theory” (Eriksson and Kovalainen, 2008). The reasoning behind this choice is that in my research I want to study several case companies, and, as the result of that, to come up with a list of strategies that could be applicable to most small entrepreneurship in Russia, rather than to only the one company studied. So, the multiple case study is one of the major reasons to go with extensive research (Eriksson and Kovalainen, 2008).

The reason for picking a multi-case study is the ability to provide a more generalized picture of what leadership strategies Russian entrepreneurial leaders utilize in this highly volatile context. The results of such a study could be applied to other small companies in Russia, especially in the tourism industry that most of the case companies are part of. As stated by Eriksson and Kovalainen (2008) - “Each case within a multiple-case design can incrementally increase the ability of the researchers to generalize her findings”. I believe that by studying multiple entrepreneurs and their leadership strategies, I would be able to find the similarities that would be useful in forming a general guide of strategies that help in keeping your company competitive in the Russian market.

3.2 Research Context

Russian Federation is quite a young country that exists since 25th of December 1991. And only at that date it has formed a capitalism based free market with private ownership. No doubt that the young age of the economic system is one of the major reasons for its instability and comparatively low level of development.

And although many of the Russian entrepreneurial leaders are similar, in terms of mindset and approaches to leadership, to their colleagues in the U.S., the economic systems are completely
different. Currently, the economic situation in Russia is highly volatile due to multiple economic and political reasons, making it a difficult place for small companies to operate. Among the largest barriers to small companies are bureaucracy, high levels of corruption, strict tax laws, expensive credits, lack of governmental help to small organizations, etc. According to Kravchenko et al. (2015) – “in Russia SMEs are not significant contributors to the economic activity”. Their contribution is estimated to be around 10% of GDP, compared to roughly half of GDP in the U.S. It is clear that entrepreneurship has a lot of room for improvement in the Russian market, given that it gets support from the government.

Still, there are a lot of SMEs in Russia. These small companies are able to survive and stay profitable even despite all the barriers and the volatility of the market. It is no wonder then that survival is one of the major issues for Russian entrepreneurs.

Furthermore, the leadership styles and leadership strategies employed by Russian entrepreneurs are highly dependent on the cultural background of the area that includes the tendency for authoritarian leadership style, which was dominant in the Soviet Union (2). Such cultural background might have a large influence on the perception of leadership, attitude towards entrepreneurial behavior among employees, expectations of employees, performance monitoring, etc.

I believe that a study conducted in such a volatile market with a cultural and economic background that is quite different from that of the Western economies, where the majority of the entrepreneurial leadership studies were conducted, might bring a valuable contribution to the field of entrepreneurial leadership.

3.3 Sample

Sampling is an important part of the study, as all the research would be based on the samples that are picked. Although my sample is quite limited to only a few companies, Saunders et al. (2007) says that – “you should not assume that a census would necessarily provide more useful results than collecting data from a sample which represents the entire population”. And even though it is more applicable to quantitative research, I still think that my sample would allow to get a good picture of entrepreneurial leadership strategies in the Russian market.
According to Saunders et al. (2007), there are two main types of sampling techniques: probability and non-probability sampling. Non-probability sampling is characterized by samples being chosen by the researcher for some reason, as opposed to picking them random. It is clear that this is the method most suitable for my study. I chose the companies for their specific qualities – small, entrepreneur run companies with few employees that have been operating in the market for more than 5 years. Another important issue is that all companies are related to the tourism industry. This makes it a self-selection sampling technique. (Saunders et al, 2007)

Understanding that the sample size is dependent on what I need to find out, what is useful, credible, and is within my reach (Patton 2002). I decided to limit my sample to 4 SMEs. Although it might be argued that the sample is too little, the amount of case companies is dictated by the resources available to me, as well as access to the companies. Anyway, I believe that due to careful selection of the companies, my research is able to produce good results that can be translated to other SMEs.

Going into details, I plan my sample to consist of 4 small companies run by their owners. Companies are chosen based on following criteria:

- More than 5 years in the market. This is to ensure that the company has been operating during a long period of time, meaning that its success is based on the strategies used by entrepreneur, including leadership strategies.
- No less than 3 employees, to ensure that the company is large enough for employees, and therefore leadership strategies to have effect on its operations.
- Access to the organization. This is an essential criteria, as to conduct the research I need to conduct an interview with the entrepreneur and ask about his or her leadership style.

### 3.4 Data collection

According to the Eriksson and Kovalainen (2008), “in-depth interviews are often used as the primary source of empirical date”. Therefore, the empirical part of my research mostly consists of qualitative interviews. This means that the interviews would be my main method of data collection. These interviews would be conducted with the owners of the case companies, as well as with at least 1 employee from each case company.
According to Silverman (2001) there are three types of interview typology: positivist, emotionalist and constructionist. For my research I prefer positivist approach, as I am interested in “facts”, meaning that I would like to see the relationship between the context and the attitude of the entrepreneurs, as I assume that their behavior and leadership strategies are highly influenced by the environment.

Next, according to Saunders et al. (2007), there are several types of interviews that characterize how much the interview is structures. Interviews might be “highly formalized and structured” or “informal and unstructured conversations”. In my research I plan to use semi-structured interviews that are often said to be “qualitative research interviews” (King 2004).

To explain why I pick semi-structured interview I would like to use the framework offered by Saunders et al. (2007). First of all, we start with the purpose of research. In my study I don’t simply want to see what leadership strategies are used but to understand the reasoning behind the utilization of those strategies and to learn the opinion of entrepreneurs on the context and how it influences their own leadership style. This means that it is essential for me to establish a personal contact, meaning that my interviews would go beyond simple questionnaires. Next, the questions that I am going to ask are quite complex for a questioner, meaning that I want to get answers that go beyond simple yes or no. I would like to produce a complex look into the relationship between the employee and an entrepreneur.

The majority of the questions in the interview are going to be open ended, so that the respondent is able to go into details and sometimes lead the discussion, showing what is really important for him or her. Additionally, there will be a set of leading questions to help me facilitate the discussion. An interview with each owner of a company will be conducted once, as I believe that it is sufficient to get the full picture. However, may it prove necessary to get additional information or clarifications, I would contact them again.

In my study I don’t ask the entrepreneurs about the financial details of their businesses, as it is irrelevant to the research question. Furthermore, many Russian entrepreneurs don’t like to share such information and generally are quite secretive when it comes to such details. Anyway, I have basic facts about the companies, such as age, number of employees, industry, etc.
So, as the interviews are conducted with Russian speaking people, it is only natural to conduct them in Russian, as they might not be fluent in English. Furthermore, speaking in Russian would enable respondents to better transfer the meaning and create a fuller picture, including their emotions and opinions. The interviews won’t be recorded in order to facilitate a relaxed atmosphere of an open dialogue. It is especially important because many Russian entrepreneurs dislike giving away information about their business operations, as it could be used against them. Furthermore, I will limit the amount of notes I take during the interview to a minimum, as “writing notes on the spot interferes with the process of interviewing” (Eriksson and Kovalainen, 2008). Most notes will be written down after the interview. Such type of an interview is possible due to the nature of the interview itself – it is not focused on numbers or facts, but rather on the person’s mindset and experiences.

### 3.5 Analysis methods

In their book Saunders et al. (2007) distinguish between two approaches to qualitative analysis – deductive and inductive. In deductive you have a theory before the research and then you attempt to tie your result to that theory. The alternative is to first get the data and then scan it for common themes and patterns. And although Yin (2003) claims that the second method might be more difficult for an inexperienced researcher, I tend to go with it, as there is currently little to no research on this topic done in this specific context, so I have no thoughts on what the leadership strategies are, going into research. Furthermore, the inductive approach allows me to put the entrepreneur and his or her opinion at the center of the research by asking simple open questions, while in an deductive research my questions might lead to specific answers.

Therefore, coding would be an essential part of my data analysis that will help me to identify the common themes that are present in all the cases studied. But before proceeding with the cross-case analysis (Eriksson and Kovalainen, 2008), it is important to study each case separately. The within-case analysis (Eriksson and Kovalainen, 2008) will be not only followed by a coding but also a creation of a summary for each individual case. Summarizing will help me to “become conversant with the principal themes that have emerged from the interview” (Saunders et al., 2007), as well as to “identify apparent relationships between
themes”. My decision to search for patterns means that I will be utilizing explanation building analytic technique (Eriksson and Kovalainen, 2008).

3.6 Ethical issues

Speaking about the ethical side of my research, I was able to recognize some of the ethical issues that might arise as my research is going forward. The most obvious one is that I, as a research, am obligated to do my best to provide a full and unbiased picture. Other issues arise in the relation to the interviews and the material that I use in my research. First of all, it is essential that I get the consent of all participating in the interviews to publish the information they give them, including the personal stories. Thus, I must make it as clear as possible that I am not only interested in the story of an organization but also in the perspective of its owner. That I will include this information in my study (Eriksson and Kovalainen, 2008).

Secondly, there are issues of utilizing the information and names of those organizations, as an act of publishing it might undesired by the entrepreneur, so the permission to use the name of the company and some details about it will be asked from the entrepreneur.

Thirdly, there is a large ethical concern related to the translation. It is obvious that, since the translation is done by me, I am obliged to do my best to make sure that the translation accurately transfers the meaning of the interviews. It would be unacceptable for a researcher to bend the meaning in the way he or she desires.

And lastly, I must ensure that the interviews are conducted in such a way that motivates people to speak what they think. This means that the questions that I use should be carefully crafted, so that they don’t influence the responses.

3.7 Case companies

**Russky Kurort** – (‘Русский Курорт’). It is a small enterprise from the city of Sochi. It was opened in 1999 by Svetlana Elagina, as an attempt to create her own tourism company after working in the industry as a tourism manager for several years. The company’s business model has changed several times during the years. Initially it was a typical retail company that aimed at establishing partnerships with sanatoriums of Sochi that at that moment lacked the ability to advertise themselves and were looking for ways to increase their profits. With partnership links established another business opportunity opened up – state competitions for
provision of recreational services to children and families under social service protection. It was the main business model for several years. Three years, after the increased competition in both retail and governmental competitions, the business model shifted to event management, which is now the main business model of the company. It includes business events, group tourism, sport events, etc. The main business model today is the organization and management of dancing competitions in Sochi under the brand of “Фестивальное Олимпийское Движение” (Festival Olympic Movement). This is a new business model for the company, and thus there are a lot of changes in the organization.

**Conti-Plus** – (‘Конти-плюс’) a small tourism company from Saint-Petersburg. It was opened in 2001 by Natalia Kulikova. The business plan was – organization of bus tours to Finland. The company became successful due to several reasons that include good timing – economic situation in Russia began to stabilize and people had more money to spend on travelling, and initial contacts in the embassy. With time, Natalia was able to build connections with hotel owners in Finland that led to better business conditions. The company evolved and new business models emerged. Currently Conti-Plus has several main services – tours to Finland and other foreign countries, rent of cottages in Finland, help with getting Visa to the USA, and excursion and hotel services in Saint-Petersburg itself. Today Natalia has to innovate and create new business ideas, as the industry becomes more competitive.

**Idancer** – is a new business project done by a team that has been in the management and organization of sport events, tourism, and other general event management for quite some time. The company is based in the city of Krasnodar, and has a lot of experience in the industry, as well as working with internationally acclaimed coaches and the regional government. The founder, Grigori Vasiltsov, is an entrepreneur that has found a new way of making event organization simple and to bring the organizers and participants together on one platform. The idea is to create such a website that will contain a huge database of dancing collectives from all around Russia. For event organizers it will be a place to look for interested collectives, to advertise their event, and to create online presence. This case is interesting, as the business plan is innovative, and the team is highly motivated. Furthermore, the team itself is quite entrepreneurial, with most members running their own businesses or some of them living in another city.
All three chosen case companies are small companies with approximately equal number of employees. They operate in the tourism industry, and do have somewhat of a similar business strategy. This allows for a better comparison of entrepreneurial leadership strategies, as these companies face the same problems and are somewhat similar in the solutions they come up with. All three of the case companies have been operating in the industry for a long time. Even the third case company, idancer, although is reviewed as a company working on a new business projects, in reality is long running team of entrepreneurial professionals, who have a lot of experience.

4 Results

4.1 Introduction to companies

The first part of the interview was concerned with some basis information about the companies, such as name of an entrepreneur, number of employees, the industry that company is operating in, etc. This part is essential to get an initial look at the companies and to see how they compare to each other. Below is the summary of some of the questions and answers:

<table>
<thead>
<tr>
<th>Company name</th>
<th>Russky Kurort</th>
<th>Conti-Plus</th>
<th>idancer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur name</td>
<td>Svetlana Elagina</td>
<td>Natalia Kulikova</td>
<td>Grigori Vasiltsov</td>
</tr>
<tr>
<td>Industry</td>
<td>Tourism (event management)</td>
<td>Tourism</td>
<td>Tourism (event management)</td>
</tr>
<tr>
<td>Number of years operating</td>
<td>19</td>
<td>17</td>
<td>2 (the team has been together for 5+ years)</td>
</tr>
<tr>
<td>Number of employees</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Main business model</td>
<td>Internal tourism/organization and management of business and sport events</td>
<td>External and Internal tourism (excursions, visa support, cottage rent)</td>
<td>Organization and management of dancing competitions</td>
</tr>
<tr>
<td>Main success factors</td>
<td>Business model, innovativeness, hardworking entrepreneur</td>
<td>Long standing partners, known brand, motivated professional staff</td>
<td>Fresh view, innovativeness, great staff, high motivation</td>
</tr>
</tbody>
</table>
Main external factors affecting the company

<table>
<thead>
<tr>
<th></th>
<th>Heavy taxation, economic and political situation</th>
<th>Economic and political situation, high competition</th>
<th>High competition, regional policies towards small businesses and events for children, economic situation</th>
</tr>
</thead>
</table>

Table 1. Comparison of case companies

As we can see from the table above, all three companies are operating in the tourism industry, all of the case companies are very similar in terms of the number of employees they have, which allows for a good comparison of entrepreneurs’ leadership strategies. Still, although the number is equal, there are some differences that arise from the different business models. In the cases of Conti-Plus, all of the employees are working full-time for the organization and are required to be present in the office during the working hours, as the company’s main business model is tourism products retail, which is done in person in their office in Saint Petersburg. Therefore, the employees spend more time under the supervision of the owner and among themselves, which makes the strategies aimed at building up the team spirit and creating office culture more important. It also allows for better micromanagement and evaluation of employees’ work. RK has both full-time employees and employees on short-term contracts for the duration of RK’s major events. Due to the nature of the business, there are only several short periods when RK requires extended staff to manage the ongoing event. Still, RK employs the same people for its events, as they have proved themselves to be capable and are eager to participate in the events. Thus, RK’s owner has good long-standing relationships with them and is capable to employ long-term strategies to affect them. Still, mixed workforce means that no one strategy can work and that the entrepreneur has to apply different strategies to have effect on all the employees. In the case of idancer, however, working hours are not as strict because the job is more project centered. Furthermore, some of the employees are not working for it full time and approximately half of them have their own businesses running. Thus, it is an interesting case in the sense that the entrepreneur needs to find a way to unite these people and to create a common goal, as it is much harder to create an organizational culture and to promote teamwork among half-time employees. Work evaluation in this case becomes quite complex and micromanagement is almost impossible.
Talking about business models, the companies are also pretty similar. In the case of Conti-Plus it is a tourism company that is working in different spheres of retail tourism. It also works with groups and is offering business and holiday event management for its customers. Russky Kurort is also a retail tourism company but it had a lot of changes of the business model during the years of its operation. Currently it is mostly working with groups, organizing holiday, business and sport events. Then, there is idancer, which is mostly concerned with sport event management but which also has to engage in tourism related activities, as they offer accommodation, excursion, and training services for the guests of its events.

When asked about the main success factors, the entrepreneurs answered in a pretty similar way. The main similarity is that all of them mentioned their own hard work as one of the main success factors, with Russky Kurort’s owner highlighting it the most. It is not surprising for the most unstable Russian marketplace that all of the companies have a long story of overcoming difficulties behind them. In case of RK, Svetlana Elagina also mentioned the recent business model, meaning specifically the dancing event management, as it is the model in which she was able to create a competitive advantage, and which she finds promising. The creation of the business model and the competitive advantage she links with her own innovativeness – “The company survived through so many years and is now capable to compete in a new business sphere because I am always working, looking for something new, and never giving up” says its owner. After that she notes that some useful insight from the employees was also present.

Natalia Kulikova stated that there are many success factors, among which is of course hard work, great timing, and a good business model. Still, she especially emphasized the professionalism of her staff, who is able to provide a high-quality service. In fact, training and motivating employees has been one of the most difficult tasks for her as an entrepreneur. Natalia explains that she contributes a lot of time to visiting lecture and seminars on managements, which she then discusses with her employees, teaching them about management and sales techniques. Furthermore, Natalia contributes a lot of resources to send her employees to info-tours, in which they go to popular tourism destination to further their knowledge. These info-tours also serve as motivation for employees.
Additionally, a big role in the success of Conti-Plus play its partners, with whom Natalia was able to build good, long-standing relationships that today allow her to make favorable contracts, reserve places that are in high demand, and to solve arising problems related to visa, transportation, or foreign accommodation of guests. Lastly, after many years of high-quality service, Conti-Plus has grown to be a well-known brand in Saint-Petersburg. Of course, it is not as big as tourism industry giant, but it has its deal of loyal customers and is able to provide high quality service for its customers. Getting the name of her company to be well known wasn’t easy for Natalia but now it is bringing good results, as people consider Conti-Plus to be a reliable service provider.

Grigori Vasiltsov thinks that the factors contributing the most to the success of his company are innovativeness and hard work. And the leading factor is the idea, as blind hardworking alone will fail to bring the results. In the highly competitive marketplace, it is important to innovate in both the product and the way you provide it to the customer. He notes that it is important to have an open mind and to not be afraid of trying something new – “Most people have ideas, but they don’t want to try them”. Another essential factor is motivation. Not only entrepreneur’s but also staff motivation. If they actually want to create something new and be best in the industry, it has a huge effect on the final product.

4.2 Entrepreneurial leadership – personal point of view

4.2.1 What is leadership?

In this part I will analyze the entrepreneurs’ answers to the questions concerning leadership. First, I asked the entrepreneurs to tell me how they understand the concept of leadership and to describe “a leader”. Having this question in the beginning of the interview allows to understand the topic at hand from the point of view of the interviewee, as their concepts of leadership are highly likely to have differences.

RK

Starting with RK, Svetlana Elagina found this question to be quite easy and quickly stated that leadership is the “ability to come up with new business models”, make new contacts and organize the work of the organization. The first notion of an ability to come up with new business model most probably comes from a personal history of the entrepreneur, as RK had
to change business models over the years and sometimes it did face unsuccessful times.
Svetlana then explained that in her experience, coming up with a good business idea is a
crucial part, and something that the majority simply can’t do. However, even if they do come
up with idea, it takes a lot of motivation, hard work, and bravery to actually implement the
ideas. Then she continues that coming up with just one idea is not sufficient, as running
business is a continuous effort, therefore, the process of coming up with new ideas and
implementing them is an always going on one. It means that an entrepreneur, in Svetlana’s
opinion, is never at rest and is constantly under stress to move forward or go out of business.

Next is organizational part. Svetlana says that even though not everybody can come up with
an idea that would have a potential for success, and idea alone is not enough – it is also
important to be good at strategy execution. “You must not only have the knowledge of how
something should be organized, but you must also be able to step over your own laziness and
fear, and actually do that. Very few people have character strong enough to continuously fight
the odds”. Execution is what makes an idea succeed. Svetlana gives an example of the dancing
event organization – there are plenty of companies in Sochi alone that do the same type of
events. They are going for the same customers. The features of such events are somewhat
similar. Therefore, the levels of organization are among the leading factors that allow
companies to differentiate themselves in this industry.

Lastly, the contacts part. According to Svetlana, making contacts is one of the essential skills
for a leader and entrepreneur – “I don’t enjoy always going out of my comfort zone to stay in
touch with people but you have to if you want to succeed. There have been many cases when
business opportunities came from people I never expected, and they came to me because I
went out of my comfort zone to make a contact and then to keep it” she explains. She states
that it is a skill that can be learned and that you should be always be willing to go out of your
comfort zone to meet new people. Through making contracts a leader can get new ideas, find
business partners or new customers.

All in all, it can be clearly seen in the answers of RK’s entrepreneur that her vision of
leadership and a leader is largely based on her own experience of running a company. Her
definition of a leader reflects her own actions and competencies that were required to start and
manage RK. It is not surprising, considering that Svetlana has been an entrepreneur for the
most part of her adult life. Therefore, Svetlana offers a non-standard, entrepreneurship based, view on leadership that provides an interesting case for study and a prove that entrepreneurial leadership differs from a tradition view on leadership.

Conti-Plus

According to Natalya, leadership is all about the ability to do organizational work, delegate responsibility, and understand people. Thus, it also requires good communication skills, ability to make new contacts, and the desire to work more than everyone around you.

In discussing leadership, Natalya mostly focuses on the importance of organizational skill. She believes that above everything, leadership is about being able to build a functioning organization and to continuously manage its work. She points out that an organization is a complex construct with a large amount of internal and external stakeholders. Therefore, keeping the organization profitable, future oriented and prepared for obstacles is a difficult balancing act that requires good organization skills, especially when the organization is operating in several niches of the industry.

But however skillful and motivated the entrepreneur is, at some point he won’t be able to organize and do everything in the organization. As the company grows, the leader must learn to delegate his responsibilities to others. At this point Natalya points out that delegating responsibilities is no easy task for an entrepreneurial leader – “The entrepreneur inside you wants to do everything by herself because you know the best what you want done and how you want it done, but you just can’t realistically do everything by yourself. It takes a lot of time to learn how to give responsibility for a decision that will have a direct effect on your company to someone else”. Hence, the leader must be good at understanding people – to make sure that the staff of the organization is skillful and motivated. In other words, able to carry out the task they are given.

In Natalia’s opinion, the ability to judge what kind of a person someone is, is a crucial skill for a leader. Not only it allows to build an effective team, it is also essential when looking for partners and clients – “If you are open to people and possibilities, you can easily make new contacts almost everywhere. But then you must be able to judge whether the person you met can be a reliable partner or not”.

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All in all, Natalia’s view on leadership is reflected in her organization, where she is constantly working on increasing effectiveness of the organization and builds her business on a large amount of reliable business partners. Furthermore, her opinion on employees is reflected by her good treatment of them, which results in her staff being quite loyal and enjoying their jobs.

Idancer

According to Grigori, leadership is the ability to unite people and make them work for a common goal. It is closely correlated with innovation, as Grigori thinks that a leader is a visionary, who creates ideas and is able to create new goals for the people that follow him.

“Sure, there are leaders who are not visionaries, and who don’t know anything about not only future but even today. But in the business world, if you are an entrepreneur or a high-ranking manager, you must be a visionary, you must predict what will happen”.

Then Grigori adds that ideas alone are not enough. He says that leadership is about communication. It is about the ability to present your ideas, convince people, and to make them follow you and your ideas, even if there are risks associated with it – “There are always risks in business, especially when you are making something that is your own. You don’t have a plan, you have nowhere to learn from but your own mistakes, and people know that they don’t have ensured job stability with you”.

According to Grigori, communication is the ultimate business skill, thus the leader must be great with it. He notes that it is not only about attracting employees but also about discovering new ideas, making business partners, and getting support in what you do. Grigori presents the story of his event organization business as an example – he began working as an event manager, but was able to organize his own events later, due to the contacts that he made. He knew the judges, the accommodation providers, etc. Then, the business model evolved further into idancer, also due to good relationships with an IT expert who helped Grigori to make the platform real.

All in all, Grigori is a highly proactive entrepreneur, who is constantly looking for ways to develop his business or to create a new one. And we can see the reflection that his own
experience has on his answers – he closely corelates leadership with innovativeness and communication skills.

4.2.2 What are the main traits of an entrepreneurial leader?

To move the discussion from the topic of leadership in general to a leader as a person, I asked the interviewees to list the main traits of a leader. This question helps to understand how the questioned entrepreneurs’ picture such a figure, if there are any inconsistencies between the concept of leadership and personal traits of a leader. Also, in one of the next questions I ask the entrepreneurs to tell me what leader traits they possess, and this part will give help me to compare interviewees vision of an abstract leader and themselves as leaders.

<table>
<thead>
<tr>
<th>RK</th>
<th>Conti-Plus</th>
<th>idancer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicable</td>
<td>Good at communication</td>
<td>Friendly</td>
</tr>
<tr>
<td>Clever</td>
<td>Innovative</td>
<td>Innovative</td>
</tr>
<tr>
<td>Risk taker</td>
<td>Great power of will</td>
<td>Motivated</td>
</tr>
<tr>
<td>Good learner</td>
<td>Visionary</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Main traits of a leader according to respondents

We can see that the answers closely corelate with the previous answers to the discussion of the leadership. And the answers, although somewhat different, are quite close in what is meant by them. The first trait, that was mentioned and highlighted by all of the entrepreneurs is communicability. It is directly connected with the ability to make contacts, establish company culture and make sales. Next is the ability to innovate, come up with ideas, or, as Svetlana Elagina put it, to be smart. All entrepreneurs explained this differently, still the common idea is that an entrepreneur is somebody, who is smarter than the competition, and is able to act proactively.

Next answers are not as similar as previous ones. Svetlana suggests that a leader is a risk taker and a good learner, to express that she is using a proverb - “You can’t catch a fish without trying”. Svetlana continue to explain that you would fail often and you must learn to keep going.
Natalia focuses on leader’s character, mentioning that a leader must have a great power of will – he must be able to motivate himself through difficult times, be ready to fail, and not lose motivation.

Grigori also mentions high motivation, as one of the primary leader traits but also adds visionary to the list, even though he mentioned innovative before. Grigori explains it by saying that being a visionary is more than being just innovative. According to him, innovativeness is about coming up with new solutions, while being a visionary is about creating a vision of a future for yourself and people who follow you.

4.2.3 What are your traits as a leader?

To follow up the previous question, I ask the interviews about their personal qualities as leaders to see how they are connected to their idea of a leader and to see how much the answers to the previous question were dictated by the entrepreneurs’ image of themselves. Additionally, I asked the entrepreneurs about the qualities they lack and what they would like to develop.

<table>
<thead>
<tr>
<th>RK</th>
<th>Conti-Plus</th>
<th>idancer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal traits</strong></td>
<td><strong>Would like to develop</strong></td>
<td><strong>Personal traits</strong></td>
</tr>
<tr>
<td>Risk Taking</td>
<td>Delegating responsibilities</td>
<td>Motivation</td>
</tr>
<tr>
<td>Intelligent</td>
<td>Utilizing new technologies</td>
<td>Innovativness</td>
</tr>
<tr>
<td>Self-control</td>
<td>Personal management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communication skills</td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Self-claimed leadership traits
Svetlana from Russky Kurort states that her personal traits as a leader include risk taking, intelligent, and self-control. We can see these traits are quite similar to Svetlana’s answer to the previous question, where she stated that a leader needs to be communicable, risk taker, clever, and a good learner. This is an interesting factor, which I will discuss later, after going through the answers of the other entrepreneurs.

Speaking about leadership traits and skills that Svetlana stated that one of her weakest points as a leader is her inability to efficiently delegate responsibilities to her employees. Svetlana notes that employees are not as motivated as her in producing the best possible result – “If they could do the job as good as me, they would do it for themselves”. Svetlana acknowledges that in her work she prefers to give personal attention to the matters of average to high importance, and that her work produces more results. As an example, she talks about the “cold sales” made over phone calls – the calls made by her are more likely to lead to a sale due to her ability to “hang onto the customer”, which is dictated by her motivation. An employee lacks such a motivation, as he is working for a salary.

Lastly Svetlana admits that she would like to be able to utilize new technologies more in her work. Sometimes she finds out that her knowledge of a PC and basic office tools is lacking for doing her work efficiently. She is forced to use external help, which is slowing down her work. Furthermore, she believes that there might be tools, that would improve the efficiency or the quality of her work, that she doesn’t know about.

Natalia notes that she is above all a very motivated person. She has the desire to achieve success and thus is constantly motivating herself to take action, do something new and do it better than anyone else. According to Natalia, the motivation of the leader is spreading to those around him and therefore it is essential for a leader to keep herself motivated. In addition to that, a leader must show good management skills, not only in work and in life to – “Self-management helps to fight stress and motivate people around you. When they see that you have everything under control, they feel better about any situation”. Then she switches to her ability to innovate, mentioning that in the highly volatile market it is important to be always able to find new solutions and to come up with new business ideas. Lastly, Natalia speaks about the importance of communication, saying that there is nothing more important in business than the ability to communicate, no matter with an employee or a business partner.
She continues to explain that through communication skills and building contacts, you can sometimes find business opportunities that you have never even thought about before. Natalia’s closing idea is that by being friendly and open to other people, you open doors for yourself. Most of them lead to nowhere but other might bring great business opportunities.

Switching to leadership traits that she would like to improve in herself, Natalia says that the field of business studies is so huge, that you can never cover it all. She believes that there is so much useful information that could improve her organizational and leadership skills but it is hard to approach that kind of information, especially when you are busy running a company. Natalia mentions that she enjoys visiting lectures and business trainings sometimes and that those are able to change her perception of an organization and how it is running even after many years of experience.

Grigori considers himself a very hard-working person and is sure that being hard working is the key to success in any activity. Grigori states that a leader must lead by his own example, especially when the company is trying some new business plan – “We have to compete against companies that have been in this industry for years and know everything about it. In fact, they have been working in it for so long, they are not able to see modern solutions that are obvious for others”. Grigori notes that in such conditions employees might get underwhelmed and it is important that they have a hard working, motivated role model in front of them. Of course, to compete against companies that have been in the industry way longer than you have, the leader must be highly innovates, says Grigori. He must not be afraid to turn the table upside down and to do this business in a way nobody could imagine. Grigori mentions that idancer is an example of this philosophy. Then Grigori adds that to be truly innovative means that you have to be open minded about the ideas. All ideas should be evaluated, however crazy they might sound in the beginning.

Grigori admits that he enjoys creating new concepts and business ideas more than working every little detail and that, although there are employees to deal with details, he thinks that a leader should be concerned with all that concerns his business.
4.2.4 Difference between a leader and an entrepreneurial leader

Answering the question of whether there is a difference between a classic type of a leader and an entrepreneurial leader, all three entrepreneurs answered that there is indeed a big difference in their opinion.

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<tr>
<th>Svetlana</th>
<th>Difference between a classic leader and an entrepreneurial leader</th>
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<tr>
<td></td>
<td>Classic leader</td>
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<tr>
<td>Risk averse</td>
<td>Willing to take risk</td>
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<tr>
<td>Delegates a lot of tasks</td>
<td>Participates in all tasks</td>
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<tr>
<td>Analytical/Slow to act</td>
<td>Inclined to action</td>
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<tr>
<td>Motivated by management above</td>
<td>Self-motivated/Strong self-discipline</td>
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Table 4. Difference between a classic leader and an entrepreneurial leader

Svetlana thinks that an entrepreneurial leader has to be much more tolerable of risks than a classical type of a leader due to the fact that entrepreneurial leaders usually operate in less stable conditions. They are not supported by the organizational structure and don’t have others to share their responsibility. Hence, she says that an entrepreneurial leader is someone with a specific mindset that helps him or her to deal with constant stress due to highly volatile business environment. Svetlana adds that furthermore, the lack of organizational structure means that an entrepreneurial leader must have a much stronger self-discipline that makes her always go an extra mile or to strive for excellency in everything she does even though there is no supervision. She is the judge of her own work. Of course, this make work much more personal for an entrepreneurial leader and it causes some issues. Speaking from her own example, Svetlana states that it is difficult for her to delegate responsibilities to others for her, as she always doubts that employees would be able to do something as well as she would. And due to the size of the business she is usually able to deal with critical issues herself. She thinks that her dedication is beneficial for her business but that such thing is unacceptable for a classical leader in a large organization. A typical hired manager, in her opinion, should be able to easily delegate tasks and responsibilities, as it is impossible to do everything yourself in a large company. In the end Svetlana adds that a classical leader should be more analytical in his or her work while an entrepreneurial leader should be more inclined to action.
Natalia thinks that the main difference between the two is the willpower. An entrepreneurial leader should possess much more will to succeed to keep her motivation to act. She should be less affected by the mistakes. Natalia believes that the power of motivation is the key difference and adds that she knew a lot of good businessmen and smart people who were doing great in the leading positions in large organization but had failed to run their own companies – “They know how to run a business but they lack in motivation and will power. Once everything begins to go bad, it is difficult for most to keep going against the odds”.

Furthermore, Natalia says that in a large organization responsibility is always shared, making the burden of a leader much smaller, while an entrepreneurial leader has to bear all the responsibility for what happens in the company. Lastly, she says that for a classical leader there is always a salary, while an entrepreneur knows that with poor results she will stay with no reward.

Grigori thinks that the critical difference is in the fact that an entrepreneurial leader has much more freedom and is not limited by rules or the organizational culture. He is the one that shapes that culture and introduces rules if necessary. That means that an entrepreneurial leader is much more flexible in his methods and even goals. That flexibility is what allows an entrepreneurial leader to innovate and act “outside of the box”, while a normal leader in an organization is always bound by many types of rules, meaning that after some time of working in such organization, his way of thinking also becomes limited by these rules, making him or
her unable to actually innovate. It also makes the leader afraid to do anything that might be considered inappropriate by his colleagues or superiors. Next Grigori mentions that an entrepreneurial leader has more responsibility for his employees because their income and reputation in many cases depends on him. This factor might be limiting for some people but Grigori believes that it is actually another way to motivate yourself to become more successful. It also allows and entrepreneurial leader to create closer relationships with his employees.

4.2.5 Which of the following traits would you say you possess?
In the theoretical part it was established that despite many disagreements in the field of entrepreneurial leadership, it is agreed by some scholars that the main traits of an entrepreneurial leader are proactiveness, innovativeness, and the will to take risks (Chen 2007). Therefore, in addition to the previously asked questions, I decided to ask all three respondents if they believe themselves to possess those exact traits to see how the respondents fit into the image of a modern entrepreneurial leader created by the scholars mentioned above, and on which the theory is based.

All three entrepreneurs agreed that they possess all of mentioned qualities in some degree. Svetlana repeated that proactiveness and the desire to take risks are the key to being a not only an entrepreneur but a businessman. Natalia had a similar opinion, stating that those are the basics for someone to run a business. Lastly, Grigori agreed that he indeed possess all of those traits and added that idancer is the proof for that, as it is a risky new type of business that aims to change the industry.

4.3 Discussion of companies and employees

4.3.1 What are the qualities you seek in employees? What is an ideal employee for you?
This part of the interview was designed to learn more about the attitude of the interviewees towards their own companies, its cultures and employees. It helps to understand the ways entrepreneurs perceive their employees and thus opens the way to understanding the reasoning behind their leadership strategies. Furthermore, by understanding what the interviewed entrepreneurs are looking for in their employees, we get a better understanding of the entrepreneurs themselves because according to Renko et al. (2015) – “The key to understanding entrepreneurial leadership is the focus on opportunity-oriented behaviors, both
by leaders themselves as well as by those who follow them”. The answers of the interviewees in this part are quite different from each other, as each entrepreneur focuses on the factors most important for her or his business.

For Svetlana, the most important trait in an employee is diligence – “If you are doing something, do it well”. Svetlana says that in a small company like hers, every employee has a large impact on the “product” that it produces, so she must be sure that her employees are doing the job well. Another quality that she is looking for is an active position. Svetlana explains that by active position she means that the person is proactive and is willing to work – “There are a lot of times when I am not in the office and can’t supervise the work done by an employee, so I want to be sure that he is actually working and not just waiting for a command”. By that she means that she wants an employee to have motivation to work. He should know what is to be done or developed in the long run and do the things that will be beneficial for the company, even when he doesn’t have a clearly stated task. Employee should look for a task himself, since the staff is limited and there is much work to be done – “In a small business you can’t just sit and do nothing like in a large corporation. You must be very efficient”. In the end Svetlana adds that discipline is also a core quality an employee. Svetlana says that with undisciplined employees she is always stressed and worried that there are just sitting in the office and not working when she is away – “I have too many things to be stressed about and don’t want this to be one of them. Self-discipline is probably the thing I want to see in an employee the most.”

For Natalia the list of qualities that she is looking for in an employee begins with communicative. As in previous questions, Natalya once again mentions that being communicative is an essential skill for anyone working with people. She states that she wants her employees to be able to attract people and to engage them – “The market is oversaturated with tourism agencies and the competition from the internet is making it so much tougher, so the employees should be friendly and be able to interest the client, to engage his or her imagination.” Natalia continues that from the ability to engage the customer comes the ability to sell, and since her company is mostly working with retail, the sale skills are essential for her employees. Natalia says that it is difficult to find people who are good at selling thing because it is generally a sought-after trait but you can’t run a retail business without good salespersons.
Next Natalia says that the employees must know the industry they work in or at least have the desire to learn – “You can book everything online nowadays but there are so many offers that a normal person might get lost looking where to go. There are so many destinations, resorts, hotels, types of transfers, excursions, etc.”. This is why people still use tourism agencies and why it is so important for the employee to know his or her work. In the end Natalia mentions something that Svetlana has also mentioned in her answer - desire to work as another thing that she is looking in an employee. Switching to micromanagement, Natalia’s answer is quite similar to the director of RK, as she states that she has no time or desire to constantly monitor or direct the activities of her employees.

Grigori answers that in an employee he is most of all looking for an ability to innovate, the ability to analyze the market and to see new opportunities because Grigori thinks that there is a lot of business opportunities in the market today that nobody is even seeing. Next, he says that an employee should possess a great deal of motivation because there is a lot of work to be done to get into an established industry with a fresh approach to doing business – “There is a lot of work and not enough resources, so I want an employee who would be able to work for 2 or 3 normal people”. Grigori notes that due to the nature of the business, there are times when his employees have to work overtime and that he wants an employee who would be able and willing to put in more effort than usually required, stating that there are also bigger rewards for such type of work. All in all, Grigori is looking for an employee that desires to achieve results, no matter what effort it takes.

Next the entrepreneurs talked about their perfect employees:

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<tr>
<td>Disciplined</td>
<td>Communicative</td>
<td>Aimed at results</td>
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<tr>
<td>Hard-working</td>
<td>Good salesperson</td>
<td>Ready to go an extra mile</td>
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<td>Analytical</td>
<td>Friendly</td>
<td>Independent</td>
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Table 7. Traits of a desired employee
Speaking about a perfect employee, Svetlana proposed three main traits that, according to her, make a perfect employee. Once again Svetlana puts a lot of emphasize on the self-discipline and desire to work, stating once again that those are the key traits of successful businessperson.

Natalia’s answer is quite different from that of Svetlana. Natalia repeats a lot of the things that she said before – the employee must be communicative, good at making sales, friendly, respectful and be able to engage the customers in a conversation. She also adds that her ideal employee is an innovative person that helps her develop her business and to make the company more efficient. Such an employee should be able to be reliable, so that Natalia knows that he is working even without supervision. Such an employee should understand that good results of the company are in his interests but at the same time should understand the hierarchy and his place in the organization.

Talking about his perfect employee, Grigori repeats himself, saying that it is a person who is aimed at achieving result rather than just sitting for the 8 hours in the office and then leaving at exactly 6pm because his workday is over, which in the sense is quite similar to the position of Svetlana. Grigori’s perfect employee is someone who doesn’t need exact instruction but just the goal that he is to achieve. The ways of achieving it is up to the employee, so he should be smart and innovative. He should possess and entrepreneurial spirit.

It is worth noting that the perfect employees that the interviewees created possess the very same traits that the entrepreneurs assigned to themselves in the previous part. So, we can see that Svetlana describes herself as self-disciplined and hard-working person and assigns the same traits to her perfect employee. Same with Grigori, as he describes an innovative, independent person, ready to do work extra hard. In Natalia’s case, she adds more traits to an employee, which she didn’t list when speaking about herself, but her perfect employee is still communicative and innovative – same traits she said she possessed. So, in the end I think it is safe to say that, when thinking about a perfect employee, the respondents base him or her on themselves.
4.3.2 How hierarchical is your organization, how empowered are your employees? Do you give your employees freedom or micromanage their work?

Svetlana and Natalia consider their companies to have quite rigid structures. Both entrepreneurs said that the hierarchical roles in their companies were well defined with them being the directors, meaning that, in the end, they were the ones making the decision. Still, there are differences between those two cases, as the companies and business models are different. In case of Conti-Plus, the employees have a more defined set of responsibilities and tasks that they do. They manage different parts of the organization’s work and different parts of the business – internal tourism, excursions, external tourism, cottage rent, etc. In Russky kurort, such set of responsibilities is quite basic and employees are expected to fill in many roles, doing any tasks that they are given. Svetlana expects her employees to be engaged in everything the company is doing. For example, the people responsible for excursions and transfers are also managing the concerts and award ceremonies. Anyway, such organization of work is simpler in Russky kurort than in Conti-Plus because RK is mostly engaged in one business, meaning that all the employees have similar work experience. When asked why does RK need rigid structure, is there is little separation of tasks, Svetlana explained that many employees are seasonal employees, meaning that they come just for the events and that it would be pointless to make a flatter structure for temporal workers. In contrast, most of Conti-Plus employees have spent so much time in the company that the intended rigid structure sometimes may be less visible due to the atmosphere in the company, according to Natalia - “This is reality of a small business with small personnel turn over. We are friends. They still understand that I am the boss but among themselves the work relationships are a bit affected by personal relationships.” Grigori’s company, on the other hand, has a less rigid structure. Partly it is due to the fact that Grigori has business partners working with him. This means that the organizational structure is flatter. Still, there are employees that are engaged in more technical work like accounting and phone sales, meaning that the organization still has structure.

Speaking about the power given to the employees, all three entrepreneurs answer in the same way, saying that the employees in their companies do have a say and that their opinion are always appreciated. Svetlana notes, that before she wasn’t consulting her employees much but now that they are working with a new business model that none of them had experience with
before, she is more willing to listen to what they think. She recognizes that her employees give her a lot of ideas. Natalia’s reasoning is different – she states that due to working in different subindustries, it is quite hard for her to follow all of them at once. Therefore, she never hesitates to ask her employees for their opinions, as the employees have many years of experience and specialize in their respective fields. Natalia points out that she pays more attention to the opinion of senior employees because she knows that they are one of the best in the industry. Grigori’s situation with his employees is somewhat similar, as he says that he is always happy to listen to their ideas. Of course, he pays more attention to what his partners have to say but anyone can speak up. Grigori claims that he enjoys when people in the company take a serious approach to their work and actually analyze what they are doing. In the end all three entrepreneurs say that, in the end, they are the ones who make the final decision.

Switching to the topic of freedom of actions and micromanagement, all three entrepreneurs have a similar opinion that they simply don’t have time or desire to supervise the work of their employees all the time. Svetlana claims that she hates to spend time on checking everything her employees do or instructing them. She says this time is wasted, as she could have been doing her work. Natalia’s opinion is similar, as she says that she doesn’t have the time to supervise every single employee. Natalia, similar to Svetlana, expects her employees to be able to work on their own. Grigori’s position is no different, as he claims that an employee that requires constant micromanagement is an employee not worth paying the salary to. Grigori prefers employing self-sufficient people, who could work when having just a general goal rather than constant new tasks.

4.3.3 To what extent do you believe that employees are good at suggesting strategies as opposed to only implementing them? Is it important for employees to be entrepreneurial? Why?
Out of all three entrepreneurs only Grigori considers his employees capable of suggesting business strategies as well as implementing them, even though Grigori notes that he is talking mostly about his senior employees – his partners. Grigori doesn’t doubt their entrepreneurial skills and is always welcoming their insight, as he thinks that they possess different skill sets and knowledge from his. “If there are differences in our opinions on the future actions, they
are mostly result of the different vision we have, and not their inability to create a business strategy”.

Svetlana and Natalia, however, both believe that their employees are not fully capable of creating complete business strategies or even execute them correctly. Svetlana, for example, thinks that her employees are good at doing their job because they already have a business model developed and don’t have to work from scratch. And although they are capable of making good suggestions and help Svetlana see something from a new angle, Svetlana still says – “If they were able to think of a good business strategy, and, more importantly, execute it, they would be running their own businesses.” Similarly, Natalya claims that her employees should focus on their respective roles and the tasks they have. According to Natalie, her employees are used to working with the customers and lack any knowledge on what it takes to establish and run the company. They lack business negotiation skills and don’t have the connections built, and thus their ideas tend to be quite general, and not include the action plans. Hence, Natalia prefers her employees concentrated on the increasing sales and, perhaps, optimization of their own work.

When asked about whether employees should be entrepreneurial, all the respondents said that they would like it but with limits. Svetlana and Grigori expressed a similar opinion that the entrepreneurial employees are better able to work on themselves and are more satisfied with working in a small company due to larger freedom and higher impact on the operation of the company. They both welcome an entrepreneurial spirit and the desire to go forward. However, Grigori is more welcoming of entrepreneurial actions of his employees, as he said he would like them to innovate in their work and is willing to give them more freedom in the way they do the job or when they do it. While Svetlana says that there should be a limit to how entrepreneurial her employees are. Svetlana would like her employees to be more confident and being alright with putting in more hours when it is needed due to the nature of the business but she points out that if the employee is too entrepreneurial, he or she is quite likely to leave the company to start his or her own business, same way as she did when she was young. Such an employee might take your clients with him and become competition to you.

Natalia’s opinion on the matter is more similar to Svetlana’s, as Natalia doesn’t think that her employees need to be entrepreneurial above being flexible in their work and not requiring
constant supervision. They already have clear responsibilities, tasks, and even a client base. Furthermore, she claims that in such a small company too much entrepreneurial spirit can lead to too much ambition and consequent conflicts among the employees.

4.3.4 What management practices best motivate employees?

Answering to this question, all three entrepreneurs agree that financial bonuses are among the most efficient management actions that can motivate employees. Their reasoning on the topic is concerned with the primary reason their employees need employment for and can be summarized by Svetlana’s quote – “The primary reason people work for you is money, so financial bonuses are always welcome as the best reward”.

However, financial motivation is not the only answer that the interviewees gave to me. Svetlana said that respectful communication and establishment of clear goals are quite important at making the employee more motivated, as he feels more respected and is not discouraged by the complexity of the task or the fear to do something wrong. Further Svetlana says that to be more interested and engaged in the work, the employee should have an understanding of why he is doing something, so she thinks that it is important for the leader to explain to her employees the reasoning for the actions and jobs they are tasked with. Natalia’s opinion on the topic is quite similar, as Natalia points out that it is essential that the employees feel that their contribution matter and that this can be achieved through respect and a little extra attention to the employee itself. Similar to the first two respondents, Grigori also believes that the employees must understand the reason for what they are doing. But Grigori’s understanding of this practice is a little different from Svetlana’s and Natalia’s, as Grigori thinks that the employees should have a bigger picture. It means that instead of explaining the reasoning for the day to day activities Grigori prefers sharing his idea and vision with the employees, so that they can see the goal of all of their work.

Among other answers, Svetlana points out that the employees should be treated well and that the entrepreneur should care about the employees’ condition, which can be achieved by discussing some personal matter and injuring about the employees’ life. Natalia, points out that it is essential to create a family like atmosphere in the organization, making the relationships among the employees friendly. Natalia adds that organizational culture is important not only for the wellbeing of the employees but also for the image of the
organization – “When the customers come to our office, the atmosphere there helps them to relax and enjoy their stay”. As for Grigori, he adds that flexible working conditions and trust-based relationships help him improve the morale of the company and to improve the motivation of his employees.

4.3.5 What is important to the employees?
It is no surprise that all interviewees agreed that among everything else, salary is the most important factor for an employee. As for the other factors, Svetlana and Natalia both stated that job security and good relationships in the team are also factors that employees value a lot. Furthermore, Svetlana thinks that employees prefer interesting jobs with less automatic tasks, and more communication, while Natalia puts more emphasize on the organizational culture and the relationships with the colleagues – “These are the people they spend most of the day with. If they are friends, they are happy to come to work every day.”

Grigori on the other hand, considers freedom and the ability to create something new to be factors that employees value most of all besides the salary and financial bonuses. Grigori notes that job in a small company is quite different from a large organization and that his employees enjoy the chance to prove themselves as well as a stronger feeling of contribution.

4.3.6 Is it the same abroad?
Unfortunately, both Svetlana and Grigori said that they had no experience of working in or with foreign companies and, thus, can’t answer this question. Natalia said that she is working with foreign companies and has plenty of Finnish partners but has a limited knowledge on Finnish employees’ needs and things that motivate them. She, however, said that she thinks that for Finnish employees, organizational culture is more important than for Russian employees.

4.4 Leadership strategies
4.4.1 Describe your leadership style
Svetlana from Russky kурort describes her leadership style as balanced – democratic with authoritarian characteristics. Svetlana is trying to make a friendly atmosphere in the organization, an atmosphere in which employees would not be under constant stress and feel themselves comfortable to speak up with their ideas and opinions on the operations of the
company – “I often discuss work with employees, share the details of my conversations with partners and clients. This way I try to get employees personally engaged in what we do” says Svetlana. Svetlana acknowledges that she gets a lot of useful ideas from employees – “When you do one thing for a long time, you lose the ability to see it for what it really is and for that you need someone’s else view from a side”. Additionally, Svetlana points out that she never punishes her employees with fines, salary cuts, or anything like it – “Everybody can make a mistake and there is no point in punishments, we are not in a kindergarten. If there are too many mistakes, it is time to let the employee go”. However, Svetlana never hides the fact that she is the one making the decisions. And even though she pays attention to everything the employees say, if she’s made up her mind about something, there is nothing that can change it.

In case of Conti-Plus, the leadership style is similarly balanced. Natalia points out that there is a management structure within the company that helps her to control it. The hierarchy is not too rigid, as most of the employees have become friends over the years, they work together but it is present. This hierarchy affects the ability of employees to bring their ideas to Natalia, as she pays more attention to senior stuff but everyone can be heard if he or she wants to. Natalia doesn’t like to give commands but would rather delegate responsibilities – “To give exact commands to employees, you must always know what it is they are doing right now, and I don’t have so much time. I would rather point the direction and then correct it mid-way”.

Much like Svetlana from Russky kurort, Natalia always has the final say in every aspect of the business.

Grigori describes his leadership style as open – “In idancer the key staff is all equal among themselves with each of them holding a lot of power”, Grigori says - “I am the owner of the company but I tend to give a lot of power to my partners, we are always discussing the decisions that we are to make and they have persuaded me more than once”. In addition, Grigori doesn’t use any types of punishments – “Punishments are for people under your command, you can’t punish your partner”, making the leadership style highly democratic. Grigori adds that each partner is specialist in his or her respective field, which helps them to divide work and to gain different views on the situation, allowing the organization to be proactive in its actions.
4.4.2 What atmosphere do you have in your office? Are you personally close with your employees? How do they address you?

Svetlana describes the atmosphere in the office of Russky kurort as friendly – not too much business like, yet not family like as well. Svetlana always brings something for her employees. There is always coffee, sweets. Svetlana says – “I am not very strict in the office. Employees can listen to music if it doesn’t disturb others, they can dress casually, and they can work with their own temp”. Still, when employees address Svetlana, they call her by her name and patronymic – a formal way of addressing people in Russian culture. Svetlana explains it by saying – “Employees must remember that they are at work and that I am not their close friend that they can talk to however they like”. Svetlana continues to explain that despite friendly atmosphere in the office, it is still work and that she is not very close with her employees – “I never put any outspoken borders but we rarely communicate outside work. We are all different people with our own lives”. Svetlana adds that she’s had bad experience with employing her close friend – “When I took a friend as an employee, she didn’t feel the line between us as friend and us as boss and employee. She would argue with me and sometimes try to avoid work”. Therefore, Svetlana always creates a line in her relationships with employees. Svetlana concludes this part by saying that the most important factor in office relationships is respect to each other. People should feel themselves relaxed and welcomed.

In Conti-Plus the atmosphere is a mix between a friendly and a business-like. Natalia says that the relationships between staff are friendly and they often spend time together in breaks. The employees all feel comfortable in the office and sometimes have some chat during work time. However, unlike Russky kurort, the employees can’t listen to music, have long talks, or manage personal issues during working hours – “They all sit in on room together and such things as music and constant chat would disturb others. Plus, it is unprofessional. It is work, so they must be working, not relaxing there” says Natalia. Unlike Russky kurort, there are a lot of clients coming to Conti-Plus office, so it must look professional. Hence, there is some basic dress code and rules. Talking about personal relationships, Natalia notes that apart from her sister, who works with her, she doesn’t have close relationships with her other employees – “Being too close with employees is a bad thing in business, they should treat you like a boss, not a friend” adds Natalia. Due to that the employees in Conti-Plus address Natalia by her name and patronymic, same as in Russky kurort.
In Grigori’s company employees spend a lot of their working hours working from home or other places, so the office culture is not as developed as in previous two cases. Anyway, the atmosphere in the organization is quite friendly, as all the partners are also friends, who have known each other for a long time. They are quite close personally and often communicate outside of their work. Therefore, they address Grigori and each other informally by the first name only, which is quite different from Russky kurort and Conti-Plus. “I am not really serious about being all professional with my partners. I want them to be honest and feel freedom to share their thoughts with me. Some of them I know for a long time and I feel safe working with people that I can trust” – explains Grigori. Grigori also points out that he wants to differentiate himself from traditional Soviet-style companies.

4.4.3 Are there major rules in the office?

The main office rule of the Russky kurort according to Svetlana is to always be on time – “I am a director and I have many things to do. I might not always be in the office but I want to be sure that there is always someone in the office during the working hours”, explains Svetlana. Svetlana likes punctuality and dislikes to look unprofessional, which is exactly what happens when nobody is answering phones at 9 am. Another rule is – no personal matters at work. Svetlana thinks that during working hours employees must be concentrated on work and not settling personal matters or wasting time talking to friends. Lastly, due to the nature of work, Svetlana expects employees to be ready to work odd hours.

Natalia’s office rules are quite similar, as she forbids managing personal matters during working hours, as she wants employees concentrated on the job. Additionally, employees are not allowed to spend working hours procrastinating. Lunch hours in Conti-Plus are flexible but working hours are strict due to the retail nature of the business. Furthermore, Natalia wants the office and desks to look clean and professional, so that clients have good impression of the company.

Unlike other case companies’ owners, Grigori is not strict about office hours – “I care about work being done and not about somebody sitting in the office from nine to six” he explains. Grigori thinks that imposing office rules is not required for working with partners. Grigori wants to encourage them to be more innovative and considers it counterintuitive to impose strict rules on people that you want to think out of a box.
4.4.4 What extrinsic methods do you use to motivate employees? Are there any punishments?

The main method used for employee motivation in Russky kurort, according to Svetlana, is bonuses. The bonus system is built around the events that the company creates. So, the employees are rewarded for working extra during the events – “During the events that we manage, we experience a lot of stress and have to work from early in the morning until late at night. And I want to reward my employees for all the work they do” says Svetlana. Svetlana adds that if the work is done well, she always pays more than agreed before to make employees happy and encourage them to go an extra mile. Lastly, there is a bonus system for making the sales – if an employee is able to attract someone to the event, he or she gets a percent of the money received – “Cold sales are the hardest part of the job and people easily get discouraged if someone drops a phone on them. And I want to know that my employees are making sales calls even when I am not in the office. This is why I decided to introduce sales bonus.”

Among other methods, Svetlana lists improvement of working condition in the office – she always brings some sweets, buys good coffee for the coffee machine, let’s her employees to customize their working environment, and so on. Long-term employees receive more power in the company, as Svetlana is likely to listen more to their opinion. Lastly, there is an increasing level of trust to the employee who does a good job.

Speaking about punishments, Svetlana admits that she didn’t really thought about punishing employees, as she doesn’t see any use in it – “I don’t want to have employees that I have to punish” says Svetlana. Still, she adds that if her employee made a major mistake that resulted in the financial loss, she might not pay the bonus or even fire the employee.

Natalia from Conti-Plus begins answering by saying that, first of all, she offers a good and stable job with a good salary, which she considers to be a good motivation in Russian highly volatile market. When asked if there are any type of financial bonuses, Natalia answers that there are indeed bonuses for every tour sale for the salesperson who made it. Natalya explains – “The sales bonus is actually good for us all. They (employees) get more money, and I don’t have to supervise them too much, as I know that they are interested in making sales”.
Among other motivation methods, there are info-tours, which are free tours to popular tourism destinations for tourism agents that help them to understand and thus sell a specific destination or a hotel. Natalia describes it as a free vacation, which helps to boost employee’s motivation while increasing their professional knowledge. Natalia also mentions improvement of office conditions as a way to increase motivation.

As for punishment, Natalia admits that if the employee made a mistake that costed her company money, she might deduce that sum from her salary. She also can sometimes cut the bonuses for poorly done job.

In case of idancer, Grigori says that the main way to boost motivation of his employees is to offer financial bonuses for their work. When Grigori managed events he gave bonuses for events but now he pays bonuses for attracting new customers and partners to their platform. Additionally, Grigori’s agreed to share some percentage of profits with his partners, to motivate them in their work. He also lists trust and flexible working conditions as other ways that he uses to motivate employees – “I don’t demand them working in an office. They even have other jobs. But they know that this project can help them to earn good money and that it is partly theirs”.

Speaking about the punishments, Grigori says that he doesn’t use them, as he sees them to be counterproductive – “If my employee makes a lot of mistakes and can’t do his job right, I will just replace him. There is no point in punishments, as they would lead only to more mistakes and distrust”.

4.4.5 How do you monitor and evaluate your employees’ work?

Svetlana admits that she doesn’t have a work evaluation system and instead evaluates the work that her employees do by its results. Svetlana considers the work to be well done when a given task is completed without problems. “I am a director and my work is to decide what needs to be done. Execution of the task is the work I give to my employees and if the task is executed timely and correctly, then it is well done job” – says Svetlana. Svetlana admits that she often compares the amount of work her employees do to the amount of work she does herself and uses it for evaluation. Also, Svetlana uses feedback from the clients as an evaluation tool. Speaking about monitoring her employees, Svetlana says that she sometimes listens to her employees making sales calls and might check their work emails to see how
much they have done. Svetlana says - “I don’t like monitoring or supervising the work of my employees, I think that it is just time wasted”. She adds that she wants to have trust between her employees and her and thus she pays more attention to hiring process and making sure that she hires a responsible and motivated person rather than daily monitoring.

In Natalia’s case monitoring and evaluation is much easier, as she has reliable indicators, such as sales numbers. Natalia admits that the sales numbers are the most important indicator of how well the employee is doing her job but it is not the only one. Natalia pays a lot of attention to customer feedback, as she wants her business to create and maintain a large pool of loyal customers. Furthermore, Natalia like to discuss work with her senior employees and to hear their evaluation of their colleagues, as they spend much more time together. Lastly, Natalia sometimes supervises the work of her employees by listening to them making sales and reading their email.

Grigori admits that he doesn’t like to monitor the work of his employees and partners. “If I get the results from them, there is no point in spending time looking at how they did it. I have a lot of thing to do as it is” – states Grigori. According to him, the result is all that matters in idancer and that he wants to build trust with his employees. Giving his partners a stake in the company helps with that, as Grigori is sure that they want the company to be successful as much as him. Still, Grigori like to communicate with partners and clients to see how they liked the platform or the event, which helps him to evaluate if his team is doing a good job.

4.4.6 How much turnover do you have? How do you try to decrease it?

In Russky kurort staff turnover is very low admits Svetlana, as she works with the same team for over 4 years now. Svetlana likes her team and doesn’t want to change it, as they have built trust and good relationships over the years. Svetlana believes that the reason why her employees stay with her is good work condition that she provides, good relationships between them and a good pay. “I expect a lot but I also pay a very good salary for the market. I always pay extra bonuses if the work is done well to make them happier” – says Svetlana.

In Natalia’s case turnover is also quite low, as most employees are working for her for a very long time. “We are like a family or very good friends. They know each other very well and communicate outside work a lot” – explains Natalia. Natalia thinks that working conditions in Conti-Plus are very good and the pay is better than in other similar companies. “Work
conditions in large companies are very different. Here I try to be flexible. They can always talk to me. They can get a day off if needed, they can go early sometimes. Large companies are like mechanisms and we are like more like a family” – adds Natalia.

For Grigori turnover is also low. Grigori admits that if he finds a good employee or a business partner, he tries to keep them. Furthermore, it helps that he doesn’t require his partners to work full-time on idancer, so they don’t feel pressured to choose between their own businesses and idancer. As Grigori stated before, his partners and him have been friends for a very long time.

4.4.7 How much freedom of action do employees have? How strict are the hours? Can they work from home?

In case of Russky kurort employees are tied to an office. Svetlana thinks that work should be done from an office where you are not distracted by external factors. Working hours are strict in a sense that Svetlana demands her employees to be on time but at the same time, employees can have their lunch break any time they want and have to work from 9 to 5, which is shorter than in other companies. Talking about general freedom of employees, the office environment is quite relaxed and employees can listen to the music if it doesn’t disturb. They can also have snack and coffee any time they like and can have breaks when they like. All that as long as their work is done well. As for freedom to make decisions in the company, Svetlana admits that she demands that all big decisions go through her first.

Conti-Plus is a bit stricter in this sense. Working hours are also strict, as it is a retail business, and they are longer, as the office is open from 10 am to 19 pm. Still, the employees can have their lunch breaks at the time they want, as long as they have them separately. Working from home is forbidden, as the nature of business demands employees to always be present in the office. Employees in Conti-Plus have some freedom in making offers and little discounts to customers but for everything else have to consult Natalia

In Grigori’s company employees have much more freedom then in two other case companies. Grigori says that he has no problem with his partners working from home or working at hours they choose. Once again Grigori states that – “I only care about job being done well and on time”. But talking about making decisions, Grigori doesn’t want employees to make decisions that affect the company without him.
4.4.8  Is employee satisfaction measured? How?

According to Svetlana, employee satisfaction in Russky kurort is quite high. Svetlana says that employee satisfaction matters for her because she wants her employees to enjoy the job and to stay with her long term. However, due to a low number of employees, there is no satisfaction measurement system in place. Instead, Svetlana measures it by simply talking with employees, listening to their opinions and asking what they would like. She also says – “I can see that they like the job. Yes, it is hard at times but all in all the conditions and salary are very good. I try to talk to them often about their opinion on the job”.

In Conti-Plus there is also no system in place and instead Natalia, same as Svetlana, encourages her employees to talk to her. Due to their relationships they talk about more than just work and thus Natalia is always aware about feeling of her employees. Natalia states that her employees know that working conditions in Conti-Plus are good and that Natalia always gives them ways to earn more and this is why she considers employee satisfaction to be high.

Same as other two entrepreneurs, Grigori simply talks to his partners about their feeling concerning the project. Grigori states that he always tries to be open with them and to share the profits. “How can you measure satisfaction? You just talk to them and see whether they like the job or not” – says Grigori. The most important thing, he adds, is to make them understand that they can talk freely. Lastly, Grigori states that he doesn’t know what there is not to like about working at idancer. He considers the working condition to be great.

4.4.9  What do you do to motivate quality service?

According to Svetlana, the first step to ensure quality service is a good employee selection process. She states that after many years in the industry she is able to understand people really well, which helps her to find responsible and hard-working employees. Svetlana adds that she is looking for people with “high level of personal culture”. But to ensure service quality further she tries to create organizational culture that is based on going and extra mile. She adds that she always pays above agreed upon sum if she sees that the job is well done, rewarding employees for their hard work. Additionally, Svetlana talks about the nature of her job – “Working with children is really different then with other customers. When they enjoy our events, we feel great, as we bring happiness to their lives and help them to develop” explains Svetlana.
Natalia also relies on bonuses and percent from sales to ensure that her employees provide the best service that they can. Also, she says that currents employees are working in Conti-Plus for so long exactly because they showed that they are very good at the job, so a selection is also responsible for ensuring high quality of services. Lastly, Natalia says that she tries to extend her managerial skills by visiting trainings and reading management text-books. She then talks about what she learns to her employees, trying to teach and engage them.

Grigori notes that his partners have a stake in the company and thus are interested in it doing great, as the business model is quite profitable. He considers this and the fact that he pays bonuses to be the main factors that encourage high quality work from his employees.

4.4.10 Do you want your employees to innovate? How do you encourage that?

Svetlana admits that she always welcomes new ideas and views from her employees because the industry that Russky kurort tries to compete in now is highly competitive – “Competition is very tough. Other dancing competition organizers are constantly innovating and thinking of something new. We also have to innovate to stay competitive” says Svetlana. Svetlana adds that she always encourages her employees to think how daily operation or offers of Russky kurort could be improved. Svetlana admits that she tends to change her opinions frequently. According to Svetlana, there is no right formula for their business and that everything that they do could be changed. But besides verbal encouragement Svetlana says that she is always happy to pay higher bonus or give more freedom of actions to the employee that comes up with an innovative idea.

Same as Svetlana, Natalia would like her employees to be innovative – “Of course I want them to innovate. I have been doing this for so long that sometimes I think that I ran out of ideas. I like to listen to what they have thought of, as they often bring interesting ideas”. Natalia encourages her employees to speak to her and to discuss the business – “We are a small company and they know that our success depends on their work. Increased sales also mean increased income for them”. Additionally, employees can get more freedom and independence in their actions, as well as financial bonuses, as a reward for introducing innovations to Conti-Plus.

It is no surprise that Grigori is very welcoming to innovativeness of his employees – “Three heads are better than one” he jokes. Grigori wants his employees to be more than just
executors of a task. He wants them to constantly think of the ways to improve the service and attract new customers. Grigori repeats that his employees are interested in idancer doing well, as they have a stake in it. He continues that working conditions, the freedom that his employees get, and the increased income are the best motivators for them to make something new – “They have other jobs on the side and they come from different industries: IT, tourism, etc. Their professional background allows them to bring some unique ideas to the table” he speaks about his employees.

4.4.11 Five words that best describe your firm’s organizational culture
RK – Discipline, motivation, effectiveness, multitasking, innovativeness.
Conti-Plus – Friendly, efficient, hard-working,
Idancer – Innovation, vision, freedom, motivation, creation.

5 Discussion

This part discusses the results of my research. My goal was to understand Russian entrepreneurial leaders and how they manage to keep their companies competitive through leadership strategies. Additionally, I aimed to understand the role of the employees in these strategies and to see what traits help them in their work.

First, I will discuss the results of the interviews with the entrepreneurs and then try to answer the research questions. I will also discuss the limitations of the study, its possible applications and possible paths for future research on this topic.

5.1 What is an entrepreneurial leader?

My first step was to understand how the entrepreneurs I interviewed understand leadership, to see how similar they are to an entrepreneurial leader type defined by entrepreneurial leadership scholars, such as Chen (2007) or Afgsne & Zaidatol (2011).

Despite different background all three respondents’ view on leadership is quite similar, as they all describe leadership as a mix of special skills and traits, among which the central are ability to communicate and make contacts, motivation or power of will, and innovativeness. These
were also the qualities that they attributed to themselves as leaders, showing that their perception of leadership is closely based on their self-image – when asked to list their traits as leaders, all respondents mentioned qualities that match or closely related to motivated, innovative and communicative.

Interestingly enough, none of the respondents mentions any type of leadership related training or education among things that characterize them as leaders. On the contrary, some of them speak about lack of theoretical knowledge in the field or lack of skills closely related with leadership, such as ability to delegate responsibilities. From which I conclude that the respondents perceive themselves as natural leaders. These results support the conclusion of (Afsane & Zaidatol, 2011) that “entrepreneurial leadership development is a dynamic process of learning from experience, observation, and social interaction…”. Even though the interviewed employees were able to become successful entrepreneurial leaders, the lack of education in the field is a limiting factor and probably the reason for underdevelopment of some leader qualities in the respondents, such as responsibility delegation. Lack of entrepreneurial education in this case is the result of entrepreneurs’ age, as there simple was no entrepreneurial education in Russia at the time they attended universities. This shows that establishment of entrepreneurial education programs can have a great effect on Russian small businesses, since there are scholars working on the creation of entrepreneurial leadership programs (Okudan & Rzasa, 2004; Roomi & Harrison, 2009).

All the respondents recognize a difference between a traditional type of a leader and an entrepreneurial leader, with each possessing different traits. Among the main differences they speak about their mentalities, thinking flexibility, relative lack of willpower and risk-averseness in traditional leaders. The picture of an inflexible, risk-averse leader with low will power is probably dictated by the stereotype of a Soviet style organizational leaders, who were limited by the system and tried to avoid risks.

Risk-taking and willpower or traits similar to it (motivation, hard-working, fail-averseness) are mentioned a lot in the answers of the interviewees, as they talk about their ability to do something against all odds or to recover after a failure. It seems to be core qualities that the interviewed entrepreneurs assign to an image of a leader and themselves, while mentioning that traditional leaders in larger companies lack it. This supports the notion of Afsaneh &
Zaidatol (2011) about “prudent and calculated risk taking” being the common characteristic of entrepreneurial leaders. It is worth noting that the ability to take risks is quite unnatural for Russian culture, according to Hofstede Insights (2019). Which might be one of the explanations to low level of development of entrepreneurships in Russia.

Lastly, when asked if they possess such traits as proactiveness, innovativeness, and will to take risks, which are, as stated before, agreed to be the main traits of an entrepreneurial leader (Chen, 2007; Afsane & Zaidatol, 2011; Gupta, MacMillan & Surie, 2004), all respondents claimed that they do possess these three traits. And indeed, these were the qualities that they assigned to themselves before this question. Therefore, I can conclude that the interviewed entrepreneurs do fit the image of an entrepreneurial leader established by the studies.

5.2 Companies and employees

Next, we discussed the case companies and people employed in them and expectations of the interviewed entrepreneurs towards their employees. Understanding employees, their relationships with entrepreneurial leaders and the environment in which the leaders exist is essential for my work, as according to Renko et al. (2015) - “…the success of entrepreneurial leadership depends on interrelationships between leaders, followers, and the context”

All three entrepreneurs appeared to have different views on what they are looking for in an employee. Most of those were dictated by the nature of the business model. For example, Svetlana emphasized diligence and active position of an employee, both of which are dictated by a need for a highly efficient operations, as Russky kurort’s staff is limited, while the projects it is involved in are quite demanding and Svetlana’s ability to supervise the work of her employees is minimal. Svetlana confirms it by saying – “All our competitors have larger staff and more people working on such competitions”. Another example is Natalia’s choice to talk about communicative skills of an employee first – result of a retail nature of her business. Meanwhile Grigori focuses on employees’ ability to innovate and recognize business opportunities, which is also dictated by an innovative business model of idancer.

So, in an open discussion, it is clear that interviewed entrepreneurs have different expectations from their employees. But, when asked to describe their perfect employee, it appears that there are some similarities between three entrepreneurs’ desires, probably because this question is
more abstract than the previous one. Specifically, we can see from the results part that all three respondents expect their employees to be innovative, despite two of them not mentioning it before. Another common theme is motivation of an employee, which entrepreneurs explain differently. Grigori calls it an ability to go an extra mile, and Svetlana calls it “hard-working”.

It is worth noting that the expectations of the interviewees towards their employees are also similar to the traits they assigned to themselves. For example, Svetlana used such traits as disciplined, smart (analytical), and hard working to describe both herself and her perfect employee. Same thing we can see in Grigori’s and Natalia’s cases. Grigori claims to be motivated and innovative, while listing “aimed at results”, innovative, and “ready to go an extra mile” among the traits he wants to see in his employees. For Natalia such traits were innovative and communicative. This match in expectations towards employees and self-image corresponds well with a notion that entrepreneurial leaders lead by example, set by Darling, Keeffe and Ross (2012).

It's hard to talk about whose approach to employees is better, as the requirements are mostly dictated by the context of the business and the entrepreneurs’ picture of himself or herself.

As for hierarchical structures of the case companies, all three companies are similar in a way that the owner holds the top position and has the final say in all the matters. This is true even for idancer - despite working with his partners, Grigori admits that, in the end, the company is his and he has the final word in it. This is probably dictated by the entrepreneurs’ attitude to companies as their own work and not collective work, even though some employees worked for them for a very long time. Perhaps, it has roots in the authoritarian leadership style that was typical for Soviet Union (McCarthy, Puffer and Darda, 2010). Hierarchy of the employees is also quite similar, with employees in all three companies being equal among themselves with no official management structure, which seems to be the result of a small size of the studied companies. Companies’ sizes have other consequence, as all three interviewed entrepreneurs claimed that they expect their employees to be able to fill in several roles in the company, as opposed to having specific set of responsibilities.

In a discussion of employees’ ability to suggest strategies rather than execute them only Grigori claimed that he considers his employees able to create and develop new business
strategies, while both Svetlana and Natalia state that their employees are focused on execution of the strategies already in place. Both entrepreneurs think that their employees lack the skills and knowledge required in creating a new business model. Among the reasons for that they mention lack of entrepreneurial experience, lack of organizational, negotiation skills and motivation. Svetlana even claimed - “If they were able to think of a good business strategy, and, more importantly, execute it, they would be running their own businesses”. So, it becomes obvious then why Grigori’s answer is different. Grigori’s partners do have entrepreneurial experience and are running their own businesses.

Interestingly enough, we can see that in all case companies’ entrepreneurs said to have developed relationships with their employees beyond those of a boss and an employee. As a result of which, the employees get more say in the decision matters and more influence on the entrepreneur. Furthermore, relationships result in increased levels of trust, as the respondents claim not to micromanage the work of their employees. Svetlana claims that she rarely checks the work of her employees even when it comes to finances. All in all, it is clear from the answers that in all case companies, there is a large degree of trust between owner and staff. Large degree of trust and lack of control is dictated by both good relationships and desire not to spend time on something entrepreneurs see as not efficient. However, it obviously creates a dangerous situation in which employees have the ability to hide something from entrepreneurs and do harm to the company. In this case, I would advise entrepreneurs to spend more time on monitoring the work of their employees to avoid potential harm to the company.

Lastly, we discussed the things that are important to the employees. To no surprise, the answers were similar, as all three respondents mentioned job security, relationships within the organization, and salaries. Interesting job and ability to create something new was also mentioned, and Grigori emphasized freedom. These answers correspond very well with Hogstede Insights’s (2019) evaluation of Russian culture as risk-averse and long-term oriented. Russian entrepreneurs are interested in having job security and to keep working for people they know.

5.3 Leadership strategies

This part discusses the results of the interview related to leadership styles and strategies that help entrepreneurs to make their companies competitive.
The leadership part of the interview began with questions about leadership styles of the interviewed entrepreneurs. Both Svetlana and Natalia said that their leadership styles were balanced – a mix of democratic and authoritarian characteristics, while Grigori said that his leadership style was open. However, based on the results of the interview that will be discussed next, I believe that all three of the entrepreneurs have open leadership style - the style used the most in Russian small entrepreneurial companies (McCarthy, Puffer and Darda, 2010). The reason for both Svetlana and Natalia claiming to possess balanced, and not open, leadership style is their position on having the last say in all the matters, as well as them clearly separating themselves from employees in some circumstances, for example during special discount or offer negotiations, which is attributed to a more authoritarian style of leadership. Still, if we analyze their position towards employees - their ability to develop, take responsibility, speak up, and attitude towards punishment, education, office atmosphere, and so on, we can see that all three interviewed entrepreneurs are quite similar to entrepreneurs with open leadership style discussed by (McCarthy, Puffer and Darda, 2010).

For example, all interviewed entrepreneurs are against punishments to their employees, which is a result of their opinion on supervision and friendly relationships with employees. In fact, both Svetlana and Grigori claimed that they would rather let an employee go than introduce punishments. The reasoning is that punishments tend to destroy trust and relationships, making it hard to continue closely working with punished employee. This dislike of punishments is an important attribute of an entrepreneurial leader, described by Renko et al. (2015) and a sign of an open leadership style (McCarthy, Puffer and Darda, 2010).

Another factor is the atmosphere in the office, which all entrepreneurs describe as friendly, with Grigori noting that his employees usually don’t work in the office. So, although in both Russky kurort and Conti-Plus employees have to follow the working hours and can’t work from home, in other regards their working conditions are quite relaxed. The relationships among employees and with owners are friendly in all three companies, especially in idancer. Entrepreneurs try to make offices and working conditions as comfortable as possible by making relaxing spots, buying coffee machines, offering flexible lunch times, chatting with employees about life and work sometimes. In all companies, employees can get days off if they need. Furthermore, the interviewed entrepreneurs claimed to have no major rules in the
office apart from being on time and not wasting time on personal matters. Grigori goes as far as saying that the only thing that matters for him is job being done. The desire to create “peace” and the concern for the employees are typical characteristics of an entrepreneurial leader described by Darling, Keeffe and Ross (2007), as well as Jones & Crompton (2009). Employee motivation is an essential factor in company’s success, as according to Jones & Crompton (2009) – “Small firms can only thrive if all employees are highly motivated and committed to the vision as set out by the entrepreneur”. The common notion among the respondents seems to be that the most efficient way is through financial bonuses, as the entrepreneurs consider money to be the main reason for their employees to offer their labor. Svetlana claims to always pay more as an event bonus then agreed, to boost the morale of her employees. This way she shows her appreciation. Grigori, on the other hand, went as far as offering a portion of profits to his employees. Among other motivation methods, entrepreneurs mention clear setting of goals and translation of vision to employees, which allows for better engagement of employees. Other methods are validation of employees’ work and open communication, both of which help to make employees feel a highly valued and respected part of the team, which in turn instills loyalty within employees (Darling, Keeffe and Ross, 2007). Respondents, particularly Svetlana and Grigori due to the event-based nature of work, also mention the importance of expression of an idea that employees are taking part in changing the world through creating something new. This way employees perceive their labor to contribute to the cultural development and happiness of children that attend their dancing competitions. And Natalia like to show her appreciation to her employees through investments in their skill and knowledge – she pays for so called “info tours”, where an employee goes for a free vacation to a popular destination to learn more about the place, hotels, and so on.

Going further, in all three cases the entrepreneurs highlight that they are always open to talks and discussion with their employees, no matter if it concerns business or anything else that might be important for employees. Entrepreneurs consider this approach to be useful for empowerment and increasing employee satisfaction, as well as motivation to contribute more to the company. This is one of the key leadership strategies aimed at improving companies’ competitiveness. To provide further prove to the importance that the entrepreneurs pay to this
approach, we can look at the methods of employee satisfaction that they use – all of the respondents claimed to have no satisfaction measurement system in place and would rather speak to their employees about things that matter for employees. Motivation of followers and inspiration of a vision, that were talked about above, all contribute a great deal to the success of a company (Leitch & Volery, 2017).

Results presented above are quite similar to the key strategies for successful leadership proposed by Darling, Keeffe and Ross (2012): “attention through vision, meaning through communication, trust through positioning, and confidence through respect”.

5.3.1 Turnover
All of the case companies appeared to be quite successful in fighting high turnover. From the results part we can see that in each company employees rarely leave the organization, which is a signal of work satisfaction. Entrepreneurs attribute their low turnover rates to good working conditions, ability to speak openly, and friendly atmosphere. Another major point was the importance of careful hiring process that helps to choose good employees, whose character and world perception are close to those of the entrepreneur.

5.3.2 Entrepreneurial qualities in employees
In all of the cases, entrepreneurs claimed to welcome innovativeness in their employees, as it helps employees to be more independent and to make a larger contribution to a company. Interviewed entrepreneurs admitted that they are often influenced by opinions of their employees. So, even despite some worries, like Svetlana claiming that a too entrepreneurial employee might be a threat to her organization, it can be concluded that it is essential for employees in small Russian companies to be entrepreneurial. It can be seen from the answers of the entrepreneurs that they expect their employees to be highly entrepreneurial even when they don’t admit it openly. For example, they all expect employees to be independent and to work without much supervision, which means that employee is supposed to possess vision of the direction the company is heading and to be innovative as well as willing to take risks, which are attributes assigned to entrepreneurial leaders. Another prove is the fact that the interviewed entrepreneurs want their employees to be similar to them, discussed above, and tend to lead by example, which is typical of entrepreneurial leaders (Leitch & Volery, 2017).
All interviewed entrepreneurs welcome the idea of employee empowerment through bonuses, increased role in the company and an increased voice in decision making. And employee empowerment is one of the key elements in developing entrepreneurial spirit and attitude in employees, as “…removing conditions that foster a sense of powerlessness is necessary for the effects of entrepreneurial leadership to materialize as employees’ opportunity-focused behaviors” (Renko et al., 2015). According to Darling, Keeffe and Ross (2012) - “The primary measure of quality in entrepreneurial leadership is the degree to which the leader enables the other individuals in the organization to be successful”. Therefore, I can conclude from the results of my interviews that the entrepreneurial leadership in the case companies is indeed of high quality. Company owners showed that they are interested in improving not only their employees’ working conditions but life conditions as well, which is done through empowerment, close relationships and desire to help.

All in all, we can see that all three entrepreneurs are quite similar to entrepreneurial leaders in the western economies (Darling, Keeffe and Ross, 2012; McCarthy, Puffer and Darda, 2010; Gupta, MacMillan and Surie, 2004). All three of them began their careers in modern Russia and due to large experience of independently running a company, they developed most of the skills assigned to entrepreneurial leaders by scholars from around the globe. Despite all three interviewees being born and raised in Soviet Union, they lack the authoritarian attitude to leadership, which is typical for Soviet era leaders (McCarthy, Puffer and Darde, 2010). In fact, we can see that even with lack of modern business education they have themselves implemented solutions that many Russian leaders fail to: increased involvement of employees in the company matters, lack of punishment, leading by example, increasing responsibilities of employees, open communication with employees, constant encouragement of employees (Fey, 2008).

5.4 Conclusion, limitations and future research

The goal of this research was to find out what strategies do Russian entrepreneurial leaders use to keep their companies competitive in a highly volatile environment and lack of governmental support for small businesses. After researching three established entrepreneurs and their businesses, it became clear that despite lack of a modern business education, all three
of them have developed competencies and attitudes that make them quite similar to the entrepreneurial leaders defined by the relatively new entrepreneurial leadership literature.

They have a clear image of a leader and can easily distinguish between an entrepreneurial leader and a traditional leader. And they have a clear understanding of the core traits that help them in their work.

After years of leading experience, the interviewed entrepreneurs developed, through observation, social interaction, and reflection (Afsneh & Zaidatol, 2011), open style leadership, as it proved to be the most efficient one in each case. Within this style, the core strategies used by the studied entrepreneurs are empowerment of the employees through increasing responsibilities and decision making, abandoning of punishment practices in favor of a variety of motivational factors, creation of friendly atmosphere and better relationships with employees. All three entrepreneurs want to have their employees engaged in their work and, despite some reservations, are welcoming to entrepreneurial qualities in employees.

In conclusion, my work showed that entrepreneurships in Russia are developing and are becoming more successful even despite negative external factors. Entrepreneurial leaders are learning through experience and implementing many leadership strategies that are used in Western economies. Through observation and experience they are able to adjust themselves and their companies to stay successful in a modern market economy.

The study has a list of limitations that I would like to mention here. First of all, the study is limited by the amount of case companies. A study of a larger pool of companies would provide more dependable results. Furthermore, the case companies reviewed in this study operated in the same industry, meaning that the results received might be industry specific. Next, all interviewed entrepreneurs were born in Soviet Union and didn’t get a proper business education, so the results could be different if entrepreneurs were younger.

Another limitation is the fact that only entrepreneurs were interviewed, which might not give the full picture. Conducting interviews with employees of the case companies would provide greater understanding of leadership strategies used, relationships with employees, and other factors.
It is worth noting that due to interviews being held in Russian language, there might be some nuances in interpretations.

Topic of entrepreneurial leadership is quite young and there are plenty of possibilities for future research within it. To increase the knowledge of entrepreneurial leadership in Russia one could look at younger entrepreneurs, who were raised in a market economy and have modern business education. Additionally, it would be interesting to see how entrepreneurial leadership affects Russian employees and their entrepreneurial competencies. Lastly, there is a great opportunity to study how entrepreneurial leaders affect Russian culture, which scores low on individualism and high on risk-aversion, according to Hodstede Insights (2019), and especially Russian traditional leaders from large companies. The most interesting sphere would probably be the IT industry, which is full of younger specialists and is eager to adopt western practices.
6 References


### 6.1 References for Methodology


### 6.2 Appendix 1. Interview guide

1) **Introduce the interviewee to my thesis. Explain what it is about and what the goal of the interview is.**

2) **Company related questions**
   - a. Entrepreneur name; age; gender
   - b. Company name
   - c. Industry
   - d. Company age. Did the business model change? How often?
   - e. Number of employees. How long have they been working in a company?
   - f. Main business sphere. What are the currently pursued projects?
   - g. What would you say are the main factors contributing to your company’s success? Employees? Business model? Operational excellence?
   - h. What are the main context factors that affect your company?

3) **Personal questions**
   - a. One of the main things I am interested in is how you perceive what leadership is. Could you tell me what is your definition of a leader?
   - b. What are the main characteristics of a leader?
   - c. Do you think there is a difference between a leader of a SME and a leader in a large company? What is it? What are the main qualities and skills required by each one?
d. What do you think are your strongest qualities as a leader and what do you want to develop?

4) Employees and company related questions
   a. What are the qualities that you seek in your employees?
   b. What is an ideal employee for you?
   c. How hierarchical is your organization?
   d. How empowered are employees in your organization?
   e. Do you prefer giving your employees more freedom of action or to micromanage their work?
   f. To what extent do you believe that employees are good at suggesting strategies as opposed to only implementing them?
   g. Is it important for your employees to be entrepreneurial? Why?
   h. What management practices best motivate employees?
   i. What do you think is most important for the employees?
   j. If you have experience with other countries, what is unique about the above questions for the Russian context (compared to foreign countries like Finland or USA)?

5) Leadership strategies – Now I would like to discuss your leadership strategies and methods.
   a. Please describe your leadership style.
   b. What atmosphere do you have in the office (family like, friendly, business like)? How do employees address you? How personally close are you? Do you communicate outside of work? How do you create such atmosphere?
   c. Are there any major rules in the office? If yes, what are they?
   d. What extrinsic methods do you use to motivate employees/maximize their contribution to the company (bonuses, shares, promotion, etc.)? Are there any punishments? What does employee have to do to receive one?
   e. How do you monitor and evaluate employees work?
   f. What percentage staff turnover do you have each year? What are your strategies to decrease it? Are employees included in designing future business
models/deciding what the future of the company will be? How much do they influence your decisions?

g. How much freedom of action do employees have? How strict are working hours? Can employees work from home?

h. What about employee satisfaction? Do you measure it? How do you manage it?

i. What do you do to motivate quality service?

j. Do you want your employees to be innovative? If yes, what do you do to encourage that?

k. Please list five words that best describe your firm’s organizational culture.