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Charismatic leadership of media businesses: a case study of leaders of two media businesses in the post-Soviet states of Russia and Kyrgyzstan (1991-2016)

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CHARISMATIC LEADERSHIP OF MEDIA BUSINESSES:
A CASE STUDY OF LEADERS OF TWO MEDIA BUSINESSES IN THE POST-SOVIET STATES OF RUSSIA AND KYRGYZSTAN (1991-2016)

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A thesis submitted in partial fulfilment of the
requirements of the University of Westminster
for the degree of Doctor of Philosophy

Submitted in September 2017

Abstract

This is a comparative case study of two media business leaders, one from Russia and one from Kyrgyzstan. Alexei Kharitonov of the Abak-Press and Kylychbek Sultanov of the Computer Press both started media companies after the break-up of the Soviet Union and managed to grow them from small businesses into the present media holdings. In comparing the media holding from Russia, which is the former Soviet Union's largest economy, and the one from Kyrgyzstan, which is one of the smallest economies of the post-Soviet space, this will allow us to capture the processes of private media maturation in countries with a shared Soviet past, yet with a different present. The observed time frame is 25 years from the fall of the Soviet Union (1991-2016).

Only 13 media holdings in both Russia and Kyrgyzstan were found to meet the criteria of financial self-sustainability without any reliance on state/foreign funds. The data came from 54 in-depth semi-structured interviews with company founders/owners, senior and junior staff, media experts, academics, representatives of competing businesses, and failed media entrepreneurs. Data collection took place in Ekaterinburg and Bishkek in 2014-16, and it was supported through a University of Westminster scholarship.

Theory-wise, this research is focused on the concepts of charisma, media leadership and media entrepreneurship. The main argument is that Max Weber's (1947) theory of charismatic authority is applicable to media business leaders in emerging economies. Charisma is a rare and transitory phenomenon (Yukl, 2013). This research argues that the charismatic authority of media leaders in the post-Soviet states is not only the closest to Weber's original idea, but also morphs into the legal-rational authority of media managers once such companies enjoy financial stability. The reason for this can be explained through the turbulent nature of the media markets being formed (Vartanova, 2013) and the cultural character of the leadership which finds itself able to fit in certain contexts (Walter and Bruch, 2009). Moreover, in the fast-paced transition economy settings, the transformation from charismatic authority to legal-rational authority may take place within a single person. The Weberian theory of charismatic authority is discussed in this research alongside Alan Bryman's (1992) findings on charisma in organisations and John Kotter's (1982, 2012) model for the appraisal of general managers. In particular, Kotter's framework for analysing the personal and background characteristics of company leaders is applied to analyse the maturation of leadership within privately-owned media businesses in Russia and Kyrgyzstan.

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Abbreviations

AIRP	Association of Independent Regional Publishers, Russia
B2B	Business-to-business
B2C	Business-to-customer
C2C	Customer-to-customer
CEE	Central and Eastern Europe
CEO	chief executive officer
FSU	Former Soviet Union
GDP	gross domestic product
GM	general manager
IT	information technology
NGO	non-government organisation
OECD	Organisation for Economic Cooperation and Development
PC	personal computer
PRC	People's Republic of China
ROI	Return on investment
SME	small-to-medium enterprise
SOE	state-owned enterprise
USSR	The Union of Soviet Socialistic Republics, the country which ceased to exist in 1991 and was transformed into 15 independent states
WTO	World Trade Organisation

Definitions of key terms

Charisma is personal charm or a 'gift of grace' which helps one to influence, inspire and lead others. The German sociologist Max Weber (1947) defined charisma as "a certain quality of an individual personality by virtue of which s/he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities" (p. 358).

Charismatic leadership is a leadership type whenever an owner, a founder or a head of major division (the charismatic leader) inspires the employees to follow his/her vision (Conger and Kanungo, 1987; Kotter, 1990; Bryman, 1992; Küng, 2008). Unlike visionary or transformational leadership, charismatic leadership allows to create strong emotional ties between a leader and followers in such a way that they develop a mutual attachment (Weber, 1947; Küng, 2008).

Charismatic authority emanates from a specific leader who inspires others. This leader is perceived to possess the extraordinary individual characteristics of a divine or supernatural origin (Weber, 1947, p. 328).

Legal-rational authority is based on the rule of law, rather than on any specific leader (Weber, 1947, p. 328). The principles of law empower those who hold this authority type and allow them to influence their subordinates.

Perestroika is a reformation movement within the Communist Party of the USSR in 1985-1991, which corresponds to the final years of the Soviet Union's existence.

A post-Soviet state is a term used to describe the former Soviet republics after the dissolution of the USSR.

A pure media entrepreneur is one who started his/her media business from scratch and with no prior entrepreneurial/managerial experience.

A media holding is a company that owns and controls shares in other companies to form a corporate group. Such a formation helps to reduce the economic risks and to increase political influence or resistance to external political influence (Rowland and Higgs, 2008; Gaughan, 2013; Jaksic et al, 2014).

Privately-owned media are media companies founded and owned by an individual, or a group of individuals. This research concentrates on those privately-owned media that do not enjoy foreign investment and/or borrow from the state.

Federal media are those nation-wide Russian media companies that are financed by the state.

Acknowledgements

Declaration

I declare that all the material contained in this thesis is my own work.

Introduction

Researching media businesses in the countries where media have never been a business

This is an extensive in-depth examination of two pure media entrepreneurs turned leaders of media companies in the post-Soviet setting. The appearance of pure media entrepreneurs after the fall of the Soviet Union and their subsequent maturation is what makes the post-Soviet setting particularly interesting from the perspective of media leadership research. Organisations are embedded in complex contexts (Fitzgerald and Dopson, 2009). If it is a business firm, the nature of its complexity derives from the peculiarities of the market and the broader socio-political environment within which it operates. To analyse a firm's development, one therefore needs to consider the wider context, as well as the historical background.

The 1989 Fall of the Berlin Wall marked the beginning of a new world order (Voltmer, 2006). The former socialist and communist regimes of Eurasia dissolved. While the Central European states passed from socialism in 1989, for the post-Soviet states the new history began two years later, in 1991. This was the year when the Soviet Union officially ceased to exist, and the former Soviet states signed independence declarations. The commercialisation of media companies began at the same time, in 1991. Having found themselves in a situation in which they had to finance themselves, the editorial teams of journalistic organisations had to learn the rules of media business (Smirnov, 2015), and so did the people who decided to start new media companies from scratch.

The rapid growth of entrepreneurship and small firms is viewed as one of the greatest successes in post-Soviet transformation (Poser, 1999). It used to be against the law to do business during Soviet times. Business was a new practice for the people who were born and raised in the Soviet Union. However, in the 1990s and 2000s setting up a business allowed people to support their families and, potentially, to also earn high profits. Yet, this transformation brought not only opportunities but also a lot of unsolved questions. As of 2016, or 25 years after the change in the system, the climate of entrepreneurship remains unfavourable, due to restrictive business regulations and economic instability. All kinds of businesses face these threats, including the media businesses, which are one of the most fragile areas due to their low profit margins and the political sensitivity of their products. These risks remain the biggest barriers to the further growth of media business entities in this region.

This thesis presents the results of an exploratory comparative-case study research project (Yin, 2014) on the origin and growth of privately-owned media businesses in Russia and Kyrgyzstan, from a leadership theoretical perspective. This is a study of the leadership of media companies in the post-Soviet context. It addresses the question: Who is a post-Soviet media leader? It tells the story of two people who ventured to start a media company as soon as the entrepreneurship opportunities became available after the fall of the Soviet Union, and how they managed to lead their businesses until they have arrived at the present condition, when they are sizeable media holdings. Even though it offers a chronological narrative on the development of two businesses in Russia and Kyrgyzstan, this is not a 'rags-to-riches' story. Privately-owned media holdings are rare in Russia's regions, and they are even rarer in Kyrgyzstan. So, this is a study of a media market phenomenon and the reasons behind its existence and rarity.

This research is limited to only two cases of media businesses– one in Russia and one in Kyrgyzstan. The low number of cases is justified through the scarcity of media businesses that would suit the project criteria of being self-reliant media businesses. As will be discussed, those media businesses that went bankrupt, were sold to quasi-state structures, or ended up borrowing from the state, in the form of so-called "state contracts" (Dovbysh, 2016), were excluded from this project's criteria as being ineligible.

The leaders of the Abak-Press, one of the largest regional media holdings in Russia, and the Computer Press, one of the largest media holdings in Kyrgyzstan, have a lot in common, in terms of their education and social backgrounds. This is explained through their origins in the Soviet Union. Alexei Kharitonov, the owner and CEO of Abak-Press, was born in the 1960s, while Kylychbek Sultanov, the owner of the Computer Press, was born in the 1970s. What is striking is how similarly they started their businesses in the 1990s and 2000s. They did so by bootstrapping, or borrowing money from their friends and families. The way their businesses developed in the first five 'survival' years was also similar. Business decisions were made by the founder, who would inspire the employees to follow his vision. This leadership style can be described as charismatic leadership (Conger and Kanungo, 1987; Kotter, 1990; Bryman, 1992; Küng, 2008). Charismatic leadership differs from visionary or transformational leadership, in the sense that charismatic leaders create strong emotional ties with their followers in the way that both the leader and his/her followers develop an attachment to each other (Weber, 1947; Küng, 2008). Once the Kyrgyz and the Russian media company entered an established phase, Kharitonov and Sultanov began to significantly differ from each other. The more the businesses

developed through the 2000s, the less similarities they had. The Kyrgyz and the Russian media leaders each chose a different conformist strategy, with the aim of protecting their businesses from problems depending from the socio-political environment of the countries in which they live. Computer Press's Sultanov worked for the Kyrgyz government for several years during the 2010s to be able to reach authorities so as to solve problems if they arose. *Abak-Press*'s Kharitonov, on the other hand, has tried to limit his communication with state authorities to the minimum to avoid problems. This is explained by different media market structures and political structures in Russia and Kyrgyzstan. The Russian and the Kyrgyz media owners also differ in terms of how they perceive their business accomplishments and the role of their company in the media environment. Kyrgyzstan's Sultanov perceives his business to be one of the most advanced and progressive media companies in the country. Russia's Kharitonov perceives his business to be an 'average company'.

Kharitonov and Sultanov each belong to the first generation of post-Soviet media entrepreneurs and media leaders. They developed their companies from scratch and transformed their one-[wo]man army businesses into financially self-reliant media holdings. Whilst their businesses made a way through the challenging media markets, they had their own personal journey from charisma to conformity. For several reasons, including the type of business, the market environment and business threats, the Kyrgyz company is in a better situation than the Russian one. The way the Kyrgyz company is led, it has a solid chance of allowing it to transition from Weberian charismatic authority to legal-rational authority. The Russian company should still cope with its current challenges of digitalisation. This challenge might persuade Kharitonov to put charismatic authority back into place, and to postpone transition to a legal-rational authority. Still, the Russian company has a fair chance of doing so, should the current challenge be adequately addressed.

"Leadership in the media is an under-researched field" (Küng, 2008, p. 211). Shaver and Shaver (2006) studied American media business holdings' leaders, based on the following variables: their primary occupation, age, undergraduate education, gender, years as CEO and family connections. Previous research by Powers (2006) found that "relationship-orientated [media] leadership behaviour increases goal attainment and job satisfaction" among subordinates (p. 25), especially when they are involved in decision-making. Deslandes (2016) and Artero and Manfredi (2016) also focused on the leadership and management competencies of media executives.

From the point of view of the firm, growth strategies such as "service innovation, market development, internal investment, business and organizational control, acquisitions, and joint ventures" (dal Zotto, 2005, p. 224), have been observed by other researchers. Certainly, there is a possibility for growth among small media businesses. Moreover, "growth [is] a long-term survival strategy for young firms" (dal Zotto, 2005, p. 223). In the early stages of growth, the observed companies, the Abak-Press and the Computer Press, could best be described as owner-operator businesses, or bootstrapping firms. In economic theory, this type of business is called owner-operator. It's a small business founded and run by a single person, who is responsible for the set-up, accounting, logistics, maintenance and other day-to-day operations. In the business field, this type of activity is referred to as bootstrapping. This means starting up a business without external help. These businesses include tech, media, and publishing start-ups that are funded through the founders' own savings and/or funds that are borrowed from friends and family.

Once the media companies mature, it makes sense to analyse them using different theories. The theory of charismatic leadership in organisations (Bryman, 1992) underpins this study, along with Kotter's (1982) framework for assessing general managers and Weber's (1947) authority types. Additionally, in a wider sense, media leadership cases have been studied by academia through the cases of prominent leaders of Western media corporations, such as *News Corp's* Rupert Murdoch (Schawcross, 1993; Hang, 2006; Wolff, 2008; Chamorro-Premuzic, 2012; Lisners, 2012; McKnight, 2013; Craig and Amernic, 2014)*, Disney's* Michael Eisner (van Weezel, 2006b), *CNN's* Ted Turner (Norbäck, 2006), and Steve Jobs during his service at *Apple* (Young and Simon, 2005; Sharma and Grant, 2011) and *Pixar* (Wikström, 2006).

Research questions

The questions of 'how' and 'why' some media entities succeed and have a long life in the market while others fail, given the same external environment, are central to this research. This study will focus on two cases relating to media business owners from Russia and Kyrgyzstan. The term 'media leader' refers to CEOs, general managers, top-level executives with multifunctional responsibility for a business, or presidents of a firm. Depending on the nature of a company, a media leader can be either the founder of a firm or an appointed figure on a fixed-term contract. In this thesis, the post-Soviet 'media leader' has been defined as an individual who has founded a company from scratch, led it to maturation, and who still holds a position of control over the most important decisions that are related to the company's business. This

definition of a media leader is commonly used in academic research across different markets (Bjurstedt, 2006; Hang, 2006; Norbäck, 2006; van Weezel, 2006a; van Weezel, 2006b).

Based on the discussion, above, the following research questions were developed:

RQ1: How common is the phenomenon of *pure* media entrepreneurship in the post-Soviet states of Russia and Kyrgyzstan?

RQ2: Which qualities have enabled the two media entrepreneurs studied in this research to start their companies from scratch in the 1990s and early 2000s and to develop them into present-day media holdings?

RQ3: What leadership styles do they exhibit and has their style changed over time?

Organisation of the thesis

This thesis consists of eight chapters. The chapter outline is presented below.

Chapter **1** provides an overview of media leadership theory. It first considers the specificity of media organisations; then it differentiates between the notions of the media entrepreneur, media manager and media leader; and, lastly, it offers an overview of organisational leadership and of various leadership styles.

Chapter **2** explains the concept of charisma and traces its historical development. The chapter begins with a discussion of how Max Weber understood charisma in relation to political and religious leaders. Then it moves on to consider work on charisma by 19th and 20th-century sociologists and psychoanalysts in relation to authority, power and ir/rationality. The next section reviews recent studies on charismatic leadership in relation to the leaders of global media corporations, such as News Corp's Rupert Murdoch. The final section of the chapter reviews organisational studies on the impact of charismatic leadership on a firm's performance.

Chapter **3** looks at academic research on leadership and charisma in the Russian and Kyrgyz settings. After reviewing work on the religious and political leaders of both the past and present, it is argued that charisma is one of the recurring elements shown by leaders in this part of the world, given that there is a conflict between an individual and the external environment. Possible explanations of this are reviewed in this chapter. The last two sections of the chapter

consider post-Soviet entrepreneurs and leaders of media businesses, focusing on those factors that shape the leadership practices of contemporary business leaders in Russia and Kyrgyzstan.

Chapter **4** engages with the debate on the Russian and Kyrgyz media markets. This debate revolves around different trajectories of post-Soviet development. Since these markets originated from the Soviet mass media system, from the institutional economics' perspective they retain some Soviet features, but they are largely revitalised and there is a high degree of entrepreneurship. It also argues that the period from 1991 to 2015 showed a trend towards more media market concentration and fragmentation in both Russia and Kyrgyzstan.

Chapter **5** describes the research design, the methods used and the process of analysis. This study is based on 54 semi-structured in-depth interviews conducted between 2014 and 2016 in Bishkek, Kyrgyzstan, and Ekaterinburg, Russia. The interviews were held with the owners of the Abak-Press and the Computer Press, as well as with current staffers and former employees of these organisations, representatives of competing media companies, independent media experts, academics and several failed entrepreneurs. The textual analysis of the interviews was carried out using a combination of data-driven (open) coding and concept-driven coding (Gibbs, 2007). The textual analysis of the interview data was performed using a grounded theory approach (Glaser and Strauss, 1999; Goulding, 2009) and concentrated on leaders' actions, as well as the qualities that followers perceived in their leaders.

Chapters **6** and **7** present the two case-studies. Chapter **6** discusses the Russian case of the Abak-Press's leader, Alexei Kharitonov, while Chapter **7** is devoted to the Kyrgyz case of the Computer Press's leader, Kylychbek Sultanov. Next, Chapter **8** compares these two leaders and their companies. These three chapters highlight the main milestones in the development of the Abak-Press' and the Computer Press's media holdings, and how they grew and matured. Kylychbek Sultanov and Alexei Kharitonov's initial motivations for starting their own business are explained. Against the background of company development, this thesis attempts to analyse and discuss the development of media leaders in the post-Soviet space. It aims to determine how charismatic leadership style evolves into a legal-rational, one and what the conditions are that are there for this to happen. Following organisational leadership theory, this thesis explores the first generation of post-Soviet entrepreneurs who are running *media* companies in Russia and Kyrgyzstan. The analysis seeks to identify the qualities that are necessary to run a media business in Russia and Kyrgyzstan, and the ways in which leadership styles situate themselves in the organisational setting. Many of the leaders' qualities overlap across the Russian and

Kyrgyz cases. However, there are also some significant differences that are the result of cultural and economic factors, and these will be discussed in Chapter **8**.

In summary, this research has confirmed earlier academic findings on charismatic leadership as being most effective in chaotic external environments and in suiting the inner demands of employees who are looking for: a) a leader to follow, and b) more security. As this research has found, what is common between the two cases of media leaders from Russia and Kyrgyzstan, is that they have both demonstrated elements of charismatic leadership, have paid significant attention to getting to know their market, and - to a different extent – have distanced themselves from politics as a long-term survival strategy. Even though organisational leadership in Russia and Kyrgyzstan is bound to charismatic features, due to an on-going socio-economic transformation, this research argues that 25 years after the collapse of the Soviet Union, businesses are leaning towards rationalisation. Even though the media markets remain highly unstable, long-term market survivors, such as the Abak-Press and the Computer Press have demonstrated the willingness to obtain legal-rational status. Charismatic leadership is itself also unstable and is subject to an eventual transformation towards routinisation (Weber, 1947). Ideas on how this area of media studies can be developed further are presented in the conclusion of this thesis, alongside the major findings of this research.

1. Leading Media Organisations

Introduction

This chapter provides a theoretical framework on organisational leadership in relation to media firms. First, this chapter considers the specificity of media organisations. They balance interests of two groups, audiences and advertisers, and are subject to public attention and responsibility along with being a business.

Next, this chapter differentiates the concepts of entrepreneur, manager and leader from each other. It looks at general academic literature on these concepts and reviews scholarship on these concepts in relation to media firms. In general, entrepreneurs are associated with kick-starting new firms, managing small firms and exploring new opportunities (Stearns and Hills, 1996). As far as media entrepreneurs are concerned, they are viewed as the "individuals [that] are controlling both primary (material, technological) and secondary resources (relations, information); but also exchange and inter-convert all such sorts of capital" (Grätz, 2013, p. 4). This specificity of media entrepreneurs may be rooted in the fact that at least some media firms that they run create culture capital (such as news and film) and form public opinion. Managers and leaders deal with change and transformation of existing companies, no matter what size they are. While scholarship acknowledges, that sound management and sound leadership come side by side, there is a division of labour between them – leaders create and oversee company vision, while managers are in charge of implementation of plans and budgets (Kotter, 2012).

Finally, the last section of this chapter offers an overview of literature on organisational leadership and various leadership styles, including charismatic leadership. It looks at how leadership scholarship developed over time since 1940s. It pays specific attention to such topics such as tipping point leadership which is arguably efficient when radical changes need to be implemented with very limited budgets (Kim and Mauborgne, 2006), the role of one's personal qualities and background in managing and leading a successful business (Kotter, 1982, 1990, 2012) and the impact of charismatic leadership on organisational change (Bryman, 1992). The last section on leadership lays the ground for more in-depth discussion of charismatic leadership in Chapter 3.

The specificity of media organisations

Media firms are economic and business entities (Picard, 1989, 2011). There is consensus among scholars that management of media firms is distinct from management of other types of businesses (Artero and Manfredi, 2016; Doyle, 2016; Lowe, 2016). There are arguably three main distinct features of media companies. The first of them is that media firms operate in a dual-product market as they compete for audiences and advertising (Picard, 1989). That means that media firms make constant decisions to balance the interests of the two groups they serve – the audiences and the advertisers. Moreover, media firms tend to operate under low profit margins, primarily due to the high costs of production (Picard, 1989, 2011). The second feature is that media companies as well as being a business are subject to public attention and responsibility because their products and services are cultural/public goods (Hesmondhalgh and Baker, 2011). In this regard, some media products are heavily regulated (Rice, 2008; Flew, 2011; Michalis, 2012). In general, media products are more visible to customers than other types of products as they are part of daily life activities such as watching TV (Doyle, 2002; Caves, 2004, cited in Dal Zotto and van Kranenburg, 2008, p. xvi). The third feature is the huge influence of technological change on media firms (Picard, 2005; Küng, 2008; Aris, 2011; D'Arma, 2011; Gill, 2011). Jenkins (2006) stressed the impact of technological change on the media. According to Küng (2008, p. 124), some media companies choose to underplay their dependence on technology, but it is a road to nowhere. In fact, technological advances grant media products with a competitive edge, which is similar across all media types, from film to book publishing.

These three features shape how media firms operate and are managed and how they situate themselves in the broader external environment, which includes the state, the competitors and the public. Moreover, Faustino and Ribeiro (2016) address an important issue about irrationality in economic decision-making in media firms. According to Faustino and Ribeiro (2016), key decisions in the media industry are often based on such non-economic criteria as "gaining political influence, the need for visibility, protecting cultural value, etc" (p. 78). From a media owner's perspective, gaining political influence can be viewed as rational behaviour. However, from an economic standpoint, using media as means of political fight may be regarded as irrational because it often does not lead to profits or at least it does not directly lead to profits.

Moving on from the discussion of similarities among media firms to the discussion of differences, it needs to be emphasised that managing media firms differs across sectors

(Faustino and Ribeiro, 2016). Different segments of the media industry are guided by their own financing models, regulatory policies, intellectual property rights, range of public visibility and influence on society, work precariousness, product perishability, competition levels, work organisation, and product and marketing (Ibid, p. 77). Dal Zotto and van Kranenburg (2008) stressed that "media products and services differ significantly among themselves and operate in economic environments with business dynamics which most other products or services do not encounter" (p. xv.)

According to Dal Zotto and van Kranenburg (2008, p. xiii), the main forces affecting media companies depending on the market and geographic setting they operate in, are:

a) The environment outside of the firm, which includes political, economic and social environment;

b) Contextual factors such as organisational culture and leadership;

c) Personal factors such as individual behaviour of the employees of a firm;

d) Process-related factors such as a clear vision and resources and tools available for strategy implementation.

One more significant difference among media firms is the size of a firm. Academics distinguish between innovation processes in large media firms (Tungate, 2004; Küng, 2008; Napoli, 2011) and small firms and start-ups (Drucker, 1985; King and Tucci, 2002; Shane, 2003; McKelvie and Wiklund, 2008). For instance, young media firms follow different risk reduction and growth strategies simultaneously to increase their chances of survival (dal Zotto, 2005). Regardless of company size - big or small - organisational culture and innovative performance are interrelated (Küng, 2008; Habann, 2008; van der Wurff and Leenders, 2008). Picard (2011) also specified that productivity of personnel, employee turnover, personnel skills and knowledge and the degree to which a company pursues innovation are closely connected.

This subchapter has discussed some of the main features of media firms. This discussion is relevant to the two case studies of this research, Abak-Press and Computer Press, as it helps to understand media businesses and how they operate.

Entrepreneurs, managers and leaders

In organisational theory, the concept of leadership overlaps with the concepts of entrepreneurship and management. It is important to compare and contrast these three concepts

in order to crystallise the term 'media leader', which is the major one for this thesis. In this way, this subsection expands on the differences between leaders, managers and entrepreneurs by reviewing the literature on these concepts in general and by reviewing the literature on these concepts in relation to media firms.

Media entrepreneurs

The first paragraph is going to look at entrepreneurship scholarship in general and then the rest of the section is to concentrate on media entrepreneurs. Traditionally, entrepreneurship is related to the launch of new business ventures, the management of small firms, to specific contexts (start-up firms), and to behaviour such as exploiting opportunities and influencing other people (Stearns and Hills, 1996). Entrepreneurship is characterised by the following elements: a) the environment within which it occurs, b) by the people engaged in entrepreneurial activity – the entrepreneurs, and c) the entrepreneurial behaviour (Ibid, p. 1). Vecchio argues that entrepreneurship and leadership alike need to be reviewed in a joint process dynamics with micro- (psychological) and macro- (contextual) influences (2003, p. 304). Vecchio (2003) also questioned whether entrepreneurship constitutes a separate field of inquiry within social sciences or if it should be integrated within the broader domain of leadership and interpersonal influence studies. Other scholars such as Shane (2003) believe that even though entrepreneurs are leaders in their own sense, there is a set of approaches which is particularly useful for the analysis of entrepreneurship on its own. According to Shane (2003), this approach lies in investigating the "individual-opportunity" nexus or the opportunities related to the founding of a business. The most common academic method to analyse this is through individual or comparative case studies (Yin, 2014). There is an agreement in the literature that "entrepreneurship involves some innovative activity" (Shane, 2003, p. 8). Levie et. al. (2014) take a wider view on entrepreneurship arguing that entrepreneurship exposes itself not only when a business is founded but also when it grows. Moreover, the concept of 'entrepreneurial intensity' refers to the degree and amount of entrepreneurship in each organisation which is believed to have a positive relationship with organisation performance (Morris and Sexton, 1996; Murphy, 1996). The levels of entrepreneurial intensity and market competition depend on context, industry sector and cluster within which an organisation operates (Cooke and Shòvarts, 2007; Brown, 2008; Delgado, Porter and Stern, 2016).

The specific term 'media entrepreneur' is not common in academic literature. The reason is that media entrepreneurship has historically not been as common as entrepreneurship on other business sectors due to low margins. Most sectors of media business - apart from hi-tech - are

potentially less profitable than other types of businesses such as, for instance, selling clothes or car repair, which makes would-be-entrepreneurs choose to start something more stable than a media business. In connection to this, the literature on media entrepreneurship occupies small portion of general literature on entrepreneurship. However, in recent years because of disruptive technological change there is arguably more media entrepreneurship. This is also possibly due to digital media having lower barriers to entry than traditional media. In response to that, the academic literature on media entrepreneurship has been largely concentrated on tech/media start-up creators (Brookey, 2006; Bingham and Haleblian, 2012; Khajeheian, 2013). Trade press has also been referring to the people in the media business as 'media entrepreneurs'. That is, for instance, the case of American cable TV businessman Mark Lieberman (Mcclellan, 2008) and founder of multi-platform content provider *Bedrocket Media* Brian Bedol (Kolodny, 2012). Facebook, Google and LinkedIn are now widely considered to be media companies, therefore, the trade press refers to the creators of these social media and online search engines as "media entrepreneurs" (Dumenco, 2013), "tech entrepreneurs" and "internet entrepreneurs" (Samuel, 2012). Entrepreneurialism is an important concept for studies of new media - Gill (2011) argued that an entrepreneurial thrill is essential in new media work. Working in tech/media start-ups allows one to reach "[…] the autonomy to direct one's own work when and where one likes without being answerable to a boss" (Gill, 2011, p. 253). Financial rewards (particularly in the U.S.), an aspiration to be a pioneer of the industry and work in a creative, relaxed atmosphere are mentioned among motivations of the new media entrepreneurs to join a tech/media start-up or kick-start their own microbusiness (Batt, Christopherson and Rightor, 1999, cited in Gill, 2011; Harvey, 2011).

As far as academic studies are concerned, media entrepreneurship research is a young field. Its theoretical stance is still developing. Research on media entrepreneurship includes studies of entrepreneurial firms practising in technology-intensive environments (Bingham and Haleblian, 2012) and the studies aimed at understanding the specific country and industry contexts in which entrepreneurial activities take place (Welter, 2011). Hoag (2008) compared challenges of media start-ups in the U.S. to the start-ups outside of media industries. Khajeheian (2013) researched the impact of commercialisation on the digital start-ups in Iran. Raviola and Dubini (2008) analysed the ways in which incumbents and newcomers in the Italian digital music industry cooperate with each other. Furthermore, entrepreneurial experience differs depending on whether a media company is rural- or urban-based. This aspect was discussed by Price Schultz and Jones (2017) in their study of an online news organisation in Wyoming and a similarly-sized print publication in New York.

Academics have noted that since the early 2000s media entrepreneurship research concentrates almost exclusively on digital media including tech companies, online news start-ups and social media. There is a lack of studies "[…] focusing on entrepreneurship in traditional media markets, such as TV, newspapers, books, or radio." (Dowing and Mellewigt, 2002, p. 201, cited in Achtenhagen, 2017) Recently, the term "the new media entrepreneur" has been used in various academic fields, including sociology and political communication. The internet, which attracts thousands of online entrepreneurs and content-creators, has become an influential medium in political, economic and social terms. Lagerkvist (2011) used the term "the new media entrepreneurs" to refer to internet entrepreneurs that founded microblogging companies in China. The ones who create online content, namely the YouTubers, were also called 'the new media entrepreneurs' (Fulton, 2015).

There are several challenges faced by tech/media entrepreneurs. Being part of a start-up often involves working in precarious and insecure conditions (Gill, 2011); while some start-ups succeed, others fail which results in short-term periods of employment. A 'formational myopia' is one of the challenges of development and sustainability of news start-ups founded by novice entrepreneurs (Naldi and Picard, 2012). The 'formational myopia' refers to a state of mind whereby novice entrepreneurs are stuck with misconceptions about the industry and the market they are about to enter that are influenced by their prior professional experiences and educational background. These preconceptions do not allow entrepreneurs to see the real picture, which eventually leads to a failure. According to Naldi and Picard (2012), 'formational myopia' is particularly common among entrepreneurs as they often operate very small firms with few people involved while key decisions are made by few people or even a single person. Grätz (2013) also mentioned that the new media entrepreneurs enjoy significant informal power, in relation to a study of developing media markets of sub-Saharan Africa. Tech start-up creators are "the central, dynamic and propelling agents" of change of the African media landscape (Grätz, 2013, p. 4). "These individuals are controlling both primary (material, technological) and secondary resources (relations, information); but also exchange and inter-convert all such sorts of capital" (Grätz, 2013, p. 4). In a different country context, New Zealand, it has been argued that media entrepreneurs can also capitalise on other forms of capital, such as 'cultural capital' (Bourdieu, 1993, cited in Grätz, 2013). Scott (2012) applied the similar Bourdieuian framework on independent music producers to analyse how they managed to create a 'buzz' without significant capital investment. In the absence of funds, the music producers using a combination of social, cultural and symbol capital to promote their

music and kick start their businesses (Scott, 2012). The studies by Grätz (2013) and Scott (2012) confirm that it is possible to start-up certain kinds of media business without significant amount of funds at one's disposal. What proves to be more important especially in case of media entrepreneurs is their gut, will power, communication skills, networks and knowledge of the market. Following this logic, what Naldi and Picard (2012) referred to as a "formational myopia" – misconceived expectations and overestimation of one's abilities - may threaten an entrepreneurial success more than lack of funds. Garcia-Lorenzo et al. (2014) explained the reasons behind 'formational myopia' in the following way: it the necessity not the opportunity is what is pushing entrepreneurial novices to become entrepreneurial (Garcia-Lorenzo et al., 2014). The necessity to earn a living is pushing some to start a business without a proper risk assessment. The difference between Garcia-Lorenzo et al.'s (2014) argument and Naldi and Picard's (2012) is that the former focussed on those entrepreneurs who could not wait to get a job, while in the second case they suffered from the 'formational myopia' due to personal preconceptions, underestimations and overconfidence. Studies have recognised the necessity of training in business and technology to reduce the chances that start-ups founded by novice entrepreneurs fail (Mack et al., 2017). On the other hand, absence of prior knowledge does not correlate with business failure (Shaver and Shaver, 2006). Baron (1998) argued that entrepreneurs owe their success to cognitive mechanisms. In other words, entrepreneurs think differently than other people, which is why their ability to use their gut and common sense predetermines their business success. Baron's (1998) study resonates with Naldi and Picard's (2013) findings on 'formational myopia'. Other common challenges that tech/media entrepreneurial novices face include: opportunity recognition and product innovation (Park, 2005); attracting the right (angel) investor (PR Newswire, 2000); managing creativity and keeping the entrepreneurial spirit within the team (Strubler et al., 2010).

The studies focusing on internet entrepreneurs with prior entrepreneurial experience in online business or other fields found that they face similar challenges to managers of established firms (Compaine and Hoag, 2012; Mack et al., 2017). They aim at financial stability, business integrity and implementation of strategic plans. For this reason, there is a strong relation between sustainable entrepreneurial activity and managerial activity. Once the entrepreneurial firm becomes sustainable, an entrepreneur de-facto transforms into a manager. From a business point of view, this is an achievement. But in a way this transformation also leads to a loss of informal power (Bourdieu, 1993, cited in Grätz, 2013). Once entrepreneur turns manager, s/he does not have as much power over all decision-making in a company as s/he used to have while

being an entrepreneur. The vast amount of informal power is typical in the early stages of the firm formation.

Previous academic research on media entrepreneurship has several implications for my study. The post-Soviet media market represents a newly established market offering entrepreneurial opportunities. Theoretical framework on media entrepreneurship allows to explore emerging media business opportunities in Russia and Kyrgyzstan. However, additional theories on leadership and management should be considered when analysing the growth of media firms. Therefore, the next subsection explores how different are the roles of media managers and media leaders from the ones of media entrepreneurs.

The challenges of managers and leaders

While entrepreneurs kick-start a business, both managers and leaders deal with changing it. John P. Kotter (2012) discussed both managers and leaders in relation to their respective roles in change and transformation of companies. A balance of strong and capable leadership and insightful and experienced management is required for a successful transformation.

The division of labour between a leader and a manager during transformation is described by Kotter as follows:

a) A leader creates and oversees vision (a sensible and appealing picture of the future) and strategies (a logic of how the vision can be achieved) (Kotter, 2012, p. 73). In more practical fashion, the leader envisages "restructurings, turnarounds and cultural changes" (Ibid, p. 133).

b) A manager creates and takes care of implementation of plans (specific steps and timetables to make strategies work) and budgets (plans converted into financial projections and goals) (Kotter, 2012, p. 73). In other words, the manager is responsible for "financial expertise, reengineering for technical knowledge, acquisitions for strategic insight" (Ibid, p. 133).

Kotter (2012) also came up with four scenarios of how the relationship of leadership and management can go within a transforming company (p. 134):

1) The first scenario describes the situation when there is a lack of leadership and a lack of management. In this case, according to Kotter, transformation efforts go nowhere;

2) The second scenario is about strong leadership and weak management. In this case transformation efforts are successful in the short-term but fail in the long-term;

3) The third scenario is the situation when there is a weak leadership and strong management. In this case, it is possible to achieve short-term results through cost cutting, mergers and acquisitions. But long-term change is rarely achieved because of no real transformations within a company;

4) The fourth scenario is about strong leadership and strong management. In this case, transformation effort is highly successful both in short and long run.

In one of his earlier studies, which is key for this research, Kotter (1982) researched 15 top-level business executives from nine U.S. corporations between 1976-1981 by interviewing and surveying managers. Kotter used the following parameters to compare the managers: one's background, personal characteristics, approach to the job, and daily behaviour. As per personal characteristics, general manager studied by Kotter had varied political views, physique and age, which means that these qualities are insignificant for leading jobs in USA (Kotter, 1982, p. 125). What they had in common is that they were "ambitious, […] comfortable with power, emotionally stable, temperamentally optimistic, […] intuitively strong […]" (Ibid, p. 124). As per background, these managers usually came from middle-class families which included siblings. In college, they studied business-related fields and went to work in the industry after getting a degree. They were quickly promoted and got their first general management job in late thirties (Ibid, p. 125). As per approach to the job, the general managers relied on more informal and subtle methods of work rather than formal planning. That allowed them to respond to cope with job demands. As per daily behaviour, one of general managers' methods was having impromptu conversations with subordinates, using a great deal of joking and discussing some work-unrelated matters (Ibid, p. 127). These are the qualities that, for Kotter (1982), allowed the managers to succeed in their job of change making.

Change involves numerous phases each requiring a considerable length of time (Kotter, 2006). The companies embark on changing themselves to "cope with a new, more challenging market by changing how business is conducted" (Ibid, p. 1). For Kotter, transformation is more about leadership than management:

> A paralysed senior management often comes from having too many managers and not enough leaders. Management's mandate is to minimise risk and to keep the current system operating. Change, by definition, requires creating a new system, which in turn always demands leadership (Kotter, 2006, p. 4).

Kotter and Rathgeber (2006) analysed implementing change on the example of established firms. They put forward an eight-step pattern associated with highly successful change efforts, based on extensive research of organisations. Kotter and Rathgeber (2006, p. 18) argued that the success of transformation depends on how a leader (or leaders) manage to go through the following eight steps of change: 1) establishing a sense of urgency, 2) forming a powerful guiding coalition, 3) creating a vision, 4) communicating a vision, 5) empowering others to act on the vision, 6) planning for and creating short-term wins, 7) consolidating improvements and producing still more change, 8) institutionalising new approaches. This framework describes an ideal situation, yet, based on the research undertaken by Kotter, (2006) it is generalisable across different industries.

The next useful concept for this study is that of 'tipping point leadership', put forward by W. Chan Kim and Renée Mauborgne (2006). 'Tipping point leadership' refers to a situation in which leaders have "to bring rapid, dramatic, and lasting change with limited resources" (Kim and Mauborgne, 2006, p. 26). Tipping point leaders' decisions are influenced by politics, business motivations, available resources and cognitive relations in an organisation. The goal of the 'tipping point leadership' resembles other types of transformational leaderships – it is to make the innovation of today a conventional norm of tomorrow (Ibid). The difference between the 'tipping point leadership' and other transformational leadership types is that a tipping point leader deals with highly critical situations when it is necessary "to bring rapid, dramatic, and lasting change with limited resources" (Ibid).

More specifically, the 'tipping point leadership' stands for the kind of leadership which concentrates on tipping four types of hurdles: cognitive, resource, motivational and political, to rapidly reorient the company's strategy and execute the new strategy. Figure 1 (on the next page) visualises the interactions between these four hurdles. A resource hurdle and a cognitive hurdle (in orange) are the stages of rapid reorientation of strategy, while a political hurdle and a motivational hurdle (in blue) are the stages of rapid execution of the strategy.

Figure 1. Tipping Point Leadership
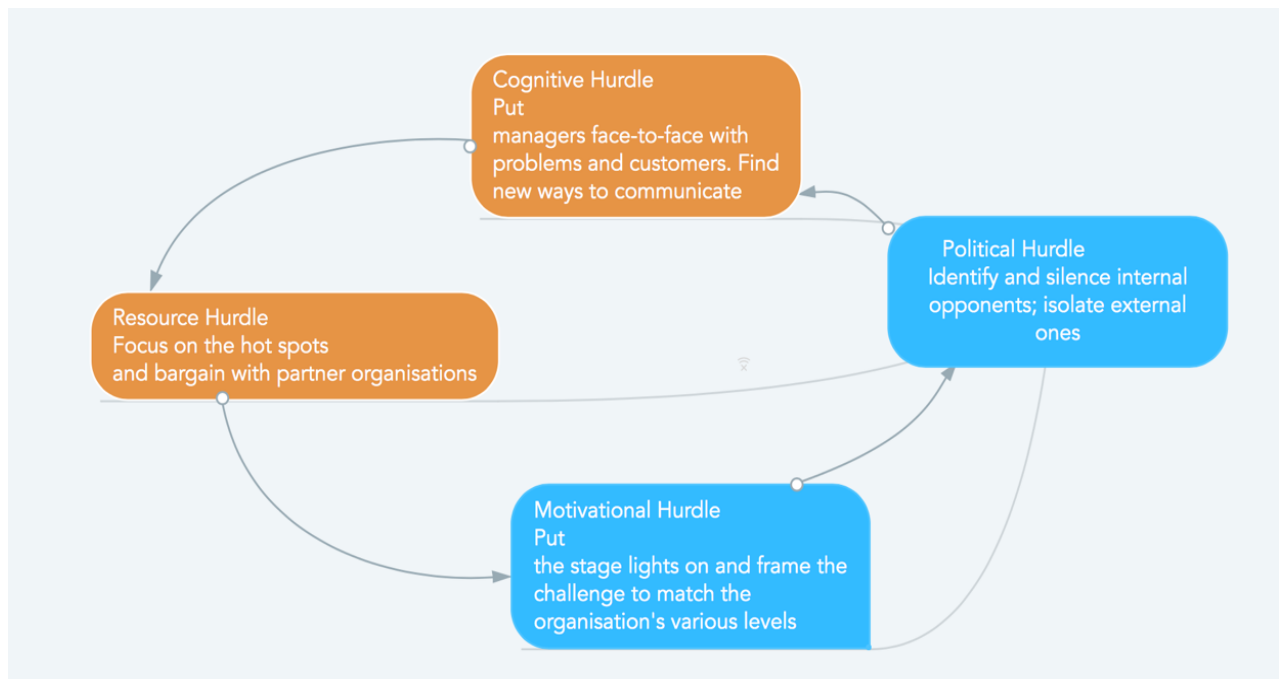
Source: Kim and Mauborgne (2006, p. 26)

The concept of 'tipping point leadership' is relevant for researching small privately-owned post-Soviet media businesses that eventually matured and grew into stable companies. These businesses often relied on the limited private funds of their founders to survive. As will be discussed in the second part of this thesis, the private media companies that were founded on the background of rapidly changing political, economic and social setting after the break-up of the Soviet Union, and in most cases, were short on resources. The leadership analysis of any case would not have been full without taking into account that the leadership scholarship itself has gone a long way since 1940s till now. The next subsection offers an overview of organisational leadership theory and leadership styles.

An overview of organisational leadership theory and leadership styles

Since the 1940s there has been continuous development in the study of leadership in business organisations. Alan Bryman (1992) summarises the main developments as in Figure 2 on the next page.

Figure 2. Trends in leadership theory and research

Period	Approach	Core theme
Up to late 1940s	Trait Approach	Leadership ability is innate
Late 1940s to 1960	Style Approach	Leadership effectiveness has to do with how the leader behaves
Late 1960s to early 1980s	Contingency Approach	Effective leadership is affected by the situation
Since early 1980s	New Leadership Approach (includes charismatic leadership)	Leaders need vision

Trends in leadership theory and research

Source: Bryman (1992, p.1)

The 1940s' trait approach attracted a lot of attention towards leadership for the first time (Gibb, 1947; Knickerbocker, 1948; Stogdill, 1948). The trait approach suggested that one is born to be a leader and possesses a set of definable traits ranging from physical characteristics to personality and temperament which allow him/her to lead. Later, the trait approach was replaced by the style approach, which was particularly fashionable from the end of 1940s through 1960s. The style approach put forward a classification of leader behaviour, such as the distinction between task-oriented and person-oriented leaders, instrumental and supportive leadership, initiating structure and supporting leadership (Tannenbaum and Schmidt, 1958; Goffman, 1959). The contingency approach of late 1960s to early 1980s showed that leadership styles that work in one situation are not necessarily effective in another context (Bowers and Seashore, 1966; Kerr et.al., 1974).

During the 1980s, there was disillusionment with leadership studies in the academia due to inconsistent findings. This resulted in the appearance of a new approach called The New Leadership. This approach is nowadays one of the most influential ones in academic research – it is used by modern social scientists to study politics, religion, economy and the media (Kets de Vries, 1988; Meindl, 1990; Pfeffer, 1992; Kotter, 1985; Vecchio, 1997; Küng, 2000, 2008; Willner, 1984; Yukl, 2013). The main ideas of New Leadership include: differentiating between managing and leading (Kotter, 1982), the importance of vision (Kotter, 1990), charismatic and transformational forms of leadership (Bryman, 1992; Küng, 2008). Leadership needs to be distinguished from management just like vision needs to be distinguished from a simple strategy (Bryman, 1992). For instance, for some leaders their broad aims are stylised as vision whereas they involve nothing more than creating a more competitive company by reducing bureaucracy and decentralising operations (Bryman, 1992, p. 168). The New Leadership

approach, however, is criticised for its failure to present a full picture of what organisational leadership can and should be. Theory and research mostly acknowledge that leaders do make a difference in organisations, however there is a need for more consistent quantitative studies on the effects of change (Bryman, 1992, p. 177).

Nevertheless, one of The New Leadership's contributions to knowledge has been a more detailed classification of leadership types and their distinctive characteristics. "Any ratings of leadership behaviour are susceptible to attribution biases" (Yukl, 2013, p. 313). Some leadership types may overlap, for instance, charismatic leadership is sometimes discussed as a subset of broader types of leadership such as visionary and inspirational ones (Bass and Avolio, 1997). It must be acknowledged that "effective leaders use a combination of [several] types of leadership" (Yukl, 2013, p. 313). An example of such leader is the 32nd president of USA Franklin D. Roosevelt who was referred to as both visionary and inspirational (Gill, 2011). Yet, there are still some defining characteristics of each leadership type. Table 1 below represents the most distinctive types found in the literature.

Table 1. Leadership types and their defining characteristics

Leadership type	Defining characteristics
Transactional leadership	• Appeals to followers' self-interest and exchanging benefits such as providing jobs, subsidies and support (Yukl, 2013, p. 312); • Involves an exchange process that may result in follower compliance with leader requests but is not likely to generate enthusiasm and commitment to task objectives." (Ibid, p. 313)
Transformational leadership	• Appeals to the moral values of followers (Yukl, 2013, p. 312); • Attempts to mobilise followers to use their energy and resources to reform institutions (Ibid); • "The followers [arguably] feel trust, admiration, loyalty, and respect toward the leader, and they are motivated to do more than they originally expected to do." (Yukl, 2013, p. 313)
Laissez-faire leadership	• It's non-transactional leadership which may result in conflict and lack of achievement; • Is a style of leaders who "avoid taking a stand, ignore problems, do not follow up and refrain from intervening" (Gill, 2011, p. 82)

Continued on the next page

Visionary leadership	• "Concerns transforming an organizational culture in line with the leader's vision of the organization's future" (Gill, 2011, p. 91);

	• Is believed to be a style of the leader who is self-confident, uses power in different ways, and has cognitive capability. The latter means that s/he understands causes and outcomes of events and is able to act at the right time to achieve desirable results according to his/her vision (Ibid).
Charismatic leadership	• Implies radical change in strategy and culture of an organisation (Yukl, 2013, p. 312); • "Charisma is a rare and transitory phenomenon" and "the beneficial accomplishments of a charismatic leader may not persist after the leader departs" (Ibid); • Charismatic leadership arouses during crises, the periods of major uncertainty and turbulence, and a leader naturally emerges to take charge rather than is appointed.
Organic leadership	• Some transformations require an organic leadership which is a "softer" type of transformational leadership; • It entails the emergence of vision from the group rather than from a leader; mutual sense-making in the group; a buy-in to the group's shared values; and a strong culture. (Gill, 2011, p. 92)
Centred leadership	• Its features are a tolerance for change, intelligence, resilience and a sense of belonging (Gill, 2011, p. 92); • Managing complex networks and creating inclusive spaces; • Taking risks where necessary and helping others to be more courageous to act (Ibid).
Pragmatic leadership	• Suits the times when an existing organisation is performing poorly, there is a new business opportunity or the economic environment changes unfavourably; • Is the right type whenever some transformation is necessary, but a radical or major change may harm (Gill, 2011, p. 93).
Warrior leadership	• Is suitable for conflict and pre-settlement periods and is found in military and political leaders; • Refers to emphasising results over methods, the use of intermediaries as buffers; tendency to control information and opposition (Ibid, p. 94).
Strategic leadership	• Provides a vision, mission and guiding principles (values and rules) for change; • Creates a shared vision of the future; • Links everyone's efforts in the organisation to the organisation's goals to improve steadily (Gill, 2011, p. 94).

Participative leadership	It's a relations-oriented behaviour which allows individuals or group to influence over the leader's decisions. Delegation is the highest kind of

	people's participation in decision-making, while an autocratic decision is the lowest one. (Yukl, 2013, p. 115)
External leadership	Refers to the leadership which is aimed at building external bonds through networking, environmental scanning (collecting information about threats and opportunities) and representing (lobbying for resources and assistance from superiors). (Yukl, 2013, p. 67)
Inspirational leadership	Refers to "giving employees autonomy, giving them room to be creative and make mistakes, and building trust between employees and the employer" (Gill, 2011, p. 316).
Supportive leadership	• Helps to build and maintain effective interpersonal relationships through emotional ties; • Leader aims to gain support and cooperation from people s/he relies on (Yukl, 2013, pp. 77-78).
Ethical leadership	• Refers to leaders who make an effort to influence the ethical behaviour of others; • Refers to the leader's own ethical behaviour in accordance to the national culture s/he belongs to (for instance, it would be considered inappropriate for a leader to "attempt to deceive and exploit others for personal benefit" (Yukl, 2013, p. 329)

Sources: Gill (2011) and Yukl (2013)

As mentioned above, leaders of large and small companies, division heads and those running a small-sized business tend to have a mix of strengths and weaknesses. Likewise, they may represent different leadership types, mentioned in Table 1 (above) at various stages of their lives or even a mix of leadership types.

For the purpose of this study, which looks at 25-year dynamics of leadership in companies, the following leadership types are the most applicable: transformational leadership, visionary leadership and charismatic leadership. Their shared features are a leader's impeccable ability to communicate an inspiring vision and motivate others to achieve higher levels of performance. Potentially, each of these three could lay the major theoretical basis for this empirical investigation. However, charismatic leadership turned out to be the most suitable for this study for the following three reasons:

1) Management literature has looked at charismatic leadership in relation to founders of start-ups and small ventures (Cocker, 2017), whereas visionary and transformational leadership styles are mostly applied to managers and leaders of large, established companies and corporations (Küng-Shankleman, 2000);

2) Visionary, transformational and charismatic leadership types are used to capture the organisational dynamics, yet the first two types are more applicable to situations when an existing organisation or a department within an organisation face a challenge, require a major change or a transformation. The third type, the charismatic one, can be applicable to situations when a company has just been founded and is struggling with getting its product and sales right as well as its first raising funds. Charisma can find itself in larger companies with established organisational structures and systems, yet, as noted by Weber (1947), Bryman (1992) and other scholars, in these cases it is not feasible, short-lived and can be detrimental. At the same time, at the initiation stages of a company lifecycle, charisma reveals itself at the closest to the Weberian original notion of it, since this is the situation when something is being created and charismatic leader has a room to set up his/her rules facing limited bureaucracy;

3) While all three types are about an effective communication and shared norms, values and beliefs, transformational type is about communicating necessary change within an established organisation. Visionary type is about communicating a picture of a future where a company dares to head, while at operational level things may go well (Gill, 2011, p. 131). Charismatic type is about inspiring subordinates to follow a leader's vision in the times of uncertainty, whenever the legal and intuitional frameworks are under formation (Weber, 1947).

Based on these three abovementioned reasons, there is a theoretical fit of charismatic leadership theory for this study of media business leaders in the post-Soviet space. Nevertheless, this leadership type also has its own limitations that have to be acknowledged. Up to now, a variety of research methods has been used to study charismatic leadership, its effectiveness and influence on subordinates' motivations and performance. According to Yukl (2013), these are survey studies, laboratory and field experiments, comparative analyses of leader descriptions, comparative biographical studies, intensive case studies.

The further review of academic case studies on leadership revealed that these case studies have mostly concentrated on the achievements of iconic leaders like Chrysler's Lee Iacocca (Spector, 2014), Pepsi-Cola's and Apple's John Sculley (Malan and Kriger, 1998) or Scandinavian Airlines' Jan Carlzon (Heifetz and Laurie, 1997). A superstar CEO image is largely fuelled by media attention surrounding them which includes memoires about them being written and films

about them being produced. For instance, the current President of the USA and businessman Donald Trump authored more than 20 books on leadership, fortune building, and the art of deal-making. President of Scandinavian Airlines Jan Carlzon (1987) wrote a memoir called *Moments of Truth: New Strategies for Today's Customer-Driven Economy,* which turned out to be a bestseller translated into several languages. Several feature films have been made based on the biographies of business leaders such as Facebook's Mark Zuckerberg (*The Social Network,* 2010), Apple's Steve Jobs (*Jobs*, 2013), McDonalds' Ray Kroc (*The Founder*, 2016). There are many other examples of leaders in the popular culture, from TV series to online memes contributing to the hype around successful CEOs. However, there is also critical academic research on iconic leadership. For instance, Sharma and Grant (2011) did a case study on Steve Jobs and discussed the instruments of his public appeal through the analysis of his public speeches. Khurana (2002a) contributed towards de-romanticising the ultimate myth of charismatic leadership's positive impact on organisational performance in corporate environments. Both Mintzberg and Westley (1992) and Küng (2000) have argued that there is a need for detailed studies of social relationships in organisations with a focus on charismatic leadership and qualitative case studies of leadership in action in order to better understand organisational dynamics and the relationship between charisma and performance.

Küng (2008) has moved beyond a focus on leadership style categorisation which dominated the literature from late 1940s until 1960s (see Figure 2) to stress the close link between leadership and strategy for the media industry. Leadership and strategy are interrelated and both are under-researched in relation to media companies (Küng, 2008, p. 211).

Küng argued that media leadership role encompasses three different spheres:
1) The outer strategic environment which provides business opportunities and sets the limits for one's business by means of market size, competition and regulatory frameworks;
2) The inner environment or the organisational eco-system which is not only about leading the personnel but also about interpretations of leadership;
3) The internal relationship with the self which is about being able to learn on the go and reflect on one's achievements and losses (Küng, 2008, p. 212).

The relationships between these three spheres is what defines each media leader (Küng, 2008, pp. 211-212). Leaders' strategic options are defined by the environment and the media market dynamics. Leadership and management challenges are addressed based on harnessing the

internal skill-sets and harmonising the organisational eco-systems. The internal relationship with the self is about being able to manage one's power, influence, responsibility, knowledge and emotional maturity (Ibid, p. 212) to lead others. The media sector encompasses a wide range of leaders from ego-driven and power-hungry individuals to the less temperamental ones that are comparatively not power-abusive.

At the heart of leadership studies is the "born versus made" debate (Kotter, 1990, p. 109). In 1986-1989, Kotter (1990) analysed the origins of leadership in organisations, based on a study of nearly 200 senior executives in the U.S. through interviews, questionnaires, archival documents and observation. This is a similar study Kotter (1982) did on managers, yet, this time he applied the same methodology to study leaders. Kotter argued that "less than 1 or 2 percent of the population has the attributes from heredity and childhood to play [leadership] roles" (1990, p. 109). These are the people like Rupert Murdoch that were fortunate enough to inherit a set of companies from their family, and these companies lay the basis for their own business. However, as Kotter argued, people like Murdoch, who were born with predisposition for leadership are a minority, while most modern leaders (at least in USA) became leaders on the go, having taken advantage of any life circumstances they had had. This majority of leaders also developed their leadership style(s) over time. And in this sense, both career experience and organisational culture are particularly influential on a leadership style one later adopts as a leader. Therefore, based on his extensive research of business leaders in USA, Kotter strongly favoured the 'made' versus 'born' leadership.

The executives studied by Kotter (1990, p. 108) had three common traits among each other. They were:
1) Level of drive/energy;
2) Intelligence;
3) Integrity.

The first trait, the level of drive and energy, is associated with high personal standards and continuous push for improvement. It helps leaders produce change within organisations. At the same time, too much drive and energy may pervert leadership and lead to power abuse (Pfeffer, 1992). This could arguably be the case of Rupert Murdoch, the Australian-American media mogul who heads News Corp, one of the world's largest media conglomerates including News Corp, 21st Century Fox, Fox News and other high-profile assets. Murdoch's companies have faced numerous allegations of bribery and corruption internationally. The most notorious case

was the phone-hacking scandal in the UK with various incidents happening in 2005-2011 (O'Carroll, 2014). The incidents involved hacking phones of celebrities, public figures, and ordinary citizens including murdered schoolgirl Milly Dowler, by *News of the World*, a Sunday newspaper. An investigation of the phone-hacking scandal led to several resignations, arrests and convictions and the closure of Murdoch's title *News of the World* (O'Carroll, 2014).

The second trait, is intelligence. Kotter made a remark that the leaders he had studied had above-average intelligence, "although they rarely seem[ed] to be geniuses" (Kotter, 1990, p. 106). He argued that business success depends rather not upon pure intellectual skills as much as it does upon high cognitive abilities: ability to analyse huge amounts of information, ability to sense other people's changing behaviour and ability to set the right directions for people on the backdrop of changing business environment. It is also about being able to develop one's interpersonal skills.

The third trait is integrity. Integrity allows a leader to achieve long-term goals and win followers' loyalty. Integrity also arguably allows one to satisfy the legitimate needs of doing business (Kotter, 1990, p 107). Although there are plenty examples of lack of integrity among successful businessmen, the point here is that in theory someone who appears to be intelligent, driven and emotionally and mentally strong, does not necessarily become a leader straight away. S/he still needs something else to lead others – for instance, integrity.

To sum up the points made above, Kotter (1990) came up with the three leadership attributes based on the results of his mixed methods study of business leaders in USA. Kotter specifically stressed that, while one's motivations change throughout life, it is the early years that shape one's personality. It's the values expressed by closest relatives and even elementary school teachers (Kotter, 1990, p. 107). According to Freud (1975), inter-family relations in one's early childhood influence the way the personality is formed. Career experience, major events of adulthood and other circumstances can guide one's way of life, but the roots of one's drive, intelligence, mental and emotional health go back to early life. Charisma is the linking variable which unites experience and life circumstances with one's natural ability of leading (Kotter, 1990, p. 111). This is what connects Kotter's findings on leaders with the studies of charismatic people by Weber (1947). Further on, the above-mentioned leadership attributes form endless combinations in different people, making each leader's case different from the rest. As the research by Kotter (1990) has found, charismatic business leaders rely on both professional experience and a natural ability of leading in order to make a success. At the same time, what is

strikingly common among 200 leaders studied by Kotter (1990) is that they do not see themselves as charismatic. Instead they refer to their vision, the way they communicate with others and their hard work throughout the years as the main reasons for their business success. Kotter specifically implied that genuinely charismatic leaders are rarity. However, Kotter found out that when speaking of leadership, the followers tend to refer to leaders' charisma and their natural speaking style in the first place. This was particularly the case of an American businesswoman Mary Kay Ash, the founder of Mary Kay Cosmetics (Kotter, 1990, p. 112). In the 2000s, Kotter explicitly downplayed the effect of charismatic leadership on business performance and strategy due to its rarity, and there is a broad agreement in the literature on that (Tosi et al., 2004; Angle et al., 2006). Charisma is, however, mentioned in the literature on organisational behaviour (Nohe et al., 2013; Nohe and Michaelis, 2016), group mood contagion (Bono and Ilies, 2006), follower emotions (Sy et al., 2018) and psychodynamics (Kets de Vries, 1988), transformational change climate (Boehm et al., 2015), and CEOs' personal traits (Zhang et al., 2017).

Conclusion

This chapter started by considering what makes running media companies different from running other business organisations. It was argued that there are three distinct features of media companies. First, media firms operate in a dual-product market as they compete for audiences and advertising (Picard, 1989). That means that media firms constantly make decisions in terms balancing interests of the two groups they serve – the audiences and the advertisers. Second, as well as being a business media firms are subject to great public attention and responsibility because their products and services are a form of cultural/public good. It places them under additional pressure. Third, media are severely affected by technological change, which requires them to adapt to stay competitive on the market.

Next, this chapter examined the differences between media entrepreneurs, media managers and media leaders. The notion of media entrepreneurs is generally used to refer to the people who started a media firm from scratch and faced the challenges of growth. Theories of entrepreneurship are about the birth of firms, the management of small firms, behaviour such as exploiting opportunities and specific contexts (such as start-up firms or firms in new markets). Once a firm enjoys stability, it is the time for managers to step in and make sure that operation processes run smoothly and the business targets are met. The notion of media managers is the closest to administrators and executives with limited power. As far as (media) leaders are

concerned, the literature distinguishes several types such as 'visionary', 'transformational' and 'charismatic' – all of them collectively referred to as the "New Leadership" style.

Importantly, this chapter introduced key academic volumes that will be used extensively throughout this thesis as the main theoretical framework and the basis for analysis chapters. John P. Kotter's *The General Managers* (1982) and Alan Bryman's *Charisma and Leadership in Organizations* (1992) significantly influenced this thesis, both theoretically and methodologically. Through extensive research, Kotter (1982, 1990, 2012) proved that one's personal qualities, educational and social background influence how firms are run. He also distinguished between two concepts of leaders and managers, having argued that managers to a large extent define social relations within organisations, while leaders are key to transforming firms. Bryman (1992) justified the role of charisma in firm's radical transformation, arguing that there is some correlation between a leader's charisma and successful transformational efforts in organisations facing crises, turbulence and uncertainty. The next chapter of this thesis reviews relevant works and concepts on charisma and covers the relationship between charisma and authority. It also discusses to which extent and in which contexts charisma can impact firms' performance and, in particular, media firms' performance.

2. Understanding Charisma: From Ancient Greece to Rupert Murdoch

Introduction

This chapter discusses the relationship between authority, power and charisma from the point of view of classic sociology, philosophy and psychoanalysis. This chapter focuses on the concept of charisma and charismatic authority since it this is central to this research. The concept of charismatic authority was coined by Max Weber in the 19th century who derived the word 'charisma' from the Greek language.

The first two sections of the chapter, 'Charisma and charismatic authority' and 'The origins of power, authority and reason', discuss fundamental aspects of power and irrationality in order to explain the origins of charismatic authority. The works by sociologist Max Weber, philosophers Friedrich Nietzsche and René Descartes, psychoanalysts Sigmund Freud and Carl Gustav Jung and their followers are briefly discussed.

The third section, 'From dictators to the heads of multinational corporations: charisma in the 20th and 21st centuries', reviews the academic literature on charismatic leadership in organisations, including media organisations. The emphasis is on personas that are perceived to possess the qualities of charismatic authority such as Apple's Steven Jobs, Virgin Group's Richard Branson, and News Corp's Rupert Murdoch.

The final, fourth, section of this chapter, 'Charismatic leadership and its impact on a firm's performance', argues that charisma has a positive impact on firm's performance, but there are limits to its applicability.

Charisma and charismatic authority

German sociologist Max Weber (1864-1920) developed the concept of charisma for sociological analysis having derived it from its original Greek meaning: 'the gift of grace'. The concept of charisma is important for understanding institution building. The relation between charisma and institution building is considered one of the most important challenges that Weber's work poses for modern sociology. Weber noted the role of interpersonal relations for organisations:

> For Weber, freedom, creativity, and personal responsibility did not lie outside the scope of the society, of social relations and activities. On the contrary, interpersonal relations, organisations, institutional structures, and the macro-societal setting constituted the arena in which freedom, creativity, and responsibility could become manifest (Eisenstadt, 1968, p. xvi).

In his work *The theory of social and economic organisation*, Weber studied the problem of individual freedom and creativity and developed the concept of charisma (1947)[1]. He described charisma as "a certain quality of an individual personality by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities" (Weber, 1947, p. 358). This definition was presented within a typology of three different types of legitimation of authority: authority based on rational (legal) grounds, on traditional grounds and on charismatic grounds:

1) **Legal-rational authority** – it is not based on obeying a specific leader. This authority is empowered by obeying the principles of law (legal and rational);

2) **Traditional authority** – it is based on the sanctity of tradition and is irrational. The ability and the right to rule does not change overtime, it is usually passed down through heredity;

3) **Charismatic authority** – it is based on a leader who inspires others. This leader is perceived to possess extraordinary individual characteristics of divine or supernatural origin (Weber, 1947, p. 328).

Which types of organisations did Weber associate with charismatic authority? Speaking of the organisation of labour, Weber (1947) stressed that two out of three types of communal or associational organisation of work, the army and the religious community, are "based on the direct feeling of mutual solidarity" (p. 265). The first type of communal organisation is family; however, Weber (1947) did not consider it to be based primarily on charisma. According to Weber, the army and the religious community "rest primarily on a specific emotional or charismatic basis" (Ibid). "These types of organisation of work have been developed based on common value attitudes of primarily non-economic character" (Ibid). This definition implies that the main motivation of workers in a media company led by a charismatic leader is

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[1] Weber's *The theory of social and economic organisation* was first published in the early 20th century in German. The 1947 English version is the first published translation.

emotional rather than rational. In this sense, Weber's paradigm is of great importance for this research.

In Weber's work, a lot of attention is paid to the concept of power, which he defined in the following way:

> Power is the probability that one actor within a social relationship will be able to carry out his own will despite resistance, regardless of the basis on which this probability rests. [Therefore,] all conceivable … combinations of circumstances may put him [the actor] in a position to impose his will in a given situation (Weber, 1957, p. 152).

Weberian understanding of power has implications for this study of charismatic leaders, since Weber (1947) considered charisma to be one of the ways of legitimising power. Weber did not discuss how exactly power is legitimised in organisations because he focused on politics and religion. However, his work on charisma has introduced a totally different outlook on the nature of authority which has contributed to wider debates on power, reason and ir/rationality that will be briefly discussed in the next subsection.

The origins of authority, power and reason

Descartes, Nietzsche, Freudians and neo-Freudians offered a wide range of views on human stimuli to act and succeed or increase one's power.

Descartes on the power of intellect

In *Meditations on First Philosophy* (1999)[2], French philosopher René Descartes (1596-1650) analysed human behaviour and emphasised that a human has both intellect and will at his/her disposal (p. 91). He equated will with the freedom of choice and differentiated it from the intellect. As the philosopher put it,

> [The intellect is...] simply the faculty of being aware of ideas, or of apprehending things simply and without any affirmation or negation, [while the function of the will or freedom of choice is] ...to affirm or deny, to give or withhold assent (p. 91).

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[2] *Meditations on First Philosophy* was originally published in 1641.

Descartes suggested that discrepancy between these two 'divine gifts' leads to human error. There are at least two occasions on which an error may occur:

a) when one lacks knowledge and thus cannot have a clear perception of something he is willing to perceive;

b) or when one is willing to makes judgements on any occasion when the truth of the matter is not clear.

Descartes suggested that "whenever I have to make a judgement, I restrain my will so that it extends to what the intellect clearly and distinctly reveals, and no further, then it is quite impossible for me to go wrong." (p. 43). He also talked of *power* as one of the reasons of deception: "... although the ability to deceive appears to be an indication of cleverness or power, the will to deceive is undoubtedly evidence of malice or weakness, and so cannot apply to God" (p. 37) Then he argued that the nature of human errors results from lack of knowledge and unrestrained will (discussed above) on the side of the human as opposed to God's will. The philosopher also used 'power' in the connotation of the 'power of understanding' (p. 42) or the power of the intellect.

To sum up, Descartes' points, Descartes' ideas can be understood in Weber's terms as exposing the contradiction between a charismatic authority (will to power) and a legal-rational authority, based on intellect or ratio.

Nietzsche and the will to power

In his late 19th century work *Beyond Good and Evil*[3] and especially in the volume titled *The will to power*[4], German philosopher Friedrich Nietzsche (1844-1900) developed the idea of *power* as a human instinct to become stronger (Heidegger, 1990). Known for his critique of the concept of free will, Nietzsche neglected the word 'will' considering it an ideal category of mythology. At the same time, he believed that in real world will does not exist on its own. Using the protoplasm example, the philosopher argued that will is utilised when a human actualises his/her desire for power (Heidegger, 1991). That is why, in Nietzsche's view, a will is a will to power. Every willing is a willing to be more, and every power is only power if it remains a willing to be more power. This is how the philosopher explained it:

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[3] *Beyond Good and Evil* was originally published in 1886.
[4] *The Will to Power* was originally published in 1901.

> [...] what man wants, what every smallest part of a living organism wants, is an increase of power... Let us take the simplest case, that of primitive nourishment: the protoplasm stretches its pseudopodia in order to search for something that resists it – not from hunger but from will to power. It then attempts to overcome this thing, to appropriate it, to incorporate it. What we call "nourishment" is merely a derivative appearance, a practical application of that original will to become stronger (Heidegger, 1991, p. 60).

According to Nietzsche's metaphysics a will to power constitutes the basic character of all beings. "Will to power is the ultimate factum to which we come" (Heidegger, 1991, p.3). By conceptualising the will to power Nietzsche provided his own answer to the eternal philosophical question "What is being?" (Ibid, p.4) According to Nietzsche, all being is will to power.

Freudian and neo-Freudian concepts of power – power as an instinct
Austrian psychopathologist and psychoanalyst Sigmund Freud (1856-1939) viewed individual human actions as well as historical and societal events through the prism of psychoanalysis – he considered them as a manifestation of unconscious, usually sexual motives. Freudian scholar Alfred Adler (1870-1937) changed Freud's concept of sexual unconscious to the concept of unconscious will to power. Adler (1992) believed urge for power defines people's behaviour within family and society. According to Adler, power is an instinct that ensures people's survival by means of compelling others to their own will. This way an individual guarantees his/her own survival and the security and prosperity of his/her children.

Swiss psychoanalyst Carl Gustav Jung (1875-1961) developed the idea of collective unconscious, which defines social behaviour of an individual. According to Jung, the collective unconscious is the innate psychic layer of archetypes. The archetypes are something to which every individual is exposed to by birth. This datum cannot be obtained through education. According to Jung, the archetypes are psychic dispositions to one's experience that control one's attitudes of experiencing oneself, power and failure.

The idea of power developed by Nietzsche in *Will to Power* was later used by neo-Freudians. Neo Freudians and representatives of psycho-cultural Freudianism such as Karen Horney

(1994) and Erich Fromm (1988) argued that sociocultural life conditions shape motives of peoples' activity and their behaviour. In other words, power is not only shaped by innate irrational dispositions, it's also shaped by rational stimuli. Fromm said that Freudian theory was limited in a way that it did not acknowledge that the notion of common sense and rationality differed depending on context (Fromm, 1988). At the same time, Fromm as well as other representatives of the psycho-cultural Freudianism recognised the role of unconscious and instincts in human behaviour. Fromm (2013) summarised the idea of identity being based on one's possessions as "I am what I have". Fromm (2013) contrasted this form of identity with the identity of "I am who I am", based on life experiences and inner faculties and potentialities such as emotions, feelings and knowledge.

Other concepts of power

In late 20th century, power was studied mostly in relation to politics, political science, and international relations. The "differences between political systems, or profound changes in the same society, can often be interpreted as differences in the way power is distributed among individuals, groups, or other units" (Dahl, 1968, cited in Lukes, 1986).

French philosopher Michel Foucault (1926-1984) defined power in terms of strategic relations. He made two important arguments: "first, that power relations involve a confrontation or struggle between opposing forces; and, second, that there is an instrumental logic to these struggles, such that each party to the struggle aims to get the other to do what he or she wants" (Foucault, 1978, cited in Allen, 2010, p. 80). Foucault concluded that power is always present in any "human relationships, whether they involve verbal communication…, or amorous, institutional, or economic relationships […] I mean a relationship in which one person tries to control the conduct of the other" (Foucault, 1978, cited in Allen, 2010, p. 81).

Further 20th century studies also focused on power. British sociologist Anthony Giddens (1938-) argued that the most all-embracing meaning of power is the capability of an individual to make a difference (1984, p. 14). Michael Mann (1986, p. 6) identified power as 'the ability to pursue and attain goals." Speaking of power, Bertrand Russell (1975) stressed the element of intention, while Weber emphasised will. But while Russell spoke of the actual realisation of power, Weber stressed the capacity to realise it. Russell defined power as the production of intended effects and argues that "power over human beings may be classified by the manner of influencing individuals" (p. 25). For Robert Dahl, power amounts to the control of behaviour.

"His 'intuitive idea of power' is that 'A has power over B to the extent that he can get B to do something that B would not otherwise do" (Dahl, 1957, cited in Lukes, 1986, p. 2).

These arguments by key 20th century thinkers, especially Giddens and Dahl, support Weber's ideas and the main argument of this thesis that power is a form of making a difference either through individual action or through encouraging others to act. It is interesting to note that Foucault's research adds an element of drama to any power relations as Foucault viewed power relations as a struggle between opposing forces. As far as this research of media business leaders is concerned, one may suggest that Foucault's power struggle refers to media leaders' interaction with external actors in order to grow and sustain a privately-owned business.

Overall, the chapter has so far presented review of different 19th and 20th-century philosophical schools on power, authority and reason. This is done in order to develop a critical understanding of charismatic leadership, which is a key concept of this research. The next subchapter is going to look at scholarship which discussed charisma in relation to public figures whose leadership style in politics and business was to some extent exceptional from their contemporaries.

From dictators to heads of multinational corporations: charisma in the 20th and 21st centuries

Charisma within contemporary academic debate

Having studied charismatic political leadership of the 20th century, sociologist Ann Ruth Willner (1984) emphasised that charismatic authority is developed through transformation from one of the alternative types of authority: legal or traditional. Willner (1984) illustrated her point on the examples of key political and religious leaders such as Gandhi, Sukarno and Hitler. She argued that there are six possible conditions for the genesis of charismatic authority or charismatic relationship between leader and followers (see Figure 3 on the next page).

Figure 3. Conditions for the genesis of charismatic authority

Source: Willner, 1984, p. 208

In her model, Willner (1984) suggested that a combination of conditions is required for the genesis of charismatic authority. The first set of conditions is related to a persona: it has to be surrounded with sanctity or it has to be heroic or it has to have an exceptional character. The second set of conditions is related to what happens to the order or the external environment either prior to a persona's actions (revealed order) or as a result of them (established order). According to Willner (1984), at least one quality out of the first set has to be combined with either revealed or established order to create a charismatic authority. For instance, it can be a combination of heroism and the revealed order or a combination of exceptional character and the established order.

There are many real-life examples of charismatic authority among historic figures and contemporary politicians, religious leaders, sportsmen, businessmen, people of arts. Also, these are politicians whose actions influence how enterprises are managed. An example of the politician who significantly impacted on the economic culture of an entire state was Chinese Chairman Mao Zedong (1983-1976). Mao served as the Supreme leader of the Chinese Communist Party between 1949 and 1976 and laid the foundation for the People's Republic of China (PRC). Researcher Ma Ngok (2007) called Mao Zedong a "charismatic" leader (p. 32). According to Ngok (2007), it was Mao's exceptional character that enabled him to establish a new order in China. According to Willner's (1984) model of conditions for the genesis of charismatic authority (See Figure 3 on the previous page), a combination of these two features have shaped Mao as a charismatic leader. Mao's concept of collectivist community governance has had a huge impact on management practices of Chinese enterprises up until nowadays. The state engaged with every aspect of people's lives under the planned socialist economy. Ngok (2007) argued that persuasion and education were both important for Mao to put forward his

ideological work. Mao's thoughts on management can be described as the convergence of collective leadership and participative management and centralism and party rule in every economic aspect. (Ngok, 2007, p. 33) In this system, each worker was expected to be politically conscious and ready to make sacrifices for the common good. A worker would be appointed to a job based on ability and skill, coaching would be provided. Ngok (2007) mentioned the following weaknesses of Mao's leadership: a didactic leadership style and the coercive application of collectivist policies into every economic sector.

Authority, power and influence have been researched in relation to leadership, since the former constitute the essence of the latter. Hence, the connection between the concepts of charismatic authority, which was central to Weber's work (1947) and charismatic leadership, which is a subject of research of modern academia. As discussed in this section, in modern sociology, Weberian theory on charismatic authority is often applied to authoritarian personalities such as political leaders. However, academic research on charisma is not limited to political figures. The next subsection is looks at charisma and leadership in the business sphere.

Charisma and leadership in business organisations

Charisma is a distinct aspect of any institutional framework (Eisenstadt, 1968, p. xvi), meaning that it can be found in any social institution – as big as the state and as small as the family. Economics and business studies scholars apply the concept of charisma on a microeconomic scale of any business or public entity which involves organisation of labour and leader-follower relations (Bass and Bass, 2008). Early studies of charismatic leadership in business entities rather than in political arenas or religious movements came out in the early 1990s. Since then, charismatic leadership was studied alongside other leadership types such as 'visionary' or 'transformational'. As already mentioned, collectively all these leadership types are referred to as 'The New Leadership'. Bryman (1992) contributed to the field by differentiating charisma from other leadership types. Visionary leaders are concerned with transforming organisational culture in line with their own vision (Bryman, 1992, p. 107).

> […] charismatic leaders typically create new organizations (and hence new cultures) whereas transformational leaders are concerned to change existing organizations and their cultures (Bryman, 1992, p. 105).

Yet, in modern theory several labels, such as 'charismatic' and 'visionary', may be applied to a single person at the same time (Goleman et al, 2013).

There is a difference between charismatic leaders and other types of leaders in organisations. Charismatic leadership[5] is unstable and transitory by nature (Eisenstadt, 1968). For this reason, charisma is observed in those leaders who act as agents bringing radical change. As discussed in Chapter 1, from a change management perspective leaders and managers differ in motivation, personal history, and in how they think and act (Zaleznik, 1977). Conger and Kanungo (1987, p. 644) referred to one more type of authority in a company - an 'administrator' whose role is slightly similar to the one of the manager, yet with a lean towards more conservatism compared to more opportunity-seeking managers. The authors defined all three types of authority in an organisation as following:

> Administrators act as caretakers responsible for the maintenance of the status quo. They influence others through their position of power as legitimated by the organisation. Managers direct or nudge their followers in the direction of an established goal. Charismatic leaders transform their followers (instead of nudging them) and seek radical reforms in them in order to achieve the idealized goal (Conger and Kanungo, 1987, p. 644).

Following this logic, a leader's position may be one of the shakiest among the three. When a leader loses sight of reality and his or her unconventional behaviour fails to achieve his or her objective, the leader may be instantly degraded from charismatic to ineffective (Friedland, 1964, cited in Conger and Kanungo, 1987, p. 643). Also, it is inevitable that charisma over time becomes routinized (Weber, 1947). Conger and Kanungo (1987) found evidence that the routinisation of charisma turns charismatic leaders into administrators (caretakers) or managers (nudging followers), and as soon as it happens, their charisma wanes. Following this logic, charismatic leaders lose their charisma, the more immersed they become into the structures

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[5] It is important to distinguish between two terms that are frequently used in this thesis – "charismatic" authority and "charismatic leadership". The concept of "charismatic authority" was coined by sociologist Max Weber (1947). It refers to a specific authority type which is characterized by unconditional acceptance of a leader's decisions by his or her followers, based on the leader's perceived supernatural talents. "Charismatic leadership" is a widely-used term in organizational studies (Bryman, 1992) to refer to a leadership style which can often be observed in organisations undergoing critical situations. It is also believed, that both are short-lived, and both can be explained in simple terms as a strong-bonds relation between leaders and their followers.

which emerge with routinisation. Zaleznik (1977) adds that the difference between managers and leaders lies deep in their psyches. Managers seek stability and control and instinctively try to quickly resolve problems, sometimes before they fully understand what a problem is. On the contrary, leaders tend to tolerate chaos and lack of structure and are willing to delay closure to understand the issues more fully. According to Zaleznik, business leaders have more in common with artists, scientists, and other creative thinkers than they do with managers. Furthermore, Conger and Kanungo (1987) state that charismatic leaders differ from both consensual and directive leaders in the use of their personal power over their followers through elitist, exemplary and entrepreneurial behaviour. "Charismatic influence [...] stems from leaders' personal idiosyncratic power (referent and expert powers) rather than their position power (legal, coercive, and reward powers) legitimated by organisational rules and regulations." (Conger and Kanungo, 1987, p. 644)

The origins of charisma in organisations

Research on the antecedents of charismatic leadership usually observes either specific leader characteristics or specific contextual characteristics. Walter and Bruch (2009) put forward an 'affective events model' – an inclusive perspective on the origins of charismatic leadership that depicts the interrelations between diverse antecedents (see Figure 4 below).

Figure 4. An affective events model of charismatic leadership behaviour emergence
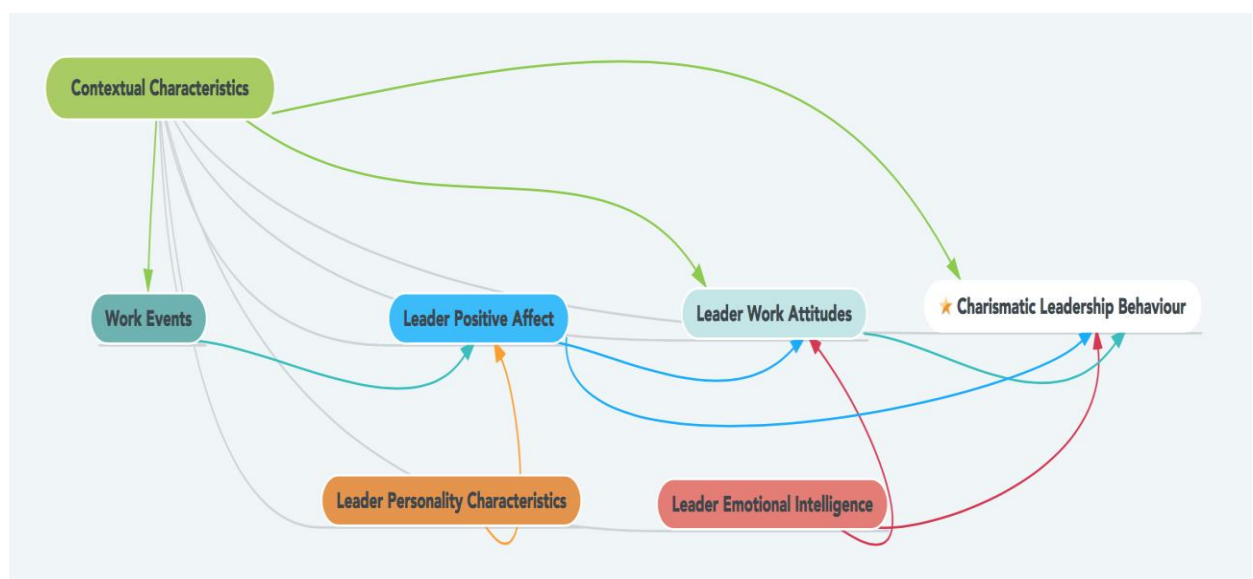
Source: Walter and Bruch, 2009, p. 1436

Walter and Bruch (2009) used the affective events model to study charismatic leadership and explore inter-relations between various factors affecting charismatic leadership behaviour. The affective events model is itself based on the affective events theory. This theory was developed by organisational psychologists (Weiss and Cropanzano, 1996) to study affective experiences at work and has been taken on board by scholars to discuss broader issues in management such as emotions in organisations (Fineman, 2000), implications of leader-follower relations (Avolio et al, 2004) and emotional intelligence (Goleman et al, 2013). The theory explains the links between one's internal motives and one's reactions to occurrences in one's work environment that affect job performance, commitment and satisfaction. It is believed that leader's activities and the level of bonds with employees affect how the latter perform and how motivated they are. Walter and Bruch (2009) suggested that a charismatic behaviour is itself a result of inter-relations between internal and external factors. In Walter and Bruch's model, the most important factors are contextual characteristics and leader emotional intelligence. Once these are interlinked with work events and leader personality characteristics (Kotter, 1982), a certain attitude to work is created by a leader. This attitude later is transferred to employees and becomes a common work pattern. If a leader's position is stable, s/he engages in charismatic leadership behaviour, which in turn shapes leader-follower need[6] in a firm.

Since contextual characteristics and leader emotional intelligence are the most important parameters of Walter and Bruch's (2009) affective events model, each of these parameters will be discussed in detail below. The leader-follower relation formed out of charismatic leadership will also be discussed below.

Contextual characteristics

The most widely cited contextual characteristic for the origin of charisma is crisis. Max Weber (1947) suggested that crises constitute a prerequisite for charismatic leadership. The research revealed that often charismatic leaders can be found in those organisations that are undergoing some sort of crisis. For instance, David De Cremer and Marius van Dijke (2010) studied 531 Dutch employees and found that charisma is a crucial leadership quality at times when distrust and a lack of moral fortitude are very much in evidence. One of the main reasons why respondents felt this way is because, in their view, charismatic leadership helps to strengthen moral and ethical values, which they see as necessary during a political crisis. So, Dutch

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[6] The "leader-follower need" idea was first put forward by Irving Knickerbocker in 1948. It has been used in many studies on charisma ever since.

employees see a charismatic business leader as one with a clear moral compass (De Cremer and Van Dijke, 2010). In cases when the management is based on close inter-worker communications and a minimum standardisation is involved, charisma is a valuable business resource. Research by Shamir and Howell (1999) specified what kind of 'crisis' is necessary for the occurrence of charismatic leadership in organisations. They argued that:

> [C]harismatic leadership is more likely to emerge and be effective in situations that are exceptional, unique, dynamic, or otherwise 'weak' in the sense of not providing clear guidelines for behavior, as well as in situations where the primary method of coordination is shared values and the organizational task in consistent with these values (Shamir and Howell, 1999).

Charismatic leadership is favoured in difficult business circumstances, whereas subordinates are stressed about uncertainty. As they lack self-confidence, they become more receptive to one's charisma (Gill, 2011, p. 51) and yield the right to make decisions to a charismatic leader. The research on situational variables that determine which type of leadership will occur, has found that charismatic leadership is more likely to evolve and flourish in the situations that are related to highly critical situations such as the birth of a business at the backdrop of a dynamic and unpredictable market, or situations of high uncertainty (Bryman, 1992; Conger and Kanungo, 1998; Pillai and Meindl, 1998; Gill, 2011; Yukl, 2013), when it is necessary "to bring rapid, dramatic, and lasting change with limited resources" (Kim and Mauborgne, 2006, p. 26).

Having analysed political leaders of Europe and Asia of the 20th century, Willner (1984) arrived at the same results. Her research found that "preconditions of exogenous social crisis and psychic distress are conducive to the emergence of charismatic political leadership, but they are not necessary" (p. 52). Moreover, having explored responses to crisis, the research by Hunt, Boal and Dodge (1999) revealed that not all leaders respond to crisis by demonstrating their charismatic side.

According to Hunt, Boal and Dodge (1999), there are four types of leaders depending on how they respond to crisis:
1) Crisis-responsive leaders (response may come in various forms, excluding new vision);
2) Visionary leaders under crisis (a new vision is the response to a crisis);
3) Leaders choosing exchange (any forms of social exchange including bureaucratic interaction);

4) Crisis-unresponsive leaders (this includes no decision-making).

Hunt, Boal and Dodge (1999) argued that the first two types, the crisis-responsive leaders and the visionaries, can be described as charismatic leaders, unlike the last two types. At the same time, they argued that a leader lacking in perceived Weberian-type (1947) charisma is also capable of developing a vision in more stable settings (Ibid).

There is agreement in the literature that charisma works only in certain settings – these are not necessarily settings characterised by a crisis, but ones that involve complex transitions (Conger and Kanungo, 1987) or a feeble social order (Barhaim, 2012). Irrespective of whether there is a crisis or not, Conger and Kanungo (1987) state that sensitivity to contextual factors is important for a leader if s/he is going to develop a strategy for change: leaders find themselves "creating a charismatic image for themselves" (p. 645) as it enables them to advocate radical change. Conger and Kanungo (1987) suggest that organisations, especially those in developing countries, where greater organisational change would be necessary for adopting new technologies and transforming traditional operations, should pick managers based on charisma. More recent studies re-affirmed the interrelation of charisma and transition. Barhaim (2012) researched media coverage in the post-socialist states of East-Central Europe and argued that charisma was co-existent with the feeble social order of these struggling states in transition. Charisma was particularly consonant with the predominance of informal social networks that arose as a new form of social order in post-totalitarian societies (Barhaim, 2012). These social networks form the basis for a range of socio-economic practices including entrepreneurship.

Emotional intelligence of a leader

In theory, someone with power and authority in an organisation is able to drive the process of change through the organisation (Kets de Vries, 2003). Yet, not every manager is a transformational leader (Kotter, 1982, 1990). Küng (2008) mentioned the importance of self-knowledge and emotional maturity or emotional intelligence for business leaders. A highly-ranked executive can be an effective change-agent if s/he is emotionally intelligent enough to make change happen. Emotional intelligence is generated through both leader's experience and his or her own psychological motives (Aberbach, 1996; Kets de Vries, 1988). In a company undergoing change, emotional intelligence is based on a leader's ability to understand the followers' needs and their state of mind. A leader creates a narrative that there are common interests between a leader and followers. Then the leader persuades the followers to act in favour of completion of a common goal using a range of techniques of stage management and

dramaturgic performance (Lindholm, 1988; Mangham and Overington, 1987; Mangham, 1990; Sharma and Grant, 2011).

The ability to interact with others in order to gain sympathy and loyalty in return is central to behavioural sciences. Arguably the most influential study on preconditions and consequences of individual psychodynamics was completed by Sigmund Freud (2013)[7]. Canadian psychotherapist Eric Berne (1910-1970) carried out a detailed analysis of the relationship dynamics on a micro-scale - between individuals within families and friendship circles. Its results are presented in his book *Games People Play: The Psychology of Human Relationships* (Berne, 1968). Max Weber's (1947) *The Theory of Social and Economic Organization* referred to relationship dynamics within larger social institutions such as religious organisations and economic entities. Following this tradition, recent studies by Schutte and Loi (2014) and Hui-Hua and Schutte (2015) link emotional intelligence to workplace flourishing. Reponses from 319 adults from USA and Australia demonstrated that higher emotional intelligence is connected to more workplace engagement and more perceived power in the workplace. Responses from 180 adults revealed that higher emotional intelligence, emotional stability and flexibility are associated with better task-performance. There is a downside to emotional intelligence, as some studies suggest that emotional intelligence is linked with higher levels of perceived stress (Bao et al, 2015) and borderline personality disorder (BPD). (Sinclair and Feigenbaum, 2012) However, there is a consensus among psychologists that there is no direct correlation between emotional intelligence and anxiety. Also, there is also no direct connection between emotional intelligence and perfectionism (Smith et al, 2015). Ann and Young (2012) found that emotionally intelligent people can apply various conflict management styles. For instance, study of 442 adults revealed that emotionally intelligent people can be both dominating and compromising depending on their personalities and depending on a situation they find themselves in.

Leader-follower need

Leaders and followers are mutually dependent on each other. In this regard, there are many academic studies on the conditions under which charisma makes a difference to the internal organisational dynamics. Irving Knickerbocker (1948) put forward a leadership conceptualisation based on leadership and follower need satisfaction. Conger and Kanungo

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[7] Freud's *Wit and its Relation to the Unconscious* was first published in English in 1916 by Moffat, Yard & Co in New York.

(1987) presented a model of behavioural components of charismatic and non-charismatic leaders. In this model, "charisma is viewed both as a set of dispositional attributions by followers and as a set of leaders' manifest behaviours" (p. 645). De Vries et. al. (1999) studied 958 Dutch employees in service sector, trade, hotels, restaurants, banks and insurance and established that charismatic leadership and need for leadership are related to each other. Subordinates with charismatic leaders have a higher need for leadership than subordinates with non-charismatic leaders. A more recent study on Danish news organisations' middle managers which was carried out in 2003-2005 revealed two things (Lund, 2008). The first finding was that the middle managers can be change makers in an organisation; moreover, the success of change management depends on greater involvement of middle managers into the process[8]. The second finding was that the Danish middle managers considered themselves lacking in charisma and knowledge of management tools, and therefore felt that were unable to motivate change and inspire their subordinates, or influence members of executive boards and top management (Lund, 2008, p. 207). They thought that successful change was only possible if there was a senior charismatic leader in an organisation who would be responsible for all those tasks they were not confident enough doing. The research on change management in Danish news organisations revealed that the middle managers defined charisma as a leadership quality. They described charismatic people as those that possess energy, professional creativity, sociability, ability for multi-tasking, analytical capability, motivational skills, curiosity and intuition (Ibid, p. 206).

Martin and Siehl (1983) showed how exactly charisma may transform an organisation. The researchers developed three types of organisational subcultures: enhancing, orthogonal and counter cultures, depending on the level of congruence with the values of the dominant culture. A charismatic leader can use countercultures within an organisation to implement change according to her or his vision. The research used John DeLorean, General Motors' executive in 1950s-70s, as an example. When John DeLorean realised that the dominant culture of General Motors was about conformity, using his charisma and storytelling skills he created a counterculture movement centred on independent thinking. DeLorean could convince others and changed the organisation culture. Later the counterculture he promoted became General Motor's dominant culture. Unlike consensual leaders, who are group facilitators, charismatic leaders lead their followers to the realisation of their vision through innovation, high risk,

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[8] This point was confirmed by another academic study by Floyd and Wooldridge (1992) which found that there is a positive relationship between middle managers' involvement in strategic decision making and organisational performance.

countering established norms. Such uncommon behaviour evokes admiration in followers that not only attribute charisma to their leader but also perceive him/her as possessor of superhuman qualities (Martin and Siehl, 1983).

Apart from classic managerial understanding, the academic discussion of leader-follower relations also has considered the relationship between a charismatic figure (leader) and the public (followers). In this regard scholarship notes that charismatic behaviour can leave good and bad marks on society. Scholars have differentiated two forms of charismatic behaviour – socialised (or positive) and personalised (or negative). This differentiation takes moral aspects into account (House & Howell, 1992). Socialised charismatic leadership reflects egalitarian behaviour, serves collective interests, and empowers followers, and such leadership has been associated with positive, morally beneficial outcomes. Personalized charismatic leadership, on the other hand, builds on personally dominant, authoritarian behaviour, serves the leader's self-interest, and is exploitive of others (Walter and Bruch, 2009, p. 1443). There is an agreement in the literature that positive charismatics efficiently help an organisation to deal with short-term crises. However, if they keep imposing themselves on situation for longer periods of time, it might cause stress among followers and break the pre-existing leader-follower bonds (Gill, 2013, p. 309). Should charismatics make more risky decisions than the situation requires, it can be a cause of a serious failure for a company and a charismatic him/herself (Ibid). For example, the above-mentioned John DeLorean was forced out of GM and his own company was a failure too.[9]

To explain how leader and follower relationship works, Zaleznik (1977) integrated leadership and organisation studies with the theory of psychoanalysis. He argued that every leader finds a way to actualise what he or she is driven by through psychological conflict and struggle facing

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[9] This example and others used in this chapter, such as of Rupert Murdoch, are examples of controversial leaders whose cases can be observed not only through the lens of charismatic leadership, but also other theories of management. For instance, a further study on charismatic leaders of media companies can engage more thoroughly with the field of critical management studies (Alvesson and Willmott, 1992). Critical management studies views management not only as a field driven by rationale and initiative, but as a field which can be described through theories of power and ideology (e.g. Foucault, Gramsci and Althusser), communication (Habermas), social research (Horkheimer), analysis of labour process (Marx), moral philosophy (Weber), to name some examples. This study aimed at investigating a media leadership which arose in a specific post-Soviet context within a certain time frame (1991-2016). Due to this scope, this study focused on investigating whether Weberian concept of charismatics is applicable to media leaders in this context. Further studies can benefit from exploring the post-Soviet media leaders using a wider framework of critical management studies.

difficult choices and resource limitations. Aberbach (1996) argued that charisma is a form of psychopathology. Analysing three main areas that charismatics shine in – politics, religion and the media, Aberbach marked that there is a dynamic bond between charismatics' inner world and his/her external social, political and economic reality. He defines charisma as "a relationship which comes about with the intersection of the traumatised inner world of the charismatic and external social and political crisis" (p. 104). The relation between a charismatic and a group is often paradoxical: not only followers do need their leader but also some leaders need followers. "Charismatic appeal has two meanings: a powerful aesthetic attraction to the public, and a cry for help artfully disguised or transcended" (Aberbach, 1996, p. xi). Having applied a Gestalt approach to several representatives of charisma in the media and combined it with research in history, sociology, religion and psychology, Aberbach found out that a public response to charisma is as simple as a cry for help of someone who experienced childhood loss or trauma. To compensate this loss, a person may develop gifts, charismatic features, and become creative – as a struggle to master and resolve inner disabilities is spurred by a need to develop unusual strengths in other areas (p. 88). According to Aberbach's research, this is, for instance, evident from biographies of Charlie Chaplin, who in his own words paid a high price for his gift and success of living in 'theatrical unreality' (Minney, 1964, p. 309, cited in Aberbach, 1996, p. 98), Marylin Monroe, who belonged to the public, not having belonged to a secure family (Monroe, 1974, cited in Aberbach, 1996, p. 83), John Lennon, whose charisma had universal semi-religious undertones marked by a childhood grief (Coleman, 1984, cited in Aberbach, 1996, p. 82). For a charismatic leader, a public appeal is vital for physical and spiritual survival, it is a true expression of will to live when destruction or self-destruction may be imminent. Charisma may appear in different guises of different intensities – from state leaders such as Adolf Hitler to owners of an enterprise, yet it always brings change, whether through creation or destruction.

To sum up this section, charismatic leadership is a complex quality, comprised of a range of abilities and attributes. In brief, Weberian charismatic qualifications included two musts:

- Magical powers such as prophet's revelation power or an exceptional military heroism (Weber, 1947);
- Validation of leader's charisma by followers (Weber, 1947).

These two qualities, according to Weber, constituted pure charisma, and it is currently argued by modern scholars that modern businessmen lack such features. Sensitive to the modern

business environment, the concept of charismatic leadership lives on in organisational theory in an amended form and has been extended to include more qualities. The range of attributes and abilities conventionally associated with charismatic leaders, noting that these leaders may exert some, if not all of the qualities, subject to followers' validation, includes the following:

- Extraordinary personal qualities such as courage; talents or skills such as profound legal knowledge;
- Emotional intelligence and ability to intuitively feel what others want;
- Energy, confidence and endurance;
- Interdependence relationship with subordinates;
- Leader's status-quo and limited ideological, legal-rational or traditional constraints (Bryman, 1992, p. 64), which allows him/her to pursue his/her vision.

In business research, charisma is no longer perceived as purely a personal attribute (the trait approach existed only in 1940s). Qualities such as deal-making and negotiation skills are applied to charismatics yet are not central to the concept. Charismatic leadership calls up with visionary leadership, yet vision is not central to this form of relationship between leaders and followers either[10]. What is more important, and there is an agreement in scholarship on that, is that charisma is a form of an exchange relationship between a leader and followers, in which both sides satisfy their needs. Charismatic leadership is a complex social relationship in which a naturally emerged leader, using limited means and relatively unconstrained, is able to motivate and inspire others to overcome political, bureaucratic and resource barriers. Charismatic leadership emphasises leaders' emotional intelligence, ability to build networks and recognise opportunities and threats amid the turbulent environment. Such qualities of leaders as political tactics, commitment, and compliance were discussed by Yukl (2013) in regards to more legitimate business leadership types, such as, for instance, transactional leadership, within the framework of institutionalisation of power. These qualities are currently out of scope of researchers of charismatic leadership, and the recent research has been more concerned with organisational-level relationship dynamics between leaders and followers, which will be discussed in the next subsection on the example of media companies.

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[10] More discussion of charismatic leadership in comparison to transformational and visionary leadership types can be found in Chapter 1 subsection "An overview of organisational leadership theory and leadership styles". These three types of leadership – charismatic, transformational and visionary - are now regarded as distinct in the literature.

Charisma in media organisations

Academic research has looked at charisma of the people who lead media projects, including those leading established media corporations like Apple and short-term media projects such as film crews. The research on charisma of media executives focuses on the following three issues: leadership, creativity and power abuse. Issue of leadership is explored through the example of charismatic film directors. Creativity of charismatic leaders is discussed through the example of leaders of tech start-ups. And, finally, power abuse is discussed in relation to heads of large, influential media corporations such as News Corporation.

Of all the media industries, it is the movie industry that has provided the richest material for studies of leadership. A study on leadership in film-making by Alvarez et al (2004) illustrated the concepts of co-leadership and social sources of power with examples of idiosyncratic movie directors Pedro Almodóvar and Francis Ford Coppola. First, the research compared two distinct styles of organising film production: the craft-like European style and the gross- and agent-driven Hollywood one. Second, the research compared in-depth cases of two directors. Almodóvar is described as a visionary leader, a control freak looking for freedom and control over all aspects of his artwork (p. 345). For instance, for Almodóvar the social sources of power are "embedded in peculiar relational patterns" – [they are] "tightly coupled, nested in each other, nuclei of trust and affection" (Alvarez and Svejenova, 2002, cited in Alvarez et al, pp. 343-344). Once these patterns of trust and affection were created, they allowed Almodóvar, as a visionary leader, to influence others, beyond the strength of his positional and personal power. It explains why the cast would at times commit beyond regular job duties to make sure Almodóvar's vision came into realisation (Alvarez et al, 2004). There is a distinction between positional and personal power. Almodóvar's personal sources of power include "his self-taught expertise in scriptwriting and film directing; his reputation in the industry as an idiosyncratic, maverick film director; and his personal charisma" (p. 345). Almodóvar's positional source of power is his authority in the industry. In turn, his authority as a film director is based on communal patterns of solidarity and sociability. The study has showed that:

> [...] although a film director may have the formal authority to influence the behaviour
> of the film's cast and crew, his influence can also reside in a peculiar community
> pattern he has managed to create. Through a relationship built on trust and affection,

his followers are committed to his vision and support it unconditionally (Alvarez et al, 2004, p. 340).

Alvarez et. al (2004) applied the career jungle framework to the highly uncertain and volatile film industry. They state, "jungle gym competencies require greater functional dexterity, focused personal loyalties, emphasis on lateral rather than upward mobility, power based on personality, and skills rather than position" (p. 341). Further studies by Alvarez and Svejenova (2005) explained why charisma works in certain settings. The authors argued that charisma – as a social phenomenon – is always a phenomenon of small numbers. In other words, one cannot be perceived as charismatic by the entire population but rather by a limited number of people. For instance, a film director may be considered charismatic by members of the film crew with whom s/he worked with, but not necessarily the ones s/he'd never worked with or seen before. Charisma is not reputation, it cannot be transmitted through a word of mouth. Charismatic appeal is vested through interaction between individuals. The same goes with the social power or the corporate power – it extends over the limited number of people with whom a leader interacts in certain place and certain time (Alvarez and Svejenova, 2005). Francis Ford Coppola is identified as a transformational leader considering his role in reshaping Hollywood in 1970s and the way he dealt with crises. Coppola described the role of film director as "the last remaining dictatorial role in democratic society." However, the research by Alvarez et. al. (2004) showed that Coppola himself did not appear to behave like a dictator when dealing with actors like Marlon Brando and Dennis Hopper. Instead, he used his sense of humour and considerable hand-holding to let the big names feel they lead the scenes. Therefore, Coppola's case is another example of a film maker who arguably managed to create intimate, heart-warming relational patterns with his film crew members (Alvarez et al, 2004). Coppola's leadership style may not be as intense and vivid, as the one of Almodóvar, as the former was arguably much more pragmatic when making decisions than the latter. Yet, still, Coppola relied on his personal power, charisma and cognitive skills to deal with the complex challenges of the film industry which brings him into the ranks of charismatic leaders. The comparison between these two film directors is yet another evidence for the existence of various forms and degrees of charisma, that different charismatics may represent at different stages of their lives depending on situations and contexts (Yukl, 2013).

Charisma and creativity intermingle in the media industry as demonstrated by the examples of the transformation abilities of Apple's Steven 'Steve' Jobs (Sharma and Grant, 2011) and Virgin's Sir Richard Branson (Kets de Vries, 2003). Sharma and Grant (2011) argued that

charismatic leadership is a dramaturgic performance which peaks during a leader's public performance. It is not one's desire to perform but rather one's very profound narrative and storytelling skills that are key for the construction of a charismatic identity. Sharma and Grant (2011) studied keynote speeches delivered by Steve Jobs, the late CEO of Apple Inc., at Apple special events. The research found that these public speeches were an important tool for inspiring and influencing Jobs' followers – the Apple employees. In general, the narratives that a leader delivers during his/her public speeches are a product of creative imagination. These narratives, in turn, create motives, express emotions, and establish casual links (Gabriel, 2000, cited in Sharma and Grant, 2011, p. 6). These narratives create and maintain special psychological relations between the storyteller and the audience, which guarantee two things: 1) the speech resonates with the audience and 2) as soon as the audience feels it can relate to it, it begins to implement the storyteller's vision. For instance, Steve Jobs' speeches resonated well with his followers (Sharma and Grant, 2011). Apple employees accepted his vision, felt part of the team and took the responsibility for performing at high-standard level to create the Apple product. This phenomenon of inter-personal bonds created by means of public speaking is referred to as a 'narrative contract' or a 'psychological contract' between leaders and followers. Lindholm (1988) and Maccoby (2000) argued that there is a degree of narcissism in charismatic public speaker's behaviour. Gardner and Avolio (1998) and Garvin and Roberto (2005) found out that public speaking does create strong relationships between leaders and followers and helps the former influence the latter. The phenomenon of psychological bonds between leaders and followers was analysed in detail by several scholars in relation to the studies of charisma, leadership and narratives (Goffman, 1959; Kets de Vries, 1988; Meindl, 1990; Bryman, 1992; Gabriel, 2004).

Academic research on charismatic leaders notes that it's necessary to consider one's background, education and assets at the start of one's business when assessing the impact of charisma and other personal qualities on business growth (Kotter, 1990). For instance, some charismatic leaders of media corporations come from privileged backgrounds. This is the case of Sir Richard Branson, a founder of Virgin group, and Rupert Murdoch, an executive chairman of News Corp. Branson's perceived charisma as a business leader, as Kets de Vries (2003) found, stands on three major stances: 1) he has developed his business in a non-conventional way - instead of focusing on one area, Branson's conglomerate Virgin Group expanded into multiple industries from real estate and commercial aviation to banking and media; 2) Branson is renowned for making decisions at high-speed through frequent use of direct communication with employees of all levels as opposed to formal board meetings and committees; 3) Virgin

Group has a track record of generous rewarding employees for creative contribution, which adds to the discussion on establishing leader-follower relations. Branson's charismatic appeal and behaviour owe to his personality features such as his ability to make unconventional decisions and think out of the box. Still, charisma is far from to be the core factor on which Branson's business success has rested on during all these years. It can be argued that due to Branson's private school education and privileged background, at the start of his business he was not in the same position as those private entrepreneurs who set up their businesses completely from scratch.

To move on to Rupert Murdoch, he is yet another media mogul who did not start his media empire from scratch. A graduate of Oxford University, Murdoch took charge of the family newspaper business in Australia. He took over the family business after his father's death in 1952. As his business expanded to the UK and USA and later to 50 countries around the world, he eventually became a media mogul controlling the world's second largest media conglomerate[11]. (Fortune, 2017a) From 1979 to 2013 Murdoch served as chairman and CEO of News Corporation. During this period, he managed to broaden his influence through acquiring more media assets including *The Wall Street Journal* (Pooley, 2007). This goes along his ownership of such assets as, for instance, Fox News, which is regarded as politically influential. From 2013, Murdoch has been less formally involved with the company serving as an executive chairman of News Corp, a successor of News Corporation. At the same time, arguably Murdoch's perceived power has not weakened. On the contrary, most recently Rupert Murdoch is seeking to increase his market/political power in the UK through gaining full ownership of pay-TV service Sky (Barnett, 2017). Business psychologists argue that charisma is addictive for both leaders and their followers. Chamorro-Premuzic (2012) emphasised that "the leaders capable of charming their followers become addictive of their 'love'". Followers become addicted to the leader's charisma to the extent that they even might perceive unpopular decisions as deal-breakers. There is a reciprocal dependence that encourages both leaders and followers to preserve the status quo. Mentioning Rupert Murdoch, Chamorro-Premuzic (2012) argued that charisma not only has an addictive effect, it also dilutes judgment by replacing reason and logic with emotional manipulations.

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[11] *Fortune 500* places News Cor*p* at #327 on its annual list of 500 largest global corporations by total revenue in 2016. News Corp is currently the second largest media conglomerate in the U.S. and in the world after Comcast.

Having studied the discourse of Rupert Murdoch in his public speeches, Craig and Amernic (2014) found that when addressing others Murdoch "possibly experience[d] low anxiety as [he] strived to manage impressions of [himself] by inducing the outside world to "know" what [he was] seemingly utterly convinced about – [his] own superiority." (Ibid, p. 69) This is consistent with earlier studies in psychology linking charisma to light forms of sociopathy (Lipman and Pizzurro, 1956). Modern business psychologists and researchers of organisations name addiction and judgement dilution among the dark sides (Chamorro-Premuzic, 2012) or the shadow sides (Conger and Kanungo, 1988) of charismatic leadership. Rupert Murdoch's 'charisma effect' has been studied by other scholars arguing that charisma as personal charm does not have a powerful and lasting effect on other people unless it's continuously preserved through leaders' actions such as public speeches (Leigh, 2011). In other words, not every naturally charismatic person has a chance of leading others in a business environment. The continuous maintenance of a personal power base is a prerequisite condition for leading organisations (Kotter, 1990, p. 104). This power base includes broader networks of allies and supporters both inside and outside of the organisation. A leader relies on this network to pursue his or her agenda (Kotter, 1990, p. 139). According to Kotter (1990), Bryman (1992) and Leigh (2011), the charismatic leadership can only happen when a person has:

1) Charisma,
2) *plus* a strong desire to become a leader,
3) *plus* a strong character to commit to investing him/herself into the process of leading and expending his/her energy into influencing others.

There is some discussion in the academic literature about whether charismatic leadership or, rather, "the leadership style based upon the leader's (perceived) possession of charisma" (Vaughan and Hogg, 2014, p. 296) can account for failures to ensure ethical conduct. For instance, Murdoch's empire has often been criticised for breaking the law and intruding into the private lives of celebrities and members of public, a recent case in point being the phone hacking scandal in 2011 involving Murdoch's tabloid newspaper *News of the World* in the UK. (Ibid) Apart from ethics violation, Rupert Murdoch's business is criticised for power abuse by scholars of media studies (Schawcross, 1993; Wolff, 2008; Lisners, 2012; McKnight, 2013). Murdoch's conglomerate which includes hundreds of media companies united under News Corp, 21st Century Fox and Fox News, was the world's second largest media conglomerate in 2016. (Fortune, 2017a) This makes Murdoch's case of charismatic leadership an exceptional case in terms of global reach and influence.

Based on previous research, this subsection has argued that charisma features in leaders of creative enterprises including film, media and tech companies. An interesting point is that to some extent charisma and creativity intermingle. At the same time, there is no agreement in th literature on whether organisational performance and leader charisma correlate. As it will be discussed in the next section, they were found to correlate in certain contexts and usually for relatively short periods of time.

Charismatic leadership and its impact on a firm's performance

There are two main arguments against charisma's positive impact on a firm's performance. First argument by Friedrich (1961) suggests that charisma can only find itself in religious sphere. Friedrich (1961) argued that in an open business setting, where employees switch jobs and bosses, charisma may not be as influential as it is in closed sects and cults. The second argument is that charisma in the modern world is increasingly manufactured and fake. Bensman and Givant (1975) argued that thanks to modern technologies, media can create charisma, and modern charisma is more about advertising and image management than personality, spontaneity and will power that were at the heart of Weber's concept. In other words, artificial, on-screen charisma, which is created through broadcasting, film and advertising, is not exactly a Weberian 'natural gift' charisma.

There is an on-going academic debate about these points. In response to the first criticism by Friedrich (1961), Baehr (1987, cited in Bryman, 1992) countered that Weber's interest in charisma was more in relation to politics rather than religion, and his intention was to apply charisma to a variety of contexts and situations. In response to the first and second points, organisational leadership scholars tried to put forward an argument that would satisfy all. For instance, Alan Bryman (1992, p. 32) argued that what has changed today is that a charismatic leader has more tools at his disposal to project his image and vision to followers. Organisational leadership scholars acknowledged that 'pure' charisma does not exist, and any type of leadership is hybrid by nature (Buchen, 2011). Even in Weber's (1947) findings there was a notion of power combinations: charismatic-legal, legal-traditional, and traditional-charismatic. The focus of the modern studies of charisma is to understand how charismatic authority type becomes legitimate. This thesis is in line with this idea.

Several scholars have explored the effects of charisma on organisational performance (Meindl et al 1985; Trice 1993; Agle et al 1994; Khurana 2002a, b; 2011; Stadler 2011; Kotter 2012 and Spector 2014). James R. Meindl et. al. (1985) were the first to talk about the tendency to romanticise leadership especially when confronted with complex, unclear dynamics. Following this argument, Bert Spector (2014) questioned the concept of transformational leadership using the example of the bright and popular figure of Lee Iacocca, CEO of Chrysler Corporation in the 1980s. Identified as an essential American hero and one of the greatest automotive entrepreneurs (Anastakis, 2007: 15, cited in Spector, 2014), Iacocca pulled Chrysler out of economic catastrophe by making several key decisions such as cutting costs and seeking government funding. However, he neither borrowed foreign innovations such as *kaizen* (a Japanese managerial concept of continuous improvement) nor created operational innovations. Spector (2014) argued that the lack of specificity and consensus on the dimensions of transformational leadership results in mistaken attributions within management theory which often lacks a wider historical background. Lee Iacocca is portrayed as a heroic figure who captured public attention and behaved as a 'macho bully' to impose his will in the time called "crisis of confidence" that permeated American society in the late 1970s–early 1980 (Spector, 2014, p. 372). According to Spector (2014), his charm was more about the ability to impose his will on others rather than changing the company. Trice (1993) analysed the case of movie director Michael Cimino to illustrate how an organisation cannot always benefit from its leader's charisma. Cimino's flamboyant style and unrestrained personal vision of a movie ("Heaven's Gate") arguably destroyed Hollywood studio United Artists. The evidence from other industries also points to the overestimation and romanticising of leaders' transformational behaviours. Küng (2008) described BBC's Gregory Dyke as a charismatic leader who established the typical 'leader-follower' relationship based on emotional attachment within the team. Although Dyke's strategy encouraged the use of creative thinking skills, Paul Dwyer has argued that it also discouraged the intrinsic motivation or the creation of an inclusive culture within the organisation (Dwyer, 2016, p. 359). Dyke's creative strategy brought "very modest" (Dwyer, 2016, p. 358) changes to creative performance. The BBC's creative output during Dyke's four-year service aroused a lot of criticism (Küng, 2008; Dwyer, 2016). This controversy was – among others - one of the reasons for Dyke's resignation in 2004.

A study of CEOs in the U.S. questioned the links between CEO's charisma and staff performance in established firms (Agle et.al., 1994). The University of Pittsburgh research group examined relationships among strategic charismatic leadership, organisational performance, and environmental uncertainty with primary data from a sample of 128 CEOs of

major U.S. corporations. The results were that financial performance does not correlate with the existence of charismatic CEO. (Agle et.al., 1994) Moreover, the researchers suggested that "organizational performance is associated with subsequent perceptions of CEO charisma, but [...] perceptions of CEO charisma are not associated with subsequent organizational performance, even after incorporating the potential moderating effect of environmental uncertainty." (p.2)

Charisma is often viewed as a self-evident quality that CEOs possess. Moreover, this is the quality which enables them to lead companies (Khurana, 2002a). Yet, charisma is not what drives businesses to success[12]. Instead, Rakesh Khurana (2002a) argued that success depends on a combination of strategic thinking, political persuasiveness and industry knowledge. Charisma as an additional trait which some leaders possess, is often constructed as the most important quality of leaders by journalists and biographers. Widespread assumption of such figures as Chrysler's Lee Iacocca, General Electric's Jack Welsh and Apple's Steve Jobs as "superstar CEOs" (ibid) in the media has had a negative impact on what is expected from CEOs. It has led to over-expectations and unsupported demands from stakeholders on hired top managers. For instance, "the charismatic leader [is] supposed to have the power to perform miracles – to bring a dying company back to life, for instance" (Khurana, 2002a). Khurana (2002b) also researched how American corporations choose their CEOs based on the analysis of CEO turnovers in 850 corporations from 1978 to 1999 and interviews with directors, search consultants and CEOs themselves between 1997 and 2001. There is trend of investors' increasing intervention into company management. It turned out that investors were more likely to influence the choice of a CEO, preferring someone from outside who is not encumbered by organisational history. Given a choice, the investors were looking for a saviour or messiah to lead the company at risk. From investors' point of view, it was usually not only the candidate's knowledge of a firm or a field that they were looking for but the high-profile 'star' status of a leader. The latter becomes an overweighing factor of attributing the leader with 'charisma'. Crediting Goffman, Khurana (2002b, p. 147) stated that not even the social structures, but the socially conditioned perceptions and beliefs are crucial in the CEO market. In other words, emphasis is put on perceived rather than real qualities. Besides classifying charisma as a perceived feature, Khurana (2002b) also argued that the market for CEOs is culturally determined rather than driven by cool calculations of supply and demand. Hopes about

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[12] Charisma might, quite contrary, lead to failures in certain business cases. For more information, please see Clark (2010) on the case of Lehman Brothers' bankruptcy in 2008 and leadership of its last CEO and chairman Dick Fuld.

charisma bring high expectations and translate into high salaries and power, but in fact may weaken corporate long-term strategies.

According to Christian Stadler (2011), charismatic leaders use charisma to overcome resistance to their chosen course of action. When the company is heading to the right direction, charisma can help get there faster, but when the company is underperforming, charisma only creates more problems since there is little resistance to what the leader does. A good example of the first case is Steve Jobs, the former CEO of Apple. Abz Sharma and David Grant (2011) discussed Steve Jobs' enormous public appeal on employees through his public speeches. An example of the second scenario is Dick Fuld, final chairman and CEO of Lehman Brothers. According to Andrew Clark (2010), Fuld served as Lehman Brothers' CEO for 14 years up until the bank's implosion and was "known for his uncompromising [negotiating] style". It is regarded that Lehman's 2008 bankruptcy is partly due to his management (Clark, 2010). Stadler's analysis of 100-year old European corporations shows that charismatic leaders do not outperform their more ordinary counterparts. In fact, the leaders of higher-performing companies were not charismatic. Stadler calls them 'intelligent conservatives'. They are those who achieve enduring success because of their long experience in their companies. They spent their entire career with a company and when they gained control they could make dramatic transformations happen. The 'intelligent conservatives' rely on old-fashioned industry expertise, listen to their employees, gain a deep understanding of the corporation and form responsive networks among the employees.

John P. Kotter (2012) was also sceptical of charismatic leaders' ability to implement change. He described a charismatic leader as a leader with personal magnetism (Kotter, 1990, p. 112) or a personal appeal (Kotter, 2012). According to Kotter, the charismatic leadership can be pictured in the following way:

> Charismatic leaders are often poor managers, yet they have a way of convincing us that all we need to do is follow them. "Don't worry about the mundane details; just keep the vision in mind." "Don't concern yourself much with the financials; they will work out fine long term." Our intellect is usually sceptical of this kind of approach, but our hearts can be won over nevertheless (Kotter, 2012, p. 134).

Kotter (1990, 2012) argued that a good leadership requires a good management to achieve both short-term and long-term goals. As already discussed in Chapter 1, Kotter's research found out

that a charismatic leader, is capable of five out of eight goals associated with Kotter's '8-stage process of implementing change' (Kotter, 2005), but is hardly capable of making the remaining three goals happen. The following goals are cited by Kotter (2012): 1) creating a sense of urgency; 2) pulling together a guiding team; 3) starting to make change happen; 4) communicating the necessity of change to the rest of the staff; 5) persuading the majority that the change is necessary. However, the charismatic leader finds it problematic (and impossible on many occasions) to 1) produce short-term wins to create some visible successes as soon as possible so that the followers don't let up; 2) to make the change stick to the company as if it was a natural thing and 3) to create the new culture within the organisation. Therefore, a charismatic leader is not capable of making change happen on his/her own, without relying on a solid team of managers. Even though a charismatic leader may enjoy credibility within an organisation, charisma on its own is not enough to break through the 'granite' walls of non-willingness to change, which can be found almost in all established enterprises. The longer a company has operated for, the thicker these walls get. (Kotter, 2012, p. 135) This is the case for established companies that require change, but is much less so for companies at their birth or very early growth stages.

In summary, based on the reviews presented in this section, it can be concluded that there is broad agreement in the literature on the following three limits of how CEOs'/managers' charisma can impact firm's performance:

1) CEO charisma is less valuable for established organisations in stable economies;
2) Charismatic leaders are likely to be better equipped to overcome such extremes as financial and/or political crises as non-charismatic leaders;
3) Management cases need to be examined within their wider historical context.

Links between Weber's and Kotter's research

Both chapter 1 and 2 of this thesis mention Weber's and Kotter's research as two most important theoretical and methodological standpoints for this study of post-Soviet media business leaders. This section specifically looks at how these two research strands are connected, and discusses the value of it for this study.

Kotter (1990) argued that "organisation's norms and values can both encourage or limit leadership" (p. x). Kotter found that "the ultimate act of leadership in an organisation is creating a leadership-oriented culture that continues after the creator has gone" (Ibid). Therefore, even

though Kotter acknowledged that this is a rare case, just as Weber, he was concerned about leadership succession and the possibility of one's influencing an organisational culture in a way that the same leadership style would stay on after a particular leader's leave from the organisation. Also, just like Weber, Kotter was concerned with the origins of leadership. Unlike management, which, in Kotter's view (1990) is assigned through formal procedures and can be taught; leadership is in many cases assigned informally, arguably cannot be taught and leaders naturally emerge from the rest. To trace the origins of leadership, Kotter paid attention at one's heredity and childhood, which may later develop in adults' drive/energy level, intellectual skills, mental/emotional health and integrity (1990, p. 108). In his research, Kotter mentioned that childhood and heredity are important, but do not prevail in one's ability to emerge as a leader at a later stage of life. In fact, the ability to do so is shaped by career experiences and the corporate culture that one gets to experience, which may both promote one's natural leadership ability and inhibit it. For instance, Kotter (1990) argued that one who was exposed to challenging assignments early in a career has more chances of becoming a leader later than the one who has enjoyed the rapid promotion, because, in Kotter's opinion, the latter does not let people think long-term and can encourage a manipulative style.

To sum up this comparison between Weberian and Kotter's ideas on leadership, they share the idea that leadership is a complex quality comprised of a range of abilities and attributes, and many life events starting from childhood may have an impact on one's further potential to emerge as a leader. Just like power is not static (Yukl, 2013), both Weber and Kotter noted the fragile and temporary nature of leadership, which in many cases is tied up to a specific persona and his/her leadership style. This style of leadership which may fade away due to a range of factors within one person or do not intact in an organisation after this person's leave. Also, Kotter argued that leadership capacity can produce management hierarchies - this goes on par with Weber's argument about routinisation of charisma. At last, both works by Weber and Kotter pointed at differences between leadership roles (the Weberian notion of charismatic authority) and management roles (the Weberian notion of legal-rational authority), which may in some cases overlap. For this study of media business leaders of post-Soviet Russia and Kyrgyzstan, first of all, it is reasonable to see to what extent Weber's concept of (charismatic)[13]

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[13] The rationale behind choosing charismatic leadership for this study is explained in Chapter 2. The main reason is that charismatic leadership is the fragile and temporary type of leadership which emerges in a certain contexts characterised by uncertainty, crisis and turbulence. The transitioning state of post-Soviet media markets in 1991-2016 appeared to be natural for the emergence of charismatic leaders than legal-rational ones. This has been confirmed by the findings of this thesis, explained in Chapters 6, 7 and 8.

authority and leadership is feasible and applicable in the post-Soviet context. Second, Kotter's research on the nature of leadership is useful for this study since it connects Weber's sociological concepts to contemporary business leaders and offers a handful of methodological insights into how to research leadership dynamics and leadership styles in a modern environment[14]. In this way, this study forms an essential logical relationship between the literature review - drawing upon charisma coined by Weber and developed by modern scholars - and methodological approach of studying leaders pioneered by Kotter.

Conclusion

There is broad agreement in the academic literature that charismatic leadership is more common and more effective in organisations operating in chaotic economic and legal environments such as those typically found in countries transitioning from one form of economy to another. Post-Soviet states fall into this category. Charismatic leadership has also been observed in organisations facing the challenge of operating in highly competitive markets, and seeking to disrupt the industry. For instance, leaders of tech/media start-ups and leaders of companies that substantially reinvented the industry, like Apple, may benefit from charismatic leadership at certain stages of their development (Kets de Vries, 2003; Sharma and Grant, 2011). Charismatic leadership is the closest to transformation and visionary leadership types. At the same time, there is also broad agreement in the academic literature that charismatic leadership tends to be short-lived. It eventually fades or morphs into other types of authority. In other words, over time charismatic leaders lose their previous influence over followers. Depending on the context, they can either morph into managers or administrators themselves or step down and hand the reigns to someone else. They may also remain influential in the eyes of their followers by leaving the companies for good. In addition, the literature reviewed in this chapter revealed that charismatic leadership can have a detrimental effect on company

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[14] Kotter's study (1990) of corporations and their leaders and managers was a mixed-method one. Over a year between 1986 and 1987, it included a survey of 200 senior executives from 12 corporations, which involved those filling questionnaires and/or being interviewed. The second phase of the project took place in 1987-1988, during which 137 interviews with company executives and observations of these individuals were held. The data analysis, which lasted between 1988 and 1989, was fed up by additional data collection about the companies themselves. Up to now, Kotter's works (1982, 1990) are arguably the most extensive academic studies of the nature of leadership on the example of individuals and their relationship with subordinates, which is of great use for this research. This research utilised the framework for analysing leaders by Kotter, based on the in-depth semi-structured interview method, desk research about companies, and some observations. More details about the methodology of this study can be found in Chapter 5.

performance. It can lead to the development of a form of 'addiction to charisma' both for a leader who gets used to being adulated by his/her followers and for the followers that get used to follow orders rather than think independently.

3. Leadership Studies in Russia and Kyrgyzstan

Introduction

Building up on the previous chapter which reviewed the origins, specifics and impact of charismatic leadership on firm's performance, this chapter looks at one more sphere which deals with leadership –culture. The Russian sociologist Rozalina Ryvkina (1989) argued that national economic culture is a form of society's memory. She continued, culture is a mechanism that reproduces "values and norms from the past that can serve and benefit the present" (Ryvkina, 1989). Management practices are, indeed, the form of social values and norms. Therefore, for this research it makes sense to see whether certain cultural traits of Russia and Kyrgyzstan make them a fertile ground for charismatic leadership.

This chapter consists of three sections. The first section explores charismatic attributes in political and religious leaders from Russia and Kyrgyzstan, both historic and contemporary figures. The second section concentrates on post-Soviet entrepreneurs, their qualities and features. This group of entrepreneurs founded private businesses on the dawn of independence years in former Soviet republics, relying on no prior business experience. The third section of this chapter looks specifically at leaders of media businesses in Russia and Kyrgyzstan.

Political and religious leaders

Studies within cultural semiotics on religion and monarchy in Russia offer stimulating insights on Russian leadership. Scholarship argues the revitalisation of Orthodox spiritual life during the pre-revolutionary period in Russia was mainly due to the significant spiritual authority exercised by elders ("startsy" in Russian language) both within and outside monastic communities (Wagner, 2014). Paert (2010) analysed the authority and evolution of spiritual leadership from the 18th century to the early Soviet period in Russia and found out that the elders exercised not only formal authority within the Orthodox hierarchy whom they recognised and which in turn recognised them, but also a very sound personal authority among the faithful community. This personal authority, according to Paert's research, derived from personal reputation for holiness, efficient spiritual guidance, perceived gifts of healing and foresight, and conformity with the Orthodox ideals and cultural expectations of ascetic piety and tutelage, which aligns with Weber's (1947) classical understanding of charismatic authority. Perrie (2014) analysed the findings by Uspenskii and Zhivov on the sacralisation of the monarch in

medieval 16th-century Russia, stating that Tsar was equated with God (p. 114) by means of which the leader received a sacred status:

> With the official adoption of the title "tsar" by Ivan IV, […] the Russian ruler acquired a special charisma that enabled him to consider that he was not liable to be judged by fellow human beings (Perrie, 2014, p. 142).

The difference between just and un-just tsars resembles the difference between true and false tsars (Perrie, 2014). Perrie referred to the moments in Russian history when self-proclaimed imposters ('samozvantsy') came to the throne. For instance, Dmitry I, who was later revealed as an imposter False Dmitry I, reigned Russia for a short period in 1605-1606. In this regard, one can argue that the categories of *just, true* and *charismatic* lie are related in case of Russian leadership. In this cultural context, a leader is perceived and attributed to all these three components at the same time, otherwise this leader is not considered to be a proper leader.

While Ryvkina (1989) talks of reciprocal influence between economy and culture, Roche (2009) argues that there are connections between culture and politics. The bulk of research on Russian leadership is dedicated to the political leaders of the country, from tsars to presidents. Tsar Peter I or Peter the Great (1672-1725) was one of the most significant historical figures in Imperial Russia. He is known for leading a cultural transformation in Russia, aimed to replace traditionalist views with the ones of the Western enlightenment. The scholarship refers to Peter the Great as an example of entrepreneurship. "Peter the Great is perhaps the best example of the true meaning and spirit of entrepreneurship in Russia [...]. He was a man motivated by a strong desire to modernize and overcome all obstacles" (Hisrich and Grachev, 1993, p. 492).

In the early 20th century Russian Empire was replaced by the communist state. However, according to research, similar leadership patterns could be traced. For instance, Robert D. Hisrich and Mikhail V. Grachev (1993, p. 492) argued that "Peter the Great's drive toward the goal of modernization was repeated in some of the dynamic leaders of the elitist communism, particularly in the leadership style of [Joseph] Stalin." Joseph Stalin (1878-1953) was General Secretary of the Central Committee of the Communist Party of the Soviet Union for 30 years in the early-mid 20th century. Apart from the figure of Stalin, academic research on charisma in Soviet Russia also looked at how communist stage events were organised. Maurice Roche (2009) analysed staging of mass cultural events in the USSR in the early Bolshevik period and

suggested that these staged events attempted to symbolise, memorise and institutionalise charisma. Processes of public theatre and mass drama culturally constructed the public and symbolic meaning of the Bolshevik revolution and its leadership as a charismatic phenomenon. Following this line, Roche (2009) contended that charismatic authority is undemocratic and irrational (pp. 500-502). Academic research suggested that "[i]n Germany and Russia the trauma and crisis of defeat in the war[15] generated, respectively, the immediate and the delayed utopian and charismatic political projects of revolutionary communism and fascism and the charismatic leaderships of Lenin and Hitler" (Shub (1971, cited in Roche, 2009, p. 502). Along with that, Roche mentioned that highly professionalised and rationalised organisations such as Walt Disney also engage in 'charisma construction', amplified by media technologies and disseminated through consumer culture, it becomes part of popular culture and may influence political culture. So, these are different extents of the same phenomenon of charisma in the history of the 20th century - from extreme political figures of Lenin and Hitler to charismatic businessman Disney.

Catherine Schuler (2015) analysed Russian president Vladimir Putin's appearance in a nationally-broadcasted program called *Direct Line with the President Putin*, an annual Live TV-show aired on *Channel 1*, in which Mr Putin answers people's questions. Schuler (2015) argues that by means of these public conversations Vladimir Putin "[...] spins and sells a narrative of Russian democracy: i.e., sovereign democracy managed vertically by a wise, charismatic ruler, who is cosmopolitan, confident, competent, stylish, and sober — and very, very smart." (p. 157) Schuler (2015) argues that this scenario is familiar with Russian people. This is what the public expects from the president. It resembles a feature of both Imperial Russian and Soviet Russian societies, which is observable in the post-Soviet era too: "the common folk appeal[s] to a wise and powerful leader to relieve their many afflictions. Playing the role of child or woman, the suffering folk eagerly awaits the magical intervention of an invincible hero — Tsar, Father of Nations, or President — a charismatic leader who embodies manly certitude, strength, and beneficence" (p. 149). According to the theory on leader-follower relations (Bryman, 1992; Bass and Bass, 2008), both the president and the public play their roles according to a well-known scenario, in which a president is a strong leader and the public is the follower. Both sides are to a certain extent emotionally attached to each other (Weber, 1947).

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[15] It refers to World War I (1914-1918).

Leadership styles in Kyrgyzstan have been researched in relation to historical figures such as Kurmanjan Datka (1811-1907). She was a Kyrgyz stateswoman known as Queen of the South ['South' refers here to Alai valley populated by the Kyrgyz people] and the Tsarina of Alai. (Yuvachev, 1907) Between 1832 and 1876 she also held titles of Datka (General) of Kokand and Bukhara Emirates and the Colonel of Russian Empire Army. First ethnographers of Central Asia remarked that Kurmanjan Datka had great authority over Kyrgyz people, who "did not talk of her other than with great respect." (Ibid) The khans of Kokand also treated her with caution and respect, valuing her for her ability to excel power over the rebellious Kyrgyz people (Ibid).

The works discussed in this section offer insights on leadership patterns of Russian and Kyrgyz political and religious figures including some contemporary ones. Previous research attributed charisma to Russian Orthodox spiritual leadership from 18th century to early Soviet period (Paert, 2010; Wagner, 2014). Charismatic leadership traits were found in political leaders of Russia and Kyrgyzstan of various periods, from 17th to 21st century. Charisma is not only attributed to leaders, but also serves as an element of performance and narrative. For instance, Roche (2009) argued that charisma had been used to construct the public and symbolic meaning of the Bolshevik revolution in mass staged events. In a similar fashion to Steve Jobs' delivering of his public speeches (Sharma and Grant, 2011), Russian president Vladimir Putin is arguably using a charismatic leader narrative during his direct lines with the public (Schuler, 2015).

This section reviewed the scholarship on charisma in relation to Russian and Kyrgyz historic personalities. Following the line of Weber's research on charisma (1947), this section looked at religious and political leaders in Russia and Kyrgyzstan. The scholarship connected the dots between culture, economy and politics (Ryvkina, 1989; Roche, 2009). Previous research argued that charisma can be one of the attributes of leaders in this part of the world, springing up on the backdrop of reiterating, prolonged periods of social, political and economic uncertainty. The next section is going to review literature on post-Soviet entrepreneurs and see if charisma was a notable trait of this group of people.

Post-Soviet entrepreneurs

Scholars see the roots of Russian entrepreneurs' specificity in the Russian history. Once the controlled and planned system fell in 1991, people received autonomy which was necessary for innovation. Entrepreneurs of various kinds were the first business leaders of the post-Soviet space (Hisrich and Grachev, 1993). They were not the only type of business leaders present.

For instance, there were also the ones who were appointed to manage former state companies that were privatised in the early 1990s. The focus of this section, however, is on the entrepreneurs or the ones who bootstrapped their businesses Although different in types and ways of doing business, Hisrich and Grachev (1993) argued that entrepreneurs in post-Soviet Russia were characterised by spontaneous decision making[16], innovative behaviour, high organising skills, a pro-active attitude towards looking for opportunities and a strong desire for independence (p. 492). At the same time, Russian entrepreneurs were also described as cautious, conservative and not trusting new ventures (Ibid)[17]. Although these qualities are arguably shared by entrepreneurs everywhere, there are political, socio-economic and psychological factors that influenced Russian entrepreneurs and made them distinct from others. To begin with, high risk and insecurity were companions of Russian entrepreneurs in Tsarist Russia, since they had to pay higher interest rates than their European colleagues (20% per year compared to 4% in Holland and 8% in England) (Barbour, 1950, cited in Hisrich and Grachev, 1993, p. 492). Second, the entrepreneurs were affected by tsars' unlimited power[18] and therefore were under the mercy of the state. "Since each tsar had unlimited power and proprietorship of the country and its resources, an entrepreneur, regardless of ability, could not go far without government approval." (Hisrich and Grachev, 1993, p. 492) Third, entrepreneurs faced little sympathy from members of public. Entrepreneurs in Tsarist Russia faced distrust from most fellow Russians. They were almost seen as inferior (Owen, 1981, cited in Hisrich and Grachev, 1993, p. 490). These factors altogether, including high interest rates, pressure from the state and public distrust, may be the reasons for the stronger conservatism of Russian entrepreneurs compared to some of their western counterparts.

Later, during the Soviet times, the profit-making activity was also criminalised and subject to arrest. "The knitters' case" in Soviet Kyrgyzstan in 1961-62 vividly demonstrates that (Jakypova, 1999).[19] However, perestroika brought the wind of change and de-criminalised entrepreneurship for the benefit of the state. In the late 1980s, the first entrepreneurs appeared

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[16] Spontaneous decision making is characterized by making decisions without planning, based on momentary stimuli.

[17] In their study of Russian entrepreneurs after the fall of the Soviet Union, Hisrich and Grachev (1993) looked at three case studies: a high-tech company, a brokerage firm, and an educational organisation (p. 487). Comparison and contrast of these three cases helped authors identify main features of Russian entrepreneurs.

[18] Tsar Peter the Great (1672-1725) established absolute monarchy in Russia, which lasted until the early 20th century.

[19] A group of people ventured to create a clothes production business. They meant to supply the people of the Soviet Kyrgyzstan with clothes. The entrepreneurs were arrested, charged with criminal grounds, and imprisoned. (Jakypova, 1999)

in socialist countries. Most economists view entrepreneurship as a positive activity for post-socialist societies (Naman and Slevin, 1993). At the same time, it is acknowledged that embarking on private entrepreneurship in a post-socialist country is a road filled with traps. There is disagreement in the literature on post-Soviet entrepreneurship and innovation adoption. Some argue that firms in turbulent environments tend to be more innovative, risk-taking, and proactive. For instance, Kiser (1989) interviewed successful leaders of enterprises in science and finance in socialist Russia, Hungary, East Germany and Czechoslovakia – all countries experiencing the rise of entrepreneurial activity and leadership. Having traced the origins and organisation dynamics of several companies, Kiser (1989) found that some efficiently led post-Soviet science and finance enterprises managed to produce world-level innovations. Kiser explained the phenomenon by high level of R&D that these firms could rely on and the specific type of leadership, extremely politically sensitive and economically pro-active[20]. Other academics argue that there is little connection between the rise of entrepreneurial activity and technological innovation. For instance, research on managerial development in post-socialist Slovakia by Ursic and Mulej (2005) argued that there was little technological innovation in Slovak firms because novice entrepreneurs had no prior management knowledge or experience. Besides, the authors argued that a top-down management structure, a socialist feature, de-facto prevailed in post-socialist Slovakia until early 2000s.

Sociologists have a different opinion on post-socialist entrepreneurship. Russian sociologist Tatiana Zaslavskaia (1995) studied the first wave of Russian entrepreneurs in the early post-Soviet period (1992-94). She noted that these people were distinguished not so much by their high level of skills and business acumen as by their possession of advantageous connections, impudence and violation of morality and law. Vadim Volkov (1999) researched the widespread phenomena of 'violent entrepreneurship' in 1990s Russia. It sprung up as a reaction to the state weakness in the end of 1980s and the beginning of 1990s. This "central phenomenon of the 1990s" (p. 56) in Russia is arguably a result of the dissolution of socialist forms of state and economic management and early attempts to build market economy.

> Violent entrepreneurs were members of organised crime groups as well as employees
> of militia (police) who offered a joint service of protecting businesses from problems.

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[20] See to Chapter 8 (pp. 225-227) for more discussion on the late 1980s Soviet entrepreneurs' leadership style based on Kiser's (1989) research.

Gangster authority is formed through decisive power actions, ability to use power combined with organising skills (Volkov, 1999, p. 61).

Charisma is brought up in studies of early post-Soviet period in Russia, even on such unexpected topics as magic. Adding up to the debate about power and irrationality, Galina Lindquist (2006) analysed how alongside the rise of market economy a market for magic emerged in Russia in the 1990s. She talks of people who were offering the service of projecting future to customers. Lindquist's research of how business is made on hope, connects the notions of charisma, power and magic in the contemporary Russian context.

The early practices of some entrepreneurs in the late 1980s and early 1990s that were researched by Volkov (1999) and Lindquist (2006) were the reason why the post-Soviet public had negative perception of entrepreneurs (Smolkov, 1994). "Today the words 'entrepreneur' and 'enterprising', cited in [in late 1980s and early 1990s] primarily in the context of the criminal code, have begun to take on a new meaning" (Ibid). In a way, Smolkov (1994) attempted to connect sociology and economy by saying that: "Reality has forced us to recognise that among the sources of social and cultural rebirth stand the people who have initiative, are business-like, innovative, and think creatively. In the economic sphere that means the entrepreneur." Over a quarter of a century after the break of the Soviet Union, distrust towards entrepreneurs is still in place in Russia.

There is lack of scholarship on Kyrgyz and/or Central Asian entrepreneurs. The Global Leadership and Organisational Behaviour Effectiveness (GLOBE) project (Chhokkar et al., 2008) empirically established nine cultural dimensions of leadership to capture similarities and/or differences in norms, values, believes and practices among societies. It was based on survey responses of 17,300 middle managers in each observed country. Russia and Kazakhstan (Kyrgyzstan's neighbour) were grouped into Eastern European cluster alongside Greece, Hungary, Albania, Slovenia, Poland and Georgia. Although Kyrgyzstan was not included in this study, its strong cultural similarity with the neighbouring Kazakhstan in terms of a shared language and similar history suggests it could be placed within the same Eastern European cluster. According to Chhokkar et al (2008), countries within the same cluster score similarly on the following societal variables: power distance, uncertainty avoidance, humane orientation, collectivism (institutional and in-group), assertiveness, gender egalitarianism, future orientation, performance orientation. Eastern European managers scored as rather team oriented than performance oriented like their Nordic or Germanic peers; they scored autonomous rather

than group-protective like their Confucian peers (Ibid). While the generalisability of these findings is questionable, Chhokkar et al (2008) argued that the cultural differences strongly influence ways in which business norms concerning status, influence, and privileges are shaped (Chhokkar et al, 2008). Also, the endorsement of leadership attributes and behaviours is found to be culturally contingent (Ibid).

Leaders of media businesses

Olesya Koltsova (2006) observed the newsrooms of a Saint-Petersburg local TV channel (*TRK Peterburg)* and the *Starograd* newspaper in the early 2000s. She also conducted in-depth semi-structured interviews with media managers and staffers. Her research demonstrated deep dependency of Russian journalists and staffers from both media managers and media owners. The reason for journalistic dependence on media managers is simple: the latter enjoy the power to dismiss employees and change the salary value. It was common that stories on serious topics were removed from final print because of their potential to spark controversy with high officials, such as ministers, regional governors and city hall heads. Besides, journalistic texts were re-edited to include the so-called 'hidden advertisement'. By these means, Koltsova argued that the Russian media managers controlled the news production cycle:

> Sharp conflicts between journalists and top media managers were exceptional; much more often I used to observe not conflicts and confrontation, but subordination and agreement. In the flow of routine activity superiors' decisions were not discussed at all, and rank-and-file journalists were not interested in their political motives (Koltsova, 2006, p. 148).

Thus, what keeps the staff obedient is fear to lose a job. According to Koltsova's (2006) observation, "dismissal is an infrequent practice. More common is either pushing a journalist off step by step, creating unsuitable working conditions, or dismissal of whole teams after top management has changed (in this case the motivation is 'the company's new concept and policy')" (p. 146). Koltsova mentioned that cases of collective or individual protests were rare but still existed. For example, she refers to "a group of the most famous journalists [that] left [TRK Peterburg]" in October 1999 after the appointment of politically-biased journalist as the head of the news department. Apart from negative sanctions, media managers also used inducements. For instance, they could offer journalists a bonus salary ahead of elections (Koltsova, 2006, p. 148).

The Russian media landscape has witnessed several high-profile media managers having "voluntarily" left their positions (Ibid, p. 150), especially ahead of large political campaigns or take-overs of huge industrial companies. The significance of these tense relationships between the staffers and the wider media management goes beyond some internal dismissals - it is a socially constructed memory for professional journalists. The editors had "to go to instruction meetings [with authorities and sponsors] from time to time" (Ibid, p. 150). "[O]ften instructions are given indirectly, and meetings take the form of 'press-lunches', 'media parties' or other high-society events where guidelines [on coverage] are hinted at" (Ibid, p. 151).

A more recent study by Elisabeth Schimpfössl and Ilya Yablokov (2017a, 2017b) critically assessed the Russian media market by applying elite theory and the theory of 'adekvatnost' (a Russian term for appropriateness) to media actors such as owners of media businesses, media managers and employees. The researchers pointed at the increased control of the Russian media system by the state during president Vladimir Putin's third term after 2012. Based on the way the media market developed between 1991 and 2012, the increased state control catalysed the emerging of the so-called "media aristocracy" in Russia. According to Schimpfössl and Yablokov (2017a), this group includes owners of sizeable media businesses, media managers and editors-in-chief as well as prominent journalists. According to the researchers, while some media professionals "were forced out" of their jobs or had to emigrate, the majority "have kept their positions" and adapted to the environment. Based on data obtained from interviews with media managers in Russia, Schimpfössl and Yablokov (2017a, 2017b) argued that in order to adapt to the environment, a Russian media manager must be:

1) Reasonably well networked;
2) Integrated into the political system;
3) Employ in one's work journalistic or managerial strategies inherited from Soviet times. (Schimpfössl and Yablokov, 2017a, p. 1);
4) Able "to credibly play by the rules without limiting one's professional creativity" (Ibid, p. 2);
5) Capable of "navigating permanently changing political environments" (Ibid, p. 2).

This framework is equally applicable to owners of sizeable media businesses, hired executives and journalists. According to Schimpfössl and Yablokov (2017a, 2017b), it is possible to exercise one's professional creativity, whether it be about writing a piece for publication in a

Russian journal or leading a big media holding, when one knows, accepts and adheres to the rules of the game established by state authorities. The rules are defined by the changing political environment of Russia and require one to keep connections with those in power and make new connections if new people join the power circles. For instance, these can be the regional or city heads, heads of state committees responsible for media policy etc. Being aware of changes and able to adapt to them by making the right connections on time is what the authors meant by "'correctly' navigating permanently changing political environments" (Schimpfössl and Yablokov, 2017a, p. 2) This is necessary to keep one's job in case of individual creative workers or be allowed to lead a business in case of owners of sizeable businesses.

As far as media managers are concerned, their function within the current Russian media environment is special. Those media managers that managed to access the key state actors not only conform to the rules of the game, but also serve as a bridge between the state and the newsrooms. (2017b) According to Schimpfössl and Yablokov (2017b), this agency position allows media manages to shape and modify their subordinates' attitudes and behaviour as well as meet with approval from the state actors. Media managers have a great chance of succeeding considering that they have the final say in questions of hiring and firing of employees (Koltsova, 2006). This kind of agency play is viewed as one of the strategies for succeeding as a media manager in Russia. Vasily Gatov et. al. (2017) went on to argue that Russian media managers and some journalists exercise "elements of the Soviet system of managerial and ideological control" (p. 7) These elements are described as means of gaining loyalty and jobs in exchange of favourable media content as a persistent practise within media organisations. Gatov et. al. (2017) argued that these elements are found not only in older generation of media managers that have closely experienced the Soviet nomenklatura[21], but also the ones who were either too young or remote from those power structures. Lada Trifonova Price (2015) delivered similar findings on the example of nomenklatura networks and media ownership in the post-communist Bulgaria. Some former members of the Bulgarian Communist nomenklatura managed to retain their influence on media environment through re-investing their capital into private media enterprises after the fall of the Berlin Wall and through maintaining their

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[21] Nomenklatura is a term widely used in the Soviet Union and the countries of the Eastern Bloc to refer to people who held key administrative posts within the government apparatus and who were the key decision-makers. Nomenklatura not only included the delegates of the Communist party, but also those who led state industry, agriculture, and cultural entities. Due to the power structure, nomenklatura enjoyed high level of symbolic and actual power during the Soviet times. (Voslenskii, 1984).

informal networks (Trifonova Price, 2015). These findings were based on semi-structured interviews conducted with journalists in Sofia, the capital of Bulgaria.

Vincent Edwards and Peter Lawrence (2000) explained 'nomenklatura capitalism' in relation to Eastern European states as a market economy with a strong element of state involvement (p. 38). 'Nomenklatura capitalism' was central to academic studies on management in post-socialist countries in transit to a market economy. There is one more term coined by Edwards and Lawrence (2000), which is 'nomenklatura privatization'. It refers to the privatization of state-owned enterprises after the fall of the Berlin Wall and the Soviet Union. These privatized companies are *de-jure* private entities but in fact they are controlled through newly established state-owned banks, connected to the same nomenklatura people that were in power during the socialist times. This process explains how some parts of nomenklatura regained control of main enterprises after the fall of the Berlin Wall. Nomenklatura capitalism includes such features as accusations to corruption and failure to deliver political and economic reforms within certain time span. This situation finds itself in Eastern European states where post-Soviet or post-socialist markets are diverse: there are new private firms with no connection to former nomenklatura members, foreign-owned firms, state-controlled firms, firms resulting from nomenklatura privatization, firms owned by a combination of workers and managers (Edwards and Lawrence, 2000, p. 38). Edwards and Lawrence's (2000) findings help to situate Gatov et al (2017) research within the broader media market of Russia. The Russian media market is a diverse patchwork with different types of media ownership. Gatov et al's (2017) research referred to managers of large media firms that are de-jure private, but de-facto they are controlled by the state through state-affiliated business institutions.

An example of a media company which is indirectly controlled by the Russian state is Match TV. It is a Russian sports TV channel founded in 2015 and owned by ProfMedia Group, a Russian media holding which is one of the largest media holdings of Europe. ProfMedia Group is a subsidiary of Gazprom-Media holding, an asset of the Russian-state-owned energy conglomerate Gazprom[22]. Match TV general producer Tina Kandelaki was appointed from outside of the company, yet having proved shared values (PR Newswire, 2015). Another example of a partly state-controlled media company is Russia's Channel One, the TV channel with the widest audience reach in the country, co-owned by the Russian government and a

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[22] *Fortune 500* places *Gazprom* at #56 on its annual list of 500 largest global corporations by total revenue in 2016. *Gazprom* has been on the Global 500 list for 20 years (Fortune, 2017b).

private media holding National Media Group. Konstantin Ernst has been Channel One's General Director since 1999. Ernst joined television in 1988 and at first worked as producer, presenter and director of several successful projects. In 1995, he was appointed as General Producer of ORT (previous name of Channel One), and since 1999 Ernst has served as Director General of Channel One. In the media, he is described as a talented professional who can produce high quality TV content whilst being bound by tights limits of government control. (Yaffa, 2014; TASS, 2015) Yet one more example of a state-private media enterprise from Russia is the Kommersant Publishing House. This publishing house is one of the largest Russian national media holdings, which unites several print media, a radio station and a news website with an annual revenue of 3.2 billion roubles or 54,7 million US dollars as of 2016 (Golitsyna, 2017). It is a subsidiary of Kommersant Holding, one of the assets of Alisher Usmanov, a Russian billionaire linked to the state. In Kyrgyzstan, Ilim Karypbekov is an example of a media manager who runs a media organisation with strong links to the state. Karypbekov leads OTRK, one of two Kyrgyz Public Service Broadcasters. Even though it is funded through tax-payers' money, OTRK is fully managed by the Kyrgyz government and the public has little control on the content. (Wojcik, 2015). A trained lawyer, Karypbekov previously worked as the head of Media Ombudsman office of Kyrgyzstan.

There is an explanation for this type of media managers in the literature. When there is an existing firm and the leadership is missing for some reason, there are three ways to address it (Kotter, 2012, p. 61):

1) the first one is to bring someone in from outside the firm (the case of Demyan Kudryavtsev);

2) the second option is to promote an employee who has an experience from within (the case of Konstantin Ernst);

3) the third option is to encourage an employee who holds a position which requires to lead but who rarely does so to accept the challenge (these cases are rarer).

In case of above-mentioned state-linked media organisations in Russia and Kyrgyzstan, the media managers were invited to take the job due to their previous experience in the media industry. Yet, their experience was outside of the state-linked firms.

Another type of media managers which is present in the Russian and Kyrgyz media market is the manager who privatised a previously state-owned media company. Two examples, one for each country, will suffice. Pavel Gusev is a Russian journalist and public figure who owns the

Moskovskiy Komsomolets newspaper. The newspaper was originally founded by the Soviets in 1919. It used to be an official newspaper of the Komsomol, a Soviet ideology organisation for the young. After the fall of the Soviet Union, the newspaper was out of demand until Pavel Gusev privatised it in 1991 and rebranded it into an infotainment weekly with the same name. Gusev has also served as an editor-in-chief of this newspaper since 1983. The U.S. Wired called Gusev an exception to the pro-establishment clique of Russian newspaper editors. (Devenish, 2014) Although Gusev is part of the establishment due to his position of owner and editor-in-chief of a nationwide Russian newspaper, he has criticised authorities when it could be backed up. Most of *Moscovskiy Komsomolets'* content is about celebrities though.

In Kyrgyzstan, Aleksandr Kim is a Kyrgyz media manager and editor-in-chief who privatised the state-owned newspaper *Vecherniy Bishkek*. Founded in 1979, this newspaper targeted people who lived in Bishkek (Frunze) in the Soviet times. However, after it had been privatised in the early 1990s by Kim, the newspaper became a nation-wide source of information of independent Kyrgyzstan. It is also one of the highest circulation titles in the country – selling up to 60,000 copies. Kim served as Director General and editor-in-chief for almost two decades. *Vecherniy Bishkek* positions itself as a current affairs title. According to Wolf's research (2011) on *Vecherniy Bishkek,* the paper completely changed the angle of its political coverage several times. For instance, the newspaper was critical of the regime during the presidency of the first Kyrgyz president Askar Akayev. After the 2005 coup when Akayev was ousted and fled the country and Kurmanbek Bakiev became the second president, *Vecherniy Bishkek* became supportive of the authorities. Other sources such as the Committee to Protect Journalists (2011) argued that the title was under pressure during the presidency of Askar Akayev. In 2016, following a law-suit with one of the former shareholders Kim lost control of *Vecherniy Bishkek.* This lawsuit was dubbed by some as politically motivated. (Global Voices Advox, 2016) Kim is now retired.

There is limited information on media managers of Russia and Kyrgyzstan in the literature due to scarcity of cases of media managers that privatised state-owned media organisations. The examples of Pavel Gusev and Aleksandr Kim demonstrate that they both deal with legacy media – *Moskovskiy Komsomolets* and *Vecherniy Bishkek.* Both titles have a strong brand in Russia and Kyrgyzstan respectively. However, that makes management of such titles harder. The Russian manager Pavel Gusev chose to make an entertainment newspaper out of *Moskovskiy Komsomolets* and stay away from covering politics as much as possible to eliminate problems with the state. He remains part of the Russian media establishment and

maintains contacts with those in power to make sure his business lives on. Aleksandr Kim chose not only to cover politics but also made his newspaper one of the leading instruments of political coverage of Kyrgyzstan in early 2000s. That resulted in several lawsuits (Wolf, 2011; Global Voices Advox, 2016) and a consequent loss of control over his shares in the company. As of the second half of 2016, Kim was completely detached from the company he used to own.

There is a gap in the literature which my research aims to address. Previous studies concentrated on the older generation of media managers, those who were middle-aged when the Soviet Union was still in place. In the case of the Generation Y entrepreneurs, the Soviet value system has a relatively minor impact on them. There are several studies that contradict the findings by Schimpfössl and Yablokov (2017a, b) and Gatov et. al (2017) regarding the persistence of Soviet traits in modern managers. For instance, the studies on young individual entrepreneurs in Russia suggest that persistence of Soviet traits in modern managers is not generalizable to the entire population of managers. The Soviet traits of management may remain in older generations of managers that experienced living in the Soviet times - like Pavel Gusev aged 68 and Aleksandr Kim aged 71; and in those in charge of particularly large media organisations regardless of their age – like Channel One*'s* Konstantin Ernst and Match TV*'s* Tina Kandelaki.

Small entrepreneurs aged 30 or younger do not seem to follow that pattern. Guilluy-Sulikashvili (2017) discussed de-hierarchizing of the Soviet value system in her research on managerial behaviour of generation Y entrepreneurs in Russia. Her study approached it from the perspective of management practices and managerial education. Wielecki (2017) analysed the role of social capital and other cultural factors that form the meso-level of businesses and shape the dynamics of running small firms in Russia. These include independent YouTubers from Russia. Wielecki (2017) mentioned the significant role of informal arrangements in business relations in Russia, which results in the fact that "business strategies are often embedded in non-economic factors, such as ethnic ties, family and friendship obligations, religious beliefs" (p. 1). Wielecki (2017) emphasised that "the economic behaviour of entrepreneurs is not only of purely economic character but also includes alternative rationalities of action" (p. 1). The role of alternative rationalities such as making decisions based on trust and reliance on knowledge networks is high in the post-Soviet space due to the transitioning nature of the society. One should make rapid decisions to adapt to the environment. Some of the management patterns that endure in such turbulent transitioning environments are authoritarian.

But at the same time these patterns begin to have more and more in common with the Western management practices and less and less with the Soviet ones. This can be accounted for by young Russian businessmen's better knowledge of the Western practices through information exchange. By contrast they've heard about the Soviet practices only from their parents and grandparents.

This study looks at the Generation X of entrepreneurs or the ones born from the early 1960s to late 1970s. This generation is also called Baby Boomers. The Russian and Kyrgyz managers that belong to this group have had some exposure to the Soviet value system. They were schooled and some went to the university during the Soviet times. However, after the break-up of the Soviet Union in 1991, they no longer worked under the Soviet authority. Instead, they set up their own businesses. This is where their employment story begins, and this is what I am interested in researching.

Conclusion

There is a strong connection between economic activity and culture (Ryvkina, 1989). In line with this argument, this chapter tried to establish whether there were specific features of leaders and entrepreneurs in Russia and Kyrgyzstan. To accomplish that, the chapter looked at literature on Russian and Kyrgyz political and religious leaders, on post-Soviet entrepreneurs, and on leaders of media businesses. This review revealed that there is a certain degree of consistency in leadership styles in Russia across different time periods. Charisma has been identified by culturology specialists, sociologists and economists as a major trait attributed to leaders in Russia and Kyrgyzstan, including religious leaders (Paert, 2010; Wagner, 2014), Kyrgyz tribal leaders (Yuvachev, 1907), Russian tzars (Perrie, 2014), Communist party leaders (Hisrich and Grachev, 1993) and presidents (Schuler, 2015); and, most recently post-Soviet businessmen (Kets de Vries and Florent-Treacy, 2003; Shekshnia and Kets de Vries, 2008). Based on interviews, a group of authors (Gatov et al, 2017; Schimpfössl and Yablokov, 2017a, b) suggested that there is such consistency regardless of leaders' age and familiarity with the Soviet Union. However, another group of researchers (Guilluy-Sulikashvili, 2017; Wielecki, 2017) argued that the managerial style of the new generation of Russian business leaders, who never lived in the Soviet Union, resembled the style of their Western counterparts rather than that of the Soviet ones. Having acknowledged both opposing views, it has been argued here that an enduring element of leadership in Russia and Kyrgyzstan is charisma, rather than a Soviet managerial style per se. However, charisma has not proven to be efficient in all contexts, as

discussed in Chapter 2. The arguments presented in this chapter have implications for RQ1 (How common is the phenomenon of pure media entrepreneurship in the post-Soviet states of Russia and Kyrgyzstan?) The next chapter of this thesis also contributes to answering the RQ1 from the point of view of media markets. A logical continuum of the discussion on peculiarities of Russian and Kyrgyz media companies and its leaders, Chapter **4** is going to analyse the state of Russian and Kyrgyz media markets focusing on how they emerged and developed over the past 25 years (1991-2016).

4. An Overview of the Media Markets of Post-Soviet Russia and Kyrgyzstan

Introduction

This chapter discusses the media markets of Russia and Kyrgyzstan. The first section of this chapter briefly reviews major economic reforms associated with the establishment of free market economy in the FSU. The same section observes developments in the media markets from the perspective of institutional economics.

The second section aims at constructing the post-Soviet media market. In order to do so, the section considers the main features of the media system in the USSR, the predecessor of the current media systems of post-Soviet states. It is important to look at the Soviet media system not only because the Soviet period lasted for more than 70 years and had an impact on the two countries, but also to understand the magnitude of current changes all media workers are still adjusting to/coping with in this part of the world. Next, the same section examines the transformations of the Russian media market from 1991 to 2016. It focuses on a major market trend of increasing concentration.

The third section of this chapter looks at the specific features of the Russian regional media markets. For political, economic and cultural reasons, doing media business in the Russian regions differs from running a nationwide media operation. Given that one of the two cases, Abak-Press, is a regional media holding, it is important to consider the conditions of running a media business in the Russian regions.

Finally, the fourth section of this chapter traces the development of the Kyrgyz media market from 1991 to 2016 and its major trend of fragmentation. Information on Kyrgyzstan is scarcer than on Russia. There are few academic studies on Kyrgyz media outlets and media management issues. Therefore, this section draws heavily on policy reports and journalistic sources.

New opportunities and new challenges

The downfall of the Soviet Union with planned economy and the establishment of the market economy opened opportunities for private enterprises. Poser (1999, p. 103) argued that

whenever there is an ongoing economic transformation, intra- and inter-enterprise relations are subject to constant changes. Doing business in such environments has certain features. First, the rules of behaviour and the factors of success and failure of businesses are not clear to market players – they rarely know what to expect even in the short-run. Second, while enterprise heads have to rely on weak legal protection of their businesses, the status of these enterprises is at permanent risk. Third, the constant changes in the ownership structure owing to corporatisation, privatisation and trading of shares on the secondary market threaten the enterprise directors with a loss of control over the enterprise. As Poser (1999) argued, this makes firm owners reluctant to invest in their own enterprises – the only thing they're concerned about is to stay afloat (Ibid).

The earlier economic reforms in the FSU states included such economic disruptions as:
- High inflation rates and high volatility of prices for goods and services. "This volatility weakens the role of prices as market signals, leads to wrong appraisals of the profitability of business, and causes windfall profits as well as losses" (Ibid, p. 104);
- The prospects and outcomes of any economic reforms are also uncertain;
- There is "a large systemic risk which increases the probability of enterprises to fail without their own fault and to be drawn unto the swirl of the transition crisis" (Ibid, p. 212);
- Underdeveloped banking system or general financial underdevelopment that is why money supply becomes endogenous. Many "enterprises have mostly at least one supplier or customer which is crucial for their survival" (Ickes and Ryterman, 1994, p. 94).

One more local specifics to look at is the risk of business take-over by the outsiders or power circles:

> The most important concern that unites insiders is the threat of a take-over from outsiders. [...] For workers a take-over would almost always relate to speedy layoffs and a scaling-down of non-core activity. For directors, it would probably constitute the very end of their careers (Poser, 1999, p. 111).

In Kyrgyzstan, for example, as it was widely reported in the local media that throughout the 1990s successful businesses were under a threat of illegal takeover by people and economic

groups associated with power circles. In case of the illegal takeover, the businessmen would receive an oral consent that they should pass their venture towards new owners unless they wanted to face severe problems - tax and fiscal body checks or even legal penalties. In the 1990s, the legal frameworks were obscure and the power relations between the state and the citizens were still being formed. So, it could have been impossible to build a big or medium-scale business (a restaurant, a casino, a furniture factory) without breaking the law to some extent. Therefore, the businessmen knew that if they did not let their venture to be taken over, they would face legal penalties for a reason.

In such environments, economic policy changes can not automatically bring changes to how individual firms operate since there are in-depth problems in the way companies operate based on what their incentives and fears are (Poser, 1999).

Media markets and the institutional economics

The origin and growth of current-state media markets is viewed by institutional economists as part of a larger process of socio-economic and political formation of the Russian and Kyrgyz states. The fall of the USSR brought a major redesign of the institutional framework of previously centrally planned economies (Raiser, 1997). Institution-building is still an on-going process in post-Soviet countries, and the transitioning character of formal and informal institutions guides human actions and interactions (Hall and Taylor, 1996, p. 947, cited in Cunningham et al., 2015, p. 71). The institutional economics approach is, therefore, relevant for analysing of the evolving post-Soviet economic environments as it helps to grasp both formal and informal institutions' role in forming new business ventures, including media firms. The discussion of institutional economics is reasonable for this study on the two media owners as this approach aims to understand the entrepreneurial behaviour.

"Markets themselves are cultural and institutional forms" (Zelizer, 1988, cited in Cunningham, 2015, p. 72) within which individuals (e.g. entrepreneurs) interpret the external environment and create mechanisms to structure and order the environment (Ibid). The paper by Jansson, Johanson and Ramström (2007) found to which extent institutions influenced major business characteristics of Russian, Chinese and Western European firms. The major business characteristics were defined as the form and influence of business networks, the function of firms and relationships in the business network, the meaning of strategy and planning, and social relationships in the context of inter-firm relationships (Jansson, Johanson and Ramström,

2007, p. 955). These variations, in turn, lead to different strategies that the firms operating at these markets adopt. Puffer, McCarthy and Boisot (2010) argued that in Russia and China entrepreneurs "may develop unique balances between informal and formal institutions that better fit their circumstances" (p. 441). Such informal institutions as trust and blat/guanxi, for instance, are embedded in formal institutions (Puffer, McCarthy and Boisot, 2010). In sociology, blat and guanxi both refer to economies of favours when personal or social connections are used to get things done or receive goods and services in short supply (Ledeneva, 2018, p. 40; Wang, 2018, p. 75). Firms use resources and personal network to overcome or compensate for some formal institutional deficiencies such as inadequate educational systems and inefficient courts (Porfírio et al., 2016; Lajqi and Krasniqi, 2017). Lajqi and Krasniqi's (2017) research found that training, networking and trust had a positive effect on entrepreneurial growth aspiration in transition environments. In addition to that, "firm size as an indicator of better access to resources moderates positively the effects of informal institution barriers by having a positive influence on growth aspiration" (Ibid, p. 385). These findings revealed that in some circumstances such as transition economies informal institutions such as trust and networking are used as a strategy to overcome formal institutional inefficiencies. The particular patterns of use of informal/formal institutions vary among transition economies themselves and across different industries. However, in general, it has been proved that in transition environments, where financial and legal institutions are less efficient compared to more stable ones, closed social networks with family, friends and (in some cases) national bureaucrats become crucial business-drivers (Tonoyan et al, 2010).

Institutional economics was a preferred framework for several studies on the dynamics of Russian media markets (Dzyaloshinskiy, 2008; Ivanitskiy, 2011). Institutions standardise social arrangements and create conditions for their regeneration. Dzyaloshinskiy (2008) classified Russian media into three groups: 1) state media; 2) civic media; 3) media businesses. He argued the state media reflected the 'conservative' views of collectivism, order and vertical hierarchy. The civic media reflected the opposite – the 'liberal' views of individualism, freedom and self-governance. The media business, interestingly, represented the unique mix of both of these matrices. Therefore, modern Russian media landscape includes media representing three different viewpoints. Moreover, although the spectrum of liberal institutions in Russia has been growing since the break-up of the Soviet Union, journalism - as a separate institution - has been experiencing "institutional inertia" (Ivanitskiy, 2011). Throughout the course of post-Soviet transformations media have become a business, at the same time the state is one of the main bodies to regulate the sphere. There is a question of whether the public function of media is to

be further developed in the form of stronger public service broadcasters, public funding or other forms of regulation (Ibid). Therefore, journalism has, in Ivanitskiy's view, been inert mostly due to the inertness of its public function and lack of self-regulation. Self-regulation in this case implies effective public organs representing the interests of journalists, editors and other media workers, but also the local media.

One of the subsections of this chapter, The Media Market of Russian Regions, is going to take a detailed look at the challenges of local media. From the point of view of institutional economics, entrepreneurial opportunism is one of the factors that could stir the growth of local media. Based on longitudinal panel data (2004-2012) from 43 countries including Russia, Aparicio et al. (2015) investigated the role of simultaneous factors on opportunity entrepreneurship and economic growth. The research found that informal institutions such as "control of corruption and confidence in one's skills" present a greater influence on innovative entrepreneurs than formal institutions such as "the number of procedures involved in starting a business and private coverage to obtain credit" (Aparicio et al., 2015, p. 58). Therefore, economic growth can be achieved by increasing entrepreneurship by opportunity through encouraging certain institutions, for instance, through encouraging local entrepreneurs to create a media start-up. In this regard, despite the challenges of small markets in the regions, the regional areas with relatively larger cities and towns could still benefit from more local media. Another point, going back to the argument by Porfírio et al. (2016) and Lajqi and Krasniqi (2017) made above, in cultural and creative industries – the industries with low profit margins – among other factors the state-encouraged entrepreneurs have higher chance of scaling their ventures. The evidence for this comes from Porfírio's (2016) research on entrepreneurs in cultural and creative industries in the UK, Portugal, Spain, and Greece.

This subsection can be summarised into two major points. First, the current overarching institutional framework in transition economies, such as Russia and Kyrgyzstan, favours media businesses rather than creates opportunities for public service media. Yet, media businesses at any stage of growth are also challenged due to underdeveloped markets. Second, the economic growth of businesses in cultural and creative industries depends on stimulation of entrepreneurial incentive. The latter requires involvement of both formal (such as education) and informal institutions (such as networking).

From the Soviet Union to the market economy: Constructing the post-Soviet media market

The post-Soviet media market originated from the Soviet mass media system. Before looking at the peculiarities of the post-Soviet media market, it is essential to analyse the key features of the Soviet mass media system.

An overview of the Soviet mass media system

The state-controlled Soviet mass media system is a predecessor of the current media systems of independent Russia and Kyrgyzstan. While tracing the origins of media entrepreneurship, I look at the countries where media has never been a business such as the states of the former Soviet Union. There, on the turn of the century, many media companies were created from scratch by people who never studied business and who often nurtured their management skills from intuition and 'life experience'.

Since the post-Soviet media systems originated from the Soviet mass media system, it is necessary to discuss the underlying philosophy and management structure of the Soviet media system with an emphasis on the Soviet-era newspapers. Most works on the Soviet mass media are related to Russia because Russia was the biggest state of the USSR. However, it was also possible to draw some ideas from scarce but valuable research on the Soviet Central Asian newspapers.

The Soviet media have been studied by the Western academia since 1960s. Some of the most important works in the field were: *Soviet Foreign Propaganda* (Barghoorn, 1964), *Russian Journalism and Politics* (Amber, 1972), *The Mechanisms of the Soviet Press* (Buzek, 1964). These monographs were based on influential work on the practice and theory of bolshevism such as by Bertrand Russell (1962), the effects of the Russian Revolutions on the political communications in the Soviet Union from Lenin to Gorbachev (Luxemburg, 1961; Wildman, 1964; Salisbury, 1977; Tucker, 1987), and the theories of Marx and Engels on communication (White, 1974; de la Haye, 1979). Most studies of Soviet media were carried out in the mid and late 1980s. For instance, Ellen Mickiewicz (1981) in her work *Media and the Russian public, Mass Media in the Soviet Union* observed the Gorbachev era of 'perestroika' and 'glasnost' (1986-1991). This research interpreted the ideological changes within the Soviet Union.

In the early years of the Soviet state, in the work, *What is to be Done,* Vladimir Lenin defined the role of the Soviet mass media as an 'instrument of mass persuasion and agitation' (Fitzpatrick, 1984, cited in Turpin, 1995, p. 14). Vladimir Lenin's concept of the newspaper as 'collective propagandist, agitator and organiser' (Hollander, 1972, cited in Turpin, 1995, p. 14) was adopted after the Bolshevik Revolution. The Soviet Union the journalist's role was defined by loyalty to the Marxist-Leninist theory. Western and Soviet academic approach towards the Soviet mass media resembled the bipolar nature of the world during the Cold War. "[...] a U.S. Definition of press freedom emphasised lack of governmental control or regulation, while a Soviet measure of press freedom stressed lack of private control or ownership (Hopkins, 1970). Within the historical context of the Cold War critical analyses of the Soviet Union by Western researchers emphasized the drawbacks of the Soviet media and Soviet journalism such as it being "ideological and value-laden" (McNair, 1991, p. 202) and "seeing all events from a class point of view" (Ibid). Not to mention, the Soviet press was an instrument of the party. As research condemned, these drawbacks were the consequences of general lack of freedom, central planning and other features of the Soviet system. On the other hand, the Soviet scholarship (Lipovchenko, 1985) called the Western media 'bourgeois journalism' (p. 41).

Brian McNair (1991) argued that Soviet news and journalism was "a key element of the Soviet ideological apparatus". The Soviet mass media, as any Soviet institution, functioned in accordance to a scientific worldview of historical materialism and its philosophical corollary - dialectical materialism (p. 9-10), which was believed to be a certain system of values, which did not distort events but gave a framework for understanding them. As McNair argued, the success of Bolsheviks in Russia apart from other factors was massively due to the central party media - an all-Russian newspaper, which was created under Lenin's idea to conduct "systematic, all-round propaganda and agitation". (1991, p. 15) The *Pravda* newspaper, a media organ of Lenin's party, later became 'the official organ' of the Central Committee of the Soviet Communist Party as well as 'the standard' for the Soviet mass communications (p. 31). In other words, Lenin's ideas and principles on press were later developed in the USSR and applied not only to press but also to broadcast journalism (Ibid).

Buzek (1964), Mehta (1987) and McNair (1991) provided a systematic view on the Soviet mass media in the second half of the 20th century. The soviet media system structure resembled the one of the Soviet economy and political administrative apparatus (Buzek, 1964, p. 31). This system had production units, which resulted in a pyramidal media structure. On the top of the pyramid were central media organs - they were produced in Moscow by highest level

organisations and distributed across all Soviet Union - they were, for instance, *Pravda* newspaper (published by the Central Committee of the CPSU), *Izvestia* (the Supreme Soviet of the Council of Ministers), *Trud* (the Central Council of the all-union trades union movement). The level below consisted of the press organs of 15 republics of the Soviet Union, each of whom had their own apparatus of party which published their papers. Further below the pyramid were the press organs of the oblasts (the provinces), then the regions and cities. There were also many papers published in towns, villages, collective farms, factories, colleges and scientific and cultural institutions - sometimes those were wall newspapers ('stengazety'). Also, different nationalities and cultures of Asia and Europe that comprised the Soviet nation, had their own newspapers published in their indigenous languages, which was on par with the policy of the right of national self-determination. That was considered one of the achievements of the Soviet media policy. And finally, there were newspapers and journals directed at specific sections of the industry such as the *River Transport* or *The Teacher's Newspaper* or supporting the leisure activities of the Soviet people, such as *Chess*. The functioning of the mass media cannot be divorced from the political and economic realities of the country. As noted by Mehta (1987), to ensure that the media are not controlled by bourgeoisie, television, radio and newspapers in the Soviet Union were not privately-owned. That is why economy-wise, Soviet newspapers were state run and state funded. As the Soviet mass media was an essential part of the government apparatus, the media subordinated to the party - the only legally-recognised political force. The party ensured its policies and objectives were met by the media output.

McNair (1991) identified four mechanisms of the Communist Party's influence on the media:
a. The Party's right to grant licenses, finance and access to media facilities;
b. Party has monopoly over media policy making;
c. Party controls and selects senior media workers and supervises the way in which journalists are trained in the country. The research of Alex Inkeles (1956) revealed that the reliability of editors guaranteed the reliability of newspapers.
d. Use of censorship. The research of Buzek (1964) shows that the job of censors was limited as mostly editors ensured that the media output corresponded to the party requirements.

Jennifer Turpin (1995) argued that there were noticeable changes in the Soviet press during the Gorbachev period. It was then when the Soviet press first 'met' with the realities of the market economy. Turpin (1995) calls these experiments 'market-culture media': Soviet media were "reinventing their Soviet self": they were transmitting the new interpretation of Leninism using

the form of media representation which was common in the West. During perestroika, there was also a rapid growth of advertising in the Soviet newspapers and magazines (Turpin, 1995). This was on par with the Soviet move "[…] toward the Western view of the media as an instrument for advancing "public opinion", including a shift in emphasis from the group to the individual" (Mickiewicz, 1988, cited in Turpin, 1995, p. 17).

During the Gorbachev era, the public was arguably willing to take part in political process rather than just be a spectator. Noting that, the Soviet press also changed its coverage. As Mickiewicz (1988, cited in Turpin, 1995) noted, the relationship between Soviet newspapers and party and government propaganda departments weakened when the public and the time demanded for multiple perspectives in the news. For instance, "historically, the Soviet Union exerted tremendous resistance to the Western press and Western styles of mass media presentation" (Turpin, 1995, p. 16), which aimed at accuracy and objectivity. However, Turpin explored the new image of the Soviet media in her analysis of *Moscow News* and *Soviet Life* newspapers in 1988-1990 during Gorbachev leadership. Her research revealed this new image "was developed not simply through strategic impression management; but rather, by adopting Western styles of media presentation" (p. 127) While the Soviet newspapers entered a new era of competitive journalism that they never experienced before, they employed several strategies: *Moscow News* started to go out in colour and added controversial stories and investigative reporting. *Soviet Life* changed in size, included good quality photography and snappy headlines. According to Turpin (1995) these strategies worked. *Moscow News* opened a supplement which featured advertisements only. Advertisements promoted joint-ventures and foreign investment in Soviet enterprises which was necessary for market economy development and, importantly, generated funds of vital importance when *Moscow News* became independent. The audience perception of the newspaper also changed dramatically: what used to be viewed as a "toilet paper" transformed into one of the most reputable sources of information (Turpin, 1995, p. 127) and was selling out at newspaper stands within ten minutes. *Soviet Life* was a diplomatic publication, which is why it could 'not elaborate huge transformations, but still the changes in information format led to increase of subscriptions in the U.S. (Ibid). The ways of media financing changed. Media were previously financed directly from the state. During Gorbachev era they began exploring new funding sources. McNair (1991) also discusses changes in the advertising in the Soviet media. During *glasnost,* hundreds of capitalist companies were encouraged by the Communist Party to enter the Soviet markets. The new companies began actively advertising their products in the media, so advertising became more frequent. The

quote below represents how advertising used to look like in the Soviet press prior to perestroika:

> Advertisements were a feature of the Soviet media before glasnost, performing the basic function of informing the population for the goods and services available to them in the state shops. Brief items in the press and on television would publicize the specifications and prices of goods for sale, and the addresses of the stores where it was possible to purchase them. By contemporary western standards such adverts were stylistically crude and few, reflecting the narrow range of consumer goods produced by domestic Soviet industry, and the general absence of competitive pressures to sell what was produced (Mehta, 1987, p. 87).

Prior to glasnost, as argued by Mehta (1987), the Soviet media did not need advertisement as they could rely on high circulation. "Large circulation has made [the Soviet newspapers] profitable even with the low retail price of 3 to 5 kopecks a copy" (Mehta, 1987, p. 22).

According to UNESCO data, the Soviet print media enjoyed high readership (Ibid, p. 16). The research by Mehta also found out that an estimate of 89.3 per cent of the Soviet urban population read newspapers, 75.3 per cent read books and 72.3 per cent read magazines. The proportion of reading among factory workers and specialists in the cities and towns was almost the same, 82 and 89 per cent consequently. Mehta (1987) notes that about 68 per cent of the Soviet rural population spent a good portion of their spare time in reading. He admitted that was the reason why the publishing activity was therefore growing at a rapid pace in the Soviet Union (Ibid, p. 50). The Soviet newspapers were state-funded. Besides, they also earned on cover price, which was a substantial source, given the amount of readership. Content-wise during the time of glasnost the Soviet media started to cover previously "excluded themes such as religion, nationalism, industrial disputes, the KGB and the army" (McNair, 1991, p. 87). More foreign news and foreign media opinions began to be published in Soviet newspapers. Glasnost also led to an increase in coverage of corruption, crime and disasters (ibid, p. 203), which McNair views as the first taste of 'yellow journalism' by the Soviet media. In conducting her research on the Soviet press, Jennifer Turpin (1995) used ethnographic research and content analysis of the *Novosti Press Agency* (Soviet Union foreign news service) and *Novosti's* two most important publications, directed toward the West, (*Soviet Life* and *Moscow News)* during the Brezhnev and Gorbachev eras to determine continuities and/or changes in media coverage. The content analysis was supported by desk research on the organisational structure of *Novosti*,

the Soviet media system and Soviet society in general. Turpin (1995) argued that the publications of *Novosti* helped to portray the changing media values of the state during the Gorbachev era. Nevertheless, *Novosti* was still an instrument of state propaganda aimed at articulating the possibilities of media democratization to the people.

Mass media in the Soviet Central Asia

The Soviet Central Asia was comprised of five states: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, located in the middle of the Eurasian continent. The only analysis of the media systems of the Soviet Central Asian republics that I came across is Dalpat Singh Mehta's work (1987). Based on discussions with media experts in the Soviet Union and on published documents, Mehta provided a general picture of the USSR media scene.

The Soviet press operated on the three major levels: central, republican and local. Mehta (1987) discussed local newspapers of Soviet republics such as *Sovet Uzbekistoni,* a national newspaper published in Tashkent, the capital of Uzbekistan, and *Lenin Yuli*, a local newspaper published in Samarkand, the main city of the Samarkand region of Uzbekistan. Uzbekistan is referred by Mehta as one of the most backward regions of tsarist Russia which experienced the growth in literacy rates and dramatic changes in industry, agriculture and science during the Soviet times. The population of the Soviet republic at the time of the research was 18.5 million people, and there were six weekly republican papers. According to Mehta (1987), after meeting all expenses, the Soviet papers made a profit. *Sovet Uzbekistoni* came out six days a week in the mornings in Tashkent in Uzbek language. It was the main organ of the Party Central Committee, Presidium of the Supreme Soviet and the Council of Ministers of the republic. The newspaper had a circulation of 0.8 million copies. The staff number was 74 people. The newspaper content came from staff writing, central state news agencies such as TASS, APN and Uzbek Telegraph Agency, and readers' letters. The paper covered political, economic and cultural developments in the Uzbek SSR, the whole USSR and covers foreign news. *Lenin Yuli* was published 5 days a week in Samarkand in Uzbek and Russian languages. It had four pages and a circulation of 40,000 copies in Uzbek language and 16,000 in Russian. There were 66 staff members. There were following departments in the newspaper: party, industry, agriculture, public utility, news, letters to the editor, sports and culture. Although the newspaper is the organ of a regional Communist Party committee, the editors have freedom in selecting the items and other editorial matters (Mehta, 1987, p. 25). The paper cost 3 kopecks. The editorial staff was paid between 200 and 300 roubles per month, plus they got royalties for writing. About

40% of content was created by staffers, and 60% by freelancers. Apart from *Lenin Yuli,* the Samarkand region also had 14 district papers and 4 factory papers.

This section portrayed the main features of media systems in Soviet republics such as Uzbekistan and Kyrgyzstan. For instance, there was a widely-spread network of newspapers in Soviet republics – from national republican titles to newspapers in large factories and plants. What united these titles is their reliance on content from the centre of the Soviet Union which it had received through TASS and other state agencies. Also, the writing style was uniform across Soviet newspapers.

The next sections will look in detail at the post-Soviet media markets, starting with a discussion of the Russian media system, and how it evolved after the collapse of the Soviet Union both at national and regional level.

Media market of Russia: Towards more concentration

One of the most important features of the Russian media market is the presence of federal (or nation-wide) companies and regional ones. Federal media are usually state-owned companies (Koltsova, 2006) and they are accessible or delivered to all regions of the country. The smaller-scale regional media can be both state-owned and privately-owned.

Media commercialisation process in Eastern and Central Europe was hasty due to the collapse of the socialist system (Gulyás, 2003). As Gulyás (2001) argued, the main features of media systems in such countries as the post-socialist Czech Republic, Hungary and Poland remained the instrument of the "new elites". Shekshnya and Kets de Vries (2008) had similar findings in relation to Russia:

> In the early 1990s, you could bite off any piece you liked from the state. What was stolen or bought in those days (no matter whether it was legally or not) is now being brought back into state ownership again. A huge number of enterprises and assets are being consolidated into large units (Shekshnya and Kets de Vries, 2008, p. 294).

According to Gulyás (2001), what did change was the level of media censorship, which to a little extent softened compared to the socialist times but did not evaporate as it had been expected, and the exponential growth of entertainment media outlets (p. 74). The same applies

to the FSU. The degree of government (direct or indirect) pressure on media as well as degree of media freedoms in the former socialist countries depend on who is in power (Gulyás, 2003). Under these dynamic conditions, it is necessary for the press to "build relationships" with the new "party in power" or the new officials who are powerful enough to influence the media businesses. It affects not only the press heads who are the ones building relationships in practice, but also the regular journalists who need to adapt to shifting political establishment and new agenda (Ibid).

Speaking of how the state could influence media companies after the fall of the Soviet Union, Koltsova (2006) referred to the legislative loopholes. One of the ways of exploiting power for state agents came from "superfluity of rules, allowing for their selective use, [...] paralleled with their insufficiency that is, the absence of rules where they could have brought more predictability of state agents' actions and, consequently, more security for their extra-state interactants" (Koltsova, 2006, p. 56). For instance, Russian laws are unclear when it comes to the allocation of TV and radio frequencies or licensing, and journalists' accreditation. Moreover, media practice and media laws vary depending on the region of Russia. There are 89 regions in Russia, and in most of the cases the situation with media practice over there can be described as an "autonomous rule-making" (Koltsova, 2006, p. 57). These are the situations when local government heads rule according to their own understanding in contravention of the national law. For instance, the authorities may allow their allies including leaders of media organisations not to pay some taxes. At the same time, the authorities may impose exaggerated strictness on their foes including those media that criticise them.

Elena Vartanova (1996, 2012, 2013, 2015a, 2015b), who studied the transformations of Russian media, argued that the Russian media model resembles the Southern Mediterranean one (Hallin and Mancini, 2012) in terms of connections between political/business circles and the media. At the same time, according to Vartanova (2012), the Russian media market has some distinctive features because of its communist past. Smirnov (2006, 2015), Garabova (2004), Zinin (2011) and Zolotuhin (2011) studied media concentration in Russia and came to similar conclusions. For instance, Sergey Smirnov's study (2006) argued that the focus of Russian media business depends on state's interference into media through administrative measures. Smirnov (2006) suggested that the development of large media companies is regulated not only by laws, but by administrative measures as well. The nature of these measures is defined by the current political climate, which is on par with Gulyás' (2001, 2003) findings on the post-socialist Central European media. When power in Russia became centralized in 2000s with the figure of the

strong president on top, the new information order began. Most existing media holdings preferred to depoliticise their capital and prioritise creation of entertaining media content (Smirnov, 2006). Large media businesses are characterised with low transparency which is peculiar of Russian economy in general, Smirnov (2006) argued. The lion's share of media holdings is closed joint stock societies, some of them like Yandex have recently tried to go public. Media concentration has brought some positive features for Russian businesses. The present media holdings have gone a long way to make their business "cleaner". A new class of effective managers is being formed. It corresponds to the category of "appointed managers", which I use for this research. At the same time, there are negative features of concentration. Since media industry's capital capacity is still low, concentration leads to all resources being focused only around Moscow. That is why the Russian information market development is highly asymmetrical (Smirnov, 2006).

In his most recent study on concentration, Smirnov (2015) distinguished three periods of economic development of the Russian media system in 1991-2015. Although, this periodisation can't be taken for granted, it is a valid attempt to link Russian socio-economic developments with its media market transformations in a systematic way.

The first period (1992-1998)

Smirnov (2015) framed the first period as lasting from the Soviet Union break-up in 1991 and appearance of the first commercial media in 1992 until the economic crisis of 1998. This period marked the beginning of the process of wealth creation and assets formation. It was characterised by the following features:

- Lack of financial sustainability of private Russian media after the fall of the Soviet Union;
- Lack of foreign investors willing to step in in the media market;
- The appearance of the first oligarchic structures with commercial interests towards media.

As far as the first feature, lack of financial sustainability of Russian media, is concerned, one can argue that this period was the most difficult one since media made their very first steps to learn what a market economy was. Although media already started to compete, most of them still did not make a profit and could not become self-sufficient. The underdeveloped advertising market was media companies' main obstacle which did not let them develop properly. The reason for the underdevelopment of the advertising market lay within prolonged national

economic crisis and low effective demand for goods and services (Smirnov, 2015, p. 311). Under these conditions, Russian media began using all possible methods of money-making including informal ones such as advertorials, publishing damaging information and blackmail. Moreover, the world economic crisis of 1998 worsened the Russian advertising market. State fiscal allowances such as minimal customs duties for inventory and raw material import did not help media companies much as that did not help them tackle the lack of cash flow.

As mentioned above, throughout the 1990s the Russian media market needed an economic incentive. Foreign investors could potentially take up media companies and equip them with their stocks, however, they were largely unwilling to risk investing in Russia (Ibid, p. 312). Despite it being risky, a few foreign players did enter the Russian media market. In 1992, a Dutch group led by Derk Sauer formed Independent Media publishing house (The Moscow Times, 2012). Also in 1992, another Dutch company Transfer Classified Media opened Pronto-Moskva publishing house. In 1994 Heinrich Bauer Verlagsgruppe opened its Russian headquarters, Bauer Rossiya publishing house. In 1995 Hubert Burda Media opened Burda publishing house; Hachette Filipacchi Médias opened Hachette Filipacchi Shkulev publishing house. In 1998 Condé Nast opened its Russian branch, Condé Nast publishing house.

As far as the appearance of oligarchic structures is concerned, the period of 1992-1998 saw the loosely regulated and sometimes debatable privatisation of what used to be state properties during the Soviet era. A small group of large-scale private businessmen gained control of the most profitable branches of the state economy such as fuel and energy, metallurgy and banking. Smirnov (2015, p. 310) calls them "agents of influence". They formed Russia's first financial-industrial groups, comprised of several legal entities representing various assets united together to boost their common competitiveness, realise investment projects, broaden trade areas and improve production efficiency. The new system soon became known as oligarchy or power of integrated elites that rule the country politically and economically based on ownership of key enterprises (Smirnov, 2015, p. 313).

Smirnov (2015) referred to three oligarchs who became media tycoons during that period: Vladimir Gusinsky, Boris Berezovsky and Vladimir Potanin. Gusinsky's MediaMost became Russia's first privately-owned media holding (Smirnov, 2015, p. 314). Potanin's ProfMedia followed in 1998. Media that existed under the umbrella of Berezovsky's LogoVAZ company were never brought together into one organisation (see Table 2 on the next page for details).

Table 2. The first media holdings in Russia (1992-1998)

Media Holding name	Companies under control
MediaMost	NTV and TNT (TV channels); NTV-Plus (satellite channel); *Segodnya* (newspaper); *Itogi*, *Sem Dnei* and *Karavan Istoriy* (magazines); Echo Moskvy, Delovaya Volna, Do-radio and Sport-FM (radio stations); NTV-Kino and NTV-Profit (film studios); Oktyabr (cinema) and NTV.ru (website).
Media group of Boris Berezovsky	ORT and TV-6 (TV channels); *Kommersant, Nezavisimaya Gazeta* and *Novie Izvestiya* (newspapers); a row of supplements to *Kommersant (magazines); Ogonek, Avtopilot, Domovoy* (magazines), Nashe Radio and Ultra (radio stations), Real Records (records company).
ProfMedia	*Izvestiya, Komsomolskaya Pravda, Sovetsky Sport, Express Gazeta, Antenna, Russky Telegraph* (newspapers) and a share of *Expert* (magazine).

Source: Smirnov (2015)

Overall, the economic needs of Russian media, lack of investors and the appearance of oligarchic structures created the conditions for media concentration in Russia. Many of those media that found themselves in financial need fell under the influence of the above-mentioned oligarchic structures. Smirnov (2015) argued that the process of acquiring media companies by the financial-industrial groups in 1992-1998 was peaceful. The financial-industrial groups viewed media not as a separate business part of the group, but as instrumental to support the group's main activities (Ibid, p. 313).

The second period (1999-2008)

Russian media industry enjoyed a boost during 1999-2008 due to favourable macro-economic conditions. At first, the economic crisis of 1998 increased import substitution, which in turn stimulated domestic product demand and the manufacturing of domestic products. It is important to note that one third of Russian economy is based on resource-trade. Since 1999, the energy carrier prices started growing, and soon Russian economy stabilised and started growing. Such factors as growth of GDP, income per capita and customer spending revitalised several economic sectors. The growth of purchasing demand, forming of "middle class" and consumer boom of 2000s created favourable conditions for advertising market's boost (Smirnov, 2015, pp. 315-16). According to Smirnov (2015), the advertising market increased ten-fold in 2000-2015.

The way businessmen saw media also changed. Media began to be viewed as a business opportunity. New commercial revenue streams such as sponsorship and product placement

began to be exploited. New niches began to be conquered on the media market, some existing companies managed to grow. Large and middle-scale businessmen played crucial role in media industry development. They poured free cash flow into media companies most commonly with sake of future resale.

Despite tremendous growth in the number of media, market concentration intensified. One could now distinguish between large, medium and small-scale media holdings depending on the size of their media portfolio and the amount of financial backing. Smirnov (2015) presented a classification based on media holding's accumulative profits. Even though new players appeared, that did not change the overall media market structure. The reason is that large holdings continued to control most nationwide media companies such as major TV channels.

During this period, four distinct types of media holdings were formed and established, three of which privately-owned and varying in size and one state-owned. Each type is briefly discussed in turn below.

a) Large-sized media holdings

During this period, some of the existing media holdings underwent changes in ownership. In 2001 Gusynsky's MediaMost was acquired by Gazprom-Media holding. Some media companies belonging to Berezovsky's LogoVaz group were also acquired by various owners during 2001-2006. Several new media companies had joined Potanin's ProfMedia before the whole holding was sold to Gazprom-Media in 2013. (Smirnov, 2015, p. 317) The changes in ownership meant that by the end of 2008 Gazprom-Media had become one of the largest media holdings in Russia with a significant portfolio of companies. Alongside Gazprom-Media, two more large-sized media holdings were formed in the middle and second half of 2000s by two big players: USM Holdings, owned by Alisher Usmanov which was launched in 2006, and *Nazionalnaya Media Gruppa* holding, owned by Yuri Kovalchuk and others, which was launched in 2008.

b) Middle-sized media holdings

Several smaller-scale financial-industrial groups with main shares in oil & gas, metallurgy, banking and telecom, entered the media market at that time. They included: *Sistema Mass* Media headed by Vladimir Evtushenkov; *Obyedinennie Media* headed by Vladimir Lisin; *Russkaya Mediagruppa* headed by Leonid Fedun and Vagit Alekperov; *Media3* headed by Aleksei and Dmitry Ananyev; *Ekspert* and *Forward Media Group* headed by Oleg Deripaska.

These media holdings can be classified as medium-sized due to smaller portfolio of media assets.

On the backdrop of revitalising the Russian economy, transnational media capital poured into the Russian media market in the 2000s more confidently than before (Smirnov, 2006). Consequently, there was a rise of foreign ownership on the Russian media market. One of the largest players were German Bertelsmann which invested in REN TV media holding; German Axel Springer Verlag which established Axel Springer Russia; Swedish Modern Times Group which invested in STS Media, a Russian TV group (Smirnov, 2006).

c)   Small-sized media holdings
Another row of smaller-scale media holdings such as *Moskovskiy Komsomolets*, *Aktion Media*, *Arnold Price Group* also appeared on the market. Their specificity is that media was the only stock for their owners.

d)   State-owned media holdings
A state-owned media holding VGTRK, which is involved in TV-radio business, also strengthened its position. One more state-owned media holding RAMI RIA Novosti was formed in 2004 with RIA news agency as its main asset. Russia Today or RT, an international television network funded by the Russian state, later came out of it. Smirnov (2015, p. 318) argued that both VGTRK and RIA Novosti engaged in earning money just like private players.

The third period (2009-2014)
Hard hit by the 2008 crisis, Russian economy began to stagnate. Consequently, the pace of advertising market development slowed down too. Another round of concentration followed. Weak players were taken up by the stronger ones. Oligopoly structures strengthened their positions on the media market. Evident leaders appeared within each market segment.

Table 3 demonstrates high degree of media commercialisation in Russia during the 2010s. Five media holdings managed to conquer unrivalled positions on the market and divided all major terrestrial TV channels, trend-setting newspapers as well as entertainment providers between each other (See Table 3 on the next page for details).

Table 3. **The 'Big 5' Russian media holdings in the 2010s**

Media holding name	Companies under control
All-Russian State TV and Radio Broadcasting Company (VGTRK)	Nationwide terrestrial channels Rossiya 1, Rossiya 2, Rossiya K, Rossiya 24, Carousel; All state TV and radio companies of subordinate entities of Russian Federation; "Digital Television", producer of cable channels Moya Planeta, Nauka 2.0, Istoriya, Sport, Boitsovskiy Klub, Russkiy Roman etc.; Radio Rossii, Mayak, Vesti FM, Radio Rossii – Kultura, YUFM radiostations; Online resources Rutv.ru, Vesti.ru, Avto.Vesti.ru, Strana.ru, Live.Russia.ru, VestiFinance.ru, Hitech.Vesti.ru, Filmpro.ru, Sportbox.ru; European news channel Euronews (16% of stock).
Gazprom Media Holding	Terrestrial channels NTV, NTV Mir, TNT, TV-3, Pyatniza!, 2x2; Satellite channel operator NTV-Plus which owns a set of cable channels – NTV-Plus.Futbol, NTV-Plus.Sport, NTV-Plus.Novoe Kino, NTV-Plus.Detskiy Mir, Zakon TV etc.; Newspaper *Tribuna*, magazines *Karavan Istoriy, Sem Dney, Karavan Istoriy.Kollekziya, Panorama TV*; Radiostations Echo Moskvy, Like FM, Comedy Radio, Relax FM, Detskoe Radio, Avtoradio, Yumor FM, NRJ, Romantika; Content producers NTV-Kino, Central Partnership, Red Media, Goodstorymedia; Cinemas Oktober, Crystall Palace; Online portals Rutube.ru, Now.ru; Media sellers Gazprom-Media, Gazprom-Media Digital.
National Media Group	Terrestrial channels REN and "Pyatyi Kanal", 25% of Channel 1, which in turn controls the following satellite channels: Dom Kino, Muzyka Pervogo, Vremya, Telecafe and international version of Perviy Kanal – "Perviy Kanal. Vsemirnaya Set"; Newspapers *Izvestiya, Metro-Peterburg*; Russkaya Slujba Novostey Radio Station; Art Pictures Content Producer.
STS Media (STSM)	Terrestrial channels STS, Domashniy, Perez and 31 Kanal aired in Kazakstan; Satellite channel STS Love; Several content producers.
Media group of Alisher Usmanov	Kommersant Publishing House (*Kommersant* newspaper and its supplements, magazines *Kommersant.Vlast, Kommersant.Dengi, Kommersant.Weekend, Kommersant.Katalog, Ogonek, Avtopilot*, Kommersant FM radio station, Kommersant.ru online news website); UTV Media (terrestrial channels U and Disney, satellite channel Muz-TV, Clipyou.ru online video service); Mail.ru Group (multi-service internet portal Mail.ru, social networks Odnoklassniki and VK, recruiting website Headhunter.ru, auction website Molotok.ru, ICQ messenger etc.)

Source: Smirnov (2015)

The "Big 5" media holdings shown in Table 3 above account for the first echelon of media

holdings in Russia in terms of size, number of stock and cumulative audience (Smirnov, 2015).

At the same time, one may distinguish smaller-scale strong players in each media market segment (See Table 4 below).

Table 4. The smaller-scale Russian media holdings in the 2010s

Media holding name	Media business area
Axel Springer Russia	Magazines
Argumenty i Fakty	Newspapers
Aktion Media	Magazines
Bauer Media Group	Newspapers and magazines
Burda	Magazines
Condé Nast	Magazines
Gudok	Newspapers and magazines
Delovoy Mir	Magazines
Evropeiskaya Media Gruppa	Radio
Mediagruppa Zvezda	TV and Radio
Forward Media Group	Magazines
Game Land	Magazines, online
Hearst Shkulev Media / InterMediaGrup	Magazines, online
Jivi-Media	Magazines
Za Rulem	Magazines
Izdatelskiy Dom Rodionova	Magazines
Interfax	Information agency, online
TASS	Information agency, online
Komsomolskaya Pravda	Newspapers, radio, terrestrial TV, online
Krutoy Media	Radio
Look at Me Media	Online
Metro	Newspapers
Mediaholding Dozhd	Satellite and online TV, radio, journals, online
Moskovkiy Komsomolets	Newspapers, magazines
Multimediaholding	Radio
Pronto-Moskva	Newspapers
RBK	Online, terrestrial TV, newspapers, magazines
RDV-Media	Magazines, online
Rossiya Segodnya	Information agency, online, TV and Radio
Rossiyskaya Gazeta	Newspapers, magazines
Rumedia	Radio, online
Russkaya Mediagruppa	Radio
Rambler & Co	Magazines, online
Spid-Info	Newspapers
Sanoma Independent Media	Magazines
Sistema Mass-Media	Satellite TV, TV-production, advertising
Sobesednik	Newspapers
Sovershenno Sekretno	Newspapers, satellite TV
Edipress-Konliga	Magazines
Ekspert	Magazines
Extra M Media	Newspapers
Yandex	Online

Source: Smirnov (2015)

Large, medium and small players alike are predicted to rely on advertising as the main source of revenue for the next 10 years (Vartanova et.al., 2016). This is because, Russian public is not used to paying for content due to the Soviet legacy when all media were provided by the state. There were attempts by online projects such as Colta and TV Rain to raise money through

crowdfunding. But these efforts either failed or the media did not manage to fully sustain themselves on what they'd raised (Benyumov, 2012; Zhohova and Tofanyuk, 2013) As far as the advertising market is concerned, one can see that the advertising budgets continued to shift away from print media to online media and TV in 2016. (AKAR, 2017b) The annual advertising in Russian newspapers and magazines accounted for 19,7 billion roubles (340 million dollars) in 2016. It is a 16% decline compared to 2015 level. At the same time, advertising in TV demonstrated a 10% increase and accounted for 150,8 billion roubles (2,5 billion dollars). Online advertising is the fastest growing sector among all types of media in Russia. In 2016, it demonstrated a 21% of growth and accounted for 136 billion roubles (2,3 billion dollars). In 2016, radio advertising grew by 6% compared to 2015 and accounted for 15,1 billion roubles (260 million dollars) (Ibid). While advertising budgets grew by 11% on a nation-wide level, regional Russian media received 1% less advertising in 2016 than in 2015. It means that there is a trend towards placing advertising at the nationwide TV channels and online websites, rather than in local media. Local Russian press was the most affected by that trend: the amount of advertising in the local press decreased by 21% in 2016, while nationwide it declined for 16%. AKAR (2017b) study also found out that regional TV got 4% more advertising in 2016 than in 2015, while TV budgets grew by 10% on a nationwide level.

The process of media concentration continued to intensify after 2014. What's specific of the most recent period (2014-2016) is the increased role of the state on the media market. This may be due to the recent political agenda and western sanctions imposed on Russia. To create a 'counter-coverage' inside the country, Russian state strengthened its interference in media affairs by acquiring certain companies. Even so, the Russian state has always played a significant role on the media market, argued Bershidsky (2013), who called Russian state-owned media 'quasi-media'. They are economically effective, as Bershidky found, due to large audiences and high return on investment (ROI). For instance, the audience of RIA Novosti was 20 million people in 2013. The holding received 100 million dollars from state each year and earned 30 million dollars in addition. Bershidsky concluded that Russian state spent as little as 0.54 dollars on every RIA Novosti consumer (Ibid). His research also highlighted that state media attracted professional staff from private companies by offering them higher salaries (2013).

The major event that had a recent impact on media landscape was the adoption of amendments to the law on mass media, which was signed in October 2014 (Kichanova, 2014). The amendments limited foreign participation in the media. Foreign citizens as well as Russians with dual citizenship are not allowed to found a media company. Shareholders' interests should

not exceed 20% in a Russian media company's authorised capital. It is important that anyone could found a media company in Russia until 2016. The only limit concerning shareholders' interests which existed before was spread only on radio and TV companies. Prior to 2016, there was a limit of 50% on authorised foreign capital for radio and TV companies. Therefore, the new amendment imposed stricter rules for foreign capital for print and digital media as of 2016. The new version of law came to effect on January 1, 2016. Media were given time before February 1, 2017 to change their corporate structure in accordance with the new law.

Jegulev (2016) observed changes in ownership structure in some of Russia's largest media companies. Foreign companies and businessmen sold consequent shares either to their Russian business partners whom they shared business with or to completely different holdings. State-affiliated structures ended up buying significant number of shares from foreign owners. However, as Jegulev (2016) noted, so far there are no evident cases of significant editorial policy changes.

In general, Russia media can be categorised as following:
1) Type of funding body: federal and private,
2) Area of coverage: nation-wide and city- or region-centred.

Koltsova (2006) called media ownership in Russia "a significant challenge". Media concentration is high, and even though there has been the introduction of new titles into the print market, especially through the introduction of several new tabloids and business press, real diversification of the media market is yet to happen. Emerging news outlets have found it difficult to establish themselves. Increased commercialisation in the sector has put pressures on the privately-owned newspapers to keep up with the tabloids such as *Tvoi Den* and federal media such as *Komsomolskaya Pravda*.

Table 5, ot the next page, attempts to classify current media ownership types in Russia. Although, the examples are mostly national TV channels, it suggests that private media can survive in Russia if they don't cover politics. The case studies analysed in this research are examples of what Koltsova (2006) defined as "profitable non-political media".

Table 5. Types of media ownership in Russia

Type of ownership	Media as a propaganda tool	Media as a business

Private	Usually small-scale media outlets (e.g. a newspaper established for electoral purposes to support a specific candidate ahead of elections)	Profitable non-political media (tabloids, FM stations, etc.)
State	RTR Channel	N/A
Mixed	Channel 1 (between 1995 and 2000)	N/A
"CIG" (closely held corporation or private company limited by shares)	TVK-6 Krasnoyarsk (1995-2000)	NTV Channel (1995-2000) and TV-6 Channel (before 2001)

Source: Adapted from Koltsova (2006)

The Koltsova's (2006) classification of Russian media, mentioned above in Table 4, demonstrated which types of media companies *can* sustain themselves:

a) State-owned and mixed-ownership (state and private) media in Russia are not businesses. These companies have another agenda and are used as propaganda tool;

b) Private companies limited by shares did business in the media sector in Russia. However, as the examples of NTV and TV-6 Channels show, they eventually ceased to exist due to controversies/conflicts. So, such projects are short-lived;

c) The only long-lived option for a media business in Russia is private "profitable non-political media". These are companies that cover entertainment, sports, culture, business news etc.

According to data of Roskomnadzor, Russian Media Regulator, there are 83,352 media companies registered in Russia as of 2016 (Mediadigger, 2016). 37% of them are newspapers; 28% are magazines; 11% are online media; 10% are TV companies; 7% are radio; 2% are news agencies. In Russia, there are 16 legal entities that own more than 100 media companies each. In fact, these largest 16 legal entities own 2,465 media companies in total.

The media market of Russian regions

There are different economic factors shaping media markets in the regions compared to the ones in the Russian capital Moscow. That is why the opportunities of regional Russian media businessmen differ from the ones who would start a business in Moscow which tend to have a national reach.

Doing business in Russian regions

Different regions of Russia have been adapting to post-socialism in a different fashion, based on different resources they had had at their disposal (Hanson and Bradshaw, 2000). Bradshaw and Treyvish (2000) looked at three aspects of transition, the political one, the economic one and the socio-cultural one.

Political aspect: "The internal political configuration of each region is becoming an increasingly important factor in shaping the behaviour of the governor, the administration and the Oblast Duma"[23] (p. 19) Russia's federalism has asymmetrical nature, so even though it was originally planned that according to the constitution all regions are equal, centre-periphery relations are specific to every region.

Economic aspect: Macro-economic analysis tends to dominate research on the Soviet Union and on the post-Soviet Russia. As economic geography suggests, now there are even greater variations in regional economic performance than during the Soviet Union (Bradshaw and Treyvish, 2000). The peripheral[24] regions performed poorly as they were not involved in monetary exchange or had been ignored by investors but at the same time they were isolated from the financial shocks and thus were prone to the world crises. At the same time in the transition period the 'resource regions' performed best while the 'regions with heavy industry' performed worst. As far as Russia is concerned, it is significant to note that the transportation costs are high which in turn breaks the national market into a series of regional or fragmented markets (p. 22). There is also a federal support for struggling regions, in fact, the federal state re-allocates funds from the richer regions to the poorer ones to equalise the differences.

Socio-cultural aspect: "The failure of the regional economic associations suggests the lack of wider regional affiliations" (Novikov, 1997, cited in Bradshaw and Treyvish, 2000). There is lack of research on transition and regional inequality, which is now even more intensified by the widened gap between the rich and the poor in Russia. "[…] people are voting with their feet and migration flows are a key indicator of the health of regional economies" (Heleniak, 1997, cited in Bradshaw and Treyvish, 2000). This quote refers to a massive ongoing brain-drain from the regions to the capital Moscow and the second largest city Saint-Petersburg.

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[23] The regional legislative body in Russia.
[24] By 'peripheral' here is meant those regions that are far away from the capital Moscow – for instance, the Russian Far East.

Apart from that, Bradshaw and Treyvish (2000) also observed Russian regional elites, interests and models of development. The Soviet practise of department-sectoral economic control and the spatial rotation of elites has come to an end. Thus, a 'bargaining federalism' and a growth in the power of regional elites has emerged. "The degree of administrative control is dependent on a region's economic power, with the common rule that weak industry results in a weak business elite and powerful bureaucratic paternalism. Normally stronger regions have more clearly articulated interests, policies and development models" (Afanas'yev, 1999, cited in Bradshaw and Treyvish, 2000, p.39). The Ural region with the capital city Ekaterinburg that I am going to observe is one of the Russia's strongest regions in terms of economy.

Politics and private capital have formed a symbiotic relationship when controlling the local economy. "The term lobby does not explain the relationship between business interests and local political processes; there is often no distance between the two (Afanas'yev 1998; Lepekhin, 1999, cited in Bradshaw and Treyvish, 2000, p.39).

Private media in Russian regions

As described above, in the Soviet Union there was a traditional notion of 'central press' such as *Pravda* newspaper, which was published in Moscow and distributed across the whole country. This notion ceased to exist after the collapse of the Soviet Union. In Russia three types of print media came to replace it: the state-controlled (*Rossiyskaya Gazeta* and *Rossiyskie Vesti*), the nation-wide or federal ones (*Argumenty i Fakty, Komsomolskaya Pravda, Trud, Moskovski Komsomolets*, etc.), and the new Moscow-based (*Nezavisimaya Gazeta, Segodnya, Kommersant-Daily,* etc.) (Lange, 1997, p. 188).

From the early 1990s the Russian newspapers experienced a financial distress: tremendous decline in circulation due to loss of markets, low purchasing power of the population, low advertising revenues, the high printing costs, and high costs for the nationwide distribution. For instance, *Trud* had a circulation of 20 million in 1990 and after the Union collapsed, in 1991/2 it only had 1.2 million. Lange (1997) mentioned that was when the importance and relevance of the regional press for readers became obvious (p. 188). At the same time, luckily for the newspaper businesses, 59% of the population was still reading a newspaper daily (p. 194). In such turbulent times for the country people needed local news, so a niche for local newspapers appeared in Russia.

When regional media started to spring up, Lange (1997) observed that the circumstances they found themselves in differed due to different economic level of each region. But the similarities in the media structures prevailed. However, when regional media compared to nation-wide outlets operated from Moscow, there are more differences than similarities (p. 191).

It is cheaper to produce a local paper in the regions and the distribution costs are not as high as for nation-wide outlets. Local papers also are also cheaper to run, their cost being sometimes a quarter or a fifth of the national newspaper (Nivat, 1996, cited in Lange, 1997). The public in the Russian regions tends to be more interested in local issues such as living standards, weekly TV guides and human-interest stories than in the peculiarities of Moscow and foreign policies (Lange, 1997, p. 193). A survey carried out by PRexlore agency in 2016, revealed that the level of interest to local news is bigger than the interest to foreign news in Sverdlosvk region. This region is home to Abak-Press media holding. 27% of respondents said they interested themselves in local news especially in the news of their city. 25% said they were interested in nation-wide agenda. 23% said they interested themselves in foreign agenda. 23% of respondents read local print media, 62% read local print media each week. Only 12% of respondents trusted the nation-wide Russian television, but at the same time 96% said they trusted nation-wide and federal newspapers. Russian people older than 55 prefer to get information from local print media. Russians aged 40-55 prefer to receive information mostly online. Their second choice is federal and regional TV channels. Local press is the third choice for 40-55 age group, which is the most economically active category. Russians aged 18-39 prefer local and federal online media and local press (PRexlore, 2017).

Other features for Russian regional papers are limited income from advertisement in regional centres and big cities and absence of advertisers in case of small towns and rural districts, dependence on subsidies or other forms of (in)direct support, control of structural facilities by the local administration. Commercial companies prefer to advertise in nation-wide or federal media rather than local newspapers. That is why local newspapers face fierce competition from nation-wide newspapers. In 2016, local print media in 13 largest Russian cities, Volgograd, Ekaterinburg, Kazan, Krasnoyarsk, Nizhny Novgorod, Novosibirsk, Omsk, Perm, Rostov-on-Don, Samara, Saint-Petersburg, Ufa and Chelyabinsk, received 5,8 billion roubles of advertising revenues. That is 29% of the overall amount of print advertising in Russia in 2016. Local print media of smaller Russian cities received 0,2 billion roubles of advertising. The rest, 13,9 billion roubles of advertising revenues or 71 % out of all, went to nation-wide, Moscow-based, print media (AKAR, 2017b).

Besides, there are several factors that make local print media dependent on the authorities. Regional newspapers usually rent space from regional and district authorities as these properties are the most affordable and best located. It makes these media companies dependent on authorities. Besides, state-owned publishing houses are prevalent while the private ones only start to appear, which makes newspapers even more dependent on state. Resulting from that, newspapers require maintaining good relationships with the local administration. Lange (1997) noted those regional newspapers that are not directly reliant on state, rely on donations from other sponsors that in turn can be politically aligned (p. 194). Very few managed to secure genuine sources of revenue such as income from advertising and sales without subsidies or a sponsor. "In fact, subsidies to the press not only tie newspapers to the local authorities, they also negatively affect the competitiveness of the independent papers. Subsidized publications can sell at a lower subscription rate or cover price, which curtails the circulation of the genuinely independent papers, or prevents news ones from being launched" (Lange, 1997, p. 194).

Lange (1997) observed a Russian regional newspaper in Bryansk oblast (region) called *Bryanskoe Vremya.* According to the newspaper's deputy editor Alexander Levinsky, *Bryanskoe Vremya* is the only one out of 13 print media outlets in the region which does not depend on support from the authorities or business and does not follow their political views. Still, it rents the office from the state and is printed in the state-run printing plant. The example of *Bryanskoe Vremya* tells that the main obstacles to growth of regional print media are managerial and professional. "Editors and managers have to economize the business (no redundant staff, savings on delivery, active advertising acquisition and marketing). Moreover, they should attract critical consumers by presenting neutral and accurate news, which appeals to readers of various political convictions, instead of continuing the habit of "educator" and bringing opinionated news" (Lange, 1997, p. 195).

Lange's (1997) research proved the researcher's choice of studying regional print media in Russia. Given the size of the country and the complex nature of the media market, since much capital, power circles and influential readership is concentrated in Moscow, the Moscow-based and the nation-wide outlets are most likely to experience outside influences. The central press in Russia is placed in a "complex web of interdependencies where (in)direct influence of sponsors or authorities on the editorial content is most likely" (Lange, 1997, p. 190), which is due to inability to generate sufficient revenues from advertising and sales in the country in the

times of political and economic turmoil of the 1990s, the readiness of capital invested for purposes other than extracting profit and 'shadow economy.' At the same time, although Russian regional media too depend on the state, it is still possible to find some examples of pure entrepreneurship, which is the phenomenon I am interested in.

The media holdings of regional Russia

Purgin (2011) coined the term "regional information" in relation to Russia. He characterised features of its functioning in modern Russian society. He was the first Russian scholar to conceptualise the term "independent regional media holding" on the example of Barnaul-based *Altapress*. Russian regional media market is functioning in a non-linear, a-synchronic and fragmented way (Purgin, 2011). Majority of regional media in Russia do not earn money on the market in a classic way, as they receive funding from the state. Purgin (2011) argued the state has dual role on the market, it is regulating it and it also owns mass media or sponsors them. Since media do not get the skill of earning money on their own either because the advertising market in their region is limited or because they got used to borrowing from the state, the real market relations have not come to place. And only few companies are sustainable on their own. Smirnov (2015) and Vartanova (2016) identified the following self-sustainable regional media holdings in Russia in the 2010s: Abak-Press (crossregional), Altapres*s* (Altay region), Bonnier Group Russia (Saint-Petersburg), Korporazia Fedorov (Samara region), Provinziya (cross-regional), Regionalnie Nezavisimye Gazety (cross-regional), SDS Mediaholding (Kemerovo region), Tomskaya mediagruppa (Tomsk region), Yuzhniy Region (Rostov region). There is also a dominant media holding whose activities are tied to Moscow – The Moscow Media (ibid).

Russian media scholars shared the view that private regional media can serve their local communities better than the federal ones coming from Moscow. The reason for that is that the local media know their audience better. However, the private regional media are usually not capable of competing with the federal ones due to different size of businesses. Federal media operated from Moscow enjoy better backing. Kopylov (2012) analysed the inside-newsroom processes of transformation from pure print to a convergent newsroom in Russia's largest independent regional media holding Altapress. The transformation to convergent newsroom took place in this media holding in 2009-2010. Thus, convergence to be possible in case of Russian media companies too, despite earlier doubts.

This thesis observes privately-owned and privately-funded media holdings which sprung up in the Russia's regions. Abak-Press is an example of a media holding which grew out of a small venture in a city of Yekaterinburg, Ural Federal district of Russia, after the collapse of the Soviet Union. Ural Federal district, located in the Ural Mountains and in Western Siberia, is home to oil and gas resource deposits as well as plants and factories. Like England's South-East, the Ural region is one of the most economically developed in Russia. Many businesses interested in media advertising are in the Ural. The most developed big industries of the Ural region are machinery, metallurgy, timber, petrochemical and oil and gas extraction and production. Interesting to note, that in the 19th century the Ural district was where entrepreneurship was widely developing. During the Soviet times, however, the entrepreneurial activity was put down as the state prohibited it. But after the collapse of the USSR, the business activity sprang up again there. The latest available data on small and medium entrepreneurs in the Ural of 2011 (GKS, 2011) suggests that there are 150,000 SMEs in the region. Around 90% of them are micro or small enterprises. Besides, 253,000 people are registered as individual entrepreneurs, such as house painters, accountants or language tutors. Region-wise, the economic activity categories are wholesale and retail trade and maintenance service (39,7% of all ventures), real property business (20,4%), construction (12,4%), manufacturing activity and municipal services (10,8%), transport and communication (6,3%), agriculture, hunting and forestry (2,6%), hospitality (2,4%) and other (5,4%). Ekaterinburg is the largest city of the federal district with the population of 1,4 million.

The media market of Kyrgyzstan

A feature of the Kyrgyz media market is the high number of registered newspapers. Following Koltsova's (2006) argument, many of these outlets were established to support candidates before elections. Some other ones were established as a matter of prestige – it's a relatively new and prestigious thing to own a newspaper. There were 986 registered newspapers in 2014 according to the Ministry of Culture, Information and Sport of Kyrgyz Republic (CA-News, 2014). Starting from the 1990s, when Lange (1997) did his study, a feature of the Kyrgyz media market has been that although the media are registered, not even half of them function regularly. This is explained by the easiness of registering an outlet (low fees, fast process), the fact that many media are opened for the sake of political elections (either to be used as a weapon in the wars between politicians or parties, or to be used as a means of making money on political advertisement), and the fact that many Kyrgyz media are short-lived due to financial struggles.

The titles range from state-backed newspapers to oppositional ones, centrist and a-political (entertainment). There are three print titles supported by the government: *Erkin Too* (the oldest newspaper in the country whose first issue was published on November 7, 1924), *Kyrgyz Tuusu* and *Slovo Kyrgyzstana*. The first two are in Kyrgyz language and the last one is in Russian. All three are socio-political weeklies covering current events with circulation of about 3,000. *Erkin Too* publishes laws, decrees and official statements issued by Jogorku Kenesh (the Parliament) and the government. The entertainment comes in the form of crosswords and the newspaper also publishes readers' poetry and short fiction works. The government stopped directly financing these papers from the budget as it was the case in the Soviet era but still provides facilities like equipment, cars and premises (Lange, 1997, p. 129). Since the state papers had to seek additional funds or make savings, they cut the number of pages and production costs. This resulted in lower quality of journalism, lack of development and gradual loss of readership. Lange (1997) argues that even though the Kyrgyz presidential administration tries to exert control over the state media, the state-run papers and radio station "are not the propaganda vehicles that some state-media in other [post-Soviet] countries are" (p. 135).

Although Lange (1997) describes such newspapers as the critical *Res Publica* and the high-circulation daily *Vecherny Bishkek* "nominally independent" (p. 135), he concedes that the presence of outlets that are critical of certain aspects of government policy attests to a certain pluralism in the media landscape. It is also a sign that the highest authorities (i.e., the president) "do not wish to (extra-legally) suppress opposition voices" (Ibid). The history of oppositional titles dates to the dawn of the independency - the mid-1990s. The turbulent political history of this young democracy has seen two revolutions in 2005 and 2010 when the presidents were ousted because of people's revolt and had to flee the country. Four presidents governed the country in the past 23 years, and the constitution has gone through several radical amendments (the form of governance was changed from presidential republic to presidential-parliamentary and to parliamentary in 2010). This is due to the ongoing power struggle between the powerful clans of the north and the south of the country, as well as economic difficulties. The media have been a weapon used in political battles. *Res Publica* is arguably one of the most well-known oppositional titles in Kyrgyz history, but it is now closed. It had opposed the first president Askar Akaev who later was ousted because of a national revolt and fled the country in 2005. The newspaper was remarkable for its highly professional level of journalism compared to the other papers. *Res Publica* underwent several court cases until it was finally closed in 2006 due to bankruptcy after losing one of the cases against a political figure who had accused it of

defamation. (Pannier, 1996; Lange, 1997) As Lange notes, judicial decisions tend to favour the authorities rather than the media (Lange, 1997, p. 127). Also, as the only printing house in the country at that time, Uchkun, belonged to the state and could refuse to print newspapers under court investigation (ibid, p. 128). In between the two revolutions (2005-2010), there were attacks on journalists. Since after the second revolution, the working conditions for journalists have arguably become comparatively safer and there haven't been any more cases of attacks on journalists, but it might also be a consequence of a more widespread self-censorship. There is no significant oppositional player among the newspapers in the 2010s like *Res Publica* in the 1990s. Instead there are dozens of small titles that are critical to the government and certain political personas. None of them enjoys circulation of more than 4,000, while the average newspaper circulation is 2,500 copies (Tokoev, 2013). The most highly circulated papers are published in the capital Bishkek. The highest circulation paper is an entertainment paper *Super-Info* (Tokoev, 2013)*,* published by Computer Press, one of the two case studies of this research. There are 10 titles in the country that have circulation of 10,000 and more (ibid): they are Kyrgyz-language entertainment publications; and Russian language city newspaper and an automobile classifieds paper.

Foreign investment in Kyrgyz media is insignificant. There are two foreign-owned newspapers in Kyrgyzstan. They are *Zaman Kyrgyzstan*, a Kyrgyz branch of Turkish newspaper *ZAMAN*, published in Kyrgyz and Turkish languages and the now closed *The Times of Central Asia*, an economic weekly published in English by the Honorary Consul of Italy in Kyrgyz Republic Giorgio Fiaccone. Both papers are not profitable and are published for reasons other than commerce.

The main obstacles for all types of Kyrgyz media are financial and practical ones (Lange, 1997). By practical Lange (1997) means difficulties of TV-radio signal transmission and news print distribution due to mountainous nature of the landscape and underdeveloped infrastructure. The researcher suggests the government could solve these problems by exempting media outlets from paying VAT and protecting local media from being pressured by local authorities.

Lange (1997) suggests that the state-run newspapers in Kyrgyzstan are overshadowed by the private ones. The latter have larger circulation and higher level of journalism. He also notes that private newspapers offer better pay for journalists, whereas according to his research, the low pay is one of the most pressing issues for Kyrgyz journalists making them open to bribery.

However, Lange's research did not go into detail of the private media of Kyrgyzstan as his goal was to provide an overview of the media system of the entire country.

Based on the findings of Lange (1997), one may argue that only a nation-wide outlet published in the capital Bishkek can be a healthy newspaper business. For instance, in his discussion of the regional Kyrgyz media, Lange argues that "provincial and district newspapers are generally more dependent on local authorities than the editions printed in the capital" (p. 134). There are examples of some regional papers that were illegitimately closed after tensions with the local authorities (Lange, 1997). Even when the critical tensions with authorities is not the case, regional Kyrgyz media are dependent on authorities or sponsors loyal to the authorities for their survival. For example, local broadcasters struggling with financial difficulties drive their incomes from advertising, private investments and international grants (Lange, 1997, p. 134). The financial need is so pressing that many regional media are not published regularly. Most regional newspapers rely on local authorities for funding. The reason is that almost all businesses that advertise are in the capital, which is the largest city in the country. There is a very limited number of local products to be advertised in local papers. In that sense, situation in Kyrgyz regions resembles the one in Russian regions. According to the survey of Russian regional publishers carried out by the Association of Independent Regional Publishers (AIRP) in 2016, the activity of small business in some Russian regions lowered down significantly, while small businesses disappeared completely in other regions (AIRP, 2016). This fact has an inevitable negative impact on the regional publishers' earnings from selling ad spaces.

To move on, as far as Kyrgyz online news media businesses are concerned, most Kyrgyz news outlets went online in the recent 15 years. But only those web sites that were based on established media organisations survived as they were cushioned by their parent company. Many of the newcomers such as Gazeta.kg were fully supported by the proprietor and did not even contain ads. After they fulfilled their mission, or the proprietor had no more money, the websites were gone. They have started using materials across different platforms. K-News agency was the first to develop a free Android app in 2011, however, it was not very popular. Even though K-News's audience is affluent and tech-savvy, it is not ready to consume news through an app. So far, the bulk of the audience prefer to access website version as well as receive news via Twitter and Facebook.

Conclusion

The post-Soviet transformation is marked with an unprecedented rise of entrepreneurial initiatives across business sectors, including media business. This transformation has been an on-going challenge for entrepreneurs due to weak legal protection of businesses, high inflation rates, political and economic instability, and underdeveloped banking system.

This chapter analysed how post-Soviet media markets of Russia and Kyrgyzstan transformed. At first, it briefly discussed the main features of the Soviet mass media system, which preceded the post-Soviet one. In USSR, newspapers were ideological tools. Due to large interest of Soviet people in reading, Soviet newspapers could earn money on copy-sales, alongside with being state-funded. The Perestroika brought the wind of change, and advertising became common in the Soviet press. Following the break-up of the Soviet Union, most state newspapers were either privatised or ceased to exist, unable to self-fund themselves due to lack of managerial experience. There is a debate on whether the current media managers sustain the Soviet managerial attributes such as top-down administration. There is no agreement on the leadership styles of Russian media managers. There is a common understanding, though, that in the past 25 years, the media markets of Russia and Kyrgyzstan shifted towards more concentration and fragmentation, and media holdings are gaining more power. There is limited foreign ownership of media in both Russia and Kyrgyzstan, in particularly Kyrgyzstan. The Russian state has been increasing its stake in the media industry through the ownership of news networks such as RT and offering short-term sponsorship contracts to local media. The Kyrgyz media landscape is much smaller compared to the Russian one and is characterised by the dominant role of the state in broadcasting. However, private print and online media have strong positions; these are mostly infotainment titles.

This chapter also looked at the regional media markets of Russia. There are few self-sustainable regional media holdings due to low capacity of regional advertising markets. There is also a high possibility of take-over of a successful regional project by a larger national media holding.

5. Research Design, Methods and Process

Introduction

This chapter presents the process of research design. It begins with justifying the choice of method of data collection and analysis. A comparative case-study based on textual analysis of interviews is regarded a suitable method for the investigation of management practises in specific contexts. This research has identified that focusing on two media leaders of privately-owned media holdings in Russia and Kyrgyzstan can potentially provide interesting results and contribute to the current debate on the post-Soviet media business.

This chapter explains the case study design: how the two cases were chosen out of the rest, and explains the meaning of their rarity. It then goes on to discuss how interviewees were selected for this study and how the interview process went. This research included 54 in-depth semi-structured interviews with media owners, company employees and media experts in Russia and Kyrgyzstan.

Also, this chapter explains data analysis process which included such stages as collecting field archive, transcribing of interviews, coding, categorising of codes and ensuring data validity. Finally, there is a discussion of research limitations and ethics.

Identifying research focus

Media economics research was championed by Vartanova in Russia in 1996. Since 2007 the business-side of Russian media has been getting more attention from scholars. The media management scholarship on Russia is represented by studies on Russian media systems (Vartanova, 2015b), media markets (Lehtisaari, 2015, 2016), the Russian business-press (Koikkalainen, 2007, 2008, 2009), market concentration (Smirnov, 2006, 2015). Russia is featured in several country comparative studies (De Smaele, 2006; Vartanova et al, 2011; Vartanova, 2012, 2015a). Russian regional media markets remain under-explored with research done by Purgin (2011), Kopylov (2012) and Smirnov (2015). The media management scholarship on Kyrgyzstan is emerging. Therefore, decision has been made to address the research gap of leadership styles of self-sustainable privately-owned media holdings in Russia and Kyrgyzstan, and compare and contrast results from two cases.

Justifying the choice of method and research design

Before the 1990s, it was uncommon for academic researchers of business and management to use case studies and qualitative research methods for data collection and analysis (Gummesson, 2000). The preference was for quantitative studies. In the recent 25 years, however, qualitative research has become well-established within organisational studies (Thomas, 2006, p. 19; Bass and Bass, 2008). The reason for that is that business research applying qualitative methods is more likely to come up with recommendations for solutions to specific problems of a specific organisation in a specific setting, which brings this kind of research closer to applied research. Culturally, qualitative research allows to analyse "interactions and communications in the making" (Gibbs, 2007, p. x), experiences of individuals and groups, related to one's biographies, practices, "everyday knowledge, accounts and stories" (Ibid). Epistemologically, qualitative research does not formulate hypotheses in the beginning of the study but rather develops and refines concepts in the research process (Ibid, p. xi). Interviews are one of the most common data collection methods in qualitative research (Charmaz, 2014). Technically, there are different approaches to analyse qualitative data, but they are all based on textual analysis (Gibbs, 2007, p. xv). Therefore, in order to be analysed, any obtained data needs to be transformed into text first (Ibid). Text is easy to access and there are various flexible and creative ways of coding and analysing it (Gibbs, 2007, p. 40).

Case study research is now increasingly accepted "as a scientific tool" (Gummesson, 2000, p. 3) within the business management academic filed. Case study helps to understand "[…] decision making, implementation, and process of change in organisations" (Ibid). It captures micro-issues such as motivations and macro-issues such as functioning of an organisation in the business environment (Bryman, 1992; Thomas, 2006). Although this thesis is not a piece of "action research" in Gummesson's (2000) understanding of it, it is an exploratory and explanatory comparative-case study (Yin, 2014). Gummesson (2000) understood "action research" or "action science" in business and management as the type of research when a researcher takes on a role of a consultant and influences the process under study (p. 3). Following Gummesson's (2000) framework, this study aims to identify the conditions for privately-owned media companies' survival in Russia and Kyrgyzstan and provide some strategic recommendations.

Interviewing insiders and outsiders of an organisation combined with desk research is one of the most suitable methods of studying Russian and Kyrgyz business leaders. There are three main reasons for that:

A) the difficulty of accessing statistical market information due to wide-spread shadow economy[25] practices in Eastern Europe and Central Asia (Edwards and Lawrence, 2000; Kirpalani, Garbarski and Kaynak, 2009; Oxford Analytica, 2011; Morris and Polese, 2014; Interfax, 2015);

B) a turbulent legal base of the post-Soviet states (Edwards and Lawrence, 2000; Polese and Rodgers, 2011; Vartanova, 2011, 2015, 2016);

C) difficulty of accessing staff directories and company documents in Russia (Koltsova, 2006) and Kyrgyzstan (Tokoev, 2013).

Even though, Central and Eastern Europe and Central Asia do share socialist past, this research acknowledges that the current management practices in Central and Eastern Europe differ, not to mention Central Asia – this region of the world is even more divergent from both former. For instance, Edwards and Lawrence (2000) compared and contrasted country case studies of managers in Hungary, Poland, Russia, Czech Republic and Slovakia, Romania, Bulgaria, Estonia, former Yugoslavia and concluded that "Russian managers' experience of the collapse of the communist system in the early 1990s has been particularly acute" (p. 43) from the rest of the socialist group. It is arguably so because the process of de-communisation in Russia began later than in Central Europe. Second, there is a psychological dimension towards the dissolution from the Soviet Union for Russia. Russia used to be the core country of the Soviet Union and the dominant power of the socialist bloc, and the breakdown of the Soviet Union meant for some a loss of status and prestige (Edwards and Lawrence, 2000, p. 44). There might be some negative and suspicious attitudes towards the new wave of entrepreneurs and businessmen in Russia (Smolkov, 1994; Zaslavskaia, 1995; Volkov, 1999). These factors may influence how businesses are led and managed.

This thesis compares and contrasts Russian and Kyrgyz business leaders following an in-depth interview-based case study approach. This approach was pioneered by Kets de Vries and Florent-Treacy (2003). The researchers studied Russian self-made entrepreneur Roustam Tariko, founder of Russian Standard Vodka and Russian Standard Bank. This study was based on an in-depth interview with Tariko. In 2008, Kets de Vries paired with Shekshnia to carry out a similar interview-based case study on another Russian businessman, Ruben Vardanian.

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[25] A 'shadow economy' is a term used to describe informal economic practices in the shadow of the state. For instance, these include economic activities that are supposed to be taxed but instead they illegally remain out of taxation. The practices come in many forms and occur in the transitioning states of Eastern and Central Europe (Kirpalani, Garbarski, and Kaynak, 2009), Latin America (Fernández-Kelly, 2006), Africa and other parts of the world.

Vardanian is the CEO and founder of Troika Dialog, a leading indigenous investment bank in Russia. When it comes to business leaders in Russia and other emerging markets, interviewing allows to gain first-hand insights on one's views about the business strategy. For instance, Shekshnia and Kets de Vries (2008) found that Russian entrepreneurs are not used to planning business-wise ahead in the same way as their Western counterparts do. They argued:

> [Russian businessmen] are very opportunistic, because a person in such uncertain conditions has to be very flexible. Most of them do not dream of building the best company or one that will last forever. They focus on making the most of the opportunities they see around them (Shekshnia and Kets de Vries, 2008, p. 292).

Besides, until recently many founders and owners of businesses in Russia served as CEOs themselves. Their role included inspiring and energising the staffers on a regular basis (Shekshnia and Kets de Vries, 2008, p. 293). Since the 2000s, share and option schemes were increasingly used to motivate the personnel (Ibid), yet, these were sporadic cases. Nevertheless, this research found it reasonable to interview not only the heads of the businesses, but also the middle management, and the staffers, to analyse the changes. In this way, it is potentially possible to obtain a broad view of the company's strategic development across time (Floyd and Wooldridge, 1992; Kotter, 1990, 2006; Küng, 2008; Lund, 2008).

Studying cases of leaders, managers and entrepreneurs and interviewing them is a common approach in studies of organisational leadership in the media industry. The following company leaders were studied by means of case study approach: News Corp's Rupert Murdoch (Schawcross, 1993; Hang, 2006; Wolff, 2008; Chamorro-Premuzic, 2012; Lisners, 2012; McKnight, 2013; Craig and Amernic, 2014), Disney's Michael Eisner (van Weezel, 2006b), CNN's Ted Turner (Norbäck, 2006), Steve Jobs during his service at Apple (Young and Simon, 2005; Sharma and Grant, 2011) and Pixar (Wikström, 2006). Interviewing the businessmen and members of their staff themselves allows to capture first-hand experience of doing business in rapidly changing media markets (Küng, 2008). Yet, one needs to consider that gaining access to top managers and CEOs can be problematic due to their tight schedule. Besides, one also needs to consider that sharing one's views on leadership and management may be regarded as private information by CEOs and many of them may not be willing to reflect on it. A way around this for the researcher is to try to build mutual trust with a manager/a staffer and planning a study well in advance. An excellent example of research on general managers is John P. Kotter' study

(1982), already discussed in Chapter 1. Careful planning and building trust allowed Kotter to access general managers as well as their staffers and obtain valuable data on leadership/management patterns. Kotter (1982) also managed to access data on general managers' early lives, their families as well as their daily behaviour habits through careful research design.

Case study design

Two processes - the review of literature and empirical research planning - went in parallel from the start. From the conceptual standpoint, this study combines several academic disciplines. This study of leadership styles of the first generation of Russian and Kyrgyz founders and CEOs of media businesses mainly situates itself within the field of organisation studies and management (Bryman, 1992; Kotter, 1982; Thomas, 2006, p. 23). Due to the country-comparative nature of this research, it also falls within media studies in specific national contexts of Russia and Kyrgyzstan (Hallin and Mancini, 2012; Vartanova, 1996, 2012, 2013). To capture the dynamics of media business leaders' transformation as their businesses matured, the conceptual framework of this research also touches upon findings in psychology (Aberbach, 1996) and sociology (Weber, 1947). For instance, research on emotional attachment within leader-follower relations (Conger and Kanungo, 1987; Kotter, 1990; Bryman, 1992; Küng, 2008) is relevant for this study of media leaders.

From the emprirical standpoint, this research applied Alvesson and Sandberg's (2013) problematisation methodology (See Figure 5 on the next page) to forming research questions. This type of methodology aims at coming up with novel research questions through a dialectical interrogation between the home theoretical stance (researcher's own familiar position), alternative stances and the targeted literature domain which eventually forms the basis for the study. Alvesson and Sandberg's methodology arguably helps to scrutinise, reconsider and evaluate ideas behind the ideas (Slife and Williams, 1995, p. 71, cited in Alvesson and Sandberg, 2013, p. 49) and critically challenge the literature instead of simply stating research questions by spotting gaps and reproducing pre-existing assumptions of self and others.

Figure 5. A problematisation methodology
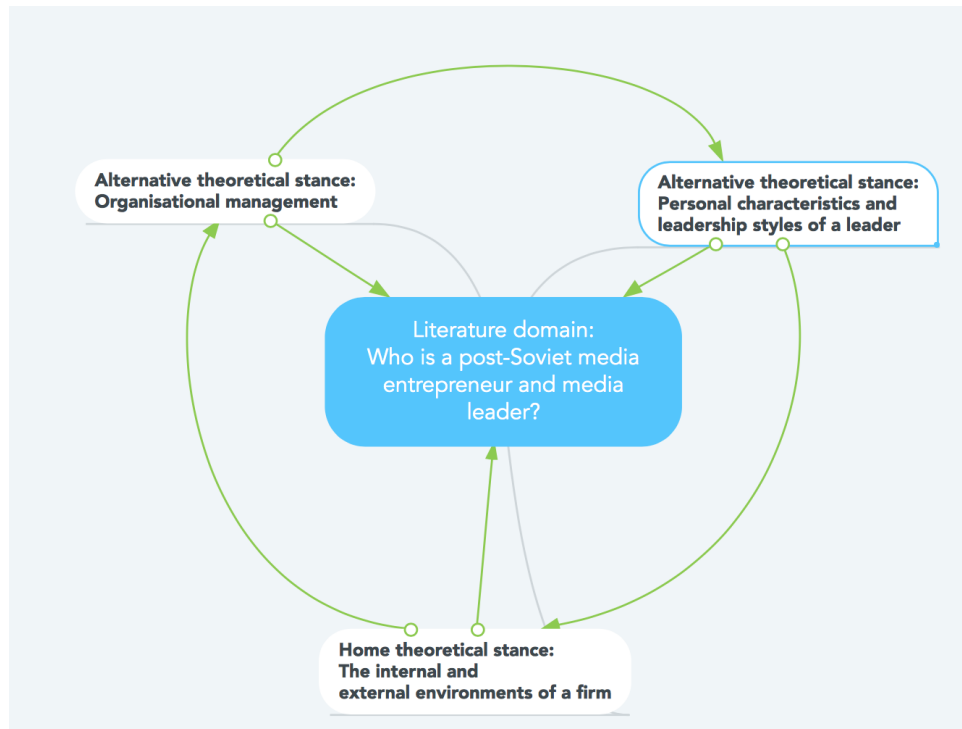
Source: Adapted from Alvesson and Sandberg (2013)

Figure 5 (above) visualises the problematisation methodology applied to this research. Hence, the main research question of who a post-Soviet media entrepreneur and media leader is. Initial ideas about the internal and external environments of a firm ('home theoretical stance' or researcher's own assumptions) were later abandoned in the process of pilot interviews. The reason for that was that the environment was more of a background rather than a driver for leaders who bootstrapped a media business in the 90s/2000s. After the field work was completed, the literature review was reconsidered using research on leaders' personal characteristics and leadership styles ('alternative stance'). It included organisation management research in chaotic situations, pioneered by Bryman (1992), and studies of leaders and managers, pioneered by Kotter (1982). Therefore, the literature review is informed by results of field work and vice versa.

The post-Soviet people are as new to the competitive business culture as they are to the new media systems (Sparks, 1998; Dobek-Ostrowska, 2010; Gross and Jakubowicz, 2013). To explore these issues in detail, this research followed a multiple-case study procedure proposed by Yin (2014, p. 60). One company was selected for Kyrgyzstan, and one for Russia. The reason for doing a country-comparative approach is because it allows to identify similarities and differences in media leadership patterns between a stronger economy (Russia) and a weaker

one (Kyrgyzstan), the 'centre' of the former Soviet Union and its 'periphery'. The thesis presents the cases of Abak-Press and Computer Press in Russia and Kyrgyzstan respectively and draws a set of "cross-case" findings based on qualitative evidence from interviews, observations, desk research combined with a review of literature. The evidence from multiple sources was triangulated into a single set of findings (Patton, 2002) and formed convergent evidence which was later analysed. This approach strengthened the construct validity of the case study (Yin, 2014).

Company selection rationale

The subject of this research is a specific type of business entity – a media holding. A holding is a company which owns and controls shares of other companies to form a corporate group; such formation helps to reduce economic risks and increase political influence or resistance to external political influence (Rowland and Higgs, 2008; Gaughan, 2013; Jaksic et al, 2014).

As discussed in Chapter 4, the media markets of post-Soviet states include state-owned media (e.g.: Rossiya TV-Channel), privately-owned ones (e.g.: Look at Media) and foreign-owned (e.g.: Cosmopolitan-Russia, owned by Finnish company Sanoma Independent Media). This research concentrates on privately-owned companies to consider the ways in which they emerged in the independent states and how the leaders of these companies led them to success.

Preliminary desk research identified ten companies - seven in Russia and three in Kyrgyzstan – that suit the case study criteria. See Table 6 on the next page for details. These companies matched, at the time of the research, the following research criteria:

a) they were a media holding (as defined above);
b) they were privately-owned by home-grown entrepreneur(s);
c) they originated after the fall of the Soviet Union in 1991;
d) they were financially viable;

In case of Russia, an additional criterion was that the company had to be a regional, as opposed to a nation-wide media.

**Table 6. The media holdings in regional Russia and Kyrgyzstan
that meet the criteria of this research project**

Company name	Headquarter location	Asset types
Krestianin Publishing House	Rostov-on-Don, Russia	5 newspapers, 1 magazine, 2 online projects
Open joint stock company Sem' Vershin	Ufa, Russia	1 newspaper, 1 online project, 1 magazine
Svobodnaya Pressa Publishing House	Voronezh, Russia	4 newspapers, 1 magazine
Abak-Press Publishing House	Ekaterinburg, Russia	1 business magazine, 1 lifestyle magazine, 2 shopping guides, 4 online projects
Altapress Publishing House	Barnaul, Russia	7 newspapers, 3 magazines, 1 printing press
TNV (Noviy Vek)	Kazan, Russia	2 TV stations and 1 radio station
Open joint stock company PrimaMedia	Vladivostok, Russia	7 online news agencies
Computer Press	Bishkek, Kyrgyzstan	1 newspaper, 1 online portal, 1 ad agency
Vecherniy Bishkek Publishing House	Bishkek, Kyrgyzstan	4 newspapers, 1 news portal, Rubikon Advertising Agency, 1 printing press
Media Group Evropa	Bishkek, Kyrgyzstan	3 radio stations, 1 franchise TV, 1 satellite TV channel

Source: Author, July 2015

There are several reasons why the number of companies matching the criteria for inclusion in the study is low. First, due to historic reasons, the Russian and Kyrgyz media markets are still relatively novel. The market is still being formed and it has been very difficult for private media to originate and develop. Second, state-owned media or media that are patronized by the state play an important role at the media market. There are state-owned profitable media, but they do not meet the criteria of this research because they are state-owned. Some successful private businesses that originated from scratch in the 1990s or early 2000s were sold to state or foreign corporate groups. For instance, NGS (a network of leading city portals in 18 Russian cities offering culture, business and real-estate information) and E1 (online portal of Ekaterinburg) recently joined Hearst Shkulev Media/InterMedia Group in 2013 and 2014 respectively. The latter is one of the leading state-owned/foreign-owned Russian media companies which also

holds such magazine brands as *Elle* and *Maxim* under its umbrella. Hearst Shkulev Media/InterMedia Group could be an interesting Russian media holding on its own, however it does not suit the research criteria. It is a Moscow-based nation-wide holding, and its shares are partly held by foreign investors. Its parent company is the US-based Hearst Corporation founded by William Randolph Hurst in the end of the 19th century. Both in Russia and Kyrgyzstan there are several originally privately-run media companies that later borrowed money from national, federal or municipal authorities. This makes them unsuitable for this study of 'independent survivals' (Dovbysh, 2016). Several checks were carried out to make sure that the two companies chosen as case studies in both Russia and Kyrgyzstan did not borrow money from the state. First, independent media experts and university lecturers were interviewed about that. The interviewees could share information about the existing government sponsorships and who receives them. Second, this research relied upon the existing research by Dovbysh (2016). According to Dovbysh (2016), large regional media covering politics received government sponsorships, while, as it will be discussed in the following three chapters, the two selected case studies focus on entertainment or business news and are not suitable for winning a government sponsorship through the existing schemes. Furthermore, Koltsova's (2006) research on news media and power in Russia revealed that "[...] private internal ownership also exists mostly beyond large media and beyond politics, and has been more and more represented by entertainment or professional publications" (p. 84). And, lastly, interviews with media experts as well as with failed media entrepreneurs revealed many cases of privately-run media in both Russia and Kyrgyzstan going bankrupt and ceasing to exist.

The next step, after having identified the companies matching the study criteria, was to select two cases particularly suited for comparison. The researcher decided to focus on two media holdings that originated as print media and later developed online media. For each country, two companies suited the criteria - AltaPress and Abak-Press (Russia); Vecherniy Bishkek and Computer Press (Kyrgyzstan). All four companies were contacted for pilot interviews. The pilot interviews revealed temporary difficulties such as legal action against them experienced by both AltaPress and Vecherniy Bishkek at the time contacted, which would limit their participation in the study and the quality of information one could get. Therefore, this research decided to go for Abak-Press and Computer Press as case studies.

Interview process

Robert E. Quinn (2006) studied leadership through interviews. Quinn interviewed a group of business leaders that took part in a workshop at the Ross School of Business, University of Michigan. He asked the interviewees to recall two pivotal crises of their lives and recall the lessons of such moments. These pivotal crises could have included a promotion opportunity, the risk of professional failure, a serious illness, a divorce or any other major life halt (Quinn, 2006, p. 105). Quinn assessed how the leaders perceived life challenges and whether it had an impact on their leadership. The study revealed that the pivotal crises such as relocating to another city for work, having to deal with responsibilities that exceeded one's capabilities or having to deal with family problems helped one enter what Quinn called the 'fundamental state of leadership' (Ibid, p. 108). This state of mind was characterised by stepping out of one's comfort zone, focusing on collective good instead of placing one's interests above those of the group, and being open, learning from the environment and recognising there is a need for change rather than being internally closed and blocking out external stimuli to stay on task and avoid risk (Ibid).

For the study of post-Soviet media leaders, which involves asking leaders to recall events in the past including the most difficult times they experienced in their professional lives, it is important to note that the method of interviews helped Quinn to do two things:

4) to let participants openly talk about their most significant challenges;
5) to make them analyse their past experiences and conclude that they benefited from the pivotal crises in the end.

Quinn (2006) described the process of interviewing business leaders in the following way:

> When I introduce people to this concept (the fundamental state of leadership), I ask
> them to identify two demanding experiences from their past and ponder what
> happened in terms of intention, integrity, trust and adaptability. At first, they resist the
> exercise because I am asking them to revisit times of great personal pain. But as they
> recount their experiences, they begin to see that they are also returning to moments of
> greatness. […] Recalling the lessons of such moments releases positive emotions and
> makes it easier to see what's possible in the present (Quinn, 2006, p. 111).

Quinn (2006) also argued that the method of interview allowed him to win the respondents' trust. In case of this study, the researcher utilised the same method – the interviews – and asked

participants to talk about their experiences of running a business, which involved both the moments of glory and sadness, achievements and disappointments. However, different to Quinn's study, this research concentrated more on the business side of things with some engagement into leaders' personal background. That is why the interviews in this study were not as emotional as Quinn's interviews must have been.

Interviews are useful for researching business and management practices within knowledge-based organisations (Gummesson, 2000, p. 7). Media organisations are knowledge-based as they produce interesting and novel ideas, rely strongly […] "on the individual and a high degree of independence and integrity, are creative, "both individually and in the organizational setting" and "a significant portion of [their] activities consist of problem solving and non-standardized production" (Ibid). This study's primary empirical evidence comes from semi-structured in-depth interviews. This type of interviews is also called "intensive" (Charmaz, 2014). A wide scope of interviews with company owners, key personnel and members of staff was achieved. The reliability of a small sample of interviews is questionable since the answers would largely depend on the respondents and their situated relations with the subject of study. However, the sample size of interviews for this study is 54 people, including former members of staff and industry experts who are not directly involved with the company. The interview number target for this project was identified as 40, 20 interviews per country. This number was identified using Hinkin and Holtom's (2009) response rates and sample representations model in organisational research. The number of 40 was set as this research aimed at reaching research quality, being aware of such limits as research significance, co-worker influence, and time constraints (Hinkin and Holtom, 2009, p. 461). Eventually, the research surpassed the target of 40 and reached 54 interviews.

As soon as the interviews were scheduled, the next step was the mechanics of the interviews themselves. Dealing with interviews, the research followed the 7-stage model proposed by Kvale (2007, p. 36-37) to progress from the original ideas to the final report.

These stages are:
1. Thematising;
2. Designing;
3. Interviewing;
4. Transcribing;
5. Analysing;

6. Verifying;
7. Reporting.

During the thematising stage (1) the researcher clarified the research purpose and questions, obtained pre-knowledge of the local markets and the companies, became familiar with different research interviewing techniques (Glaser and Strauss, 1999). During the designing stage (2) the researcher prepared alternative questions and back-up companies in case something did not work. The Designing stage involved several mock or 'pilot' interviews with media experts in Russia and Kyrgyzstan to chart main aspects of the topic. The researcher did two for each country. Besides, the researcher created a mind-map of interesting ideas that occurred to me. After reviewing literature or doing empirical work the researcher updated her 'mind map' chart and then tried to connect the dots. The researcher also kept a work journal where she would record her thoughts throughout the investigation. The interviewing stage (3) took place in 2014-2016. The semi-structured interviews lasted between 25 minutes and 2,5 hours. The average length was 40 minutes. The field work began in Kyrgyzstan because the researcher was more familiar with her native country and it was easier for her to organise the meetings and visits to the company she wanted to research. The first month-long trip to Bishkek, Kyrgyzstan took place in August and September of 2014. After that, the researcher realised that her intended focus on the constraints on entrepreneurship posed by the financials and external environment was not the right one as the evidence from the interviews showed that, first of all, what the researcher considered to be the main obstacles such as legal pitfalls and the size of the market are not entrepreneurs' main concerns, whereas the main competitive advantage was felt to lie within totally different categories such as organisational behaviour and motivation management that the researcher had originally overlooked. Second, during the field work it became clear that no matter how long the researcher knew the people for, she would not be given access to the financials, since it is considered sensitive information not to be disclosed, even for research purposes. The reason for that is not only that shadow economy practices are widely-spread. Also, the business culture in the post-Soviet setting is still in the process of formation, which is why managers and staffers of all types of businesses are not used to sharing company information with outsiders. The second part of the Kyrgyz field work also lasted for a month and took place in December of 2014.

Having learned from the Kyrgyz field work, the researcher travelled to Ekaterinburg, Russia in April 2015 and carried out her interviews in Russia for a month. The interviews involved on-the-spot decisions about following up anticipated leads from the subjects with questions that

could not be determined in advance (Kvale, 2007, p. 25). For instance, it happened during the discussion of the pivotal moments in company development, when one had to make decisions about scaling up a successful division or, on the other hand, firing staff. During the interviews, the researcher asked control questions to validate interpretations. This was done to ensure the researcher got the point, especially in case of leader-follower relationship dynamics. The researcher paid special attention to the distribution of power and authority within the companies. The researcher also investigated how companies overcame critical situations, whether there were differences in terms of how they overcame troublesome periods during early and later stages of company existence. The interviews were followed up by transcript checks. In cases when the researcher needed additional explanation of complex things, she would contact the respondents and ask clarification questions. Almost all interviews were carried out in person except for three Skype interviews, one telephone and one email interview. The Skype, telephone and email interviews were either with those people that could not be reached in person due to far distance or with those interviewees who preferred to be interviewed that way (See Appendices for full lists of interviews).

Accessing interviewees

The following sections are going to discuss how access was gained to different categories of interviewees.

Accessing the top management

In both companies, the researcher gained access to the staff through either the owner (in Russia – Mr Alexei Kharitonov) or the current director general (in Kyrgyzstan – Mrs Shaista Shatmanova). The researcher contacted Kharitonov first by email and Shatmanova by phone. The researcher explained the purpose of the investigation and the main features of the research design, the researcher explained what she needed to interview them for, if that was going to be published, and answered their questions. In both countries, she encountered willingness from their side to cooperate with me. During the actual meeting, the researcher provided more details about this study and she undertook her first interviews with them. Later the researcher would come back to them and organise a second interview to ask more detailed questions after she interviewed staffers. Also, in case of Computer Press, Shaista Shatmanova helped the researcher to arrange a meeting with company owner Kylychbek Sultanov. The attitude towards the researcher in both countries was friendly, helpful with a bit of curiosity ("Why did you choose to study our company from so far away?"). The researcher explained her research design to CEOs making a point that her academic study focused on Abak-Press and Computer

Press. The fact that this research was funded through a University of Westminster scholarship was positively received by interviewees and was a strong argument for some of them to participate in the academic research. Media owners expressed surprise that their company was chosen to be a case study. The owners and top managers were arguably willing to talk more openly about their own company's successes and failures knowing that the purpose of discussion would be academic. The researcher's approach was professional with attention to time and respondents' own schedule. Among the two case studies, Computer Press staffers in Kyrgyzstan were easier to access. That is because even though the researcher was based at a foreign university, she is originally from Kyrgyzstan and is more familiar with the local media. So, this helped to break the ice and build some pre-interview trust. In Russia, it was more challenging to build trust since the researcher is not from Russia and did not have prior experience of working in Russia. That is why the researcher had to put more effort into finding gate-keepers. When arranging the interviews, the researcher put more effort into explaining research objectives, why she chose to study that particular media company and why she chose to travel to Ekaterinburg. The researcher took advantage of her knowledge of Russian, and explained how thoroughly she had researched the Russian media market and how she concluded that that company – Abak-Press - was perfectly suited for her study of successful post-Soviet print media businesses. The researcher was willing to offer answers to any questions, although there were very few. The interview with Alexei Kharitonov lasted for more than two hours instead of one hour as agreed initially. Interview with Kylychbek Sultanov lasted a little longer than an hour. The researcher used a voice recorder to record the interviews and received consent of the interviewees prior to the process. After the interview, the interviewees and the researcher exchanged contacts in case of additional questions arise at a later stage of research.

Accessing members of staff

The researcher dealt with gatekeepers to access media company owners and top managers, and also the staffers. For instance, the researcher accessed staff workers of Computer Press after Shaista Shatmanova's recommendation. The researcher accessed employees of Abak-Press media holding after Alexei Kharitonov's recommendation. Among staff members of both companies the researcher's top priority were the senior managers. They oversee the company's main projects, such as the editor-in-chief of *Super-Info* newspaper, the head of Super.kg online portal, heads of key divisions of Abak-Press, both online and print. Besides, the researcher also talked to middle/junior-level staff such as journalists, designers, video editors, ad sales managers, IT specialists, secretaries, drivers, interns. While interviews with division leaders

allowed the researcher to realise how the company evolved and what its direction is, interviews with junior staff allowed her to feel the 'atmosphere' in the company. Some of the interviews with staffers were recorded. Some other ones were only kept as notes due to their short length and ad hoc nature. Few cases of interviews were off-record due to respondent's unwillingness to be named. However, the researcher used the information she had gathered during off-the-record and ad-hoc interviews to inform her thinking.

Although the method of participant observation was not used for this research, the researcher had a chance to observe the company routine as she visited company offices many times during her field work. While waiting for the interviews or after conducting an interview, the researcher would engage in 'small talk' with as many people as she could. The researcher tried to capture their moods and observe the way the work was organized in the different departments. The researcher took notes of these encounters. These field notes added value to the research. During her fieldwork in Kyrgyzstan the researcher visited both offices of Computer Press in Bishkek. The first office was for the newspaper and ad agency staff as well as the general management, such as Shaista Shatmanova. The second office was recently built to fit the online team of Super.kg. While in Russia the researcher also visited two offices of the company in Ekaterinburg, the first one – the headquarter which fits Blizko, Puls Zen and Delovoi Kvartal teams as well as the management in the face of the founder Alexei Kharitonov. The second office was for the team of *Biznes i Jizn* magazine only.

Accessing competitors, former employees, academic and media experts
To draw a bigger picture of the media environment the researcher set up interviews outside of the two case study companies. These were not only similar media holdings, but also well-established online news wires or magazines in Russia and Kyrgyzstan. Those could be state-players as well in case they played a significant role on that media market where case study companies operate. Interestingly, the same office building where *Biznes i Jizn* was located also hosted *Nasha Gazeta*, Abak-Press's former newspaper asset which had been recently sold. Thanks to that fact the researcher was also able to access some former employees of Abak-Press media holding. While in Russia, the 'former staff' interviews were with people who had continued to work for the same newspaper now belonging to another media holding. In Kyrgyzstan, former staffers were the people who left the company and created a rival newspaper. One of them was "Madina" who works for competing title and wished to remain anonymous. Another one was Aziza Satymbekova, the founder and editor-in-chief of a popular Kyrgyz title *Lady.kg*. Although *Lady.kg* circulation is rather low (around 10,000 copies a

week), it is one of the most robust alternatives to *Super-Info*. The researcher could arrange an interview with "Madina" and Aziza Satymbekova after being recommended to them by a shared contact in the newspaper industry.

Further on, to secure more objective information about Abak-Press and Computer Press, which was pivotal for this research, the researcher turned to academics and media experts in Russia and Kyrgyzstan. As this category of people are not directly involved into these businesses, it could be assumed that they would share a different outlook on the media companies. Indeed, academics and experts offered fresh ideas and facts nobody else would notice, even the media owners themselves. For instance, the researcher learnt about the job market from them. For the sake of reaching out to experts and members of academia, the researcher arranged face-to-face interviews in Bishkek, Kyrgyzstan, and in Ekaterinburg, Moscow and Saint-Petersburg in Russia for the convenience of the interviewees. That is where the largest universities and media research centres of each consequent country are located.

Image 1. The interviews conducted for this research project in Kyrgyzstan (2014-2015)
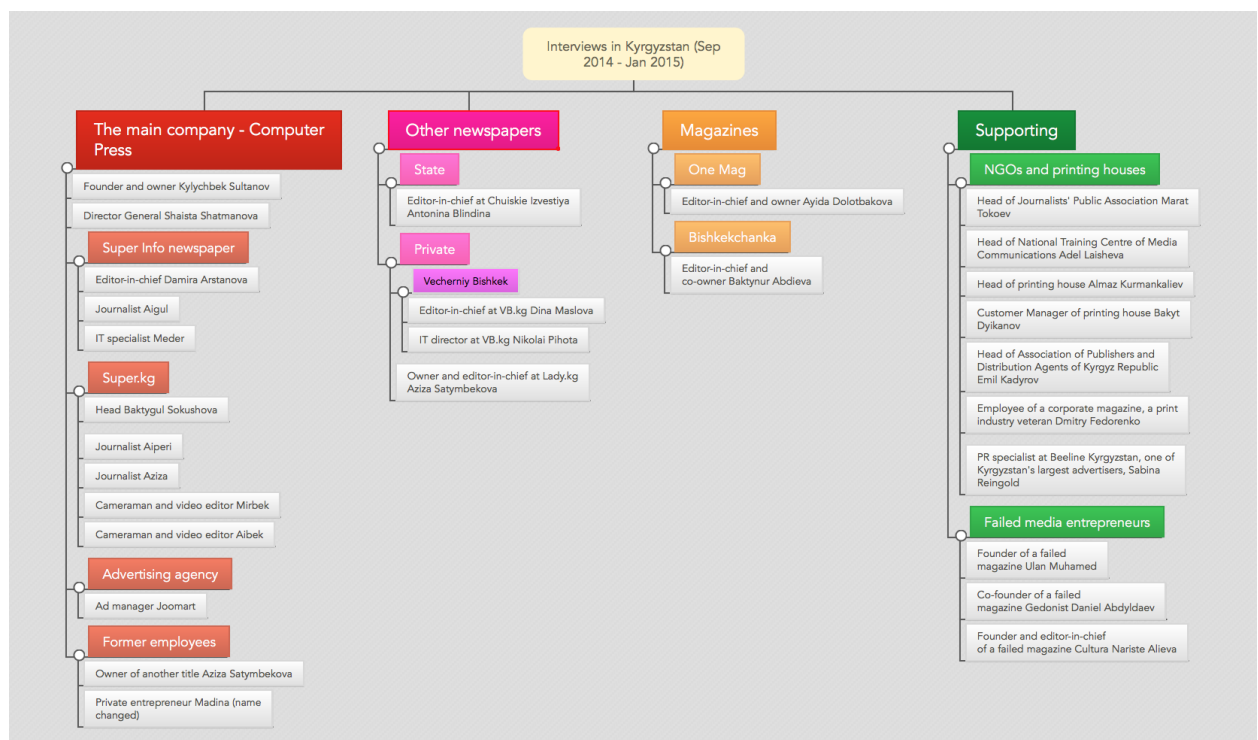
Note: It is assumed that the positions of people interviewed for this research in Kyrgyzstan are represented in Image 1 (above) as they were at the time of the interview(s) in 2014/2015.

Image 2. The interviews conducted for this research project in Russia (2015-2016)
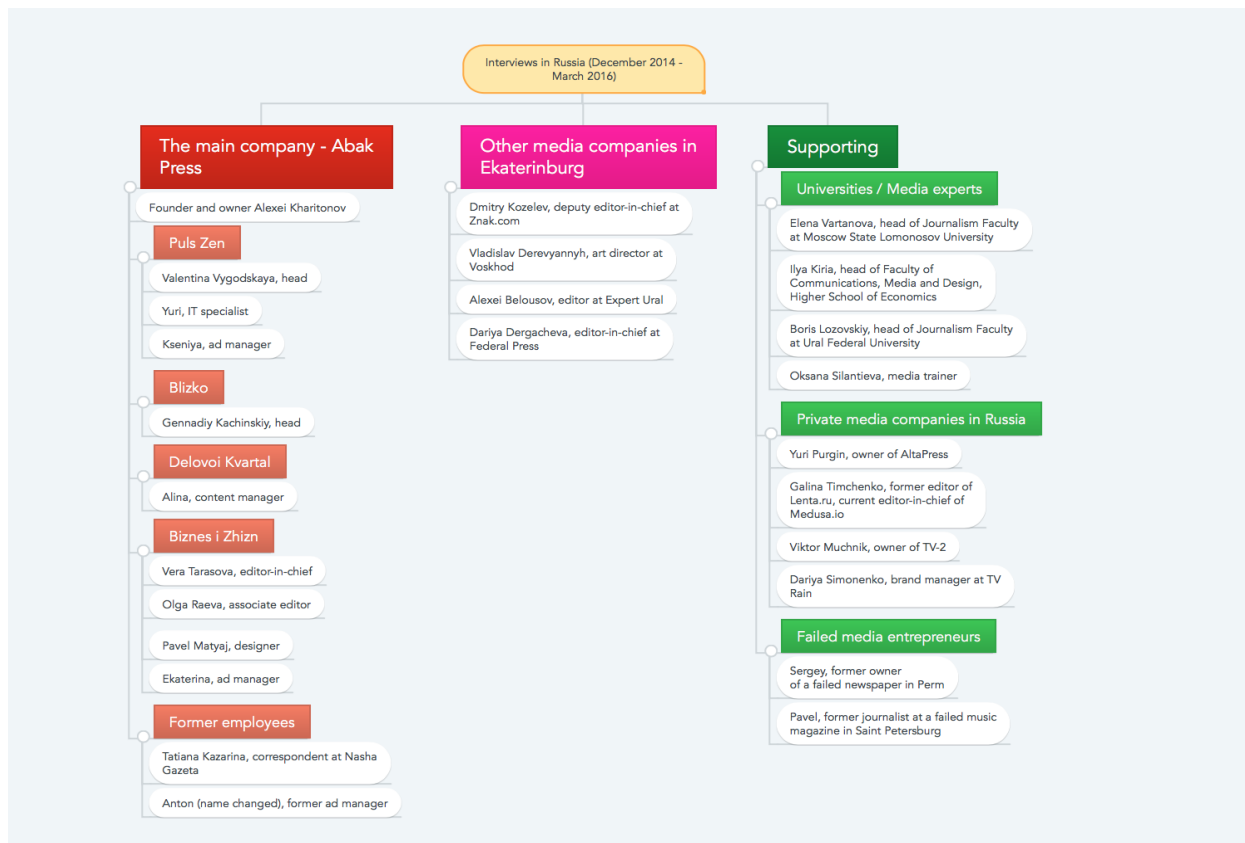
Note: It is assumed that the positions of people interviewed for this research in Russia are represented in Image 2 (above) as they were at the time of the interview(s) in 2015/2016.

The process of data analysis

Forming the field work archive

A major task was to transcribe and analyse qualitative data that came from interviews, observations, field notes and the media. The researcher's main concern was to connect empirical findings with theory as concepts were developed and refined in the process of research (Gibbs, 2007). The difficulty in analysing interviews is that the researcher had to deal with a sheer amount of data, which required translation from Kyrgyz and Russian languages into English, and it was hard to transform it into the form that would be ready to be analysed. Therefore, the researcher systematised data in two steps. The first step was to systematise it by date, name and company of the respondent. The systematisation was an essential part of the analysis. The digital MP3 recordings as well as off-the-record conversations in the form of textual documents were sorted in folders according to the date and then systematised into the field work archive. The open-source interviews with key industry figures that came out from desk research were saved in Open Office 'doc' format and were added to the data archive labelled under a special auxiliary category. Dealing with numerous unstructured and open-

ended field notes - those "active processes of interpretation and self-making" (Emerson et. al., 2001, p. 353, cited in Gibbs, 2007, p. 27) – involved structuring. Each of them was labelled depending on when the note was taken and which case study or which interviewee it was brought up by. According to that categorisation they were also added to the field work archive. These notes were reliable helpers during writing discussion and analysis chapters as they contained post-interview insights, comparisons, analysis of non-verbal encounters, atmospheric sketches and summary of thoughts. Maanen (1988, cited in Gibbs, 2007, p. 29) distinguishes three forms of field notes: realist tales (observations as facts), confessional tales (personalised accounts and views of a researcher) and impressionist tales (dramatic recounting of events in the form of stories). The researcher took the first two as they are the most suitable in the context of researching media organisations. The second step was to systematise data by themes. A method of thematic analysis was used to generate analytic ideas (King, 1998). This process transformed the raw collected data into a form amenable to closer analysis and building up a discussion.

Transcribing

The interviews were recorded using digital voice recorder, cell phone *Smart Voice Recorder* App for Android or automatic Skype call recording software *MP3 Skype Recorder*, depending on the way an interview was held. All these three ways of recording offered high acoustic quality of the recordings. Recording each interview using at least two ways of recording ensured that the data would not be lost. The procedure was to transcribe verbatim retaining repetitions, pauses, and emotional expressions like laughter or long (longer than 15 seconds) breaks taken to think of an answer However, the text was then edited for grammar mistakes up to a conventionally acceptable standard of Russian or Kyrgyz. This form of transcription of an oral account was intended to allow a greater depth of thematic analysis. For instance, pauses could suggest the participant found a topic such as firing staff members challenging to answer, which could add up value to the analysis. Most of the interviews were transcribed by the researcher herself, 10% of them were transcribed by an experienced transcriber whose background is in journalism. The transcriber was informed about the project's ethical considerations and followed the same procedure for typing as the researcher did for the rest of the interviews. The researcher chose to do most of transcribing on her own for a reason: careful listening evidently makes one recall the social aspects of interview situations. Plus, by making notes during transcribing the researcher already started the analysis of the meaning of what was said (Kvale, 2007, p. 95).

Coding

Transcribing the interviews from an oral to written mode was then followed by textual analysis of interview transcripts facilitated by a computer program NVivo. NVivo software was used to keep the definitive electronic record of all the data gathered during research and to code it. However, the researcher was actively involved in the mechanics of coding. The researcher was going through the transcripts reading them "intensively" (Gibbs, 2007, p. 41). If the researcher looked specifically for the qualities of a media leader and how it affects the organisation, that would possibly lead to over-simplification of the results. For that reason, simple description of codes was rejected. Instead, the researcher combined data-driven and concept-driven coding. The researcher started with data-driven coding which is also called open-coding (Gibbs, 2007, p. 45). This approach is consonant with the so-called grounded theory method (GTM). Grounded theory method was first put forward by sociologists to minimise bias and later received wider acceptance in other disciplines of social sciences. It has been adopted in the fields of management and organisation studies to capture organisational behaviour nuances by focusing on actions and decision-making (Goulding, 2009). Grounded theory method aims at setting aside prejudices and preliminary ideas about the subject of research (Glaser and Strauss, 1999). To avoid preconceptions when coding (Holton, 2007), grounded theorists code for actions as opposed to coding for topics (Charmaz, 2014, p. 121). In textual analysis, actions may refer to verbs, while topics may refer to nouns and adjectives. In fact, a combination of data-driven and concept-driven coding allows to code for both actions and topics. This is particularly useful for the research which is primarily based on analysis of in-depth interviews concerning a continuously evolving media market.

As a matter of open-coding the researcher began with no codes in mind and pulled out the most striking or widely-spread nuances, features and commonalities from the data. After that to make sure that the researcher ended up with the right collection, she tested the codes she had pulled out against the existing theory (concept-driven coding), the approach advocated by Ritchie et. al (2014). This approach suggests reviewing the codes against the main themes that came up from literature review as well as pre-field work interview templates and field notes. The researcher decided to use both schemas of code-constructing for the following reasons. The interviews are the main method of data gathering for this study, which is why the researcher needed to make sure that the analytic process of coding limits the subjectivity of the qualitative data to the minimum. The researcher relied more on open-coding (70% of final codes came through that scheme) than on concept-driven coding (30%) because of the nature of her study which seeks to enhance understanding of phenomena in a media market which hasn't been academically

studied from that perspective before. That is why it was logical to offer more room for field evidence (data-driven coding) and then, to avoid misconceptions, test it against well-defined theories of the field (concept-driven coding). To summarise, a combination of open-coding and concept-driven coding leans more towards a "directed approach" of textual analysis (Hsieh and Shannon, 2005). Directed approach suggests that analysis is based on both theory and relevant research findings such as field notes as a guidance for initial codes. Following Hsieh and Shannon's findings (2005), the researcher realised that the directed approach is the most suitable for interpreting data while studying leadership in transitioning contexts such as Russia and Kyrgyzstan. On the one hand, the initial codes are derived from research findings or what the researcher has learnt from his or her research subjects - in case of this study, these are leaders and their followers. On the other hand, the directed approach allows the researcher to take control over the coding and not to let the text itself wholly lead the coding process. By means of directed approach, it is possible to analyse research findings and minimise the subjectivity factor, which is inevitable when doing interviews with, for instance, company employees about their employer.

Categorising of codes

The process of thematic coding and categorising involved three stages. At first, descriptive codes were identified with the help of Nvivo software based on which words, phrases, and active verbs (Charmaz, 2014, p. 121) were most commonly used by interviewees. In a semi-structured interview, interviewees are asked to answer similar questions. In this study, all interviewees were asked, for instance, about the nature of their work, decision-making or stages of company growth. Therefore, some codes overlapped. Each interview resulted in 50-100 descriptive codes depending on what and how an interviewee would say.

Second, as soon as common patterns were identified, it was possible to categorise them. As a result, 20 main categories were identified. For both case-studies separately (Abak-Press and Computer Press), the chosen codes were categorised according to:

a) Qualities of a leader;
b) Decision-making process within the company;
c) Company relations with the external environment, notably state actors.

Third, with the help of "meaning coding" (Kvale, 2007) these 20 categories were combined into common themes. Some codes overlapped and some did not, which offered room for analysis.

The overlapping of codes demonstrated that there was consistency between results, which was a good sign. Bearing this in mind, the repetitive results were grouped together. As a result, the researcher got four final analytic groups of codes for each company. The researcher titled each group, and these became the final codes. These analytic codes were developed considering the review of relevant literature and field work experience. The comparison of categories is the core element of this research analysis, which allowed to compare and contrast Abak-Press and Computer Press. The final four analytic codes laid the basis for the analysis and discussion chapters.

Ensuring validity of data

Validity, just like value judgement, is a philosophical category (Thomas, 2000, p. 127). As a positivist measuring technique, validity[26] has long been applied for quantitative studies. Along with increased academic use of qualitative methods in the recent 25 years, one has begun applying validity to qualitative studies too (Thomas, 2000). While positivist approach is considered too narrow for organisational studies because it treats organisations as material reality rather than a social one (Ibid, p. 113), it is argued that constructivist or realist approaches are more suitable.

This study embarked on ensuring validity in data collection and coding processes. As far as data collection is concerned, data validity was ensured through using multiple and diverse sources of information including former company employees, media experts and members of academia; fact-checking with participants upon request and doing more interviews, if necessary, to obtain more precise information. Data collected from interviews was supported by observations and document research, which helped to minimise bias (Cassell, 2009). For instance, interviewing former company employees, competitors and failed entrepreneurs proved to be useful in portraying company profiles. Two interviews were conducted with three experts: Oksana Silantieva, Emil Kadyrov and Marat Tokoev. Silantieva and Tokoev are media experts and Kadyrov is a publisher. First interviews with them provided general information about media markets and types of problems faced privately-owned media companies. Second interviews with them were conducted after interviewing Abak-Press and Computer Press owners and staff – to get more precise information about the companies.

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[26] According to Thomas (2000), positivist measurements of quantitative data include internal and external validity, reliability and objectivity (p. 137). Constructivist measurements of qualitative data include credibility, transferability, dependability and confirmability (Ibid).

As far as coding process is concerned, the validity of data was ensured by constant comparison approach, introduced by Gibbs (2007). This approach involves comprehensive data treatment and dealing with 'negative results' (p. 96) or the results that contradict most findings. It was used in early stages of coding (identifying descriptive codes) and in the final ones (identifying analytic codes) to check within and between the cases of Russia and Kyrgyzstan. The experiences and reflections of interviewees that did not fit the general points were kept into account and analysed as well. The counter-evidence allowed to observe each case study context in its broader complexity and variability. The analysis of circumstances of the negatives extended the richness of findings and went on par with realistic approach (Thomas, 2000, p. 37). It was used to avoid obvious errors and omissions when assessing financial health of the companies and the overall state of media markets in Russia and Kyrgyzstan.

Furthermore, enriching findings by adding supplementary quantitate data was attempted but did not work in this research project. Surveying company employees on leader-follower relations did not provide useful results. A sample of 20 company employees was reached. This number could not be considered justifiable (Mumford et al, 2009), which is why the idea of adding it to the analysis was abandoned. The survey idea did not work because it did not prove to be possible to get access to an employee directory in both media organisations at the time when the research was made. Yet, based on methods in use, if new interpretations arose, constant cross-comparison of data ensured that appropriate variations were considered (Gibbs, 2007, p. 104). Data obtained through interviews was cross-compared with secondary data from online databases and professional interest groups, non-academic publications in print and online media, OECD and OSCE reports. Desk research included publicly available company information and owners' interviews in the local news wires. Several industry-related sources were utilised such as GIPP (The Union of Publishers "Guild of Periodic Press Publishers", available at gipp.ru) and ANRI (The Alliance of Independent Regional Publishers, available at anri.org.ru). The Russian media industry journals *Jurnalistika i mediarynok* (Journalism and Media Market) and *IFRA-ГИПП Magazine* also offered valuable insights. Key industry figures in Russian and Kyrgyz media were followed on Twitter and subscribed to on Facebook. The researcher also joined and constantly monitored Kyrgyz and Russian media management Facebook groups to be aware of trends.

Research limitations

There are issues of representativeness and subjectivity in qualitative case-study research. This study consists of a limited number of cases – two, one per country. Two media holdings, Abak-

Press and Computer Press, are in many respects unique cases and thus cannot be regarded as necessarily representative of the entire media markets of Russia and Kyrgyzstan. Moreover, further research should be done to compare and contrast these cases with similarly-owned media companies in other post-Soviet states. At the same time, as discussed above, these two cases were chosen from a population of only 13 privately-owned companies that fully met the research criteria.

Qualitative research is criticised for being "constructionist, inductive and idiographic" (Gibbs, 2007, p. 9). The data the researcher gained deals with transforming companies operating within emerging markets. Koltsova (2006) pointed that this kind of research is likely to deal with information scarcity. Moreover, as the researcher was introduced to people through their boss, on the one hand, the employees felt obliged to respond promptly to research queries. On the other hand, they could be inclined to speak in favour of the company by highlighting the positives and omitting the negatives. Bearing aware of it, the researcher took care in constructing questions in a way so that extensive information can be obtained and interviewees' biases could be minimised (Flick, 2007; Kvale, 2007; Cassell, 2009). Moreover, qualitative data analysis is subject to researcher's own interpretation. Being aware of it, the researcher acknowledge that the phenomena presented in this study is the product of her own interpretation. In order to minimise the risk of subjectivity, the researcher dealt with data drawing on existing theories and concepts in the field. The researcher tried to paint a picture of what was happening on the ground based on participants' views accurately but not taking their disclosures at face value (Charmaz, 2014, p. 80). This was achieved through:

a) careful research, planning and consultations with market specialists prior to field work,
b) being open to the views contrasting to the researcher's piror believes and conceptions and offering the interviewees the opportunity to express freely what they had to think during data collection;
c) using computer software to assist in analysing data in the post-collection stage.

These measures combined with the dual code-creation technique, which combined data-driven and concept-driven coding (Gibbs, 2007, p. 45) and is explained in this chapter above, helped to increase the chances of this research to produce valid results.

Ethics

Kvale (2007) argued that ethical issues raised by an interview study go beyond the live interview situation itself and encompass all stages of an interview project. Qualitative data is very personal and individual (Gibbs, 2007). Interviewees can be selective in terms of what to reveal about themselves or the companies they represent (Yin, 2014, p. 106). Researcher constantly used her own judgement to make on-the-spot decisions about what implications of an answer to follow up, and what connotations may be too sensitive for the interviewee to be followed up. For instance, one has to consider that junior staff and people on fixed-term contracts may not be willing to reveal their ideas about employer due to their relatively vulnerable position within an organisation. In these cases, some interviewees could go anonymous.

Parker (2005) advocated discussing with interviewees whether they prefer to be named in the research or speak anonymously. The anonymity of the subjects allows the researcher to retain the privilege of controlling and disseminating the information about the study. Being assured that their anonymity is guaranteed allows interviewees to reflect openly on their experiences (Kvale, 2007). However, naming the interviewees gives the research more credibility, reliability, validity and generalisability (Charmaz, 2014, p. 68-69). After careful consideration of every case, a balance was found. Out of 54 interviews, 39 people agreed to provide their full names, 13 gave out their first names only, and two asked to remain anonymous. The latter two were former employees. Besides, there were a few people both in Russia and in Kyrgyzstan who wished to give out only their first names and no surnames. These were junior employees on fixed-term contracts in Kyrgyzstan (two female journalists and two male cameramen). These were a failed entrepreneur and a former employee of a failed magazine in Russia – they argued that they wished their past failures would not affect their current and future career prospects. These were, surprisingly, all ad managers that the researcher interviewed (1 in Kyrgyzstan and 2 in Russia). Ad managers appeared to be the most suspicious category of interviewees towards academic research in both countries. A possible reason for this is the nature of their job which implies direct access to commercially sensitive information. They deal with budgets and contracts. They have signed a non-disclosure agreement with their employer, breach of which would result in their dismissal from the job. That is why it took longer for ad specialists to accept the researcher's invitation to be interviewed – they asked for detailed explanation of research ethics, aims and objectives of the study, and required reassurance that only their first name would be used (no surname). The researcher's experience of doing interviews in Kyrgyzstan and Russia proved that it is easier to build short-term research-purpose trust with

media managers and owners than with ad specialists. At least, this is so in the current state of media market development when advertising is the top funding method for the media companies (Vartanova et al, 2016).

What unites most interviewees, including company owners, 50 people out of 54, is that they have never been interviewed for an academic study before. Moreover, there is a suspicion of signing documents, even consent forms, due to criminal legacies in post-Soviet states in the 1990s (Volkov, 1999). This is specific methodological feature of doing research on post-Soviet space that previous studies pointed at (Edwards and Lawrence, 2000; Morris and Polese, 2014) with a hope for future improvements. Knowing, that respondents can be cautious about interview process and consent forms, the researcher took extra care to explain the purposes of an academic research to every single interviewee two times – before and after the interview. The researcher informed them about the academic interview procedure and encouraged them to speak as openly as possible. Interviewees provided informed consent either in written or oral form (in some cases by email). Oral consents were recorded on the voice recorder. This tactic worked well after the researcher got to spend several days within each company, and the employees would get used to seeing me in the office.

The qualitative data was gathered by the principle of rational balance between producing identifiable research outcomes and acknowledging people's limited resources such as time. There was no cost for participants to take part in interviews, and the possible harm was minimised through arranging interviews in their habitual setting – the offices they work at.

Achieving the target number of interviews (n≥40) with minimum risk for the interviewees was made possible thanks to:
- Forming mutual trust relationships or professional cooperation bonds between the researcher and the participants through pre-field work and post-field work emailing and phone calls;
- Getting participant (oral and/or written) informed consent by explaining interviewees the research purposes and expected outcomes with an emphasis on how data will be used.

Conclusion

Among all approaches that have been used for the studies of organisational leadership, this research selected a qualitative comparative case study based on in-depth, semi-structured

interviews. Arguably, it is the most suitable choice for this study of novel practices of media business in countries where media has never been a business. Interviews allow to capture first-hand experiences and reflections about an on-going process (Gummesson, 2000, p. 35; Kvale, 2007) such as business leadership transformation in post-Soviet Russian and Kyrgyz media holdings. At the same time, case study framework helps to situate this process in its context and explain the reasons behind its peculiarities.

Using Hinkin and Homton's (2009) response rates and sample representations model in organisational research, the interview target number was estimated at 40 interviews, 20 per country. Field work took place in 2014-2015 in two stages: the first stage in Bishkek, Kyrgyzstan and the second stage in Ekaterinburg, Russia. Additional interviews were gathered by Skype or email during 2016. The target was surpassed and 54 interviews were obtained; 28 on Kyrgyzstan and 26 on Russia. The primary data from in-depth semi-structured interviews was supported through field-work observations and document analysis, which allowed to minimise potential bias (Cassell, 2009). Textual analysis of interview data was performed using grounded theory approach (Glaser and Strauss, 1999; Goulding, 2009), which is suitable for dealing with subjective data from interviews. Following Hsieh and Shannon's framework (2005), this research argued that the directed approach of textual analysis can effectively interpret data on leadership in transitioning contexts.

The analytic codes that resulted from the textual analysis of interviews laid the basis for comparing and contrasting the cases of Abak-Press and Computer Press. The analysis of findings will be presented in the next three chapters.

6. Alexei Kharitonov's Abak-Press, Russia

Introduction

This research is a comparison-study of two cases of media leaders from two post-Soviet states, a larger one (Russia) and a smaller one (Kyrgyzstan). For comparing and contrasting two leaders, the interview gathering was carried out in such a way that similar questions were asked. Data analysis was performed using the same techniques, discussed in Chapter 5. This was done to identify common patterns between these two leaders and their companies, if any. The findings of the research are presented in two similarly structured chapters, this and the next chapter. Both chapters examine leadership styles through the analytical framework used by John P. Kotter (1982) to assess general managers (discussed in Chapter 1). The analysis starts with Alexei Kharitonov (Chapter 6) and is followed by Kylychbek Sultanov (Chapter 7).

Chapter 6 discusses the origins and development of the Russian regional media holding Abak-Press. It also explores its leader Alexei Kharitonov, and how he transformed from an entrepreneur into a leader and manager of the company. The chapter has three sections. The first one provides a brief overview of the current state of the company. The next section presents the company milestones in chronological order with an emphasis on the main challenges as perceived by the company owner and its employees. The third section is an analysis of the company leader Alexei Kharitonov based on Kotter's (1982) four-pattern framework for general managers' analysis. This framework includes the leader's family and educational background, personal characteristics, approach to the job and daily behaviour. This framework allows to capture one's background, one's way of dealing with employees, and one's relationship with external environment such as the state, which is an important actor for media businesses. Kotter's framework's focus on 'a personality' offers room for analysis of one's life preconditions and one's attitudes towards the job in shaping his or her leadership and management practices over time in rapidly changing markets such as those of post-Soviet Russia and Kyrgyzstan.

The narrative in this chapter is a structured story of a leader and his company based on findings from in-depth semi-structured interviews with 26 people gathered in Yekaterinburg, Moscow and London in 2015-16. Interviewees' direct quotes will be used to illustrate key points.

Abak-Press media holding (1992-2016): An overview

Abak-Press was founded in 1992 in Ekaterinburg as a publishing house. Its first products were the Puls Zen directory (an analogue to the Yellow Pages) and *Delovoy Kvartal*, a business news magazine. Since 2011, Abak-Press has strategically focused on developing its business over the internet. In 2016 Abak-Press had four websites and three magazines. The company offers Business-to-Business (B2B) and Business-to-Customer (B2C) services. Abak-Press serves small and medium-scale business and middle-income city dwellers mostly in Russia's regions. Monthly audience of online resources is 17 million visitors (Ibid, 2015). Figure 6 (below) shows how Abak-Press media holding was structured in early 2016.

Figure 6. Abak-Press media holding structure in 2016
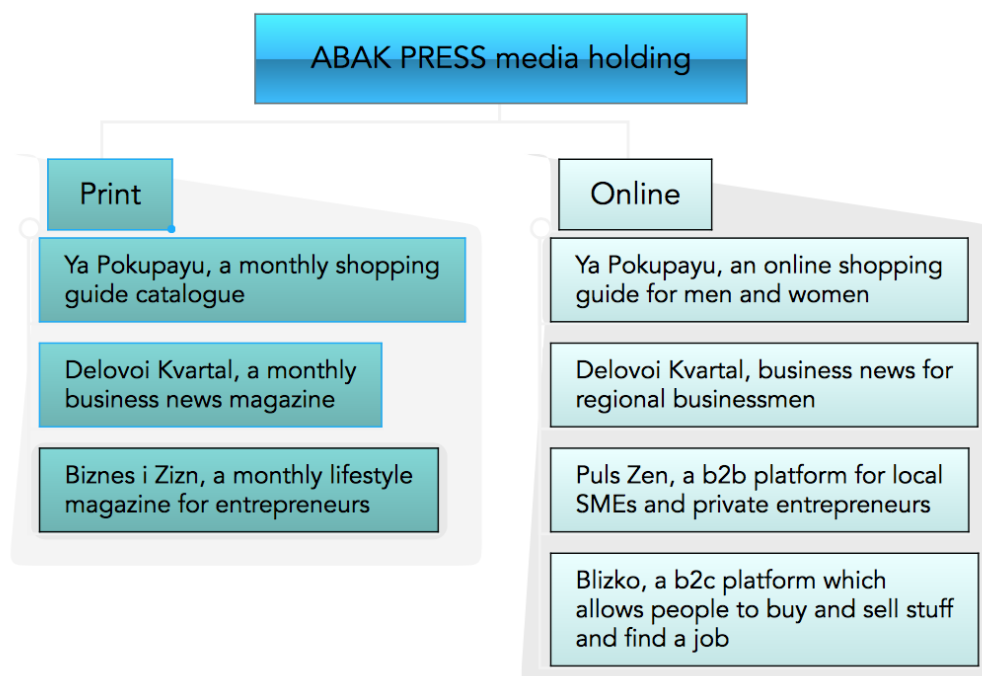
Source: Abak-Press Company Info (2016)

As of 2015 (the latest data available), the revenue structure of Abak-Press's online businesses was the following: the clear majority of the company revenue (80%) was generated through Puls Zen (online), a B2B service; 18% derived from Blizko (online); and the remaining 2% was accounted for by *Delovoi Kvartal* (print and online) and *Ya Pokupayu* (print and online). Print divisions' revenues are steadily falling and they are not profiatble (Interview with Alexei Kharitonov, 7 April 2015). The holding also expects to close all print projects in the near future. Puls Zen (or the Pulse of Prices in English) is the most profitable division of the media holding.

Puls Zen has 6,000 clients, and its user base is growing. The B2C service called *Blizko* is also an important and profitable division.

In the history of Abak-Press, there have been many attempts and failures to start a media product during the past 23 years. Today the most successful products of the media holding are franchise products: Abak-Press sells franchises of its media products to partners inside Russia and abroad (in Kazakhstan). For instance, Abak-Press's franchise includes Russia's first glossy shopping guide network *Ya Pokupayu*, *Delovoy Kvartal* city business magazine network, *Blizko Remont* weekly construction materials directory network. Franchise standards allow to replicate same standards of doing business as well as of measuring quality across different units. Premium men's magazine *Biznes i Jizn* is the only exception as it is not a franchise project. It is a niche product which is only produced and marketed in the city of Ekaterinburg.

Headquarters of Abak-Press is in Ekaterinburg, where all interviews were held. The media holding also has sales offices in eight cities of Russia. Around 150 people worked for the company as of 2015. The largest department is the IT department. The company employs 60 full-time IT developers and 20 specialists in user-generated content and web design. There are 50 sales people, around 10 heads of departments or heads of regional sales departments and 10 editorial staff. The holding's main aim is to serve the local business community by offering up-to-date information and helping them make better business decisions. As it will be recounted below, the media holding is changing to address the challenges of the digital age. It is concentrating on fewer divisions, the ones that are profitable or hold such prospects. During 2010-2015, Abak-Press shut down or sold many of its unprofitable print divisions, including a popular city title *Nasha Gazeta*. At the time of field work, the holding was also undergoing staff cuts (Interview with someone who wished to remain anonymous from an Ekaterinburg-based news agency, 10 April 2015).

Résumé for Alexei Kharitonov

Alexei Kharitonov is the founder and director general of the Abak-Press media holding. He graduated from the Mechanical Engineering Faculty of Ural State Technical University in 1983. In 1983-1985 he worked as a researcher at the Institute for physics of metals. In 1985-1991 Kharitonov worked at the Ural Electric Operating Mechanism plant as a programmer. In 1992, he founded the publishing house Abak-Press together with a group of friends. Today Abak-Press is one of the largest publishing holdings in regional Russia. See Table 6, below, for more details about Alexei Kharitonov.

Table 7. A Résumé for Alexei Kharitonov

Current position [early 2016]	General Manager and owner of *Abak-Press* media holding. Based in Ekaterinburg, Russia.
Career history	1983-1985 – The Institute of Physics of Metals – 2 years – Researcher 1985-1991 – The Ural Electromechanical plant – 6 years – Analyst/Programmer 1992 – founded Abak-Press company. Currently leads the company.
Background	Born in Russia on October 31, 1961. Raised in Russia. In 1983, received a BSc in Engineering from Ural State Technical University, Mechanical Engineering Faculty.

Source: Interview with Kharitonov and desk research

Company growth and development milestones in the eyes of the founder and the employees

The narrative below is in chronological order with each subsection referring to a different stage in Abak-Press's development as a company and Alexei Kharitonov's concomitant development as a media leader.

The origins of Abak-Press media holding

In 1992, at the age of 31 Alexei Kharitonov left his mechanic engineer job at a local factory to start a small venture with his friends. This venture was a "kooperativ" or a third sector alternative to state-owned or public companies, not dissimilar from small enterprises or co-operative enterprises also common in Northern Europe. (Pestoff, 1992) Abak-Press was founded by Kharitonov's fellow college students who used to work together and who shared interest in programming.

> I am lucky. First personal access computers appeared when I was at university. Our first venture sold hardware and engineering appliances. We also did a bit of programming. So, we decided to program our native city's first goods and services catalogue. (Interview with Alexei Kharitonov, 7 April 2015)

The goods and services catalogue for Ekaterinburg dwellers, which came out in print, was the group's first encounter with media. It was called Puls Zen. This product proved to be quite

timely. "Those times were chaotic. There was not any sensible information [about the prices, about the market, about where and what to buy]," Kharitonov said in an interview with the researcher, referring to early 1990s Russia. Back then many people lost or left their state-funded jobs and had to support themselves and their families, because the state companies either could not pay well anymore or had to cut a lot of staff. People were free to start a new life and to make decisions for themselves. Some embarked on entrepreneurship and learned about new spheres which they did not know much about before. For instance, musicians who could not find any work during the 1990s, learnt how to trade goods at the market (Smolkov, 1994; Zaslavskaia, 1995). The Kharitonov's venture chose the media route as Puls Zen catalogue was becoming more and more popular among the locals. Kharitonov and his friends tried to diversify their business activities by opening an advertising and branding agency, making TV content, and printing posters. Later people in charge of branding and TV production left the company to start their own business or joined larger companies. Kharitonov remained with a printed catalogue and some knowledge of how advertising works.

> My closest circle in Ekaterinburg were small entrepreneurs. I came from a Soviet
> plant, from an engineer position. I never had ambitions of becoming a big company
> head. The only examples I saw in front of me were engineers and design engineers,
> not the big heads who managed everything. For me [back then] it was a level I could
> not even dream of. That was not for me, I thought. (Interview with Alexei Kharitonov,
> 7 April 2015)

In the very beginning, in the early 1990s, the business for Kharitonov was about doing what he was interested in – computer programming, and being around like-minded people.

> I worked at a factory and I had a great team there. Whenever, for different reasons,
> some of the people I used to work with left [the factory] to create their own
> cooperatives, they started inviting me in. I later joined them on the conditions that I
> would be part of the team. We had a very young, dynamic programming team.
> (Interview with Alexei Kharitonov, 7 April 2015)

In early 1990s there were not even PCs yet. Programming was a very new field. The tasks that Abak-Press was dealing with let Kharitonov program and earn more than he could if he had stayed at the machinery plant. Such category as private property was new to early post-Soviets

in the early 1990s. Kharitonov remembered how they used to share earnings in their new venture.

> In those days, to be honest, the property rights were not recognized at all. Property itself was regarded as an incomprehensible concept. We had clients who ordered us things. We would do the job and somehow share the earnings. It was a very informal story. I think, I joined them due to informal reasons too. It was more interesting for me to be around these people than those that stayed at the plant. There was also a material reason: cooperatives earned more. There was no fear back then. One understood that life was changing, no one knew what it was changing into, but as soon as I had an opportunity, I took it. (Interview with Alexei Kharitonov, 7 April 2015)

Once the venture was formed, and its product, the Puls Zen advertising directory catalogue, proved to be growing in popularity, Kharitonov realised it was what he wanted to continue doing. There was no specialisation. The team members would visit clients and persuade them to advertise in the catalogue, bought paper, sought a publishing house, and delivered catalogues to the clients' doors. This experience helped Kharitonov in the process of hiring people. As he knew himself how hard the task really was and how long it took to complete it, he could set the right tasks for employees. In a few years Abak-Press hired its first employees. Even then Kharitonov still did not have any clear idea of what business he wanted or could build. It was all about accident, intuition, one's closest circles and common sense. Kharitonov kept being friends with entrepreneurial-minded people throughout the 1990s. Many would try to start a business in those years in Ekaterinburg, not necessarily in the media, but in other sectors too such as trade and construction. During the mid-late 1990s, some post-Soviet entrepreneurs became owners of spare capital (or money to invest) for the first time in their lives. As some of these new businesses grew bigger, Kharitonov would often encounter the same kind of talk among his mates – they were thinking of where to invest their money to. They wanted to invest it in something to make more money, but had no ideas of the proper ways of doing it. According to Kharitonov, closest friends would then serve as investment advisers to each other. Some would often invest in their friends' businesses.

> It was all about entrepreneurship. It was in the air. And then after some time I caught myself thinking that I had a new criterion of success. Success is no longer measured by the pages of code one's written or the number of orders delivered, but the amount

of returns on investment. That's when I realised I started thinking as a businessman.
(Interview with Alexei Kharitonov, 7 April 2015)

According to Kharitonov, Abak-Press employees as well as several external media experts and university professors interviewed for this thesis, the 1990s were a very interesting period. On the one hand, chaos and uncertainty prevailed so that one was not sure whether s/he would have a job tomorrow or not, whether s/he would be able to support his family tomorrow or not. On the other hand, the general culture in the 1990s was very entrepreneurial and one could sense opportunities for doing business in the air – there were many niches to explore and conquer.

The maturation of Abak-Press

During the 2000s Abak-Press grew as a company. At the same time the country's state of economy was also in good shape, and the advertising market was developing at a speedy rate (Smirnov, 2010). Kharitonov referred to it as a period when "it seemed that everything one could do has been done, and it was not clear what else to do." (Interview on 7 April 2015).

The early 2010s brought significant challenges. These challenges were mostly technological (but not only) and they severely disrupted the company's business model. In 2015, 40% of Russian nationals had experienced buying things online at least once. The latest available data suggests that in the first half of 2017, 77% of Russians shopped online at least once in three months (Ipsos, 2017). This is expected to further grow. What's worrying to local online store owners, however, is that Russians tend to prefer foreign online stores. 81% of those surveyed said they did so because of cheaper prices at foreign stores. In the first half of 2015, 28% Russian online users shopped at foreign stores. By the first half of 2017, the figure had raised up to 43%. Almost half of the latter, 42%, bought at AliExpress, a Chinese e-commerce website, at least once (Ipsos, 2017). It is highly disruptive for Abak-Press, whose business model is based on connecting salesmen with customers (Blizko's B2C model). In fact, Blizko encourages customers to find the store, visit it and make a purchase. Considering the new realities of the digital era, the company is paying attention to search engines and sets the target for the IT teams to make its services appear as top search in every given local market they work at. Based on the researcher's personal experience, when one is searching for a local business in Ekaterinburg, Blizko comes up as #1 search result in both Google and Yandex search engines. However, the market change is more dramatic than just a technological change, and Abak-Press has been recently facing wider challenges. Senior management of Abak-Press has not been

deeply involved in company's print operations since 2012. Also in 2012, Abak-Press sold the city newspaper *Nasha Gazeta* to another regional media holding, even though it was a very popular local brand. *Abak-Press* closed the print division of Puls Zen in 2013. In 2014, the print editions of *Delovoi Kvartal* were shut down in most cities. By 2016, it was still published in three cities only. By 2016 the company also closed all print divisions of Blizko in various cities. Blizko sales teams were restructured into online sales teams. The remaining print assets such as *Biznes i Jizn, Delovoi Kvartal* and *Ya Pokupayu* might soon be closed too (Interview with Alexei Kharitonov, 7 April 2015). The growth of the internet is the company's biggest risk, even bigger than the economic crises of 1998 and 2008. However, it is also an opportunity to create a new business model, based on effective data use and serving the needs of the local audiences and business clients. There is hope as Puls Zen, a B2B platform, is not so much affected by the recent change and keeps growing. Moreover, it recently expanded to Kazakstan and plans to expand to Belarus as well. However, Blizko finds these times very risky. As Blizko is most affected, there is more on Blizko's challenges below.

Blizko is one of the main assets of Abak-Press and it is useful to see how it developed. Blizko started as a print advertising directory. It launched its first industry-oriented print advertising directories for real estate, construction, health and beauty in 2006. That was the time when the population's purchasing power was growing and Blizko was a very timely B2C middleman. The market was full of offers, and Blizko helped local businesses and local customers understand each other's needs. In that same year, 2006, the company launched its first online advertising directory Blizko.ru. Blizko.ru is a user-generated content website. It's an online B2C classifieds website. The company offers location-based advertising which is tied to a city where a user comes from. Blizko has its own sales departments covering Russia's largest cities with a population over 1 million people. *Blizko* also sells franchise to partners in smaller cities of Russia and Kazakstan. Its total coverage is 132 cities of Russia and 11 cities of Kazakstan. *Blizko.ru* had 6,9 million unique visitors in September 2014. *Blizko.ru* competes with Russian e-commerce services *Avito* and *Yandex.Market*. (Kulmurzina, 2013). *Avito* is Russia's largest C2C platform. *Yandex.Market* is a B2C platform, which is a Russian analogue to eBay or Amazon.

Re-adapting Blizko's sales strategy to the digital age was the company's biggest challenge. Since 2011 *Blizko* has prioritised its online portal over print version. In 2011, the management also realised that *Blizko* had to go beyond the limits of its native city Yekaterinburg and become a nation-wide story. But *Blizko's* expansion did not go as planned. Russian cities appeared to be

too different. Locals in each city had different shopping habits – some could not imagine their lives without the world-wide web while others only explored the internet for the first time. *Blizko* made several attempts to enter the markets of Russia's second largest city Saint-Petersburg without success. According to Kachinsky, Blizko failed because it was trying to win over the market by offering its print advertising directory, while the customers in Saint-Petersburg, which is the largest city of north-western Russia, were already actively using the internet to find stuff they needed. Therefore, Blizko's expansion strategy, based on selling ad space to clients in its print directory, did not work.

> In 2011, we decided to launch in two more cities, Saint-Petersburg and Krasnodar. But pace of development of these cities was a bit different than what we've been used to since 2008. For instance, the market of Saint-Petersburg was more advanced than the markets of other cities with a population of more than 1 million [in Russia]. It was late to launch a print product there. We entered that market, we've got into a fair contest, we've won a leading position among similar print products, but the market has already wanted something else. […] Starting from 2012, we've realised that print media market was gradually diminishing. We did not break through in Saint-Petersburg, we've discerned that we had pointlessly invested a lot, in the end without reaching those financial indicators that we had planned. Therefore, we decided to wrap up the print and focus on online sales. Since then we've spent a great deal of effort into developing Blizko.ru. (Interview with Gennady Kachinsky, 8 April 2015)

To address the challenge of the digital age, Blizko had to entirely change its sales departments' strategy.

> Having entered the online market, we've realised that there are totally different cheques there. A client is willing to pay the same 1000 US dollars for a year [of advertising with us]. Not for a month [like it was in print]. [To gain large number of online advertisers], it makes impossible to serve each client so thoroughly [as we did for the print customers] (Interview with Gennady Kachinsky, 8 April 2015).

The prevailing model among Russian media sales departments is a "ubiquitous salesman" model. A single salesman offers full-cycle operations to a client. A salesman finds clients, persuades them to advertise, manages client's data, and prolongs contracts with these clients. The strategy is based on constant communications between a single salesman and a single

client. Loyal relationship pays off with big cheques. However, this system which worked very well in the times when print was flourishing, does not prove to be efficient in the online age. The reason is that each salesman can only serve up to 30 clients a month, because developing loyal relationships with each client requires a lot of time. If each cheque in print times was very substantial, in online times clients are only eager to pay the same amount of money per year which they would pay for print. Therefore, a sales department of 10 people which can serve 300 clients a year is not working in the online age. That is why Blizko adopted a new model called "an advertising factory". According to this model, managers specialise in certain operations. For instance, there are managers who only seek for new clients, the others who deal with opening contracts, and there are managers who only deal with contract-prolongations. In the framework of this model a sales department can deal with an unlimited number of clients. For instance, according to Kachinsky (interview, 8 April 2015), Blizko's Ekaterinburg sales department deals with 1,500 local clients. Kachinsky believes that the "advertising factory" sales strategy is the only model which is efficient for B2C companies in Russia in the long run. However, he admitted that a significant proportion of publishers still preferred to work the old-way, because "they were more accustomed to it". It might take some time for them to realise that change is inevitable, he believes.

The company used to publish Blizko print catalogues in dozens of cities, but in each quarter since 2014 it has closed print catalogues in various cities. In the early 2016, the company closed Blizko print catalogues altogether, so Blizko remained an online only business, as Blizko.ru.

> If I did not concentrate on the internet, we could perhaps slow down the fall of our print products' revenues. But I don't believe that these [print] products would last long anyway. We understand that we've got to close them eventually. For instance, we closed our Nijniy Novgorod office of Blizko. The client base remained same, sales people remained same, but they're now selling for online only. […] Our print venture in Nijniy Novgorod was not making losses, but sooner or later it eventually would (Interview with Alexei Kharitonov, 7 April 2015).

Having faced many business challenges on its way, Abak-Press reached its maturation stage in 2007, when it realised the potential of Puls Zen and Blizko and could successfully scale them up. The next section focuses on the current state of the media holding.

Current state of Abak-Press

Gradually, Abak-Press grew into a self-reliant publishing holding. During the 2000s, its main assets were print ones: a print B2C catalogue Blizko, a print B2B directory Puls Zen, a shopping guide *Ya Pokupayu*, a business magazine *Delovoi Kvartal*, a city newspaper *Nasha Gazeta*, and a lifestyle magazine *Biznes i Jizn*. In 2000s, Abak-Press was growing geographically. It opened regional sales offices in a dozen of Russian cities and started selling Blizko's franchise in smaller cities. The company also started to explore the internet opportunities by opening websites for all its products and was then thinking of expanding to Russia's capital Moscow and second largest city Saint-Petersburg. At the same time, the company decided that its relationship with state authorities would be kept to the minimum. The company's largest office is in a building that Abak-Press co-owns with local authorities, and that is viewed as the only necessary point of contact with the authorities. (Interview with Kharitonov, 7 April 2015). The authorities also have little interest towards media holding's operations, since it serves the business community and does not produce any social and political news, an area which the company has never contemplated getting involved in. Still, Kharitonov recalled that during elections some people connected to power circles would appear in the office, 'to sniff around', but theirs would be very short visits. The company did not report on elections either and stayed away from political debates.

> Thanks God, we've got people who serve as a buffer between us and the authorities. Apart from that, we and the authorities exist in a parallel universe. (Interview with Alexei Kharitonov, 7 April 2015)

This is how one employee talked about Abak-Press's political non-involvement during the interviews for this research:

> Our chief [Kharitonov] gathered us at a staff meeting and told us he does not have any connections in power that would get him out of trouble, if it happens. Therefore, he asked us not to touch on sensitive topics such as Ukraine and the church. We haven't covered them at all anyway (Interview with Vera Tarasova, editor-in-chief of *Biznes i Zizn*, 10 April 2015).

Starting from 2014, Abak-Press began transforming itself to a digital-only company. This is the biggest, most challenging and most painful transformation ever in Abak-Press's history. It is

equally understood by both senior and junior management. Kharitonov spoke of the reasons behind the necessity to transform the company into a digital-only operation:

> Now [as of 2015] we are in the period of patching up holes. The publishing industry is impetuously breaking; the paper is dying right before our very eyes. New technologies like Instagram are appearing almost every month. Change of means of communication leads to a change of marketing. Online is attracting people's attention and advertising budgets. The most dangerous dynamics for us is, however, that people [in Russia] are getting more and more used to online shopping. This trend comes from Moscow. Plus, we also have foreign companies like Alibaba coming to our market (Interview with Alexei Kharitonov, 7 April 2015).

Before making the decision to focus on digital operations in 2014, Abak-Press had realised that B2B and B2C operations in print did not have a future. During the previous five years, all advertising managers were shifted from working with print customers to digital ones. That helped to save jobs for employees. However, after 2014, when big changes came in, there are inevitable staff cuts and salary cuts involved. Owner Alexei Kharitonov briefly mentioned it during the interview. Media experts from Ekaterinburg area also mentioned that the media holding was going through staff cuts. All Abak-Press senior managers whom I interviewed talked at length about how challenging it was for them to say goodbye to people whom they worked with for years. The issue of transformation raised criticism among current and former Abak-Press employees. These are the people whose departments are either experiencing cuts (the print editions of *Delovoi Kvartal* and *Biznes i Zhizn*) or the departments that were already cut or sold. For instance, former Abak-Press employee Tatiana Kazarina was critical of the digital transformation of Abak-Press. She used to work for *Nasha Gazeta,* Abak-Press's asset and one of the most highly read newspapers in Ekaterinburg. In accordance with the plan to become a fully digital company, as already mentioned, Abak-Press sold *Nasha Gazeta* to another local media holding in 2014. While some people, like Kazarina, managed to keep their jobs within the new media holding, others were made redundant. Another former employee of Abak-Press who was made redundant and had not find a permanent job yet at the time he was interviewed was highly critical of the whole idea of transformation. He argued that the future, at least in Russia, still belongs to the print media. The argument was that internet penetration rate in Russia is still relatively low. According to Internetworldstats, an independent internet metrics company, internet penetration in Russia as of March 2017 was 70,5%. To compare, the median internet penetration in Europe is 73,5%. The internet penetration rate in Kyrgyzstan is 39,9%

(Internetworldstats, 2016). Internetworldstats' usage numbers come from various sources including ITU, Nielsen Online, United Nations, Facebook and Gfk.

One can see that cutting print departments was a very hard decision to make for Abak-Press owner and his "guiding coalition" (Kotter, 2006). The guiding coalition included Kharitonov himself, several senior managers from the IT department as well as heads of Blizko and Puls Zen. According to Kotter (2012), both leadership and management skills are necessary to make change happen within an organisation. The size of an effective guiding coalition which drives change depends on the size of the organisation. It is usually about six people in small companies and 20-50 people in case of bigger enterprises. (Ibid, p. 61) In the case of Abak-Press, which is a small company by Russian standards, the guiding coalition included six people. The transformation process began in 2014 and is still ongoing in 2016.

Founder and owner Alexei Kharitonov in Kotter's framework

In this section, Alexei Kharitonov's (1) background, (2) his personal characteristics, (3) his approach to the job (of leading the company) and (4) his daily behaviour are analysed. The analysis is structured according to the categories used by John P. Kotter's (1982) in his analysis of business managers, as was discussed in greater detail in Chapter 1. This section largely relies on data from interviews with Kharitonov himself, Abak-Press current senior and junior employees and some former employees. This is the same method that Kotter (1982) used in his study.

Background

Alexei Kharitonov was born in Russian Soviet Socialistic Republic, USSR in 1960 in a typical Soviet working class family He was born in Sverdlovsk (now Ekaterinburg), a regional capital of the Ural region of Russia. Kharitonov attended a typical state school where he was educated according to the Soviet Union school program. In Soviet Union, the school education was organised in a highly-centralised manner and the same curriculum with few amendments was spread across all Soviet republics. School students were members of non-institutional organisations such as Young Pioneers, Komsomol and various "kruzhki" (extracurricular activities), all of which were organised and managed on behalf of the state. Young Pioneers and Komsomol played particularly important role in teaching the basics of the Soviet ideology to young people through a set of communal activities. Young Pioneers organisation was obligatorily to attend by all school children aged 9-15. Later, every high school student could

be a member of Komsomol upon acceptance. A kind of entrance check was organised to see that the person fully accepts the Soviet ideology. In Soviet Union, Komsomol was a preceding stage to joining the Communist Party. Komsomol members then could serve as mentors to younger pioneers. Later, every Soviet school leaver had three options: to enter a state-funded university through entrance-exam system, enter a technical lyceum or vocational training college or to start working for a state enterprise without an education. (Matthews, 2012)

Kharitonov attended state university during the Soviet era too. In 1983, Kharitonov obtained a degree in Engineering from Ural State Technical University (now Ural Federal University) in Ekaterinburg. Kharitonov said he had no intention of setting up a business at first. For Kharitonov this option was not even conceivable as entrepreneurship and private property were prohibited by law during the Soviet era. He dreamt of a job which would be somehow related to computing. After the university, Kharitonov eventually founded his own businesses because there was an opportunity to do so. Kharitonov said that his education helps him to plan the processes, organise work of subordinates, structure different departments of the company and even draft job description for hiring staff. As this was written, Kharitonov was taking the lead in transforming his company into an online business, paying specific attention to the IT department.

Kharitonov started a family in his late 20s. For him, one of the most important incentives to engage in entrepreneurship was to support his young family because working for a plant did not allow him to do so very well. Kharitonov was reluctant to share his private life during the interview. He explained that he has a close circle of long-standing friends and he does not feel like expanding this circle because he does not think it was necessary for him.

Personal characteristics

Kharitonov's main qualities that allowed him to succeed and sustain his company on the market are arguably his ability to listen, his market knowledge and awareness of the political environment. First, Kharitonov's desire to listen prevails over his desire to talk. Most commonly, he listens to the staff's suggestions and concerns and takes business decisions, based on what he has heard. The research revealed that this ability allowed him to surround himself with loyal people. Most of Abak-Press's heads of branches have stayed with the company for over 10 years. They have accumulated knowledge of the market and the company's competitive advantages. They are the people who sustain Kharitonov's vision and share it with junior management. Second, Kharitonov belongs to the first generation of media

managers to understand the importance of the market data on any business in the Russian regions. Although these qualities seem basic for general managers described by Kotter, these qualities are not widespread in the post-Soviet space. According to interviews with failed media entrepreneurs in Russia and Kyrgyzstan, those whose business failed underestimated the need to gather knowledge about the market. Thus, they were unable to offer a product that would fill a gap. Kharitonov takes unpopular decisions for the long-term benefit of the company. For instance, at the time the interviews took place, Abak-Press was undergoing staff cuts and seizure of some of its print assets. This decision was made to address the changing market conditions such as the Russian people's growing engagement with Abak-Press' competitors Alibaba and TaoBao. Kharitonov represents a post-Soviet manager who has realised the importance of market factors and use this knowledge for the benefit of his business. Finally, Kharitonov's business would not survive on the market, if he were not alert to Russia's political conditions. Kharitonov's alertness, sensitivity and realistic assessment of the external environment can be regarded as a personal quality that helps the company owner to lead his media business.

Kharitonov is described by the employees I interviewed as a highly intelligent, persuasive and passionate leader who controls his staffers and demands 100% commitment from them. He is viewed as someone who can inspire and motivate as well as allow employees to grow professionally while working for Abak-Press. Apart from that, steadiness and constancy are Kharitonov's personal qualities. He has not changed his place of work since establishing his business in 1992. Since he founded the business, he has remained the company's leader, CEO and general manager. Kharitonov has upgraded his management skills through Russian regional media networks and foreign courses.

It is interesting to look at "regionality". It is a cultural feature which shapes the identity of Russian businessmen based in Russia's regions. The "regionality" phenomenon is significant for Russia given not only the size of the country but also different conditions of doing business in the so-called centre and periphery.[27] Kharitonov's team created a novel cultural product for the newly established entrepreneurs and businessmen of regional Russia. While Kharitonov remains a well-known and well-established media businessman of Ekaterinburg and Ural region, he did not reach a nation-wide popularity. Kharitonov does not consider himself a "big

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[27] For more information on economic disparity within Russia and the main differences in doing a media business between the Russian centre and Russian regions, please refer to Chapter 4, and particularly to the section "The Media Market of the Russian Regions".

businessman" because, in his words, his enterprise is rather modest compared to other businesses in Russia such as the ones in the mining industry etc. He also acknowledges that despite having an international presence in Kazakhstan and Belarus, his company remains a regional Russian media holding, headquartered in Ekaterinburg. The 'regionality' is a mix of objective geographic location outside of the capital Moscow, economic differences between the centre and the periphery (Blakkisrud and Hænneland, 2001) and a socially constructed perception inside Russia itself (Rampton and Maguire, 2011; Hatcher and Tieme, 2016).

Kharitonov views his company as 'an average business.' There are several points to consider here. First, each country has its own scale of enterprise sizes depending on the overall size of the economy and the economically active population. In this sense, Abak-Press, which employs 150 people, can be viewed as a relatively small company in the Russian context. Second, different types of enterprises are taxed differently with smaller companies being subject to a more favourable regime; that is why in a sense it is convenient for a business to be regarded as a small company. This can be interpreted as a way for businesses to comply with external pressure. Their study of Russian media personalities in the 2010s revealed that they engage in self-censorship when speaking of their own accomplishments. They downplay their accomplishments as they fear of prosecution and financial checks from the government that might follow afterwards. The third reason for that type of attitude might have to do with a psychological factor. Kharitonov stressed that he tries to restrain from any contacts with the authorities. In a highly volatile and uncertain political, economic and social environment, such as Russia, being cautious and politically aware is one of the chief means of survival in the market for any type of a firm. The bigger the firm is, the more cautious one should be when it comes to relations with people in power. This is best understood through Russian political settings. In Russia, politics has higher entry barriers. Geographical distances between Moscow, the political centre where decisions are made regarding authority in the regions, do not allow an owner of a small business to become nationally important. To sum up, Kharitonov's choice to stay away from engaging in politics is due both to his personality and the socio-political environment of Russia.

Daily behaviour
Kharitonov's office is at Abak-Press's headquarters at Radischeva street, Ekaterinburg, Russia. He works from 9/10am to 6pm five days a week. He is available for meetings especially with division heads. They may come to his office any time and discuss things. He is also available by phone and over email. In recent years Kharitonov has been spending a lot of his time with

the IT team. As already mentioned, there are 60 people in the IT department. These people oversee transforming the company from print to online. The process is very challenging. It is headed by Kharitonov himself. He spends most of his time dealing with programmers, addressing concerns of division heads, solving day-to-day bureaucratic issues and learning new things about media management. He reads a lot on his PC during work time. For instance, he reads news about other regional media as well as developments in the international business. At least once a year he attends foreign exchange trips organised by ANRI-Media, a Russian non-governmental organisation which fosters exchange between Russian and foreign media. For example, such trips included visits of Russian regional media leaders to international media companies such as the Guardian, German publishers, etc. Kharitonov's work time per week averages 45 hours.

An approach to leading business

Kharitonov makes the biggest decisions for the company himself. This is in keeping with a Weberian understanding of charismatic authority (see Chapter 2), especially considering that Kharitonov created and led his business on the backdrop of a transitioning external environment, which requires a vision (Bryman, 1992). Kharitonov is also the one who sets the agenda and the main financial targets for Puls Zen, Blizko and Delovoi Kvartal divisions. Decision-making takes place in the form of discussions with top managers – the directors of Puls Zen, Blizko and Delovoi Kvartal. Kharitonov's employees told me that he does not give orders but he is strict and demanding. Kharitonov tried to create processes that would work regardless of his permanent presence in the company. He has not yet succeeded in this due to the difficult market in which his media business operates and Russia's economic situation. In fact, Kharitonov's involvement with the company increased in the past three years due to the technological challenge and intensified competition from foreign competitors such as Alibaba as well some local Russian competitors offering B2B and B2C services. The owner is involved in managing the technological transition of the company due to his background in IT/engineering. The main divisions of the company such as Puls Zen, *Biznes i Zhizn* and Delovoi Kvartal function smoothly and do not require constant orders from the owner. Most importantly, Puls Zen and Delovoi Kvartal, the main earners for the holding, are effectively managed, as emerged from interviews with company representatives who were asked to evaluate which departments of the company are doing well financially and which are not. There is a clear understanding within the holding's employees of what the company's vision is, and there is compliance with that vision. This suggests that, although there are certain challenges, the transition towards Weberian 'legal-rational' authority has begun for Abak-Press.

However, there has not been yet an authority transition in the company. In 2016, 24 years after the company was created, Alexei Kharitonov is still present in the office every work day to take care of major processes. This is also due to Kharitonov's personal choice rather than just the necessity to be involved in each process. Based on the interviews, it can be estimated that it may take 5-8 more years for Abak-Press' leadership style to transform from charismatic to legal-rational, provided that the external environment is favourable.

Conclusion

This chapter explored the origins, growth and maturation of Abak-Press media holding. The company was founded in 1992 in Ekaterinburg, Russia by Alexei Kharitonov and a group of friends that are no longer involved in the company. Founded as a print media business venture, Abak-Press grew into one of the largest self-reliant regional Russian media holdings. It serves local entrepreneurs and businessmen by offering B2B and B2C services, as well as lifestyle information. Abak-Press scaled down its divisions, currently 3 print ones and 4 digital ones, serving 20 cities in Russia and neighbouring Kazakhstan. Starting from 2011, there was an understanding within the company that reliance on the print business model was not going to be an effective strategy, due to the steady decline of print revenues. At the time of fieldwork, Abak-Press was gradually closing its print publications and transferring its ad managers to serving the same customers online. The online shift allowed Abak-Press keeping the staff and clients. In 2014, it was decided that the future of the media holding is in the digital sphere only due to the continuous detrimental decline of print in Russia and the growth of digital. Yet, the business model of Abak-Press' B2B and B2C businesses needs significant adaptation because average pay check in digital is incomparable with the average print check. Clients are not ready to pay for digital services as much as they did for print. Abak-Press is still looking for optimal ways of solving this issue, while cutting its print divisions, cutting staff and lowering salaries for some staffers by up to 35%. (Interview with Vera Tarasova, 10 April 2015) If it were not for the digital challenge, Abak-Press's leadership would arguably be ready to transform from Weberian charismatic authority to a legal-rational authority, because the processes in the company are well-managed by middle managers, and Kharitonov's leadership and constant presence would not be required. Yet, this challenge changed plans and I was told that Kharitonov's direct involvement in managing change will be inevitable for the next 5-10 years. Kharitonov has formed a guiding coalition (Kotter, 2006) with senior managers from Blizko, Puls Zen, Delovoi Kvartal and the IT division to implement change. The length of this process

will depend on the leadership decisions and conditions in the external economic environment. The latter is a major influence on media businesses in the Russian regions. For instance, foreign sanctions over Russia imposed in the end of 2014 had a big negative impact on Abak-Press' operations. This is because Russian business clients' ability to pay for media services was affected by the sanctions.

Abak-Press's founder Alexei Kharitonov was analysed in this chapter from the point of view of his background, personal characteristics, approach to the job and daily behaviour (Kotter, 1982). Kharitonov was born in 1961 in USSR in a typical Soviet family. He was schooled in a state school. He went to university to study engineering during the Soviet times. When the Soviet Union broke up, Kharitonov found himself working for a state plant where the salaries and opportunities for growth were limited. He decided to start a media business, something he had never done before, to support his family and do what he thought he was best at - computer programming. In the early days of Abak-Press, Alexei Kharitonov used his computer programming skills to produce telephone directories and other print material. In his words, his educational background helped him to come up with strategy and tactics for IT department as of 2015 as well as create a vision for his company's future, which is mostly about being digital.

I was told by employees that Kharitonov comes to work every day to discuss urgent matters with senior managers and the IT team. The emphasis is made on joint analysis of the problems during which Kharitonov makes all major decisions himself but keeps his door open for senior managers and junior staffers. As recounted by senior and junior staff, they are always welcome in his office to share the views. Kharitonov practices this approach to get first-hand knowledge of what is going on in the company. In less chaotic times, senior managers are self-reliant and may check with the company leader only once a month or rarer. Many staffers have worked for the company for over 10 years. Yet, the recent challenges are hard to face for many employees, especially the ones affected by staff cuts, so this technological challenge will be a Human Resources challenge for the company too.

7. Kylychbek Sultanov's Computer Press, Kyrgyzstan

Introduction

This chapter discusses the origins and maturation of Computer Press media holding in Kyrgyzstan. This holding's assets include the country's highest circulation newspaper *Super-Info*, a website Super.kg and an eponymous advertising agency. This chapter also explores its leader Kylychbek Sultanov, and how he transformed from an entrepreneur into a leader and manager of the company.

The narrative is based on data gathered during in-depth semi-structured interviews with the company owner, staffers and former employees in Bishkek in August-September and December 2014. After tracing Computer Press's origins, development and maturation in the first part of the chapter, the second part discusses Sultanov's background, personal characteristics, approach to leading business and daily behaviour, applying John P. Kotter's (1982) framework for analysis of general managers.

Computer Press media holding (2002-2016): An overview

Computer Press was founded in 2001 in Bishkek, Kyrgyzstan. The holding unites three assets – the *Super-Info* newspaper, the Super.kg online portal and an eponymous ad agency (see Figure 7 on the next page). In 2015 (the latest available data), the newspaper's circulation was more than 100,000 copies a week – the newspaper was the best-selling title in Kyrgyzstan. In the same period, it had an estimated 600,000 readers a week among the economically active people aged 16-50. As of 2015, the Super.kg infotainment portal's viewership was growing as it had done every year since launching. In 2015, the website had daily 800,000 hits, 2,6 million monthly page views and about 545,000 monthly unique visitors (hosts). (Super.kg, 2015) Two thirds of daily hits were generated from abroad. The portal is a popular destination for Kyrgyz diasporas in the Americas, Europe, Asia and Oceania. (Net.kg, 2015).

Figure 7. Computer Press media holding structure in 2016
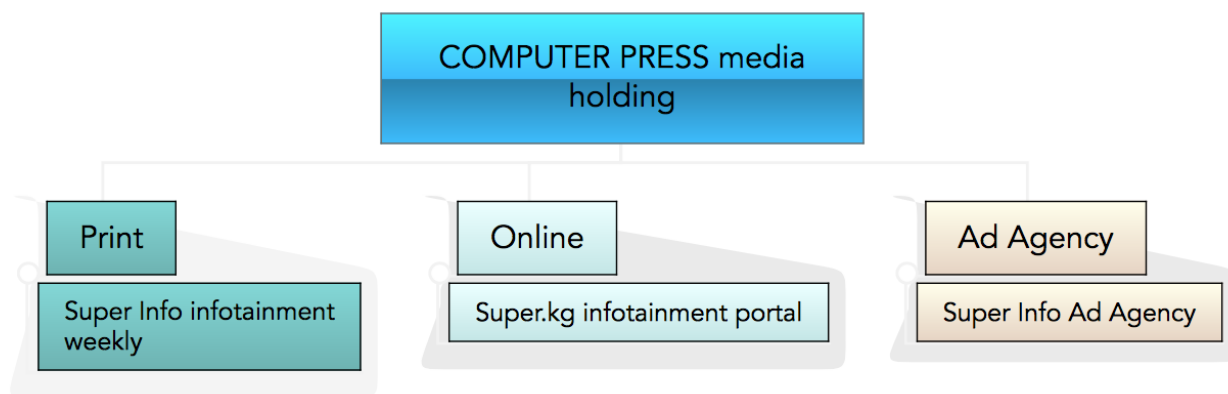
Computer Press produces the largest infotainment media output in Kyrgyz language. It originated from a few-page paper founded in 2001. In that year, having borrowed money from family, Kylychbek Sultanov launched Computer Press, a weekly publication specialised, as the title suggests, in computer technologies. It was a complete failure. Half a year later Sultanov ventured with another weekly title *Super Scanworddor*. *Super Scanworddor* received a warmer welcome from readers and this allowed Sultanov to hire his first employees. In 2002, that paper was renamed as *Super-Info* and it began to include not only scanwords but also news about local and international celebrities. However, the holding still bears the name of the very first title - Computer Press. One of the first coloured papers in Kyrgyzstan, *Super-Info* became a success as it served the overlooked population of rural Kyrgyzstan as well as of the capital's suburbs. The paper became the most read title in Kyrgyzstan in 2008 and has kept the leading position ever since then (Akipress, 2013). The online portal Super.kg was ranked third most visited website in Kyrgyzstan (Net.kg, 2015).

Résumé for Kylychbek Sultanov

Kylychbek Sultanov was born in Myrza-ake village, Uzgen district of Osh region of Kyrgyzstan in a Soviet working-class family. Kylychbek Sultanov moved to the capital Bishkek to study in the late 1980s. He entered the Frunze Polytechnic to learn computer programming. After completing its studies, he entered the Information Communications Department of the International University of Kyrgyzstan in the early 1990s. In 1989, the declaration of Kyrgyz language was adopted in the Soviet Socialistic Republic of Kirghizia and official documents and literature began to be translated into Kyrgyz. Sultanov recounts how he was in one of the first 'experimental' groups in his university to study computing in Kyrgyz. He used these skills to get his first job at the *Kyrgyz Ruhu* local newspaper. After getting married and becoming a

father he felt the need for a better-paid job. (Akipress, 2013) In 2001 he borrowed money and ventured to publish his own print title *Computer Press*. He went bankrupt but did not give up. A few months later, in the summer of 2001, he launched *Super Scanworddor*. He created the scanwords himself using computer software and dictionaries. He took out a mortgage for a house. By the autumn of 2001 the circulation of the scanword paper rose twofold and he could hire the first five people and rent an office in a basement with no windows. The first issue of *Super-Info* was published in spring 2002. It included scanwords and news about local and international celebrities (Ibid, 2013). In 2008 Sultanov received the Kyrgyz National Newspaper Award "Media Manager of the Year". *Super-Info* was awarded the prize for the "The Most Widely Circulated Newspaper of the Year" for three consecutive years, in 2008, 2009 and 2010 (Vecherny Bishkek, 2013). In 2012, Sultanov worked for a short period as the head of an advisory committee for the Public Tele-Radio Broadcaster. In 2012-2013 he served as a government minister for social development. Although he has appointed people to oversee operations, he remains an advisor for Computer Press. He stays in close contact with the staff. Sultanov is different from other Kyrgyz politicians that own newspapers and view them as instruments for their political fights. He views his media holding as a business, and as his main job (Akipress, 2013).

Table 8. A Résumé for Kylychbek Sultanov

Current position [early 2016]	Owner of Computer Press media holding. Based in Bishkek, Kyrgyzstan.
Career history	1996-1998 – *Kyrgyz Rukhu* newspaper – 2 years – Designer, then head of IT department, then associate editor 2000 – founded Computer Press company 2002 – *Super-Info* newspaper – 1 year - editor-in-chief 2008 – ELTR public TV channel of Kyrgyzstan - 1 year – acting deputy director general 2009-2012 – Computer Press – 3 years – General Manager 2012-2013 – Kyrgyz Government – 1 year - Social Development Minister 2013 – present – Computer Press – 4 years – owner/consultant
Background	Born in Kyrgyzstan on January 4, 1976. Raised in Kyrgyzstan. In 1996, received a BSc in Computer Engineering from Kyrgyz State Polytechnic University. In 2006, received an MA in Economy from Kyrgyz State University named after Arabaev via distant learning.

Source: Interview with Sultanov and desk research

Company growth and development milestones in the eyes of the founder and employees

The narrative below is in chronological order with each subsection referring to a different stage of Computer Press's development as a company and Kylychbek Sultanov's concomitant development as a media leader.

The origins of Computer Press media holding

Following the collapse of the Soviet Union, on August 31, 1991 Kyrgyzstan announced its independence. That was the start for private media in the country. Sultanov was then in his third year of university.

> I remember the times when first private newspapers appeared in the early 1990s. The setup costs for a newspaper were much lower than for a TV or radio station. When I was in my third year, I became familiar with computer programmes and spoke Kyrgyz. Some publishers started turning to us [him and his classmates] asking for help with their newly established business and they asked us to work on the computers. Prior to that there were other technologies – type-set machines. Then computers came in the early 1990s. I happened to have the right skill-set that employers were looking for. (Interview with Kylychbek Sultanov, 13 Sep 2014)

Sultanov did not have a clear idea of setting up his business when he was about to finish university. He wanted to find a job and the best way to find it was to ask his acquaintances whether they knew of any vacancies. Most people he knew in Bishkek worked for newspapers. Friends advised him to try a local newspaper too. His first job was as lay-out designer and system administrator at *Kyrgyz Ruhu* newspaper. The whole business of running a newspaper was completely new to him. At his first job, he learnt how to layout and design newspapers. Then he was promoted to head the IT department. That was an economically unstable time after the fall of the Soviet Union, when the new country was just getting on its feet. As the newspaper where Sultanov worked was undergoing financial difficulties, his boss allowed him to take side jobs. Many publishers who wished to enter the newspaper market but could not afford to hire IT staff turned to Sultanov for support. He designed newspapers for them using Corel Draw, Photoshop and other software, which was then very new.

In 1998 Sultanov got married and his first child was born. He realised that his job at Kyrgyz Ruhu alone did not support his family's growing needs, and, moreover he felt a longing for something new. He left *Kyrgyz Ruhu* and got employed at a private Russian-language infotainment newspaper *Limon*, which was very popular in those times. He did not stay there for too long, but he felt that he had learnt a lot. He noted to himself a kind of 'free' atmosphere that was present in the company. He also noted that most *Limon*'s employees were amateurs in their 20s or 30s. After working at Limon, he had the idea of starting his own newspaper. He founded Computer Press in 1998. It was a mixed Kyrgyz-Russian language newspaper about computers. Sultanov said he decided to launch such newspaper because of his own passion and professional knowledge. He also wanted to start Kyrgyzstan's first print outlet which would specialise on technology. It was the first time in life he took a loan from acquaintances and rented an office. He said he did not pay enough attention to distribution, and that mistake cost him dearly. That was due to what Naldi and Picard (2012) have called the founder's organisational myopia (, 2012) or founder's belief that his previous work experience and educational background might be enough for him to make the right decisions regarding a new type of business s/he has never tried before. So, the first issue was published in 7,000 copies but he could sell only a dozen copies at the market. There was no demand for a newspaper on computers in Kyrgyzstan, even though the PC was taking over the world in late 1990s and early 2000s. He had no experience and his company went bankrupt. Back then the public demanded simple news and simple newspapers – people would read a newspaper to take a few minutes' break and relax from work. For instance, Scandinavian crosswords called 'scanwords' were very popular. There were several such newspapers consisting entirely of crosswords.

So, in 2011, Sultanov borrowed money again and started yet one more venture, the newspaper *Super-Scanworddor*. At first, he did not have an office, and worked on his own from home. Then he hired two assistants. They tried to innovate the crossword-newspaper market by interacting with customers in a new way. They came up with crossword competitions and gave out prizes to the winners. That drew audience in. Within 2-3 months since its launch *Super-Scanworddor* became a leader of the crossword-newspaper market. Sultanov was also able to

hire a small storehouse-type room with no windows at the basement of the State Academy of Science. It was enough to fit three people – exactly the amount of staff Sultanov had at that time, including himself. Half a year later, Sultanov began to realise that this format centred on Scandinavian crosswords was not ambitious enough. He wished to produce news, analysis, and entertainment. He registered a newspaper called *Super-Info*, and the first issue came out in 2002. He had four staffers at that time. The first months of *Super-Info's* existence were very hard: it proved especially difficult to come up with the format. Even though Sultanov could get inspiration from the tabloids published in the West, there were no Kyrgyz-language entertainment newspapers back then. In fact, *Super-Info* was the first entertainment newspaper in Kyrgyz language. In the beginning of the 2000s, 10 years after independence, there were few entertainment-oriented outlets in Russian and Uzbek languages and there were plenty of Kyrgyz language newspapers, but they all focussed on political coverage. *Super-Info's* popularity increased, albeit slowly. The cost of running *Super-Info* was initially funded by the then highly successful *Super-Scanvorddor*. That period was a long-term crisis for the company and for Sultanov himself.

> The new paper was not profitable. I had to support it by means of earnings from *Super-Scanvorddor*. All the time I'd simply make the entire team work for *Super-Info* for free. And I couldn't explain them logically why they'd have to do it. In this regard, there were moods [among the team] that new paper rather had to be shut down. But I remember telling them that there will be the times when we will all make a living thanks to that paper [*Super Info*]. And I expected that in two-to-three years we could build it up very well – it could become one of the top five newspapers in the country in terms of circulation. Then it became the highest circulated paper in the country after 6-7 years, in 2008 (Interview with Kylychbek Sultanov, 13 Sep 2014).

Sultanov believed that newspaper's USP was in offering new genres, the ones he saw in the West and adapted them into the Kyrgyz context. He borrowed as many ideas as the newspaper could fit. A weekly *Super-Info* only started to bring profits in 2005, three years after its launch. By that time, its circulation had reached 10,000 copies. Even in 2015, a benchmark for Kyrgyz newspapers was 10,000 copies an issue – that is, if an outlet manages to reach that target, it is likely to be profitable and self-reliant. In 2006 Sultanov also witnessed for the first time several attempts at copying *Super-Info*. Kyrgyz publishers were trying to create a similar format, as they saw that it worked.

They would not beat us in circulation. But they would be able to earn profits with what they'd created [very quickly]. As far as we are concerned, [when we'd just started] our paper still was not profitable for several years, but it was a leading and pioneering title standing out from the rest. (Interview with Kylychbek Sultanov, 13 Sep 2014)

During those years Sultanov was not selling copies at the market as he used to do with his first title *Computer Press*, but he was still undertaking a market research of sort. He would still go to the market, where most newspapers were sold, and would look at the customers of *Super-Info*, their age, appearance, and social status. It helped him to draw a portrait of the average customer. In the first years of *Super-Info's* existence, its typical readers were people coming from rural areas who had moved to the capital to work or study. Men and women were equally represented. They were mostly young and worked as salesmen at the market, the same place where newspaper was sold. What's most important, Kyrgyz language was native for all of them. After the fall of the Soviet Union, Kyrgyzstan, like other post-Soviet republics, had seen an outflow of Russian-speaking people and the growth of native speakers in its census. *Super-Info* appeared against this background. It succeeded in offering native speakers of Kyrgyz the kind of newspaper that did not exist before, the newspaper they liked to read because they were entertained by it. Over time there was a gradual increase in the title's readership profile. In this regard, Sultanov recounted a key moment marking a change in *Super-Info* audience and in the status of the newspaper.

I recall we interviewed an MP for the first time in 2006. It was a great heap for us in terms of newspaper level [read: circulation and reputation], when a deputy would give us an interview. And afterwards our level of readers would only grow. I can say that our audience grew from a common salesman to a president. (Interview with Kylychbek Sultanov, 13 Sep 2014)

The maturation of Computer Press

Once the newspaper reached the level when it became profitable, the owner faced new problems. Even though the market was new, it did have established players, such as *Vecherniy Bishkek* and other newspapers form the Soviet era that had continued to be printed after the collapse of the Soviet Union having been taken over by new media managers. *Super-Info* was a new entrant and it did not enjoy respect among the established market players that had been on

the market for a much longer time. Sultanov tried to address this problem by introducing himself to some of them and made the title heard at the joint professional meetings of Kyrgyz media managers held at the publishing house where they had their newspapers printed. Those meetings were organised by the publishing house heads and were vocational. They were designed to foster market development by debating common issues faced by all involved parties, such as publishers, content producers and distributors. Besides, Sultanov faced another challenge. He thought that his newspaper needed to develop further interaction with its readers because, in his words, he believed that was what readers valued the newspaper most for. Many readers would send letters to *Super-Info* by post. Customers could still win prizes by taking part in competitions, which made them eagerly wait for the next issue with the results. When the newspaper office was full of sacks with letters, Sultanov decided to create a website for the newspaper. By 2006, some Kyrgyz newspapers had already launched their websites. These were mostly Russian titles. Still, they were not interactive and just offered archival news.

Super-Info launched its website Super.kg in 2006. It began as an online replica of the newspaper - every story was republished online after its appearance in the print version. The website also had a so-called media-portal, which featured music videos of Kyrgyz singers and bands. Later, the media portal developed into a huge media library including not only modern and ethnic Kyrgyz music, but also own-produced videos such as celebrity interviews. All these videos show the Super-TV brand. Super TV is Super.kg's online YouTube channel. This YouTube channel shows lifestyle celebrity news, full video versions of interviews with celebrities that are published in the print edition, and paid promotional videos. In early 2011, Sultanov decided to relocate staff from the newspaper to the website to make the latter stronger. Back then, in the early 2011 the website did not even employ its own programmers. But an IT team was soon formed. In 2012 Super.kg started making its own news content. The Newspaper and the website became separate editorial teams. Their staffers had their own set of tasks. Super.kg also added a 'Cinema' section showing recent Kyrgyz films at no cost – this is done to popularise Kyrgyz films abroad. It also began to feature high quality recordings of Kyrgyz singers' stage performances, made possible under legal arrangements. It is quite common for Kyrgyz media to post content without proper rights permission. However, the senior managers interviewed for this research stressed that *Super-Info* has learnt to treat the legal side of the business with great care.

> Our [video] content is not only all over YouTube. Even the [Kyrgyz] TV channels use
> it without our consent. We allow them to use our content, but our main request is not

to hide our logo and clearly indicate author rights. Exclusive content and fresh news is our priority. At present time, this [legal] sphere is not very well developed in Kyrgyzstan, but we [as a country] are getting there. Here at Super.kg we want to respect all rights in advance [of the rest of media companies]. It's very important to respect all rights. We are now setting up contracts with singers to show their music videos, and to publish their works of art only with their consent. All video-content of Super-TV is prepared by our creative team. (Interview with Baktygul Sokushova, 8 January 2015)

In 2014, when the interview cited above was held, legally Super.kg was a separate organisation from the newspaper. However, it had partner relations with the newspaper. Since early 2015 Super.kg team of 20 people moved to a separate office. This was the hallmark of the website's establishment as a separate entity – until then the website team had always shared an office with the newspaper team. As of 2014, Super.kg was an interactive platform containing a forum, a classifieds-board, a music and video library, historic events calendar as well as its own content, different from the newspaper. In 2014, Super.kg was Kyrgyzstan's number one Kyrgyz language website. It had desktop and mobile versions, developed by staff programmers. It was also in the top 5 most visited websites in Kyrgyzstan behind Diesel.elcat.kg, Namba.kg, Blive.kg, all in Russian and Kyrgyz languages. In 2016 Super.kg was ranked third after Diesel.elcat.kg and Namba.kg (Net.kg, 2016).

Eight years after being created, the website still did not break even and it was subsidised by the newspaper. The website's operational costs include office-running costs, staff payments, constant technical updates and investment into new online functions. There were 20 members of staff including Super.kg head, programmers, designers, web editors, a copy-editor, TV crew – video editors, cameramen, TV reporters; and forum moderators (content managers of posts and comments in the forum). The most visited website sections were the music and video library of Kyrgyz singers, the online classifieds section and the forum/chat. The forum had several different sections, including sections for discussing private relations, finding a job or to talking about society and free time. As far as the forum is concerned, at one point, 35,700 users were using it simultaneously (Interview with Baktygul Sokushova, 8 Jan 2015). Forum administrators and Super.kg staff try to connect with active forum users and check what's going on there. Most active forum users are given the title of "an Akim" which means head of region in Kyrgyz language. It also corresponds to the way district heads are called within the government hierarchy. This person becomes co-moderator. Super.kg tries to connect with

forum users in real. Forum users met offline in Moscow, USA and in various European countries. Forum's division "Forum-users from abroad" makes it possible for users to find others living in their area and make connections.

Current state of Computer Press

As of 2015, when the interviews were done, *Super-Info* media holding found itself in a financially stable position. It was entering a new phase in its development. Sultanov said they were facing a new kind of challenge and needed to learn more about the legal aspects of the business. *Super-Info* was being sued more frequently. It did not happen before, when the company was still growing, earning its reputation and establishing itself on the market.

> In my opinion, some people are trying to make money out of us. There are some moments when it's not about honour and dignity for them, but about money-making. It's probably always the case for successful firms that one thinks that they have a lot of money, and they're trying to get this money out of us in all possible legal ways (Interview with Kylychbek Sultanov, 13 Sep 2014).

Kyrgyz celebrities send their pictures to *Super-Info* asking for publishing a piece about themselves for free or for money. But the company has experienced some issues with using photos. Usually those lawsuits were related to right permission. For instance, the company published a celebrity photo whenever the celebrity did not want to be photographed. So far *Super-Info* won all legal cases. In Sultanov's words, it takes time to learn how to deal with those cases, pay lawyers and spend time in courts.

At *Super-Info*, specific attention is paid at audience feedback, which is uncommon among Kyrgyz media. *Super-Info* once had an option for readers to send letters to the editorial office in which they'd express what they thought of the product. These opinions were meticulously studied and taken to account, when possible. Then Sultanov himself would go to the market, where newspapers were sold, to talk to regular people and ask their opinion. In 2014-15, when interviews with staff-members were held in Bishkek, *Super-Info* staffers themselves were responsible for surveying the public to find out their reaction to stories, which stories they liked and for what reasons. Results of these surveys are discussed at weekly briefings involving all staff. Special market research was not carried out. Newspaper covers several themes, from celebrity life to world news, and every specific theme remains in the paper because it has its own reader. The most read section is news about Kyrgyz TV series and their cast. *Super-Info*

newspaper balances between stories for younger and older audiences, for people from the rural areas and from the capital city. As an editor-in-chief, she could not identify the target audience of the newspaper, noting that newspaper's weekly circulation has remained stable at around 100,000 for several years in a row. The paper is read in all seven regions of Kyrgyzstan. It has staff writers in Osh, the second largest city, and part-time contributors in other regions. In the same period, in 2014-15, it was decided to distribute Super-Info abroad, in Kazakhstan and Russia, the two countries with the largest Kyrgyz diasporas. Even though it took days to deliver the paper, the Kyrgyz based abroad did not mind reading newspapers late. However, foreign-based Kyrgyz audience has also gradually got accustomed to Super.kg website.

Damira Arstanova, who worked as managing editor of Super.kg for a while, said that, in her opinion, the process of convergence in the company is going well. Both the newspaper and the website teams interview newsmakers and work on their own stories. The website team prepares short videos of the interviews. All newspaper content is also published on the website, but the website's own unique content is primary. Members of staff were aware of the different roles the newspaper and the website played within the holding company and had a strong sense of belonging to either the newspaper, the website or the ad agency.

> We are not *Super-Info*; we are an online portal Super.kg. It's not just a website, it's a media portal where there is a news feed and many other interesting things. (Interview with Baktygul Sokushova, 8 Jan 2015)

Arstanova said that *Super-Info* journalists are not specialising in particular areas, instead anyone can cover any story depending on the agenda. In terms of content, as I was told by senior staff during the interviews, *Super-Info* differs from other Kyrgyz media for its high-quality design (it employs 'home-grown' designers), vivid language, inclusion of stories for all age groups. Newspaper *Super-Info* is published each Friday. It is usually 32 pages, but certain issues reach 40 pages due to advertising. As of October 2016, 1sm^2 of advertising on Super-Info's first page cost 500 soms (£6). 1sm^2 of advertising space on 2-7 pages cost 250 soms (Kyrgyzstan's local currency). The newspaper also offered advertising on coloured and black-and-white pages for 150 and 100 soms correspondingly. (Super.kg, 2016a) Advertising on website is priced differently. As of September 2016, Super.kg had 34 million page views and 700,000 unique visitors a month. (Super.kg, 2016b) It has grown a lot since December 2014, when there were 800,000 monthly page views and 58,000 unique visitors. (Interview with

Batygul Sokushova, 8 Jan 2015) Monthly rent of banners ranges from 5,000 to 20,000 soms. Story placement at Iygilik syry (Success Story) costs 20,000 soms. Placing a piece of classifieds in Kyrgyz and Russian languages costs from 5,000 to 10,000 soms depending on the topic (sports, culture etc.) *Super-Info* team makes videos on demand. The video may be placed on a website for 35,000 soms a month.

Even though Sultanov did not have a clear vision of how to operate a newspaper and lacked in other media management skills when he started his business, that did not stop him from trying and learning on the go. At the same time, he did have a clear vision of the goal for his enterprise – to become market leader and to incorporate all the good things he had seen in Kyrgyzstan and elsewhere. Sultanov also had a clear vision of who should work for the company.

> At the same time, I was very strict towards certain deeds. If someone influenced the work negatively, I always tried to get rid of that person. I wanted to create a solid basis [of people and ideas], which would not infect others. The ones who did not believe in the company, who influenced negatively, I would always say goodbye to them, even though they were good specialists, and even if I needed them. They just did not suit me and the company policy. Thus, such a team was formed, and it stays the same until now (Interview with Kylychbek Sultanov, 13 Sep 2014).

When this interview was taken, Sultanov was not actively involved in the management of *Super-Info*. Since it had become Kyrgyzstan's most widely circulated newspaper, Sultanov had started exploring new fields and moving beyond his own company. For instance, in 2008 Sultanov temporarily served as a deputy head of Kyrgyz's second largest public broadcaster El-TR. In 2009, he returned to his company *Super-Info* to head it until 2012. During this time, *Super-Info* worked on developing its website, and making it one of the most visited websites in the country. The flagship newspaper remained on top, attracting advertisers with a stable circulation of around 100,000 copies a week. In 2012, Sultanov once again left his company to head the advisory council of Kyrgyzstan's main public broadcaster OTRK. From September 2012 until April 2013 he worked as Social Development Minister of Kyrgyz Republic (Doinikova, 2013). From November 2014 until August 2016 he served as Kyrgyzstan's Ambassador to Malaysia (Kabar, 2013; Kabar, 2016). In 2014, the holding was run by Shaista Shatmanova. She joined *Super-Info* as a reporter in 2007 and then was promoted several times up to general director of the company. Most company's senior management are long-time

Super-Info employees. Sultanov said that the rest of the staff have all been around the block a few times (they are all time-tested). He said he could trust them almost to the fullest.

According to Sultanov, the holding does not experience problems with politicians, because its main outlet, *Super-Info*, is an infotainment title, not a political one. The website is also entertainment-oriented.

> We haven't got problems with politicians. [Other Kyrgyz media] publish 'news plants' [or publications arranged for a specific political or commercial purpose]. Those newspapers should earn money that way. We can support ourselves financially, that's why we don't need to do that. (Interview with Kylychbek Sultanov, 13 Sep 2014)

However, Sultanov himself experienced problems because of his own involvement with politics. As his company was winning over the market and getting more popular among the public, he became more engaged with state service through ministerial posts and dealing with state broadcasters. In 2009, two months before the presidential elections, Sultanov had people advise him 'not to get involved in politics' and 'hire a bodyguard' (Interview with Kylychbek Sultanov, 13 Sep 2014). Also, some documents and money was stolen from *Super-Info* office in the same period. Someone also gained access to his house. People tried to disrupt his business meeting with a potential advertiser in a café in Bishkek. It was enough to make one concerned. Things became quieter only after the 2009 elections. Regardless, he said he remained loyal to his own political views, which were at times opposing the ones of the ruling party. The paper has always covered politics only tangentially – political coverage is kept to a minimum, just bare facts and no opinionated coverage.

The company considered several options for growth. In 2012, there was an idea to launch a terrestrial TV channel. In 2012, *Super-Info* launched its digital TV channel called Super-TV. However, the initiative was quickly abandoned because of the high costs of running a TV channel, due to the required investments in technical and human resources, and too much time to organise it. Besides, Sultanov was unconvinced that those ventures would be profitable in Kyrgyzstan, where there is no profitable channel. Internet television was a much cheaper option. Sultanov then decided to concentrate time and resources on sustaining the newspaper and developing the Super.kg website, which now includes a subsidiary Super-TV which is an online television.

I consider us to be leaders among Kyrgyz-language media. Previously many [media] used our content without our consent just by changing text a little bit. We work hard to make sure that the local media use our videos with a reference to us. In other words, we are halfway towards [internet]-television. We've got our own studio, TV-reporters, cameramen who prepare unique video content (Interview with Kylychbek Sultanov, 13 Sep 2014).

Sultanov's future vision of the company is mostly connected with the website rather than the newspaper. Although the newspaper is the flagship of the company and the asset which made the company grow to what it is now, Sultanov believes that newspaper has no long-term future. He is already preparing himself and the team to shifting more and more resources into the website, as he expects the newspaper to gradually lose readers. In 2014, the website had 60,000 unique daily visitors. The company was divided into three parts for easier management and delegation of responsibility. It consists of *Super-Info* newspaper, Super.kg website and its subdivision Super-TV, which is an online video content studio and an advertising agency. The largest number of staff works for the newspaper. They are 25 journalists and designers. Super.kg division is getting bigger every year. In 2014, it employs 20 people. Median age of Super.kg employees is 23-25 years. Website mostly employs recent graduates as full-timers and students in their final year as part-timers. Website managers believe that it is better to raise someone from scratch and teach this employee the skills and company culture, rather than hire an experienced professional from outside.

In 2014, Sultanov said he understood the power of knowledge for the company growth. He started a company and developed it towards a national leader in terms of circulation mostly using his practical wisdom and intuition. However, he said that in the current stages of growth, to sustain growth and create a vision for the future, he felt he lacked specialised knowledge in strategic and organisational management and was seeking to gain it by attending industry events such as theWorld Association of Newspapers and News Publishers (WAN-IFRA)[28] Forums and by reading books.

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[28] WAN-IFRA is a multi-stakeholder service organisation established in 1948 and headquartered in Paris. It unites about 3,000 publishing companies around the world.

> In the beginning, when the paper was only getting popular, I was told I should learn management and I was offered courses. But I told them I had no time. Those managing skills that I gained during life were just enough for me then. On the contrary, it seemed to me that new knowledge would contradict with what I was doing and I was doing a lot. But later, when the company expanded and when the paper began facing raised demands from the society, I realised I should learn management as a science. I felt that I should study more, automate management and accounting more. Moreover, at times like these when the world is changing more and more rapidly, I still have a lot to learn and I will learn (Interview with Kylychbek Sultanov, 13 Sep 2014).

As of 2014, there were only three other publishing houses in Kyrgyzstan: Uchkun, which belongs to the state; the privately-funded Zentr Podderjki SMI; and another privately-funded company running the *Vecherniy Bishkek* newspaper. The main obstacle is the small size of the advertising market. Local companies did not realise the potential of print media advertising until the early 2000s. After the country gained independence, and throughout the 1990s *Vecherniy Bishkek* was the only newspaper advertisers targeted. Small companies and private business did not even want to listen about advertising their products in other newspapers. Apart from *Vecherniy Bishkek*, *Agym* and *Asaba* were also popular newspapers in Kyrgyzstan. However, the latter two relied on circulation revenues rather than advertising. *Super-Info* was the first Kyrgyz newspaper which gained popularity among advertisers and shook the hegemony of *Vecherniy Bishkek*. The conditions for running an online media business in Kyrgyzstan are also poor for similar reasons. Kyrgyz language media are still approached with suspicion because of many outlets' long-term engagement with political and business circles and their interests, and Kyrgyz media practice of publishing rumours to stir circulation.

Kyrgyzstan does not produce its own paper; therefore, it is very costly to print newspapers. Unlike *Vecherniy Bishkek*, *Super-Info* does not have its own printing press, so it needs to pay extra fees to get published at printing-houses. Even though *Super-Info* is sold across the whole country, the company's main revenues come from ad sales, rather than copy sales. (Interview with Shaista Shatmanova, 8 Jan 2015)

Founder and owner Kylychbek Sultanov in Kotter's framework

This section focuses on Kylychbek Sultanov, the founder and current leader of Computer Press media holding in Kyrgyzstan. Sultanov's (1) background, (2) his personal characteristics, (3)

his approach to the job (of leading the company) and (4) his daily behaviour are analysed. The analysis is structured according to the categories used by Kotter's (1982) in his analysis of business managers, as was discussed in greater detail in Chapter 1. This section is structured in accordance with Kotter's framework and method and largely relies on data from interviews with Sultanov himself and Computer Press employees. During the interview with the company owner, he was asked on his business actions as well as self-perceptions. During interviews with company employees, they were asked various open-ended questions about the internal organizational dynamics and work routine. The information presented in this section also comes from my personal observations in the newsrooms at Computer Press in September 2014, December 2014, and January 2015 as well as desk research.

Background

Kylychbek Sultanov was born in Kyrgyz Soviet Socialistic Republic, USSR in 1976. He was born to typical Soviet worker family in Myrzake village, Ozgon district, Osh region of Kyrgyzstan, far away from the capital city. Sultanov went to a state school where he was educated according to the Soviet Union school program. Sultanov's school education is similar to the one obtained by former Soviet citizens from Russia and other parts of the Soviet Union, as the educational system of the Soviet state was highly centralised with educational programs approved centrally and delivered across the Union (Matthews, 2012).

Sultanov went to the university after the break-up of the Soviet Union. In 1996, Sultanov obtained a degree in Computer Engineering from Kyrgyz State Polytechnic University. Sultanov recounted that he never dreamt of being an entrepreneur. Instead, he was interested in new technologies of that time, such as electronic machinery and personal computers. He envisaged that his job would be somehow related to computing. After the university, Sultanov eventually founded his own businesses to support his family. He acknowledged that he owed a lot of his business success to his technical education. Sultanov recalled that he could produce the first issue of his own newspaper all by himself thanks to his knowledge of computing, design and layout software such as Corel Draw.

Sultanov started a family in his early 20s. Forming a family at that age is typical for people belonging to the Generation X in Kyrgyzstan. Sultanov said that forming a family at a relatively young age had an impact on his career and was his strongest motivation to succeed in business.

Personal characteristics

Based on the interviews carried out in Kyrgyzstan, the main qualities that helped Sultanov to grow his business and become a media leader are optimism, decisiveness, and strict requirements for staff. He was the only one to believe in his venture in its early days. That was when the business was not profitable, when there were almost no assets, and several staff shared a small room in a basement for half a year with no salary, and when they were doing a newspaper which hadn't existed on the market before. Sultanov's decisiveness is clear from the fact that he managed to put forward an idea of which he himself was the author and inspire others to follow him. As soon as *Super-Info* reached the stage of growth, when it was no longer about survival but rather about strategic growth, Sultanov implemented rigid requirements for his staff. He would not consider the amount of time the person was in the company when firing people who did not accept his vision.

Regarding his self-identity as a general manager, Kharitonov considered his achievements to be modest, while Sultanov had an opinion that he had managed to create one of the leading media companies in Kyrgyzstan. According to this research, such difference in how the two leaders perceive themselves and their achievements is due to different culture and nation-building trends in post-Soviet Russia and Kyrgyzstan (Edwards and Lawrence, 2000; Morris and Polese, 2014). If one looks at Computer Press as a business unit, one can see that it employs 70 people, which is defined as a small company in Kyrgyzstan. However, it has arguably made a cultural contribution to the society. The holding's two main products, the Kyrgyz-language infotainment newspaper and the Kyrgyz-language entertainment website, are novel cultural products in a sense that there hasn't been an infotainment Kyrgyz-language newspaper before. The Super.kg website has served not only the people inside the country, but also the Kyrgyz communities around the globe, which is why it is culturally influential. One of the reasons for the popularity of *Super-Info* and Super.kg, as both Sultanov and his team understand, is that they manage to produce this cultural product at the national level of the newly established state, Kyrgyzstan. After Kyrgyzstan gained its independence from Soviet Union in 1991, there was a growing demand for media content in Kyrgyz language. Computer Press media holding filled this niche. Sultanov is aware of that, and partly his business success allowed him to become a figure of nation-wide importance and join the ranks of government officials for a certain period.

Throughout his career, Sultanov worked for the government apart from leading Computer Press. Sultanov got engaged in several other jobs in public service and the government. For a year, he worked as acting deputy director general of public TV channel ELTR, which is one of

the highest media executive roles in the country. Then he returned to managing his company for some time. Then he worked as a Social Development Minister of Kyrgyzstan for a year, again returning to Computer Press after his time in office was over. Sultanov achieved national-level fame with the help of his business, although he claimed he never aimed at being politically influential. Once he got to that level and had an opportunity to get involved in politics and public service, he decided to go for it.

Daily behaviour

Sultanov was not an active general manager at the time of the interview in September 2014. He retained ownership of the company and served as a consultant. He stated that he is available over the phone for general manager Shaista Shatmanova and other key figures that oversee operations. At times, Sultanov pays visits to the company's main headquarters at Frunze street in Bishkek, Kyrgyzstan. For instance, he celebrates the New Year and Kyrgyz national holidays with the team. He also comes to the office to celebrate *Super-Info* newspaper's circulation reaching new limit, such as 100,000 copies a week. Although that only happens few times a year, junior staff said they felt inspired by him. Even now, when Computer Press has matured as a company, the owner (Sultanov) is frequently mentioned during work conversations in the newsrooms, for instance when senior managers try to inspire and encourage junior staff to work harder or generate new ideas, they mention Sultanov as an inspirational figure. This is based on my observations in the company's headquarters in Bishkek in 2014-15. Sultanov still holds many meetings for the company's business. For instance, he meets potential advertisers among large commercial companies. Because of these engagements with advertisers, that are often unplanned, the average work time per week is hard to quantify.

An approach to leading business

Super-Info staffers indicate that the 'atmosphere within the company' is what they like most about their work. Asked about what he thought about the 'company atmosphere', Sultanov responded:

> It's all about choosing whom to hire. We used to have good specialists, who were
> probably most interested in salary. I understand that, but I did not have money in those
> days. As all companies do, I would choose the employee, whom I can satisfy
> financially. But if I could not satisfy my staff financially, I would embrace them with
> hope and confidence instead, as I believed myself that success was going to happen.

Therefore, I think that after I have embraced that confidence and reliability, and business started to get better and better, the long-term employees believed even more in our chances for the future. In turn, their mood affected recently hired employees. On other words, if here and now I could not satisfy their needs, they believed that in future there would be a well-paid job. I would always tell them we would be #1. There were times when I had doubts. I inspired my very first employees with confidence, I have then seen this confidence in their eyes, and it inspired me back. (Interview with Kylychbek Sultanov, 13 Sep 2014)

Out of 60 employees, three have been working for the company since the very beginning: they are identified here by their first names: Kanym, Nurbek and Azamat. A dozen employees have been working for about ten years. One of them is the current editor-in-chief of the *Super-Info* newspaper, Damira Arstanova. She joined *Super-Info* as copy-editor in 2004:

Kylych baike [Kylychbek Sultanov] deserves full credit for creating such atmosphere in the company. There are members of staff who have been working here since the newspaper was founded. Even then we've been friendly. We've had lunch together, spent nightshifts in the office if there was particularly a lot of work to do. Kylych baike also took care of our leisure time, we spend holidays and birthdays together. At work, he also treated us as if we were all family members. He created good working atmosphere. He was not like other bosses. We've had such relationship [among colleagues] since the very beginning, and we still have it! We don't quarrel, we understand each other at once! (Interview with Damira Arstanova, 8 January 2015)

There is a lot of anecdotal evidence that it is common in Kyrgyzstan for women to lose their jobs because of pregnancy and mothering. In the current business climate, most employers prefer to quickly replace a pregnant woman with someone else. That is similar for many emerging economy countries. The legal framework protecting the rights of workers is de-facto not working. Arstanova said that at *Super-Info* she particularly enjoyed that all female members of staff were confident that they could return to work for the company after giving birth.

By the time I had my baby, I was promoted to editor position. Then I asked to be a journalist instead of an editor [to reduce workload]. When my child became bigger, I returned to the editorial position. It's a common practice [at our company]. (Interview with Damira Arstanova, 8 January 2015)

Another female employee similarly commented:

> When I joined the organisation after working at several other places, I was surprised that all journalists had equal working conditions, no one was singled out. All of us were young, friendly, aiming for one goal. We wanted to achieve good results, create something. Everyone on the team had great ambitions. The other places where I used to work did not have such an atmosphere. Our head Kylychbek Sultanov did not just check news pieces and plans, he observed the atmosphere and moods among the team. He observed what people liked to write on. It was new to me. (Interview with Shaista Shatmanova, 8 January 2015)

To move on to decision-making, although Sultanov has distanced himself from the company, he still makes the biggest strategic decisions. He does not set the agenda and targets but he has an undisputable influence over decision-making. That happens not in the form of orders but in the form of discussions between him and top managers like Shatmanova that are held regularly. Gradually over time Sultanov has leaned more towards creating processes that would work regardless of his permanent presence, a process that has taken over 10 years to complete. The company was created in 2000. In 2008 Sultanov took a short-term job as a TV manager; however, in 2009 he returned to Computer Press to lead its digital transition. Within three years, the task was accomplished in a way that the website became an independent unit, not more an appendix to the newspaper. In 2012, the processes of self-organisation within the company were working well; senior, middle and junior management knew their duties and communicated between each other well; there is a standard procedure of hiring staffers. The company did experience some legal issues but they were overcome.

In 2012, Sultanov took a full-time job in the Kyrgyz government and passed general management duties to Shaista Shatmanova. That is the time when Computer Press media holding arguably reached an important stage in its development – it became a self-reliant and financially successful business. Year 2012 is an important milestone for Sultanov as a leader as well. It is the start of the company's transition from Weber's classic 'charismatic' authority to a legal-rational authority. It is still a matter of time to see whether the transition can be complete. It depends on Sultanov and his team's attitudes and determination towards this transition, the company performance and the political conditions in Kyrgyzstan.

Conclusion

This chapter discussed the origins, growth and maturation of one of Kyrgyzstan's largest private media holdings, Computer Press. This media holding encompasses the highest circulation Kyrgyz-language newspaper, *Super-Info*; the fifth most popular website in the country (the Super.kg portal) and an eponymous advertising agency. The business was founded by Kylychbek Sultanov in Bishkek in 2001. The newspaper was Computer Press' first and, for some time, only asset. The website Super.kg was launched in 2006. Lately, the owner's vision has been to transform the company into a digital-only operation. The most difficult time for Computer Press was in its early stages of growth when it was a young media firm (Dal Zotto, 2005). The problems stemmed from lack of funds and the founder's lack of business experience in that initial period. Computer Press managed to overcome the difficulties by adopting a very effective marketing strategy and thanks to Sultanov's ability to assemble and inspire a strong team of young professionals. Provided that external environment is favourable, Computer Press's leadership is set to transform from a Weberian charismatic authority (Weber, 1947) to a legal-rational authority within the next 5 years. The reason why there is a fair chance that this transformation will happen is that starting from 2013 Sultanov has stepped out of active, day-to-day management. He is still the owner and he also acts as consultant, yet the company is de-facto run by general manager Shaista Shatmanova. Sultanov does not regularly appear in the office and has other engagements in politics.

Kylychbek Sultanov was analysed in this chapter from the point of view of his family, educational and professional background, his personal characteristics, approach to the job and daily behaviour (Kotter, 1982). Sultanov was born in 1976 in USSR in a Soviet working class family. He was schooled in a Soviet state school. After the break-up of the Soviet Union, Sultanov gained a university degree in computing. He started his private business to support his family which he formed in early 20s. Computer Press is the first business he has ever created. Sultanov is described by his staffers as determined, intelligent and optimistic. He demonstrated charismatic features in the early stages of the company growth by inspiring people and leading them (Bryman, 1992). In recent years, according to research interviews with company employees and media experts, Sultanov has become more rigorous and pragmatic, yet he controls his subordinates through having discussions with them rather than giving orders. He has cultivated loyalty in the company, since many employees have been working for the company for more than 10 years.

8. Comparing the Leaders of Financially Self-Sustainable Media Businesses in Russia and Kyrgyzstan

Introduction

This chapter presents the findings of this research on post-Soviet media leaders in Russia and Kyrgyzstan, their leadership style, leader-follower relations and their followers' perceptions of what constitutes a successful media business. The chapter consists of two sections, the first is on media leaders after Perestroika, their skills and qualities, and the second is on doing media business in the post-Soviet Russia and Kyrgyzstan.

The first section compares and contrasts the two cases of Alexei Kharitonov of the Abak-Press and Kylychbek Sultanov of the Computer Press. This comparison is based on textual analysis of interviews with media leaders, their employees, competitors, academics and media experts. The section compares and contrasts the two cases using Kotter's (1982) framework for the appraisal of general managers as an analytical framework.

The second section presents an analysis of the reasons for the success of the Abak-Press and Computer Press media holdings. It also attempts to draw parallels between post-Soviet business leaders and their counterparts from Eastern and Central Europe, India and China, based on leadership traits.

In the post-Soviet context, as the chapter argues, one's charismatic authority may be transformed into a legal-rational authority as soon as one's leadership matures. This chapter discusses the necessary conditions for this such as a favourable external environment which affects media businesses.

Media leaders after the perestroika: Qualities and skills

A typology of media leaders in the post-Soviet states

The post-Soviet media market is fast-changing and is majorly affected by the state (Vartanova, 1996; 2012; 2013; 2015a; 2015b). The media market has changed in the context of the wider political, economic and social transformations of the post-Soviet space. Since 1991, the media markets of Russia and Kyrgyzstan have become more concentrated and, at the same time,

fragmented. This trend is discussed in Chapter 4. There are different types of media leaders who are active in the market. At least three types of media leaders can be identified, depending on how they are related to the companies for which they work:

- 1) those that have privatised state-owned media;
- 2) those that were appointed as the general managers of existing enterprises (usually connected to the government); and
- 3) those that started their media business from scratch.

This typology of post-Soviet media businessmen (below) was developed based on reviewed literature on the Russian and Kyrgyz media markets and in-depth interviews with media workers and experts. These interviews were completed for this project in Russia and Kyrgyzstan.

This typology fits the markets of Russia and Kyrgyzstan, but it may not be as suitable for describing other markets, such as those of the Baltic States. The Baltic media markets and thoseof Russia and Kyrgyzstan differ significantly in terms of the extent of foreign media presence. Foreign media leaders play an important role in the Baltic media market, since the neighbouring Scandinavian media capital – Orkla media (Norway), Schibsted (Norway), Bonnier Media (Sweden) – have a strong presence (Balčytienė, 2002, cited in Hallin and Mancini, 2013, p. 25). The Baltic markets are, in general, more open to foreign capital. On the contrary, in countries like Turkmenistan, also a post-Soviet state, it has so farnot been possible to develop and sustain a financially self-reliant privately-owned media business, due to strict state control of the media sphere (Anceschi, 2011). The general trend across post-Soviet states is that most private media are closely tied to political circles. This pattern resembles Hallin and Mancini's (2012) Southern Mediterranean model, as argued in Vartanova's (2012) study of the Russian media market.

The first type of media leader (the media businessmen who has privatised state-owned media), and the second type (those who were appointed as general managers of existing enterprises), have been the focus of work on economies in emerging markets, such as Russia, and on media ownership (Koltsova, 2006; Vartanova, 2011; Gatov et al, 2017; Schimpfössl and Yablokov, 2017a,b). The third type (media businessmen who started their media businesses from scratch) has generally been described through academic theories on media entrepreneurship, new media firms and media leadership (dal Zotto, 2005; dal Zotto and Kranenburg, 2008). Studies by Dal Zotto (2005) and Dal Zotto and Kranenburg (2008) didn't concentrate on a specific geographic market, however, but mentioned that those media companies, or media projects, that started

from scratch can operate not only at a local but also at a global level. For instance, Apple CEO Steve Jobs is an example of a global tech/media businessman (Young and Simon, 2005; Sharma and Grant, 2011). This research discusses the cases of Kylychbek Sultanov of the Computer Press (Kyrgyzstan) and Alexei Kharitonov of the Abak-Press (Russia), who started their media businesses from scratch.

The findings of the textual analysis of the interviews are presented in the next section, offering a comparison between a media leader within a stronger post-Soviet economy (that of Russia), and a media leader operating within a weaker and smaller post-Soviet economy (that of Kyrgyzstan).

Comparing cases of Russian and Kyrgyz media business leaders: Kotter's four parameters framework and Weberian authority types

Kotter's (1982) four parameters framework includes background, personal characteristics, approach to the job of leading a business, and daily behaviour. Chapters 6 and 7 analyse Kharitonov and Sultanov in detail. This research identified that a Russian and a Kyrgyz media leader have the most in common in terms of their background and approach to the job. Yet, there are some differences in terms of their personal characteristics, and significant differences in their daily behaviour. The latter derives from the fact that Kharitonov is still actively involved with his media company, while Sultanov is now involved in various other engagements in politics.

To begin with, Sultanov and Kharitonov share the most similarities in terms of their background. Kylychbek Sultanov and Alexei Kharitonov were both born in the Soviet Union between 1960 and 1976. They belong to the Generation X. They were born to typical Soviet working families. They were both born far from the capital cities of their countries. Sultanov and Kharitonov went to typical state schools, where they were educated according to the Soviet Union's school program (Matthews, 2012). In terms of university education, there is another similarity between these two media managers. They both studied for a technical degree after having discovered a passion for maths and sciences in high school. They both acknowledged that, while they were studying, they had no intention of setting up a business because at that time this was not the practise in their countries. However, after university, when an opportunity to do business appeared, both Sultanov and Kharitonov eventually founded their own businesses. They did so because they wanted to work for themselves, rather than for someone else. Yet, they also acknowledged that they owe a lot of their business success to their technical

education. One more similarity, in terms of background, is that both Sultanov and Kharitonov started families at a relatively early age (Sultanov in his early 20s and Kharitonov in his late 20s). During interviews, they both mentioned that starting a family at a young age impacted upon their decision to start a business and to provide for their families.

As far as their approach to their jobs are concerned, both Kharitonov and Sultanov are strict and persuasive. They are also very good at motivating staff members whenever they need to implement their own vision. The general managers studied by Kotter (1982) "rarely can be seen making big decisions" (p. 93). Unlike their US counterparts of the early 1980s, Kharitonov and Sultanov still make the biggest decisions themselves in the late 2010s. Both value their long-term staff members and enjoy high degrees of loyalty among their staff.

A significant difference between Sultanov and Kharitonov is that Kharitonov, in fact, has not changed his role within the company, not even once, while Sultanov has done so several times. This difference between the two leaders can be explained by the different political settings of their respective countries. Sultanov achieved national-level notoriety with the help of his business, although it was never his goal to become politically influential. Once he achieved notoriety and had an opportunity to become involved in politics and public service, he decided to go for it. In Russia, politics has higher entry barriers. In the context of Russia, Moscow is the political centre where decisions are made, while the regions are subordinated to Moscow-based authorities. This is the reason why Kharitonov, as an owner of a regional business, despite it being so successful has not become a figure of nation-wide importance.

Based on Kotter's four-parameters framework, this research gathered the evidence that both leaders exhibited charisma in the initial stages of the growth of their media enterprises. At the very beginning, both Kharitonov and Sultanov had strong ideas about becoming a leader of their own enterprise, having no privileged background or inherited fortune at all. Later, they managed to convince others to follow them, despite the very limited, or the lack of resources at their disposal. Later, they both demonstrated strong character in committing to investing themselves into the process of leading and expending their energy in influencing others. (Kotter, 1990; Bryman, 1992 and Leigh, 2011). Even after their companies reached self-sufficiency, they still made the most important decisions themselves, until very recently.

The next point of discussion on the potential transformation of charismatic leadership in a media organisation is based on Weber's studies on authority (1947). The transition towards a

Weberian 'legal-rational' authority (1947) has already begun at the Abak-Press, despite some challenges. It is taking much longer for it to happen at the Abak-Press than at the Computer Press. This is explained through the different economic and political influences over the media markets that these media businesses are facing. In Russia, state control of the media system has so far been stricter than in Kyrgyzstan. Whereas state media are the main actors in the Russian media market, on both the nation-wide and regional level, the state media in Kyrgyzstan hold strong positions only in relation to television. Radio, print and the online segments of the media market are almost wholly privately owned. For instance, less than ten of the 400 Kyrgyz newspapers are state-owned. Each of the state titles has a circulation of only 2-3,000 copies a week. They are used by the state to disseminate laws, because there is a legal requirement that every law should be published. These papers live on thanks to direct funding from the state, and they do not compete for advertising and do not play a significant role in the media arena. This situation leaves the Computer Press competing with only a few smaller-scale private titles, like Lady.kg, while the Abak-Press competes with nationwide giants like Yandex.Market and Avito. One more economic factor affecting the ways in which media businesses are run and led, is the size of the advertising market. The advertising market of the Russian regions and the market in Kyrgyzstan vary a lot. The size of the advertising market of Ekaterinburg, the city, where the Abak-Press is headquartered, which is covered by its main outlets, equalled 2571 mln roubles ($42,2 mln) in 2016 (AKAR, 2017a). The most recent available data by Expert (2012), a Kyrgyz consulting agency, suggests that the official advertising market size of Kyrgyzstan equalled 19 mln soms ($401 thousand) in 2012. Considering that 30-40% of the ad market of Kyrgyzstan may operate within the shadow economy (Expert, 2012), the real figure is likely to be higher than 19 mln soms, yet it is still significantly lower than the figure for Ekaterinburg. As of 2016, advertising remained the main revenue source for Russian [and, arguably, Kyrgyz] media (Vartanova et al., 2016), and therefore it is necessary to consider the advertising market size when analysing media businesses in the post-Soviet space. The Computer Press managed to establish itself as both a leading Kyrgyz-language newspaper and as a Kyrgyz-language entertainment website, and as a result of this has managed to sign advertising contracts with the biggest advertisers. It is harder for the Abak-Press to compete on the advertising market; this media holding concentrates on serving larger numbers of smaller-scale clients, which requires a lot of effort and resources.

To return to the point on the possibility of the transformation of a charismatic leadership in a media organisation, Russia and Kyrgyzstan (as well as most of the other former Soviet Union states, except those in the Baltic) are arguably still transitioning - their social institutions and

state policies are adapting to the market economy. Nevertheless, the business communities in those countries have long begun to appreciate managerial values and practices. Against this uneven background, a shift from a charismatic authority (or the authority of a leader), which suits chaotic environments, to a legal-rational authority (or the authority of a manager), which suits more stable environments, may happen. The cases of media businesses in Russia and Kyrgyzstan that have been observed have demonstrated that both Kharitonov and Sultanov have gradually understood the importance of the legal aspects of doing media business, which is an essential feature of a legal-rational authority. Both company owners have also tried to distance themselves from daily operations in recent years by delegating major functions to senior managers. In the case of Sultanov, this strategy has worked well, while, for Kharitonov, it is likely that it will take another 5-10 years for his leadership style to be transformed into a legal-rational authority. This prediction is made by this researcher, based on comparing a Weberian (1947) understanding of leadership types and the level of the Abak-*Press* media leader's involvement in day-to-day operations as of 2015, when the fieldwork was done. A looser temporal reference to 5-10 years is made, suggesting that the shift in leadership style depends on a combination of internal (personal attitudes towards running a legal business and personal willingness to pass on power to others) and external factors (the national and regional legal framework, the continuous growth of private businesses and the ad market).

Qualities and skills of media business leaders and subordinates' attitudes towards being led
This section presents the results of the interview data analysis. The analysis aimed to identify the intrinsic features of the two media leaders of the Abak-Press (Russia) and the Computer Press (Kyrgyzstan), as well as the skills and qualities required from the employees of these companies. The results of this analysis are treated as cognitive attitudes in the media business setting and are limited to two specific cases. They aim, however, at a better understanding of internal organisational dynamics and leader-follower relations.

As discussed in Chapter 5, the interview data analysis included three coding stages: a) identifying descriptive codes, b) arriving at the categories, and c) discerning the analytic codes. Each interview with company employees, including the owners, resulted in 50-100 descriptive codes, depending on each interviewee's job role and his/her variety in vocabulary/oral expression. Descriptive codes were the words most frequently used by interviewees when asked about their position within an organisation, their work experience and their relationship with colleagues and line managers. While the most frequently used words were the linking words and prepositions, such as "and", "in", "to be", "not", "at", these were excluded from the coding.

Only meaningful words were selected as descriptive codes, according to the meaning coding (Kvale, 2007). Following the logic of the grounded theory method developed by Glazer and Strauss (1999), Goulding (2009) and Charmaz (2014), descriptive codes were categorised according to action verbs and adjectives. The first category, action verbs, was identified to analyse the company owners' and employees' thinking about the actions necessary to fulfil an employee's job role and to contribute to the company performance. The second category, adjectives and descriptive phrases, was identified to capture the key qualities and skills which company employees regard to be necessary for a company leader to be able to fulfil the job. The top 20 words in each category were selected based on the number of times they were used in the interviews. Results from the Kyrgyz and Russian cases were compared (see Table 9 for qualities, and Table 10 for actions).

Table 9. Category "Qualities and skills of a media business leader in Russia and Kyrgyzstan"

	Results for Kyrgyzstan		Results for Russia	
	Quality	Frequency (x of times)	Quality	Frequency (x of times)

1	Business Savvy	24	Business Savvy	43
2	Experienced	17	Experienced	16
3	Kyrgyz-speaking	13	Decision-maker	14
4	Leader	9	Leader	14
5	Successful	9	Strategic thinker	12
6	Knowledgeable	8	Knowledgeable	9
7	Creative	8	Allows employees to make mistakes	9
8	Considerate	6	Demanding	8
9	Ambitious	4	Quick	8
10	Quick	4	Highly intellectual	7
11	Believes in the Success of the Business	4	A manager	5
12	Influential	4	Supportive	5
13	Place's confidence in employees	4	Successful	5
14	One-of-a-kind	4	Self-consistent	4
15	A Manager	4	Powerful	4
16	Friendly	3	Controlling	4
17	Prominent	2	Achiever	3
18	Dynamic	2	Persuasive	3
19	A cultured person	2	Strong	3
20	Encouraging	2	A remarkable individual	3

Source: Interview Analysis

As demonstrated by Table 9, above, "business savvy" and "experienced" are the top two qualities that interviewees attribute to both to Russian and Kyrgyz media business leaders. The higher rate for 'business savvy' in Russia speaks for the tougher business realities for media businesses in Russia, which depend on government authorities, regulations and the state of the Russian economy (Vartanova, 2011). To illustrate the case, here are some ad hoc examples from the interviews with staffers carried out by the researcher in Ekaterinburg and Bishkek. Speaking of Abak-Press, Gennadiy Kachinsky, who heads Blizko, said in an interview for this study that "you would require business-savviness and market knowledge to build a nation-wide company out of a provincial Ekaterinburg, and Kharitonov managed to do it." Speaking of Super Info newspaper, Kyrgyz media expert Emil Kadyrov said in an interview that "it was Sultanov's business-savvy approach that helped him create a team out of people who didn't have journalism experience before, who are in this business for the first time, and lead them to produce a phenomenal journalistic product – Super Info." Moving on to other qualities, for Kyrgyzstan, being able to speak Kyrgyz was the third most necessary quality of a media leader. While it is also obvious for Russia that a knowledge of Russian is necessary to lead a local media business, Russian respondents considered language skills to be self-evident. For Kyrgyzstan, the situation is different, because this country gained independence from the majorly-Russian speaking Soviet Union, and creating a media product in the country's own

state language – Kyrgyz – is now not only seen as being a matter of national pride, it is also a strong business opportunity. The success of the Computer Press is largely due to the fact that it was Kyrgyzstan's first of a kind infotainment newspaper and an online portal in the country's own language, Kyrgyz. To move on to the other qualities, being 'a leader' made it to the top 5, both in Russia and Kyrgyzstan, which demonstrates that employees acknowledge the overarching role of the leadership and they are happy about being led. Another shared feature is that in both countries the employees identified their leaders with qualities of uniqueness: "one-of-a-kind" for Kyrgyzstan (4 times), and "a remarkable individual" for Russia (3 times). This means that employees are not quite sure that they could develop a similar business. These types of features are signs of charismatic authority (Weber, 1947). It is when a leader is perceived to possess supernatural, almost divine, qualities. Yet, the lower position within the top 20 of the uniqueness code for Russia and Kyrgyzstan means that charismatic leadership for these particular companies as Abak-Press and Computer Press, is fading and is slowly giving way to a more pragmatic leadership style. It is also evident through the relatively high position of such 'non-emotional' qualities as being 'quick' and 'knowledgeable' in both countries.

There were other qualities that were mentioned during interviews, yet they did not make it to the top 20. For instance, in Kyrgyzstan, such qualities as being "open-minded" and "honest" were mentioned by one interviewee each. In Russia, the infrequent qualities that did not make it to the top 20 were that a leader should be "creative" and "a free thinker". These results do not mean that the qualities that did not make it to the top 20 are not represented among the media business leaders in Russia and Kyrgyzstan. Rather, it suggests that these qualities of a leader are less likely to be considered necessary by employees. Such quality as being a good 'manager' also made it to the top 20 in both countries. The fact that the 'manager' quality is near to the bottom, if compared to the 'leader' quality, suggests that, so far, an understanding of good media management is only now developing in both Russia and Kyrgyzstan.

While Table 9 (on the previous page) looked at the qualities one requires to be a successful media leader, Table 10 (on the next page) looks at how the employees of media businesses perceive their own contribution to the success of the media businesses for which they work. These results help to discover which key qualities successful media businesses require from their employees in Russia and Kyrgyzstan. It also helps to get a glimpse of the employees' aims and motivations. Overall, the results presented in Table 10 contribute to a better understanding of the internal organisational dynamics and leader-follower relations in the Computer Press and the Abak-Press.

Table 10. Category "Employees' actions contributing to media business performance in Russia and Kyrgyzstan"

	Results for Kyrgyzstan		Results for Russia	
	Actions	**Frequency (x of times)**	**Actions**	**Frequency (x of times)**
1	To work hard	**97**	To sell	**37**
2	To be competent	**24**	To know the market	**30**
3	To plan	**21**	To understand the company's interests	**21**
4	To be a team player	**16**	To understand business/political environment	**20**
5	To take responsibility	**15**	To manage oneself	**14**
6	To know the (Kyrgyz) language	**15**	To develop one's capabilities and learn	**14**
7	To be experienced	**12**	To plan	**11**
8	To develop one's capabilities and learn	**11**	To know the company's business-model	**10**
9	To know the market	**10**	To be a team-player	**9**
10	To be the first-mover	**9**	To be competent	**7**
11	To be decisive in creating new opportunities	**8**	To adapt to rapid changes	**5**
12	To be educated	**8**	To be active	**5**
13	To scramble	**8**	To create an atmosphere at work	**4**
14	To create an atmosphere at work	**6**	To communicate effectively	**4**
15	To have an eye for detail	**6**	To be frank	**3**
16	To cooperate	**6**	To be an example for others	**3**
17	To meet requirements	**6**	To cooperate	**3**
18	To have an opinion	**5**	To be educated	**3**
19	To train/mentor others	**5**	To win the market	**2**
20	To sell	**5**	To train/mentor others	**2**

Source: Interview Analysis

Codes for Kyrgyzstan, represented by Table 10, on the previous page, demonstrate more of an inclination to be a team-player. On the other hand, the codes for Russia demonstrate more focus on doing business. Being a team player was used 16 times by the Kyrgyz interviewees and 9 times by the Russian ones. It needs to be interpreted as a cognitive attitude in the business setting, rather than as a cultural trait, as this study is specifically aimed at getting to know the processes of media business transformations. These results demonstrate that 'being a team

player', or 'being concentrated on business processes', are (among others not covered by this research) distinguished as being ways of survival and of success by the employees in media companies, depending on the market and the country.

Moreover, the Kyrgyz workers' inclination towards being a team-player is supported through such action codes as "to work hard" (97 times – the highest ratio), to scramble (8 times), to create an atmosphere at work (6 times), and to co-operate (6 times). Based on these research results, it is believed that, in the Kyrgyz working culture, "meeting the requirements" of a job, working hard and being a good team player are reasons for the success of the media company for which they work Meeting the requirements may be interpreted as being conformist, however, it may also mean being attentive to job responsibilities, which is a strategy which means that workers will not lose their job. Given the current economic condition of Kyrgyzstan, the latter – fear of losing a job - may well be transformed into the former – conformity. From another point of view, it may be the reflection of hierarchy in the workplace, in which one should be part of a team in order to show respect for line managers and other colleagues. For instance, research on management in private Chinese enterprises, carried out by Schlevogt (1995; 2002, p. 40) and Warner (2003, p. 215), viewed team-building through the prism of hierarchy and subordination.

In the case of Russia, the results demonstrate that there was a lot of effort within the company to make staff members pay attention to market factors and conditions. Such action codes as "to know the market" (30 times), "to know the company's business model" (21 times), "to adapt to rapid changes" (5 times) and "to win the market" (2 times), reveal that Russian media workers tend to keep market factors on their mind at work. The most highly scored code, "to sell" (37 times), also means that staff members are result-oriented, and it was also most likely that they had been made to understand, by their line-managers, that the outcomes of their selling activity directly impacts on the financial health of the company. There is also one more code which scored in the top 5 in Russia, but which did not score in the top 20 in Kyrgyzstan, which is "to understand business/political environment" (20 times). This issue was also raised by almost all the interviewees in the Abak-Press, which means that it really is on the agenda. There is also a bigger inclination towards individualisation in Russia than there is in Kyrgyzstan, where people lean more towards group work. This is demonstrated by the highly scored code "to manage oneself" (14 times), in Russia, which did not appear on the Kyrgyz top 20 list. In Russia, such codes as "to create an atmosphere at work" (4 times) and "to be a team player" (9 times) did appear on the top 20 list, but they did not score very high. This means that these qualities are

not considered to be the most important ones for making a business successful. In the views of the Russian workers, these qualities are less important than knowing one's market and being able to adapt and respond to changes rapidly. At the same time, there is the quality of "being frank" (3 times) on the list, which may be a reflexion of the specific Russian work ethic. This may mean that, for Russians, being frank with others means being a part of a team, even if most of the time is spent on individual work activities.

High competence, eagerness to develop one's knowledge and planning scored high in both Russia and Kyrgyzstan, which is the result of the good work ethic among staff members of long-running established media holdings. It may be the case that such a work ethic is only found in the media holdings that were being analysed – the Abak-Press and the Computer Press. As the sample of companies studied is small, the similar work ethic may not be replicable across a larger sample of companies.

The categories that are explained in this section laid the basis for analytic codes (Gibbs, 2007; Kvale, 2007). The analytic codes will be discussed in the next section.

Doing media business: Reasons for the success of Abak-Press and Computer Press
Based on the above categories, four analytic codes were developed. The analytic codes identify four important trends that have arguably influenced the success of the Abak-Press and the Computer Press. The codes were developed based on interviews with company owners and employees, and they thus had to be validated. This research validated these four analytic codes through the cross-textual analysis of interviews with different groups of people: company owners, employees, media experts, academics, representatives of competing businesses and failed entrepreneurs. It appeared that all four analytic codes were confirmed through the process of the validation.

These four final codes are:
1) A Charismatic Start of a Business;
2) Knowing One's Market;
3) From Leading Followers to Team-Building;
4) Distancing Oneself from Politics Right from the Start, as a Long-Term Survival Strategy.

Based on research on the Abak-Press and the Computer Press, the combination of these four patterns was necessary in order that they survive and sustain themselves on the market as privately-owned media businesses. The analysis of the existing research in Chapter 4 showed that, since the early 1990s, the newly formed media markets of Russia and Kyrgyzstan have gradually changed. Over the past 25 years, both markets have become more structured than it was previously. In a way, this process represents markets that are becoming more concentrated and, at the same time, more fragmented (Vartanova, 2012). What does this mean for media leadership? If a company originates amid crisis or uncertainty under a leadership of a founder(s) who manages to inspire people to follow his vision, having limited means at his/her disposal, most likely this leader is going to be a charismatic. For the purpose of this thesis, the researcher described it as "a charismatic start" of a business. Following initial success in innovative responses to threats and opportunities, as the company grows and matures, and there is no longer a major threat or uncertainty, charisma is eventually going to lean towards routinisation. It was first suggested by Weber (1947) and later confirmed by Bryman (1992) and Gill (2011). Focusing on specific types of media organisations - privately-owned and financially viable media holdings specialising on infotainment (the Computer Press) and on serving the business community (the Abak-Press)[29] - this research acknowledges that such media firms are rare birds in the market. When this research was done, less than 20 of such companies were identified as being operated in the Russian and Kyrgyz media markets. One of such companies in Russia is the Abak-Press, a regional media holding with headquarters in Ekaterinburg, founded in 1992. A Kyrgyz example is the Computer Press, a nationwide media holding with headquarters in Bishkek, founded in 2001. Analysis of both companies' paths from their origin as "one-[wo]man army" businesses to their current state as media holdings suggests the following pattern. It appears that the new culture was created (Kotter and Rathgeber's Step 8)[30] immediately at the start, while the changes in vision and strategy (Kotter and Rathgeber's Step 3) were developed and implemented only when organisations matured and reached financial self-reliance. As discussed in Chapter 1, Kotter and Rathgeber's 8-step process of successful change (2006, p. 130-131) implies that any transformation starts with the creation of a sense of urgency, and a guiding team is then pulled together by a leader. This team decides what to do and starts to make change happen. The team in charge of transformation communicates the necessity for the change to the rest of the staff, and then persuades the

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[29] Koltsova (2006) defined sustainable privately-owned media companies as being "profitable non-political media".

[30] Kotter and Rathgeber (2006) analysed how change can be implemented in established firms and arrived at the "eight-step pattern" of highly successful change efforts within organisations.

majority that the change is necessary. It is important to produce short-term wins to create some visible successes as soon as possible in order that the followers don't give up. The change should then stick to the company as if it were a natural thing. The final step is the creation of the new culture within the organisation.

Kotter and Rathgeber's 8-step pattern of making change is different to the experiences of Alexei Kharitonov and Kylychbek Sultanov in the following ways:

1) Kotter's suggestions deal with replacing old traditions with the new culture of doing things in an organisation, while Kharitonov and Sultanov created companies from scratch. In Kharitonov and Sultanov's cases, they created a culture right from the start alongside the creation of a sense of urgency, putting together a team, and producing short-term wins.

2) Kharitonov and Sultanov did not have clear visions and strategies about the kind of businesses they wanted to build from the start. This is due to the absence of past business experience, since they could not do business in the Soviet Union. They both described their first moves in the market as being attempts to do what they liked and what they thought would work. Hence, their first steps were more intuitive than they were rational/strategic. However, when the Abak-Press and the Computer Press matured, their heads started to act in accordance with Kotter's development of change vision and strategy.

Both Sultanov and Kharitonov have a background in IT. The transformations that the Computer Press and the Abak-Press are undergoing are related to digitisation and the gradual movement of business from print to online. Both Sultanov and Kharitonov believe that their business's future is on the internet. According to previous research on innovation in the media industry carried out by Lund (2008), technology-driven innovations are more effective than market-driven ones.

> Technology-driven innovations appear to have a much better chance of effective diffusion in news organisations than market-driven projects aiming explicitly at structural changes or human resource alterations. Although computerization and digitalization of media environments may be regarded as quite complex, such developments appear to facilitate reorganization of tasks that are only marginally dependent on the technological innovation promoted (Lund, 2008, p. 206).

Computer Press has a simpler business model than the Abak-Press. The Computer Press has a highly successful newspaper, a highly successful website and its own advertising agency, which serves both the paper and the website. The media holding will find it easier to gradually adapt to the decrease in the circulation of the paper, and to improve and widen functions of the website. The unique viewership figures of the website have only been growing. Besides, the Computer Press already employs senior managers, tech staff and content producers who specialise only in the website. They can drive further change. One more factor is that the Computer Press' average staff age is quite young, less than 30 years of age. This means that it will be easier for some newspaper staff members to adapt to working for the website in the case that inter-company switches become necessary. The Computer Press may therefore be transferred to the Weberian 'legal-rational' authority as soon as it makes the necessary arrangements. This media holding remains in control of when this transformation should be made, since the decrease in the newspaper circulation rate is not significant, and is not as pressing to the company. The case of the Abak-Press is more complex, because the company's main business is in B2B and B2C operations. Its core employees, the ad managers, are used to working with clients over the phone or face-to-face. They have also become used to much bigger budgets than the internet can offer. The psychological transformation needed in relation to the internet may be very difficult for the Abak-Press. Even if the company manages to gradually close its print assets and make a move towards the internet with its online project, which is currently being developed by the team of IT specialists under the guidance of Kharitonov, it is still questionable whether the Abak-Press is going to be financially stable if it relies only on internet sales. That means that the Abak-Press will have to deal with change management longer than might be expected. It may also delay their transition to the Weberian 'legal-rational' authority. Change management, in the case of technology-driven innovations, requires not only the management tools but also charisma (Lund, 2008). "[…] management tools and charisma [are] needed to motivate change, not only with respect to subordinates but also for bottom-up efforts influencing executive boards and top management" (Ibid, p. 207) While the Abak-Press's Kharitonov does not deal with executive boards, since he is the owner and Director General himself, this quote nevertheless relates well not only to himself but also to the Abak-Press's middle managers, who are an inevitable and vital part of the guiding coalition that is needed to implement change (Kotter, 2006).

As discussed in Chapters 1 and 2, charismatic leadership is more suitable to crisis situations, when an organisation struggles to survive or is undergoing major internal changes. The legal-rational leadership is more suitable for stable periods in a company's history. The next stage in

the transformation of the media leadership is arguably the transition from a 'charismatic' leadership to a 'legal-rational' one. The transition to a legal-rational authority is only complete once the company continues to function in a self-reliant way after the main power resource is passed from its current leader to a new one. (Kotter, 2012) The new leader, if he or she ever arrives, will be a typical general manager, and it is going to be a legal-rational manager. The qualities and leadership patterns of this type of manager are most similar to Kotter's (2008) findings on general managers.

In the foreseeable future, neither the Computer Press's owner, Kylychbek Sultanov (40 years old.), nor the Abak-Press's Alexei Kharitonov (55) plan to retire[31]. Being middle aged, each of them are easily physically capable of working for 15-20 more years, unless they decide to pass the leading functions to someone else sooner. Therefore, it can only be concluded that the full legal-rational transition will be complete once a new person takes on the lead of these companies. As this thesis argues, the conditions for the transition from the charisma-style to a legal-rational leadership have been created. It can only be speculated that the transition will happen within 15 years, if all external and internal factors remain the same. Hence, the major difference between the Russian and Kyrgyz media businesses is that the Russian environment poses more threat to any media business. In both the Russian and Kyrgyz media businesses, the owners are, however, obliged to 'co-operate' with the political elite. While, in Kyrgyzstan, this cooperation means that a media leader may be invited to take a political post, in Russia, it means complete 'non-interference' with the state so that the *status quo* of the local, regional and nationwide authorities is maintained. For both Russian and Kyrgyz media businesses, the ultimate reason for the success of the Computer Press and the Abak-Press is that they have not covered the socio-political situation. The Computer Press focuses on infotainment, and the Abak-Press serves local businessmen and entrepreneurs.

Given the stable financial state of the business, the expertise and experience of the media owners, and their consequent teams in the media business, and their ability and eagerness to learn, both the Abak-Press and the Computer Press have a fair chance to transition from 'a charismatic' authority to a 'legal-rational' authority. This means that once Kharitonov and Sultanov decide to distance themselves from their businesses, or to pass their businesses to someone else, the companies that they've created will still live on and develop. This is particularly the case for the Computer Press, which, in fact, is already managed by Shatmanova,

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[31] There is a 15-year gap between Kharitonov (55) and Sultanov (40). According to the Collins English dictionary, both belong to the same middle adulthood category (from 40 to 60 years).

while Sultanov formally only serves as a consultant. The Abak-Press also has a chance to transition within the next 5-8 years, provided that the current digital challenge is adequately addressed. However, there are several risks that can be a serious stumbling block for Russian and Kyrgyz media businesses' transition. First, there is a risk from the state. In Kyrgyzstan, there is an uncertainty surrounding the property of the Computer Press. The property is connected to the wife of one of Kyrgyzstan's leading opposition politicians Omurbek Tekebaev. The issue of this property is raised from time to time as an instrument of pressure on political opponents by the state. Second, in both Russia and Kyrgyzstan, there is uncertainty with the media's legal framework. The issue of the taxation of media companies is undergoing many changes, and the businesses need to consider that volatile environment when making long-term plans. Third, the Abak-Press's ability to transition depends on its financial stability, which, in turn, depends on its strategy. If the Abak-Press is not able to scale up its business, it has the chance to remain a robust player on the level of the Ural region of Russia. In this case, it is still possible for Kharitonov to transition so that the company becomes a legal rational authority.

This research contributes to the academic field of media leadership and management in crisis. The leadership style of the Abak-Press's and the Computer Press's company founders can be best described as the tipping point of leadership style. This style is found not only in media organisations, but has rarely previously been applied to the media. One of the most descriptive applications of tipping point leadership was completed by Kim and Mauborgne (2006). Their study, published by the *Harvard Business Review*, utilised the 'strategy canvas of transit' technique. This technique is a double-axis graph which shows which elements of strategy a leader has used to implement change. Kim and Mauborgne observed Bill Bratton, the police commissioner of New York City, in their 2006 study. The reason that Bratton is used as a case study of tipping point leadership by the *Harvard Business Review* is because, within two years after being appointed as the NYPD head, he managed to turn New York into the safest city in the USA with no increase in his budget. Both the leaders of the Computer Press in Kyrgyzstan and the Abak-Press in Russia experienced the same situation when they had just started their business: that they were very limited in resources and could not borrow from anywhere.

At the same time, the post-Soviet case of leadership and management is not unique. There are similar examples of leaders and managers in crisis or in transition in academic literature. Although the examples from literature, below, did not look at the media leaders and managers, they may be used as a contextual reference or a theoretical framework. They are:

1) The Change Maker, who is dealt with by Kotter and Rathgeber (2006). This is any leader who deals with market change. For instance, it can be the leader of a media company dealing with the challenges of monetisation due to digitisation;

2) The Contemporary Chinese senior manager, who is described by Yeung and Tung (1996) and Ngok (2007). This is a manager who deals with an economy that is in transit from socialism to capitalism;

3) The late Soviet manager (during Gorbachev's perestroika, but before the dissolution of the USSR) by Kiser (1989). This is a leader who has little room for entrepreneurship and creativity due to the restrictions on businesses by the state;

4) The modern Indian manager, which Chatterjee (2007) writes about. This is a leader whose business tries to compete globally while managing teams within patriarchal cultures.

Table 11, on the next page, provides more information about the specific features of each type of leader. The column on "context" offers an idea of the contexts to which each leadership type refers, and how applicable it is to other contexts.

Table 11. Types of leaders depending on the external environment[32]

Type of a Leader	Features	Context
	"Curious and observant" (p. 9), notices the threat earlier than others; does what seems right to him,	This type of leader is suitable for big,

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[32] Here, I look at both companies that are undergoing transition to respond to external challenges, e.g., digitisation and the growth of social media, and the companies that find themselves in a transitioning country, e.g., it is the state which is transitioning from socialism to a free market.

The Change Maker	does not panic easily; not necessarily someone who occupies the leading position and has a track record of making change, but is the employee with leadership potential.	established firms that face transformation challenges from market externalities
Contemporary Chinese senior manager	- Hierarchical and autocratic managerial style; - Accepts the need to borrow ideas from the West and represents a blend of Chinese traditions and global imperatives; - A "blend of Confucian and socialist philosophical elements" (Yeung and Tung, 1996, p. 71), with an emphasis on pragmatism; - Concerned about maintaining 'a face' (Mianzi) between all layers of management, employees and overseas partners; - Egalitarianism between managers and employees, often a theory rather than a practise (p. 71); - Pays attention to developing social and business networks (Guanxi), developing personal relations with colleagues and subordinates.	Older generation of Chinese senior managers lead SOEs and government ministries. The younger generation of Chinese senior managers lead private sector companies, joint ventures, wholly-owned foreign organisations and innovative former SOEs.
The late Soviet manager (during Gorbachev's perestroika)	In the late 1980s, the first entrepreneurs appeared in socialist Russia, Hungary, East Germany and Czechoslovakia – all these countries experienced the rise of entrepreneurial activity and leadership. At the same time, the scale of entrepreneurial activity was state-controlled.	A manager with a lack of room for entrepreneurship
The modern Indian manager	Attempts to establish a work ethic based on competition and the professionalization of staff to adapt to the needs of global innovation. Traditionally, Indian management and leadership have been dominated by "patriarchal leadership" (Chatterjee, 2007, p. 95) which implies strict subordination of, and reverence for, elders by younger workers, discouragement of critical feedback, and emphasis on self-learning.	A manager who balances the global and the local in the work environment, e.g., works within the patriarchal culture and adapts to the global market.

Sources (in order of appearance): Kotter and Rathgeber (2006), Yeung and Tung (1996), Ngok (2007), Kiser (1989), Chatterjee (2007).

Conclusion

This chapter has argued that the Weberian charismatic leadership style was suitable for founding and growing media businesses in post-Soviet Russia and Kyrgyzstan. The Russian Abak-Press and the Kyrgyz Computer Press are privately-owned media enterprises that were founded by a single entrepreneur in the 1990s and 2000s, respectively. As of 2016, they were financially stable media holdings. It was possible for Alexei Kharitonov and Kylychbek Sultanov to grow and sustain their business thanks to their awareness of the political situation and their knowledge of their market. In both cases, a deliberate choice was made to not cover current affairs – this is something which may be a condition for running a successful media

business in the long term. The Computer Press focuses on infotainment, while the Abak-Press serves the local businessmen and entrepreneurs in Russia's regions.

Their charismatic type of leadership helped Kharitonov and Sultanov to grow their businesses in the highly chaotic and unstable times of the post-Soviet period, which was characterized by the lack of a rule of law and economic uncertainty. The Abak-Press was launched in the early 1990s, while the Computer Press was launched in the early 2000s. Both periods were equally chaotic for post-Soviet Russia and Kyrgyzstan, due to ongoing political, economic and social transition. In both cases, the period during which the company was launched and then developed into a self-reliant operation was marked by a style of leadership that can be best described as charismatic. According to the findings of this thesis, charismatic leadership thus appears to be one of the conditions for running privately-owned media companies successfully in the post-Soviet space. Both the Abak-Press and the Computer Press currently enjoy financial stability. In this regard, in theory, managerial responsibilities can be handed over from their founders to senior managers, yet the reality is different, and there are several factors other than financial stability that have an impact on leaders' ability to transform their authority from a charismatic to a legal-rational one. These factors are related to the market within which a firm operates, and they are a firm's position on the market and a firm's ability to respond to a changing environment. In the case of the Computer Press (Kyrgyzstan), the company started to morph into the Weberian 'legal-rational' authority only four years ago, when the founding owner, Kylychbek Sultanov, passed the general management into the hands of his deputy, Shaista Shatmanova. According to this research, the handing over of responsibilities traditionally executed by company owners to appointed managers or 'general managers' (Kotter, 1982), is both a necessary and sufficient condition for charismatic leadership to morph into a legal-rational type of management. In keeping with the reviewed literature, the handing over of general management responsibilities means that a company can also be run not only by the charismatic leader who created it and ran it for a long time, but by any other person who is appointed to that role. This process whereby the main functions and symbolic power of the company are therefore transferred to an appointed manager signals the authority transition from the charismatic to the legal-rational type (Weber, 1947). One important reason for which the Computer Press managed to reach this stage is its unrivalled position on the Kyrgyz media market. There is no need for it to fight for its market share now as it had to do in its early growth stages in the 2000s. As of 2016, the Computer Press' flagship title, *Super-Info,* was beating its main competitors 9-10 times in terms of circulation numbers (Tokoev, 2013).

As far as the Abak-Press (Russia) is concerned, morphing into a legal-rational authority has been postponed for 5-10 more years, at least, depending on how things develop politically and economically in Russian media market. The Abak-Press is more dependent on its external environment than the Computer Press. There are two reasons for this. First, Abak-Press is a regional Russian company, responsible for meeting not only the nationwide regulations but also regional ones, which makes it necessary for the company to establish healthy working relations with regional authorities. The Computer Press does not require this, since it is a nationwide media company with its headquarters in the country's capital. Second, the Computer Press's major title, *Super-Info*, currently (as of 2016) enjoys the market leader position among the print media in Kyrgyzstan, which gives the company more room for strategic and financial planning. On the other hand, even though the Abak-Press has demonstrated an innovative approach to strategy throughout its history, it is currently challenged by the necessity to shift its operations from print to digital. Sultanov can thus spend less time on the actual management, as his teams can do it without his constant presence, Kharitonov still needs to be constantly present in the company in order to react to urgent concerns. Kharitonov himself also still sets the company agenda and the main financial targets for all of the divisions of his media business.

Generally, this research has shown that there is the possibility of media leadership transformation in the post-Soviet space. In turn, this transformation is the sign of a wider societal transformation, from a chaotic and legally uncertain post-Soviet media environment to a more predictable business environment, in which there is a stronger emphasis on the rule of law.

Conclusion

Contribution to knowledge

This section offers three arguments on the value and contribution to knowledge of this research on media leadership in the post-Soviet states of Russia and Kyrgyzstan.

Firstly, by studying people who became media entrepreneurs and, later, leaders who had grown up in the Soviet Union, this research contributes to scholarly debate on entrepreneurship and the leadership of people with no prior experience of doing business. The generation of leaders chosen for this study were born between 1960 and 1976. These are the people who were schooled in the Soviet Union and whose culture was nurtured by socialist values. In the case that individuals born in the 1960s went to a university, they did so in the USSR also, which means they were completely educated under the Soviet system. By the time the Soviet Union broke up, this group were in their late 20s or early 30s. Those born in the 1970s met the break-up of the Soviet Union in their late teens or early 20s. If they went to a university, they did so in the new reality of the independent states. What unites both these age groups is that these individuals gained their first-hand work experience at the radical turn around between the two systems of social organisation: socialism and capitalism. Their first serious full-time occupation was related to establishing their own private business from scratch following the fall of the Soviet Union. By studying these entrepreneurs, this thesis contributes to the scholarly debate on entrepreneurship relating to people with no prior entrepreneurial experience.

Secondly, this study fills a gap in the existing literature on the business of media in transitioning countries. There are excellent political economy studies on media transition in East-Central Europe (Splichal, 1994; Sparks, 1998; Jakubowicz, 2013), Latin America (Sparks, 2011) and China (Xia, 2011). However, there is a lack of academic attention to media businesses in the post-Soviet world. The nature of leadership is dynamic and needs to be captured in its current setting through long-term exploratory studies. There is also a difficulty in accessing high-level executives, which means that in-depth case studies are most likely going to be based on relatively small samples of people/companies. There are several examples of the ways in which academics have previously approached these issues. Kotter (1982) did semi-structured in-depth interviews with 15 different top managers from nine corporations in USA to get to answer questions about what kinds of people become high-level executives, and how they behave once they occupy the positions of general managers. Mintzberg (1973) did a similar

study of five top managers and relied almost entirely on observations. Maccoby (1977) studied lower-level managers by doing short, one-shot interviews with them. In the case of the post-Soviet world, there have been studies of top executives, with only a tiny minority of them focusing on media leaders. What unites these studies of the post-Soviet top-level executives is that they used qualitative methodologies. Kets de Vries and Florent Treacy (2003) did in-depth interviews with newly established Russian businessmen who had started their companies from scratch after the fall of the Soviet Union. Volkov (1999) studied the phenomenon of post-Soviet Russian entrepreneurship by using in-depth interviews.

Thirdly, this research demonstrates how access to hard-to-reach people can be gained via gatekeepers and data can be validated using cross-textual analysis. By these means, this research contributes to qualitative research on business, organisational management and media studies. Several scholars have reported that they could not get hold of high-level media executives in Russia, since they were busy. For instance, Yaffa (2014) mentioned this in relation to Konstantin Ernst, the director general of Russia's *Channel One*. This research argues that a comparative case study framework may work, provided there is a larger sample of interviews conducted with sources outside the-company, such as media experts, academics, former company employees and representatives of competing businesses. In each of the two companies that were studied for this research, twenty interviews with media owners, high-level and lower-level management and staff members were conducted. Access was gained with the help of gatekeepers, and the process involved two months in Kyrgyzstan and six months in Russia. The interview data with company staff was supported through ten additional interviews in each country with media experts, university professors, representatives of competing companies, former employees and journalists. A small population of media leaders does not offer proof of any hypothesis, yet it demonstrates the rare nature of private media businesses in both Russia and Kyrgyzstan. This investigation did not aim to prove theories. The chief objective of this research was to investigate the phenomenon of charismatic leadership in the media in 1991-2016, in its natural setting. In this case, a qualitative study proved to be efficient.

Leaders of Russian and Kyrgyz media businesses

The aim of this research was to generate tentative answers to a question: who is a post-Soviet media leader? The examples of the Russian and Kyrgyz cases, and how leadership situates itself within local media companies, are used. Arguably, the leaders who managed to grow media holdings from small-scale businesses have also been demonstrating the traits of charisma in the

process. This historical period (1991-2016) serves as a background for the appearance of the first entrepreneurs in the post-Soviet space. This research argued that charismatic leadership has been the most efficient way for these individuals to start and grow a business in that environment.

What specifically came from this research is that there are certain qualities and skills that Russian and Kyrgyz media business leaders must have. According to the findings, Russian media leaders must exhibit the following qualities: 1) be business-savvy; 2) be experienced; 3) be a decision-maker; 4) be a strong leader, and 5) be a strategic thinker. In Kyrgyzstan, a media leader must be: 1) business-savvy; 2) experienced, 3) Kyrgyz-speaking; 4) a strong leader, and 5) successful in monetary terms and reputation. Based on the results of the exploratory study of the two cases of Russian and Kyrgyz media holdings[33], four conditions for media business viability in Russia and Kyrgyzstan have emerged. They are:

1) A charismatic start of a business;
2) Impeccable market knowledge;
3) Ability to shift from leading followers to team-building;
4) Ability to distance oneself and one's company from politics from the start, as a long-term survival strategy.

If a company originates amid crisis or uncertainty under a leadership of a founder(s) who manages to inspire people to follow his vision, having limited means at his/her disposal, most likely this leader is going to be a charismatic. For the purpose of this thesis, the researcher described this condition as "a charismatic start" of a business. The next condition which is necessary for media business viability in Russia and Kyrgyzstan is market knowledge. It might come as common for managers and leaders of businesses in the countries where management has long lasting traditions. However, for the post-Soviet managers who had no prior awareness or experience of running a business due to it being prohibited in the Soviet Union, market expertise has been a new skill to gain. Following initial success in innovative responses to threats and opportunities, as the company grows and matures, and there is no longer a major threat or uncertainty, charisma is eventually going to lean towards routinisation. Therefore, a leader's ability to shift from leading followers (a typical feature of charismatic leaders) to managing a team (a sign of more pragmatic leadership types) becomes a necessity. And, one

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[33] See Chapter 5 for methodology.

more condition, which depends on the environment in Russia and Kyrgyzstan in the observed period of 1991-2016, suggests that media businesses were more likely to survive in the long-term should they not get involved in covering politics.

These findings are in line with previous studies on business leadership. Throughout his career, John P. Kotter has argued that dry managerial knowledge is not enough to succeed in executive jobs. Given that the economy is becoming more unpredictable, many skills are necessary in order to run a company, such as:

> […] motivational, temperamental, interpersonal, and other personal characteristics […]; experiences, literally starting from birth […]; some degree of specialisation, commitment, and fit with the local environment […]; complex, subtle, and informal behaviour are important (Kotter, 1982, p. 131).

Even though Kotter's 1982 study, as well as his more recent works (2006 and 2012), did not concentrate on charisma, they made the point that it is more and more commonly required that managers be able to motivate employees, be good public speakers and be emotionally intelligent. These are all the attributes of charismatic leadership (Bryman, 1992; Leigh, 2011).

Building on these theories, and according to findings of this research, charisma, emotional intelligence and market knowledge are essential personal qualities that are needed for Russian and Kyrgyz entrepreneurs to create financially stable media businesses. The prevalent view in management studies before the 1980s was that intelligence, analytical skills, and knowledge of management tools, concepts and theories were essential for effective professional management (Kotter, 1982, p. 132). Kotter's study (1982) revealed that general managers largely rely on informal processes, rather than on formal procedures. They spend most of their time with others, including peers, outsiders, and subordinates, discussing a wide range of subjects (Ibid, p. 133), as opposed to sitting quietly in their rooms and creating formal plans and structures for their subordinates to follow. As soon as they arrive in their jobs, the general managers use informal processes, e.g., having unplanned conversations in which GMs ask a lot of questions and seldom give orders, in order to create agendas and networks of cooperative relationships (Ibid, p. 133). Once they become fully acquainted with the nature of the business and get into the swing of the work in a firm (which usually happens 6-12 months after appointment), they concentrate on the execution. Then their networks begin to implement their agendas for them by influencing their own subordinates. In this regard, Kotter emphasised that ambition,

achievement, and power motivation were as important for the effective management of a firm as were temperamental evenness, optimism, developed cognitive and interpersonal skills, detailed knowledge of the business and organisations in which they work, and many cooperative relationships with other people in that business and organisation (Kotter, 1982, p. 133).

The external environment of the post-Soviet world is different to the context which Kotter discussed, but the very nature of the media management job makes these findings widely applicable. Media managers and media business owners must make decisions on highly uncertain, diverse and informationally-overloaded environments. They "[…] implement change through a large and diverse group of subordinates, peers, bosses, and outsiders, despite having little control on them" (Kotter, 1982, p. 133). The owners exercise control over subordinates through carefully planned informal networks of high-level managers, who report directly to them and implement the owners' agendas by influencing other people. In a highly volatile media environment, the key to management success is emotional intelligence and an ability to influence other people while maintaining their respect and trust. While features of management in uncertain environments are generally applicable, the characteristics of the leadership of media businesses are more specific, depending on the part of the world and the business's nature. This thesis argues that, unlike business leaders elsewhere, Russian and Kyrgyz leaders/owners are not only acutely aware of the current political leadership, but also try not to get involved in any relationships with people in power. Non-involvement with politics means that their business is more likely to survive.

In Russia and Kyrgyzstan, inhibiting managerial practices, promoting excellent performance and encouraging more hard work and education within a firm is on a par with maintaining a leader's *status-quo*, or one's leadership position being unchallenged. This *status-quo* suggests that the leader is s/he who knows best how to deal with crises and s/he is the one who is trusted and respected by the employees. Some scholars explain this as being a cultural trait (Ryvkina, 1989; Chhokkar et al., 2008; Walter and Bruch, 2009). Others see the reasons for it in the economy's developing nature in Russia and Kyrgyzstan, and the subsequent risk of private business not being able to survive (Pillai and Meindl, 1998). There is also a limited job market, which possibly makes an employee delegate most of the decision-making to the boss and senior management. At least, this research has revealed that the intra-company bonds between leaders and subordinates are quite strong and healthy. Private initiative is accepted and is not punished at all managerial levels. This research suggests that employees instinctively adopt a kind of

work ethic when they energetically deliver the tasks for which they are responsible, at the same time, they don't challenge the *status-quo* of their senior managers, especially the founder or managers who have worked in the company for more than 10 years, so as to save their jobs and avoid conflicts. Similar behavioural features can be found in other transforming markets, such as China (Schlevogt, 1995).

Leadership dynamics in emerging markets: The Weberian types of authority in transition

For Kotter (2012), change is about different combinations of leadership and management. Following this logic and analysing the results of empirical data gathered in Ekaterinburg, I argue that the Abak-Press has been in the process of transformation since its creation. Alexei Kharitonov created the Abak-Press without prior management experience. It was the first company he had ever created, directly after the fall of the Soviet Union, where entrepreneurship was prohibited by law. Based on this, one can assume that, in its early stages, the Abak-Press was a company with sufficient leadership (Kharitonov's vision to build his first business), but not enough management (no one had management skills). Later, throughout the 1990s and 2000s, the company was busy surviving in the market. At that time, the company leader, Kharitonov, learnt what the market economy was about and became used to adapting to the political and social environment of Russia. At the same time, the Abak-Press managed to expand significantly. New products from the Abak-Press, e.g., Delovoi Kvartal, Blizko, and *Biznes i Zhizn*, appeared on the market. The company was constantly trying new ideas. In its current stage (2014-2016), the Abak-Press is cutting its print assets and transforming to a digital-only company. According to Kotter (2012), the current type of transformation can be described as a 'strong individual leadership + a solid management'. Kotter's analysis tells us that this combination can work out well if the company's boss is one of the leaders and s/he guides teamwork on how to make change happen. This is the case in the Abak-Press, where Alexei Kharitonov initiated the change. He is the boss, the owner of the company and the current operational leader. He enjoys support from the other members of the guiding coalition. This means that the current process in the Abak-Press's transformation has a fair chance of succeeding, according to Kotter's theories. However, one still needs to consider the nature of the economy and of the social-political life in Russia. If the Abak-Press's leadership and management jointly find a way to transform their company into a digital-only enterprise, it will be a successful story of change management in the emerging Russian media market. If one imagines that the Abak-Press successfully managed to address the current challenge and to

transform, the time will come for yet another transformation. Kotter (2012) called it 'solid leadership + solid management.' It is typical of this combination that it works well if "there is good teamwork, regardless of who is the boss." (Kotter, 2012, p. 60) This is the highest stage of a company's development, when all processes run smoothly regardless of who is in charge. This means that no matter which competent individual(s) is (are) appointed as general managers, the company will remain stable. Drawing parallels with Weberian authority types, this type is a legal-rational authority (Weber, 1947).

Critical reflections on research process and the main limitations of the study

A small number of case studies (two) cannot conclusively prove my main argument, considering the variety of media markets that are present across the post-Soviet space. However, this is the first systematic and in-depth study involving the on the ground face-to-face interviewing of media owners, managers and media employees in regional Russia and Kyrgyzstan. The chief objective was not to prove any theory, but to try to see the extent to which Weber's and Kotter's theories of authority and leadership/management are applicable to the post-Soviet setting. This study has proved that these theories find a common ground at the post-Soviet media markets, and further studies on the matter can expand on that approach. The methodological philosophy of this research consistently follows the tradition of qualitative research in the field of organisation management. The research focuses on a holistic, dynamic and exploratory outlook on the phenomena of post-Soviet media leadership. This study also does not seek ways to improve the effectiveness of leadership and the management of post-Soviet private media holdings, Rather, it looks at the ways in which leadership and management coexist within organisations, how the relationship between leadership and management is influenced by the external factors, e.g., the political environment, and how it is transformed into the actual day-to-day operations.

Further research

The first and foremost way to progress this research would be to continue studying the same topic using a different method. Previous research by Kotter (1982) demonstrated that a quantitative method of survey may potentially lead to interesting data on leader-follower attitudes in an organisation or organisations. For example, using this method, further research could analyse Russian and Kyrgyz media company employees' attitudes to their leaders and trace the dynamics of charismatic leadership. Using this method, it also is possible to test attitudes towards leadership among staff members who joined the company long ago and those that did so recently. This method may also reveal how effective charismatic leadership is for the

post-Soviet media businesses. This method should involve surveying larger samples of current staff across all managerial levels, as Kotter (1982) did. Obtaining this kind of information will require a higher level of access to companies and significantly longer times spent on field work, which is why it was not possible to accomplish this during this present research, but it could be planned and organised by future researchers.

Further research may consider the following areas:

1) *The reasons behind the failure of entrepreneurs in Russia, Kyrgyzstan, or other post-Soviet states*

To address the question of entrepreneurial success versus failure in the specific business culture of the above-mentioned states, one may use 'The Dynamic of Failure' model developed by Donald N. Sull (2002) in order to discuss patterns in the modes of thinking and doing business that prevented such companies from succeeding. Sull's (2002) model offers a comprehensive way to assess factors leading to failure. He argued that being stuck in certain modes of thinking and working brings failure, and these modes relate to strategic frames, or to:

> …the set of assumptions that determine how managers view the business" (p. 91); processes, or the way things are done in a company; relationships, or the ties to employees, customers, suppliers, distributors, and shareholders; and values, or the set of shared beliefs that determine corporate culture (Ibid).

Sull emphasised that the failure to answer the key strategic questions: "What business are we in? How do we create value? Who are our competitors? Which customers are crucial, and which can we safely ignore?" (2002, p. 91) leads to the failure of a company. A possible study might analyse the reasons behind failure in the post-Soviet business culture to assess the interplay between external and internal factors influencing a business.

2) *The post-Soviet Generation Y-ers after the Fall of the Berlin Wall: The Business and management practices of private entrepreneurs in the post-Soviet states*

Guilluy-Sulikashvili from Université Catholique de Lille is currently investigating the managerial behaviour of Generation Y entrepreneurs from Russia. While my study looks at an older generation of entrepreneurs (Generation X, or Baby Boomers), this research is situated within the same theoretical framework – management practises and managerial education. Guilluy-Sulikashvili talks about the de-hierarchizing of the Soviet value system. Kamil

Wielecki, University of Warsaw, is analysing the role of social capital and other cultural factors that form the meso-level of businesses and shape the dynamics of running small firms in Russia, e.g., Wielecki mentions the significant role of informal arrangements in business relations in Russia, which results in "business strategies [that] are often embedded in non-economic factors, such as ethnic ties, family and friendship obligations, religious beliefs, etc."

This research argues that alternative rationalities are involved in any business practise globally, but, in the post-Soviet case, their role is high due to transitioning nature of the society and the socio-political environment. Living in such a transitioning environment, the businessmen must make rapid decisions based on trust. Considering the projects being developed by researchers in the field of management studies in Russia and the post-Soviet space, I would suggest studying Generation Y-ers who opened media businesses. Their companies are different in nature to the firms that were founded by Generation X-ers in the 1990s and 2000s. While Gen-Xers founded traditional media, such as TV stations and newspapers, and are now challenged with the necessity to transition to the digital space, the Gen Y-ers in Russia founded online media. An example of such a media entrepreneur belonging to this age group is Vasily Esmanov, co-founder of *Look at Media* in Russia. There hasn't yet been a study on Gen Y Russian media entrepreneurs. Not only are these media companies online, they're arguably more media savvy in terms of how they use social media and other viral techniques, such as memes. This kind of new research could tie up theories of media management and research on viral cultures/political environment in Russia and other post-Soviet states.

3) Media Development in Central Asia
The under-researched Central Asian states - Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan - share a common Soviet past. Yet today they are developing along different trajectories and they represent a varied set of business and management practises. Due to the very limited number of media businesses in this setting, a possible option would be to research online media. Such a study can contribute towards two fields: Area Studies on Central Asia, and studies on business and management in transitioning countries.

There are many options for further research in this area. The research on post-Soviet media leaders is relevant to several disciplines, e.g., organisational studies and management in emerging economies, studies of leadership in transitioning business environments, critical studies of communication, and the sociology of leadership and charisma and its impact on media firms.

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Appendices

1. List of interviews in Kyrgyzstan

Name	Position and affiliation	Date and place of interview[34]	Type of interview
Sabina Reingold	PR specialist at *Beeline Kyrgyzstan*	01.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Marat Tokoev	Media expert, head of public union *Journalist*	1) 03.09.2014, Bishkek, Kyrgyzstan 2) 28.12.2014, Bishkek, Kyrgyzstan	1)Face-to-face 2) Face-to-face
Ulan Muhamed	Former head of a failed newspaper in Bishkek	03.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Aida Dolotbakova	Co-owner and editor-in-chief of *One Magazine*	04.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Nariste Alieva	Former head of failed magazine in Bishkek	05.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Nikolai Pihota	Head of IT at *VB.kg*	06.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Baktynur Abdieva	Co-owner and editor-in-chief of *Bishkekchanka* magazine	06.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Daniel Abdyldaev	Co-owner of failed magazine in Bishkek	06.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Adel Laisheva	Media expert	08.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Almaz Kurmankaliev	Media expert	09.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Bakyt Dyikanov	Media expert	09.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Antonina Blindina	Editor-in-chief of *Chuiskie Izvestiya* newspaper	11.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Aziza Satymbekova	Owner of *Lady.kg* newspaper and website	11.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Dina Maslova	Editor-in-chief and co-founder of *Zanoza*	12.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Kylychbek Sultanov	Owner of Computer Press	13.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Dmitry Fedorenko	Media expert	18.09.2014, Bishkek, Kyrgyzstan	Face-to-face
Shaista Shatmanova	Director general of Computer Press	18.09.2014, Bishkek, Kyrgyzstan	Face-to-face

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[34] This table provides date and place of face-to-face interviews. The place of interview is labelled as N/A in case of interviews that were conducted in a digital way by phone, email or Skype.

Emil Kadyrov	Owner of *Zozh*, publisher	1) 21.09.2014, Bishkek, Kyrgyzstan 2) 07.01.2015, Bishkek, Kyrgyzstan	1)Face-to-face 2) Face-to-face
Baktygul Sokushova	Head of Super.kg, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Damira Arstanova	Editor-in-chief of *Super-Info*, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Meder	IT specialist, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Aigul	*Super-Info* Journalist, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Aiperi	Super.kg journalist, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Aziza	Super.kg journalist, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Mirbek	Super.kg cameraman and video editor, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Aibek	Super.kg cameraman and video editor, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Joomart	Ad manager, Computer Press	08.01.2015, Bishkek, Kyrgyzstan	Face-to-face
Madina (name changed)	Former employee of *Super-Info*, Computer Press	11.01.2015, Bishkek, Kyrgyzstan	Face-to-face

2. List of interviews in Russia

Name	Position and affiliation	Date and place of interview[35]	Type of interview
Sergey	Former employee of failed newspaper in Perm	09.12.2014 N/A	Skype
Pavel	Former employee of failed magazine in Saint Petersburg	08.12.2014, London, United Kingdom	Face-to-face
Yuri Purgin	Owner of AltaPress	19.01.2016 N/A	Skype
Elena Vartanova	Head of Journalism Faculty of Moscow State Lomonosov University	11.07.2014, Moscow, Russia	Face-to-face
Galina Timchenko	Editor-in-chief of Meduza.io, former editor-in-chief of Lenta.ru	12.07.2014, Moscow, Russia	Face-to-face
Alexei Kharitonov	Owner of Abak-Press	07.04.2015, Ekaterinburg, Russia	Face-to-face
Boris Lozovskiy	Head of Journalism Faculty of Ural Federal University	13.04.2015, Ekaterinburg, Russia	Face-to-face
Dmitry Kozelev	Editor at Znak	10.04.2015, Ekaterinburg, Russia	Face-to-face
Gennadiy Kachinsky	Head of Blizko, Abak-Press	08.04.2015, Ekaterinburg, Russia	Face-to-face
Valentina Vygodskaya	Head of Puls Zen, Abak-Press	09.04.2015, Ekaterinburg, Russia	Face-to-face
Olga Raeva	Associate Editor of *Biznes i Zhizn*, *Abak-Press*	10.04.2015, Ekaterinburg, Russia	Face-to-face
Vera Tarasova	Editor-in-chief of *Biznes i Zhizn*, Abak-Press	10.04.2015, Ekaterinburg, Russia	Face-to-face
Pavel Matyaj	Designer, *Biznes i Zhizn*, Abak-Press	13.04.2015, Ekaterinburg, Russia	Face-to-face
Tatiana Kazarina	Former employee of Abak-Press, correspondent at *Nasha Gazeta*	10.04.2015, Ekaterinburg, Russia	Face-to-face
Ilya Kiriya	Head of Faculty of Communications, Media and Design, National Research University Higher School of Economics	26.03.2015 N/A	Skype
Vladislav Derevyannyh	Art director at Voskhod	06.04.2015, Ekaterinburg, Russia	Face-to-face

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[35] This table provides date and place of face-to-face interviews. The place of interview is labelled as N/A in case of interviews that were conducted in a digital way by phone, email or Skype.

Alexei Belousov	Editor at *Expert* magazine	06.04.2015, Ekaterinburg, Russia	Face-to-face
Viktor Muchnik	Owner of TV-2	01.04.2015, London, United Kingdom	Face-to-face
Dariya Simonenko	Brand manager at TV Rain	05.12.2014 N/A	Telephone
Oksana Silantieva	Media expert	1) 30.11.2014 N/A 2) 01.12.2015, London, United Kingdom	1)Skype 2) Face-to-face
Dariya Dergacheva	Editor-in-chief at Federal Press	11.04.2015, Ekaterinburg, Russia	Face-to-Face
Anton (name changed)	Former employee of Abak-Press	11.04.2015, Ekaterinburg, Russia	Face-to-face
Ekaterina	Ad manager at *Biznes i Zhizn*, Abak-Press	10.04.2015, Ekaterinburg, Russia	Face-to-face
Alina	Former employee of *Biznes i Zhizn*, Abak-Press	12.05.2015 N/A	E-mail
Yuri	IT specialist, Abak-Press	09.04.2015, Ekaterinburg, Russia	Face-to-Face
Kseniya	Ad manager at Puls Zen, Abak-Press	09.04.2015, Ekaterinburg, Russia	Face-to-face