Leadership in Russia
A cross-cultural leadership study on the dynamics involved in being a Swedish expatriate

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ABSTRACT

Managing a diverse workforce has become a growing challenge for leaders, due to increased globalization and demographic changes. As a result, leaders that can handle those challenges become important for successful business across borders. With respect to this, the complexities of leadership in Russia is an under-researched and increasingly important research area, due to the rapid changes that have occurred in the country the last 25 years.

This study explores the challenges that Swedish expatriate leaders face whilst operating in Russia and, furthermore, how they tackle them. The study is of explorative character, with a qualitative research methodology, and is based on 17 interviews with different Swedish leaders across various industries.

The findings show that Swedish leaders experience challenges with the following: involving employees in decision making processes; handling steep hierarchies; finding the right people in the dynamic Russian labour market; comprehending the idiosyncrasies of Russian culture.

In conclusion, the study shows that Swedish leaders are keen to implement a Swedish company culture based on empowerment, although the specificities of being an expatriate leader in Russia makes it necessary to adapt to some of the conflicting expectations of the Russian employees.

Keywords: Culture, Cross Cultural Management, Empowerment, Leadership, Russia, Russian Leadership, Swedish leadership
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In memory of
Professor Thomas Per-Olof Lindh
1952-2013
1. INTRODUCTION

1.1 Background

A growing challenge for today’s leaders is managing problems and challenges that occur due to an increasingly diverse workforce, as a result of globalization and decades of increased change in demographics (e.g. Chrobot-Mason, 2003; Jackson, 1992; Morrison, 1992). Understanding culture and management in an international business context is pivotal, due to the increased amount of business that takes place across borders. Management of cultural differences has thus become more important as regards creating advantages and getting a competitive edge (Kundu, 2001). Cross cultural management may be defined as follows: “Cultural management explains the behaviour of people in organizations around the world and shows people how to work in organizations with employee and client populations from many different cultures”, (Adler & Gundersen, 2008, p.13). Thus, the importance of cross cultural management becomes evident in a world where co-operation between different companies across borders occurs; where difficulties may arise because of people's different cultural backgrounds, values and beliefs, this in turn may impact upon the communication between people from different cultures (Kawar, 2012).

Expatriates\(^1\) are to a large extent used as a way for headquarters (HQ) of a multinational corporation (MNC) to exercise control over its subsidiaries, both in an indirect and direct fashion (Harzing, 2001). Thus, expatriates can serve as a replacement for centralization of headquarters, but also as a way of maintaining surveillance of the subsidiaries. However, according to Bonache and Fernandez (1997) the role of the expatriate has gradually changed from a control function into transferring knowledge from headquarters and developing local staff. Furthermore, Gupta and Govindarajan (2000) argue that an MNC’s ability to transfer and make use of knowledge between HQ and subsidiaries is a very important success factor in today’s business world. The bottom line is that the cost of failure is high, meaning that it is important for companies to find ways to prevent misscommunication, which might harm the organization.

It is also increasingly important to identify efficient leadership strategies in regards to specific cultural and societal settings (Chrobot-Mason et al., 2007). In this study we

\(^1\) An expatriate is an employee who is sent by his/her company to live abroad for a period of time (Financial Times Lexicon, 2013).
have chosen to take a closer look at the Russian market and the challenges that Swedish expatriate leaders face there. Russia is an emerging market and has undergone a significant transition towards a market economy in the past 20 years. It is a large market that is considered to have good macro fundamentals for continued steady growth and, indeed, has grown steadily during the last few years in particular. (Christensen, 2013.) Thus, it is an attractive large market; it has had an average GDP growth rate of 7% between 1999-2009 and has made way for an emerging middle class. This, along with an increasing purchasing power amongst the burgeoning middle class makes Russia attractive for foreign investment (CIA World Fact Book, 2013).

1.2 Problem Formulation
Kets de Vries (2000) argues that the years of autocratic leadership throughout Russia’s history make leadership in Russia a complex issue, as employees are often afraid and uncomfortable with taking initiative and responsibility, due to the fact that this has traditionally been discouraged and even punished. The history of rule under various autocratic leaders, has also created a substantial generational gap between those who have spent most of their lives in the Soviet system and those who have grown up in the new Russia. The new Russia poses many challenges for both the older generation, which now has to unlearn its business practices, and the younger generation, which must adapt to new and changing circumstances. (Kets de Vries, 2000.) Suutari (1998) states that Western expatriates must deal with numerous difficulties operating in Russia. Shekshnia (1994) similarly states that one of the biggest problems for foreign enterprises in Russia is the interaction between Western managers and Russian employees.

Fey and Shekshnia (2011) underline the significance of the lack of knowledge on how to successfully operate in Russia. The authors stress that there is a need for further insight into how to successfully manage businesses in Russia and argue that possessing this expertise is a distinct advantage. Amongst other challenges, the volatility of the Russian market, is according to the authors, an issue that forces firms to be more long-term oriented. Moreover, Fey et al. (2001) state that Russian leadership issues are under-researched, and that it is important to further understand the idiosyncrasies of leadership in Russia. In a similar vein, Kets de Vries (2000) argues that it is important for companies to adopt new ways of managing firms in order to stay competitive.
The Swedish management style, meanwhile, has historically been one of the world's most successful (Isaksson, 2008). The way that Swedish organizations are managed internationally seems to be a winning concept, emphasizing empowerment and coaching, and companies such as Volvo Cars, Ericsson and Sandvik are world leaders within their respective industries (Birkinshaw, 2002). Whilst acknowledging the Swedish leadership style, it may be significant to reflect on whether it will remain competitive in the future. Janbrink (2009) notes that analysts have discussed whether Swedes are competent enough to seize the opportunities and advantages necessary to compete in a global market. Janbrink further purports that Swedish leaders fear conflicts and are unwilling to face up to opposition, burying their heads in the sand when disputes arise. Some organizations in Sweden may also be regarded as inefficient, due to a lack of structure amongst employees, who may have been over-empowered. We find this particularly interesting in contrast to leadership in Russia, as Fey and Shekshnia (2011) point out that Russian organizations are usually characterized by a top-down hierarchical structure.

Unfortunately, however, there is a lack of existing literature on Swedish leadership in Russia. Suutari (1998) has investigated leadership in Russia from the perspective of Finnish expatriates and identified several different problem areas which these expatriates experienced, but this does not illuminate the context from a Swedish leadership perspective. Whilst Swedes and Finns, as Nordic people, share many similarities, there are also cultural differences. According to Lämsa (2010) Finnish leadership style is more authoritarian, with a more hierarchical leadership style, a greater emphasis on occupational titles, and a greater level of formality than is found in Swedish business. According to Chapman et al. (2008) every cultural relationship is specific and can be perceived differently due to the history and experiences that the cultures share. Therefore, with the assumption that every cultural relationship is unique, we will proceed to investigate the implications of being a Swedish leader in Russia.
1.3 Research Question

What kind of challenges occurs for Swedish leaders operating in Russia within a leadership context?

In order to further clarify what is meant by this question, we have divided it into two sub-questions.

**Sub-question 1:** What are the main challenges that Swedish leaders face within the organization whilst operating in Russia?

**Sub-question 2:** Provided that there are such challenges, how does a Swedish leader tackle them?

1.4 Delimitations

This paper does not evaluate the efficiency of Swedish leadership, but tries simply to explore the main challenges that Swedish leaders face working on the Russian market and analyse how they are dealt with. Within the context of this paper, leadership is defined as “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization of which they are member”, (House et al., 2002, p. 5). It is also important to note that we are focusing exclusively on internal factors rather than external- that is to say, the challenges that Swedish leaders face within their organizations and not, for example, the wider difficulties of conducting business in Russia. We must underline the fact that this paper focuses on the experience of expatriates; it solely observes the point of view of Swedish leaders on leadership in Russia, and is therefore limited exclusively to their perspective.

1.5 Research Purpose

The research purpose is to describe the leadership challenges that Swedish leaders experience in Russia and how they tackle these challenges. The aim is to shed further light upon Swedish expatriates in Russia and the implications that the presumed challenges have for them as leaders. Furthermore, we want to discuss these challenges and their potential solutions in relation to existing literature on the topic, in order to make a contribution to the research area of leadership in Russia, in a Cross-Cultural Management context.
2. LITERATURE REVIEW

This chapter presents the theory and research relevant to this paper. The literature review starts with the basic theories and models that serve as the underlying basis of the research approach and argumentation. We discuss research on the implications of Cross-Cultural Management, the idiosyncrasies of leadership in Russia and, lastly, the connection between empowerment and Swedish leadership.

2.1 Cross-Cultural Leadership

According to Suutari et al. (2002, p. 416) “cross-cultural leadership has been defined as the leadership interaction that takes place between managers and subordinates representing different cultural backgrounds”. The purpose of cross-cultural research is to give an understanding of the contrasting leadership styles of managers from different countries, and of the differences and similarities across national cultures. Today, the global environment is more complex and dynamic; leaders who can manage this complex environment are critical for a firm’s future effectiveness. Accordingly, multinational companies frequently employ global leaders to expand their businesses, but are also aware of the importance of cross-cultural leadership development experience and are more frequently preparing global leaders for the challenges and opportunities associated with global activities. (Caligiuri & Tarique, 2009.)

The impact of culture on leadership is a renowned subject. Research indicates that the attributes that are seen as valuable in leaders vary across cultures. Thus, there is a growing awareness of the need to better understand the way leaders operate within different cultures. (Ardichvili & Kuchinke, 2002.) Hofstede’s model of cultural dimensions is frequently quoted and applied in cross-cultural research (Browaeys & Price, 2008). Hofstede’s model purports that there are four dimensions to national culture; “power distance”, “uncertainty avoidance”, “individualism versus collectivism”, and “femininity versus masculinity”. Swedish and Russian culture differ greatly when viewed through the Hofstede model of cultural dimensions, particularly in the categories “Power Distance” and “Uncertainty Avoidance”, in which Russia scores

2 Sweden is 1) an “individualist” society meaning that there is a high preference to look after themselves and their direct families only, 2) Sweden scores low on “power distance”, which refers to that the characteristics of the Swedish style being equal rights, coaching leader, management facilitates and empowerment. Communication is direct and participative, 3) Swedes score high on “femininity vs masculinity” which refers to managers being supportive to employees, decision making is achieved through involvement and managers strive for consensus, 4) Swedes have a low “uncertainty avoidance”. (Hofstede, 2001.)
much higher than Sweden (Hofstede, 2001). Although Hofstede’s model is popular, it must be noted that it has equally received criticism. For instance, McSweeney (2002) claims that the methodology of the model is fundamentally flawed, questioning whether the dimensions of national culture can be determined and measured by a questionnaire. In addition, “the data used by Hofstede (1980) to construct national cultural comparisons were largely limited to responses from marketing-plus-sales employees”, (McSweeney, 2002, p. 95) and lacks contribution from socialist countries and less affluent third world countries, such as Russia (Jones, 2007), but in Hofstede (2001) Russia was added to the framework. Therefore, as noted above, Hofstede’s cultural dimensions are very commonly used in cross-cultural research and we believe that they may be used as an indicator of significant cultural differences between Swedes and Russians.

2.1.2 Cultural Aspects

Controlling overseas subsidiaries can be challenging and problematic. This is due to a large number of factors, for example: how committed the expatriate managers are to HQ; the disparate behavioural patterns and social norms associated with cultural distance; how well managers adapt to these cross cultural differences (Paik & Sohn, 2004). According to Lachman et al. (1994) these cultural differences become problematic because people with different cultural backgrounds have different frames of reference, and thus specific cultural groups share a unique collective mental programming. Frames of reference can be defined as: “refers to a set of patterned meanings or the collective mental programming that is shared by a specific group of people” (Paik & Sohn, 2004, p. 64). It therefore seems fair to assume that understanding the cultural differences of the host country and adapting to the new foreign environment are crucial for expatriate managers. On the other hand, Black and Gregersen (1999) argue that many of the expatriates that go abroad never quite overcome the cross-cultural difficulties, and sometimes are forced to go back home prematurely.

Another important aspect in terms of cultural differences in organizations is that of language and communication. The English language is often used to standardize internal communications. The use of a common language can play a vital role for an organization as it is through good understanding that communication between workers
is facilitated and coordinated. Thus, language and communication can have a significant
impact on trust, and poor communication due to linguistic barriers can create conflicts
and affect the efficiency of subsidiaries in multinational organizations. (Lauring &
Selmer, 2010, p. 269.)

2.1.3 Expatriate Allegiance
Richardson and McKenna (2006) refer to Black and Gregersen’s (1992) matrix of
expatriate managers’ allegiance to home and host organizations (See Figure 1). The
authors state that international assignments are often challenging, as there is a need to
adapt to a new cultural context and new business practices. In this context, the question
of expatriate allegiance seems, at times, to play an important role. It is argued that, due
to the importance of integration, unbalanced allegiance can contribute to a variety of
failures. For example, companies may find difficulties in attracting candidates and thus
over time their competitive positions on the foreign market may erode.

Figure 1. Four Patterns Allegiance

The Black and Gregersen (1992) matrix groups the expatriate managers into four
patterns of allegiance: “free agents” - managers that are not committed to any part of the
organization; “gone natives” - those too committed to the local operation; “hearts at
home” - those too committed to the parent company; and “dual citizens” - those highly
committed to both parts of the organization. The conclusion of the authors is as follows;
giving equal commitment to both local and parent companies is the most desirable
behaviour, and maintaining this behaviour will maximize a manager’s performance in
both locations. Furthermore, expatriate managers with dual allegiance are most likely to
stay with their foreign assignments for the full period abroad, and to stay with the
company upon repatriation.
2.1.4 Contributions to Conceptual Framework

Out of this section, we conclude that Cross-cultural management is an increasingly important research area, due to changes in global business that further stress the need to be able to effectively lead people in cross-cultural environments. This provides evidence to support our proposition: that it is likely that Swedish leaders are going to face challenges in Russia.

We have discussed the different motives for using expatriate leaders and the problems that they might encounter in general terms. We have also noted that there are different types of expatriates and that this might impact on how an expatriate deals with cross-cultural challenges. We also conclude that the desirable attributes in a successful leader vary depending on the culture. With this in mind, we will proceed to further discuss the idiosyncrasies of leadership in Russia and later, how they differ from leadership in Sweden. We intend to analyse the specific cultural relationship between Swedes and Russians. It is therefore important to first understand the leadership environment, which in this case is Russia.

2.2 Leadership in Russia

In order to understand the possible challenges that Swedish expatriate leaders may face in Russia, we began by looking at a study by Suutari (1998) on Finnish expatriates in Russia and Estonia. More explicitly, how these expatriates experienced leadership roles in the two countries. It was based on 26 interviews with Finnish expats working in Russia and Estonia. The results indicated that several of them found that they needed to change their leadership strategies and that Western management principles did not really work in Russia and Estonia. Many of them felt that they had to be more authoritarian as leaders and that it was difficult to hand out responsibilities and to involve Russian employees in the decision making process. Many of the Finnish expatriates also stated that there was a lack of trust of management and foreigners in Russia, which causes problems for expatriate leaders there. The research also indicated that the Finnish expatriates found Russian managers to be active in criticizing and role clarification, while not so active in, for example, setting goals, providing vision or keeping employees informed. The study has served as inspiration for this pap, as he choose to look at the views of expatriates on leadership in Russia, which is what this
study aims to do as well. It is important to point out, however, that the Suutari study was carried out more than 10 years ago and may therefore be outdated. As this study is cited in other articles on leadership in Russia (e.g. Fey et al., 2001) nonetheless indicates the pertinence of the issue of cross-cultural management in Eastern Europe.

Fey and Shekshnia (2011) argue that in order for a foreign leader in Russia to be respected by Russian employees, it is not enough to simply be the CEO; one must show superior competencies in order to gain the respect of personnel. Foreign leaders are usually viewed as more progressive than Russian ones and the expectations are therefore higher on a foreign leader. The authors stress the importance of “authoritative leadership”, which is defined as:

“authoritative leadership — when a strong and highly involved executive leads from authority gained by virtue of competence possessed rather than just through the power of the position”, (Fey & Shekshnia, 2011, p. 58). They further argue that it is important for leaders in Russia to create a strong company culture as it differentiates the workplace from other Russian workplaces, which suffer from a dull and non-inspiring working environment derived from the Soviet times. Moreover, they argue that Russia has traditionally been characterized by very hierarchical, top-down organizations and that if implemented correctly, empowerment can be a great advantage in Russia. However, they stress that this is a great challenge and that it needs to be taken step-by-step and cannot be done drastically. This leads us into a discussion on why empowerment is challenging and subsequently why it is different in Russia.

2.2.1 Motivation and Empowerment in Russia
In accordance with House et al. (2002, p. 5) definition of leadership, motivation is an important component. We thus deem it important to also outline how motivational needs might differ between Swedes and Russians. Fey (2005) conducted a study on the motivational needs of Swedish and Russian managers. The study showed that Swedish managers are motivated by being treated equally by their co workers, while Russian managers found this less important, since historically they have gotten used to being treated unequally, and therefore cope with this better. It also showed that Russian managers, especially those lower in the hierarchy, are more motivated by salary and

3 “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization of which they are member”. (House et al., 2002, p. 5).
bonuses than their Swedish counterparts, who prefer different values, such as a comfortable working environment, respect and equal treatment from their peers. The study supports the idea that national culture has a large impact on motivations.

Similarly, national culture can impact on attitudes to empowerment. During the Soviet period a culture of fear developed in Russia. Change has been slow, and this culture still affects organizations there. In order for organizations and businesses in Russia to develop, it is necessary to find a way for managers and employees to embrace organizational changes. However, currently, there exists a preference for routine in Russia and a general reluctance towards taking responsibility. (McCarthy et al., 2008.) On the other hand, Kets de Vries (2000) points out that there is a substantial generational gap in Russia, between the older generation that has been formed and affected by Soviet values and the younger, post-Soviet generation: the younger generation is more willing to take responsibility and generally more interested in the success of the enterprise. Kets de Vries (2000) further argues that for the older generation, the challenge will be to unlearn the Soviet ways and adapt to new circumstances, and for the younger generation the challenge will be to learn. One big problem in terms of empowering employees in Russia is accountability: during the Soviet era one could always “pass the buck”, and for centuries Russians have been taught “helplessness”, meaning that they are more willing to wait for instructions than to take initiatives of their own. The author further argues that compromise is often seen as a weakness in decision-making and more often than in other cultures, Russians accept unequal distribution of power.

One of the main leadership problems in Russia, according to Fey (2008), is involving employees in the decision making process, which is often in managerial terms referred to as empowerment. Given that Swedish leadership is to a large degree based on empowerment (Birkinshaw, 2002), and that this is a problem in Russia, one may speculate on what implications this might have for Swedish leaders operating in Russia. Fey and Shekshnia (2011) argue that, if implemented correctly, empowerment can be a great advantage in Russia. However, they stress that this is a great challenge and that it needs to be taken step-by-step and cannot be done drastically. This leads us into a discussion on why empowerment is challenging and subsequently why it is different in Russia. The difficulty, according to Fey and Shekshnia (2011), lies in finding a way to
combine the strong leadership that Russians are used to with a leadership style based on involvement from the employees. The authors purports that the simple path is to adapt a more Russian approach and skip empowerment, but the more difficult path that involves implementing empowerment is where success lies. In order to deal with the challenge of empowerment in Russia, the authors suggest the following steps are to be taken:

1) Information needs to be shared with everyone - Russian firms are rarely transparent with information, which hinders the employees’ ability to empower themselves.
2) To emphasise that employees will not be punished for making mistakes - Russian organizations traditionally have had a tendency to punish employees.
3) To be a highly involved leader in the organization - it is important to show your presence and demonstrate involvement to the employees.
4) Empowerment is not achieved overnight and it is important to understand that it is a process that needs to be implemented gradually.
5) Develop the listening skills of management, since Russian managers sometimes tend to not listen to the opinions of their personnel.
6) Create different ways for the personnel to express their ideas.
7) Reward employees who do give suggestions and take initiatives and also provide them with feedback, even if their ideas are not to be implemented.

Fey and Shekshnia (2011) further argue that even though Russia is a different country with specific rules, they do not recommend copying local ways of running businesses, for example, by arranging special deals with the government or trying to cheat the unclear legal system. Rather, the authors argue, it is better to use the same strategy the company had before, but with some local modifications. In order to beat local competition in Russia one can not beat the Russians at their own game, although there should be an awareness of how this game works - it is important to respect local customs and take an interest in the culture, and furthermore to incorporate this knowledge into the business model that the company uses. Similarly, Kets de Vries (2000) does not recommend adopting a Russian way of managing a business, as he argues that trust is key to a successful business, no matter the environment. The challenge therefore lies in creating a more positive image of leaders among employees in Russia, as a lack of trust fosters anxiety. This anxiety becomes harmful for the organization, as it has a negative impact on creativity and innovation, since a lot of effort is spent on overly political behaviour and scapegoating. (Kets de Vries, 2000.)
2.2.2 Contributions to Conceptual Framework

Out of this section, we again find evidence to suggest that Swedish expatriate leaders are likely to encounter difficulties, as leadership is a complex issue in Russia. Based on the information provided in this section we also make the assumption that empowerment is a central issue for a leader in Russia. Furthermore, that Russian leadership is very much characterized by hierarchical organizational structures, different motivational needs in comparison to Sweden and a lack of trust within the organization. With this in mind we will proceed to further discuss the potential benefits/drawbacks of empowerment, and further look at how this relates to Swedish leadership.

2.3 Swedish leadership and the Connection to Empowerment

Lloyd and Pardo del Val (2003) defines empowerment as the concept of employees being involved in decision making processes, thereby allowing other parts of the organization to be involved in the strategy and hence, become responsible for their work performance. Moreover, to emphasize on rewarding employees that behave in an empowered way, but this does not exclude providing guidance, training and organizing employees. Conger and Kanungo (1988) state that empowerment is a management technique that enables an organization to achieve effectiveness, organizational development and better maintenance. Furthermore, the distinct advantage of having an empowered organization in Russia is, as previously mentioned, illuminated by other authors (e.g. Fey, 2008; Fey & Shekshnia, 2011). As we have identified empowerment as a central leadership issue in Russia, it brings us to the question on why empowerment is related to Swedish leadership?

In this context, Zander’s (1997) study on employee preferences regarding leadership is useful. The study indicated that the preferences of leadership across countries differ significantly, primarily regarding empowering, coaching, directing and communicating. These differences were associated with national values and cultural mores. The analysis further indicates that Swedes prefers a high degree of empowerment but are less keen on coaching and have low preference for close supervision. Furthermore, the results indicate that the Nordic cluster prefer frequent communication with their managers, tend to dislike supervision of work, and that managers are more consensus oriented.
Holmberg and Åkerblom’s (2006) study of Swedish leadership indicates that the leadership factors considered most important are team-orientation and participation. Swedish middle managers consider abilities in building, integrating, coordinating, and sustaining a team as essential for strong leadership. From our point of view, all of these characteristics are related to the concept of empowerment, again underlining the importance of empowerment in the Swedish leadership style.

2.3.1 Conceptual Framework derived from Literature Review

Based on what we have discussed in previous sections and in this section, we developed our own understanding of the potential challenges Swedish leaders might face in Russia. We found that it is essential for expatriate leaders to be able to handle cultural differences while working abroad. In general, Swedish and Russian leadership differs substantially, particularly since Swedish leadership is very much related to empowerment, while this is a relatively new concept in Russia. Swedes and Russians also show substantial differences in terms of cultural values, expectations of leadership and in terms of motivation. In order to further conceptualize the literature, in relation to the purpose and research question of this study, we have distinguished three themes of interest to investigate: 1) The background of the expatriate. 2) Swedish leadership in Russia. 3) Challenges and potential solutions for Swedish leaders in Russia. We will describe this more in depth in the Methodology chapter. On the next page, you will find a summary of the literature from which these three themes have been derived.
Figure 2. Main Summary of Literature Review

<table>
<thead>
<tr>
<th>Cross-Cultural Management</th>
<th>Characteristics of Russian and Swedish Leaders</th>
<th>Main management Challenges in Russia</th>
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<tbody>
<tr>
<td>Today, international business is more complex and dynamic; leaders who can manage this complex environment are critical for a firm’s future effectiveness. (Caligiuri and Tarique, 2009).</td>
<td>Russians: Hierarchical, top-down, active in criticizing and role clarification, while not so active in, for example, setting goals, providing vision, informing employees (Suutari, 1998).</td>
<td>Difficulties with delegating responsibilities and making Russian employees participate in the decision making process (e.g. Suutari, 1998; McCarthy et al., 2008; Kets de Vries, 2000; Fey, 2008).</td>
</tr>
<tr>
<td>International assignments are often challenging as there is a need to adapt to a new cultural context and new business practices, due to the importance of integration, unbalanced allegiance can contribute to a variety of failures (Black and Gregersen, 1992).</td>
<td>Swedes: prefer a high degree of empowerment, less enthusiastic on coaching, keen to involve everyone in the team, low preference for close supervision. (Zander, 1997).</td>
<td>Russians have lower preference for being treated equally by co-workers. Bonus and salary are important motivational factors (Fey, 2005).</td>
</tr>
<tr>
<td>Cultural differences become problematic because people with different cultural backgrounds have different frames of reference (Lachman et al., 1994).</td>
<td>Swedes prefers a low power distance and lack of hierarchy. In contrast, Russia scores higher in the categories of “Power Distance” and “Uncertainty Avoidance”, than Sweden. (Hofstede, 2001).</td>
<td>During the Soviet period, a culture of fear developed in Russia. This has been slow to change, and still affects organizations in Russia (McCarthy et al., 2008).</td>
</tr>
</tbody>
</table>
3. METHODOLOGY

This chapter deals with the methodological design we used whilst approaching the researched phenomenon. More explicitly, it provides an explanation of the preparation and effectuation of the research; which steps that have been taken to assure high validity and credibility, the data collection process, and the limitations that arose due to our chosen methodological design.

3.1. Research Approach and Design

The research approach has been an abductive one, as the aim has been to explore a certain phenomenon and the patterns within that phenomenon and, to some extent, to provide a broader perspective on the existing theory (Saunders et al., 2012). In this case we see it as abductive, since it already exists research and theory on leadership issues in Russia from a general Western perspective, but we have broadened this by looking specifically at the challenges that Swedish leaders face, seeking to shed light on this situation and learn from it. Our study can also be defined as exploratory, since according to Saunders et al. (2012) an exploratory study seeks to find new insights into a phenomenon. Descriptive studies can be an extension to exploratory research and as the aim in our study is also to describe the explored challenges, it can also be argued that there is a descriptive element as well (Saunders et al., 2012).

This study takes a qualitative research approach and can be related to an interpretivist philosophy, advocating the importance of distinguishing and understanding the differences between various social actors. That is to say, we humans all play different characters on a stage, as in a theatrical production, but we do it in life by interpreting our everyday characters and attributing meaning to them. Thereby, we also interpret the meanings of other people’s roles from our own perspective. It is thus crucial that a researcher try to enter the social world, or stage, of those he studies and attempt to understand their way of seeing it. This approach is very appropriate for business studies as business situations are a set of circumstances and individuals interacting with each other in a specific environment. (Saunders et al., 2012, p. 137.) In our case the actors are Swedish leaders, and the stage is the Russian market. Interpretivist studies often have small samples and qualitative, in depth investigations (Saunders et al., 2012, p. 140). Therefore, we found that the most reasonable way of discovering how these leaders feel they must act was to conduct in depth interviews with them. Afterwards, we followed
our own interpretation of the phenomenon, identified recurrent patterns and divided them into different themes in order to make the information clear and easy to grasp for the reader. The following sections describe the entire research process, from doing the initial research, selecting the sample, through to the procedures of analysing the data collected from the interviews.

3.1.1 Literature Review Focus
Saunders et al. (2012) argue that it is crucial to develop an in depth understanding of the field of research by getting insight into previous research on the matter and relating this to your research question. Hence, we started out by reading about cross-cultural management, Russian leadership and Swedish leadership in order to get an understanding of the topic, which would enable us to be thoroughly prepared before conducting interviews.

We structured the literature review step by step and in a way that we thought would be easy to understand. According to Saunders et al. (2012) a literature review can be structured in many different ways, however it is helpful to see it as a funnel, which means that you start at a general level and narrow it down to more specific information. We used this method, starting by discussing cross-cultural management and the implications that it has on leadership. We did this in order to justify our argument that it is very likely that expatriate leaders encounter more challenges working abroad due to cultural differences. We then proceeded to discuss the characteristics of Russian leadership in order to give the reader an idea of why it is a complex matter and reveal the underlying reasons behind this complexity. In order to tie the sack together we also found it important to discuss Swedish leadership and its characteristics. We then compared the two, in order to show how, theoretically, Swedish leadership approaches might be problematic in a Russian context.

3.1.2. Research Strategy
The interviews were conducted with employees in leading positions in a number of different companies that operate in a variety of industries. The research strategy can be described as a case study - a case study is a: “Research strategy that involves the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence” (Saunders et al., 2012, p. 666). In this case
we see the phenomenon as Swedish leaders operating in Russia and the challenges they face there, whilst we regard the evidence as the information gathered from the interviews we conducted. As they operate in different companies and industries, one could in accordance with Saunders et al. (2012) name it a multiple case study, in which you focus on whether the findings can be replicated in other cases. The weakness of this approach lies in the fact that by collecting data from different industries, the content of the interviews may vary due to specifics of operating in these certain industries. However, we have tried to conduct the interviews in such a manner that the information collected is not specific for a certain industry and to clarify this in the interviews. The strength of this approach is that the information/data collected through the interviews allows us to draw general conclusions on this phenomenon, as we can see general trends in different industries, which - if they happen recur - allow us to make general conclusions about the challenges faced by Swedish leaders in Russia.

In the end, we interpreted the information gathered with the help of the literature presented in Chapter Two Literature Review.

Semi-structured interviews are based on several major themes and key questions related to the topic of research (Saunders et al., 2012). We found it fitting to conduct semi-structured interviews as we had a general grasp of the topic through research on Russian leadership, but could not anticipate exactly what the interviewees would mention as challenges, since there is a lack of previous research on the particular leadership dynamics between Swedes and Russians. It also suited us, since we saw a potential danger that the interviews could take another direction if the theme was too broad. Moreover, semi-structured interviews are suited to exploratory studies, since they provide a background and contextual material for the study. They allow interviewees to talk freely and to give information about their beliefs, behaviours and events and at the same time allow researchers to investigate answers in depth by using probes to achieve understanding of their personal context (Saunders et al., 2012). We were interested in challenges internally within companies in a strictly leadership sense. The danger of not using a semi-structured interview was that the discussion could end up on general issues related to working in Russia.

Nevertheless, Saunders et al. (2012) also indicate some limitations in relation to using non-standardized interviews as data collection methods. Namely, reliability concerns or
forms of bias. The findings made by one researcher on one research study may not be repeatable, because the result corresponds to reality at the time collected. The concern about forms of bias relates to interviewee or response bias. This bias can be provoked by the interviewer, through situations where comments or non-verbal behaviour load the questions being asked, eliciting a certain response.

3.1.3. Sampling Group
According to Saunders et al. (2012) selecting a precise research sample is important, since effective sampling techniques can reduce the amount of data it is necessary to collect, as researchers can focus on a specific sub-group rather than the whole population. Since we aim to analyse Swedish leadership challenges in Russia, our preferred sample technique is therefore non-probability, a combination of purposive (judgmental sampling) and self-selection sampling.

One limitation of using non-probability sampling is that our sample group will not be statistically representative of the total population - generalizing about the population is still possible, but as mentioned, not statistically (Saunders et al., 2012). Ritchie and Lewis (2003) argue that purposive sampling should be used when there are particular features or characteristics, which the researcher wishes to study. We chose purposive sampling because of this specificity - it allowed us to hone in on a homogeneous group that has similar characteristics.

Our self-selection involved personal contact through emails and phone calls, through which leaders who expressed a desire were chosen to participate in our research study. Occasionally, due to misinterpreted information we would get in touch with a person willing to give an interview, but with limited leadership experience or simply not of the right profile - information from these sources, although possibly useful, was rejected as we deemed it important to have a strong representative sample. We found self-selection appropriate since we had access to a company list, which allowed us to contact leaders personally. Business Sweden, a semi-governmental organization that works to promote Swedish trade, also helped in sourcing contacts, and was very supportive of our study in general.
Our sampling group consists of Swedish expatriates working in leading positions in Russia, with a minimum of one year of leadership experience there, mainly in Moscow, but also in St. Petersburg. The focus on Moscow was mainly due to the fact that one of the authors of this study had access to several Swedish leaders operating there; moreover, as it is the capital; it is also where many Swedish firms are located in Russia. Some have prior connections to Russia, or other managerial experience abroad. Many are on short-term assignment, although some are on long-term contracts. The varied backgrounds in our sample may also to a certain degree be a limitation, as previous experience might have an impact on the answers provided, however it also gives us the opportunity to draw conclusions based on this.

**Figure 3. Sampling Frame**

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Position in the Company</th>
<th>Previous Expatriate Experience in Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Anonymous</td>
<td>Finance</td>
<td>Corporate Relationship Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Anonymous</td>
<td>Finance</td>
<td>Managing Director</td>
<td>No</td>
</tr>
<tr>
<td>3. Business Sweden</td>
<td>Swedish Government</td>
<td>Trade Commissioner</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Business Sweden</td>
<td>Consulting</td>
<td>Office Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>5. DeLaval</td>
<td>Diary and Farming</td>
<td>Marketing Director</td>
<td>No</td>
</tr>
<tr>
<td>6. Dometic Group</td>
<td>Automotive/Consumer Goods</td>
<td>Regional Manager, Eastern Europe</td>
<td>Yes</td>
</tr>
<tr>
<td>7. EF</td>
<td>Education</td>
<td>Chief Operating Officer</td>
<td>No</td>
</tr>
<tr>
<td>8. Human Search</td>
<td>Recruiting/Headhunting</td>
<td>Managing Director</td>
<td>Yes</td>
</tr>
<tr>
<td>9. IKEA</td>
<td>Retail</td>
<td>Deputy Centre Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>10. Oriflame</td>
<td>Cosmetic</td>
<td>Sales Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>11. Radisson Blu</td>
<td>Tourism</td>
<td>General Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>12. Scania</td>
<td>Automotive</td>
<td>Director of Finance</td>
<td>No</td>
</tr>
<tr>
<td>13. Anonymous</td>
<td>Food/Packaging</td>
<td>Marketing and Product Management Director</td>
<td>No</td>
</tr>
<tr>
<td>14. Volvo Cars</td>
<td>Automotive</td>
<td>Vice President</td>
<td>No</td>
</tr>
<tr>
<td>15. Volvo Trucks</td>
<td>Automotive</td>
<td>Deputy Director</td>
<td>No</td>
</tr>
<tr>
<td>16. Yaskawa</td>
<td>Automation Solutions</td>
<td>Sales/Service Manager</td>
<td>Yes</td>
</tr>
<tr>
<td>17. Anonymous</td>
<td>Consulting</td>
<td>Fire Safety Manager</td>
<td>Yes</td>
</tr>
</tbody>
</table>
3.1.4 Collection of Data

Our interviews were audio-recorded for transcription and analysis, and the length of interviews was approximately between 30 minutes and 1 hour. One interview was not recorded, since the interviewee did not want to be recorded. In this case notes were taken.

Most of our interviews were conducted face-to-face, during the period from the 11th to the 20th of March 2013, in Moscow. About 30-35 e-mails were sent out and 20 responded, agreeing to do an interview, three of which never happened since the potential interviewee stopped replying. One of the authors went to Moscow for 12 days in order to conduct the interviews in person; we also suggested Skype sessions or a personal interview in Stockholm, if the suggested time frame or location was not suitable for the interviewee. Our research study consists of 14 face-to-face interviews conducted in Moscow, one interview conducted through Skype and two face-to-face interviews conducted in Stockholm. While one of the authors was in Moscow conducting the interviews, the second author was working in parallel, transcribing the interviews. We believe that this sample is of an appropriate size: Saunders et al. (2012, p. 283) states that a minimum sample size for a semi-structured interview based study should be between 5-25 interviews. We continued conducting interviews until we experienced that data saturation had been reached.

3.1.5 Interview Process

We used a responsive interviewing model approach when conducting our interviews. The characteristics of this model deal with the collection and interpretation of interviewees’ experiences, which we used to develop an understanding of their leadership experiences. When applying this model, it is necessary to be flexible but also adaptive during the interview sessions, so as to be able to cope with and allow for unplanned situations. (Rubin & Rubin, 1995.) Our interview process started with designing the interview and question guide. Using an interview guide is helpful, providing a checklist that directs the conversation for the researchers (Marschan-Piekkari & Welch, 2004).
Our interviews were conducted in three phases and in accordance with the themes that we outlined in 2.3.1 Conceptual Framework derived from Literature Review:

1. The Background of the Expatriate; we started our interview sessions with some background questions, which one might call a warming-up phase. The respondent was asked to give us some information about themselves, i.e. what managerial position they have, length of leadership experience, previous expatriate experience in Russia (See Appendix 1). According to Rubin and Rubin (1995) the responsive interviewing model depends on a personal relationship between the participant and the interviewer, as there will likely be exchanges of information of a personal, revealing nature. Therefore, by allowing our interviewees to present their personal backgrounds in a warming-up, we tried to create more comfortable interview sessions. We further gave our participants background information about ourselves and the study in order to put them at ease. The necessity for this particular phase/theme was due to the fact that our literature review indicated that the background of the expatriate was an important factor.

2. Swedish Leadership in Russia; in phase two, we wanted to initiate a more general discussion of the topic - in order to do that, we asked more general questions to make the interviewee start reflecting over the topic, but also to be able to ask follow up questions (See Appendix 1). The questions revolved around the general image of Swedish leaders in Russia and what the interviewees thought that Russian employees expected of them, furthermore, whether it is possible to lead the same way as in Sweden. This more general discussion made way for the more specific questions that followed in the next phase.

3. Challenges and Possible Solutions; in phase three, we reached our main point of interest. The interviewees were asked to outline the challenges that they experienced with being a leader in Russia. Once they had defined the challenges, we followed by repeating them to the interviewees and asked them how they went about to tackle them. Thereof, we made an effort to be precise, as we wanted to avoid misunderstandings and also, to outline the connection between the challenge and possible solution. Furthermore, we asked questions in regards to empowerment, motivational factors and if the interaction between employees and leader differed in contrast to Sweden. The reason for doing this was simply that our literature review had indicated that these are potential areas of interest, therefore we wanted to understand the interviewees point of view regarding these themes.
During the interview, we continuously tried to ask follow-up questions. To control and avoid misinterpretation of the answers, we asked interviewees “if I understood you correctly”, and repeated their answers back to them. By the end of the interview, in the final phase, we asked the interviewees if they had any feedback related to our research study, ensured we had clearly communicated the purpose of our research and asked them if there was any additional information they would like to add, or if there was something that we had not included.

3.1.6 Data Quality Issues
According to Patton (1987) including participants with various of experiences will increase the possibility of shedding light on the research question from a variety of aspects. We therefore included a variety of participants with different types of leadership experiences in different functional areas.

Another challenging concern of qualitative and semi-structured interviews is the issue of validity - not wishing to answer certain questions or refusing to be audio-recorded (Saunders, et al., 2012). Thus, we had to be prepared for circumstances, such as rejections or not wishing to answer certain questions. For example, as noted, one interviewee refused to be recorded, and in this case the interviewer took notes. According to Patton (1990) the quality of the information obtained during the interview is largely dependent on the interviewer. Accordingly, we made an effort in addressing trustworthiness by having a professional manner and friendly approach towards our participants and provided most of our participants a list of interview themes some time prior to the interview. We further conducted the interviews according to the participants’ availability regarding time and location.

3.1.7 Ethical Issues
Our attention towards ethical issues has been significant. There are some general ethical issues that can occur during a research project such as; intrusion on privacy of participants, confidentiality of data, anonymity, and the way we use, analyse and report our data to avoid embarrassment, stress, discomfort, pain or harm (Saunders, et al., 2012). Accordingly, we aimed to minimize any problems by explaining the ethical issues or facts to our interviewees clearly, prior to the interview. We also made sure before writing our paper to ask all our participants if we could include their details in
our study, such as their names, company name and quotes from the interviews, and we have acted according to their wishes. We further provided our participants with a list of interview themes, as previously mentioned, and some background information about our project prior to the interview.
4. EMPIRICAL FINDINGS

In this chapter we outline the results of the empirical findings. We identify the different challenges that Swedish leaders have to deal with in Russia and discuss how these leaders approach them.

4.1 Structure of the Findings

The results from the interviews showed a number of challenges that the different Swedish leaders experienced. The challenges that most interviewees mentioned are presented first. This is followed by the possible solutions that were mentioned to these particular challenges. Some of the challenges are followed by several possible solutions, others are not followed by possible solutions, simply because no such possible solutions were given. The challenges have been assigned with a number. One challenge has several sub groups, each of which has been assigned a letter. The solutions have been assigned a number and a letter (as in some cases there are several). This makes it easier to follow which challenge/solution we are referring to in the analysis.

4.1.1 Sample Background

Prior to reading the challenges and possible solutions that are presented below, it is important to understand the background of our sample. Due to the fact that previous expatriate experience in Russia may affect what is perceived as a challenge. In our sample 10/17 interviewees had previously worked or lived in Russia, while the remaining 7 interviewees were on their first assignment in Russia (see Figure 3).

4.2 Challenge 1: Empowering Employees

12/17 interviewees consider empowering employees in Russia to be a challenge and more difficult than in Sweden. There is also a tendency for employees not to understand instructions, but pretend that they do, while Swedish leaders are used to employees informing them when something is unclear. Several interviewees mentioned that Russian society does not encourage people to take initiative and be proactive, therefore it often occurs that employees will sit at their desk and do nothing, simply because they have not been instructed to do anything specific. Some interviewees also mentioned that because often employees failed to take initiative, they even had to assign them with the task of having ideas and putting these forward, something which the interviewees generally felt occurred more organically in a Swedish work environment.
Several interviewees mentioned that this is also a generational issue, meaning that the younger generation are more suited and adjusted to work in a Swedish company, as they have adopted certain Western ideals, while the older generation has a harder time adjusting. One interviewee even observed that they deliberately hire younger women, as they are more driven and adapt more easily. Several interviewees also point out that there is a tendency for everything to have to be double-checked with the top manager, for example, that the top manager usually has to make a lot of decisions about details.

**Possible Solution 1a: Implement a Swedish Company Culture**

8/17 interviewees argued that it is very important to try to implement a Swedish company culture that is based on empowering the employees. More explicitly, several interviewees stressed that this can be done and that it provides you with a competitive advantage over Russian companies, since employees feel that they can develop more in a Swedish company. Furthermore, these interviewees felt that some employees deliberately choose Western companies because they want to work in a more empowered environment.

“You can definitively empower employees in Russia, and much more than the Russians are doing” - Erik Björkman, Oriflame

However, several interviewees also pointed out that it is important to do this very carefully and that you have to be very present on the operational level in order for this to work. Several interviewees emphasized that you need to be a very visible leader in Russia and have more dialogue with the employees than in Sweden in order for empowerment to work.

**Possible Solution 1b: Reward employees and give them credit in front of the group**

7/17 interviewees said that in Russia it is very important to reward employees for their achievements and that the bonus system works very well in Russia, as it is a developing country and people are in need of money - contrastingly, in Sweden we have a more generous welfare system. Some interviewees pointed out that it is important to try to incorporate the Russian subsidiary with the rest of the international organization, by for example sending the Russian employees on business trips abroad. This is something that Russian companies do not generally do and when they do it they usually send out
somebody from the top. Therefore, some of the interviewees pointed out that this is a competitive advantage that you can use to be a more attractive employer in Russia.

“Frankly, they spend 95% of their working time in a completely Russian environment and making the little effort of sending them abroad to meet their international colleagues - who they communicate with daily - helps motivate them and also makes things work better internally within the company” - Henrik Perbeck, Dometic Group

Several interviewees also mentioned that titles play a much more important role in Russia than in Sweden and that it is important to keep this in mind.

“In Russia it is very important to hand out awards, such as “employee of the year” or “Miss Volvo”, while in Sweden individual acknowledgements are often avoided” - Fredrik Weimyr, Volvo Trucks

4.3 Challenge 2: Hierarchical Structures

This challenge has been divided into three sub-challenges:

a) Strictness: 10/17 interviewees found that it is a challenge to be a leader in Russia due to the fact Russians traditionally have very hierarchical organizations. This indirectly also affects their working environment, even though none of our interviewees work in Russian organizations. As a result of this cultural heritage, several interviewees felt that they have to make more decisions, be stricter towards their employees and point out very clearly what decision has been made, in order to get things done.

b) Reluctance Towards Teamwork: 6/17 interviewees also mentioned that Russian employees have a tendency to have a “mind your own business” attitude towards other employees, in particular if they are working in another department/function, meaning that they only care about their particular function in the company and have problems working in cross-functional teams.

c) Internal Bureaucracy: 6/17 interviewees also pointed out what we will refer to as “internal bureaucracy” as a challenge, meaning that as Russia is a rather bureaucratic country there is a tendency to make things bureaucratic within the organization. This could, for example, involve stamping papers even when it is not necessary, or writing e-mails rather than actually talking to another co-worker.
Possible Solution 2a: *Act consistently and avoid seeking consensus too often*

12/17 interviewees stressed that in Russia it is important to show that you are the boss and to make it clear which decisions have been taken. Several interviewees also pointed out that Swedes tend to seek consensus amongst employees and that this can be misinterpreted in Russia as having no idea what you are doing - therefore it is good to be careful with this. Some interviewees even pointed out that it seeking consensus can be perceived as a sign of weakness.

*“It is important to be clear at the end of every meeting on what has been decided and who does what”* - Henrik Perbeck, Dometic Group

Possible Solution 2b: *Do a lot of follow up and have more control functions*

10/17 interviewees mentioned that it is more important in Russia than in Sweden to continuously follow up on your employees’ work. This is due to the fact that Russians are used to being supervised - it often occurs that employees do not understand instructions as a result, for example, of language barriers, but are afraid to admit that they did not understand. Furthermore, as previously mentioned, Russians are not used to be empowered in the same way as Swedes, therefore it is good to check that things are running the way they should be.

*“Follow-up and controlling is essential in Russia”* - Henric Nilsson, Human Search

4.4 Challenge 3: *Communication/Language*

8/17 interviewees considered communication and language barriers to be a challenge in Russia. Several interviewees said that knowing Russian is a great advantage as you can more easily communicate with the employees, even if you do not speak Russian fluently and, furthermore, that it provides you with a deeper understanding of the culture. Several interviewees also stated that the level of English is low in Russia and this frequently causes problems and misunderstandings in the interaction between the leader and employees. Moreover, some of the interviewees pointed out that the fact that Swedes also speak English as a second language further complicates the matter, as both parties are communicating in a second language, where one party does not always speak it at an adequate level.

---

4 5 of these interviewees had no previous expatriate experience in Russia.
Possible Solution 3: Be extra clear in your communication

8/17 interviewees also pointed out that it is important in Russia to hand out very clear, preferably written instructions, since there is sometimes a language barrier, but also that Russians are used to very bureaucratic structures and therefore sometimes feel more comfortable getting written instructions rather than oral. Also, due to the language barrier that often exists, several interviewees stressed the importance of thinking twice before you say something and phrasing things in a way that cannot be misinterpreted - Russian employees sometimes follow instructions very literally and do not always think of the consequences of their actions.

4.5 Challenge 4: Understanding the Russian Culture/System

7/17 interviewees stated that understanding the Russian culture and how things work in Russia is a challenge. This includes cultural behaviour - for example the fact that some Russian women do not shake hands - but also how the actual system works, how to do business in Russia, etc.

“The greatest challenge was to not take too rapid decisions before understanding how things work in Russia” - Keith Schäfer, Volvo Cars

One interesting point that the majority of interviewees mentioned was the importance of various national holidays and the necessity to celebrate these. Specifically, International Women’s Day, on the 8th of March, was mentioned (as the interviews took place shortly thereafter). Some interviewees also noted that in Russia the distinction between work and private life is different from in Sweden and that this can be challenging. It can therefore be difficult for Swedish leaders to assess how they should relate to employees in terms of levels of formality.

“Russian bosses can quite often go on vacations together with their employees or in other ways spend their spare time together - that would be unusual for a Swede” - Erik Björkman, Oriflame

Possible Solution 4: Learn more about the Country/Market

7/17 interviewees argued that it is essential for a Swedish leader in Russia to learn the language, culture and how things work in Russia. Several interviewees point out that knowing the language provides you with a great advantage, as the level of English is not

\[5\] 4 of these interviewees had no previous expatriate experience in Russia.
always very high and you gain much more access to the culture and the people that you are working with by speaking Russian. Some interviewees also pointed out that it is important to be a bit more flexible as a leader in Russia than in Sweden, since the market is very dynamic and things happen faster.

“It is important to hire people who know Russian and take interest in the culture, since it provides a greater understanding of the people that work for you and their situation”
- Anders Norén

4.6 Challenge 5: Recruitment/Employee Turnover

5/17 interviewees felt that it is very difficult to recruit and to keep personnel in Russia. This is due to the fact that Russia is a developing country and that the labour market, especially in Moscow, is very dynamic compared to Sweden.

“If a Swedish recruiter saw that you have had 5 different jobs the last 5 years they wouldn’t hire you, but in Russia it is perfectly normal”, - Kristian Starling

Several of the interviewees mentioned that Russian employees can have very high demands in terms of salary and compensation, and that this can be problematic. Recruiting can also be challenging since it requires certain knowledge of different universities in Russia and of the companies potential employees were previously working for. For example, working for a Russian state run company can be very different from working in a Swedish company in Russia.

“The most difficult challenge has been to find the right people. Sometimes it has taken us 6 months to find the right person, which can be very frustrating” - Henrik Perbeck, Dometic Group

Possible Solution 5: Invest money/effort in recruiting the right people

4/17 interviewees stressed the importance of investing money in recruiting the right people. This goes hand in hand with learning about the culture and the market. It was felt that a small investment makes for greater returns in terms of employee quality in the long-term.
**Figure 4. Summary of Challenges and Possible Solutions**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Possible Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Challenge 1: Empowering employees</strong></td>
<td>Possible Solution 1a: Implement a Swedish company culture</td>
</tr>
<tr>
<td></td>
<td>Possible Solution 1b: Reward employees and give them credit in front of the group</td>
</tr>
<tr>
<td><strong>Challenge 2: Hierarchical Structures</strong></td>
<td>Possible Solution 2a: Act consistently and avoid seeking consensus too often</td>
</tr>
<tr>
<td>a) Strictness</td>
<td>Possible Solution 2b: Do a lot of follow up and have more control functions</td>
</tr>
<tr>
<td>b) Reluctance towards teamwork</td>
<td></td>
</tr>
<tr>
<td>c) Internal bureaucracy</td>
<td></td>
</tr>
<tr>
<td><strong>Challenge 3: Language/Communication</strong></td>
<td>Possible Solution 3: Be extra clear in your communication</td>
</tr>
<tr>
<td><strong>Challenge 4: Knowledge about market/culture</strong></td>
<td>Possible Solution 4: Learn more about the country/market</td>
</tr>
<tr>
<td><strong>Challenge 5: Recruitment/Employee turnover</strong></td>
<td>Possible Solution 5: Invest money/effort in recruiting the right people</td>
</tr>
</tbody>
</table>
5. ANALYSIS

In this chapter we analyse our research findings and discuss them in relation to previous research that we presented in the Literature Review. We identify recurrent patterns, interpret the empirical findings, and highlight topics of interest to further understand and answer our research question.

5.1 The Paradox of Empowerment

The greatest challenge identified was empowering employees. This falls in line with previous research - Fey (2008) states that the main leadership challenge in Russia is empowerment. However, even though empowering employees is viewed as the biggest challenge leaders face, it is interestingly enough also what many of them are seeking to do. A question arises, however: are Swedish leaders justified in their attempts to rectify this clash of cultures? Janbrink (2009) argues that sometimes organizations in Sweden can in fact be ineffective due to too much empowerment. One wonders whether the degree or level of empowerment that a Swedish leader is used to being able to implement might simply be too radical for the Russian workplace - Zander (1997) states that Swedes prefer a high degree of empowerment, but this is not necessarily suited to the preferences of Russian employees. Perhaps, thus, the level of empowerment that Swedish leaders are used to is too radical to be implemented in Russia. Our findings indicate that many Swedish leaders feel that they have to take more decisions and become more involved in operations in Russia than they would have to in Sweden, leaving less up to the employees. Nonetheless, Fey (2008) argues that success lies in empowerment. Hence, although it may be difficult, it would appear that it is better to implement it slowly and carefully, in order to achieve a competitive advantage over Russian firms. This goes hand in hand with our findings; most of the Swedish leaders expressed a belief that it is nigh-on possible to implement a Swedish company culture based on empowerment. However we know that this, in accordance with Fey (2008), does not happen overnight. In conclusion, one might assume that the trick is trying to find the right balance, being able to assess how fast change can be made and in what stages. Therefore, we conclude that this is indeed the main challenge for Swedish leaders, and that especially since they come from a leadership culture that is very much based on empowerment, it might be tempting to implement it too fast and too radically.

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6 As shown in Challenge 1: Empowering Employees
It might be suggested that, as stressed by McCarthy et al. (2008), the culture of fear that has developed in Russia due to years of autocracy is in part responsible for these difficulties in empowerment - our findings indicate behaviour symptomatic of this, insofar as, rather than empowering themselves and seizing responsibility, employees tend to sit back and await instruction, fearing the possible consequences of failure. Fey and Shekshnia (2011) mention the tendency in Russian organizations to punish employees. This creates an environment in which employees fear taking initiative, which further perhaps explains that our findings\textsuperscript{7} stressed the importance of rewarding employees and giving them individual acknowledgements.

It seems that Kets de Vries (2000) emphasis on the generational gap in Russia, can very much be related to our empirical findings. As mentioned in our findings\textsuperscript{8}, there seems to be a preference among Swedish leaders to avoid hiring older personnel and a focus on bringing in young Russians and “schooling” them into a Swedish company culture. It would appear that leaders believe it is easier to teach the Swedish value of empowerment value to younger, more mouldable employees - as the saying goes, you cannot teach an old dog new tricks. However, one might question to what extent leaders are in fact implementing these ideas; many of them state that they need to do a lot of follow up, make more decisions and be more “authoritative” in order to get things done. This perhaps signals that most of them are in fact simultaneously adapting their leadership style to the Russian context. This we can relate to Fey and Shekshnia (2011), who argue that a company strategy also needs to be modified to local conditions, and also to Fey (2008), who argues that a company must be able to juggle the strong leadership that Russians are used to with empowerment. As Black and Gregersen (1999) note, not all expatriates overcome cultural differences and hence obtaining cultural knowledge, combined with the ability to adapt, is crucial: our findings\textsuperscript{9} correspond with this: some interviewees indicated that it is of importance to be able to obtain an understanding of the Russian culture/language. Therefore it seems to us that, in certain cases, Swedish expatriate leaders who do possess this competence are advantageous in their leadership role in Russia.

\textsuperscript{7} As shown in Possible Solution 1b: Reward employees and give them credit in front of the group
\textsuperscript{8} As shown in Challenge 1: Empowering Employees
\textsuperscript{9} As shown in Possible Solution 4: Learn more about the country/market
5.2 When in Rome, do as the Romans do

By now it is clear that, according to our findings, many Swedish leaders want to implement empowerment and that this is believed to be an advantage, although difficult. On the other hand, we have also concluded that to a certain degree Swedish leaders have to adapt to local conditions. This is shown in the possible solutions presented in our findings\(^\text{10}\), that many Swedish leaders adapt their leadership style in Russia. According to Holmberg and Åkerblom (2006), Swedish leadership is very much about building a team and coordinating it. This is interesting in relation to the need to adapt mentioned above, as it seems that Swedish leaders have to step away from teamwork and also from striving for consensus, equally a trait that they tend to have (Zander, 1997). This perhaps indicates that to a certain degree, Swedish leaders move away from their own national culture while working in Russia.

One could speculate upon the reasons behind this reluctance towards working in teams - it might be related to the culture of fear described by McCarthy et al. (2008), since again it boils down to the question of taking initiative and accepting responsibility; empowerment. Furthermore, as Fey (2008) states, Russian firms are rarely transparent and therefore, perhaps Russian employees are unused to sharing information with each other, which could have a negative influence on teamwork. Moreover,\(^\text{11}\) there is a tendency to formalize communication internally amongst Russian employees, which could be another obstacle to teamwork and efficiency, as this potentially makes communication more time-consuming and less participative. This is a possible source of conflict with the values of their Swedish leaders - Zander (1997) mentions a preference for frequent communication in Nordic countries.

As previously mentioned, the ability to juggle between the expectations of Russian employees and the Swedish leadership culture is an important aspect of adapting to local conditions. As stated by Black and Gregersen (1992), expatriates might have different levels of allegiance: free agent, gone native, hearts at home and dual citizen (see Figure 1). The authors argue that it is most ideal to fall into the category of dual citizen, as these expats have equal commitment to the parent company and also to the

\(^{10}\) As shown in Challenge 2: Hierarchical Structures, where both Possible Solution 2a: Act consistently and avoid seeking consensus too often and Possible Solution 2b: Do a lot of follow up and have more control functions

\(^{11}\) As shown in Challenge 2c: Internal Bureaucracy
subsidiary. In our findings, as mentioned, we see a tendency to advocate for the implementation of a Swedish company culture based on empowerment. Simultaneously it is also shown that it is to a certain degree also necessary to conform to local conditions\textsuperscript{12}. The interesting aspect, is that it supports the notion that complete adaptation may be hazardous and questions the relevance for the parent company to use an expatriate - since if he or she is simply going to adopt a more traditional Russian leadership style, one might just hire a Russian leader. Viewed through the perspective of Bonache and Fernandez (1997) the role of the expatriate is nowadays becoming more of a knowledge transferring function and its ability to develop local staff is of essence. This contrasts with the more traditional expatriate role, which is essentially more of a controlling function. In the case of Swedish leaders in Russia, one might assume that willingness to implement a company culture based on empowerment, is in fact a way of developing local staff and moreover, transferring knowledge to subsidiaries. This is further supported by Gupta and Govindarajan (2000) who purport that an MNC’s ability to transfer and make use of knowledge is crucial for the success of the enterprise and in helps minimize the cost of failure. This argument is based on the assumption that the organizational change of implementing an empowered company culture is a type of development; this is advocated by, for example, Fey (2008).

5.3 Finding the right man for the job

Another pertinent problem seems to be that in order to create a more empowered organization, to be more competitive and more attractive to Russian employees, the recruitment processes become more difficult and expensive\textsuperscript{13}. The older generation is very much considered unable to cope with Western organizational practices and as mentioned in our findings the turnover rate is very high. In addition, Swedish firms are looking for a specific type of employees who want to work in a more empowered organization - perhaps employees who have studied in the West or who have in other ways been exposed to empowerment. Logically, this narrows down the recruitment pool and perhaps puts Swedish companies in a disadvantageous position. Further support for this is found in McCarthy et al. (2008), regarding the culture of fear that has developed in Russia, which has created reluctance towards taking responsibility (which

\textsuperscript{12} As shown in Possible Solution 1a: Implement a Swedish company culture, Possible Solution 2a: Act consistently and avoid seeking consensus too often and Possible Solution 4: Learn more about the country/market.

\textsuperscript{13} As shown in Possible Solution 5: Invest money/effort in recruiting the right people.
empowerment is very much based on). Moreover, as stated by Kets de Vries (2000) the substantial generational gap in Russia splits the labour market in two. Therefore, it is quite logical that Swedish leaders, as previously mentioned, prefer “schooling” younger more mouldable Russians into an empowered culture. Our findings also suggest that this is possible and that it seems to be a commonly accepted idea. However, even though “schooling” young Russians into a company culture based on empowerment might be possible, recruitment is nonetheless a problem for Swedish leaders in Russia: this is supported by our findings\textsuperscript{14}. More explicitly, since it, as previously mentioned, narrows down the recruitment pool. Nevertheless, it should be noted that this challenge was only mentioned by 5/17 interviewees and is therefore probably not the main issue for Swedish leaders in Russia. Our findings also indicated that the labour market is very dynamic in Russia, and it was also mentioned that Russian employees often have high demands in terms of salary and compensation - that goes hand in hand with the study conducted by Fey (2005) which indicated that Russian managers (especially lower in the hierarchy) are strongly motivated by salary and bonus. In summary: a generational gap that narrows down the recruitment pool, in combination with a dynamic labour market and high compensation demands - make recruiting in Russia a complex matter.

5.4 The importance of Culture and Language.

Whilst efforts are made to encourage employees to adapt to Swedish company culture\textsuperscript{15} it is equally necessary for Swedish leaders to understand Russia. It is important to note that our sample was a mix of Swedish leaders with no previous experience or knowledge of Russia and those who knew the Russian language and have spent most of their careers in Russia - Who therefore may have not pointed this out as a challenge. Our findings show that the majority of the Swedish leaders, who pointed out language/communication and cultural knowledge as challenges, had no previous experience of working in Russia. Therefore one can assume that communication/language may not for obvious reasons be a challenge for a Swedish leader who knows Russian and has experience of Russia, which is actually what many of our interviewees stated. Therefore, it may be concluded that factors such as market/cultural knowledge and knowledge of the language are important for a Swedish

\textsuperscript{14} As shown in Challenge 5: Recruitment/Employee turnover

\textsuperscript{15} As shown in Possible Solution 1a: Implement a Swedish company culture and see also Possible Solution 4: Learn more about the country/market
leader in Russia, since as shown in our findings, Russian employees do not always possess very strong English skills and Russia as a whole is very different from Sweden. Thus a leader who does not possess such knowledge is potentially at a disadvantage. This can be related to Lauring and Selmer (2010, p. 269) who argues that the use of common knowledge is important and mutually comprehensive communication, affect trust within the organization. We find this particularly interesting since, as previously mentioned, weak English skills is common in Russia and therefore it might be argued that it is perhaps naive to assume that English can be used entirely as the corporate language. According to Kets de Vries (2000) trust is essential for successful businesses, and therefore, if communication is an issue, it might, as already mentioned, in accordance with Lauring and Selmer (2010) create a lack of trust, which Kets de Vries (2000) argues fosters anxiety.

Our findings further propose a challenge on the distinction between work and private life which is different from Sweden. It can therefore be difficult for Swedish leaders without previous knowledge/experience of Russia to assess how they should relate to employees. Understanding the large cultural differences, as illustrated through Hofstede’s (2001) dimensions, would be a vital aspect in terms of not clashing with Russians norms and values in organizations, and to further avoid cultural misunderstanding. It may also facilitate the cross-cultural communication barriers as managers should be aware of how to relate to their subordinates - it is further supported by Shekshnia (1994) who stress that the interaction between Western managers and Russian employees may be one of the biggest problems for MNC’s. This is further suggested by Fey and Shekshina (2011), which emphasize on the importance of respecting local customs and take an interest in the local culture. We could therefore assume being culturally sensitive; having knowledge of cross-cultural management is an advantage for successful business in Russia.

\[16\] As shown in Challenge 4: Understanding the Russian culture/system
6. CONCLUSION

In this chapter, we summarize the analysis and formally answer our research question. Lastly, we discuss the contribution of our research findings to the existing literature on leadership in Russia, as well as making suggestions for further research and practitioners.

6.1 Summary of Analysis

Empowerment is important and can be a great advantage in Russia. It is, however, hard to implement overnight and specially since Swedish leaders might be used to a very high degree of empowerment, which is perhaps too radical to bring in to a Russian leadership context, change must be gradual.

Introducing empowerment is very central for Swedish leaders, but the study also shows that it could also be useful to adapt leadership style to the expectations of Russian employees. Adaptation needs to take place from both sides. This study indicates that Swedish leaders do, to a certain degree, adapt to local circumstances in Russia, by being stricter, seeking less consensus and formalizing the communication process. This adaptation applies not only to leadership style but also to matters such as culture and language, since an understanding of culture and language is also shown to be advantageous.

The study indicates that due to market conditions and the needs of Swedish companies, recruitment can be problematic. This is because Swedish leaders are looking for people able to work in a Swedish company culture and it can be difficult to find the right Russian to do the job, but also due to external factors, such as the dynamic labour market in Russia.

Lastly, we stress that communication between Swedish leaders and Russian employees may be problematic, due to a tendency of relatively poor English skills in Russia, which suggests that possessing language skills in Russian is advantageous. Moreover, that knowledge of the Russian culture and market conditions are of high importance - as Russia’s unique history and idiosyncrasies makes it more challenging than other markets.
6.2 Answer to Research Question

The study shows that Swedish leaders face five main challenges while operating in Russia:

1) The first challenge is empowering employees and the findings indicate that Swedish leaders tackle this by attempting to implement a Swedish company culture based on empowerment and by rewarding employees to a higher degree than, for example, in Sweden.

2) The second challenge is tackling the hierarchical organizational culture that most Russian employees are used to. In order to deal with this, this study shows that one must act more strictly, control and follow up to a higher degree than in Sweden.

3) The third challenge is dealing with language and communication - English skills are limited in Russia and therefore one must be more clear and formalized in communication than in Sweden.

4) The fourth challenge lies in obtaining cultural knowledge and understanding of the Russian market. This is of essence, since Russian culture and labour market differs greatly from Sweden, due to the unique effect of Russia’s history.

5) The fifth challenge is to find and retain personnel with the right qualifications, making it crucial to invest money and effort into recruitment. Hence, it is suggested that one should invest resources in recruitment.

6.3. Future Research

The study suggest that the interaction between Swedish leaders and Russian employees is complex, due to the apparent cultural differences between the two cultures - especially in a leadership context. As the study shows that empowerment is a key issue, it would be of great interest to further investigate how and to what degree the Swedish idea of empowerment can be realized in Russia, assuming that it is a more radical form of empowerment. Nevertheless, it should also be stressed that since this study solely takes the perspective of Swedish expatriates in account, it would also be of interest to understand the perspectives of Russian employees who are working under Swedish management.

Other points of interest, would be to learn more about the difficulties in recruitment in Russia and how this can be handled. Furthermore, to learn more about the degree of adaptation by Swedish leaders and Russian employees and to what degree Swedish
companies are actually preparing their expatriates for assignments in Russia. As we have stressed the importance of knowledge in cross-cultural management and of Russian culture - it poses a question on what criteria companies actually recruit their expatriates and whether cross-cultural leadership skills are considered?

6.4 Managerial Implications
Several implications for practitioners are suggested in this study. Firstly, it implies that one must be vary and gradual about attempting to implement empowerment in Russia. Secondly, that the Russian market has its own set of specific rules and it is therefore crucial, to recruit and/or provide Swedish expatriates with a cultural understanding of Russia. Thirdly, it is important to thoroughly prepare such expatriates for the challenges outlined in this paper.
REFERENCES


APPENDIX

1. Interview Guide

Interview Questions
Below you can find the structure and some of the general questions that I will ask during the interview. We will of course go more in depth, but shortly the following 3 themes will be discussed. Please note that we are focusing on internal factors and not external, which is the challenges within the organization.

1. The Background of the Expatriate
a) What is your current position and what does that involve?
b) Please describe your previous experience of Russia and your leadership experience in Russia.

2. Swedish leadership in Russia
a) How is a Swedish leader generally perceived in Russia?
b) Can you lead the same way in Russia as in Sweden? If not, in what way is it different?
c) Is it an advantage to be a Swedish leader in Russia or vice versa? If so, why?
d) Do you think that there are higher demands on a Swedish leader compared to a Russian one?

3. Challenges/Possible Solutions in Russia
a) What are the challenges with being a leader in Russia?
b) Which challenges are the hardest to deal with and why?
c) How can you handle these challenges?
d) To what degree do you think it is possible to empower employees in Russia and how?
e) How do you motivate employees in Russia?
f) How would you describe the interaction between leaders and employees in Russia? How does it differ from Sweden?