

CASE STUDY

The International Journal of Organizational Analysis
1997, Vol. 5, No. 3 (July), pp. 267-290

OLGA KIROVA: A RUSSIAN ENTREPRENEUR'S QUALITY LEADERSHIP

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This article describes the quality leadership style of a Russian woman entrepreneur who started a successful software operation under a licensing agreement with an American company. A cornerstone of her business philosophy was that quality should be its hallmark. Her style reflected many similarities with American entrepreneurship, while other features were unique to the Russian environment, and to herself. Much of her approach can be explained by her bicultural Russian and American background; her leadership style, values, and behavior exhibited a blend of both cultures. These characteristics are analyzed using an integrative framework that recognizes the importance of a quality orientation in all aspects of leadership. The analysis of Olga Kirova's leadership style also takes into account bicultural influences upon her values, ethics, and managerial behavior, and notes a number of similarities and differences from the more traditional Russian leadership style. Conclusions and recommendations are presented about the utility of the framework in a Russian setting, and its value in evaluating leadership styles of potential Russian business partners.

Effective leadership is a cornerstone of organizational success, especially in Russia's transitional economy where the caliber of leadership can vary widely. The case of a Russian entrepreneur, Olga Kirova, and her partnership with the U.S.

Note: In this case study names of the company and all individuals have been disguised. The authors thank Olga Kirova and her colleagues for providing information for the study, and Lyn Liberty for transcribing taped interviews.

firm, Sterling Software is a good illustration of how cooperative endeavors and effective leadership can lead to business success in that turbulent environment.

A Quality Leadership Framework

A useful approach for analyzing Olga Kirova's leadership style is our integrative framework for quality-centered leadership (Puffer & McCarthy, 1996). This leadership framework recognizes a quality orientation as fundamental to leadership. Quality refers to a company-wide commitment to continuous improvement of products and processes including activities among employees, suppliers and customers aimed at meeting market needs (Dean & Evans, 1994, p. 12). This framework is appropriate since Olga has described quality as the hallmark of her business. She believed this approach was necessary for several reasons: It was consistent with her own personal standards for conducting business, her organization consisted of highly trained professionals, the company's software products and consulting services were cutting-edge offerings to demanding clients, and her major competitors were the high-quality Big Six U.S. accounting firms.

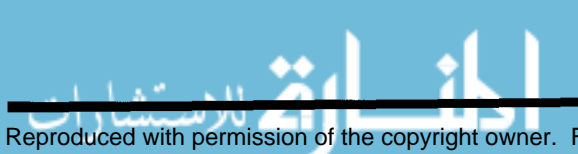
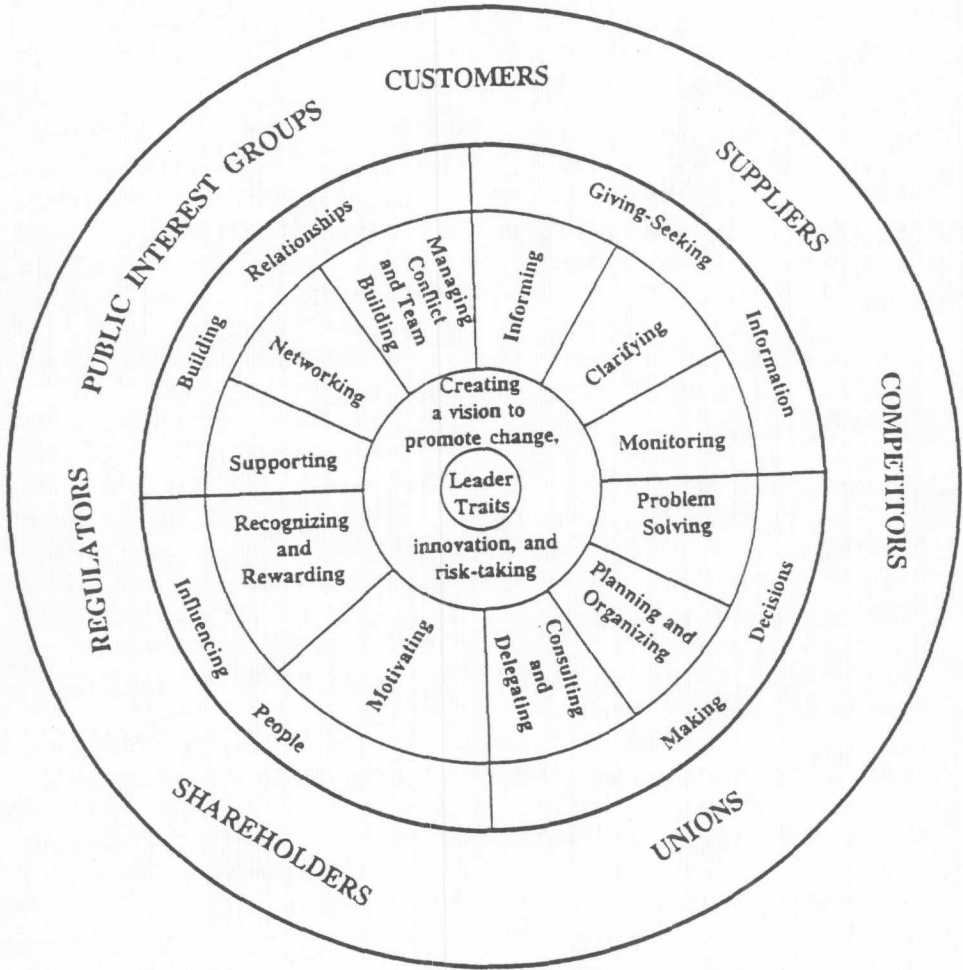
The quality-centered leadership framework depicted in Figure 1 draws from a number of theories and concepts developed by leadership researchers (Kotter, 1990; Locke et al., 1991; Yukl, 1989), and integrates them with quality management principles. The framework consists of concentric circles, with leadership traits as the core. Surrounding the center is a circle embracing vision, innovation and risk taking. Beyond this are four clusters of leadership behaviors, each subdivided into a number of specific activities. For instance, the "building relationships" cluster includes "managing conflict," "team building," "networking," and "supporting." A significant contribution of this framework is its outermost ring which recognizes the importance to quality leadership of an organization's "external" stakeholders. In fact, it includes them as part of the quality-driven organization. This framework was used in analyzing Olga Kirova's leadership of Sterling Russia.

Russian Entrepreneurship

Recent Developments

The mid-1996 re-election of Boris Yeltsin, with his commitment to a market economy (Capell, 1996), and the continuation of the second phase of the country's privatization program, have combined to attract investment and Western business interests in Russia (McCarthy & Puffer, 1995). Entrepreneurial behavior has been developing rapidly in Russia and is seen by many as the engine of the new market-oriented economy. All are new organizations formed since the late 1980s when the Soviet President, Mikhail Gorbachev, promoted perestroika or economic restructuring and ushered in a series of laws allowing various types of private ownership. In 1987 the Law on Cooperatives and the Law on Individual Labor Activity legitimated small-scale private enterprises, but ambiguities and restrictions abounded.

Figure 1
A Leadership Framework for Total Quality Management



The Russian Federation Law on Private Property of 1991 provided a stronger legal basis for various forms of private holdings which resulted in over 110,000 privately-owned enterprises by the end of that year. Most were small-scale activities and two-thirds were engaged solely in trading and financial operations (Pravitel'stvennyi Vestnik, 1992). Still, a high degree of uncertainty in the social, political, and economic environments has limited the opportunities for the new entrepreneurs. It was clear by the early 1990s, however, that a major resurgence of entrepreneurship had taken hold in Russia (McCarthy, Puffer, & Shekshnia, 1993). Estimates put the number of small start-up service and manufacturing ventures at over 400,000 by 1995 (Raisner, 1996).

All Entrepreneurs Are Not Alike

Westerners, even when recognizing that all Russian entrepreneurs are not alike, must be careful not to stereotype Russian business managers, particularly entrepreneurs (Puffer, McCarthy, & Zhuplev, 1996). Although some Russian entrepreneurs fit the negative stereotype of the flamboyant "nouveaux riches" who made their fortunes in the chaotic early days of the transition, most are sincere in their efforts to build businesses. "U.S. companies should be aware of popular prejudices about Russia's new commercial class, and not let themselves be bound by them in evaluating prospective business partners" (Raisner, 1996).

Many Westerners are likely to believe that they understand the new Russian entrepreneurs. In many respects they do, since they may share attitudes of entrepreneurship and risk taking, as well as a drive for results (Puffer, McCarthy, & Naumov, in press). Yet, problems can arise since Americans might assume that these entrepreneurs share their Western understanding of a market economy and business practices. Given limited experience with the still emerging market system in Russia, however, new entrepreneurs sometimes hold misconceptions about business that can lead to problems and misunderstandings. For instance, some have been known to exhibit an "anything goes" attitude, and often act with little restraint in promoting products or promising results.

Typical characteristics of new Russian entrepreneurs include an opportunistic style, risk taking, and often a short-term profit orientation. The creativity and innovation exhibited by many, however, are frequently seen as crucial for the growth of a market economy. Yet, the often unbridled view that some of them have of the market economy, which still lacks many institutional guidelines and constraints prevalent in the West, sometimes leads to reckless business decisions.

These new entrepreneurs come from diverse backgrounds. Before the market economy began to emerge, some were members of the technical and cultural elite in academic and research environments, while others were students and youths with virtually no work experience in the centralized economy. Others came from the shadow economy or black market. Still others had been employed in state enterprises and ministries. This latter group of entrepreneurs, such as the CEOs of the Menatep, Alfa and Most Groups, have acquired ownership of various privatized companies and have maintained strong ties to the government and former

Party functionaries or *apparatchiks* (Galuszka & Brady, 1996). As leaders of these new giant conglomerates, they have exercised enormous influence over large numbers of new entrepreneurs in many companies. Many other entrepreneurs like Olga Kirova, however, have founded companies in collaboration with foreign partners.

Sterling Russia

Partnership With Sterling USA

Sterling Software Corporation, a California developer of integrated financial software founded in 1984, entered Russia in 1994. Within a year, Russian sales had become 5 percent of the company's total. These impressive results were due primarily to Sterling Russia's 33-year-old founder and president, Olga Kirova. Russian born and raised, and subsequently American educated, she negotiated to become Sterling's exclusive distributor in Russia and the Newly Independent States (NIS). In the first year, she attracted a team of more than 60 highly motivated and capable professionals to help in establishing the business. Executives at Sterling USA and Olga realized that together they could take advantage of opportunities in Russia's rapidly developing business sector by combining the Americans' sophisticated product line with Olga's extensive knowledge of customers and market conditions.

Sterling USA reached over \$60 million in revenue in 1995. The independent and publicly-traded firm developed and marketed integrated financial and information management software systems to thousands of customers worldwide including AT&T, Barclay's Bank, General Electric, Goldman Sachs, Occidental Petroleum, and Voest Alpine. Sterling utilized a direct sales force as well as over 1,000 authorized dealers, distributors, systems integrators, and software consultants. Strategic partnerships had been formed with major hardware and software vendors such as IBM, Digital Equipment, Hewlett-Packard, Sun Microsystems, and Microsoft, as well as with large consulting firms such as Arthur Andersen and Price Waterhouse.

The company's product family consisted of over twenty modules that could be utilized independently as single-user systems or integrated with other modules on a LAN (local area network). The company had concentrated on extending its product line from single users to LAN-based products targeted at small businesses, as well as to intelligent client/server company-wide software systems for international organizations.

Olga Kirova's company, Sterling Russia, became the exclusive distributor of Sterling's software products in the countries of the former USSR. Sterling Russia developed, customized, and sold Sterling's software to Western and Russian companies including Mercedes Benz, Polaroid, and Soyuzcontract. With annual revenues topping \$3 million in 1995, it had offices in Moscow and St. Petersburg employing 66 people and had more than 60 client firms. In 1996 the company had

five offices, 150 employees, and 120 clients. Olga described her company as very profitable and well-regarded.

The contract with Sterling USA was signed in April 1994. When negotiations began, Sterling USA's capitalization had plummeted dramatically from its high of \$330 million, and its staff numbered 30, down from 150 as a result of a drastic reorganization. Olga explained: "There was this crazy turmoil around the time the contract was signed, when Sterling USA went through a major upheaval." A Sterling USA executive explained that a serious problem had been discovered in the way orders were recorded. "Senior managers, including the founder, were forced out and the staff was slashed drastically. Sterling was being sued and went through a year and a half of hell. Anyone else would have run as fast as they could in the opposite direction, but Olga said she just had to get a contract because she had begun the work and claimed she had already invested over \$100,000 in her business."

Kirova's contract was signed by the newly appointed CEO. At first, she said, Sterling regretted the terms, and tried for almost a year to renegotiate. In a complete turnabout, however, the original five-year contract was later extended to ten due to her company's excellent performance. The Sterling USA executive explained: "Company management saw Olga as being very successful and as critical to their goal of having a strong international organization." As further recognition of the growing importance of Sterling Russia, the corporation's CEO visited Moscow in mid-1995 to meet with Olga and her team.

Sterling Russia's Business Operations

Sterling Russia translated and "localized" for the Russian market a dozen of the U.S. company's 20 products. The centerpiece of their offering was a general ledger package which, like the other products, could be offered individually, or integrated with other Sterling products to provide clients with a complete financial information system. Financial modules included General Ledger, Accounts Receivable, Foreign Currency, and Payroll, in addition to several Manufacturing Resource Planning (MRP) systems. In 1996, Sterling completed a conversion from a DOS to Windows operating system, a costly process but essential, Olga believed, to stay competitive. Another important step was the addition of consulting as a necessary service to customers to implement their new software systems. By late 1996, more than 60 employees worked as Sterling Russia consultants.

Speaking in rapid, fluent English, Olga described her company: "We are similar to the Big Six accounting firms. However, in many ways we are a lot better. We provide better value. Our customers include Proctor & Gamble, McDonald's, Motorola, Colgate-Palmolive, Polaroid, and Caterpillar. We also have Russian companies such as Contractsoyuz and Renaissance Capital, an investment bank. All of this was set up in little over a year, and now we are a dominant force in Russia. But my deputy, Anatoly, jokes that if we really want to make money, we should throw away all consultants, put some cases of vodka in here and turn it into a vodka warehouse."

She continued: "We don't anticipate a lot of Western competition in this market because it is expensive to support." Sterling Russia, in fact, listed among its customers several of the American Big Six accounting firms. Although such companies could be potential competitors, Olga created cooperative alliances with them. A senior manager from one Big Six firm stated in a published interview that Sterling's MRP system was one of the best software systems for manufacturers and that it could be integrated with a company's financial system. This was seen as evidence of the value added by Sterling Russia in its high-quality localization and translation of Sterling USA's software.

Like the Big Six, Sterling trained clients in various accounting methods. When asked whether they competed or cooperated with the Big Six, Olga answered: "One Big Six firm loves Sterling, while another hates us because we have entered their consulting niche." Olga claimed that Sterling had to provide consulting services in order to move their product in this new market. But she added, "Now I think there is an equilibrium where we all know our place. We all work together."

Olga likened the company to an anthill of busy, hardworking employees: "Twelve man-years of localization went into this product to modify it for the Russian market. Ten programmers support development work and localization of modules including fixed assets, payroll, and materials requirements programs, while 20 people work in language translation. Other people support program maintenance, while a consulting department looks at the product from an accountant's perspective. What task anyone is working on at a given time is hard to say: everyone has his or her own project. Everything is tested in-house, and there are no beta sites." The programmers did not have the casual appearance that is common to programmers in the U.S. At Sterling Russia, Olga required employees to dress in a business-like fashion to set a professional tone for clients visiting Sterling's offices. "The office is quiet. Some people work at home, which is encouraged in an effort to reduce office overhead."

Sterling occupied 160 square meters in St. Petersburg, and over 300 square meters in Moscow, and office rent was very expensive. Like many companies in Russia, Sterling utilized security guards to protect property and people. A Sterling USA executive noted: "Every Westerner I've talked to in Russia was dealing with the mafia in some way, either paying protection, or if not, then being very thoroughly guarded." It was unclear whether Sterling Russia was being forced to make payments. The political environment, however, caused numerous difficulties for most companies. For instance, most were virtually compelled to avoid paying taxes in full, since the total due often exceeded profits. The Sterling USA executive said of Olga: "If she did everything legally, she probably would not ever have gotten started."

Top Management Roles and Perspectives

Olga provided Sterling Russia with its business direction or vision, and shared many managerial activities with her deputy, Anatoly, who had the formal

title of technical director. With a Ph.D. in astrophysics, he had been a student under the Nobel laureate Andrei Sakharov. Before joining Sterling, Anatoly had spent over 20 years with a Russian state institute which developed digital signal processing hardware and software for space missions. A Sterling USA executive described Anatoly as "the most impressive person I have ever met on an intellectual level." Olga agreed: "I was lucky to find Anatoly. He and my husband Douglas, who are cofounders with me, are the smartest."

Anatoly, like Olga, saw the two of them as having complementary skills and roles. He described Olga as a strong personality, an extrovert, and very aggressive in a positive sense. "She likes to talk to people, and often talks to different people at the same time." A Sterling USA executive said of Olga: "She's so emotional, so overly emotional, that she needed some steady voices just to calm her down. That's where Anatoly and Douglas come in. Olga was constantly in tears, and said this was very Russian. She's got one foot in the American style and one foot in the Russian style." Of her personality, Olga noted: "It's very aggressive. Therefore, it's sometimes better to have somebody else tell a customer he screwed up—somebody softer. That's why I have a team of people, and I become more of a background person. I do marketing, but really what I am best at is strategy. There is no question about it: strategy, general management, and organization are my strengths."

Anatoly saw himself as more introverted, preferring to focus on one project, problem, or person at a time. His initial assignment at Sterling was to organize all the in-house jobs and to assign appropriate personnel after deciding whether the job required translators, programmers or consultants. In late-1996 Anatoly described himself as having "general responsibility for all technical aspects, for the development of technical strategy in Russia, and the development of methodologies for integrated accounting software."

Both Olga and Anatoly noted the changes in the company's organization as customer needs resulted in the creation of a consulting group. This development occurred primarily because many customers did not know what they needed in terms of accounting systems. Feasibility studies were necessary, and proposals had to be developed, both of which required consultation and an examination of the client's current systems. Technical designs related to Sterling's systems were developed and client training was implemented. Systems had to be tested and run before final approval by customers. In short, Sterling's business had expanded from selling software packages to providing complete consulting and implementation services. The additional complexity required a more pronounced sharing of responsibilities between Olga and Anatoly. Anatoly focused on technical direction and management of technical personnel, while Olga set overall business directions such as expansion plans and internal policies, dealt with Western customers, and participated in hiring decisions. As for strategic planning, Kirova stated simply: "When I have time, I work on strategy." After a brief pause, she added: "I make time when I need it."

Explaining her husband's role, Olga added: "Douglas is a tinkerer by disposition, but not training. He has psychological insight which is needed to market our

sophisticated products. He speaks well, and with his tinkering he has investigated technical aspects, so we ask him to explain the program to the customers. He handles customers really well. He will not go into a lot of technical detail, and gives them an overview. For more detailed information he sends them to Anatoly who will take them deep. Then the customer gets an office tour and during that time, my management style is not to speak, but let others speak. It's like a theater. Different people have different roles. The impression that we're trying to make is that it's not a one-man company; the customer gets a whole organization of very talented individuals."

"There are different roles for different people. A woman customer from Volgograd wants older salespeople. Victor can help such customers. Ivan, my marketing manager, is younger and looks very Western. He was a professional translator, so he handles Westerners. I greet them from a high level perspective. I just come and say hello, ask how are you, and give my level of energy and leave." Russian clients, on the other hand, "don't expect a woman to be in charge." Once, a client who met with her and Anatoly shook Anatoly's hand and said about Kirova, "what a pretty girl," not realizing that she was the CEO. So when new Russian clients came to Sterling, she avoided being introduced to them. If necessary, she was introduced simply as "an expert from Chicago." She preferred not to let such clients know that she was in charge, feeling that "then Sterling can't make the sale, or it takes too long." She believed that outside the U.S., being a woman in business was definitely a disadvantage, even though it was only one of the parameters. Still, Olga admitted that being a woman could sometimes be an advantage.

Olga continued to be responsible for the financial performance of the company as well as its financial health. She outlined a near-term goal for Sterling as well as a three-year outlook, including the possibility of giving up some ownership of the company. "Our near-term goal is to move from \$50,000 to \$150,000 in implementation service revenue per customer. In terms of moving geographically, we are discussing it and we would like to see 150 sites throughout Russia. Also, we would like our products to be sold through distributors that are Russian companies. Our company is all Russian, with the exception of my husband, who also loves Russia and speaks the language fluently now. Our product is expensive, as it is sold at American prices. People will pay such prices here because it has more features than competitors, and is recognizable to Western financial institutions who lend at much lower rates than Russian banks."

Kirova also outlined a three-year outlook. According to her forecasts, a good scenario would see Sterling as a dominant force in mid-range accounting software in the \$20,000 to \$60,000 price range, with distributors throughout the former USSR. In three years, she projected it would be the number one company with sales of at least \$5 million. This could happen, according to Kirova, because Sterling Russia employees worked hard and had a good service-oriented approach. There was also some discussion regarding the possibility of expanding into Eastern Europe, but Kirova said she didn't like to travel. She felt she could conceivably go to Warsaw for short stints, but her home was really in Russia.

She and her American husband, Douglas, were the sole owners of the company, and intended to retain majority ownership. Nonetheless, they had begun looking for other investors. Kirova felt it would be prudent to give up some ownership and increase capital, but the business was hers and would stay that way, at least for the foreseeable future. As to how others would obtain part ownership, Olga said that she and her husband were discussing the issue, and that it had to be done right. She wanted to ensure that the people instrumental in building the business would have early access to part ownership through stock options, or shares which would likely be sold first within the company. Up to that point they had been working on operational issues, but recently she and Douglas had begun talking to investment banks.

Profile of Olga Kirova, CEO

Background, Business Experience, and Personal Values

Olga Kirova was born and raised in St. Petersburg. Both her parents were engineers, and her father was also a musician. Olga received a fine education, and went to music school intending to become a professional pianist like her father. She believed, however, that she lacked talent and dropped out. Yet, she felt the years of training helped her in many ways. She recalled that during that period when she was studying a lot and working hard, she became very goal-oriented, and remained so. When she was 18, she and her parents left St. Petersburg for Chicago. Kirova knew very little English, but that soon changed. Continuing in fluent English, she explained:

"I'm very goal-oriented, to the point of obsession. My father says that I am more like a train, because I don't see anything outside, just my goal. So when my goal was to study English, it was to study English. I learned it quite fast, not because I'm so talented, but because I was studying like crazy. I told all my Russian friends that I wouldn't speak Russian to them anymore, and I only spoke it to my grandmother. I couldn't speak with Americans, and I wouldn't speak to Russians, so I spoke mostly to dictionaries." She gave herself a fifty-word-a-day quota, and within a year, she had been accepted into the industrial engineering program at Northwestern University in Chicago.

After graduation, Kirova went to work for Motorola Corporation, first in industrial engineering and later in strategic marketing. While working there full time, she obtained an MBA degree at the University of Chicago's evening program. She then moved to a Big Six accounting firm as a management consultant. Her mentor at Motorola, the vice-president of the international division, was upset at her decision to leave. He told her: "We paid for your degree, and we are trying to promote minorities. So why are you leaving?" She brought this question to her former professor who told her that "the University of Chicago grads give smarts, not loyalty."

Kirova talked about a later time at a Big Six firm in Moscow where she was Director of the Information Technology Group, after having left a position with her former Big Six employer in the US. Her job was to oversee the development and promotion of a product line that Sterling later competed with. She was hired when the project "was nothing more than two people and a signed contract." According to Kirova, her new boss questioned whether the project would succeed and told her: "Don't worry if it doesn't work out." He had hired her because she was a good candidate for the position, speaking English and Russian as well as having a background in both marketing and accounting. She did succeed, however, and took the division from 2 to more than 70 people, and oversaw its growth to become one-third of the company's Russian revenues.

"Business is love and hate," Olga believed, explaining the situation at that Big Six firm. "I didn't get along very well with my bosses because I'm very blunt and very straightforward. That's my advantage and it's also my disadvantage." Olga admitted she was not always politically astute, and that it was more important to her to make her sector successful than to get promoted. Her boss told her that she needed to learn to manage upward because she would go over his head and also spend over budget. "I did whatever it took," she stated bluntly.

Her job was important to her and she was making a lot of money. However, she had more loyalty to her project than to her position, and her contract was not renewed. She recalled her boss telling her: "I'm letting you go, and I'm sorry because I know this project could fall apart without you. I have to go on, and you make me look bad." Kirova was philosophical about having been fired. "It's a business case," she said, noting she had also been fired from her previous job with another Big Six firm. She viewed the culture in these organizations as resembling the culture at Sterling in that all had very smart people. "But my last firm had the atmosphere of a private club," Kirova claimed. "It's hard to get into, and once you were in, you were still being watched. Everybody hated the partners, but they all worked hard to become partners, because what else is there for them?" She added that, after she left, "the project did fall apart."

Olga expressed other feelings she had about business: "I love business. It is what I've done all my life and I'm very good at it. I like being among my friends doing business together. I like being around people a lot smarter than me. I get a kick out of it. That my deputy, Anatoly, was Sakharov's student makes me feel great."

When asked about her personal values, Olga remarked that she loved her work so much that she took most things in stride. "I work here because I like it. I don't need to work, I have enough money to retire, but what am I going to do with all this energy?" She recalled that when she was fired from her second job at a Big Six firm in Moscow, she went back to school for a Ph.D. in management at Moscow State University. She tried teaching for a while, but discovered that university life was not for her. "It's very complex and you have to concentrate. I like to teach, but not in a class. What I like is feedback, so I need to ask questions because that aids my professional growth."

She described the situation at Sterling as being almost perfect for her. "I like my job, and I like being a manager. I don't necessarily like being an owner in a lot of ways, because in Russia right now that is like running around the streets with a big diamond ring. I really don't like having things, and I actually live quite poorly. I like making money, but I don't like spending it, almost to the extent of it being a sickness. But a person should be centered on good values rather than being attached to their car. My three-room apartment is okay for Russia, but by American standards, you would be shocked."

To Olga, the whole company "is just a project which I'd like to tie up and package like a present so that it's all done, like my Ph.D. So the company should not be an end in itself. When I think about my life, it's just another successful aspect of it. Sometimes I think how I'd like to sell the company and become financially independent—but I already am. If I did sell, I would stay as a manager if other owners came on board. I'd still like to have a job with this company. I'd like it to be a lot bigger than me and to go public one day. I'd like it to be another Microsoft."

"My whole life is projects," Olga declared. "Even my baby is a lifelong project who has to be well managed." When asked if she would have another child, she said flatly, "No, I won't because it's just too much for me, too big a responsibility. I love my baby and love watching her, but I can't do a lot of things with her because of my work." To help, Olga had a live-in nanny and a housekeeper, and planned to hire a driver and cook. "My babysitter's job is more important than anyone else's because she is raising a human being. She does things that I can't because I am not patient enough because of all the problems in the company." Olga stated she wanted her child to get an exceptional education, learn several languages, go to music school, and visit places like the Hermitage Museum in St. Petersburg. "In other words, I want her to have everything I had as a child and more."

Speaking of herself, Olga emphasized that she loved Russia and speaking Russian, and often traveled to St. Petersburg where she kept an apartment overlooking the Palace Square and the Admiralty. When asked how she could enjoy living in such an unstructured country while her life was highly structured, she clarified without any hesitation: "You are talking about life and I am talking about me. I am projects, I am structure. I am the leader. I take the unstructured environment and I make it into structure. This is why I add value. There was nothing here before, and now Sterling Russia is the number one distributor."

Olga's Business Philosophy and Management Style

When asked if she truly considered herself a leader, Olga responded without hesitation: "Absolutely. The company is like a child, it grows up with your values, and the values of the environment. You'll always see yourself in it. This company is me." A Sterling USA executive also observed: "Sterling Russia is intertwined with Olga and her unique personality."

Olga described herself: "I'm a general manager. I'm a good manager. When the company needs other personalities to manage it, I walk away. I hire people who are smarter than me. The company, like a baby, needs a life of its own. In many ways I'm like Steve Jobs was to Apple, a charismatic leader. People remember me because of the way I talk, and that's an asset. That's why," she concluded, "I could not be a consultant, because a consultant has to listen, and I don't just listen. I have ideas of my own."

According to Kirova, the success of Sterling was not based solely on the fact that they might have better products. "It's the quality in whatever we do." She believed in what she had learned in university, and drew ideas from a few favorite texts, especially those in psychology. One of them, *Psychology of Flow*, was written by a University of Chicago professor. "He talks about quality. He says: 'Do whatever you do with quality, because quality improves our lives. Always finish projects. If you start, you finish. If you promise, you deliver.' It's my bible," Olga explained.

"So what's the niche for us? What's our strategic advantage? It's the quality. The quality of people. We pay people a lot more money, we pay people more than the Big Six. It's the quality of relationships, the relationships that are formed and the respect that people have for each other, because this is more like a university. This is not me naturally, this is something that I learned. It's the quality of treating the customer with dignity. This is what you really should do. What these books say is that everyone around you should benefit. That's really my goal. Everyone around me should see a positive impact. I am very lucky that I can make other people's lives better—customers, colleagues, employees, and family. And I think that the people around me are very lucky."

Explaining more about her style, she added: "I'm a manager. I just like to give advice. I even go home and give orders. But people like me because I give clear instructions and they can get things done in the right way." Kirova emphasized her admiration for high quality people. She noted that those at the Big Six firms were hard working, very bright, quality people who got things done. She considered the people who fired her to be her role models.

She worked at Sterling much the same way as she did there. The projects were similar, she said, and she was still involved in organization and administration, not technical issues. "I administer things and people, that's what I do. My life is very interesting and the decisions that I make are very interesting. Business to me is not all just rational; it's the expression of my talent. I do what I feel like, you know, so I really don't have a choice. I am a manager. There is no question about it, because I don't want to know the programs, and I don't know technology. I love to use what I learned from Paul Schumaker, a professor at Northwestern University, because he told me about general management skills and wrote about them in his book, *How to Make Decisions*." Kirova also was influenced by Stephen Covey's book, *The Seven Habits of Highly Effective People*, which she had read "a million times," claiming, "It's simple. It's great for any culture."

"So I would say that I'm a professional general manager. That's what I do. Whenever I want to do something, I hire people. Even the business plans are prepared for me. I don't work by myself, and can't even work on Saturday by myself. But I coordinate, and I manage the process, and this is why our company has been so successful. I am just a coordinator."

Managing People

Olga initially recruited her staff from universities as well as through friends and word of mouth. She also took some people with her from the Russian office of the Big Six firm when she left. As the business grew, she added more formal recruiting methods including advertisements, a relatively new approach in Russia. "I hire people myself and really try very hard to find a spot for them. I'm looking for smart people. I'm not talking about skill, but about attitude. Like some Big Six firms, we hire talented people, train them, and let them develop skills. There are definite skills demanded, such as programming and accounting."

Kirova claimed to hire the brightest people, with many having Ph.D.s. All were Russians except for one American, Olga's husband and partner, Douglas. Management's average age was 30. In their prior careers, some had been physicists, theoreticians, or linguists, while some had been high-ranking communist party members. Now that Russia had a decentralized economy, Kirova noted, these people could use their intellectual capacities at Sterling. A Sterling USA executive stated: "I was overwhelmed with the technical ability and quality of every single person I met. They could talk about many things, were so well educated and well rounded." Olga explained: "There is no money to be made working in universities, and everybody here makes a lot of money. We find great ways to play with high technologies and make money on them."

"There is always a spot here for smart people, and when they get bored, they can move to another department. But there is also a spot for people who are not so smart. In a lot of ways I'm one of those. I'm more of an executor. When discussing which way to go with a high-end product and the technical people are talking bits and bytes, my response to them is, 'Don't confuse me. I'm getting a headache! Just decide. See which choice we as a company should take, and then tell me, because I will help you push it through. I compensate them for that, not just in money but also in good words.' A Sterling USA executive noted: "She didn't make it easy on her staff. She would work them to the bone, but then she'd turn around and be extraordinarily generous. She gives credit where credit is due."

Kirova had hired some Americans whom she later had to fire. She insisted that she hated firing people, and tried never to do so, but the Americans just didn't fit in. "They are different," she believed, "because they were raised as part of a system that works for the consumer. You go to the store in the States and everything is there for you. It's too easy. The people are so much a product of their beautifully developed system that when they come to Russia, they are absolutely lost. The system is much more complex here, and because of that, this country has not advanced as much as America. There, you are a little piece of a big machine

that is very beautiful. Here, you have to do so much in order to achieve the same thing. Here in Russia, just learning to survive, that's the challenge, the ultimate challenge."

Kirova said she also solved problems, but claimed to get bored with very complex problems. She said she was much better at a lot of very simple things, which were the type of problems she solved every day. For example, she came up with an idea of calling customers to ask when they were planning to pay. She explained: "Administration is a very important thing because a business is a system. If you don't collect from a customer, you have a bad system, so you'd better work on your collectibles." Kirova, however, no longer made such calls herself but had trained others to do so.

She also trained her marketing coordinator in what she termed the "Chinese torture" method of closing a sale. When a client was close to a purchasing decision, the marketing coordinator called every two hours to ask if the order had been approved, and if the responsible manager had seen it and signed it. If there was a problem in any part of the system, Kirova decided how and by whom it would be addressed.

Olga could, however, delegate significant amounts of responsibility to people whom she felt were capable of the job. Sterling's office in St. Petersburg, for instance, was managed by a woman in her late twenties whom Olga considered "incredible. Irina is the sharpest person, a very good manager." The dozen staff members Irina hired worked together very well and had gone to the Moscow office for training. Kirova believed that Irina probably wouldn't be as effective if she worked directly for her because Olga would overprotect her. Instead, Olga gave her autonomy, traveling often to St. Petersburg on weekends for discussions with Irina, whom she valued as a good friend as well as a business colleague. Irina explained: "Olga and I do everything together. She helps a lot in evaluating the current situation and deciding long-term goals, while I handle short-term goals. She understands the market very well and can see all fluctuations from the very first moment."

To Kirova, a business is like a family. "I think that because I'm a woman, I look at it like a mother. I just like to take care of it. To a man it might be more like sports or a competition. I think it's good to be a woman in this business, because I have a different perspective." Six percent of Sterling Russia's employees were women, virtually all holding professional positions. Olga noted: "There are more young women attending college in Russia every year. Women can't do heavy physical work with their bodies, but their minds are just as good as men's. However, they are different and they bring a different perspective."

Summing up her view of Olga, a Sterling USA executive stated: "She's a business woman. She's a sharp business woman. She's gutsy. It's why she's successful. She's predicting that this year's revenues will be double what she did last year, at a good profit. She's very savvy and she'll survive no matter what. I can't think of another person who could have pulled off what she has pulled off."

Applying the Quality Leadership Framework to Olga Kirova

The Russian entrepreneurial firm, Sterling Russia, and Olga Kirova's role in leading this highly successful company have been the focus of this article thus far. The company's relationship with Sterling USA, its business operations, and executive roles and perspectives provide the backdrop for Olga's leadership. The objective of this section is to assess Olga's performance as a quality-oriented leader utilizing the quality leadership framework depicted in Figure 1. Her leadership traits and vision are examined as well as her leadership behaviors with various stakeholder groups. The assessment of Olga's business philosophy, management style, and her management of people draws upon her background, business experience, and personal values to help explain her leadership style.

Leadership Traits

Seven major traits of effective leaders have been found to be drive, leadership motivation, honesty and integrity, self-confidence, cognitive ability, knowledge of their business, and charisma (Locke et al., 1991).

Drive. Drive refers to a high level of energy, resulting in achievement motivation, ambition, tenacity and initiative. Olga's drive is apparent from her unceasing quest for achievement for herself and her organization. Others viewed her, and she agreed, that she was like a train, always moving ahead toward the next goal. Viewing everything in life as a project, and completing those projects, was a hallmark of her personality and leadership style. Olga simply had to have a contract, explained a Sterling USA executive. She also had to learn English to the exclusion of all else at the time, and had to achieve academic success. She had to start a company, partly because she did not function successfully in larger organizations. Her energy was apparent in her words and actions, and in the descriptions of her provided by others. It is such drive that is so necessary to the successful development of an entrepreneurial venture. Olga's strong drive was akin to that of American managers who were found to score higher on achievement motivation and initiative than Russian managers in state-owned enterprises (Elenkov, 1997). However, the drive exhibited by Russian entrepreneurs would likely be stronger than that of state-enterprise managers.

Leadership Motivation. Leadership motivation refers to the desire to be a leader, exercise power, and accept responsibility. Russian state-enterprise managers have ranked lower than American managers in supervisory ability, a related attribute (Elenkov, 1997). In contrast, Olga's strong desire to lead was clear from her apparent need for power and willingness to accept the responsibility associated with taking charge. Like other effective leaders, Olga exhibited a socialized power motive in which organizational goals supersede personal goals. Although this was not as clear in her previous employment, it was strikingly evident in her own company. Examples are her willingness to share power, and her clarity in understanding that different people could be the key decision maker, such as when dealing

with different types of customers. If it aided in making a sale, Olga did not hesitate to avoid the limelight and passed herself off as a consultant from Chicago rather than the CEO. Yet, when asked by the authors if she was the leader, she answered, "Absolutely."

Honesty and Integrity. While integrity means being consistent in words and actions, honesty means telling the truth. Olga's integrity was inherent in her quality philosophy. Olga not only talked about the importance of quality, but seemed to practice it in selecting people and demanding product service quality in all aspects of the business. Others in the company like Viktor and Irina, as well as a representative of Sterling USA, made it clear that quality was paramount at Sterling Russia. Published newspaper reports, as well as competitor comments, confirmed this. To Olga, the business was like a family. She explained that, because she was a woman, she looked at it like a mother and liked to take care of it. The depth of her honest, personal feelings for the business was apparent from such comments.

Ethics in Russia can be somewhat complex. A dual ethical standard has long existed in Russia primarily because individuals have had little personal control over their unpredictable environment. Although honesty in personal relationships is highly valued, concealing the truth from authorities has often been viewed by society as acceptable behavior (DeGeorge, 1969; Lefebvre, 1982; Puffer & McCarthy, 1995). Olga admitted, and a Sterling USA executive agreed, that full disclosure of business activities in Russia could wipe out profits, and even lead to personal danger. These historical and current circumstances have combined to influence the ethical views of entrepreneurs like Olga. As a result, many report less than complete and accurate information to authorities. As noted earlier, paying full taxes could easily wipe out any profitability, and jeopardize the survival of enterprises. And the personal danger to successful entrepreneurs from the mafia is imminent, especially when positive results become known outside the company.

Self-Confidence. A recent study found that Russian and American managers demonstrated similar levels of self-confidence or self-assurance (Elenkov, 1997). Being sure of oneself is the essence of self-confidence, and is mandatory for leaders who make key decisions in uncertain circumstances. Olga, for instance, claimed to take the unstructured environment and provide structure. She noted that nothing had existed before, and then Sterling Russia became the number one distributor. Olga also showed self-confidence in her academic pursuits culminating in a Ph.D. Risking dismissal by her former employers as she pursued her unit's goals, and seeking a license from Sterling USA for the entire territory of the former USSR are other indications of her high confidence level. Finally, her willingness to allow others to make critical technical decisions took great self-confidence, and was expressed as confidence in others.

Self-confidence is sometimes viewed as enabling effective leaders to control their emotions and avoid anger and loss of composure in stressful situations. Yet, Olga was prone to emotional outbursts like crying. She explained this behavior as being very Russian, and not uncommon for women in business who faced many

difficult situations. Her explanations are consistent with the widespread expectation in Russia of emotional behavior by women. Also, the rarity of women in powerful positions can create unfamiliar situations with embarrassing and stressful consequences for women in Russian organizations (Puffer, 1994a).

Cognitive Ability. Strong cognitive ability, which is consistent with high intelligence, allows leaders to process large amounts of information, develop comprehensive strategies, and solve complex problems. Russian and American managers have been found to have similar levels of cognitive or intellectual ability (Elenkov, 1997). Olga demonstrated strong cognitive ability in mastering English, completing three rigorous academic degrees, negotiating a complex agreement with Sterling USA under difficult circumstances, and finally, in establishing and building her company. She clearly provided Sterling Russia with its strategic vision and direction, and made the necessary strategic decisions such as developing a consulting division in response to customer needs.

When their cognitive ability is too strong, however, some leaders have been found to be ineffective because they may not understand others or be readily understood by them. Olga, although very intelligent, surrounded herself with highly intelligent colleagues and claimed that some were more intelligent than she was. She preferred letting them make the technical and other complex decisions, stating that she liked being around people a lot smarter than herself.

Knowledge of Business. Successful leaders possess substantial knowledge of their industry, company and technology. Although not steeped in technology, Olga had an excellent background in the accounting software business, having worked for two Big Six firms. She had actually worked on a project that was very similar to the business that Sterling Russia entered, and competed in the same niche. She knew the product line of Sterling USA and understood how it might succeed in the Russian market. Her complementary knowledge of the product and the Russian market became invaluable in leading Sterling Russia against larger and more experienced competitors.

Charisma. Charismatic leaders have a strong conviction in their own beliefs, are persuasive communicators, establish high standards for their followers, and set an example by their own outstanding behavior. Charismatic leaders are also perceived by their followers as having exceptional abilities. Olga's persuasive communication skills were evident from her successful dealings with Sterling USA and key Western customers, as well as from her success in inspiring employees to exceptional performance. Her chief deputy, Anatoly, saw her as having a wide range of attributes complementary to his own. Irina, the manager of the St. Petersburg operations, saw Olga as providing the company with direction and deep knowledge of the market. And a Sterling USA executive thought that Olga was the only person who could have accomplished what had been done at Sterling Russia.

Olga saw herself as a charismatic leader, comparing herself to Steve Jobs of Apple Computer. The sources of Olga's charisma, however, differed from those of traditional Russian business leaders. Their charisma was seen as emanating from authoritarian behavior coupled with a paternalistic attitude toward employees. This

involved helping them meet not only their work needs but also their personal needs such as education, health, and child care (Lawrence & Vlachoutsicos, 1990).

Vision

Leaders seeking to have influence must create a vision to guide and inspire their organizations and their members (Kotter, 1990; Senge, 1990). A vision is a forward-looking, broad view of an organization's purpose and identity that guides behavior and the setting of objectives. A vision based on quality-oriented management requires a commitment to customers in decision making and organizational structure (Puffer & McCarthy, 1996). Especially in the context of an entrepreneurial company, the vision requires an emphasis on change, innovation, and risk taking. The entire milieu of Olga's vision was antithetical to the traditional Russian system, which emphasized industrial ministries as the customer. Such an orientation set a course for most enterprise directors which included resistance to change, lack of innovation, avoidance of risk, and meeting quantitative quotas as opposed to emphasizing quality (Forker, 1991).

The essence of Olga Kirova's vision derived from her personal philosophy which placed quality at the center of her business. She described Sterling Russia's strategic advantage as the quality of its products and services, its people, and its relationships such as treating the customer with dignity. She was influenced deeply by a professor at the University of Chicago who espoused the importance of quality with such sayings as: "Do whatever you do with quality, because quality improves our lives." Given Sterling Russia's demanding customers and highly respected Big Six competitors, Kirova's quality-driven vision was central to her company's success.

Kirova's decisions and style were replete with examples of willingness to change, innovate, and take risks. Starting the company, especially in partnership with an American firm, was a major change for her and clearly involved business as well as personal risk. Innovation was clear in the localization of Sterling USA's products as well as in the development of new products and services for her company's demanding customers. The addition of a consulting division in response to customer needs, for instance, is a prime example of willingness to change and to innovate.

Leadership Behaviors

Four components of leadership behavior have been proposed by Yukl (1989), building upon the work of Mintzberg (1973) and others. They are giving and seeking information, building and maintaining relationships, influencing people, and making decisions. Each includes several specific activities which are located between the spokes in the quality leadership framework depicted in Figure 1. For example, informing, clarifying, and monitoring are three activities associated with giving and seeking information. In the quality leadership context, these general and specific behaviors occur among internal stakeholders such as managers and employees, as well as "external" stakeholders, such as customers, who are located

in the outermost concentric circle of the model. This framework considers all stakeholders to be members of the extended quality-driven organization since all can have a major impact on its success. The following sections provide illustrations of each leader behavior incorporating one or more specific activities with one or more stakeholders.

Giving and Seeking Information. These behaviors involve the leader interacting with people inside the organization as well as "external" stakeholders in informing people about decisions, plans and activities, clarifying roles and objectives, and monitoring organizational operations and the external environment. Within Sterling, Olga shared information widely with key managers like Anatoly, Douglas and Irina, as well as her marketing manager, programmers and consultants. She communicated with Sterling USA senior executives about Company operations, and was considered by Irina to be totally knowledgeable about conditions and directions of the marketplace. Olga communicated with competitors, such as her former Big Six employers, and had to deal with government officials in Moscow. As the undisputed leader, her opinions and views were sought by many. She said that she would not make a good consultant because she had strong views and had to express them. Yet, she clearly listened to Anatoly and Douglas on technical issues, and to Irina on the local conditions in St. Petersburg. She loved being around people she considered smarter than herself because she loved to learn from them. Olga's openness and willingness to share information are in marked contrast to most Russian managers who tend to be secretive and keep information to themselves as a means of maintaining power (Lawrence & Vlachoutsicos, 1990). However, good communication is the primary activity for effective leadership, according to both Russian and American employees who were surveyed about their managers (Luthans, Welsh, & Rosenkrantz, 1993).

Building and Maintaining Relationships. This role is accomplished through supporting others, networking, team building, and managing conflict. In developing new products, for instance, Olga provided support and resources but gave autonomy to the technical staff. Likewise, she supported Irina while providing her with autonomy so as not to stifle her initiative and growth. Anatoly felt that Olga provided the necessary support for him to lead the technical direction of Sterling Russia. Closely related to these activities was Olga's networking skill exhibited with Sterling USA executives, Western customers, and competitors, and university and government connections. Her team orientation was clear from her statements about everybody having a role in Sterling Russia's endeavors, as well as providing a place for those not quite as smart as the others. She had a good sense of what it took to fulfill various job requirements, and realized that different personalities, skills, and even intelligence were needed to perform well in various functions. As a result of her work with Anatoly, Sterling Russia developed smoothly functioning teams to work on projects within the company, as well as in customer settings. Recognizing her own sometimes emotional behavior, Olga relied heavily on Anatoly and Douglas to settle conflicts which invariably arose in the high pressure environment created by continuous demands for quality efforts under tight time

constraints. Olga's reliance on personal relationships was consistent with most Russian managers who used informal networks to expand their influence (Luthans, Welsh, & Rosenkrantz, 1993).

Influencing People. This activity is accomplished primarily by recognizing, rewarding, and motivating others. Olga was characterized by a Sterling USA executive as being extraordinarily generous to employees, but also a true taskmaster. Olga paid employees very well, but also recognized them with words of praise. Irina felt that Olga appreciated her when she gave Irina the opportunity to head the St. Petersburg office. Her willingness to provide autonomy to many managers was in itself an indication that she recognized their value to Sterling Russia. After initially misunderstanding the work habits of programmers and other technical staff, Olga realized that some of their motivation came from setting their own hours and gave them flexibility. Finally, as a charismatic leader, Olga influenced the entire organization in the direction of successful growth through a quality-oriented vision. Her emphasis on positive motivation and rewards was in stark contrast to the punitive methods traditionally employed by Russian managers. Although material rewards and praise have been used effectively to motivate Russian workers (Welsh, Luthans, & Sommer, 1993), most managers in the former command economy had few rewards to offer and believed that strong leadership required strict discipline.

Making Decisions. This behavior includes problem solving, planning and organizing activities, consulting with others, and delegating authority. Russian and American managers have been found to have similar levels of decisiveness (Elenkov, 1997). Olga's approach to problem solving was to let others solve complex, especially technical problems, while she preferred to deal with simpler day-to-day issues. Given her strategic orientation and her abilities to provide Sterling Russia with a vision, problem solving was not an appropriate use of her talents. It was Olga who was responsible for strategic planning, in consultation with others who prepared the planning information. Through her understanding of Sterling Russia's business, markets, and customer needs, she was able to organize the company appropriately as exemplified by the addition of a consulting division. Her willingness to delegate and divide responsibilities with Anatoly, Douglas, and Irina, for instance, facilitated decision making at the appropriate level. Olga's decision making style was highly atypical of traditional Russian managers, who centralized authority and made most decisions themselves, regardless of their importance (Puffer & McCarthy, 1993).

Conclusions and Recommendations

A quality leadership framework can be applied to Russian businesses. Although the framework used to analyze Olga Kirova's leadership style was not meant to exclude other cultures, it was developed from a Western perspective. One objective of this article was to test the applicability of the quality leadership

framework in a non-Western setting, specifically Russia. Although the company selected was an entrepreneurship, the framework should also be applicable in traditional Russian enterprises. As this article has shown, the components of the model can be used to make comparisons between Olga's leadership style and that of traditional Russian managers, despite the differences in styles. This analysis extends some of our previous work on Russian leadership (Puffer, 1994b, 1995, 1996).

Given appropriate leadership, it is possible to have a quality-driven Russian company, even in that country's turbulent and hostile environment. This case has demonstrated that Sterling Russia is a quality-driven organization, and that Olga Kirova's leadership style is the critical ingredient for this orientation. Her vision of quality in all aspects of Sterling's operations was responsible for the firm's success.

Quality emanated primarily from Olga's personal values and was manifested in Sterling Russia's products, services, and people. The appropriateness of a quality orientation was evident given that Sterling Russia was an organization of professionals who served very demanding customers in competition with high quality, prestigious firms. Even with the uncertainty of Russia's political and economic situation, especially the tax laws and legal system, Olga was able to plan and operate in a consistent fashion with quality as the central focus. Moreover, the hostility of a crime-ridden business environment, where personal danger was a harsh reality, did not prevent Olga from leading her company in the direction of her vision.

A bicultural leader can succeed in transcending leadership styles. Olga Kirova's bicultural attributes were highly instrumental to Sterling Russia's success. She was described by a Sterling USA executive as having one foot in Western management and the other in Russian management. She understood well the American way of doing business, but also knew Russia's differences and how to adapt to them. Her bilingual skills allowed her to deal with Russians and Americans, whether they were customers, competitors, employees, or partners. Moreover, her knowledge of both cultures allowed her to be effective in dealing with most other parties, and to know when she should fade to the background and turn the situation over to others.

The right partner for American companies can lead to business success in Russia. Sterling Russia has unquestionably been a successful company, and has become increasingly important to the international objectives of Sterling USA. Although, at first, the American company's difficult situation mitigated against joining Olga in a partnership, her tenacity in pursuing a contract eventually benefited all parties. This singlemindedness continued to be instrumental in leading Sterling Russia during the chaotic conditions of Russia's transition to a market economy. Olga's bicultural attributes allowed her to represent the Sterling product line in the most favorable way possible. In essence, Olga Kirova's commitment to quality had to reflect well on the image of Sterling USA. It is apparent from this case that American companies should evaluate carefully the leadership potential of their prospective partners, and the attributes they might bring to a mutually beneficial relationship.

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Received: January 14, 1997

Accepted after two revisions: July 30, 1997

