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SOCIETY AND MANAGEMENT IN IRAN

Abstract

Twenty years after the Revolution in 1979, Iran is gradually opening up to the West. However, the country is still rather an enigma to most Westerners, who tend to think of the country in clichés, if not outright caricatures. Especially as far as management is concerned our knowledge is very limited. In this paper we aim at filling part of that gap by presenting the results of an exploratory study of management culture in Iran. The study is based on interviews, observations, and literature. After having set the scene in terms of the enviroing society, we will treat the following topics: Authority relations, personal networks, interpersonal behaviour, women in business, and bargaining. In conclusion we will tentatively put forward some recommendations for managers and decision-makers wanting to approach the Iranian market, and we will discuss the scope of our findings and the possible directions for future research in the area.

Keywords: Iran, management, Iranian society, Democracy, authority relations, networks, politeness, hospitality, women in business, bargaining.

Breaking out of isolation

The Revolution in Iran in 1978-79, brought Muslim Fundamentalists to power under the leadership of Ayatollah Ruhollah Khomeini. They took over power from Shah Reza Pahlavi (1941-1979), thereby turning the country into an Islamic Republic, a theocracy. Twenty odd years later, new winds are blowing over the country. The new and somewhat milder winds are represented by the reformist Mohamad Khatami, himself a cleric, who was carried to the presidency by general elections in May 1997, and reelected in June 2001 with an overwhelming majority of seventy and eighty per cent of the electorate respectively. In the 1990s, after the death of Ayatollah Khomeini in 1989, Iran has made efforts to break out of the country's international isolation by improving relations with its neighbouring countries in the Persian Gulf and the Middle East as well as with the US and the European community (The Economist Intelligence Unit 1999:5). A testimony of the profound change in attitude since the US Embassy hostage crisis in 1979 is the reaction of President Khatami the very night of the

tragedy of 11th September 2001, in which he expressed his profound sympathy with the American people and his wish for the world to unite in the fight against terrorism (Le Monde 15/09/2001). For Teheran Washington is no longer the big Satan. In 2001, Iran has even applied for membership of the World Trade Organisation.

The general response from the international community seems to be an appreciation of Iran's efforts to break the isolation. We may therefore expect an increase in trade relations and cooperation with this potential market of some 65 million people, of which two thirds are less than 25 years old (L'Express 28/01/1999).

However, the country is still rather an enigma to most Westerners, who tend to think of the country in clichés, if not outright caricatures. Previous research on Iran in the field of management is limited. Monir Tayeb (1979) studied cultural aspects of Iranian organisations. A more recent study examined paternalistic leadership and job satisfaction in Iran (Mortazavi & Saheli 1992), and Kiani & Latifi have examined Iranian management in the light of a multi-faceted culture perspective (1997). Moghadam studied workers' councils in Iran in the light of industrialization strategy and in a historical perspective (1988). Other sources found are limited to comments in cross-cultural studies, where many countries are involved, the most important being that of Hofstede (Hofstede 1991).

The aim of this article is to try and fill in part of the gap by presenting the results of an exploratory study of contemporary management practice in Iran. The study is based on interviews with eight persons from five companies, five managing directors and three employees, on observations, and on literature on Iranian management and related areas such as Arab and Islamic influence on Iranian management culture, the Revolution, religion, and women in business. Results indicate differences between Arab/Islamic and Iranian management cultures in terms of a more moderate power distance in Iran. At the interpersonal level, the importance attached to loyalty to superior was also found somewhat more moderate in Iran. On the other hand, a paternalistic attitude was registered in terms of employees expecting superiors to help solve their private and financial problems. Personal networks were found to be extremely important and so was attention paid to rank and status and politeness, especially verbal politeness, *tarof*. Bargaining was found to be an integral part of

any business deal, even the most insignificant ones in terms of the amount at stake. Contrary to expectations by many Westerners, a foreigner may feel most welcome in business circles among the very hospitable, friendly and open-minded Iranians, in whom the anti-West and anti-US politics are not reflected (Faradonbeh 2000, The Economist 1997).

The article will lead on a brief description of the Iranian society to-day. It will then move to a number of relevant themes such as authority relations, the importance of networks through family relations and other personal connections, interpersonal behaviour seen in politeness and hospitality, women in business, and bargaining. In conclusion we tentatively put forward some recommendations for managers and other decision-makers wanting to approach the Iranian market. Finally, we will discuss the scope and limitations of our findings and the possible directions for future research in the area.

Iranian management to-day is interesting firstly because the country is slowly opening up to the West after two decades of ignorance on the part of Westerners as to sides of life in Iran other than the political and religious aspects. Up till quite recently, the political discourse was dominated by the belligerent official language and images of mobs demonstrating in the streets against “the devils in the West”. Now after twenty years of austere clerical regime, the reform movement is gradually gaining momentum, especially among young people who have not known life before the Revolution. Secondly Iranian management is interesting because most people in the West confound Iranians with Arabs, believing that what they learn about Arab countries is also valid for Iran, and this obviously is a misunderstanding. Thirdly, it is interesting because the regime is now eager to attract direct foreign investment (Weekendavisen 4-10/12/1998, Le Monde 15/09/2001) to help develop industry and commerce. Finally, Iran is still one of the major oil producing and oil exporting countries and as such in a strategic position in relation to a still more oil thirsty West.

The data

The empirical data are based on an interview study in Iran in 1999 collected over a period of six weeks. Data are based on qualitative, in-depth, semi-structured interviews. The respondents were four managing directors, a production manager and three employees from

five companies, all production companies, small to medium sized (i.e. 1-99, 100-499 employees), situated in Teheran or big provincial towns; all are shareholding companies, mostly family owned. Most interviews were tape recorded, either conducted in English or interpreted from Farsi/Iranian and content analysed by themes. The objective was to elicit what Western/Scandinavian managers and business people should know about Iranian management culture in order to obtain the best possible starting point for communicating and dealing with Iranian companies and managers. The implicit comparison is consequently Scandinavian culture.

Apart from the interview data, this article will draw on evidence and contributions from a number of other sources in Danish, English, French, and Norwegian to supplement and discuss the empirical findings.

Iranian Society to-day

Iran is huge in territorial size with an area as large as Germany, France, the UK, and Spain together (Danish Foreign Ministry 1995:13). However, most of the area is arid land, deserts, mountains and plains with sparse vegetation, exploited by herds of sheep. The climate is continental with hot summers with temperatures rising to almost 50 degrees Celsius in the south along the Persian Gulf and cold and snowy winters in the North and East parts of the country, an exception being the narrow strip of coast along the Caspian Sea in the North, where the climate is subtropical. The population is estimated to be about 65 millions (Danish Embassy, Teheran, 1998:4), of which two thirds are less than 25 years old (L'Express 28/1/99:55). 61 percent of the population live in cities and 39 percent in rural areas (figures from 1996-97).

The labour force can roughly be divided by sectors as follows (figures from 1996): Agriculture 24 per cent, manufacturing, mining, construction and public utilities 28 percent, services and other sectors 48 percent. Official unemployment figures for 1997 was about 12.5 percent (DUP 1999:24), unofficially estimated to be much higher. The labour force is not well organised, and independent trade unions of any importance are non-existent (Faradonbeh

2000).

The Iranian economy relies heavily on the oil and gaz industry, which accounts for well over 80 percent of its export earnings, in 1998 12.8 billion US\$ and 40-50 percent of the state income. In 1998 GDP was 1,770 US\$/capita (Danish Ministry of Foreign Affairs 1999). The exports constituted about 20 percent of GDP. Some 86 percent of Iran's GDP still comes from government-owned businesses (The Economist 1997:13). The main trading partners are Japan, Italy, South Korea, and France for exports, and Germany, Japan, Italy, and the United Kingdom for imports. Inflation has been high for several years and was estimated to be around 20 percent for both 1998 and 1999. (Markedsprofil Iran, 1998, and Iran 1999-2000, The Economist Intelligence Unit, 1999). Corruption is common, especially in dealings with public institutions (Faradonbeh 2000).

Politics

As already mentioned, Iran is an Islamic republic, which means a state with a formulated Islamic constitution and an Islamic legal system in which clerics will officiate as judges. At the same time it is a republic organised as a democracy, two seemingly incongruent principles. The present spiritual leader is ayatollah Seyed Ali Khamenei, and president is hojastoleslam Seyed Mohamad Khatami.

In the 1979 Revolution, the Shah - and with him a 2,500 year old monarchy - was deposed, and the clergy undertook the governing of the country. A new constitution was formed and adopted and changes were to take place in 'all civil, penal, financial, economic, administrative, cultural, military, political, and other laws and regulations to be based on islamic criteria' (Amuzegar 1993:26). The laws passed by the *Majles*, the Iranian Parliament, were to be compatible with the *Shariah*, the islamic law and *Velayat-e Faqih*, the Islamic jurisprudence. This last mentioned institution was given immense powers such as the task of appointing the highest judicial authorities, the task of judging the suitability of presidential candidates, and lastly it became the commander-in-chief of the armed forces. Next in power after the office of the *Velayat-e Faqih* is that of the presidency (Economist Intelligence Unit 1999:6).

A number of other political institutions and power bases were formed:

The Islamic Republican Party. In contrast to typical Western models of political parties, which normally have common leadership, programme and political platforms, this party has a variety of platforms, groups and factions, so that it defies specific categorisation. According to Vakili-Zad (in Bina & Zangeneh 1992:32) the clergy's differences and conflicts of opinion are most often based on associations, connections, and relations to non-clerical interest groups and personal preferences rather than on ideology.

The Assembly of Experts is a 73 member council that has the functions of a) reviewing, amending and redrafting the constitution, b) selecting the leader (which may be either one sole *faqih* or a Council of *faqihs*), and c) holding the right to impeach and remove the Leader (Faradonbeh 2000:42).

The Guardian Council with 12 members has the function of controlling that legislation is in accordance with Islamic law, and approving candidates who may stand for election to the *Majles* and the presidency (Faradonbeh 2000:43). Six members are appointed by the leader of the *Velayat-e faqih* and six by the *Majles*.

The Majles is the National Assembly or Iranian parliament. As of spring 2000 it has 280 members elected through universal suffrage.

The Expediency Council has the function of mediating in disputes between the Council of Guardians and the *Majles*. (Faradonbeh 2000:42-43).

Political parties were forbidden in 1985, but legalised again in 1998 (The Economist Intelligence Unit 1999:7). Their scope of activities are restricted since they must be formed and operate within the frames set by the constitution, which aims at conformity rather than diversity.

Apart from these formal institutions, two other groups should be mentioned, since they constitute important power bases in society and in the political system: One is *the ulema*, experts in religious law and theological matters. It generally enjoys great respect in society.

Wilson (1997:145) thus states that

For many in Iran it is the Ayatollahs, Mullahs and other members of the Ulema, the religious scholars, who are the most highly respected members of society. Business leaders and even government and lay members of the Majles, the Iranian parliament, do not command the same respect. The authority of the religious leadership comes from their knowledge of the Koran and the holy writings, and their ability to interpret the Shariah religious laws.

The other powerful group is **the Bazaaris**, members of the Bazaar trading community, largely conservative and religious entrepreneurs (Husain 199:233), which has no direct equivalent in any part of the Western world. It has existed and been an important societal entity since long before the existence of Islam (Encyclopaedia Iranica, 1989, vol. 4:30). Traditionally, the Bazar embraces the largest part of the commercial sectors, trade networks, and financial networks (Mozzafari 1998:103).

From the beginning of the Islamic era, the religious community and the Bazaaris have been interdependent, since the bazaar was not only a place for exchanging commodities, but also a place where religious norms and cultural values could be discussed and exchanged. In contemporary Iran it is both a socio-economic power base of the Shi'ite religious establishment and a bastion of political protest movements (Encyclopaedia Iranica 1989, vol. 4, p. 30). During the Shah reign they were in strong opposition to the modernisation and westernisation of the Iranian society for both economic and cultural reasons. Economically because the import of Western goods by state-purchasing corporations and the modern retail trade in the form of government subsidised supermarkets (Husain 1995:233) threatened their traditional goods and ways of trading, and because their tradition for providing loans was endangered by modern style banks. Culturally they were guardians of traditional values and therefore disgusted by Western values and people's disrespect for Islam (Hvidt et al. 1989:44). The bazaaris played an active role in the uprising against the Shah and in the Revolution, helping to organise it and being the major financial supporter (Hvidt et al. 1989:44.).

The Bazaaris and the Ulema are interdependent, economically, culturally and personally, the Bazaaris supporting the ulema financially, and the Ulema often providing an interpretation of

Islam, which conforms with the interests of the Bazaar (Mozaffari 1991) and finally by personal relationships due to extensive matrimonial bonds between the two groups (Mozzafari 1998:106). After the establishment of the Islamic Republic, the Bazaar has managed to enforce its role in society and has made efforts to become part of the new regime (Mozzafari 1991:385). Still according to Mozaffari

“... the ethical norms and rules of the bazaar have acquired the status of norms and ethics for the society as a whole. Thus the ethics of the Bazaar have provided an ethic of refuge and anchoring point for national identity in periods of social crisis. In this sense the bazaar is a kind of memory of the people of Iran” (1991:379).

For this reason, eyes turn towards the Bazar when there is a crisis, every time something basic to society - the collective self - is being sought, and every time society seeks a mirror to reflect its image (Mozzafari 1998:104).

Democracy in Iran ?

An interesting question at this point is to what extent we may consider Iran a democratic society. On the one hand members of the *Majles* are elected in general universal and direct suffrage and so is the President of the Republic. Additionally, in the spring of 1999 for the first time in the history of the country, general elections were held for local representative bodies, an important decentralisation of the Islamic state. This is quite extraordinary and exceptional for an islamic society. The result was another overwhelming 70 percent victory for the reform movement, in so much as the reformists are now in majority in 13 out of 15 cities, among others the capital city of Teheran and the largest provincial town Isfahan (Weekendavisen 12-18 March 1999). In February 2000, a new and more reform oriented parliament was elected.

On the other hand, candidates presenting themselves for election to the *Majles* and the presidency have to be approved by the Guardian Council, which is consequently higher in power than both of these institutions. Then again, out of the 12 members of the Guardian Council 6 are chosen by the *Majles* and 6 by the leader of the *Velayat-e Faqih*, the islamic jurisprudence, the latter therefore being above them all and the ultimate centre of power. However, contrary to what happens in many other Muslim countries, once candidates have been approved, the election is left to take its course, and the results seem not to be falsified or

tampered with (Andersen and Seeberg 1999:26).

It is also important to note that women have the right to vote and what more is are eligible alongside men. The Iranian women are ascribed a major role for the election of president Khatami and for the overwhelming success of his party the Islamic Front. The parliamentary elections of 2000, ensured about 70 percent of the seats for the Khatami supporters in the *Majles*. However, although Khatami has strongly encouraged women to take part in politics and in social matters, the women themselves represent only 3.8 percent of the *Majles* Assembly, a decrease from 7 percent in the former assembly (Berlingske Tidende 14/7/2000), one reason being that it is very difficult for women to be approved by the Guardian Council to be candidates for elections.

In conclusion, it is a system of parallel and intertwined powers, and the question of whether Iran can be said to be a democratic society is open to interpretation, but it does seem to be moving towards more democracy.

Language

The main language in Iran is Farsi, which belongs to the Indo-European family of languages; it is not an Arab tongue. However, due to the close cultural and religious ties to the Arab world from the introduction of Islam to the old kingdom of Persia, a considerable amount of vocabulary and expressions has been imported from Arabic. The structure of the language is similar to German, and relatively easy to learn for North Europeans. However, the scripture is based on the Arabic alphabet and consequently constitutes a certain barrier.

Religion

The majority of Iranians belong to the Shia branch of Islam, which represents only about 15 percent of the world community of Muslims. This fact places the Iranians in opposition to most of their neighbours in the region, which belong to the Sunni branch. The differences between the two groups go back centuries and was a schism over the succession of the Prophet Muhammad. The Shi'ah Muslims believe that the Prophet nominated Ali to be the first caliph or imam of the Muslim community and reject the legitimacy of the three first caliphs that preceded Ali. In addition, Sunnis insist that Prophet Muhammad was illiterate and

a mere human being through whom God revealed his message (as recorded in the Koran), while Shi'ahs contend that the Prophet was literate, infallible, and possessed semi-divine attributes (Husain 1995:7).

A third major difference is in the area of Islamic jurisprudence, which is not central to this article and consequently not further developed.

These differences in belief have been an obstacle to the reconciliation of the two branches and played a major role in the eight years war between Iraq and Iran in the 1980s, since both sides could claim that the other party in the conflict were not true believers.

Contrary to most other great religions, Islam integrates spiritual and profane life, which means that religion has its say in all areas of everyday life such as politics, martial law, jurisprudence, food, clothing, and etiquette, and contract law also including business life.

We will now turn to management in Iranian companies.

Authority Relations

When looking at Iranian management culture, the issue of authority relations is interesting. Our study has revealed practices similar to the Arab top-down authority, yet a more moderate management culture, seen from a Western (especially North Western) point of view.

First, Iranian management clearly contains elements of top-down authority. Interviews with both managers and common workers clearly gave the impression that authority runs top down in Iranian organisations. Most decisions of importance were usually made by superiors. This does not mean, however, that no delegation whatsoever was seen, only that common workers were left out of the decision making process. They seemed rather surprised by even being asked about decision making, since in their opinion they had no influence on decision-making at all.

In line with this is the fact that disbelief in workers in the McGregor sense of the word

(Theory X) was observed. In different contexts managers revealed a perception of the common workers as lazy, as lacking a proper working moral, as always trying to work as little as possible and as often making disputes and arguments, thus thwarting efficient work.

On the other hand, authority seems less strongly centralised in the Iranian companies compared to the Arab/Islamic world as such, where, according to sources, all decision making authority is held by one superior, so that there is hardly any delegation, neither to the middle levels of management, nor to common workers, or even foremen. As a result, all decisions are pushed upwards and top managers have to take care of even small and trivial matters (Wright in Hickson, 1997).

In Iranian companies, the top-down authority was found to be more moderate. Although most authority seems to be held by the top managers, there was still some degree of delegation of authority and decision-making power to lower levels of management. All the managers explained that formal organisation charts were being used, and they could all easily draw detailed charts showing several hierarchical layers. They stressed the importance of the hierarchy and emphasised that small decisions were supposed to be solved further down the organisation. General observations and discussions confirmed these results.

Illustrative, in this context, is Hofstede's description of high power distance cultures, where an unequal power relationship between managers and workers is accepted and expected by both parties (Hofstede, 1991, 2000). In Hofstede's power distance index Iran scores noticeably higher than many Western, and especially North Western countries (eg the US, Germany, Scandinavia), but considerably lower than some Arab countries (Iran 58/Arab countries 80) (Hofstede 2001:87).

Despite this fact, both interviews and general observations showed that paternalism is common in Iran. The workers as well as employees expected superiors to help solve both financial problems, such as in the case of wedding expenses, purchasing of new homes, illness in the family, education of employees' children, as well as private problems, such as marital conflicts. Our findings also indicated that superiors clearly considered it their responsibility to help solve both the financial and the private problems of the employees. All

the superiors had special funds or budgets for covering such financial difficulties of the employees. And regarding private matters, they would occasionally interfere on the private arena, making efforts to solve the employees' family disputes such as in the case of marital conflicts.

In sum, regarding the issue of authority relations, top-down authority was registered, though in a more moderate shape than in the Arab/Islamic world. Still, paternalistic behaviour was found in all the companies.

Family Relations and Personal Connections

One does not need to know a lot of Iranians, or to spend much time in Iran, to realise that the family plays a different and more extended role than it does to most Westerners, especially the North Europeans. Results show that this orientation has an influence also on the business context.

In contrast to many parts of the Western world, where the individual is in focus, there is in Iran a stronger orientation towards the family. Among relatives there is a perceived interdependence, both emotionally and financially, and marriage between relatives is still frequent. In this respect there is a difference between rural and urban areas, the rural being very traditional and the families in the big cities becoming more split up, with young married couples moving out to live on their own. Still, it seems that the family plays a fundamental role to the individual. When Iranians meet with friends they have not seen for some time, for instance, one of the most common topics is to speak about friends and relatives, in the sense which family did so-and-so marry into and less whom did the person marry. Muna, who has made a study of Arab executives, also discusses this issue. His conclusions point to the fact that when Arabs meet their countrymen for the first time, they usually attempt to establish each other's family identity. In the West, on the other hand, the initial conversation revolves around a person's occupation or profession (Muna, 1980). The examples indicate a stronger family orientation in the Middle East.

The extended family constitutes the core of the social network of the Iranians and this

network is extremely important both in society in general, and in a business context in particular. For almost any practical task or personal problems one needs solved, it is done through personal connections and informal channels. Formal systems, official institutions and procedures are less efficient, statistics and registers are less available and considered less reliable, and the law system is perceived as complex and unreliable (Faradonbeh, 2000). Therefore, informal channels are preferred and needed.

The custom of working through informal channels was experienced in the effort to arrange interviews with Iranian executives. Making similar arrangements in a Western (especially North European) context, can fairly easily be done by writing a letter or making phone calls to any company and ask for interviews, independent of relatives and personal connections.

Iranian relatives or our guides in Iran explained thoroughly that this was not done in Iran. Instead they phoned other relatives or friends, who had other connections and so on. In other words, informal channels were needed.

Through a system of exchanging favours through informal channels, Iranians are used to and willing to do each other favours to an extent far beyond what is common among most Westerners. During our field work, for instance, we had trouble finding translators. Finally, two persons were found through connections. They travelled from another city and took several days off from work in order to help out. We were advised to give neither money nor presents, only to remember that we owed them a favour in return. This a typical way of establishing and maintaining long-term networks.

In this respect, Trompenaars and Hampden-Turner's framework of understanding managerial behaviour in different cultures is helpful. One of their dimensions concerns universalistic versus particularist behaviour (Trompenaars & Hampden-Turner, 1999). Universalist behaviour is rule based, implying that people falling under a rule should be treated alike, and exceptions should be avoided. With particularist behaviour, on the other hand, friends and relatives are regarded as more important than rules and laws. It is under this category that Iranians belong: our findings show that anything will be done to help a friend or relative, and examples are numerous. If for instance you are being stopped for speeding, you get a fine, but

if the police officer happens to be an acquaintance of the family, you may get a reduction, depending on the strength of the friendship.

The same seems to apply in a business context. The use of informal channels is dominant, and by playing *parti bazi*, rules may always be bent or twisted. *Parti bazi* implies that positions and advantages that one is not formally entitled to can be obtained through personal connections. Conversations with Iranians have revealed numerous examples of how one can get far in obtaining positions and advantages by speaking to, becoming friendly with and ingratiating oneself with certain influential persons. And what is interesting is that there is no obvious negative attitude towards this phenomenon, it is just the way it works.

All these results pointing at the importance of family and personal connections in a business context may be seen in the perspective of Hofstede's description of collectivist societies. Iranian management culture clearly contain more collectivist elements than many of the North European cultures (Hofstede, 1991, 2000). Then one might ask what about trust and loyalty, which, according to Hofstede is of such fundamental importance in collectivist societies? Our study indicates that loyalty plays an important role in Iran, considerably more so than in many Western countries (e.g. the US, Germany, Scandinavia), but apparently less so than in most Arab countries, since in the case of recruitment for a position, qualifications are also highly emphasized, so that formal qualifications or lack thereof is not outweighed by loyalty. This can be seen as a logical consequence of the high level of education obtained in Iran since the Revolution in 1979.

As a consequence of this extended use of connections, Iranians always seem open towards new connections and acquaintances. At the same time 'old' connections are kept and maintained, even though they are not 'being used'. One example illustrating this is that during the two week long celebration of the Iranian New Year, not only closest family, but also distant family, friends and business relations visit and revisit each other. Part of this is to maintain and nurse the relations and connections.

This connection-orientated attitude and way of solving all tasks both in general and in a business context is extremely important to be aware of for foreigners wanting to do business

in Iran. A network has to be both developed and nursed. Especially North Europeans should be aware that spending time building personal relations is fundamental.

Politeness and hospitality

The other side of the same coin is that of politeness and hospitality, which, in Iran, equals that of Arab countries. They are obvious phenomena in some ways, yet subtle and hard to fully comprehend by Westerners in others.

Anyone travelling to Iran will notice the polite and hospitable behaviour and manners of all Iranians. Not only countrymen, but also foreigners are met with a welcoming and hospitable attitude. One expression of this is the kind of verbal politeness called '*tarof*', which can to a certain extent be considered almost ritual, since it connotes well behaved politeness and respect that is not meant to be interpreted literally.

One of our first experiences with '*tarof*' was in connection with interviewing the informants in the companies, to which we were always accompanied by a contact, the person introducing us. In the customary Iranian fashion, several of the interviewees invited us home for dinner with the family. Our contact systematically refused to accept the invitation, but the invitation would be repeated and refused several times during the visit. It was '*tarof*' behaviour, which is frequently used towards friends, colleagues, acquaintances and business relations.

However, had we accepted the invitation, the family would feel honoured, and a lavish dinner would have been prepared for hours, making sure that food would be plentiful. The person being invited will accept or refuse the offer depending on several factors, among others how well they know the other part, the circumstances, and whether he will be able to reciprocate the invitation in some way. This is not meant as a recommendation to refuse all invitations, only to try to sense whether the other part is making '*tarof*' or not.

The tendency is that the less the hosts know their guests, or the more respect they want to show, the more '*tarof*' is being made. Also when addressing a person the tendency is to add honorifics and niceties' depending on the respect the speaker wants to show.

Tarof behaviour is part of Iranian high context communication (Hall & Hall 1990), in as much as there is a lot more information in a tarof conversation than what is explicitly said. It takes a thorough knowledge of the culture to be able to correctly interpret the nuances according to the situation.

Westerners, and among them especially Scandinavians, who are not much used to implicit language, might need to consult with other Iranians in order to better understand the messages conveyed.

Bargaining

Whereas doing business always means trying to negotiate the best deal in terms of price and related conditions anywhere in the world, this does not normally in the Western world extend to everyday little purchases.

In Iran, however, like in the entire Middle East and North Africa, buying small items or more extended deals often involve the process of bargaining. It is a game that all participates in and that all seem to delight in as part of the pleasures of life. Customers may walk into a shop; start looking around with a dissatisfied expression in their face. Then they may start complaining about the products and asking the staff or the sales person whether he, or the shop, really does not have any better quality. If the customer finds something of interest, he will then start, after a while, to discuss the price. The price is not necessarily set from the beginning. Even if there are price tags on the products, it may be just a starting point for the bargaining. It is very common to bargain before agreeing on a price. Towards the closing of the deal, Iranians may be discussing insignificant amounts of money, but still the bargaining goes on. Price tags on products are now seen more frequently though, and one does not always negotiate the price, especially not in more modern shops or supermarkets in big cities.

The bargaining represents a tradition that goes back thousands of years, and which has been maintained by the Bazaris. According to this tradition the choice of dealer or business relation is an important one. Iranians choose their business partners first and foremost from a consideration of trust, since the societal structures are such that they do not offer protection in

case something goes wrong. Although there is a body of law one can refer to, the execution of the law is unpredictable and depends on the subjective interpretation of the persons one deals with in the official system (Faradonbeh 2000:107). Consequently, a person that you can trust is a better insurance against mishaps than relying on the official system.

According to Wilson (1985:19), the tradition is also that you bargain with your usual supplier. The Western custom of shopping around for the best price and the best conditions is not well accepted. The obvious reason is that it breaks with the golden rule of trust. It takes time to build up a relationship based on trust, and so you need to have a long-term strategy and a lot of patience.

The next question is how does one know whom to trust? The typical way is to get introduced to someone recommended to you by someone that you already feel that you can trust, i.e. building on relationships and connections. A foreigner, who does not have such connections should contact his country's local embassy or representative for assistance.

Women in society and business

As already mentioned women have the right to vote and they are eligible alongside men.

According to the constitution of 1979, women also have the right to work and to study, and they certainly make use of this right, in as much as 57 percent of all university students were females in 2000 (Berlingske Tidende 4/08/2001). On this background, the traditional image in the West of Islam being entirely repressive towards women cannot be confirmed. In Iran at least they enjoy a status that many a woman in Afghanistan or Saudi Arabia might envy them. It is not Islam as a creed that is repressive, but the cultural traditions developed, sometimes as a result of interpretations of the holy scriptures.

Examples of women careers in Iran would include a female vice-president in the first Khatami government (Andersen and Seeberg 1999:28), and a female diplomat now representing Iran in the United Nations in New York (L'Express 28/1/99). The manager of Tehran University is a woman, who is also member of Parliament; however, she is one out of only 11 women

members (less than 4 percent of total) (Berlingske Tidende 14/07/2000). In 1997, four women registered to run for the presidency and so did two women in the 2001 election. In 1998, nine women tried to stand for the Assembly of Experts. In these elections all the women were rejected by the Council of Guardians (Wright 2000:136). But women are on the move: almost one third of government employees were females in 1999. More than three hundred women won in Iran's first local elections in 1999. Growing numbers of Iranian women have become lawyers, doctors, professors, newspaper and magazine editors, engineers, business executives, economists and television newscasters. In 1998, more than a third of university faculties were female (Wright 2000:137). And probably most surprising to many Westerners is the fact that in the ancient holy city of Qom, the Zahra Society is educating women who aspire to be ayatollahs (Wright 2000:154).

The Islamic world has a centuries long tradition of female business women, going back to pre-islamic times, since the Prophet Muhamad's first wife, Khadidja, was a wealthy merchant. Commerce has always been held in high esteem, and women are by no means excluded from doing business. Iran is no exception, and examples of women running their own businesses are numerous. In the Islamic world, women even have an advantage compared to their sisters in the West, in as much as what they gain they may keep to themselves. They do not have to share their earnings with their husband, who is supposed to be sole supporter of the family.

All these examples need to be set in perspective, however; they cannot and should not be taken to imply that the fight for equality of women in Iran is all over. The general spirit is still phallocratic and misogynist compared to most Western countries.

Just as Iranian women may hold offices and conduct business, so may Western women, and there is nothing to prevent them doing so, on condition that they do not violate islamic codes of conduct. This entails being properly dressed, which means covering arms, legs and neck, and preferably wearing loose clothes that do not disclose body figure, but nobody expects foreign women to wear the chador; a head-scarf and a coat are compulsory for out-door purposes though. The code of conduct also entails never to be in secluded rooms for negotiations or talks with men including never to take people to your hotel room. The point is to prove to the surroundings that nothing indecent is going on.

Since it is still normally taken for granted that a man would be in charge, female business persons and female negotiators are recommended not to bring male subordinates, so as to prevent having to stress who is in authority.

Conclusions and recommendations

This paper set out to fill part of the gap in our knowledge about contemporary management in Iran. We have done so by using an exploratory study of management culture in Iran and supplementing with existing literature. We can conclude that Iranian management has similarities with other countries in the Arab/Islamic world, but regarding authority relations more moderate seen from a Western point of view. It seems to be less centralised, some delegation being practised though not as far down as workers' level. Paternalism is common, employees and workers expecting their superior to help out in case of financial as well as private matters. Special funds were set aside in the companies for such purposes.

It was clear that family relations and personal connections are extremely important for getting things done in the business context as well as in matters involving public authorities. This means that there is a complicated system of doing each other favours and owing favours in return. People will go a long way to help out even distant relatives and friends of friends, simply because systems that we rely on in the West do not exist or are not reliable. It is important to note also that no negative attitude was registered in this connection. This is just how things are.

As in other countries in the Middle East, loyalty plays an important role, but apparently less so in Iran, since in the case of recruitment for a position formal qualifications are at least equally important.

In many respects Iranian women enjoy a better status than in other Islamic countries. They have the right to vote and they are eligible alongside men. The new constitution also give them the right to work and study, and in urban areas they massively make use of those rights. They can hold public offices in national and local administrations and have civil jobs

in all professions, some are even studying to become ayatollahs. There is a long tradition of women conducting business, and they may even keep their gains to themselves, not being obliged to share their income with their husband.

In view of what has been stated above, recommendations for Western business people, be they male or female, would be to be prepared to use long time to build up relationships and to keep on nursing them and staying in contact. Inside the companies, Westerners should be prepared for the paternalistic attitude of employees and workers expecting superiors to help out in private and financial matters. Some delegation of authority can be practised, but control mechanisms should be tight.

Western companies and organisations can safely send women representatives to Iran to conduct business and take part in negotiations, provided the women respect Muslim codes of conduct. We strongly recommend that the women representatives are not accompanied by subordinate males, or that it is made absolutely clear to the Iranian counterpart who is in charge.

Concepts defined

Islamic Republic: A republic with a formulated Islamic constitution and an Islamic legal system in which clerics will officiate as judges over criminal cases and punish offenders according to *Shariah* law (Husain 1995:233). Note that business cases are not part of criminal law.

Majles: The Iranian parliament. It has 280 members elected through universal suffrage.

Modernist Muslim: Devout to very devout; eclectic; not rigid or puritanical. Significantly influenced by non-Islamic (especially Western) ideas, ideals, and practices. Though they may come from the ranks of the *Ulema*, the majority have been non clerics. Very particular about placing all adopted popular and beneficial non-Islamic/foreign concepts, practices, and institutions within islamic framework. (Husain 1995:152).

Muslim fundamentalists: Extremely devout and austere and often puritanical. Minor influence of some non-Islamic (e.g. Western) ideas, ideals, and practices. Not exclusively from the ranks of the *Ulema*, many non clerics among them. Look primarily to classical period of Islam for inspiration and emulation; secondary emphasis on medieval Islamic era. Extremely opposed to modern secular (especially Western or Socialist) ideas, practices, and institutions that are contrary to Islam. (Husain 1995:152)

Parti bazi: implies that positions and advantages that one is not formally entitled to can be obtained through personal connections. This phenomenon has no negative connotations to Iranians.

Paternalism: Authoritarian ‘fatherliness’. When the responsibility of managers extends into the private lives of the employees, for instance when it is expected that managers should help solve personal problems and financial difficulties of the employees and their families.

Reformist: A person who wish to introduce reforms in order to modernise the society, for instance. so as to introduce the general principles of a state of law, to allow political parties and to conduct a socially oriented economic policy (Danish Ministry of Foreign Affairs 1999).

Shariah: The comprehensive, eternal, immutable, and sacred body of canon law governing the individual and community life of Muslims (Husain 1995:6).

Shi’ah Muslims: The minority sect comprising 15 percent of the World’s Muslims. They believe that Prophet Muhammad nominated Ali to be the first caliph or *imam*, thereby rejecting the legitimacy of the first three successors, revered by the *Sunnis*. The Shi’ahs also contend that the Prophet was literate, infallible, and possessed semi-divine attributes. (From Husain 1995:7)

Sunni Muslims: Make up 85 percent of the World’s Muslims. The Sunnis revere the first three caliphs that the Shi’ahs reject. In addition, Sunnis insist that Prophet Muhammad was

illiterate and a mere human being through whom God revealed his message (from Husain 1995:7).

Tarof: An aspect of polite behaviour of Iranians implying that things are said in order to be polite and show respect. These expressions are not meant to be interpreted literally. Depending on the situation, people will know when tarof is being made (Faradonbeh 2000).

Ulema: Islamic experts in religious law and theological matters.

Velayat-e faqih: The experts in Islamic jurisprudence.

Zakat: The fourth pillar of Islam. It enjoins Muslims to donate 2.5 percent of their wealth in alms to the needy or to a charitable institution (Husain 1995:7).

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