

# Culture and leadership in Iran: The land of individual achievers, strong family ties, and powerful elite

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## Executive Overview

*Over the past twenty-five years, Iran, a country of over 60 million people, has endured a bewildering rate of societal and economic change. Little is currently known about the country besides its extremist and confrontational policies both inside and outside the country. In this article, we report on a study of 300 Iranian middle managers from the banking, telecommunications, and food-processing industries as part of the GLOBE Project. Our findings show that despite much visible economic and societal change, the country's deeper cultural traits seem rather intact.*

*The first important finding is that Iran, while a Middle Eastern country, is not part of the Arab culture. Instead, it is part of the South Asian cultural cluster consisting of such countries as India, Thailand, and Malaysia. The country's culture is distinguished by its seemingly paradoxical mix of strong family ties and connections and a high degree of individualism. Societal or institutional collectivism is not a strong suit of Iranians. The country's culture also bestows excessive privilege and status on those in positions of power and authority and does not tolerate much debate or disagreement. Perhaps as a result, rules and regulations are not taken very seriously and do not enjoy much popular support. At the same time, the culture has strong orientations toward achievement and performance, although mostly at the individual level. The article provides detailed ideas on the managerial implications of our findings for Western executives and corporations.*

Few countries have experienced the type of fundamental and fast-paced change that Iran has experienced for the past 25 years. The 1979 revolution against the the reign of Mohammad Reza Shah Pahlavi brought an end to over 2000 years of monarchy and transformed the Iranian society in fundamental ways: from a tradition-breaking and West-leaning culture to the world's largest theocracy; from a society of rapid economic growth and slower societal change to a society of economic decline and a dizzying pace of societal change; from a country most concerned about its global image, particularly in the West, to a country known in many parts of the world as militant, fundamentalist, hateful, and isolated.

Iran has paid a high price for its transformation. Despite its estimated 90 billion barrels of proven

oil reserves and its second largest natural gas reserves in the world,<sup>1</sup> it has experienced sluggish economic performance and has been struggling with an unemployment rate of 25 per cent.<sup>2</sup> Its state-owned corporations and religious charity organizations control an estimated 80 per cent of the non-agricultural economy and have been unable to produce sufficient numbers of jobs for the estimated one million Iranians who enter the job market every year.<sup>3</sup>

Brain drain is also a major social problem; between 1999 and 2002, 285,000 qualified, well-trained Iranians emigrated to other countries.<sup>4</sup> The country is very much dependent on its oil revenues. Oil exports account for over 80 per cent of all export earnings.<sup>5</sup> But over 40 per cent of the country's oil revenues goes to various government subsidies.<sup>6</sup>

Over twenty years of experience with the post-revolutionary regime has resulted in two major social issues. First, the country's sluggish economic performance has severely reduced people's standard of living. Secondly, years of militant Islamic attitudes have resulted in strict codes of behavior within Iran and isolation from the outside world. As a result, the country is at a critical crossroads. Two very different streams of thought are competing vigorously to determine the country's future direction. On the one side are those who believe that any deviation from the tenets of Islam will lead to destruction of the Islamic society. While they are not necessarily against development or technology, they want it to be a means of achieving their religious goals, believing that Islam governs all aspects of private and public life and should be strictly adhered to.

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On the other side are those who feel that Islam's survival and Iran's progress require a modern and flexible view. To them, instead of excluding other cultures, the Iranian society can learn from the developments in other countries. Instead of an isolationist and traditionalist view of Islam, they prefer a more open and democratic society where individual rights are not in conflict with Islamic attitudes. In short, they prefer an Islamic society that embraces mostly Western-style democratic principles.

The ongoing struggle between the two sides has generated stagnation, political instability, and turmoil and has stalled progress. Stakes are high; the type of democratic Islamic state being promoted by the latter group is a unique concept without much precedent, except perhaps in the case of Malaysia. As Gary Sick, the director of the Middle East Institute at Columbia University, summed it up:

It was one of the great ironies of the Iranian revolution that its most significant "export" to its neighbors in the Middle East might prove to be a model of democratizing system within an Islamic context. Some of those in the neighborhood might regard that as a threat at least as greatly as the export of radical Isolationism.<sup>7</sup>

The outcome of the battle for the leadership of the country is in doubt. Few experts are willing to

make a prediction as to Iran's future path.<sup>8</sup> We are in no better position. The situation is too complex to make educated predictions. But we can provide a cultural perspective on the country. We use the GLOBE findings on important Iranian cultural and leadership attributes and provide a historical explanation of their evolution. A brief historical overview is provided in Appendix 1.

### **The GLOBE Study in Iran**

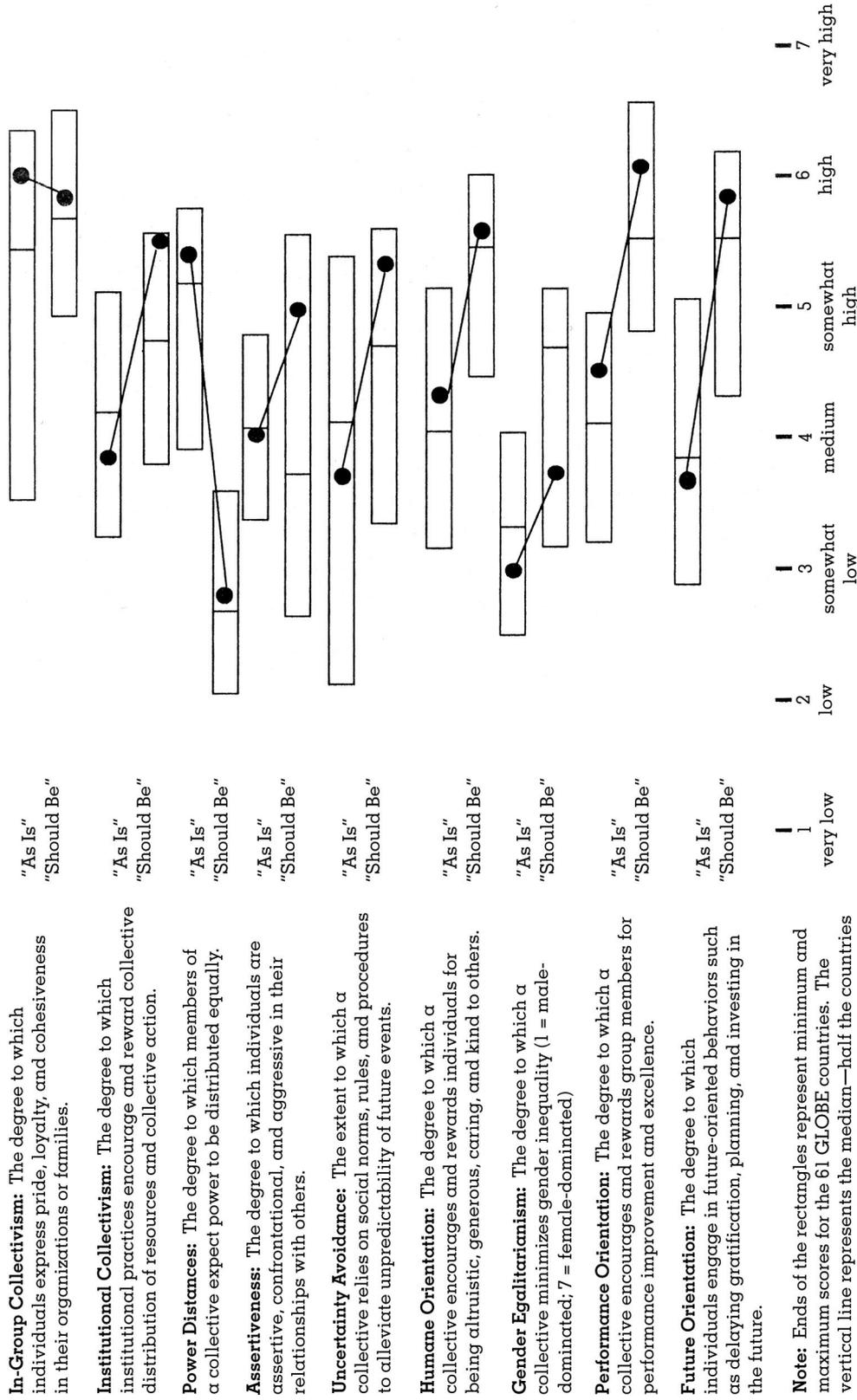
This article describes culture and leadership in Iran based on a large-scale study conducted as part of the GLOBE (Global Leadership and Organizational Behaviour Effectiveness) research program (see Appendix 2). GLOBE instruments are shown to have strong psychometric properties and impressive internal and external validity.

Iran consists of several ethnic groups, but a large majority of the people are Persians. Our findings represent mostly the Persian culture. While the other ethnic groups have distinct features, they still share many attributes of being Iranian. Having said that, it is important to keep in mind that the data reported here are mostly from Persian respondents and not the other ethnic groups.

The data reported here are from 300 middle managers in three industries: Banking, telecommunications, and food processing. All of the questionnaires were translated into the Iranian language, Farsi, and translated back to English. The respondents were from over 60 organizations, occupying middle to high-level managerial positions. The average age of the respondents was 42, with an average of 19 years of work experience. Over 85 per cent of those who reported their educational level had a university degree. The average size of the organizations represented was almost 7,000 employees. Managers were asked about their perceptions of current practices ("as is") and ideal values ("should be") in relation to the nine societal and organizational culture dimensions as defined within GLOBE (see Appendix 2). Respondents were also asked to identify attributes that contribute to or inhibit outstanding leadership (see Appendix 3). In this article we report the findings on Iranian societal culture and leadership attributes by aggregating individual responses onto the country level.

The Iranian data are compared with data collected from over 17,000 middle managers from over 850 organizations in 61 different cultures representing all major regions of the world. We first present findings from Iran's societal culture using GLOBE's data as a frame of reference. We then describe

**FIGURE 1**  
**Societal Cultural Practices in Iran Compared With GLOBE Countries: "As is" and "Should be" Dimensions**



**In-Group Collectivism:** The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.

**Institutional Collectivism:** The degree to which institutional practices encourage and reward collective distribution of resources and collective action.

**Power Distances:** The degree to which members of a collective expect power to be distributed equally.

**Assertiveness:** The degree to which individuals are assertive, confrontational, and aggressive in their relationships with others.

**Uncertainty Avoidance:** The extent to which a collective relies on social norms, rules, and procedures to alleviate unpredictability of future events.

**Humane Orientation:** The degree to which a collective encourages and rewards individuals for being altruistic, generous, caring, and kind to others.

**Gender Egalitarianism:** The degree to which a collective minimizes gender inequality (1 = male-dominated; 7 = female-dominated)

**Performance Orientation:** The degree to which a collective encourages and rewards group members for performance improvement and excellence.

**Future Orientation:** The degree to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future.

**Note:** Ends of the rectangles represent minimum and maximum scores for the 61 GLOBE countries. The vertical line represents the median—half the countries scored above this and half below. The Iranian scores are indicated by the circles.

Iranian views on effective leadership and discuss their implications for executives.

### Iran As a South Asian Culture

Iran is a Muslim Shiite country located in the Middle East. It was under Arab Islamic rule for three centuries after the dawn of Islam in the seventh century. It is a major member of OPEC. It is surrounded by Arab countries in the west and the south and is seen by many casual observers as an Arab country. As part of the GLOBE project, we used cluster analysis to identify the cultural clusters of countries that were similar among themselves and different from those in other clusters.<sup>9</sup> The Arab countries clustered in the Arab cluster, but Iran ended up in the South Asian cluster along with India, Indonesia, the Philippines, Malaysia, and Thailand. While this may be surprising to untrained observers, it is rooted in close historical ties between Iran and other South Asian countries and particularly India since the early 1500's. For four centuries, the Persian language was predominant in chancery and bureaucratic practice in South Asia and helped create a large Persian-speaking population who transmitted many aspects of Iranian culture in the region.<sup>10</sup>

The finding that Iran is a member of the South Asian culture cluster and not the Arab/Middle Eastern cluster has important academic and managerial implications. While Iran is geographically located in the Middle East and can be studied as a Middle Eastern country, its culture is similar to that of its eastern neighbors in South Asia. Confusing geographic location with cultural proximity leads to misunderstanding the Iranian culture. A corollary to this is England and Europe. While England is geographically located in Europe, it is not part of any European cultural clusters. Instead, it is part of the Anglo cluster, which consists of England, Canada, the U.S., New Zealand, and Australia.<sup>11</sup>

### Cultural Practices and Values in Iran

The distributions of cultural practices ("as is") and cultural values ("should be") scores are shown in Figure 1. The rectangles show the range of scores across all 61 GLOBE countries. The shaded circles represent the Iranian scores. The vertical line in each box represents the median score for the entire GLOBE sample (mid-point of the distribution with 50 per cent below and 50 per cent above). The scores range from a possible minimum of one to a possible maximum of seven. Figure 1, therefore, allows a comparison between the Iranian responses and the overall GLOBE sample, as well

as a comparison of Iranian cultural practices and values.

### *Individualists with strong family ties*

GLOBE has two dimensions measuring the role of the individual in a broader context. *In-group collectivism* reflects the extent to which individuals are attached to their families and circles of friends. Institutional collectivism, on the other hand, measures the extent to which members of societies respect broader societal interests versus individual interests. Iran is very high on the former and rather low on the latter.

The most distinguishing feature of Iranian culture is perhaps its family and in-group orientation. As shown in Figure 1, the "as is" score on in-group collectivism is very high at 6.03. The reported score on the value of in-group/family collectivism is 5.86, indicating a strong preference for sustaining a very high level of family loyalty.

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These results suggest that a prominent feature of the Iranian culture is the extent to which Iranians demonstrate loyalty and cohesiveness toward small groups such as family and close friends. Being a member of a family and of a close group of friends is important. Family members and close friends have strong expectations from each other, such as doing favors or giving special treatment. Many historians and biographers have emphasized the importance of family for the historical development of Iranian culture.<sup>12</sup> The importance of family solidarity was summarized by Limbert.<sup>13</sup>

In return [for support], the individual . . . must pay visible respect to family elders; . . . all must defer to family wishes in questions of marriage, career, business, residence, child raising, and education; males must support, economically and politically, other family members; and all must be careful not to bring disgrace on the family by some ill-considered action. In return for deference, family elders are expected to settle disputes, to give final consent to marriages, and to provide for all family members who need support. One is never too busy to help a relative (p. 36).

Growing up in a strong family-oriented culture is an emotionally rich and satisfying experience.

Children receive attention from parents and other family members and spend much time with them. They are always comfortable knowing that they can rely on not just their parents but other relatives and friends to get things done and to solve their problems. But while at the individual level such cultures are warm and satisfying, they seem to have major negative consequences at the societal level. GLOBE has shown that this cultural dimension is negatively correlated with economic prosperity, the United Nations' Human Development Index, and country competitiveness.<sup>14</sup>

Two potential forces seem to explain this outcome. First, individuals are deeply embedded in their in-groups, and their individual identities are defined in the context of their groups. As a result, there is a cost attached to the support received from the in-group. The individual has to be careful not to dismay the other members. He/she also needs to be careful to satisfy the others' expectations. This leads to a strong sense of group control, which is mostly implicit and unwritten but very potent. Rocking the boat and linking with other groups may lead to in-group dissatisfaction and are therefore not contemplated. Thus, there may be an invisible restraint on individual creativity and free thinking. This type of strong group control conditions Iranians from an early age to be careful about what they say and how they say it, and to use an indirect language full of nuances. This non-direct and non-explicit form of communication can sometimes be confusing and frustrating for people from other cultures who use more explicit and direct forms of communication.

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Furthermore, satisfying in-group members' expectations can have substantial undesirable consequences, especially in a culture that is also high on power distance. In such cultures, personal relationships are the preeminent criterion for decision-making. Whether deciding who to buy from or who to hire, the typical decision maker is strongly influenced by who he/she knows and who is a member of his or her in-group, despite the objective merits of the case. As a result, due process either does not exist or is blatantly ignored.

A main complaint of the opponents to the Shah's government was that the royal family was in con-

trol of the economy and that members of the court and their friends were occupying all the important positions in government and in business. Twenty years after the revolution, the Islamic government is blamed for the same problem. In fact, the severity of the problem is such that a new vocabulary has been created: "Aghazadeh ha," meaning the sons of the ruling elite. These are the individuals who are now in charge of many public and private-sector organizations and rule the economy. They in turn have populated their organizations with cadres of friends and family members.

A second potential consequence of strong family orientation is the reduction in "radius of trust."<sup>15</sup> Members of such cultures tend to grow up learning to put immense trust in their in-group members but little in outsiders. It is not unusual for family members to get together once or more every week. But they spend relatively less time with outsiders and do not build confidence in them. And because of the lack of experience with due process, legalistic and administrative structures to enforce trust are also rather weak. As a result, members of such cultures tend to prefer working with their close friends and relatives and do not work effectively with others.

Quite a different picture emerges when we examine *institutional collectivism*. Institutional collectivism refers to the degree to which individuals are encouraged by social institutions to be integrated into groups within organizations and the society. In collectivistic societies, collective goals and interests are more important than individual goals and interests. Iran's reported score is relatively low at 3.88. Perhaps the central role of family solidarity and a history of domination by many rulers in Iranian history have contributed to the low ranking of societal collectivist practices. The country's history over the past two and half millennia is replete with autocratic, repressive, and corrupt regimes and frequent revolts.<sup>16</sup> These historical experiences may have helped reduce people's trust and respect for the collective system and increased their reliance on their close family and friends.

Another source of individualism is perhaps the way children are educated. Starting from grade 1, students are put in a competitive situation. At the end of each academic year, students are ranked based on their grade point averages. All academic work is based on individual achievement and entails little if any group work. Many parents buy space in the daily newspapers to announce that their child has been selected as the number one student in his/her class, even in grade 1. Little opportunity is provided for children to learn collec-

tive action throughout the 12 years of schooling and even in university classes. Such a lack of collectivism is also manifested in many other aspects of the society.

Iran's reported "should be" score for institutional collectivism is the third highest among the nations studied, at 5.54. This shows the desire of Iranian managers to move toward more collective well-being and to a situation where societal values encourage and reward collective action. Our findings are consistent with another recent study of Iranian managers' values which showed a desire for collective values at the societal level. The latter authors attributed this desire to the Islamic doctrine which "constantly reminds the public about the outside threat and the need to sacrifice personal gains for the sake of society."<sup>17</sup>

The desire of the participating middle managers for a substantially higher level of institutional collectivism may reflect their view that economic prosperity requires a stronger collective perspective. GLOBE findings support this view. They show that institutional collectivism practices are associated with economic prosperity and country competitiveness.<sup>18</sup>

Two different schools of thought have explored the relationship between collectivist practices and economic prosperity. Proponents of the notion of "civil society" argue that countries where professional, political, and labor organizations are allowed to function freely and independently enjoy the fruits of collective thought and action under the umbrella of the rule of law.<sup>19</sup> The alternative approach, usually referred to as "social capital," argues that societies will benefit if their people are willing to contribute their time and energy to non-profit social organizations that offer no direct monetary benefit to their individual members.<sup>20</sup> Regardless of the dynamics involved, the GLOBE findings show a clear relationship between societal collectivism and economic prosperity.

### **Power rules!**

Throughout its long history, Iran has always lived with powerful authority figures. For centuries it has had a deep-rooted tradition of authoritarianism in which the society demands submission to the will of those in power positions.<sup>21</sup> This has had its roots in the structure of the family and the father's almost total power in the family. Authoritarianism and the support for clear hierarchy in society remained a feature of the Iranian culture throughout the Islamic domination up to and including the last three decades. Islam in general is based on egalitarian principles,<sup>22</sup> and the Shiite

principles support equality within the society to protect the masses against the elite. In practice, however, it has been argued that it supports "...an imprecise but powerful hierarchy commanding obedience from the faithful."<sup>23</sup>

As shown in Figure 1, Iranian managers report high levels of power distance in their society at 5.43, indicating the view that the present societal practices reflect an unequal sharing of power. Countries with high levels of power distance tend to teach their children the importance of obeying those in positions of authority. Questioning the ideas of someone in a high position is impolite and unacceptable. Challenging or disagreeing with a supervisor is undesirable. The strong authority relation with the parents, especially the father, is further reinforced at school where children have to show deep respect for their teachers. They learn through their daily lives that it is best to accept the teacher's words and not challenge them. Later on, in their work place, they learn to follow the orders from their supervisors and not to question them.

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Examples of high power distance practices can be seen in many aspects of Iranian culture. People are usually referred to by their last names. Titles are important and always used in casual conversations. Titles like Dr. or Engineer tend to precede the individual's name. Calling someone by their first name is rude unless the person is a close friend. Some wives even use their husband's title to address them. Status and privilege are visible for those in all high positions. Under the previous regime, streets were frequently named after the Shah, the queen, and the other members of the monarchy. The present regime has renamed those streets using the names of religious personalities.

People occupying positions of power visibly manifest their authority to those in lower positions. For example, customer service employees in a company see themselves in a position of authority against customers. Contrary to the experience in many Western countries where companies do much to satisfy customers, employees in Iranian companies typically see the relationship with the customer as one where they have the upper hand due to limited competition. To have any hope of service, the customer has to be very polite and deferential not to risk a backlash from the employee.

The notion of power distance may be at the root of the political battles currently taking place in Iran. The ruling clergy see themselves as the elite of the society and expect to be obeyed without hesitation. As the self-appointed representatives of the Shiite Muslim religion, they believe they have every right to rule and dictate the future of the country. As has been true over the past 2000 years, there are others who disagree. Whether there will be a peaceful resolution and whether the society achieves a balance among the opposing views is yet to be seen. But the Iranian history leads to an important conclusion: those who oppose the absolute power of the ruling elite tend to repeat the same behavior when they gain power, perhaps because the Iranian culture ingrains the absolute respect for power in its children from an early age.

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An interesting issue here is the apparent conflict between Islam's espoused value of equality and the observed practice of high power distance. One possible explanation is that Islamic teachings emphasize the equality of all human beings in the eyes of God but do not preach equality in day to day lives. They do emphasize that those in positions of power should be generous, paternalistic, and humane toward others, but they do not say much about the sharing of power or authority.

The current battle over the role of democracy in the Iranian society can be better understood by looking at the managers' reports on the "should-be" dimension. The average score for power distance values was 2.8, indicating a preference for a society that has a much smaller differentiation between those in positions of power and those without it. The difference between the "as-is" and "should be" scores on power distance is the largest of all nine dimensions of this culture, reflecting the highest level of dissatisfaction with this particular dimension.

Related to these findings are the managers' views on assertiveness in society. Assertiveness is the degree to which members are aggressive and confrontational in their relationships. The Iranian managers' "as is" score on assertiveness is 4.04, reflecting a culture that does not encourage an assertive, confrontational, or aggressive style in relationships. This is consistent with the ways in which behavior and cultural traditions of Iranians

have been described. For example, a uniquely Iranian code of behavior that sums up the non-assertive cultural practice is referred to as *ta'arof*. It refers to a code of behavior toward those outside the immediate family. It is an expression of excessive politeness that provides a set of exaggerated ritualistic phrases to be used in interpersonal relations. It is reflected in everyday Iranian expressions and communication. In most cases *ta'arof*, if translated literally, deprecates the self in front of others. *Ta'arof* also means that one should not express an idea or a criticism that could cause pain to others. If one has to express it, it has to be couched in the most delicate of phrases. Such a non-assertive, indirect, and excessively polite manner of communication is a way of life and a way of communication in Iranian culture.<sup>24</sup> A corollary of the use of indirect communication is the role of "mediators." Because Iranians tend to avoid direct confrontation and conflict, they prefer to use a third party who is usually trusted by both sides, and is usually a family member or a close friend, to facilitate the conversation and the resolution of issues.

On the other hand, the average score for "should be" on assertiveness is 4.99, which is significantly higher. It reflects the managers' desire for a more aggressive and confrontational approach in interpersonal relations. This is in all likelihood not feasible under conditions of high power distance which leads to a non-direct form of communication and one that is not easily interpretable by people from other cultures. To allow individual initiative and creativity, there should be more room for individual differences and open dialogue. Frank conversation is not easily possible in a society with high power distance and low assertiveness practices because, under these conditions, people are always careful about what they say and how they say it. The language is vague and indirect, and conversation is full of nuances. Social desirability wins over open dialogue.

Such a strong desire for a fundamental change in power relationships sheds light on the tensions in the Iranian society. It helps to explain the initial popularity of President Mohammad Khatami and his landslide election victories. His presidential campaigns were based on two critical pillars: the civil society and the rule of law. Both of these ideas relate to power relations in the society. They represent the desire for due process and respect for law, free from influence by those in positions of power. GLOBE findings confirm that such attributes are in fact quite important. We have found that high levels of power-distance practices are associated with lack of economic prosperity and

competitiveness. They are also associated with lower satisfaction and societal health and poor rankings on the United Nations' Human Development Index.<sup>25</sup>

Our interpretation of these results is that the most devastating consequence of high power distance is its impact on individual initiative and creativity. In such societies, individuals lose motivation to embark on new ideas because they can't challenge those in positions of power. Questioning is frowned upon. Toeing the line becomes the safest route to survival. The situation is further aggravated by the fact that individuals become disenfranchised from their societies due to lack of opportunity and prevalent corruption. GLOBE has shown that societies with high power-distance practices tend to suffer from government corruption and lack of transparency, which lead to lack of participation by ordinary people.<sup>26</sup> In short, high power-distance societies end up substantially underutilizing their most important asset: their people.

### ***Rules have no power!***

Another GLOBE scale relates to *uncertainty avoidance*. It reflects the extent to which a society has rules and regulations to organize and structure people's lives. The more a culture dislikes uncertainty, the more rules it devises to eliminate it. Iran's reported score on uncertainty avoidance practices is rather low at 3.67. It has been reported that "In the Iranian business sector, despite strong government and authoritarian family controls, Iranian firms lack rule orientation [are low on uncertainty avoidance] due to unclear and often changing rules."<sup>27</sup> As policies and regulations have been formulated with multiple inputs and compromises from different interest groups, they are open to interpretation and generate instability and uncertainty.

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### ***The more a culture dislikes uncertainty, the more rules it devises to eliminate it.***

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Perhaps the biggest concern about rules and rule making is the popular view, based on many centuries of experience, that due to high in-group collectivism and power distance, rules are typically written to protect the interests of those in power, and the rules that are in conflict with such interests will simply be ignored and not enforced. As a result, the typical Iranian seems to have little

confidence in the appropriateness and usefulness of rules and their enforcement.

The "should be" score on this dimension is the third highest among the GLOBE countries, indicating a desire for more uncertainty avoidance and stricter discipline. GLOBE findings have shown that societies with high levels of uncertainty-avoidance practices tend to be economically prosperous and competitive, and their people enjoy higher levels of satisfaction and societal health.<sup>28</sup>

### ***Kindness towards others***

Humane orientation refers to the extent to which people are caring and kind toward others. The Iranian managers' average score on *humane-oriented* practices, at 4.23, is marginally above the median in GLOBE countries. It reflects a society that is somewhat humane and caring, although not to a great extent. The "should be" score on this dimension is 5.61, reflecting the desire for a much more humane society. Our interpretation is that due to the strength of family and group cohesion, people's behavior toward others depends on whether or not they are part of the in-group. If they are, they are treated humanely and with great consideration. If they are not, the treatment is more formal and distant.

The exception to this generalization occurs with guests. The popular Iranian saying is that guests are sent by God and should thus be treated with utmost respect.<sup>29</sup> In a typical Iranian house, the best and the largest room in the house is called the "guest room." It is where the guests are served. It usually contains the best furniture in the house. A maximum level of courtesy and service is always provided to the guest. This approach is sometimes surprising to foreign managers who travel to that country. In contrast to the typical media representation of a militant culture, they find their hosts to be extremely hospitable and gracious, doing everything they can to please them. To Iranian managers, foreign visitors are guests even if they go there to do business. This, along with evasive language, can be confusing to foreign executives who find the boundaries between the personal and business sides blurred and unclear. They will find Iranian executives to be gracious hosts but frustrating negotiation partners who are persistent but unclear in terms of their demands.

### ***A male-dominated society***

Iran's "as is" score on *gender egalitarianism* (2.99) ranks in the lower 25 per cent of the GLOBE na-

tions, indicating the cultural practice of favoring males. The Iranian society's male domination has long existed. To understand the status of women in Iran, one needs to consider the role of Islam as well as the historical development in this country.<sup>30</sup> Although it is a Muslim country, Iran has taken somewhat different steps from its Muslim neighbors. During the Pahlavi era and in the more recent years of the Islamic Republic, progress has been made in terms of the role and status of women in society.<sup>31</sup> Iranian women make up 25 per cent of Iran's labor force and half of the university population. They can run their own businesses, keep their own names at marriage, pursue their careers, and run for political office. In other Islamic countries, many of these are not available to women.<sup>32</sup>

However, under the present theocratic regime, Iranian women still have an uphill struggle to reduce gender inequality.<sup>33</sup> Iranian women do not serve as judges or religious leaders. In divorces, fathers control custody of children. Men can divorce their wives considerably easier than wives can divorce their husbands. Women need the permission of husbands to obtain a passport and leave the country. Polygamy is legal, although it is not pervasive and needs approval from special family courts. Women have to wear a veil in public (*chador*)—the concept of compulsory *hejab*. They are routinely not allowed to share physical spaces with men of the same profession. Such restrictions did not exist under the previous regime, when women occupied many prominent positions in the society.

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Iran's "should be" score (3.75) leaves the desired level of gender egalitarianism in the lowest 25 per cent of the GLOBE sample. That is, there does not appear to be a strong will in the society (as perceived by the middle managers) to create major change, leading several writers to be pessimistic about Iran's prospects in this regard.<sup>34</sup> Others are more optimistic and have called the new movements a part of Iran's "second revolution."<sup>35</sup> In all likelihood, the intellectual and pragmatic issues relating to gender egalitarianism will continue to change, but perhaps more slowly than many expect.

***A performance-oriented culture with a short time horizon***

The two remaining cultural dimensions are *performance orientation* and *future orientation*. Iran's reported scores on cultural practices on the two dimensions are 4.58 and 3.7, respectively, meaning that Iranians tend to be somewhat performance oriented but with short time horizons. The country ranks the 7<sup>th</sup> highest in terms of performance-orientation practices among GLOBE countries, reflecting its interest in practicing and encouraging performance improvement and excellence. In contrast, the country ranks 41<sup>st</sup> in terms of its future orientation, indicating that planning, investing, and other future-oriented behaviors are not particularly emphasized. The "should be" scores are 6.08 for performance orientation and 5.84 for future orientation—both among the top 25 per cent in GLOBE countries, reflecting a strong desire for a more future- and performance-oriented society. Other studies of Iranian managers have also shown their desire to move to more market-driven and global values.<sup>36</sup> Of course, given the political turmoil in the country, the prospects for realizing such aspirations are not very encouraging.

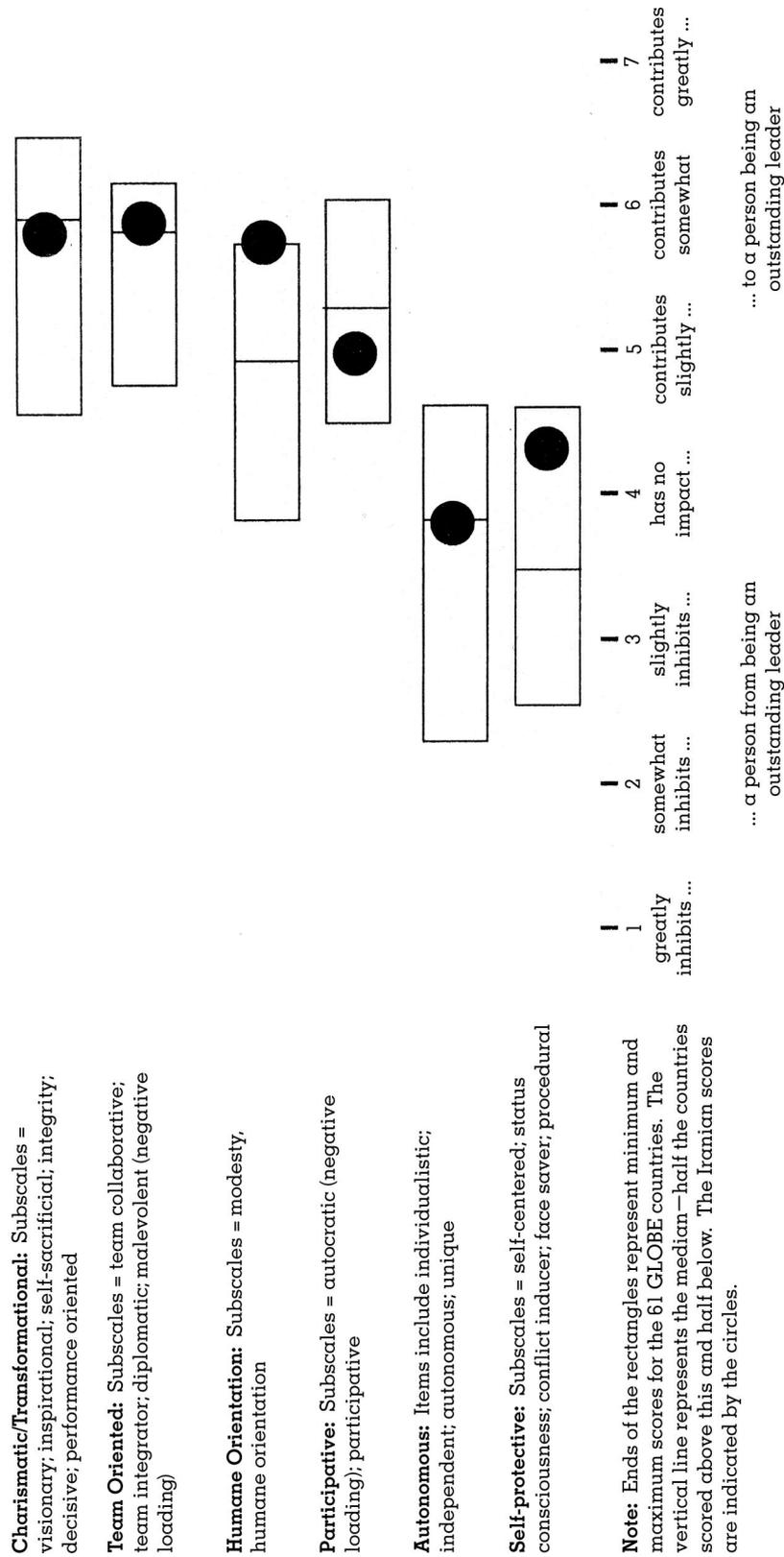
The tendency toward a short-term orientation is probably related to the lack of rule orientation and strong power distance. The lack of emphasis on regulations and procedures reduces one's ability to plan for and have confidence in the future, and high power distance means that those in positions of power may change the rules to suit their own interests. Despite this shortcoming, people are reported to be relatively performance oriented. Given the lack of trust in rules and the high levels of individualism, it seems natural to expect that performance orientation is mostly at the individual and perhaps small group level because that is where the individual has more control over events.

***Leadership***

Figure 2 shows the ratings of Iranian managers on each of GLOBE's six leadership dimensions and provides a comparison between those and the range and median for the 61 countries in the GLOBE sample. The sub-scales relating to each of these dimensions and the relevant questionnaire items are shown in Appendix 3.

*Charismatic/transformational* and *team-oriented* leadership dimensions were rated the two highest for the entire GLOBE study, indicating that these two dimensions are perceived to be the most important contributors to outstanding leadership among all GLOBE countries. Iranian managers

**FIGURE 2**  
**Perception of Effective Leadership in Iran Compared with GLOBE Countries: 2<sup>nd</sup>-Order Dimensions**



were no exception and rated these two dimensions as very important. They rated both leadership attributes almost at the median of all GLOBE countries. A closer examination of charismatic/transformational leadership components showed that Iranian managers expect their leaders to be visionary (i.e. having foresight, being prepared and future oriented) and inspirational (being positive, encouraging, and dynamic). They also prefer leaders who are performance oriented and have high integrity and those who are decisive and willing to make personal sacrifices.

The strong preference for visionary leaders seems to be rooted in the Iranian culture of high performance orientation and its strong values of uncertainty avoidance and future orientation. Charismatic leaders help reduce uncertainty through their integrity and performance orientation and help increase performance orientation through their inspirational and excellence-oriented visions.

A closer examination of the components of team-oriented leadership showed that being group oriented, collaborative, communicative, and administratively skilled are highly valued leadership attributes. In addition, Iranian managers reported strong preferences for leaders who were honest, cooperative, dependable, and who were *not* hostile, cynical, egoistic or vindictive.

The strong desire for team-oriented leadership seems to be rooted in the Iranian managers' collectivistic values. As explained earlier, the Iranian managers reported a strong preference for a collectivist culture. It seems that they prefer team-oriented leaders who can help achieve this culture.

Another important leadership attribute was *humane orientation*. Iran's reported score, at 5.75, is the highest among all GLOBE countries, reflecting a very strong desire for leaders who are generous, compassionate, modest, and self-effacing. The desirability of such attributes seems to be rooted in two cultural dimensions of power distance and humane orientation. As explained before, Iranian cultural practices are very strong on power distance, meaning that those in positions of power enjoy visible privileges and stature. Furthermore, Iranian managers reported a keen preference for much lower levels of power distance and much higher levels of humane orientation. It seems that they expect their leaders to be modest and generous in enjoying the privileges of the position and to be caring and compassionate in applying the levers of power. An interesting manifestation of modesty in this context is the attire of current leaders in government organizations. In contrast to the previous regime where individuals in high posi-

tions were very well groomed and well dressed in the latest European designs, the current leaders are dressed in nondescript and modest clothing to minimize visual distinction between leaders and subordinates.

The root of the desire for generosity and compassion is in the strong culture of group/family collectivism as well as Islamic principles. Some scholars have suggested that Iranians view their supervisors in the same light as their older siblings or parents. The relationship between the employee and the supervisor is rather similar to relationships among family members. Therefore, leaders are expected to show support and compassion and can frequently get involved in their subordinates' family matters. Islamic teachings also encourage those in positions of power to treat others kindly.<sup>37</sup>

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***Iranian managers have become accustomed to autocratic leaders who make decisions without much participation from their employees.***

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Iranian managers did not put much value on *participative* leadership. At 4.97, their reported score is in the lower quartile of all GLOBE countries and indicates that being participative and delegating to others only slightly contributes to effective leadership. Closer examination shows that to Iranian managers, being autocratic or bossy is neither good nor bad while being dictatorial and domineering slightly inhibits, and being elitist slightly contributes to outstanding leadership. These findings are perhaps best explained in light of the strong power-distance culture of the country. It seems that Iranian managers have become accustomed to autocratic leaders who make decisions without much participation from their employees. This is in contrast to the reported preferences for lower levels of power distance. Apparently, the middle managers in our survey do not perceive a contradiction between lack of participative leadership and a desire for less privilege for those in positions of authority. They do not seem to believe that participatory leadership is an important attribute of a more egalitarian culture. Some scholars have suggested that participation and consultation may have a different meaning in a country like Iran. Participation and consultation are suggested to be means of achieving group harmony and stroking the egos of the individuals involved, rather than enhancing the quality of the decision or allowing for real input or debate.<sup>38</sup> As suggested earlier, Islamic principles urge leaders

to consult others in making decisions but do not emphasize joint decision-making or delegation of authority.<sup>39</sup>

The ambivalence toward participative leadership is further reflected in the findings on *autonomous* leadership, which at 3.85 is right at the median of GLOBE countries and reflects the view that it has no impact. Being individualistic, independent, and autonomous is neither good nor bad. Somewhat similar results were found on the last attribute, *self-protective* leadership, for which Iran had the second highest score among all the GLOBE countries (score of 4.34, median of 3.49, range 2.55–4.62). This means that among GLOBE countries, self-protective leadership is viewed somewhat negatively. But in Iran, at a score of 4.34, it is neither positive nor negative.

A closer look at the components of this dimension showed that Iranian managers consider status- and class-conscious leaders to be somewhat effective. Face-saving attributes and indirect communication have a slight negative effect while being evasive has a slight positive effect. Leaders who avoid making direct negative comments and those using metaphors (or proverbs and poetry, as is often the case in Iranian culture) to make their points are more accepted than their counterparts in other countries. It has been suggested that such attributes "may reflect turmoil and instability that Iranian organizations have been facing since the revolution in 1979. Massive purges, constant political battles, and uncertainty about the future direction of the country may have encouraged [them] to find ways of protecting themselves and to expect care and modesty from their leaders."<sup>40</sup>

### Implications for Global Executives

To summarize, the Iranian cultural practices are distinguished by individualism, strong in-group collectivism, high power distance, high performance orientation, and high male orientation. Furthermore, they are low on uncertainty avoidance and future orientation. Iranian managers value leaders who are charismatic, team oriented, and humane in their relationships with others. They do not put much value on participative leadership.

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***Iranian managers value leaders who are charismatic, team oriented, and humane in their relationships with others. They do not put much value on participative leadership.***

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These findings have direct implications for global executives and corporations wishing to exploit business opportunities in Iran. To start, the global executive needs to appreciate that, as explained earlier, while located in the Middle East, Iran's culture is closer to such South Asian countries as India and Malaysia than to its Arab neighbours.

The global corporation wishing to enter Iran to do business needs to know the rules. As we have suggested, the rules and regulations pertaining to foreign organizations operating in Iran keep changing, which will provide the first set of challenges. In addition, due to high in-group collectivism in Iran, the foreign company needs access to the right network of personal and family connections in order to speed up the process of regulatory decision-making and to facilitate a supportive decision. However, this situation is complicated by very strict rules and regulations governing the use of agents in Iran. In practice, however, many of these rules are ignored. Companies interested in business opportunities in Iran will quickly learn that receiving the green light to start their operations is a time-consuming and frustrating process with many ups and downs.

It is also important to emphasize that the company needs to maintain such a network of connections even after obtaining regulatory approval and throughout its operation in Iran to ensure that it is not blind-sided by unexpected events and that it builds ongoing positive relationships with the company's various stakeholder groups.

Global executives will find negotiating contracts and agreements to be a challenge on many fronts. They may find themselves negotiating with different actors at different times, sometimes with no clear explanation of the roles of the different players. They may also find a lack of clear decision-making and due process. Furthermore, they may feel frustrated that their Iranian counterparts tend to use non-direct and evasive language. These are due to the tendency of Iranians to be non-assertive in their interpersonal relations and their desire to be seen as hospitable and accommodating by their foreign guests.

In terms of an ongoing business operation in Iran, such as a branch, a subsidiary, or a partnership, a typical global executive will face interesting cross-cultural challenges. In the following paragraphs, we will explore a few important examples using the GLOBE findings. To start with, in developing a strategy for the unit, due to the high power-distance culture, Iranian managers do not expect an elaborate process of decision-making with broad participation. They expect the leader to

develop a vision and communicate it to them. Their high performance orientation leads them to resonate to grand strategies which are excellence based, but their short-term orientation means they are more interested in quick wins and short-term yardsticks along the way to fulfilling the grand strategy. Due to their strong in-group collectivism, they do not get too excited about the overall strategies of the global corporation. Instead they are more interested in what happens to their local operations and are not swayed by attempts to integrate them into the global network.

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***Iranian managers do not expect an elaborate process of decision-making with broad participation. They expect the leader to develop a vision and communicate it to them.***

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At the same time, due to the high performance-orientation culture, they are eager to learn about other parts of the company and other companies and countries. The value of this information to them is to serve as a benchmark to compare their own performance. Due to their low uncertainty avoidance, they can tolerate high levels of ambiguity and unclear and vague rules, directions, and processes. That means they are rather receptive to change and are not particularly threatened by it. However, the same lack of uncertainty avoidance makes them less committed to following rules and procedures. Thus, the global executive needs well-developed monitoring and follow-up mechanisms to ensure that the employees follow the rules, plans, and procedures.

Another challenge is how to excite and motivate Iranian employees who are, as explained earlier, individual achievers, strongly connected to close friends and families. One approach would be to consider rewards that are individually performance based. However, the reward system should not in any way jeopardize the individual's ties with the in-group by creating competition among group members. At the same time, the reward system should offer explicit and concrete benefits to employee family members. Paid family vacations, household goods, children's tuition, and employee social clubs are a few examples. A key consideration in designing any reward and motivational system in this country is the need to impart the feeling to employees that the company cares about them and that its concern for them goes beyond an employment relationship and approaches that of an ex-

tended family. It is not unheard of for companies to pay for some employees' wedding parties. In addition, another important component of a reward system is the use of titles. Due to the culture of high power distance in Iran, this aspect of a reward system is likely to appeal to people.

Another important challenge to the global executive is the nature of the relationship between leaders and employees. As pointed out earlier, Iranians do not expect their leaders to be participatory in decision making. They do not even consider participation to be a very effective attribute of leadership. The typical global executive may find this surprising and perhaps confusing. However, one needs to understand that to Iranian employees the idea of participation may not be meaningful because they do not wish to upset the boss or colleagues. Given the chance to participate, employees will feel constrained and will likely use non-direct, equivocal, and unclear language which may work toward the harmony of the group but may have no effect on the quality of the decision. In other words, rather than having the opportunity to participate, Iranians tend to prefer autocratic leaders who are humane and benevolent and are cognizant of employee emotions and well-being. They prefer a formal relationship with their leaders but at the same time expect them to show concern for employees and their families.

One last challenge, and one that we believe will tax the global executive's leadership capabilities, is the need to coordinate and integrate different organizational groups. The reason for the complexity of this issue is that members of each organizational group usually form strong ties among themselves but in the process tend to build an isolationist view of their work and show little interest in collaborating with other organizational groups. Therefore, any attempt by the global executive to coordinate across groups will in all likelihood receive positive overt and public support but overwhelming covert and private resistance.

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## Appendix 1

### Iranian History: A Brief Overview<sup>41</sup>

The name Iran refers to the land of Aryans, a branch of the Indo-European peoples whose appearance is dated around 2000 B.C. and who later migrated to India and Southwest Asia. The classical Greeks referred to them as Persians. In 1935,

the founder of the Pahlavi Dynasty insisted on the use of the name Iran, and since then, the country has been mostly known by this name. For over 2000 years, Iran was ruled by monarchy. An estimated forty-six dynasties and over 400 kings have ruled the country. At its peak, the Persian Empire stretched from the Black Sea and the Mediterranean Sea in the west to India to the east. Today, the country is much smaller with a total land area of approximately 630,000 square miles.

The country has been ruled by many foreign tribes and rulers such as Arabs, Turks, and Afghans. It was under Arab rule for three centuries after the Arab Islamic conquest in the seventh century. Turko-Mongol leaders ruled the country between the 11<sup>th</sup> and 16<sup>th</sup> centuries. Throughout these dynasties, Iran was generally following the Sunni Muslim faith. Its conversion to the Shiite faith took place under the Safavid dynasty in the 16<sup>th</sup> century. Safavid kings promoted this transformation because it broadened their political support and enhanced their legitimacy as descendants of Imams, who were direct descendants of the Prophet. It also provided a religious justification for the struggle with the Ottoman Empire, which ruled the Sunni Islam world. As a consequence, the Safavid dynasty succeeded in significantly increasing religious influence in their running of the country.

The last imperial dynasty to rule the country was founded by Reza Khan Pahlavi. He came to power in a coup in the early 1920's. Reza Shah was strongly influenced by his counterpart Mustafa Kemal Ataturk in Turkey in advocating a nationalistic and modern state. His son, Mohammad Reza Shah, known as the Shah, ruled from 1941 to 1979 when the Islamic revolution brought to an end over 2000 years of monarchy. Once before, in 1953, the Shah was faced with popular revolt and left the country. He returned when a CIA-backed coup was successful in removing the popular prime minister of the time, Dr. Mosaddeq. Since 1979, Iran has been ruled by a rather unique form of government whereby Shiite clerics rule the country but with democratic mechanisms to elect the president and members of the parliament. The tension between

religious theocracy and democratic values and institutions has been increasing over the past decade and will continue to dominate the Iranian political and social landscape for years to come.

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## Appendix 2

### The GLOBE Program

GLOBE (Global Leadership and Organisational Behaviour Effectiveness) is a multi-phase, multi-method project examining the interrelationships between societal culture, organizational culture, leadership, and societal achievements. About 150 social scientists and management scholars from 61 cultures representing all major regions of the world are engaged in this long-term programmatic series of cross-cultural leadership studies. The meta-goal of GLOBE is to develop empirically based theories to describe, understand, and predict the impact of specific cultural variables on leadership effectiveness and organizational processes, and economic and human achievements in societies.

GLOBE defines culture as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations."<sup>42</sup> Culture is measured through commonality of values and practices. Values are expressed, for example, in response to questionnaire items in the form of judgments of *What Should Be*. Practices are measured by indicators assessing *What Is*, or *What Are*, common behaviors, institutional practices, and prescriptions.

For the nine GLOBE dimensions of societal and organizational culture, see Figure 1. For the GLOBE leadership dimensions, see Appendix 3. More detailed information is available on GLOBE's public web site at <http://www.ucalgary.ca/mg/GLOBE/Public/>. The first book by the GLOBE team, *Culture, Leadership and Organizations*, will be published in early 2004 by Sage.

## Appendix 3

## GLOBE Leadership Dimensions, Scales, and Items

Dimensions Scales	Questionnaire Items (definitions omitted)
<i>Charismatic/Value Based</i>	
Visionary	Visionary, foresight, anticipatory, prepared, intellectually stimulating, future-oriented, plans ahead, inspirational.
Inspirational	Enthusiastic, positive, encouraging, morale booster, motive arouser, confidence builder, dynamic, motivational.
Self-Sacrificial	Risk taker, self-sacrificial, convincing.
Integrity	Honest, sincere, just, trustworthy.
Decisive	Wilful, decisive, logical, intuitive.
Performance Oriented	Improvement, excellence, and performance oriented.
<i>Team Oriented</i>	
Team Collaborative	Group oriented, collaborative, loyal, consultative, mediator, fraternal.
Team Integrator	Clear, integrator, non-subdued, informed, communicative, coordinator, team builder.
Diplomatic	Diplomatic, worldly, win/win problem solver, effective bargainer.
Malevolent (reversed)	Irritable, vindictive, egoistic, non-cooperative, cynical, hostile, dishonest, non-dependable, intelligent.
Administrative	Orderly, administratively skilled, organized, good administrator.
<i>Self-Protective</i>	
Self-Centered	Self-interested, non-participative, loner, asocial.
Status Consciousness	Status conscious, class conscious.
Conflict Inducer	Intra-group competitor, secretive, normative.
Face Saver	Indirect, avoids negatives, evasive.
Procedural	Ritualistic, formal, habitual, cautious, procedural.
<i>Participative</i>	
Autocratic (reversed)	Autocratic, dictatorial, bossy, elitist, ruler, domineering.
Participative	Non-individual, egalitarian, non-micro manager, delegator.
<i>Humane Orientation</i>	
Humane Orientation	Generous, compassionate.
Modesty	Modest, self-effacing, patient.
<i>Autonomous</i>	
Autonomous	Individualistic, independent, autonomous, unique.

## Endnotes

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<sup>17</sup> Ali, A. J., & Amirshahi, M. 2002. The Iranian manager: Work values and orientations. *Journal of Business Ethics*, 40: 133–143.

<sup>18</sup> Javidan & House (in press), op. cit.

<sup>19</sup> Ali, op. cit.

<sup>20</sup> Putnam, R. D. 1993. The prosperous community: Social capital and public life, *American Perspective*, 13: 35–42.

<sup>21</sup> Forbis, op. cit.

<sup>22</sup> Tayeb, M. 1997. Islamic revival in Asia and human resource management, *Employee Relations*, 19(4): 352–364.

<sup>23</sup> Mackay, op. cit., 102.

<sup>24</sup> Limbert. op. cit.; Sciolino, op. cit.; Ali & Amirshahi, op. cit.

- <sup>25</sup> Javidan & House (in press), op. cit.
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## Acknowledgments

The authors thankfully acknowledge the support of the Industrial Management Institute of Iran in collecting the survey data in Iran.



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