



Leadership and cultures around the world: findings from GLOBE

An introduction to the special issue

“The Jack Welch of the future cannot be me. I spent my entire career in the United States. The next head of General Electric will be somebody who spent time in Bombay, in Hong Kong, in Buenos Aires. We have to send our best and brightest overseas and make sure they have the training that will allow them to be the global leaders who will make GE flourish in the future.”

*Jack Welch, the former CEO of GE
in a speech to employees.*

1. Leadership and cultures around the world: findings from GLOBE

Corporations and executives have been facing an increasingly global business world. The United States exports around U.S.\$850 billion every year to Europe (24%), North America (32%), and Asia (30%) (Javidan & House, 2001; Rugman, 2001). Over 70% of American industry is facing stiff foreign competition within the U.S. market. Between 1998 and 2005, world exports of goods and services is expected to double and exceed U.S.\$11 trillion. In the 1990s, global flows of investment have more than trebled. Investment in developing countries has grown six-fold. In 1999, inward investment into OECD reached U.S.\$684 billion. Outward investment amounted to U.S.\$768 billion. Foreign assets account for 55% of McDonald's, 62% of Gillette's, 35% of Motorola's, and 37% of Coke's total assets (Javidan & House, 2001).

But the fact that the business world is becoming increasingly global does not mean that cultural differences are disappearing or diminishing. On the contrary, as Doug Ivester, the former CEO of Coca Cola Corporation pointed out, “as economic borders come down, cultural barriers go up, presenting new challenges and opportunities in business”. (Javidan & House, 2001). When cultures come into contact, they may converge on some aspects, but their idiosyncrasies will likely amplify.

While living abroad and being exposed to other cultures, as suggested by Welch in the opening passage, is a valuable way of developing cultural acumen, it is not the only way. Cross-cultural research can also provide helpful insights to executives facing global challenges. But to be useful, cross-

cultural research has to be based on sound theory and large-scale samples of a large number of cultures. Hofstede's (1980) seminal work has been truly path breaking in this regard. His work has been immensely influential theoretically and methodologically in the discipline of international business. His cultural dimensions and country rankings have provided valuable methods for understanding and measuring national cultures. His findings have also produced valuable lessons for executives grappling with such issues (Hofstede, 1997). Several other authors have also produced useful large sample cross-cultural findings (Schwartz & Bilsky, 1987, 1990; Sirota & Greenwood, 1971; Trompenaars & Hamden-Turner, 1998; Smith et al., 1989).

While it is informative and useful to study cross-cultural differences among countries, both from a theoretical and practical perspective, it is also important to examine the extent of similarities between them. From a theoretical point of view, understanding the dynamics of cultural similarities will help us better understand the evolutionary process of cultural development. It will also help clarify the boundaries for the robustness of theories and concepts developed in one particular cultural setting. For example, leadership theories developed in the U.S. are probably more easily generalizable to U.K. managers (another member of the Anglo cluster) than to managers in an Arab country.

From a practical point of view, the complexity of cross-national negotiations, mergers, assignments, and leadership probably depends on the extent of the difference between the two cultures. Studies have shown that organizational cultures are influenced by national cultures (Terpstra & David, 1991) and the greater the cultural distance between the two countries, the greater the differences in organizational attributes and practices (Kogut & Singh, 1988; Datta & Paiva, 1995).

A useful way of exploring cultural similarities in the world is to study cultural clusters. A cultural cluster is a group of countries that share many similarities (Cattell, 1950; Haire, Ghiselli, & Porter, 1966; Ronen & Shenkar, 1985). The countries in a cluster are more like each other than another country from outside the cluster. By focusing on clusters, we can identify the extent, nature, and dynamics of cultural similarities and differences across the Globe. Such an understanding will help us to understand the

Table 1
Number of respondents and organizations

Societal cluster	Number of organizations	Number of respondents
Southern asia	111	1457
Anglo	173	1536
Arab	33	1161
Germanic europe	65	1237
Eastern europe	91	1769
Latin europe	27	1748

generalizability of various theories and to provide more useful information to practitioners.

This is the reason for the Special Issue of the *Journal of World Business*. In the articles to follow, the various authors provide an introduction to Project GLOBE, an explanation of the theory and methodology driving GLOBE's clustering of societies, and a reasonably rich account of several cultural clusters. In total, GLOBE studied 61 nations and grouped them into 10 clusters. We are unable to cover all the 10 clusters in this Special Issue due to space limitations. The following clusters will be presented: South Asia, Anglo, Arab, Germanic Europe, Eastern Europe, and Latin Europe. The authors will discuss their geography, language, religion, and history to provide a holistic account of GLOBE findings in each cluster. Collectively, the six clusters have a population of over 2.5 billion and a GDP of close to U.S.\$20 trillion in 1999. Table 1 shows the number of organizations and respondents representing these clusters.

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