Doing business in the Islamic world: a cultural approach from the Hofstede Model

Haciendo negocios en el Mundo Islámico: una aproximación cultural desde el Modelo de Hofstede

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Abstract: This document presents an analysis of the Hofstede cultural dimensions in countries that conform to the Islamic world with the objective to determine whether they constitute a homogenous culture, or if, on the contrary, no commonality exists between the sample countries. The analysis of the data shows that, while for some of the parameters it is possible to speak of a uniform culture, there are other parameters in which the Islamic countries show an elevated variable.
Keywords: Culture; dimensions; Hofstede; Islamic; business

Resumen: Este documento presenta un análisis de las dimensiones culturales de Hofstede en los países que conforman el mundo islámico al objeto de determinar si estos constituyen una cultura homogénea o si, por el contrario, no existe esta homogeneidad entre los países de la muestra.
El análisis de estos datos muestra que, si bien en algunos parámetros es posible hablar de una cultura uniforme, existen algunos parámetros donde los países islámicos presentan una elevada variabilidad

Palabras clave Cultura; dimensiones; Hofstede; Islámico; negocios.

This document presents an analysis of the Hofstede cultural dimensions in countries that conform to the Islamic world with the objective to determine whether they constitute a homogenous culture, or if, on the contrary, no commonality exists between the sample countries. The analysis of the data shows that, while for some of the parameters it is possible to speak of a uniform culture, there are other parameters in which the Islamic countries show an elevated variable.

1. INTRODUCTION

The exercise of dividing the world into geographical (NORTM, LATAM, EMEA and APAC), economic (developed countries, emerging markets, developing countries) or economic-political (EU, NAFTA, MERCOSU, TTP, RECEP...) blocks has both advantages and disadvantages.

As far as advantages, it is undeniable that these blocks allow for a global image of this group of countries, facilitating the work of people who need to plan strategies and take decisions on an economic-business level.

However, excessive aggregation runs the risk of omitting information which is relevant to being able to define these strategies and decisions.

When deciding to start a publication related to doing business in the Islamic world the question asked is if the Islamic world is a compact and homogenous cultural reality or if, on the contrary, we should refer to this block as diverse cultures that present common elements but that also include factors that are diverse in themselves

To try to answer this question, this work aims to analyze the corresponding culture of the group of countries that make up the Islamic world under the dimensional cultures developed by Hofstede (1984, 1991, 2001). With this we will try to determine which elements these cultures hold in common and which present the greatest diversity.

2. THE CONCEPTUALIZATION OF CULTURAL DIFFERENCES

A.M. Soares et al. (2007) present a group of diverse authors who define different dimensions to conceptualize culture (Hofstede, 1984, 1991, 2001; Dorfmand and Howell, 1988); Clark, 1990; Inkeles and

Levinson, 1991; Schwartz, 1994; Smith et al., 1996; Trompenaars, 1997; Keillor and Hult, 1999; Steenkamp, 2001). Despite this array, they also mention the Hofstede dimensions as the national cultural model most used in sociology, marketing or management studies. That is why the Hofstede model (2010) is used as a reference as well as the scores that are presented on the web page for countries of the Islamic world.

Hofstede's premise is that all nations experience the same problems and what makes them different culturally is the manner in which they resolve them. With this focus, he presents a methodology to classify the cultures; their preferences and their behaviors in different *Cultural Dimensions*. The definitions of these dimensions are based on dichotomies, that is to say, polarities situated at the extremes of a spectrum to evaluate for example, if a member of society belongs to one dimension he/she cannot belong to its opposite.

Initially the model presented five dichotomies that, in its current version, has been increased to six. These dichotomies are:

- ✓ Large power distance vs. Low power distance
- ✓ Individualism vs. Collectivism
- ✓ Masculinity vs. Femininity
- ✓ Strong uncertainty avoidance vs. Weak uncertainty avoidance
- ✓ Long term orientation vs. Short term orientation
- ✓ Indulgence vs. Restraint
- ✓

Through an elaborated sociological study, Hofstede scores the countries' dimensions and presents individualized information for each country that can be found on the web page of the organization (https://www.hofstede-insights.com/)

2.1. A brief description of the Hofstede Cultural Dimensions

Each of the six dichotomies of the Hofstede Model is presented as a spectrum between two polarities as explained below:

2.1.1. Power distance (Large power distance vs. Low power)

This dimension deals with the fact that social differences exist among individuals of the same society or organization. Power distance describes

the degree to which people with less power in a society or culture accept and expect that power to be distributed unequally.

Cultures with a large power distance are similar to a business where the bosses are obeyed without question, or where the right to communicate with a person depends on the hierarchal level the person occupies.

2.1.2. Individualism (Individualism vs. Collectivism)

The dimension refers to the degree of interdependency that exists between members of a society. In individualistic societies, the members stress the "I" while collectivist societies refer to "we". The individualist has a high sense of self-responsibility and will feel responsible for their actions concerning themselves and their families, while the collectivist identifies with the group to which they belong and expects to be cared for and protected by the group in return for their loyalty.

2.1.3. Masculinity (Masculinity vs. Femininity)

Masculinity refers to societies focused on competition and success. Success is defined as "being the best" in a specific area and is developed from an early age. Femininity predominantly presents a preference for the care of others and quality of life; standing above others is not an element of admiration. Masculinity wishes "to be the best" while Femininity wishes to "enjoy what one is doing".

2.1.4. Uncertainty avoidance (Strong uncertainty vs. Weak uncertainty avoidance)

This dimension is connected to the uncertainty of the future. This uncertainty presents the question of whether we should control the future or if it is better to simply let things happen. Each polarity manages the anxiety of uncertainty in different ways. The degree of menace that a society feels when facing ambiguity or uncertainty is offset by generating beliefs and institutions that reduce this sensation of ambiguity.

2.1.5. Long term (Long term vs. Short term)

The dimension describes the balance between maintaining ties with the past and the challenges of the present and future. Long term societies are suspicious of change, which leads them to prepare for the future by taking decisions of no immediate impact or result, prioritizing investments that will bear fruit on a vast temporal horizon or training employees to get the best from them in the future. Short term cultures take rapid decisions for quick results. In this framework, to disagree or to generate debate enriches decisions in the short term.

2.1.6. Indulgence (Indulgence vs. Restraint)

This dimension is defined by the degree in which people of a society "control their impulses". Children's socialization is a reflection of the degree of Indulgence or Restraint they will have as adults. In restrictive societies a number of strict social norms are in place.

3. OBJECTIVES

The objective of this document is to analyze, through the Hofstede model, which cultural patterns can be systematically found in the Islamic world, as well as which dimensions present no definite patterns but rather a cultural diversity.

4. METHODOLOGY FRAMEWORK

Sample countries were chosen from members of the Organization of Islamic Cooperation, an international organism that groups states of Muslim beliefs. This organization was created in 1969 during the Rabat Conference and integrates countries of Muslim faith which have, as a total, a population of 1,808 million inhabitants. Of the 58 countries, only 24 have been characterized by Hofstede. However, these 24 countries constitute 74.7% of the population.

The cultural scores of each of these countries were analyzed with the aim to detect in which variables a common culture can be found and in which there is diversity.

5. RESULTS

As mentioned above, of the 58 countries within the Organization of Islamic Cooperation only 24 have been analyzed by Professor Hofstede on his web page Hofstede Insights. As for parameters 5 and 6 of the model, we only have data on 19 countries.
The scores corresponding to the model's dimensions can be seen in Table 01:

Table 1

	Power distance	Individualism	Masculinity	Uncertainty	Long Term	Indulgence
Hashemite Kingdom of JORDAN	70	30	45	65	16	43
Republic of ALBANIA	90	20	80	70	61	15
State of The UNITED ARAB EMIRATES	90	25	50	80		
Republic of INDONESIA	78	14	46	48	62	38
Islamic Republic of IRAN	58	41	43	59	14	40
Islamic Republic of PAKISTAN	55	14	50	70	50	
People's Republic of BANGLADESH	80	20	55	60	47	20
BURKINA-FASO (then Upper Volta)	70	15	50	55	27	18
Republic of TURKEY	66	37	45	85	46	49
Kingdom of SAUDI ARABIA	95	25	60	80	36	52
Republic of SENEGAL	70	25	45	55	25	
SYRIAN Arab Republic	80	35	52	60	30	
Republic of SURINAME	85	47	35	92		
Republic of SIERRA LEONE	70	20	40	50		
Republic of IRAQ	95	30	70	85	25	17
State of QATAR	93	25	55	80		
State of KUWAIT	90	25	40	80		
Republic of LEBANON	75	40	65	50	14	25
Libya	80	38	52	68	23	34
MALAYSIA	100	26	50	36	41	57
Arab Republic of EGYPT	70	25	45	80	7	4
Kingdom of MOROCCO	70	46	53	68	14	25
Republic of MOZAMBIQUE	85	15	38	44	11	80
Federal Republic of NIGERIA	80	30	60	55	13	84
AVERAGE	78,96	27,83	51,00	65,63	29,58	37,56
STANDARD DEVIATION	11,94	9,82	10,43	14,92	17,22	22,79

Based on the data from the table, the following results can be identified:

- Power distance: values are shown to be between 55 and 100 which, despite the dispersion, situates the analyzed countries at the extreme end of large power distance.
- Individualism: in the same way, the sample countries are at the extreme end corresponding to a collectivist culture with values between 14 and 47 even though there are, once again, considerable dispersions in the numbers.

- Masculinity: in this case it is not possible to generalize the culture of the sample countries as either being masculine or feminine. The values assigned by Hofstede show a large diversity in the numbers which are far from the extreme polarities and are concentrated in the center between 35 and 80 points with an average of 51.
- Uncertainty avoidance: once again the Hofstede scores are inconsistent among the countries. The points move between scores of 36 to 92 with considerable dispersion in the average which is placed at 65.63 points.
- Long term orientation: although the majority of the countries can be found within the band which we can denominate as short term, the samples range between 7 and 62 points with an average of 29.80 points and an even larger dispersion with respect to the previous scores.
- Indulgence: the figures show scores that, due to the dispersion and breadth, present a diverse culture in these countries. This diversity does not allow for a classification as either restrained or indulgent since we find a huge range between 4 to 84 points; the largest dispersion to be found in the samples.
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6. INTERPRETATION OF THE RESULTS

When analyzing the Hofstede scores of the different cultures, it can be confirmed that there is no uniform culture in the Islamic world and that, on the contrary, there is great diversity among them. This is a key factor to keep in mind when interacting with people and organizations belonging to these countries.

6.1. Power distance

Nevertheless, based on the Hofstede evaluations it is possible to establish that the analyzed Islamic countries present a culture with a large power distance as they can be found at the extreme end where the power distance is greatest. However, the power distance can be either moderate or elevated.

The spectrum that comprises this dimension moves between two polarities that correspond to low power distance and large power distance. In cultures with a large power distance, people accept a hierarchal order in which each person occupies a position with no

justification. These hierarchies tend to be centralized around a benevolent and autocratic leader

Given that the cultures are observed in comparison, a Spanish businessperson who deals with countries of this group will perceive the majority of Islamic countries as areas where less powerful members of the institutions accept and expect power to be distributed unequally. Nevertheless, in the case of interaction with countries such as Pakistan or Iran, the perception of power relations could be similar to those experienced in Spain, with a score of 57 points.

Image 1

6.2. Individualism

In the same way, all the scores given to the sample countries in this dimension can be found below 50 points and can therefore be characterized as collectivist cultures. Collectivist cultures present places where people develop a long term commitment to the group to which they belong with loyalty as the supreme value above laws and regulations.

While one can expect strong relations between the members of collectivist cultures who are responsible and sacrifice for the wellbeing of the collective, at the other extreme of the spectrum, in individualistic societies people only take care of themselves or their immediate family.

For Spanish businesspeople, belonging to a culture that scores 51, the perception would be that of collectivism in the relationships established with businesses and organizations of these countries. However, for those countries that are the furthest from the extreme the perception would be a setting rather similar to their own culture.
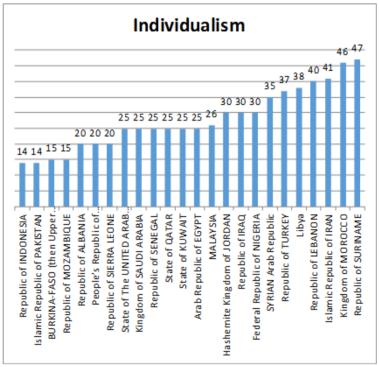

Image 2

6.3. Masculinity

It is difficult to categorize the Islamic countries as cultures predominantly masculine (competition, achievement and success) or feminine (balance and quality of life). In this parameter the scores identified by Hofstede show diverse cultures, some closer to masculine and others closer to feminine values.

The Spanish businessperson brought up in a culture predominantly with feminine values (42 points) will find themselves caught between diverse cultures, some of which will prioritize values based on personal wellbeing (feminine) while others will prioritize competition and productivity (masculine value)
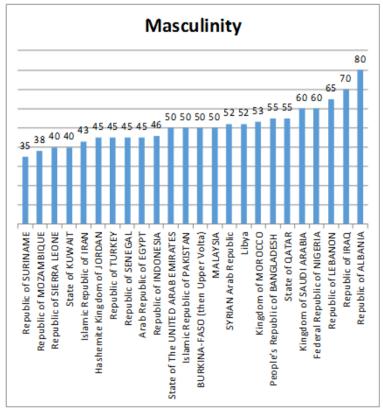

Image 3

6.4. Uncertainty avoidance

It is not possible to categorize Islamic countries in relation to uncertainty avoidance as the samples score in a range between 36 and 92 points. This establishes a large diversity which leads us away from the idea that these countries maintain a compact and uniform culture, at least in this parameter.

This dimension shifts between the extremes of low aversion and high aversion in the measure that people of a culture feel uncomfortable with the ambiguity and uncertainty of the future.

In the case of the Spanish businessperson coming from a country with a Hofstede evaluation of 86 points, the perception would be of the Islamic world as a culture open to the uncertainties of the future (with the exception of Surinam). On the other hand, the Spanish culture would be seen by members of these countries as one with a high aversion to risk and uncertainty, where its members perceive ambiguity and uncertainty in relation to the future as a menace which causes them to construct beliefs and institutions as protection against the unknown.
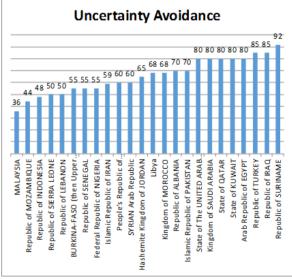

Image 4

6.5. Long term orientation

The scores assigned by Hofstede to Islamic countries put the majority of them in the first half of the spectrum, which defines these countries (with the exception of Albania and Indonesia) as predominantly short term cultures on a higher or lower level.

An analysis in this dimension allows for the categorization of the cultures to be either short term or long term. The scores under short term correspond to regulated societies and are applied to countries that hold

reservations towards change and volatility, while the higher scorers encourage saving and the efforts taken to better prepare for the future.

However, Spain is also scored in the first half with an evaluation of 48 points, so it is likely that a Spanish businessperson would find some of the cultures quite close, while the perception of other countries would be further in relation to openness to change.
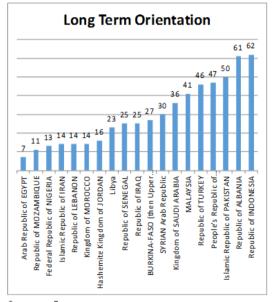

Image 5

6.6. Indulgence

For the Hofstede measurements, the dimension of Indulgence presents the largest dispersion within the Islamic world. It can therefore be affirmed that these Islamic countries do not maintain a uniform attitude toward Indulgence/Restraint.

This dimension represents the measure in which people try to control their desires and impulses. Those cultures with low points are those that exercise an elevated control over their desires and impulses, This leads towards a tendency to cynicism and pessimism. On the other hand, countries with higher evaluations give more emphasis to leisure and gratification of these desires and impulses.

A businessperson from the Spanish culture, which has an evaluation of 44 points, would have a perception of being "trapped in the middle" when dealing with these countries with some being very restrictive cultures alongside others that are more relaxed in the control of their impulses and desires.
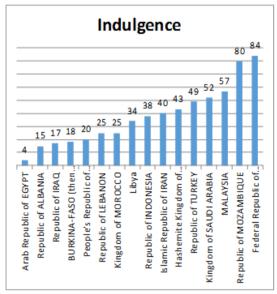

Image 6

7. CONCLUSIONS

We can conclude that, in light of the data, we cannot speak of one Islamic culture as a unique and uniform group that would allow for a categorization of Islamic society. Nevertheless, it is possible to find common elements among these countries, while it is also possible to find diverse cultures in certain dimensions.

Based on Professor Hofstede's evaluations, we can affirm that the Islamic world consists of countries where the power distance is elevated, giving great importance to hierarchies. It is also possible to identify these cultures as collectivists in the measure that the members of the society establish strong relationships among themselves which then generates responsibilities and sacrifices versus the interests of the individual.

Finally, it is possible to identify these cultures as short and medium term societies. They maintain traditions and norms and are distrustful of social changes.

However, the sample countries show large diversity when prioritizing masculine values (competition, achievement and success) versus feminine values (wellbeing and quality of life). It is also not possible to conclude that the Islamic culture is attracted to or rejects risk and uncertainty as the countries present a wide range within the spectrum. And finally, it is not possible to label Islamic cultures as indulgent or restrained as, once again, the results present a large diversity in this dimension.

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