

## Ali Dirbaz

# Middle-Eastern Business Culture

Case Iran

International Business 2017

#### VAASAN AMMATTIKORKEAKOULU

International Business Bachelor of business administration

## TIIVISTELMÄ

Tekijä Ali Dirbaz

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Ohjaaja Peter Smeds

Opinnäytetyössä käsitellään Lähi-Idän business kulttuuria, mutta suurimaksi osaksi aiheena on Iran. Työn tavoite ja tutkimus keskittyvät Kohde maahan. Tässä työssä käytimme monia eri lähteitä.

Tavoitteena on antaa lukijalle käsityksen, miten politiikka ja kulttuuri vaikuttavat liiketoimintaan Iranissa. Taustaltani olen Iranilainen, joka muutti suomen viiden vuoden ikäisenä. Olen sisäistänyt kahden maan välistä kulttuuria ja eroja. Parhaani mukaan olen tuonut niitä esiin tässä työssä.

Työssä olen käyttänyt Hofsteden kulttuuri mallia.

Suomessa tietämys Iranin kulttuurista ja mahdollisuuksista on vähäistä. Tämän työn lukemisen jälkeen toivon lukijan ymmärtävän enemmän Iranista.

Opinnäytetyö suurin haaste oli tietojen löytäminen. Tämän vuoksi matkustin Iranin tuodakseni lisää informaatiota työhön. Enemmän tietoa reissustani on kerrottu päätelmä kohdassa

## VAASAN AMMATTIKORKEAKOULU UNIVERSITY OF APPLIED SCIENCES

International Business, Bachelor of business administration

## **ABSTRACT**

Author Ali Dirbaz

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This thesis studied Middle-Eastern business culture in Iran. The main point of this thesis was to research facts and history about the case country. Various sources were used in this work.

The aim was to give the audience a brief understanding on how government and politics affect Iran. The reason for this was my background; I was 5 years old when I moved to Finland I have good knowledge on how culture is different between these two countries.

I used Hofstede cultural dimension method for this work.

In Finland there is not enough knowledge about Iran and the aim of the thesis was to bring up essential elements up. After reading this work the audience should have good knowledge about Iran.

The biggest problem was getting information as there is not enough information or books about the case country. Therefore, I made a trip there to see on the spot how things work. More about my trip and what I learned is descripted in the conclusions of the study.

Keywords

Iran, Cultural, teaching methods, Business

# SISÄLLYS

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## LIITTEET

## 1 INTRODUCTION

The aim of the work is to find opportunities for Iran from foreign companies. In the thesis I to look for information on Iran's culture. This work gives the reader different standpoints on Iranian business and opportunities there. Iran is not a well known country in Finland, there are people who don't know where Iran is located and I will tell more about economic sanctions and how they affect the country. There will be introduced government and religion. This thesis will handle three type of Iranian cultural (Ancient, Islam, Western), the results culture is analyzed based on Hofstedes theory.

Finland has arrangement a trade fair where Finnish and Iranian business meet each other, This will bring more connections and result in business. The mostly effective thing in 2017 was when Finland's president Sauli Niinistö visit in Iran. This means Finland has already good relations to Iranian people and government also, this will give more trust to Finnish company's doing business there.

Iran's official religion is Islam, led by Ayatollah Ali Khamenei. He was also President of Iran 1982-1989. Khamenei was chosen as the highest spiritual leader after Ayatollah Khomeini's death in 1989. He is also politically in a strong position in Iran and he can, among other things, appoint and dismiss the president and has veto to all government approved laws.

I will use Hofstede's and Trompeenar's theory for this thesis, both are good and respected research method. This will give the audience a good view point on how Iranians act in different type of company organizations and how women can work.

In the first chapter I introduced Iranian parliament in 8.1.2017 gave shocking news in Iran was when Akbar Hashemi Rafsanjani died. He was one key leader in Iranian regime since 1979 revolution and also a Member of Assembly of Experts.

### 1.1 Research problem and objective

In this final project when dealing with how Iran can take advantage of a business partner. Iran has had economic sanctions in place since 2012 and then were removed in 2016. In this work the difficulties were to find enough fresh information. This studied work deals with the concepts of Hofstede and Trompenars. What kind of country is Iran? What is the policy in Iran? We are going through the history of Iran.

#### 1.2 The structure of the thesis

This thesis is structured into eleven chapters. The first chapter introduces the thesis. In addition, it includes an explanation of the research problem and objectives and an introduction to the business culture of Iran. The second and third chapters of the thesis focus on the theoretical framework of the study. First, fact and history will be discussed to give the reader a better understanding what Iranian culture is like today.

The third part of the chapter focuses on the political situation of Iran. Chapter four will focus on the economy of Iran. Chapter five will example Hofstede culture and comparison with Finland. Chapter six has facts about Iran as a business partner and chapter seven discusses Iranian goals and relation with Europeans.

In chapter eight we use Troompenars theory of cultural. The ninth chapter deals with the research methodology of the study. In chapter ten research and data collection methods are discussed. The validity, reliability and limitations of the research are also revealed. The chapter eleven analysis of the results and conclusions are made.

#### 2 FACTS ON IRAN

Iran is the heart of the Middle-East. The country has over 80 million population. World 4<sup>th</sup> largest oil exporting. Iran is the second largest economy in the Middle-East (world bank).

Capital	Teheran
Population	80 Million
Supreme Leader	Seyed Ali Khamenei
President	Hassan Rouhani
Religion	Muslim, Chiristianity, judaism, Zoroastrianism
Domestics GDP (2015)	393.7 Billion dollar
Currency	Rial
Language	Farsi, Azeri, Kurdish, Turkish, Arabic,

## 2.1 History of Iran

Iran is a country with 3000 years of history. Iran was known as Persia. The monarchy existed for 300 years. People are not satisfied with Pahlavi in 1979 and started Iran revolution, Monarchy was rejected and replaced with on Islamic republic.

The current Iranian flag was introduced in 1980, and it has three horizontal stripes - green, white and red. Green is the color of Islam, and it means growth, while white symbolizes honesty and peace and red the courage and martyrdom. In the middle the white stripe is a stylized description of the word "Allah" and the phrase La ilaha illa Allah. (<a href="http://www.info4migrants.com/finland/wp-content/up-loads/sites/2/2014/11/CountryProfileIRANLearnmeraFinnish.pdf">http://www.info4migrants.com/finland/wp-content/up-loads/sites/2/2014/11/CountryProfileIRANLearnmeraFinnish.pdf</a>)

Persia has been traditionally governed by the Shah monarch. A faithful leader has been always in significant role in Iran. They have strong influence on Shah and to the country law and people. In Pahlavi regime time (1941-1979) Shah tried to modernize Iran. Shaahie's actions aimed at traditional religious education. Intermediaries between the scholars and the Shi'a became inflamed, and eventually the riot broke down the dynasty. Ayatollah Khomeini came to power, he carried out his political insight, or raised the Supreme Guard as a full-fledged lawyer. This governance model was introduced in the Constitution of the Islamic Republic of Iran. In Iran, the supreme religious leader oversees both the army and the judiciary. In the mid-1990s, the supporters of a tough Islamic line began to group around Khamenei. (Hämeen-Anttila 2004, 190–196.)

Khamenei is the leading figure in the Iranian conservative wing, who has been intolerant of fundamentalist criticism. In the 2000s, Iran's religious dictatorship has intensified and led to religious persecution. (Lahtinen, Helsingin sanomat, 2008.)

#### 2.2 Religion in Iran

Iran is now known as a Islam country, over 90% of population are Siia Muslim and 10% Sunni, but there is equal religion Christianity, Jewish, Baha'i, Zarathustra. Iranian religion before Islam was Zarathustra and it has an effect on Iranian culture still today. Daniel & Mahdi 2006. S.58

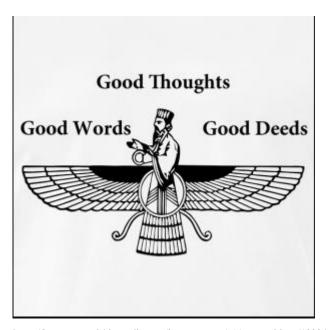
#### 2.2.1 **Islam**

To figure out how Iranian foreign policy works we have familiarize ourselves with religion aspects. We have to understand that Islamic rules and values define mostly Muslim political guidelines. Iranian politics can seek the truth from Islamic texts or Quran, but at the same time truth and values come from a context that is not completely religious. People read, understand and interpret the available sources in daily life to a large extent. For this reason it is not possible to declare one Islamic truth and even less one Shi'ite or Sunni reality. Politics and the pyramid scheme are both Shi'ite and Sunni varied in different countries communities and individualized lifestyles. We must be able to understand the trends of the various main groups of Islam so that we can draw conclusions from Shi'a Muslims from outward-talking speeches and from the hidden arguments. (Vali Nasr, S77-78)

#### 2.2.2 Zarathustra

Zarathustra is Iranian old religion and philosophy. Religion have 3 messages to its follower ''Good words'' ''Good thoughts'' ''Good deeds''. Before Islam revolution Zarathustra was Iranian first religion. Zarathustra temple is located Yazd, Iran, but they have also temple in Shiraz, Isfahan, Ahwaz. My home town Shiraz is located 55 kilometers of Iran old capital pasardga and there you will see stone wall where is Zarathustra tagged. <a href="http://edition.cnn.com/2011/11/14/opinion/choksy-iran-zoroastrian/">http://edition.cnn.com/2011/11/14/opinion/choksy-iran-zoroastrian/</a>

## There is Zarathustra logo:



https://image.spreadshirtmedia.com/image-server/v1/compositions/1002453781/views/1, width = 300, height = 300, version = 1473664654/good-thoughts-good-words-good-deeds-men-s-premium-t-shirt.jpg

### 3 POLTICAL OF IRAN

This chapter will introduce Iranian Poltical status and view of what happened in Iran after revolution in 1979. Iran was a monarchy before the revolution in 1979. After the revolution the status changed and to an Islamic country and the name was modified to the Islamic Republic of Iran.

#### 3.1 Revolution

In 1979 revolution in Iran, Islam took over power in the country. Monarchy was replaced to an Islamic country. Shah Mohammad Reza Pahlavi was expelled by Ruhollah Khomeini in 1964. 1979 Ruholla Khomeini took power when Mohammad Reza Pahlavi exiled. Iran changed into an Islamic country and Sharia law start era in Iran. <a href="http://voima.fi/artikkeli/2011/vapaus-jai-iskulauseeksi/">http://voima.fi/artikkeli/2011/vapaus-jai-iskulauseeksi/</a>

The relationship between religion and politics changed in Iran after the Islamic Revolution in 1979. With the revolution, Iran had to think about how to reconcile governance and politics with Islam. When Iran declared itself to be an Islamic state, the importance of the Sharia law grew, and at the same time, religious scholars became the leaders of the supreme political power. <a href="http://iranprimer.usip.org/resource/politics-and-clergy">http://iranprimer.usip.org/resource/politics-and-clergy</a>

#### 3.2 USA embassy hostage crisis

In October 1979 after the revolution Iran supreme leader was command by the USA to return Shah Mohammed Reza Pahlavi to Iran. USA refused this request and 200 Iranian protesters attacked the US embassy taking hostage 52 employees for 444 days. This made caused bad relations between Iran and USA and still today the effects crease. Iran and USA relations have been bad since revolution, every year in the revolution anniversary day Iranian protestors will yell ''death to America''. This effects the business side also. At the end of crisis Shah Reza Pahlavi died 1980 in Cairo, Egypt at same time USA got new president Ronald Reagan and made a deal with Iran Hostages were returned to USA after 444 days. <a href="http://www.history.com/topics/iran-hostage-crisis">http://www.history.com/topics/iran-hostage-crisis</a>

#### 3.3 Political

In his doctoral dissertation (2005), Almaspour specifically discussed the position and rights of women in Iran. The study also deals extensively with Iran's society, culture and its policies. The study shows that Iran is not

easy to act in politics, especially as a dissident. The state's means of controlling and limiting political activity include, prison, torture and murder. For this reason, people have no opportunity to freely express their opinions. (Almaspour 2005, 7–13.)

In Iran, the status of women has been relatively good compared to the general level in Asia and Africa. The level of education of women has been high, since at the beginning of the 21st century, women were 60%. (Hämeen-Anttila 2004, 171.)

Current Iranian fundamentalist Islamists are very strict in women's affairs. Their activities have been to prevent the activities and social activity of women. A woman is subjected to Islam's doctrine. (Almaspour 2005, 376.)

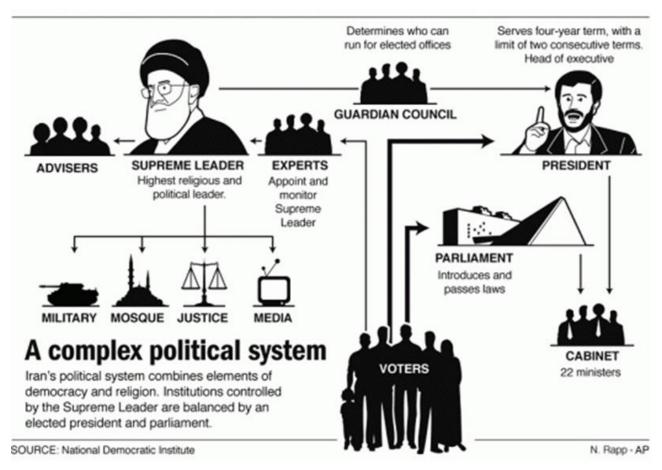
#### 3.4 Government

Iran was before 1979 revolution Monarchy County that was leaded by Mohammad Reza Pahlavi, who became the leader after World War II Anglo-soviet invasion forced Reza shah abdicate to his son. After 1979 rev-olution Iran became as democracy country. In Iran there is a democracy parliament model beside that there (Expediency Discernment Council, Speaker of parliament, Chief justice, Chairman of the guardian council)

People choose parliament, president, assembly of experts. Parliament has to choose guardian council also president have the right to choose cabinet beside of parliament assembly expert have the right to change supreme leader if it's necessary. After those selected supreme leader, have power to handling head of judiciary, army, expediency council. Supreme leader has in government and in Iran most power of country politics.

Supreme leader has the highest power in Iran. This position allows to use military force, Mosque, justice, media. The second highest is President who is allowed to choose ministers. Supreme leader is a respected person in Iran and he always says the last word in Iran. Iran's political government can be divided into a conservative and reformist policy. Within each of these parties, there are all those who are affected by the House and who must adhere to the Islamic rules. For this reason, the parties contain similarities that reflect the Iranian society. (Alan Salehzadeh, S.4)

Table. 1 Iran government



https://fi.pinterest.com/pin/193232640239516526/

#### 3.5 Climate

Iran has a hot, dry climate, which is characterized by long, hot, dry summers and short, cool winters. Climate affects Iran's position Arabian desert subtropical regions the drought in the eastern Mediterranean and subtropical area between moisture. (http://www.info4migrants.com/finland/wp-content/up-loads/sites/2/2014/11/CountryProfileIRANLearnmeraFinnish.pdf)

#### 3.6 People of Iran

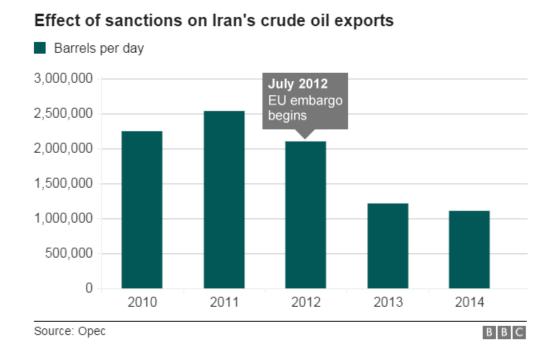
People of Iran are known for kindness and hospitality. Iran has many nationalities (Turkish, Azeri, Kurd, Arabic) Population of Azeri is over 12 million and Kurdish has 8 million Arabian 1,6million Turkish 1,6 million. Iranian culture is class-based, traditional and patriarchal. Tradition dating goes back to religion, patriarchy and class and have been the most permanent features of society since ancient times. (<a href="http://www.info4migrants.com/finland/wp-content/uploads/sites/2/2014/11/CountryProfileIRANLearnmer-aFinnish.pdf">http://www.info4migrants.com/finland/wp-content/uploads/sites/2/2014/11/CountryProfileIRANLearnmer-aFinnish.pdf</a>)

Human rights in Iran have spoken to western organizations on several occasions. According to western sources, human rights are at an alarmingly low level of ethnic and religious for minority groups. Representatives of groups are unable to live safely and prisons are filled with political prisoners, Iran's law comes from the Quran. (Alan Salehzadeh, S.12-13)

## 4 ECONOMY OF IRAN

Iran has been the years 2008-2015 a challenging economical sanction. Situation in the country was very difficult. Rest of world would see economic sanction affect on gasoline price. Iran is one of the largest oil produces in the Middle-East. In 2015 Iran accepted nuclear pact agreement. The Eu and the United of State agree to take off economical sanctions. Central Chamber of Commerce wrote on 28.08.2015 Iran open for opportunity. The country that has been 12 years under economical sanction has now capital. Yle wrote on 17.01.2016 Iran getting back moneys that was frozen under economical sanction the amount of 100miljard US dollars.

Kuva.2



http://ichef.bbci.co.uk/news/624/cpsprodpb/25C8/production/\_87727690\_iran-oil-v2.png

The image shows Iran produces over 2million barrels of oil per day years 2010-2012. After the EU embargo begin production was dropped to 1.2million barrels per day it was a huge shock on the Iranian economy. The price of housing, food, living, rose very high, for example salary that you earn monthly was very low compared to product price. Iranian currency lost its value to dollar and importing was more expensive.

## 4.1 Export/Import

Iran is the world 59<sup>th</sup> largest export economy in the world and 65<sup>th</sup> most complex economy according to the economic complexity index (ECI).

## Top export product of Iran 2014

Crude petroleum	37.2 billion
Ethylene polymers	2.7 billion
Iron ore	1.58 billion
Acyclic alcohols	1.23 billion

## Top export countries 2014

24.9 billion
10.3 Billion
5.55 billion
4.12 billion
1.48 billion

#### 4.2 Iran and Eu

Iran and EU relationship is good and profitable. Germany is one of the biggest investors and trade country. France auto technology Peugeot is one off biggest car manufactures in Iran. PSA-Peugeot Citroen deal with Iranian company to make Citroen in Iran, The value of the deal was to invest over 330 million in five years. PSA-Paris will produce first Citroen 2018 in Kashan, Iran. (wall street journal, Matthew Dalton) European companies see potential. Iran is interested in Cleantech Finland industry. Outotech is one of the biggest Iran trading partner since 1970. In 2012 Outotech made a deal of 265million euro for technology and services. Iranians appreciate Finnish expertise in industry.

#### 4.2.1 Economic sanctions

Economical sanction means when a country puts you on a ''blacklist'' Iran is situation for putting the country to blacklist was the country's nuclear program. Iran and the United State of America don't have any business relation since 1995. EU put Iran to blacklist in 2007. Releasing Iran from sanctions means for Iranian people increase on oil exports to \$10bn. The Country's money was froze around \$30bn and now the money will be given back. Iran could raise its GDP up 5% (2016-2016). Amir Paivar BBC Persian Business Report

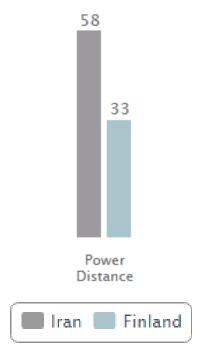
#### 5 HOFSTEDE'S CULTURAL DIMENSION MODEL

Green Hofstede found five main type of all culture dimensions. Power distance, Individualism, Masculinity, Uncertainty avoidance, Long term orientation, indulgence. I choose to compare Finland and Iran with Hofstede's cultural dimension model. By Hofsteden culture is learned, not inheriedt. The source of culture is always peoples social network. (Hofstede 1992,21-22)

https://geert-hofstede.com/iran.html

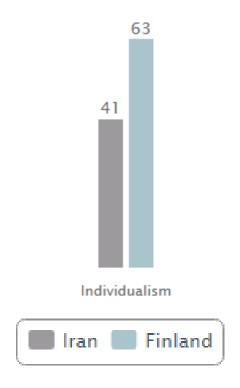
#### 5.1.1 Power distance

Power distance by Hofstede means how inside country located organization or institution waiting or approved when power user is divided uneven. In case of Iran, there is power of country divided by government and army. Iran has 58 Points and Finland 38. Iranian people accept hierarchical order everyone have his own place in society and not needed more further justification. Easy to say is what leader say it would be that and no one have right to say ones own option. Finland got 33 points hierarchy for convenience only, equal rights, superiors accessible, coaching leader, and management facilitates and empowers. Power is decentralized and managers count on the experience of their team members. https://geert-hofstede.com/finland.html



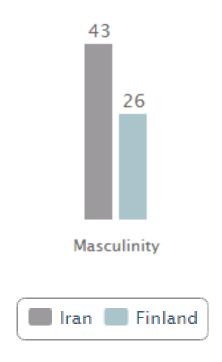
#### 5.1.2 Individualism

By Hofstede individual society benefit are pass group benefits. In individualism society individual are poor. Everyone assume carrying each self and nuclear family. Those society choose high working moral. Individualism are related to BKT how wealthy country is has higher individual grade are. (Hofstede 1993, S. 81-87). 'Iran, with a score of 41 is considered a collectivistic society. This is manifest in a close long-term commitment to the member "group", be that a family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group. In collectivist societies offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of employee's in-group, management is the management of groups." (https://geert-hofstede.com/iran.html)



## 5.1.3 Masculinity

Masculinity versus feminist are Hofstede's four dimension by Hofstede when we talking about masculinity and feminist it's about culture, human relation, and value. Masculinity society emphasize money and materialism value, but in feminist society more valuable are quality of life and carrying of each other. (Hofstede 1993, s. 121-122) "Iran scores 43 on this dimension and is thus considered a relatively Feminine society. In Feminine countries, the focus is on "working in order to live", managers strive for consensus, and people value equality, solidarity and quality in their working lives. Conflicts are resolved by compromise and negotiation. Incentives such as free time and flexibility are favored. Focus is on well-being, status is not shown."

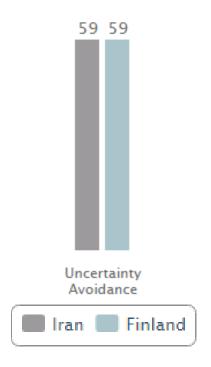


## 5.1.4 Uncertainty avoidance

In culture where uncertainty is of fear is high, people feeling mostly distressed. In those cultures, try refusal by with tight law and indication. In mostly Asian and middle-east culture family relative and community support individual. (http://verkkokoulu.jao.fi/kurssit/kulttuuri/doc/kulttu-292.htm)

"Iran scores 59 on this dimension, and thus has a high preference for avoiding uncertainty. Countries exhibiting high uncertainty avoidance maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. In these cultures, there is an emotional need for rules (even if the rules never seem to work), time is money, people have an inner urge to be busy and work hard, precision and punctuality are the norm, innovation may be resisted and security is an important element in individual motivation."

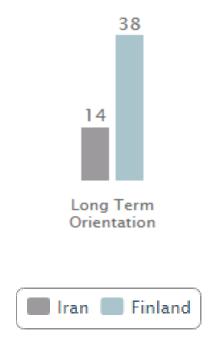
<a href="https://geert-hofstede.com/iran.html">https://geert-hofstede.com/iran.html</a></a>



## 5.1.5 Long term orientation

Culture who make agreements with long term orientation care and planning more for future. Those culture thinks suitability and saving in long term more result. Tradition and habit are important also. ( Hofstede 2005, S 2010-2015)

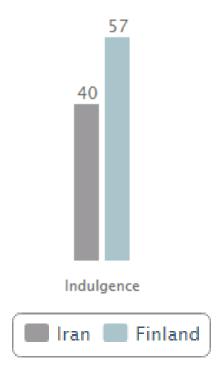
"Iran's very low score of 14 indicates that it has a strongly normative cultural orientation. People in such societies have a strong concern with establishing the absolute Truth; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results" (https://geert-hofstede.com/iran.html)



#### 5.1.6 indulgence

Hofstede last dimension is indulgence, it's about how society relate enjoy of life and having fun. Culture-occurring moderation is considered to be pampered to tell society within the prevailing strict social standards. (http://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/)

"The low score of 40 in this dimension means that Iran has a culture of Restraint. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are Restrained by social norms and feel that indulging themselves is somewhat wrong." (<a href="https://geert-hofstede.com/iran.html">https://geert-hofstede.com/iran.html</a>)



### **6 IRAN AS BUSINESS PARTNER**

Iran has an emerging market with many opportunities after economic sanctions are removed there still being challenges. One of challenges will be weak commercial law framework and problem with corruption. Start doing business in Iran you will have information about culture, etiquette, local laws and customs. With collecting information about those facts every country has good opportunities in Iran doing business.

#### 6.1.1 **Business etiquette**

Iranian people are very polite. Its normal to serve guests all the time. Businesses make arrangement at least one month before and make sure one week before meeting the arrangement is okay, business card and brochure most be translated to Farsi. Never be late, or take jacket off before getting a permission. Iranian can be hard business man you need to have patience with them. Sometimes they will left as angry of meeting always negotiation take a time. (http://www.info4migrants.com/finland/wp-content/up-loads/sites/2/2014/11/CountryProfileIRANLearnmeraFinnish.pdf)

#### 6.1.2 **Business culture**

Iranian business culture is related like the Europian model, but there are some differences in Finland when we meet once time in future we can be connect by email or skype. In Iran this is not possible they like meet you every time travelling a lot is one of main point says, Päivi Leivo ,Chairman of Oilor Oy. Iranian people speak openly and honestly, they going always straight to point, says Henri Malvet Nordea market analyzer. Doing business in Iran demands lot of drinking tee and eating dates says, Petri Kiljunen, Outotec oy, Sales Manager Middle-East. (<a href="http://kauppapolitiikka.fi/team-finland/iran-kutsuu-suomalaisyrityksia/">http://kauppapolitiikka.fi/team-finland/iran-kutsuu-suomalaisyrityksia/</a>

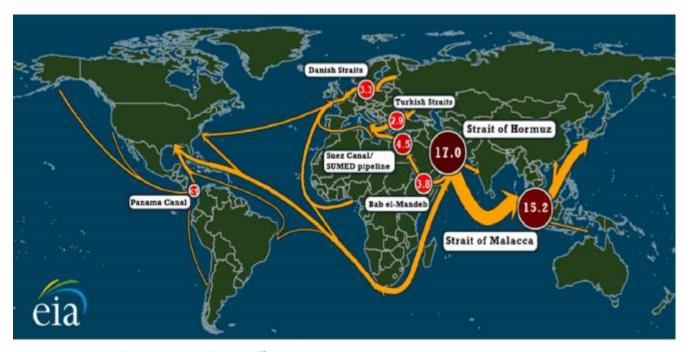
## 6.1.3 **Greeting/Dressing/Meeting**

When an Iranian invites you to his house always take flowers or cake for the householder, be at time getting late from meeting or invite can take as impolite, if they serve food or drink it would be rude to decline. There women or men cannot shake hands, always wait to the female opposition to make the first move. Getting social never criticize Islam or government. Good discussion topic is Iran history, culture or career and education. Women wear a veil and hand and leg covering clothing.

### 7 IRAN GOALS AND EU

#### 7.1.1 **Iran location**

Iran is the dominating state in the Middle-East and is the largest country with many resources. The Country is located in significant are in Middle-East. Iran shares borders with 7 countries (Afghanistan, Armenia, Azerbaijan, Iraq, Pakistan, Turkey, Turkmenistan.) Controlling Persian Gulf waters is the main point for export oil to the world.



Source: US Energy Information Administration 13

As figure will see every oil exporting will go from Persian gulf and strait of Homuz. Iran are 4<sup>th</sup> largest oil produce in world and largest natural gas producers. In 2012 China became Iran's biggest trading partner with 22,9 billion export reason was Eu sanction. <a href="http://www.europarl.europa.eu/Reg-Data/etudes/IDAN/2016/578005/EXPO\_IDA(2016)578005\_EN.pdf">http://www.europarl.europa.eu/Reg-Data/etudes/IDAN/2016/578005/EXPO\_IDA(2016)578005\_EN.pdf</a>

Iran are achievement after economical sanction oil produce in same level where is was before, but its needed investment and technology. Iran biggest contract after sanction was with PSA and Airbus, Boeing company's over 10 milliard. Iran biggest trade country's in sanction was China and Russian now after sanction Iran open market for European. Finland has been first in touch and making state visit and Iranian will appreciate this sign. The problem is now payment traffic, as well as funding from Iranian buyers. The high cost of transportation is one of the hindrances to trade. (Petri Vuorio, Ek johtaja)

#### 7.1.2 Stated and goals

Iran's goal is being the largest gas producer in the world. There needed investment and technology European country know-how and experience are needed will be opportunity for EU countries. Injection gas into oil field are in to do list, Eu countries can offer solution in this area. Supply gas to power plants and keep price as economical viable price, European countries have resource of technology and investment. Exporting gas to regional countries EU use gas as a petrochemical, aluminum, steel, Eu will have key role and keeping relation good are two-way efficient. European countries will offer all needed technologies and information that's Iran needed to archive goals. <a href="http://www.europarl.europa.eu/Reg-park.">http://www.europarl.europa.eu/Reg-park.</a>

Data/etudes/IDAN/2016/578005/EXPO\_IDA(2016)578005\_EN.pdf

#### 7.2 Iran There cultural

Iran has three types of cultural people Ancient people who have 6000 years history. Islam cultural with over 1400 years of history then Western people with 200 years country. This three kind cultural action will show every day. People act differently and made different decision of what they believe. Mostly in business life Islam cultural show more reason is Iran is Islamic country.

Ancient people often get their income through agricultural activity. Usually these people live in a small village. Many of them live in an isolated city and away from the system. Today, we have been investing in taking the small villagers into account and importing into the system. These people are accustomed to living in their own small village. (Fariba, Latifi S.8)

Islamic people cultural act like what Quran say's all life values and acting come from there. Iran country Law is Sharia law that's mean country act as Islamic value. This also one reason why we have death penalty still in Iran. Business view also have effect in Islamic side if Quran prohbit something this kind business will not have legal in Iran. Example Quran are denied alcohol people in Iran have not right to drink or sell it and if this kind action happen there will have punishable. (Fariba, Latifi S.9-10)

Western culture values have convinced Iranian economic growth, Security, individualism, democracy, comfort and enjoyment are considered a Western culture. The West is considered to be a good deal in Iran, which has the effect that Iranians are small on the palate. Western culture is well-liked, especially in the middle of the

young, for example Young people are much different in behavior than their parents with Islamic cultural upbringing. Various social media are also involved with young people towards the Western world, for example, people's dresses have changed dramatically and shopping behavior. Young people follow the social media for example Facebook and Instagram really actively. (Fariba, Latifi S.14)

This table will show how this three kind of cultural action will act as Hofstede theory.

Table 2 Value profile of Iranian culture in Hofstede's study and a dynamic map of the three facets of Iranian culture

Dimensions	Individualism/ Collectivism	Power Distance	Uncertainty Avoidance	Masculinity/ Femininity	Long/Short-term Orientation
Hofstede's study	Medium	Medium	Medium	Somewhat feminine	_*
Ancient Islamic	Collectivist Individualist and Collectivist	High Low	Weak Weak and Time-awareness	Masculine Masculine & Feminine	Short term Long term
Western	Individualist	Low	Strong	Masculine	Short term

Note

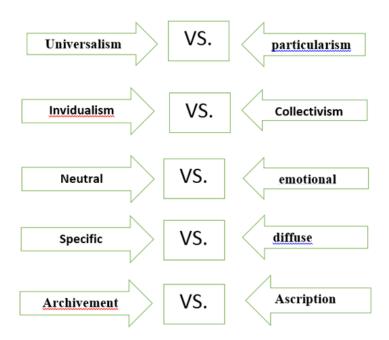
Pictures 3. The International Journal of Human Resource Management A dynamic model interpreting work-related values of multi-faceted cultures: the case of Iran-Fariba Latifi (2006) P.15

<sup>\*</sup>This dimension was added in 1991. The index is not available for Iran.

### 8 TROMPENAARS AND HAMDEM-TURNER CULTURAL DIMENSION

Trompenaare is Dutch cultural theorist. Who are effort special in understanding different cultural problem in business view. Trompenars has five value how people reaction in management or business life. Tromepenaars also have judge because of commercial use. This is good there is different cultural theory to compare and get better knowledge.

https://sevendimensionsofculture.wikispaces.com/Trompenaars%27+Seven+Dimensions+of+Culture



#### 8.1.1 Universalism Vs particularism

Trompenars first dimension is how people are acting will be judged and how been related to rule. First position is universalism who been import by rules culture and typical society rule observance. Vs. position is particularism are more obtrusive situation even those decisions would be contrition to rules. <a href="https://sevendimensionsofculture.wikispaces.com/Trompenaars%27+Seven+Dimensions+of+Culture">https://sevendimensionsofculture.wikispaces.com/Trompenaars%27+Seven+Dimensions+of+Culture</a>

<sup>&</sup>quot;This action would see in business to business for particularism important are relations flexible and how its develop. Universalism are more interested to contract commitment and solid."

#### 8.1.2 Individualism vs Communitarianism

Individualism tell about individual needs and group benefits. In Individualism culture people are waiting make own decision take care of own needs. In those society result what expected more freedom and personally improvement. Decision made right away without negotiation and if decisions are hard make voting is one option.

Communitarianism member are more delegate to society group, they offer help and cover in return they want loyalty. Those people believe life would be better if they when they care of each other. Society always come before individual.

"Individualism is more seeing in modern society and Communitarianism are in traditional country's"

## 8.1.3 Specific vs diffuse

Specific and diffuse is more about how deep we are ready to going. Specific culture is human state is bigger than privacy. People are allowed to get easy to public space, but hard to get on privacy space. The space where two people are connected are separate from other. Exact culture individual is focus to real fact standard and contract.

Diffuse culture individual person has bigger private space and small public space. The newest is not approved easy, but when they are approving they are connected to all people life.

#### 8.1.4 Archivement vs Ascription

Achievement are related to individual performance. Individual got status by what have they accomplished. A person needs prove again and again that's he is valuable of his achievement.

Ascriptions are connected to how other will related to his position in society. Status are for birth, age, gender, wealthy. There is no need to prove it it's are given to him by existence.

## 9 REASERCH AND METHOLOGY

Gathering research data of different survey techniques, such as structured interviews, mail inquiry or inquiry to the Internet can be used. Surveys can be used to collect both quantitative and qualitative: information. Personal interviews and e-mail interviews are suitable for expert interviews. E-mail, can be interviewed in different parts of the world or a Finnish resident experts in a flexible manner. E-mail is an easy way to interview the interviewer and the interviewee. The lower part of the interview the interviewee can be edited, so the question dispenses the necessary changes can be made, depending on the respondents.

http://www.tut.fi/verne/tutkimusmenetelmat/kysely-ja-haastattelumenetelmat/

### This study is a qualitive

Research was made with email. I made questions ready based on thesis protocol then send to people answer. We made have email conversation with all participate in this thesis. The reason to use email was effect of time saving and analysis would be easier without any sensuration all answer from interviewee was added as page in thesis Iran internet connection is not high speeded that was reason why Skype talking was not possible. People who I choose to be part of my thesis have huge experience in business side of Iran.

This study is a qualitative research and the method for data gathering is an e-mail interviews. Qualitative analysis cannot define the amount of collected material, but the results we can get through saturation. This phenomenon tends to collect information as much as possible. (Kananen 2015,128.)

E-mail interview is the opportunity brought by the Internet. The network can be carried out face-to-face interviews, just like in the physical world. E-mail Interview is close to the theme of the interview with the investigating presents issues for discussion. During the discussion, the researcher makes specific questions or proceeds on the basis of answers to the latest questions. This is done in the form of text. E-mail interview with the investigating issues on which he is asked to write. Defendant writing is sent to the researcher, which makes the new issues on the basis of e-mail received. This email post researcher studying the generating textual interaction in face-to-face interview of ways. The mere sending of questions or topics without deepening transactions based on responses is not a scientific method for the collection of the Content. (Kanen 2015,133)

## 9.1 SWOT analyzed

Strength	Weakness
Opportunities	Threats

http://oph.fi/saadokset\_ja\_ohjeet/laadunhallinnan\_tuki/wbl-toi/menetelmia\_ja\_tyovalineita/swot-analyysi

## Strength

Iranian strength are resources of economy are for example, oil, gas and mineral. This gives to economy huge effort in market and government income. As we talk about economy grow after sanctions this mean exporting more oil and other resources will bring more money to country. Iran is a good exporting country there will be export by sea or air and truck. People of Iran have high education and are good source use for companies.

#### Weakness

Inflationary environment is possible because of Iran government are not stability. Politic are very reliable to business also country religion has its own effect in this area. Debugging damages of 12 years of sanctions will have one of key point of Iran economy. The political situation between Iran and Saudi-Arabia is not good. It will be a challenge for doing business with both as the same time. Easy to say theirs is question about religion as both are Muslim countries, but Saudi Arabia is Sunny and Iran is Shia and the had many years' problem with those relations.

## Opportunity

A huge investment was made in airplane buying Airbus company informed have made deal over 100 plane to Iran. Opportunity for different business are huge they are interested of modern technology and relation between Iran and Finland is very good, the following years will be a good step for Finnish companies in Cleantech technology.

#### **Threats**

There is fear that Irans political situation would change and it can be one reason why companies do not rush to the market. Relation between the US and Saudi-Arabia is one topic with its own effects. Always starting business will bring risk and that is a reason why companies make analyses before going to the market.

### 10 REASEARCH RESULTS

In this chapter, we will go through the research results and conclusion. Research will support your thesis analyzed result are important to improve your work. We got to two answers for this thesis, the reason was there was not enough information about Iran. Economical sanctions and political status was also one reason for finding people to answer, because this thesis will handle Iran business culture and finding companies and people was hard. Hofstede's result is intended to bring more familiar values of work in Iran with problems. Some of the problems are related to his general limits and some are related to the nature of Iran's culture.

In the 1960s and 1970s, Geert Hofstede studied how national cultures affect people's thinking, knowledge, behavior, and workplace values in different countries. He worked with IBM when working with a large international survey of employees' work and relationships. Based on the questionnaire, Hofstede compiled a comparative study of 40 states published in 1981. Hofstede's first model had four main dimensions, based on which cultural differences are Individualism, Power distance, Uncertainty avoidance, Masculinity.

Iran is one of the oldest civilizations in the world. Immigrants living in the Iranian plateau suffer from a different culture and can be considered a diverse culture. Iranian culture can be divided into three different groups. The first group of ancient people with more than 6,000 years of history. Another group of Islamic culture over 1400 years of history. The last group of Western culture for 200 years of history.

The Hofsted culture study at the beginning of this work, which reported Iran's score for Hofsteden, for example showed a relatively low bandwidth, does not follow that a low value of the Distances can be expected in all Iranian organizations. It is also useful to predict the prevailing values in society for any period of time within the specific cultural pattern of that period.

The thesis results show tha Iran is a multi cultural and multi religion country located in the Middle-East. Iran has good Transportation logistic witch is importance for business. The EU and Iran relations are good and new contracts are signed.

The thesis results show how Iranians know from Finland in cleantech industry. People in Iran recognize Finland as county of Nokia and they appreciate Finnish quality.

I also analyzed how different cultural of Iranian people act in Hofstede's theory. Fariba Latifi made an article about this topic and the result was get from there.

### 10.1.1 Iran Economy

We start first question with asking how powerful Iran is in Middle-Eastern economy. Responders answers had the same option that Iranian economy has good potential to be the key leader in the Middle-East after economical sanction. Iran produces oil, gas, other chemical industry so that's the reason they will have good opportunity to growth their economy. Iran has considerable resources of oil and gas, so it has a high weight in the region. However, the situation in the Middle East is very volatile at the moment, and it has made some clashes between the countries involved. It is hard to predict the future as there seems to be more complications happening considering the new government in the US and the relationship with its allies in the Middle East. Iran is increasing its position in Middle-East economy after lifting the sanctions and it looks that it is continuing in the future, but as everybody knows, there is a lot of uncertainties globally.

## 10.1.2 Iran and Finland

This question was made to learn more about the relations between Iran and Finland, because there are many article which handle this topic. National board of customs says in 2013 exporting from Finland to Iran was 52,3 million € and importing was 3.2 million €. This should also know EU sanctions will be on effect thing, but there is made prognosis for following year. Based on responder answer Iran has big needs of different kind of upgrades and renewals in its industry and environmental aspects are taken care now also, so there is a lot of opportunities for Finnish companies. Iran has many areas for potential business. It is a very young country age wise, and people are very open to ideas from western technology. I think there is potential in all areas, including but not limited to ICT, recycling and environmental issues, construction of long-lasting infrastructure. I think one crucial area that Finland has a reputation in and can help Iran is the environment matters, since lots of ecosystem and environmental issues have happened in Iran in terms of pollutions and drought, and Finland can collaborate with Iran to work on these issues.

#### 10.1.3 Political trust and economical sanction

Iran political status changes daily, there is now a bad relations between the United of States of America and Saudi-Arabia. This would affect in different business and relation. Responder said As said throughout in this thesis doing business in Iran was high risk, but bigger Iranian companies are now seen as quite trusted partners. Banks are still quite cautious, because sanctions are not lifted in the USA and lot of banks have different kind of connections to the USA. At the time, there is uncertainty about the future, since the strategy of the new government of the US is still unknown, and US policies have always affected on European strategies.

#### 10.1.4 Cultural action

Hofstede's theory gives a good view about cultural issues and this was the reason I chose this as research. Troompenars was also used as a opposite. Individualistic / Collectivistic this parameter delineates how personal needs and goals are prioritized vs. the needs and goals of the group/clan/organization. For answering this questioned you needed good knowledge about Aim country. Iran is towards having individualistic culture.

In Part of Collectivist in cultural action ancient Iranian people are very interested socialization with other and well knowed as their hospitality. In Islamic culture, the emphasis is on helping other people whether they are related or foreign. Treat others as you want to be treated yourself, so helping is important to a person who maintains Islamic culture. In western culture, ties between individuals are weak and everything is expected to take care of self or close (Ex. Parents).

"Iran, with a score of 41 is considered a collectivistic society. This is manifest in a close long-term commitment to the member 'group', be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility of the fellow members of their group. In collectivist societies offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee's in-group, management is the management of groups."

The Nordic countries have a good reputation in Iran and trust in Nordic quality. The Nordic brands are well known and appreciated. Finland's advantage is also a reputation as a free-of-charge country. Iran has extensive public debate on corruption and therefore companies value partners with the reputation of "cleansing".

Finland's and Iran's relations are expected to have a busy spring, highlighted by Minister Tiilikainen's Agriculture and Environment in Iran in 2017 with 20 to 30 companies in the field of cleantech and agricultural technology.

#### 10.1.5 Masculine / Feminine

Masculine societies have different rules for men and women, less so in feminine cultures. Iran is knowledge as Muslim country where is sharia law in effect. In business life is many female manager and directors in different kind of business meeting. Iran is towards a masculinity.

"Iran scores 43 on this dimension and is thus considered a relatively Feminine society. In Feminine countries the focus is on "working in order to live", managers strive for consensus, people value equality, solidarity and quality in their working lives. Conflicts are resolved by compromise and negotiation. Incentives such as free time and flexibility are favored. Focus is on well-being, status is not shown."

Ancient cultural people are more traditional, they are more masculine people and the reason is they believe men have more power and endurance do better. Also, Iranian climate is one reason for this action.

In Islam, people are taught to care for others and to defend weak parties. The Quran of Islam says, "Fight in the way of Allah against those who fight against you, but begin not hostilities. Lo! Allah " which means confined to competition and motivation in the business area is ahead to feminine society.

Western culture values competing in both life and business. Success and performance are more common than warm social relationships or quality of life.

#### 10.1.6 Uncertainty Avoidance

This parameter measures if people are comfortable with taking risks, ready to change the way they work or live (low UA) or if people prefer the known systems (high UA). Iranian people are open to uncertainty, so low UA. Ancient cultural people based on their historical and regional circumstances, people are accustomed to tolerate ambiguity and uncertainty.

"Iran scores 59 on this dimension, and thus has a high preference for avoiding uncertainty. Countries exhibiting high uncertainty avoidance maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. In these cultures there is an emotional need for rules (even if the rules never seem to work), time is money, people have an inner urge to be busy and work hard, precision and punctuality are the norm, innovation may be resisted and security is an important element in individual motivation."

Many of the ancient cultures are masculine because the source of power is accustomed to men, so they will benefit the most. This also affects working in bad weather, which required more. Islamic culture to avoid uncertainty can be quite low. As a work of Islamic culture, people are encouraged to be active and to do some heavy work. Islam asks people to leave any place or place where they cannot fulfill their obligations. Western cultural discomfort in uncertainties in life. Priority is given to structural structures as well as to unstructured situations that respond to industrial lifestyles.

## 10.1.7 Power Distance

The degree people are comfortable with influencing upwards. In high PD societies there is accept of inequality in distribution on power in society. For example employees will not readily give suggestions and feedback to their superiors. It looks that Power Distance is quite long, so people are taking orders from their superiors, but they are not willing to complain or giving feedback. The hierarchy in Iran is a common culture, whether it be in families or in organizations.

"Iran receives an intermediate score of 58 on this dimension so it is a hierarchical society. This means that people accept a hierarchical order in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat."

Ancient people are very dependence of their superiors' such as teachers, supervisors, and parents. Taking into account all this and taking into account Hofstede's definition of the scope of power, we one can conclude that Islam recommends a low-power distance society. In western cultural decision is expected to be fair. There's a preference for a consultative style of decision making.

## 10.1.8 Time perspective

Long-term perspective, planning for future, perseverance values vs. short time past and present oriented. People try to have a long-term perspective in terms of building a life for them and their children and career choices.

"Iran's very low score of 14 indicates that it has a strongly normative cultural orientation. People in such societies have a strong concern with establishing the absolute Truth; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results"

Ancient people with deep instability and unpredictability the above can cause people to appreciate the product immediately produced results.

Islam believes that after death there is life, people who believe in Islam are from a long-term perspective. The connection is also how people make and achieve and their expectations in eternal life. The Qur'an says, "So Allah gave them the reward of the world and the coming reward. God loves those whose works are good."

# 10.1.9 Indulgence vs. Restraint

Gratification of human drives related to enjoying life and having fun vs. regulating and suppressing these needs by means of strict social norms. The social norms in Iran have a powerful stance within the culture of people. There are many cases that one may not do something because that is considered not-appropriate by the society. In public life social norms are quite strict compared to western cultures.

"The low score of 40 in this dimension means that Iran has a culture of Restraint. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong."

# 10.1.10 Iranian system for business permission

Establishing a company is not difficult and requires very low investment and has a fast process, but along the way of running the business, the owner must be careful to respect the rules and regulations. System can be bureaucratic, but nothing too difficult.

## 10.1.11 **Iran future**

Business forecast is good, but in generally the progress is depending a lot of global economy and raw material prices. Iran will be by following year made huge investment in different area. When I start doing this thesis there are not many companies going to Iran, but now you will see companies like ABB, Wärtsilä, Outotech have offices in Iran and they aiming to the Iranian market.

Based on estimate the following thing would happening in the following years

- 1. Iranian oil returns to the world oil market. Prior to the sanctions Iran took about 3,000,000 barrels of oil per day. As a result of the sanctions, oil exports contracted to one million barrels per day. This year, oil exports are expected to grow to about 2,500,000 barrels per day.
- 2. Although oil prices are low, it is believed that Iran will receive additional revenue from oil exports this year by about US \$ 10 billion.
- 3. The return of Iranian oil to the world market will further reduce oil prices. According to some estimates, the price may fall to as much as \$ 15 per barrel.
- 4. According to the IMF's estimate, Iran's GDP will turn to growth this year and may reach up to 5%
- 5. After the start of bank operations, Iran will be able to dump its frozen funds in foreign bank accounts for about \$ 50 billion.
- 6. Iran's 1st Vice-President Jahangiri has estimated that when sanctions are abolished, trade with Iran will be reduced by about 15 percent when avoiding arbitrary and varying interchange fees.
- 7. Presumably Dubai's neighboring states have the immediate benefit of escaping the sanctions, which will continue to serve as a transit country for Western-Iranian trade. Banking in Dubai banks is picking up, freight transport at Jebel Ali's port increases and investments grow. Demand is again enough for the hundreds of consulting companies in Dubai.

## 11 CONCLUSION

My research and answer to the questions that I analyzed main point was yes Iran has potential for Finland and other European industries, but the world bank is still holding some of companies from making investments. There is company's like Outotech, Abb, Wärtsilä what we have in Finland. This thesis opening my view of Iran business culture theirs is own rule doing business. People are different than Europeans, they are mostly religionist in mostly case religion goes before business, because we talk about country who have over 90% Muslims. When doing business in Iran always remember never to talk about religion or politics as they are sensitive topic. My view of Iranian business future is positive because now you can see huge effect in business news. Scania Sweden got his first contract to Iranian transportation, ABB and Wärtsilä have opened offices in Teheran, ABB also is starting to recruit people in Iran.

The aim of the thesis was research how potential Iran is as business partner? Based on the answer of what I got and research information Iran has a huge opportunity for business. Important things are in Iran cultural and religion. Hofstede cultural dimension gives an overall view about cultural actions in Iran and Troompenars theory was good to compare against Hofstede, but for many reasons there was not enough information about Troompenars theory. Two questions were important for this thesis.

- 1. How would you see Iran Power in the Middle-East economy and what is current situation in there and how will you see future? Iran has considerable resources of oil and gas, so it has a high weight in the region. However, the situation in the Middle East is very volatile at the moment, and it has caused some clashes between the countries involved. It is hard to predict the future as there seems to be more complications happening considering the new government in the US and the relationship with its allies in the Middle East.
- 2. Iran have had economy sanctions for many years how you see future as business partner? Is there enough trust in political way? At the time, there is uncertainty about the future, since the strategies of the new government of the US is still unknown, and US policies have always affected on European strategies.

Research for this thesis was little challenging when I started the process there was much information, but the old reason was economic sanction that have huge effects in normal peoples lives. After starting to do the thesis good news about Iran and European countries came out with new business contracts, Investments into newest technology. For Iranian people first the thing we would like to have is the newest technology in every area and this is reason why Finland is always a respected country in Iran.

I will thank everyone who been in part of this thesis, I hope company's use this information wise in for their own use.

''Whenever you can, act as a liberator. Freedom, dignity, wealth — these three together constitute the greatest happiness of humanity. If you bequeath all three to your people, their love for you will never die''-Cyrus the Great Persian Kings

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Petri Vuorio

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Maryam Roshani

Aalto university

Sam Koponen

Outotech

# Appendix.

- How would you see Iran Power in Middle-east economy and what is current situation in there
  and how will you see future?
- 2. How potential Iran is as a country make business for Finland explain in which area also?
- 3. Iran have been in economy sanction for many years how you see future as business partner? are There enough trust in political way?
- 4. How you describe following cultural actions by you own views?

### A. Individualistic / Collectivistic

"This parameter delineates how personal needs and goals are prioritized vs. the needs and goals of the group/clan/organization".

### B. Masculine / Feminine

"Masculine societies have different rules for men and women, less so in feminine cultures".

### C. Uncertainty Avoidance

"This parameter measures if people are comfortable with taking risks, ready to change the way they work or live (low UA) or if people prefer the known systems (high UA)".

#### D. Power Distance

"The degree people are comfortable with influencing upwards. In high PD societies there is accept of inequality in distribution on power in society. Ex. employees will not readily give suggestions and feedback to their superiors".

### E. Time Perspective

"Long-term perspective, planning for future, perseverance values vs. short time past and present oriented".

## F. Indulgence vs. Restraint

"Gratification of human drives related to enjoying life and having fun vs. regulating and suppressing these needs by means of strict social norms".

- 5. How easy Iranian system works for getting permission for your business?
- 6. By you own words how you see Iran in following years?
- 7. Any comments?