GLOBE Leadership Dimensions: Implications for Cross-Country Entrepreneurship Research

Saurav Pathak, Kansas State University, USA
Etayankara Muralidharan, MacEwan University, Canada

Introduction

The Global Entrepreneurship Monitor (GEM) survey reports that significant variance in rates of entrepreneurship exist across countries, establishing the contextually embedded nature of entrepreneurial behaviors. Only country-level factors could therefore meaningfully account for this variance. Identifying those factors then becomes the central tenet of cross-cultural or cross-country comparative entrepreneurship research, making it distinct from general entrepreneurship research in that the focus is mainly on understanding entrepreneurial phenomena in different contexts. It offers the benefit of generalization or modification of existing theories as well as presenting newer avenues of inquiry for research and theory development (Alon & Rottig, 2013).

However, several gaps still exist in this area of research. First, comparative entrepreneurship research draws predominantly on economic/formal institutional conditions as incentive structures for utility maximization through entrepreneurship. While the role of informal institutional conditions is gaining interest among scholars (Autio, Pathak, & Wennberg, 2013; Stephan, Uhlaner, & Stride, 2014), mechanisms through which national cultures shape entrepreneurial behaviors have not been understood fully and warrant further exploration.

Second, entrepreneurship, as a process, has been universally viewed as an act of leadership. But several gaps exist in our understanding of the links between leadership and entrepreneurship. Research has yet to find a set of specific leadership styles that are pertinent to entrepreneurship (Cogliser & Brigham, 2004). Given that leadership styles have also been known to be contingent upon the context within which leadership behaviors are performed (Antonakis & Autio, 2006), it makes them (contextually) culturally embedded too. In other words,

the effectiveness of leadership styles varies across different contextual settings—different cultures, for example—and has the potential to shape entrepreneurial behaviors differently across countries.

We use the understanding of culturally endorsed leadership theories (CLTs), and also draw upon theoretical and empirical insights from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project (Dorfman et al., 2012), to propose future research avenues that contribute to the literature exploring the role of cultural leadership styles in influencing entrepreneurial behaviors across different cultures. Our attempt here is to address both of these gaps and add to extant literature that integrates leadership and entrepreneurship research by introducing a cultural leadership paradigm that advances our understanding of the emergence of entrepreneurs as leaders across different cultures.

Theoretical Perspectives

In this section, we discuss various theories that are relevant to understand the influences of CLTs on entrepreneurial behaviors across cultures. The GLOBE study provides scores on six CLT dimensions—charismatic/value-based/performance-based, team-oriented, humane-oriented, participative, autonomous, and self-protective. The notion of CLTs in general and those of GLOBE CLTs in particular as cultural-level concepts derives from the individual-level implicit leadership theories (ILTs).

ILTs suggest that individuals hold belief systems, prototypes, or stereotypes and expectations about what constitutes "good leadership." They have assumptions and theories about the attributes of outstanding, ideal leaders that are often unconsciously held (Lord & Maher, 1991) and shaped by cultural

values. Cultures differ in their views of ideal leadership, i.e., in the attributes, motives, and behaviors that they believe characterize outstanding leadership. These cultural leadership ideals serve as the basis of CLTs (Dorfman, Hanges, & Brodbeck, 2004). ILTs legitimize leader behaviors and attributes in the eyes of followers and act as standards of appropriate leader behaviors. Since entrepreneurs too have been characterized as an important type of leaders, i.e., leaders of emerging organizations (Cogliser & Brigham, 2004) or as the main decision makers (strategic leaders) shaping the trajectory of their organizations in line with their goals, ILTs will exercise influence on the emergence of entrepreneurs as acceptable leaders in a given society. Entrepreneurship like leadership is a process of social influence toward achieving specific goals (Yukl, 2010) wherein entrepreneurs need to influence others around them including investors, customers, suppliers, and employees to launch and sustain their businesses successfully. This influencing process is therefore culturally embedded and will be effective if entrepreneurs display leadership attributes that are consistent with ILTs. Thus, cultural leadership expectations may be an important driver of cross-national differences in entrepreneurship.

Past research on ILTs has focused on leadership within organizations and discusses two mechanisms—*legitimation* and *motivational self-selection*—through which they influence the emergence of leaders and leader behaviors. The legitimation mechanism legitimizes leader behaviors and attributes in the eyes of followers, and it resonates with entrepreneurship research (Stephan & Pathak, 2016), where the key challenge for entrepreneurs is to be seen as legitimate and competent by investors, customers, suppliers, and other stakeholders, failing which can jeopardize the start-up initiatives (Delmar & Shane, 2004). The motivational self-selection mechanism guides individuals as potential leaders and influences their aspirations to become leaders; it resonates with ILTs about entrepreneurs in that they are more likely to try to start a new venture if they think they have traits that align with these implicit theories (Gupta, Turban, & Bhawe, 2008).

GLOBE's six CLTs that draw upon ILTs can thus be used to provide fresh perspectives for culture and entrepreneurship research by leveraging insights from cross-cultural leadership theory and the understanding of cultural fit for the emergence of entrepreneurial leaders (Tung, Walls, & Frese, 2007). Entrepreneurship will flourish in cultures where cultural leadership ideals align with entrepreneurial behaviors, or where there is a "CLT–entrepreneurship fit"; individuals are more likely to choose to become entrepreneurs in countries where CLTs fit with and are supportive of motives linked with entrepreneur-

ship. Further, given that the *institutional configuration perspective* recognizes that human behavior is shaped jointly by formal and informal institutions (Stephan et al., 2014), GLOBE CLTs can be theorized as informal institutions—which can jointly with other institutional conditions influence entrepreneurial behavior.

GLOBE CLTs and Organizational Leadership Theories for Entrepreneurship Research

The traditional organizational leadership theories that have remained largely limited to explaining leadership effectiveness of managers of business firms could also be used in tandem with GLOBE CLTs to predict cross-cultural differences in entrepreneurial behaviors. There are four core theory groups—trait theory (what type of person makes a good leader?), the behavioral theory (what does a good leader do?), contingency theory (how does the situation influence good leadership?), and power and influence theories (what is the source of the leader's power?) – that have predominantly theorized on orga-

> " *The traditional organizational leadership theories that have remained largely limited to explaining leadership effectiveness of managers of business firms could also be used in tandem with GLOBE CLTs to predict cross-cultural differences in entrepreneurial behaviors.*

nizational leadership effectiveness. When a majority of managers across organizations in a country start displaying leadership styles predicted by these theories, then as per the aggregate trait hypothesis (Schwartz, 2006), those styles become manifestations of CLTs. Given that the six GLOBE CLT dimensions are offered as national aggregate scores on the responses from about 17,300 middle managers from 951 corporate organizations across 62 societies, they are reflective of the differences in the perceptions of organizational leadership effectiveness across cultures. As such, GLOBE CLTs can draw close parallels with the central concepts of organizational leadership theories.

For example, trait theories that talk about personality characteristics of effective leaders such as assertiveness, in particular, may find common ground with GLOBE's self-protective and autonomous CLTs. Behavioral theories that talk about autocratic leaders (make decisions without consulting their teams) and democratic leaders (allow team members to provide input before making decisions) can be used to explain how GLOBE's participative CLTs (defined as "a leader that encourages input from others in decision-making and implementation; and emphasizes delegation and equality") to predict entrepreneurial behaviors. Contingency theories that address key situational questions such as "when you need to make quick decisions, which style is best?", "when you need the full support of your team, is there a more effective way to lead?", "should a leader be more people-oriented or task-oriented?", etc. may find answers in GLOBE's participative, team-oriented and self-protective CLTs. Leader-member-exchange (LMX) leadership, which broadly fits into the contingency theory, has been shown to be contingent upon cultural values—consolidating the fact that the LMX leadership style too is culturally embedded (Rockstuhl, et al., 2012).

Finally, power and influence theories concern the different ways that leaders use power and influence to get things done and highlight three types of positional power—legitimate, reward and coercive—and two sources of personal power—expert and referent (leader's personal appeal and charm). Societies that endorse GLOBE's charismatic CLT—leaders that stress high standards, decisiveness, and innovation; seek to inspire people around a vision; create a passion among them to perform; and do so by firmly holding on to core values—resonate with elements of both types of power. Cross-country entrepreneurship research could combine benefits of both the GLOBE CLTs and organizational leadership theories to predict the emergence of entrepreneurs as leaders and entrepreneurship as leadership processes across cultures.

GLOBE CLTs and Influencing Mechanisms for Entrepreneurship

Scholars have turned to cultural values to characterize entrepreneurial cultures (Krueger, Liñán, & Nabi, 2013). A recent review of this domain of research does not support "the existence of a single entrepreneurial culture" (Hayton & Cacciotti, 2013: 708). The inconsistency has been partly addressed by the suggestion that cultural values affect entrepreneurial behaviors *distally* and more indirectly, via CLTs, or in other words, the influences of cultural values on entrepreneurial behaviors are *mediated* by CLTs, making CLTs more *proximal* influencers of entrepreneurial behaviors (Stephan & Pathak, 2016). Extant research defines leadership as an influencing process and that the influencing process is situated in a particular context. Leadership effectiveness may therefore be contingent upon the context within which

such behaviors are performed (Antonakis & Autio, 2006), thereby suggesting contextual moderating effects on CLTs. In other words, different contextual settings may require different leadership styles to trigger entrepreneurial behavior. In particular, a recent study (Muralidharan & Pathak, 2018) reports negative moderation effects between transformational CLTs (constructed as a composite out of charismatic, humane-oriented and team-oriented CLTs shown in Factor 1 in table below) and national sustainability conditions as embodiments of formal institutions (a composite developed using national scores on *human, environmental, and economic well-being* reported by Sustainability Society Foundation) to predict social entrepreneurship, suggesting that the effectiveness of transformational CLTs for creation of social enterprises matters more when sustainability conditions are low in a country. This finding consolidates the utility of institutional configuration perspective (that of institutional voids) as an adequate framework in future research that attempt to study the interplay between CLTs and other national institutions – either formal or informal or both.

The above mechanisms could be tested empirically using the six GLOBE CLTs in a variety of ways. First, individual-level data on entrepreneurship from sources such as the publicly available Global Entrepreneurship Monitor (GEM) survey and the European Social Survey (ESS) could be clustered or grouped by countries and the six GLOBE CLTs could thereafter be used as scores representing leadership styles for those countries. This data structure along with the use of multi-level regression techniques would allow testing cross-level (1) main effects of the influence of CLTs on indicators of individual-level entrepreneurship across countries, (2) moderation and mediation effects of CLTs on the influence of other country-level factors on individual-level entrepreneurship across countries (CLTs as moderators and mediators) or vice-versa (CLTs being moderated or mediated; CLTs as mediators as shown in Stephan & Pathak, 2016), (3) moderation and mediation effects of CLTs on the influence of individual-level attributes, such as *self-efficacy, fear of failure, entrepreneurial intentions,* etc., available from the GEM survey or other individual-level values such as *self-acceptance, openness,* etc., from ESS. Second, GLOBE CLTs could also be used in only country-level studies using OLS regression techniques. For example, GLOBE CLTs could predict the number of new firms registered in a country obtained from sources such as the World Bank Group Entrepreneurship Snapshot database, or rates of several types of entrepreneurship obtained as the corresponding national aggregates from the GEM National Expert Survey, etc.

Implications of GLOBE CLT for Practice and Pedagogy

GLOBE CLTs have the potential to enhance our understanding of the culture–entrepreneurship fit perspective by intro-

ducing a novel cultural leadership paradigm as antecedents of entrepreneurial behaviors across countries. Within the purview of institutional configuration perspective, they also introduce themselves as informal institutional conditions that influence the emergence of entrepreneurship as a leadership process in a given cultural setting. In addition, they have implications for different types of entrepreneurship. First, international entrepreneurship or born-global enterprises are liable to the newness of conditions in a different country. GLOBE CLTs can inform entrepreneurs of the resulting cultural distance such that they can adjust their leadership styles to match up to styles endorsed in other countries.

Second, Stephan and Pathak (2016) have shown that the six GLOBE CLTs load on two factors (as shown in Table 1 below) which they call *outward-focused (people-centric)* and *inward-focused (self-centric)* cultural leadership styles. It is worthwhile to research if the former drives utility maximization for entrepreneurs engaged in for-profit (commercial) entrepreneurship and the latter for those engaged in the creation of enterprises for pro-social purposes (social entrepreneurship). Even with the use of the single-item GLOBE CLTs, research can predict the effectiveness of performance-based charismatic leadership for high-tech, high-growth and strategic entrepreneurship, that of team-oriented leadership for entrepreneurial team dynamics, humane-oriented and participative leadership for social entrepreneurship, etc.

GLOBE CLTs also have implications for pedagogy. They can inform future business leaders about multi-cultural competency, cultural diversity, and inclusion in workplaces and in multinational enterprises. They can inform global leadership effectiveness based on the central premise that the endorsement of leadership styles varies across cultures.

Table 1: Principal component factor analysis of GLOBE CLTs

	Factor 1	Factor 2
	People-centric leadership [a]	Self-centric leadership [b]
Charismatic leadership	**0.93**	-0.18
Team-oriented leadership	**0.91**	-0.02
Participative leadership	0.23	**-0.90**
Humane-oriented leadership	**0.63**	0.41
Autonomous leadership	-0.11	**0.52**
Self-protective leadership	0.05	**0.94**
Variance explained (%)	36.11	33.99
Cronbach's Alpha	.74	.70

Notes: [a] created as arithmetic mean of *charismatic, team-oriented* and *humane-oriented leadership*).

[b] created as arithmetic mean of reverse coded *autonomous*, reverse coded *self-protective* and *participative leadership*.

In conclusion, our study calls for attention to cultural leadership styles as salient predictors of cross-cultural differences in entrepreneurship and the utility of GLOBE CLTs in making those predictions.

References

Alon, I., & Rottig, D. 2013. Entrepreneurship in Emerging Markets: New Insights and Directions for Future Research. *Thunderbird International Business Review*, 55: 487–492

Antonakis, J., & Autio, E. 2006. Entrepreneurship and leadership. In J. Baum, M. Frese, & R. A. Baron (Eds), *The Psychology of Entrepreneurship*: 189-208. Mahwah, NJ: Erlbaum.

Autio, E., Pathak, S., & Wennberg, K. 2013. Consequences of cultural practices for entrepreneurial behaviors. *Journal of International Business Studies* 44(4): 334–362.

Cogliser, C. C., & Brigham, K. H. 2004. The intersection of leadership and entrepreneurship: Mutual lessons to be learned. *The Leadership Quarterly*, 15(6): 771-799.

Delmar, F., & Shane, S. 2004. Legitimating first: organizing activities and the survival of new ventures. *Journal of Business Venturing*, 19(3): 385–410.

Dorfman, P., Hanges, P. J., & Brodbeck, F. C. 2004. Leadership and cultural variation. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds), *Culture, Leadership and Organizations: The GLOBE study of 61 societies*: 669–719. Thousand Oaks, CA: Sage.

Dorfman, P., Javidan, M., Hanges, P., Dastmalchian, A., & House, R. 2012. GLOBE: A twenty year journey into the intriguing world of culture and leadership. *Journal of World Business*, 47(4): 504-518.

Gupta, V. K., Turban, D. B., & Bhawe, N. M. 2008. The effect of gender stereotype activation on entrepreneurial intentions. *Journal of Applied Psychology*, 93: 1053–1061.

Hayton, J. C., & Cacciotti, G. 2013. Is there an entrepreneurial culture? A review of empirical research. *Entrepreneurship & Regional Development,* 25(9-10): 708–731.

Krueger, N., Liñán, F., & Nabi, G. 2013. Cultural values and entrepreneurship. *Entrepreneurship & Regional Development*, 25(9-10): 703–707.

Lord, R. G., & Maher, K. J. 1991. *Leadership and information processing: Linking perceptions and performance*. Cambridge, MA: Unwin Hyman.

Muralidharan, E., & Pathak, S. 2018. Sustainability, Transformational Leadership, and Social Entrepreneurship. *Sustainability*, 10(2): 567.

Rockstuhl, T., Dulebohn, J. H., Ang, S., & Shore, L. M. 2012. Leader-member exchange (LMX) and culture: A meta-analysis of correlates of LMX across 23 countries. *Journal of Applied Psychology*, 97: 1097-1130.

Schwartz, S. H. 2006. A Theory of Cultural Value Orientations: Explication and Applications. *Comparative Sociology*, 5(2–3): 137–182.

Stephan, U., & Pathak, S. 2016. Beyond cultural values? Cultural leadership ideals and entrepreneurship. *Journal of Business Venturing*, 31(5): 505-523.

Stephan, U., Uhlaner, L. M., & Stride, C. 2014. Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, 46(3): 308-331.

Tung, R. L., Walls, J., & Frese, M. 2007. Cross-cultural entrepreneurship: The case of China. In J. R. Baum, M. Frese, & R. Baron (Eds), *The Psychology of Entrepreneurship*: 265-286. Mahwah, NJ: Lawrence Erlbaum Associates.

Yukl, G. 2010. Leadership in organizations (7th edn). Upper Saddle River, NJ: Prentice Hall.

Saurav Pathak (sauravp@ksu.edu) is an assistant professor in entrepreneurship at Kansas State University. He has received a PhD in mechanical engineering from the University of Florida, USA, and a PhD in entrepreneurship from Imperial College Business School, UK. He was the Rick and Joan Berquist professor of innovation and entrepreneurship at Michigan Tech University from 2011-2014. His research revolves around cross-country comparative entrepreneurship and focuses on examining the contextual influences on individual-level entrepreneurial behaviors.

Etayankara Muralidharan (muralidharane@macewan.ca) is an associate professor of management at MacEwan University, Canada. He received a PhD at the University of Manitoba, Canada. His research interests are in organizational crisis management and entrepreneurship, and he has published in *Business and Society, International Business Review, Journal of Business Ethics* and *Thunderbird International Business Review*. His research has been presented at the Academy of Management, and the Babson College Entrepreneurship Research Conference (BCERC).