

## **Masteroppgave i økonomi og administrasjon**

Fakultet for økonomi og samfunnsfag  
Høgskolen i Agder - Våren 2007

# **A Comparative Study of Business Practice in Scandinavia and the Arab Gulf States**

An Introduction to the Cultural Differences in Scandinavia and the Arab Gulf States

Scandinavia and the Middle East – Can Success be Achieved while Maintaining a Good Conscience? On Ethics and Profits as Two very Different Cultures Meet

**Andreas Jåvold Grimsby**

**Andreas Grimsby**

# **A comparative study of business practice in Scandinavia and the Arab Gulf States**

An introduction to the cultural differences in Scandinavia and the Arab Gulf states.

Scandinavia and the Middle East - can success be achieved while maintaining a good conscience? On ethics and profits as two very different cultures meet.

Masteroppgave i økonomi og administrasjon

Høgskolen i Agder

Fakultet for Økonomi og samfunnsfag

2007

## **Preface**

This thesis marks the final chapter of my Masters degree in Business Administration here at Agder University College. I've learned a lot over my years here and come to appreciate this school greatly. I've always been a curious soul, always interested in learning, seeing and experiencing new things. Agder University College has facilitated that in a great way.

In my fourth year I participated in a very interesting course dealing with culture and ethics in multinational organization. From there it quickly became apparent that working in this field was something I wanted to do.

This thesis has enabled me to write about a series of very interesting, challenging and important topics. In 1992-1996 I had the experience of living in the Middle East and I'm quite certain that I some day will be back there to work and to live. Personally, I've learned a lot about the various fields presented through this thesis and hopefully also been able to encapsulate and relay some of it. I've chosen to present an extensive theoretical foundation for my thesis, ranging from culture and its differences manifestations, to ethics and corruption. Not surprisingly I've come to see that almost every element of it is intricately interconnected.

Finally, I would like to thank my advisor Professor Andreas W. Falkenberg. He has over the last couple of years provided invaluable guidance, advice and inspiration. I'd also like to extend a sincere thank you to all those that have contributed to this thesis and to my family and friends, for their patience and advice. In particular I want to thank my father, John Grimsby, who has been a great asset and discussion partner in this process.

Kristiansand, 8<sup>th</sup> of June 2007

---

Andreas Grimsby

# Content

- 1.0 Introduction and background ..... 7
  - 1.1 Culture and business practice ..... 7
  - 1.2 Scandinavia and the Arab Gulf states ..... 8
  - 1.3 Phenomenon ..... 9
- 2.0 Methods ..... 9
  - 2.1 Choice of methods and selection of sources ..... 9
  - 2.1 The questionnaire and interviews on corruption ..... 11
  - 2.4 Validity and reliability in the questionnaire and interviews ..... 13
- 3.0 Theory ..... 15
  - 3.1 Conceptual framework ..... 16
  - 3.2 Religion ..... 18
    - 3.2.1 Origins ..... 19
    - 3.2.2 Islam as a source of power ..... 20
    - 3.2.3 Religion and modernity ..... 22
    - 3.2.4 The imprints of religion ..... 23
  - 3.3 History ..... 25
  - 3.4 Geography ..... 28
  - 3.5 Communications ..... 30
  - 3.6 Other measures of a Land ..... 31
    - 3.6.1 Measure of a Land - National wealth (GDP per capita) ..... 31
    - 3.6.2 Measure of a Land - Human Development Index (HDI) ..... 33
    - 3.6.3 Measure of a Land - Distribution of Economic Freedom ..... 34
    - 3.6.4 Measure of a Land - Pace of life ..... 38
    - 3.6.5 Measure of a Land - Schwartz’s seven dimensions ..... 39
    - 3.6.6 Measure of a Land - Inglehart dimensions and the World Values study ..... 41
    - 3.6.7 Measure of a Land - Happiness ..... 43
    - 3.6.8 Measure of a Land - Freedom and Democracy ..... 44
  - 3.7 The culture model: Culture, Institutions and Moral reasoning ..... 47
    - 3.7.1 The theory of Cultural values as the underpinning of Institutions ..... 47
    - 3.7.2 Definition of culture ..... 48
    - 3.7.3 Cultural values ..... 48
  - 3.8 The theory of Institutions as the underpinnings of interaction ..... 51
    - 3.8.1 Definition of institutions ..... 51
    - 3.8.2 Requirements to institutions ..... 51
    - 3.8.3 Levels of institutions ..... 52
    - 3.8.4 Macro level institutions ..... 53
    - 3.8.5 Messo level institutions ..... 54
    - 3.8.6 Micro level institutions ..... 55
  - 3.9 Moral reasoning ..... 56
    - 3.9.1 Perspectives on ethics ..... 57
    - 3.9.2 Perspectives on ethics: Utilitarianism ..... 57
    - 3.9.3 Perspectives on ethics: Human rights ..... 59
    - 3.9.4 Perspectives on ethics: Justice ..... 60
    - 3.9.5 In practice – the inherent egalitarianism of Islam ..... 65
    - 3.9.6 In practice – Macro level issues ..... 66
    - 3.9.7 In practice – Messo level issues ..... 68
    - 3.9.8 In practice – eight rules institutions should reflect ..... 70
    - 3.9.9 In practice – the Courtroom of World Opinion ..... 70

3.10	Geert Hofstede Cultural Dimensions .....	72
3.11	Power distance (PDI) .....	73
3.11.1	The origins of PDI.....	74
3.11.2	Moral and natural equality .....	74
3.11.3	Pariahs .....	75
3.11.4	Power.....	75
3.11.5	Other differences between low and high PDI societies.....	76
3.11.6	PDI in practice.....	77
3.12	Uncertainty avoidance index (UAI) .....	80
3.12.1	The origins of UAI .....	81
3.12.2	UAI in society .....	82
3.12.3	Rationality, rules, risk and power.....	83
3.12.4	Freedom.....	85
3.12.5	Trust .....	85
3.12.6	UAI in practice .....	86
3.13	Individualism and collectivism (IDV).....	90
3.13.1	The origins of IDV .....	90
3.13.2	The importance of identity .....	91
3.13.3	'In-groups' .....	93
3.13.4	Moral and calculative behavior .....	94
3.13.5	Schwartz's seven dimensions.....	95
3.13.6	IDV in practice – 'in-groups' .....	96
3.13.7	IDV in practice – norms and values in societies .....	98
3.13.8	IDV in practice – personnel economics and more .....	99
3.14	Masculinity and femininity (MAS) .....	101
3.14.1	The origins of MAS.....	102
3.14.2	Masculine and feminine preferences.....	103
3.14.3	Organizations as masculine constructs.....	105
3.14.4	Competitiveness .....	106
3.14.5	Macho-ism and nationalism .....	107
3.14.6	Masculinity in meetings, conflicts and perception of unions.....	108
3.14.7	Masculine- or feminine-orientation, political differences.....	108
3.14.8	MAS in practice .....	110
3.15	Long-term orientation (LTO) .....	113
3.15.1	The origins of LTO .....	113
3.15.2	The limitations of LTO .....	114
3.15.3	Traits of LTO .....	115
3.15.4	Respect for traditions .....	115
3.15.5	LTO in practice .....	116
3.16	Corruption .....	118
3.16.1	Petty and Grand corruption .....	119
3.16.2	Implications of corruption.....	121
3.16.3	Is corruption a part of Culture? .....	123
3.16.4	The 'natural resource curse' or 'oil curse' .....	125
3.16.5	Political causes for corruption.....	126
3.16.6	Corruption around the world.....	129
3.16.7	Explanations in cultural studies.....	132
3.16.8	The international legal battle against corruption.....	135
3.16.8	How do we conduct ourselves when faced with corruption.....	138
3.16.9	Measures to combat corruption .....	141

4.0	Summary of findings .....	142
5.0	Conclusion.....	152
6.0	References .....	155
6.1	Academic works .....	155
6.2	Other articles and reports .....	157
6.3	Web sites / internet links .....	157
Appendixes:.....		162
Information about the Arab Gulf states.....		162
Questionnaire reply from R1 .....		166
Questionnaire reply from R2.....		168
Questionnaire reply from R3.....		171
Questionnaire reply from R4.....		173
Questionnaire reply from R5.....		175
Questionnaire reply from R6.....		178
Questionnaire reply from R7.....		180

## Figures

Figure 1 – Questionnaire Doing Business in the ME.....	12
Figure 2 – Based on Falkenberg’s model of thesis layout .....	15
Figure 3 – Conceptual framework.....	16
Figure 4 – The Islamic Empire.....	26
Figure 5 – Map of the Middle East .....	29
Figure 6 – GDP (PPP) per capita (national wealth) map (2006).....	32
Figure 7 – HDI map (2006).....	33
Figure 8 – HDI map, Scandinavia vs. Gulf Arab states (1975 – 2004).....	34
Figure 9 – The distribution of Economic Freedom (by HF) .....	35
Figure 10 – Economic Freedom and GDP per capita (by HF).....	37
Figure 11 – Economic Freedom and other measures of flourishing (by FI).....	38
Figure 12 – Pace of life .....	39
Figure 13 – Schwartz Seven dimensions.....	41
Figure 14 – The Inglehart Map .....	42
Figure 15 – Freedom House World Map 2007 .....	44
Figure 16 – The Culture model .....	47
Figure 17 – Hofstede’s Onion diagram.....	50
Figure 18 – Micro, Messo and Macro institutions .....	52
Figure 19 – Perspectives on Ethics – Utilitarianism .....	58
Figure 20 – Perspectives on Ethics – Human rights.....	59
Figure 21 – Perspectives on Ethics – Justice.....	63
Figure 22 – Crude oil prices since OPEC’s conception (1960-2006).....	67
Figure 23 – TI’s Corruption Perception Index (CPI) map .....	131
Figure 24 – How much does corruption have to do with.....	139

## Tables

Table 1 – The factor loadings of Economic Freedom (by HF) .....	36
Table 2 – Freedom House democratic rank.....	45
Table 3 – Power distance index.....	73
Table 4 – Uncertainty avoidance index.....	81
Table 5 – UAI Characteristics .....	86
Table 6 – Individualism/collectivism index .....	90
Table 7 – Masculinity/femininity index .....	101
Table 8 – MAS gender differences.....	104
Table 9 – Long-term orientedness index.....	113
Table 10 – TI’s Corruption Perception Index (CPI) 2006.....	129
Table 11 – The World Bank’s Multipronged Strategy for Combating Corruption .....	137

## 1.0 Introduction and background

### 1.1 Culture and business practice

We have reached a level of globalization of which probably was unimaginable to our ancestors only a few generations past. But even today, with almost unlimited access to information, communication and interaction, we still manage to make the simplest mistakes.

There are naturally a lot of differences between Scandinavia and the Middle East. Our different cultures have emerged from different sets of geographical, historical and philosophical constraints, challenges and properties.

Culture and cultural values supplies frames for people's action and helps distinguish right from wrong. These values also tend to be reflected in the rules, laws and regulations - institutions we establish to govern our societies<sup>1</sup>.

This thesis will seek to give an introduction and something to spark curiosity and provide some information on cultural differences between Scandinavia and a section of the Middle East: The Arab Gulf states. It will look at some of the origins of the different cultures. It will also present some of the manifestations of these two different cultures. This could again serve as a supplement to a practitioner's personal experience.

Knowing how to, is certainly important. But in order to be truly successful, we might also need to understand why. Thus the difference between the great and the magnificent is perhaps in the latter's understanding of why.

As a practical example we will look at corruption. When compared to Scandinavian countries, this is an issue throughout the Arab Gulf states. Even though it's also a problem with us. Corruption will be used in an attempt to illustrate much of the intricate dynamics of these theories on a very real issue.

We will ask: When Scandinavians do business in The Arab Gulf states - can successfulness walk hand in hand with consciousness?

---

<sup>1</sup> Chapter 3.7 and 3.8



## 1.2 Scandinavia and the Arab Gulf states

The groupings selected are common groupings; also referred to, understood and used locally. Internally, their cultural heritages are quite similar; implying that what is true in one place is likely to also be true in another.

- **Scandinavia** – Norway, Denmark and Sweden.  
Their customs and culture is somewhat similar with regards to history, language, habits, religion, and beliefs.

When for the sake of comparison these peoples will at times also be referred to as Europeans, Westerns or Christians.

- **The Arab Gulf states** - Kuwait, Saudi Arabia, Bahrain, Qatar, Oman and the United Arab Emirates (UAE).

This selection of Arab nations is not arbitrary. They represent a useful grouping since these six nations, like Scandinavia, shares a lot in terms of customs and culture. While some of these countries have vast immigrant workforces and a lot of companies featuring expatriate, native Scandinavians in decision making positions, the native citizens (defined: a legally recognized subject or national of a state or commonwealth<sup>2</sup>) and their culture will be the object in focus.

This grouping will also at times be referred to as the Middle East (ME) and sometimes as the Arab or Muslim world. Its members will often be referred to as Arabs or Muslims. The fact that Arabs consider themselves Muslim<sup>3</sup>, before e.g. Saudi's or Kuwaiti nationals<sup>4</sup>, is also apparent in the fact that cultural heritage – as evident in laws and customs (disregarding different levels of Westernization) is more often than not similar<sup>5</sup>.

---

<sup>2</sup> Citizen , The Concise Oxford Dictionary

<sup>3</sup> World Values Survey question G015 <http://www.worldvaluessurvey.org/> 5-6-07

<sup>4</sup> World Values Survey question G015 <http://www.worldvaluessurvey.org/> 5-6-07

<sup>5</sup> Morrison, T. et al (2001) pp. 132-144

Another reason to the choice of the Arab Gulf states is for the purpose of generalization. The Arab Gulf states are all reasonably peaceful and developed countries. The Gulf, the Arab World or the Middle East are other constellation that, while sharing a lot, also would include countries such as Iraq, Yemen, Syria, Israel and the Palestine territories. In profound ways these countries distinguish themselves from the selected Arab Gulf states. Political turmoil, occupations, democracy and terrorism create very different circumstances, even if the cultural origin is quite a like.

### **1.3 Phenomenon**

Scandinavia and the Middle East - can success be achieved while maintaining a good conscience? On ethics and profits as two very different cultures meet.

## **2.0 Methods**

### **2.1 Choice of methods and selection of sources<sup>6</sup>**

We investigate a phenomenon because there is something we don't know. If we knew, we would need to measure, ask or inquire. Since a phenomenon is usually intangible we can't be absolutely certain even after we've conducted our measurement. Thus, validity and reliability is a main concern in any measurement process. External and internal validity is mainly concerned with if we measure what we set out to measure. Whereas reliability is mainly concerned with if our findings are consisted with what similar studies have found.

Heritage, culture, institutions, moral reasoning and corruption are all fields that are included in this thesis. It spans several fields of sciences or at least several directions within a science (depending on how we choose to perceive 'a science').

With a broad field, much information is called for, both in the form of theory and practical information (data). Due to the amount of information necessary, secondary data sources (other's work, articles and statistics) – which can be immensely time saving - was opted for as the main sources of information. The utilization of primary information sources (interviews, questionnaires and measurements) is limited to the corruption section of this thesis. Overall

---

<sup>6</sup> Based on Andersen, O. (spring 2006) ME-407 lecture notes

the theory and secondary data employed throughout is deliberately intended to be of a high quality and it was found to be highly consistent. There aren't many surprising or conflicting findings that can't to a reasonably high degree be explained. Thus we have a good degree of external validity, as we can make generalizations based on these findings.

Secondary sources must never be used without caution and critical common sense. Using invalid or unreliable observations in a line of reasoning would yield an invalid or unreliable conclusion – even if it at times would be correct. Of course the requirements to a source will depend on the claim it's intended to support, the relative importance of this exact source (or claim) and the boldness of the source (or claim). If we exercise some sensible restraint, there is a lot of good information to be found.

Primary sources were to a large degree opted against for reasons relating to time and also validity/reliability. The direst being the time constraint. Collecting and using primary information sources is very time consuming. That time could be spent elsewhere where it may yield a greater contribution to the whole. In microeconomic terms: the marginal utility of an hour spend on theory and secondary information sources is greater than of an hour spent on developing primary information sources. In terms of validity and reliability – some of the topics involved in this thesis required quite a lot of prior knowledge, both from the interviewer in terms of asking the right questions and comprehending the answers - and from the interviewed in terms of understanding the question and giving an insightful answer. These could perhaps have been serious sources of error in some of these fields. Consequently the sample was only used to highlight a specific topic – corruption.

Corruption differs from the other topics. It's not a construct; it's readily observable, in the sense that anything illegal is readily observable. Given the level of corruption secondary information suggests is present in the Gulf Arab states, it also seemed highly relevant. This is something a practitioner quite possibly would run into. And both as practitioners and ethicicians, it's also an important field to have some knowledge of.

## 2.1 The questionnaire and interviews on corruption<sup>7</sup>

A sampling procedure involves selecting a sample in order to infer something about a larger population. In this case: Scandinavians who work/have worked in the Arab Gulf states or the Middle East. The Arab Gulf states were the initial choice. In the courting process corruption was actually toned down in favor of the less conspicuous sounding ‘Questionnaire – Doing business in the Middle East’. Still, the response rate was just over 50 % from contacts primarily found through private channels. This lack of response was somewhat disappointing.

As an experiment a questionnaire was submitted to a recommended would-be respondent in Cairo, Egypt. The answers proved to be very much on par with the Arab Gulf states replies. As Egypt is an Islamic state (heritage) and Hofstede also chose to include Egypt in his studies of the Arab world this was to be expected. Transparency International in fact also ‘clusters’ the Middle East and North Africa (MENA region)<sup>8</sup> at times. Consequently a judgment call was made, the respondent was dubbed R7 and his answers included.

Eventually there were 4 respondents from Dubai in the UAE, one (R4) from Muscat in Oman, one (R5) from Ahmadi in Kuwait and finally one (R7) from Cairo in Egypt.

Several of the respondents had held different jobs or a mixture of positions in the Middle East, but all had been connected to the shipping-, oil and gas- or media industry (R7).

The method linguistics for this kind of sampling process is best described as a non-probability judgment-convenience hybrid. Non-probability meaning everyone in the population doesn’t stand a statistically equal chance of being selected. Judgment and convenience sample meaning people were chosen on merit and on accessibility accounts.

The respondents are assigned numbers R1 through R7 and the questions are referred to as Q1 to Q8M. Respondents R1 and R2 have also been subject to interviews, in the shape of the both questionnaires and also on a more general discussion about corruption. This to uncover more of their opinions and beliefs based on their personal experience. These interviews served to shed some light on, and refine some impressions and comments. They still didn’t reveal any groundbreaking news – which is indicative that the initial findings are both valid and reliable.

---

<sup>7</sup> Based on Andersen, O. (spring 2006) ME-407 lecture notes

<sup>8</sup> <http://www.transparency-lebanon.org/Archives/Press/GCR%202002-%2029.08.2002.PDF> 26-4-07

1. Does the CPI scores seem reasonable to you?
2. Do you perceive corruption to be a “taboo” issue in the region?
3. Do you perceive corruption to be present in the region?
4. Do you perceive corruption to be considered a problem in the region?
5. Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?
6. In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?
7. In your opinion how much does corruption have to do with
  - A. Lack of local knowledge (unfamiliar culture)?
  - B. Lack of trust (between people of different cultures)?
  - C. Lack of time (pay a bribe to save time)?
  - D. Lack of transparency (making it easy to get away with)?
8. Which of the following phrases do you agree with?
  - A. The person paying the bribe just as guilty as the person taking it
  - B. Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for is as local officials.
  - C. Western companies are just as likely to involve themselves in corruption as local companies.
  - D. Some places it’s customary to make some kind of facilitation payment (paying greasing money).
  - E. Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
  - F. The local society has an elite class which are subject to certain “private laws”
  - G. Private laws enables the social elite to participate in what’s in your opinion corrupt activities

These are highly hypothetical questions:

  - H. Corruption is a part of their culture (culture is defined as “the collective programming of the mind which distinguishes the members of one category of people from another”)
  - I. Corruption leads to predictability
  - J. I wouldn’t trust a person who took a bribe
  - K. I wouldn’t trust a person who took a bribe, even after I had bribed him
  - L. “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton
  - M. If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.

Figure 1 – Questionnaire Doing Business in the ME

## 2.4 Validity and reliability in the questionnaire and interviews<sup>9</sup>

**Validity** is usually assessed through these three axes:

- **Predicative validity.** Which is intended to measure is the relation between the predictor (which our study should be inspired by) and the criterion it's intended to measure. In this case the answers generally came in as expected, few if at all any surprises. This assessment should be based on common sense and seems to hold.
- **Content validity** (face validity). Does the item cover the concept we wish to measure? This is highly sensitive to the definitions we select. In this case it's very hard to explicitly establish or denounce but in terms of the questionnaires: the questions are open, clear and reveal what they intend to measure. Consequently they should be very fit for the task of proving (or denouncing) what we actually seek to prove.
- **Construct validity**, which branches into:
  - **Convergent validity**, focusing on whether or not our findings are consistent with similar studies of similar concepts. In this case the respondents almost always responded in what can only be described as an expected manner. Intentionally, some of the questions were inherently difficult to answer straight (Q5<sup>10</sup>, Q8I<sup>11</sup>, Q8M<sup>12</sup>) and predicatively the jury turn vague and inconclusive. Very much like we would expect a jury in a courtroom to be.
  - **Discriminant validity**, holding that a measure should not correlate too much with items it's supposed to differ from. This study is not set with a particular focus at this, but the answers do seem consistent.

---

<sup>9</sup> Based on Andersen, O. (spring 2006) ME-407 lecture notes

<sup>10</sup> **Q5.** Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?

<sup>11</sup> **Q8I.** Corruption leads to predictability.

<sup>12</sup> **Q8M.** If 'limited greasing payments' are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.

**Reliability** is mainly concerned with the similarity of results produced by other comparable measures of the same phenomenon. Implicitly – do our findings correspond with what has previously been documented in the field and would another study be able to find what we did?

This kind of sampling and, of course, the relatively low number of respondent could translate into validity and reliability problems.

In terms of addressing these possible issues a series of measures were taken.

These interviews and questionnaires (primary sources) were focused around a particular field which as discussed could be assumed measurable without too much prior theoretical knowledge. The questions asked rather specifically about the respondent's opinion of what turned out to be readily present occurrences. Furthermore it was set up to work in concert with magazine and newspaper articles, statistics and theory (primary sources) to illuminate corruption. And it did, the answers came largely as expected. Thus we can assume there to be a reasonably high degree of both reliability and validity to the findings.

Finally the measurement was conducted and treated in a manner intended to eliminate some common sources of error.

- All respondents were presented with the questionnaire and asked to complete them with only prior knowledge – and nothing more than a CPI score board and a short definition of corruption and culture.
- All questionnaires were distributed and returned within a period of two weeks, in May of 2007. There were hopefully no major external happenings (like a huge Statoil, Elf or Exxon corruption incident) affecting one reply and not the others.
- Sources of difference are highlighted and to some degree attempted explained.

### 3.0 Theory

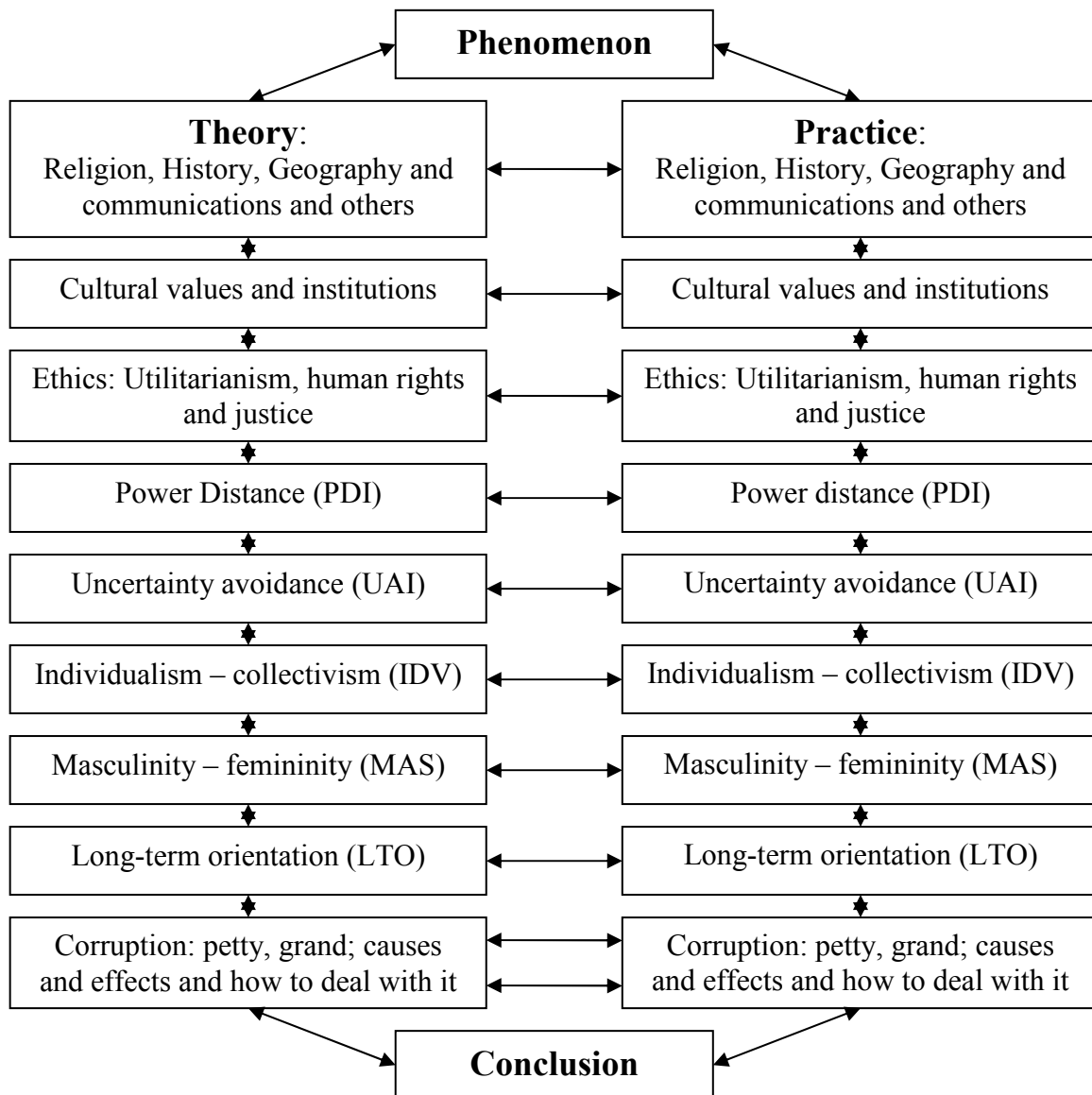


Figure 2 – Based on Falkenberg’s model of thesis layout

A (1) phenomenon will be introduced (problem). Then it will then be highlighted by various (2) theories which will be shown to exist in the (3) business practice of the real world, primarily through anecdotal evidence (secondary sources) and some questionnaires and interviews (primary sources). Finally the (4) conclusion with present some suggestion uncovered thought the journey.



### 3.1 Conceptual framework

A conceptual framework is intended to portray the relationships and/or types of relationship among concepts<sup>13</sup>.

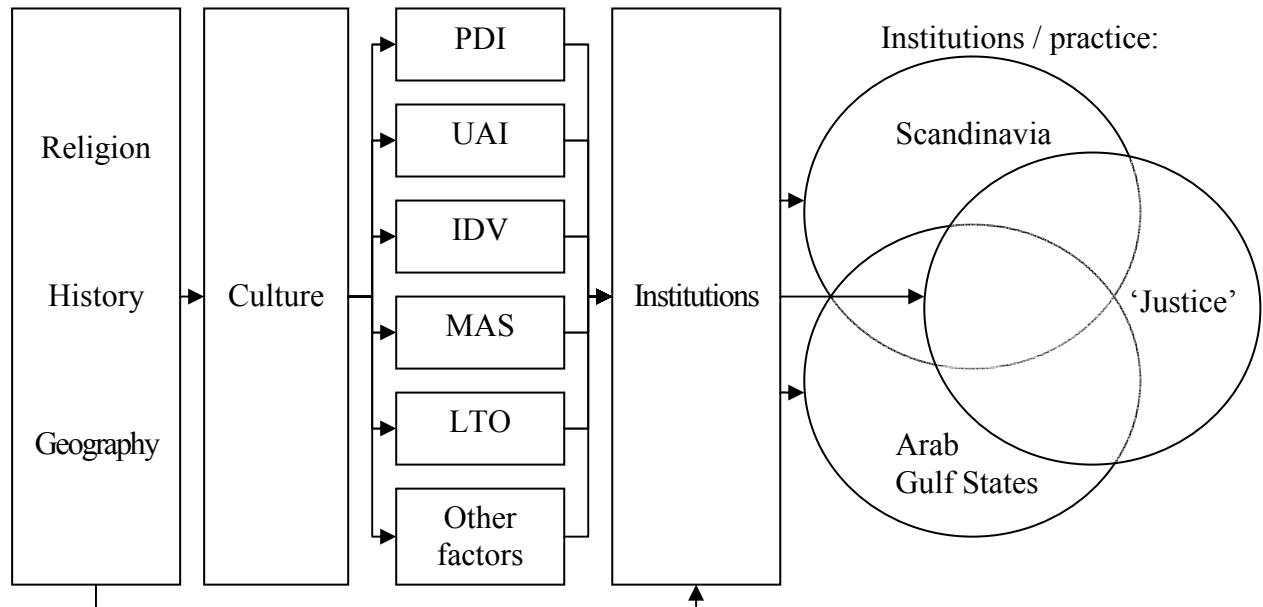


Figure 3 – Conceptual framework

The initial forces shaping what we perceive to be 'culture' are<sup>14</sup>:

- **Geography**, which gives some frames for societies in terms of properties such as climate, natural resources etc.
- **History**, which is the memory of past and serves as the foundation of our future.
- **Religion** tends to reinforce the values that lead to its adoption in the first place<sup>15</sup>.

**Culture** is a very broad term but Geert Hofstede (2001)<sup>16</sup> suggests that basically it can be seen as the “collective programming of the mind”.

Hofstede<sup>17</sup>, on the basis of his studies of (primarily) IBM employees suggests 5 dimensions which we can plot a culture along and get a basis for comparison across cultures. It's

<sup>13</sup> Based on Andersen, O. (spring 2006) ME-407 lecture notes

<sup>14</sup> Falkenberg, A. W. (2006) Essay #4, ORG 408 Compendium 1

<sup>15</sup> Hofstede, G. (2001) p. 114

<sup>16</sup> Hofstede, G. (2001) p. 1

important to keep in mind that his studies focus on the national culture as seen through IBM employees in their organization, and not organizational. His dimensions are<sup>18</sup>:

- **Power distance (PDI)**, which is related to the different solutions to the basic problem of human inequality.
- **Uncertainty avoidance (UAI)**, which is related to the level of stress in a society in the face of an unknown future.
- **Individualism vs. collectivism (IDV)**, which is related to the integration of individuals into primary groups.
- **Masculinity vs. femininity (MAS)**, which is related to the division of emotional roles between men and women.
- **Long-term vs. short-term orientation (LTO)**, which is related to the choice of focus for people's efforts: the future or the present.
- In addition of Hofstede's proposed dimensions there will be a multitude of **other** ways to measure and size up the cultural values that underpin society's interaction.

Still, this is far from complete and heritage from **religion, history** and **geography** should therefore also be included. As "culture is heavy with values, and values imply judgment"<sup>19</sup> it's easy to start thinking in terms of good or bad. However, our perception is time and place dependent, subject to our cultural relativism<sup>20</sup>. Thus we must always remember that "any solution is best according to the norms that come with it"<sup>21</sup>. Accordingly, high or low on any of these dimensions doesn't necessarily imply good or bad even if some of them often seem to correlate with certain universally undesirable characteristic.

Our values are the basis of our **institutions**, our 'traffic rules'<sup>22</sup>, to behavior. Institutions (as the values that they exist to promote) differ from country to country, an even within countries. These differences can be minute, or so monumental that we sometimes can agree only to disagree, or we attempt to force our view on others. Fortunately, we usually manage to find a

---

<sup>17</sup> Hofstede, G. (2001)

<sup>18</sup> Hofstede, G. (2001) p. 29

<sup>19</sup> Hofstede, G. (2001) p. 327

<sup>20</sup> Falkenberg, A. W. (1996) p. 161

<sup>21</sup> Hofstede, G. (2001) p. 327

<sup>22</sup> Falkenberg, A. W. (2006) Essay #1, ORG 408 Compendium 1

mutually beneficial agreement. Evidence: today most nations are involved in trade, few in war, which according to Richard Cobden connects us in “bonds of peace”<sup>23</sup>. However not all interaction is of a kind that complies with the principles of ‘the Good’<sup>24</sup>.

In the conceptual framework the three circles represent publicly ‘**acceptable**’ actions under the realm of ‘justness’, throughout Scandinavia and the Arab Gulf states. Where the three sections (circles) intersect we have just actions, suitable for both places. This is represents the desired actions set where we should seek to operate.

Unfortunately, the three don’t always overlap. The ‘justice’ or just actions fit only for Scandinavia aren’t likely to be undertaken when dealing in the Middle East, as they won’t work there. Also actions publicly acceptable in both societies (or at least to those with a voice) may but still unjust. There are also actions that fit outside all three circles; these aren’t publicly accepted under any circumstance – like for instance grand corruption. This is typically more a problem where we have authoritarian or totalitarian forms of government. In the words of Lord Acton “all power tends to corrupt; absolute power corrupts absolutely”<sup>25</sup> – the fact that accountability usually suffers in these areas only serves to further augment the problem.

### 3.2 Religion

Religion is according to Clifford Geertz (1973, p. 90):

*“A system of symbols which acts to establish powerful, pervasive, and long-lasting moods and motivations in men by formulation conceptions of a general order of existence and clothing these conceptions with such an aura of factuality that the moods and motivations seem uniquely realistic”<sup>26</sup>.*

---

<sup>23</sup> <http://www.globalisationinstitute.org/blog/cobden/the-203rd-birthday-of-richard-cobden-200706031130/> 4-6-07

<sup>24</sup> Falkenberg, A. W. (1996) p. 164 and (2007) p. 12

<sup>25</sup> Hofstede, G. (2001) p. 113

<sup>26</sup> Hofstede, G. (2001) p. 327

Falkenberg (2006) holds that philosophy (or simply religion, as is an appropriate description in the counties in focus) is together with history and geography the basis of our cultural values<sup>27</sup>.

Briefly, Islam is the religion of Muslims<sup>28</sup> and Umma is the designation of the ‘all Muslim people’<sup>29</sup> and can also be understood as the collective nation of Islamic States<sup>30</sup>.

The field of religion or more specifically Christianity and Islam are vast ones, and we’ll focus only on a few select traits that also are observable through its manifestations in other theory.

### 3.2.1 Origins

Originally Christianity and Islam (as well as Judaism) originates from the same roots; they all hold that there is a truth accessible to true believers<sup>31</sup>. They all hold matter and spirit separated<sup>32</sup>. They are also all of the opinion that if A is true, non-A is not<sup>33</sup> and that “if people are informed they will agree”<sup>34</sup>. We should also keep in mind that ethical rules tend to be derived from religion<sup>35</sup>.

Religion is also known to reinforce the values in a country that led to its adoption in the first place<sup>36</sup>. Religion – within a region thus serves as a ‘coercive isomorphism’<sup>37</sup> aligning cultures where it’s practiced. Religion doesn’t just further reinforce gender roles<sup>38</sup>, it affects them as well – in particular in Muslim counties this seems to be the case<sup>39</sup>. The World Values Study (WVS) question G105 asks “which of the following best describes you”, an giving citizens of Iraq, Jordan, Saudi Arabia and Egypt the choice of; Above all I’m: ‘Muslim’, ‘Arab’ or their own nationality, they all overwhelmingly (62,6 – 79,4 %) chose ‘Muslim’. Consequently it’s

---

<sup>27</sup> Falkenberg, A. W. (2006) Essay #4, ORG 408 Compendium 1

<sup>28</sup> Muslim, The Concise Oxford English Dictionary 22-4-07

<sup>29</sup> Brøgger, J. (1993) pp. 179-180

<sup>30</sup> Umma, The Concise Oxford English Dictionary 22-4-07

<sup>31</sup> Hofstede, G. (2001) p. 363

<sup>32</sup> Hofstede, G. (2001) p. 363

<sup>33</sup> Hofstede, G. (2001) p. 363

<sup>34</sup> Hofstede, G. (2001) p. 364

<sup>35</sup> Hofstede, G. (2001) p. 364

<sup>36</sup> Hofstede, G. (2001) p. 114

<sup>37</sup> Mintzberg, H. et al (2001) p. 298

<sup>38</sup> Chapter 3.14.2 Masculine and feminine preferences

<sup>39</sup> Hofstede, G. (2001) p. 310

no surprise that to a lot of Muslims, an attack on their country (or a fellow Muslim country) can be perceived as an attack on their religion.

It's no secret that Christianity has had an essential role in shaping the western civilization<sup>40</sup>. Poland's first post-communist Prime Minister Tadeusz Mazowiecki<sup>41</sup> said that "the influence of Christianity on shaping the face of Europe was so enormous that one used simply to speak of Western civilization as Christian civilization."

Similarly we find Islam to pervade much of the jurisprudence in the Middle East, basically through these four central sources<sup>42</sup>:

- Sharia: the statutes of the Curran
- Sunna: traditions regarding the Prophets thinking and decisions
- Ijma: agreement between members of society entitled to voice their opinions
- Quiyas: inference by analogies

Consequently Islam doesn't base its justice on free, intellectual approaches. Justice is founded through religion<sup>43</sup>. The separation of the Church's (religions) power over the State and consequent independent development of judicial systems seen in the West is not for the Middle East<sup>44</sup>. In Islamic culture theology has dominated philosophy<sup>45</sup>.

### 3.2.2 Islam as a source of power

Editor of Newsweek International, Fareed Zakaria<sup>46</sup> in a column on Islam and power holds that<sup>47</sup>:

*"For decades the Middle East has been a political desert. In Iraq, the reason that there are no countervailing liberal parties is that Saddam Hussein destroyed them. He could not completely crush mosque-based groups and, by the end of his reign, he*

---

<sup>40</sup> Brøgger, J. (1993) p. 202

<sup>41</sup> [http://www.time.com/time/europe/html/030616/story\\_2.html](http://www.time.com/time/europe/html/030616/story_2.html) 23-03-07

<sup>42</sup> Brøgger, J. (1993) p. 211

<sup>43</sup> Brøgger, J. (1993) p. 211

<sup>44</sup> Brøgger, J. (1993) p. 211

<sup>45</sup> Brøgger, J. (1993) p. 225

<sup>46</sup> <http://www.msnbc.msn.com/id/4917093/site/newsweek/> 19-5-07

<sup>47</sup> <http://www.msnbc.msn.com/id/11182278/site/newsweek/page/2/> 19-5-07

*actually used them to shore up his own legitimacy. In much of the Muslim world Islam became the language of political opposition because it was the only language that could not be censored. This pattern, of dictators using religious groups to destroy the secular opposition, played itself out in virtually every Arab country, and often beyond.”*

Today dictators (defined as<sup>48</sup>: a ruler with total power over a country) across the Arab World utilize religion as a base of power and to oppress opposition.

*“The broader reason for the rise of Islamic politics has been the failure of secular politics. Secularism exists in the Middle East. It is embodied by Saddam Hussein and Muammar Kaddafi and Hosni Mubarak and Yasir Arafat. Arabs believe that they have tried Western-style politics and it has brought them tyranny and stagnation. They feel that they got a bastardized version of the West and that perhaps the West was not the right model for them anyway. Islamic fundamentalism plays deeply to these feelings. It evokes authenticity, pride, cultural assertiveness and defiance. These ideas have been powerful sources of national identity throughout history and remain so, especially in an age of globalized economics and American power. In face of the powerlessness, alienation and confusion that the modern world breeds, these groups say simply, “Islam is the solution.””*

Zakaria perceives that Islam has asserted itself as a source of power in today’s Middle East due to the failure of secular politics, aided by Western lack of local understanding and consequent actions. According to British Muslim author and Theologian Ruqaiyyah Waris Maqsood (born Rosalynn Rushbrook) the truth of the matter is that a basically benevolent religion and its guiding<sup>49</sup> has become a tool for not-so benevolent leaders, who’ve in many cases have “been very poor Muslims, if not non-Muslims in Muslim disguise”<sup>50</sup>.

---

<sup>48</sup> Dictator, The Concise Oxford English Dictionary 21-5-07

<sup>49</sup> [http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia\\_3.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia_3.shtml) 22-5-07

<sup>50</sup> [http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia\\_3.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia_3.shtml) 22-5-07

### 3.2.3 Religion and modernity

As both Christianity and Islam were adopted long ago the underlying values are by many perceived as out of sync with society. In a special report by Time Magazine, in 2003<sup>51</sup> it's claimed that the Church in Europe "is caught between history and modernity<sup>52</sup>". Similarly Hofstede suggests that "Muslim traditions are still caught in a definition of Truth that hinders their coping with modernity"<sup>53</sup>. The Time report found that "most European countries no longer have state religions, and there's pressure to disestablish [it] in Britain and Norway, two that still do<sup>54</sup>". In Europe the Church and Christianity have relinquished much of their former political powers.

Since religion is a source of power in the Middle East this deterioration is perceived as one of the big threats the 'infidel' West poses to the Muslim world, where religion (accompanied by authoritarian rule) still has a strong stance<sup>55</sup>.

Put differently the problem daunting Muslims (in particular thinkers, scholars and politicians) today is how to adapt to (and adopt) Western thinking and technology without losing Islam spiritualism<sup>56</sup>. The secular West's value crisis, divorce rates and social troubles frighten Muslim intellectuals<sup>57</sup>. There still is no apparent solution, and the political liberation of Islamic states has put in motion forces that can't be stopped<sup>58</sup>.

In terms of political and cultural differences promoted by religion is the fact that Islamic heritage by tradition is more egalitarian<sup>59</sup> than Christianity's. Even from the days of Omar ibn-al-Khattab (580-644 A.D.<sup>60</sup>), Islam as an ideology, to a greater extent than Christianity considers unnecessary pomp and circumstance as well as lavish pleasure improper<sup>61</sup>. This

---

<sup>51</sup> <http://www.time.com/time/europe/html/030616/story.html> 23-03-07

<sup>52</sup> <http://www.time.com/time/europe/html/030616/story.html> 23-03-07

<sup>53</sup> Hofstede, G. (2001) p. 369

<sup>54</sup> [http://www.time.com/time/europe/html/030616/story\\_2.html](http://www.time.com/time/europe/html/030616/story_2.html) 23-03-07

<sup>55</sup> Hofstede, G. (2001) p. 369

<sup>56</sup> Brøgger, J. (1993) p. 227

<sup>57</sup> Brøgger, J. (1993) p. 227

<sup>58</sup> Brøgger, J. (1993) p. 227

<sup>59</sup> Hofstede, G. (2001) p. 114

<sup>60</sup> <http://en.wikipedia.org/wiki/Umar> 22-4-07

<sup>61</sup> Brøgger, J. (1993) p. 175 and <http://www.msnbc.msn.com/id/11182278/site/newsweek/> 19-5-07

helps explain the fact Arabs are more concerned with equality than liberty<sup>62</sup> (or freedom) while Westerns consider freedom (liberty) one of their society's most precious virtues.

### 3.2.4 The imprints of religion

The Christian Bible consists of the Old and the New Testament. The Old Testament to a greater extent reflects tough values, (an eye for an eye and a tooth for a tooth) and an omnipotent and majestic God. The New Testament depicts the tendered values, (turn the other cheek) and features the Son of God, Jesus, who is humble, deeply compassionate and not at all a 'macho' hero<sup>63</sup>. Scandinavia has adopted the Protestant view of Christianity, which the more feminine approach when compared to Catholic belief.

The Arab Gulf states have seen a lot of immigration over the last decades but they have retained their state religions, and limited their granting of citizenship to immigrants. There is no doubt they all are still very much Islamic countries. Demographically the six Arab Gulf states are all predominantly consisting of Sunni Muslims<sup>64</sup>, with the possible exception of Oman where by some counts<sup>65</sup> Ibadhi Muslims<sup>66</sup> are in majority. The 'split' in Islam, producing the two major directions of Sunni (and Shia which dominates Persia) occurred in 680 A.D. after the battle of Kerbela in Iraq<sup>67</sup>. In brief, Sunni Muslims are generally the more masculine-oriented of the Muslim world<sup>68</sup>. Interestingly, Hoffman notes that "British observers of Omani rule in East Africa commented that Ibadhis are the least fanatic and sectarian of all Muslims, and openly associate with people of all faiths and pray together with Sunni Muslims"<sup>69</sup>.

Regarding religions relative position in societies Hofstede<sup>70</sup> found that masculine values rated religion as most important in life where as feminine cultures up rated friends and neighbors. The importance of God within religion is also found to be strongly correlated with masculinity<sup>71</sup>.

---

<sup>62</sup> Falkenberg, A. W. in counselling (2007), Hofstede, G. (2001) p. 93 and <http://www.ired.com/news/mkt/me-econ.htm> 26-5-07

<sup>63</sup> Hofstede, G. (2001) p. 327

<sup>64</sup> [http://en.wikipedia.org/wiki/Demographics\\_of\\_Islam#Data](http://en.wikipedia.org/wiki/Demographics_of_Islam#Data) 23-03-07

<sup>65</sup> <https://www.cia.gov/cia/publications/factbook/geos/mu.html#People> 23-03-07

<sup>66</sup> <http://www.uga.edu/islam/ibadis.html> 23-03-07

<sup>67</sup> Brøgger, J. (1993) p. 178

<sup>68</sup> Hofstede, G. (2001) p. 327

<sup>69</sup> Hoffman, V. J. (2004) p. 205

<sup>70</sup> Hofstede, G. (2001) pp. 301-302



The Arab World unsurprisingly scored a medium on the MAS scale, with Scandinavia resides on the very feminine side of the scoreboard.

A very (un)practical implication of different religions is in terms of religious holidays. If planning a business trips to the Kingdom of Saudi Arabia (or the Middle East in general) it is actually recommended not to be during the holy month of Ramadan, where shorter work days and lesser efficiency is the norm<sup>72</sup>. At that time it's also considered rude for non-believers to eat, drink and even smoke<sup>73</sup>. At the end of Ramadan comes Eid Al-Fitr, which can last for up to ten days. During Eid Al-Fitr business is closed at the beginning and the end of, or in some cases even throughout it<sup>74</sup>. Eid Al-Adha is the more important holyday in the Islamic year and businesses close for at least a week<sup>75</sup>. Resorts and transportation will also be booked solid during this festival<sup>76</sup>. Government bodies observe these holidays assiduously and are usually closed for even longer periods of time. The date of these holidays depends on the Islamic calendar<sup>77</sup> which is based on the lunar calendar, which is about 11 days shorter than the Gregorian 'Christian' calendar<sup>78</sup>. According to interview respondent R1 one should know that to Muslims and throughout the Arab Gulf states, Friday is the equivalent of the Christian Sunday – the day of rest. This is widely accepted as non-working days also by expatriates. Prayer times, five times a day which many Muslims observe should also be taken into account and respected when scheduling and meeting.

A survey on the proliferation and nature of Arabic literature, published by Peter Ripken, director of the 'Society For The Promotion Of African, Asian And Latin American Literature'<sup>79</sup> put a face on Hofstede's findings:

*"For every fiction title from the region [Middle East], there are at least two non-fiction books on most European markets. Most of these are written by self-styled or real European experts about various aspects of developments in the Arab world. The*

---

<sup>71</sup> Hofstede, G. (2001) p. 328

<sup>72</sup> Morrison, T. et al (2001) p. 331

<sup>73</sup> Morrison, T. et al (2001) p. 331

<sup>74</sup> Morrison, T. et al (2001) p. 331

<sup>75</sup> Morrison, T. et al (2001) p. 331

<sup>76</sup> Morrison, T. et al (2001) p. 331

<sup>77</sup> [http://en.wikipedia.org/wiki/Islamic\\_calendar](http://en.wikipedia.org/wiki/Islamic_calendar) 22-4-07

<sup>78</sup> [http://en.wikipedia.org/wiki/Gregorian\\_calendar](http://en.wikipedia.org/wiki/Gregorian_calendar) 22-4-07

<sup>79</sup> <http://www.virtualliterature.org/content/view/32/49/> 19-03-07

*eternal problem of the role of Islam, or the role of women in arabo-islamic societies are favorite themes of these books. Even before September 11, 2001 this debatable trend was fairly strong, and since then there is a flood of books about terrorism and Islam, quite many of them with dubious content. The region is being portrayed as one of conflicts, with a serious lack of democracy and development in most Arab states and terrorist attacks, and this is not only published opinion but also public opinion.<sup>80</sup>*

### **Suggestions and words of advice:**

- Know that a Muslim Arab is first a Muslim, then a national of i.e. Kuwait.
- The Arab Gulf states cannot be understood without some understanding of Islam.
- Islam is not just a religion; it's also the origin of much of Arab culture, values, laws and justice.
- In Islamic culture theology has dominated philosophy and not adapted much to the scrutiny of philosophy. Consequently, to a Scandinavian Islam can seem crude and unfair even though it was intended to be egalitarian and benevolent.
- Islam to Westerners seems to have difficulty coping with modernity.
- To many Arabs the Western societies have lost their way. Their values crisis' and social troubles are things Arabs want no part of.
- To Muslims Islam is the true and only faith.
- Scheduling business during Ramadan is a mixed bag. During Eid it's recommended not to. Do also observe and respect prayer times and Fridays (and often Saturdays) as not working-days.

### **3.3 History**

Another pillar underpinning cultural values is history<sup>81</sup>. In the words of philosopher and author George Santayana "those who cannot remember the past are condemned to repeat it"<sup>82</sup>. Similarly Robert Schuman believed that in order not to let Europe's past become Europe's future something had to be done. Schumann experienced two World Wars, fighting from both

---

<sup>80</sup> [http://www.frankfurt-book-fair.com/imperia/md/content/pdf/bm-anmeldung/presse/presse2004/arabpk\\_juni04\\_engl/arab\\_literature.pdf](http://www.frankfurt-book-fair.com/imperia/md/content/pdf/bm-anmeldung/presse/presse2004/arabpk_juni04_engl/arab_literature.pdf) 19-03-07

<sup>81</sup> Falkenberg, A. W. (2006) Essay #4, ORG 408 Compendium 1

<sup>82</sup> <http://www.quotationspage.com/quote/2042.html> 22-4-07

side of the trenches. Schumann is now better known as the father of the European Union<sup>83</sup>, and today this lesson is true as ever.

The Muslim world and people (Umma) have a long and rich heritage<sup>84</sup>, the Arabic or Islamic empire once reigned from Portugal in the west to India in the east<sup>85</sup>.



Figure 4 – The Islamic Empire

Yet like all empires before it, it inevitable collapsed. Ibn Khaldum (1332 – 1406 A.D.) held that it was due to a lack of unity<sup>86</sup> as well as a host of internal problems. Arab nationalism did not die with it, but as a remerging phenomenon it didn't really become a force to be reckoned with until the middle of the 18<sup>th</sup> century<sup>87</sup>. Ibn Khaldum is in fact also credited with coming on the verge of asking the question of 'social vacuum' and its repercussions<sup>88</sup>, something today witnesses as a source of problems throughout many part of the world.

The popular (western) perception is that Bedouin or Nomad cultures are the traditional Arab ways, even though these cultures probably never accounted for more than 20 % of all Arabs, of which the majority actually was settled<sup>89</sup>. Today that's down to the vicinity of 1 %<sup>90</sup>. Yet

<sup>83</sup> Fjeldavli, Frode of the Norwegian EU delegation, in seminar and discussion 12-04-07

<sup>84</sup> Brøgger, J. (1993) pp. 167-227

<sup>85</sup> [http://en.wikipedia.org/wiki/Islamic\\_conquest](http://en.wikipedia.org/wiki/Islamic_conquest) 25-4-07

<sup>86</sup> Brøgger, J. (1993) p. 179

<sup>87</sup> Brøgger, J. (1993) p. 180

<sup>88</sup> Brøgger, J. (1993) p. 179

<sup>89</sup> Brøgger, J. (1993) pp. 172-173

their values is through the Curran elevated to the 'Will of God' and their famili-ist values have to this day retained much of its potency and made it's imprint on urbanized areas<sup>91</sup>.

Arabs are often describes as proud and unmanageable, and these properties are definitely in harmony with their way of life<sup>92</sup>. Family and tribe importance in Arabia and seized territories did not decline in cities as a result of urbanization. This is due to the fact that there were no democracies or effective organizations uniting people under the level of the central leadership<sup>93</sup>. This is part of the reason why national borders, the likes of which Europe was and is riddled with, did not exist<sup>94</sup>.

If we consider the Christian dominated part of the world as 'one', the part dominated by Islam should be considered its closes relative, culturally speaking<sup>95</sup>. The outlined differences taken into consideration, the columns of Islam and The Christian civilization for historical reasons still have a lot in common<sup>96</sup>.

The sixteenth century Protestant or puritan work ethic (PWE) emphasized the importance and value of hard work and diligence. These factors are by Van de Vliert et al (1999)<sup>97</sup> and others believed to have contributed a lot to the rise of amongst others Scandinavia<sup>98</sup>. Scandinavia's harsh climate and short summers<sup>99</sup> have also most certainly played a part in this - because hard work was necessary for survival. On the other hand there is the (taboo) perception of Arab laziness, as seen in for instance the Levine and Norenzayan (1999)<sup>100</sup> pace of life studies<sup>101</sup>, like the perception of Emiratis laziness<sup>102</sup> and the six-hour working days of the Saudis<sup>103</sup>. This is also reflected in the fact that Westerns are expected to be on time for all

---

<sup>90</sup> Brøgger, J. (1993) pp. 172-173

<sup>91</sup> Brøgger, J. (1993) pp. 185 and 204

<sup>92</sup> Brøgger, J. (1993) p. 185

<sup>93</sup> Brøgger, J. (1993) p. 179

<sup>94</sup> Brøgger, J. (1993) p. 180

<sup>95</sup> Brøgger, J. (1993) p. 168

<sup>96</sup> Brøgger, J. (1993) p. 168

<sup>97</sup> Van de Vliert, E. et al (1999) pp. 300-301

<sup>98</sup> [http://en.wikipedia.org/wiki/Work\\_ethic](http://en.wikipedia.org/wiki/Work_ethic) - 6-2-07

<sup>99</sup> Hofstede, G. (2001) p. 117

<sup>100</sup> Levine, R. V. and Norenzayan, A. (1999) p. 196

<sup>101</sup> Chapter 3.6.4 Measure of a Land - Pace of life

<sup>102</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-5-07

<sup>103</sup> Morrison, T. et al (2001) p. 332

business appointments, while the local Arabic population, who are generally not concerned with the clock, may or may not be<sup>104</sup>.

In terms of MAS Hofstede stipulates that most of the variance is due to specific historical influences within the regions, and only to limited extent geographical latitude<sup>105</sup>. He also adds that there is nothing indicating a convergence of MAS over time<sup>106</sup>.

**Suggestions and words of advice:**

- Much of the Arab tradition is still Bedouin at heart, famili-ist values. Arab hospitality is therefore still at a high level.
- Historically national borders have not existed.
- There is no history of democracy.

### **3.4 Geography**

The final and perhaps an obvious pillar to cultural values is geography. Where a country or region is located and its various geographical properties will influence it on all levels. All the cultural variables need to be understood together and viewed in the light of each other like John Godfrey Saxe's elephant metaphor<sup>107</sup>; we can't make (complete) sense of the whole without all the components.

---

<sup>104</sup> Morrison, T. et al (2001) p. 330

<sup>105</sup> Hofstede, G. (2001) p. 279

<sup>106</sup> Hofstede, G. (2001) p. 279

<sup>107</sup> Mintzberg, H. et al (2001) pp. 2-3



Figure 5 – Map of the Middle East<sup>108</sup>

The Arab Gulf states, consisting of Saudi Arabia, Oman, Qatar, Bahrain, Kuwait and the UAE are outlined.

Very briefly, the Arab Gulf states are all quite hot (temperatures reaching 50 degrees centigrade (120's Fahrenheit) in the summer. With the occasional exceptions inland in Saudi Arabia it's very hospitable from autumn through spring<sup>109</sup>. The area is mostly covered by desert<sup>110</sup>.

Hofstede<sup>111</sup> and Van de Vliert et al<sup>112</sup> found that temperature plus domestic political violence (a masculine trait) actually shows a curvilinear relation with MAS. Hofstede<sup>113</sup> found this to

<sup>108</sup> [http://upload.wikimedia.org/wikipedia/commons/5/54/Middle\\_east\\_graphic\\_2003.jpg](http://upload.wikimedia.org/wikipedia/commons/5/54/Middle_east_graphic_2003.jpg) 20-5-07 Edited

<sup>109</sup> [http://encarta.msn.com/encyclopedia\\_761579298/Middle\\_East.html#p3](http://encarta.msn.com/encyclopedia_761579298/Middle_East.html#p3) 5-6-07

<sup>110</sup> <http://www.britannica.com/eb/article-9110527/Arabian-Desert> 5-6-07

<sup>111</sup> Hofstede, G. (2001) p. 331

<sup>112</sup> Van de Vliert, E. et al (1999) p. 305

make sense since in a cold climate (Scandinavia) survival presupposes mastery of complex skills by both genders which make extreme inequalities between them unlikely. This also implies that PDI levels would drop with the increased need for technology which is a driver for education<sup>114</sup>.

Numbers relating to population size, major cities and such are not included

### 3.5 Communications

Language as Hofstede uses it is a component of culture<sup>115</sup>. And as such it is perhaps the most recognizable part of a culture.

According to the Bible's book of Genesis 11:7 the Lord decided to "confuse their language so they will not understand each other". The intent was to create a barrier to interaction, alongside physical distance and at times politics and religion.

Starting with the British Empire and no doubt aided by the industrial revolution, the rise the USA and the digital revolution, English is (informally) today's global language. It's spoken (as a first or second language) by almost 1 billion people<sup>116</sup> a lot of which live in the richest and most well developed parts of the world.

As a consequence deals across borders are often brokered in English. The challenge now resides with interpretation of the 'message'. In the words of Morrison et al (2001)<sup>117</sup> "when you hear an Egyptians say yes in answer to a question, always consider the cultural context. A mild yes is probably a polite no; at best, it means maybe". There are more components to a language than words, in particular in the Middle East we typically see this phenomenon; high-context communications<sup>118</sup>.

In the Arab world language is also a collective phenomenon. Most Muslims worldwide will learn how to read the Curran in Arab, no matter what will be there mother tongue. This does

---

<sup>113</sup> Hofstede, G. (2001) p. 331

<sup>114</sup> Hofstede, G. (2001) p. 331

<sup>115</sup> Hofstede, G. (2001) p. 21

<sup>116</sup> [http://www.oxfordseminars.com/Tesol/Pages/Teach/teach\\_20000jobs.php](http://www.oxfordseminars.com/Tesol/Pages/Teach/teach_20000jobs.php) 27-03-07

<sup>117</sup> Morrison, T. et al (2001) p. 136

<sup>118</sup> Chapter 3.13.7 IDV in practice – norms and values in societies

not mean that all Muslim speak Arab and are able to communicate or do business in a common language. However, in The Gulf States Arab language are spoken quite similarly by all locals.

#### **Suggestions and words of advice:**

- There are more components to communication than language.

### **3.6 Other measures of a Land**

Cultural, national, regional and global differences are measured across many variables. While culture is devoted a lot of attention there are many other angles which we can shine a light from in order to illuminate our differences.

Hofstede cites Marvin Harris (1981) that “aspects of social life which do not seem to be related to each other actually are”. Put differently “the various parts of society are interrelated. When one part of society changes, other parts must also change”, Dr. Frank Elwell<sup>119</sup> explains.

The first assumption of Harris’ concept of Cultural materialism (CM)<sup>120</sup> essentially holds that an institution cannot be looked at in isolation from the economic, political, or religious institutions of a society. When one part changes it has an effect on other parts of the system. Viewing society as a system of interrelated parts is at the core of most sociological theory.

Thus we will focus on any measures of a land in order to better understand the complete picture.

#### **3.6.1 Measure of a Land - National wealth (GDP per capita)**

General national wealth – GDP (gross domestic product) per capita is considered being one good indicator. Disregarding tax havens (which typically have small populations many of which are fabulously wealthy) national wealth gives an idea about a counties level of development.

---

<sup>119</sup> <http://www.faculty.rsu.edu/~felwell/Theorists/Four/Presentations/Harris/index.htm> 14-03-07

<sup>120</sup> [http://www.cultural-materialism.org/cultural-materialism/cm\\_preface.asp](http://www.cultural-materialism.org/cultural-materialism/cm_preface.asp) 14-03-07



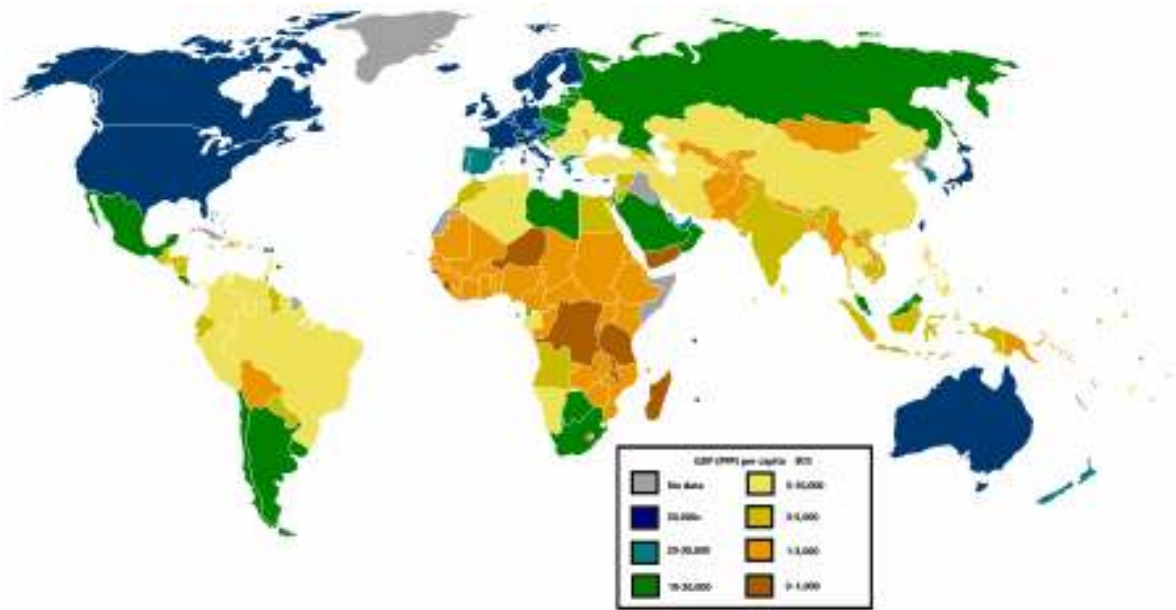


Figure 6 – GDP (PPP) per capita (national wealth) map (2006)<sup>121</sup>

According to the IMF<sup>122</sup> all nine countries in focus are among the top 47 with Norway in a 3<sup>rd</sup> place at \$ 43,574 and Saudi Arabia at 47<sup>th</sup> place with \$ 16,744. Also all Scandinavian nations were ahead of all Gulf Arab states.

We'll add that climbing the GDP per capita ladder is a lot quicker if every man in the lands wealth increase annually by e.g. \$ 1000 than if only a Despot and his closest family (even if it's a big one) increase their wealth by a couple of million.

<sup>121</sup> [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita) based on IMF 2006 data 25-4-07

<sup>122</sup>

[http://url.raw.no/lGRO0Q](http://imf.org/external/pubs/ft/weo/2007/01/data/weorept.aspx?sy=2006&ey=2006&scsm=1&ssd=1&sort=count%20ry&ds=%2C&br=1&pr1.x=42&pr1.y=6&c=512%2C941%2C914%2C446%2C612%2C666%2C614%2C668%2C311%2C672%2C213%2C946%2C911%2C137%2C193%2C962%2C122%2C674%2C912%2C676%2C313%2C548%2C419%2C556%2C513%2C678%2C316%2C181%2C913%2C682%2C124%2C684%2C339%2C273%2C638%2C921%2C514%2C948%2C218%2C686%2C963%2C688%2C616%2C518%2C223%2C728%2C516%2C558%2C918%2C138%2C748%2C196%2C618%2C278%2C522%2C692%2C622%2C694%2C156%2C142%2C624%2C449%2C626%2C564%2C628%2C283%2C228%2C853%2C924%2C288%2C233%2C293%2C632%2C566%2C636%2C964%2C634%2C182%2C238%2C453%2C662%2C968%2C960%2C922%2C423%2C714%2C935%2C862%2C128%2C716%2C611%2C456%2C321%2C722%2C243%2C965%2C248%2C718%2C469%2C724%2C253%2C576%2C642%2C936%2C643%2C961%2C939%2C813%2C644%2C199%2C819%2C184%2C172%2C524%2C132%2C361%2C646%2C362%2C648%2C364%2C915%2C732%2C134%2C366%2C652%2C734%2C174%2C144%2C328%2C146%2C258%2C463%2C656%2C528%2C654%2C923%2C336%2C738%2C263%2C578%2C268%2C537%2C532%2C742%2C944%2C866%2C176%2C369%2C534%2C744%2C536%2C186%2C429%2C925%2C178%2C746%2C436%2C926%2C136%2C466%2C343%2C112%2C158%2C111%2C439%2C298%2C916%2C927%2C664%2C846%2C826%2C299%2C542%2C582%2C443%2C474%2C917%2C754%2C544%2C698&s=PPPPC&grp=0&a= or <a href=) 25-4-07

### 3.6.2 Measure of a Land - Human Development Index (HDI)

Another measure is the Human Development Index (HDI)<sup>123</sup>, made by the UN. It “is a comparative measure of life expectancy, literacy, education, and standard of living for countries worldwide”<sup>124</sup>. It’s been used since 1993 by the United Nations Development Program in its annual Human Development Report.

HDI is a way of measuring well-being, in particular child welfare. It is used to determine and indicate whether a country is a developed, developing, or underdeveloped country and also to measure the impact of economic policies on quality of life. Husted<sup>125</sup> also hypothesized that:

- “The higher the level of economic development, the lower the level of corruption in a country”.
- “The greater the inequality in the distribution of income, the higher the level of corruption in a country”. The latter is difficult to assess because of the lack of Gini coefficients for the Middle East.

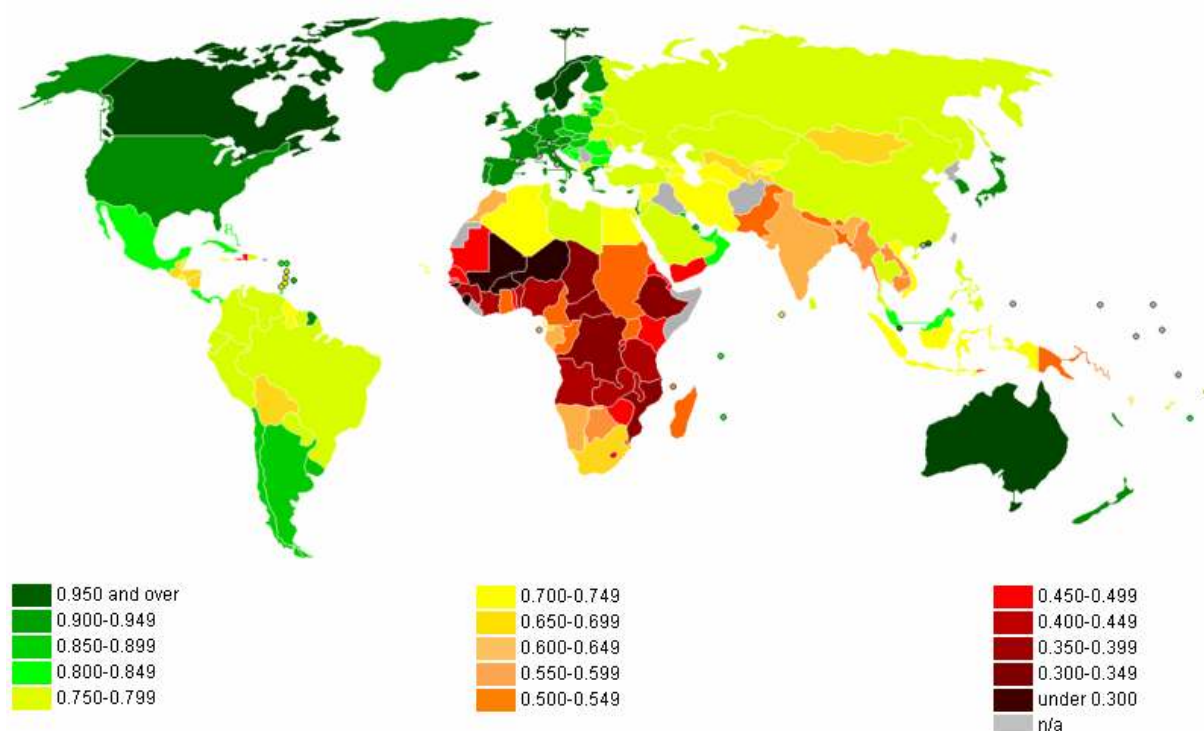


Figure 7 – HDI map (2006)<sup>126</sup>

<sup>123</sup> <http://hdr.undp.org/hdr2006/statistics/> 25-4-07

<sup>124</sup> [http://en.wikipedia.org/wiki/Human\\_Development\\_Index](http://en.wikipedia.org/wiki/Human_Development_Index) 22-4-07

<sup>125</sup> Husted, B. W. (1999)

<sup>126</sup> [http://en.wikipedia.org/wiki/Image:HDImap\\_spectrum2006.png](http://en.wikipedia.org/wiki/Image:HDImap_spectrum2006.png) based on UN 2006 data 19-5-07

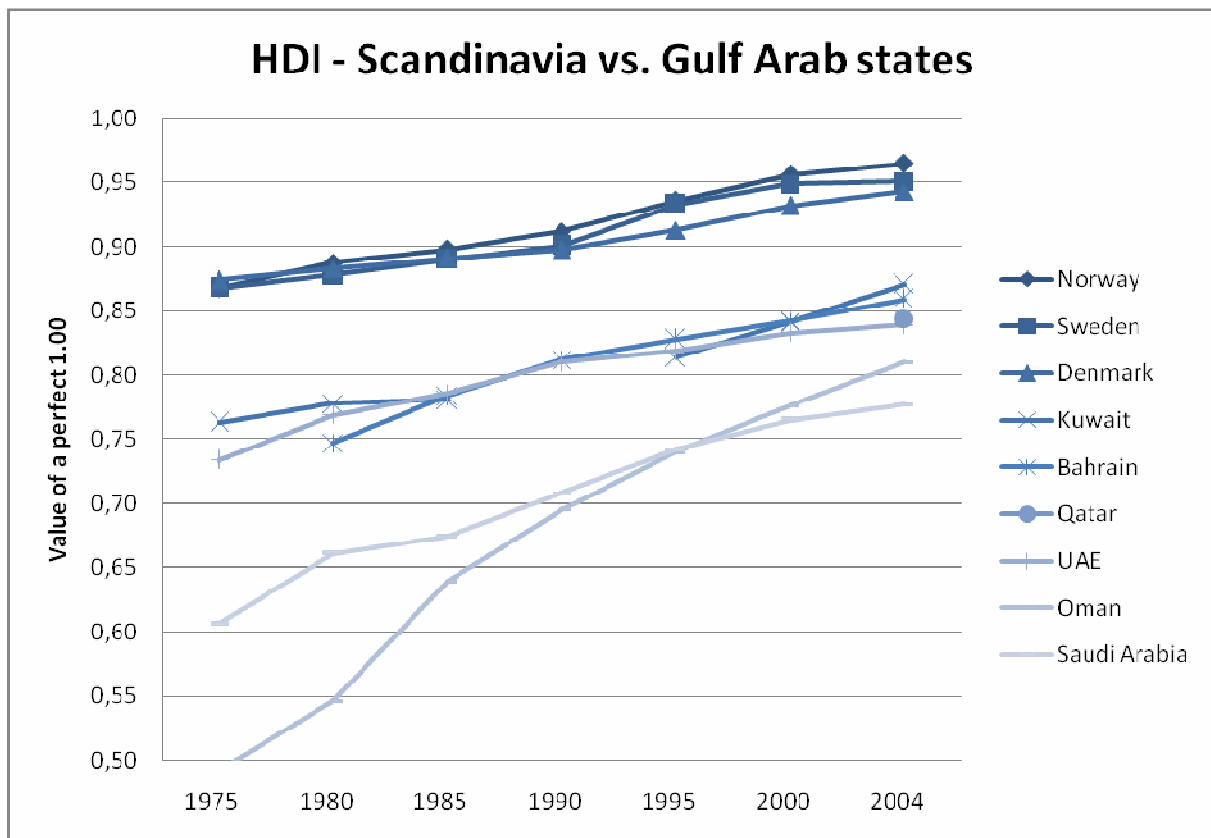


Figure 8 – HDI map, Scandinavia vs. Gulf Arab states (1975 – 2004)

Since 2001 Norway has held 1<sup>st</sup> place on this ranking, with Sweden and Denmark just slightly being. The Arab Gulf States are posting significant gains. The 1990 score is missing for Kuwait (due to the first Gulf War) while the first numbers published for Qatar was in 2004.

### 3.6.3 Measure of a Land - Distribution of Economic Freedom

The Heritage Foundation’s (HF) index of Economic Freedom<sup>127</sup> is another statistic that makes for interesting reading. It concerns itself with ten types of freedom enjoyed (or not) around the world<sup>128</sup>.

*“Economic theory dating back to the publication of Adam Smith's *The Wealth of Nations* in 1776 emphasizes the lesson that basic institutions that protect the liberty of individuals to pursue their own economic interests result in greater prosperity for the larger society. Perhaps the idea of freedom is too sophisticated, as popular support for it constantly erodes before the onslaught of populism, whether democratic or*

<sup>127</sup> [http://www.heritage.org/research/features/index/chapters/htm/index2007\\_execsum.cfm](http://www.heritage.org/research/features/index/chapters/htm/index2007_execsum.cfm) 25-4-07

<sup>128</sup> [http://www.heritage.org/research/features/index/chapters/htm/index2007\\_execsum.cfm](http://www.heritage.org/research/features/index/chapters/htm/index2007_execsum.cfm) 25-4-07



Country	2007 Score	Business freedom	Trade freedom	Fiscal freedom	Freedom from gov't	Monetary freedom
Denmark	77,6	95,3	76,6	55,2	32,1	<b>86,8</b>
Norway	70,1	<b>97,0</b>	<b>79,2</b>	66,1	45,9	82,6
Sweden	72,6	95,0	76,6	53,6	31,5	85,2
Bahrain	<b>68,4</b>	80,0	69,6	99,6	56,7	80,1
Kuwait	<b>63,7</b>	67,9	72,2	<b>99,9</b>	39,2	78,8
Oman	<b>63,9</b>	63,6	73,8	99,0	37,7	79,1
Qatar	<b>60,7</b>	60,0	71,4	<b>99,9</b>	54,6	72,4
Saudi Arabia	<b>59,1</b>	52,9	65,4	99,6	46,1	80,1
United Arab Emirates	<b>60,4</b>	49,2	70,0	<b>99,9</b>	<b>60,3</b>	75,3
Country	2007 Score	Investment freedom	Financial freedom	Property Rights	Freedom from corruption	Labor freedom
Denmark	77,6	<b>80</b>	<b>90</b>	<b>90</b>	<b>95,0</b>	74,7
Norway	70,1	50	50	<b>90</b>	89,0	51,1
Sweden	72,6	<b>80</b>	70	<b>90</b>	92,0	52,0
Bahrain	<b>68,4</b>	50	<b>90</b>	60	58,0	40,0
Kuwait	<b>63,7</b>	50	50	50	47,0	81,7
Oman	<b>63,9</b>	50	50	50	63,0	73,2
Qatar	<b>60,7</b>	30	50	50	59,0	60,0
Saudi Arabia	<b>59,1</b>	30	40	50	34,0	<b>92,9</b>
United Arab Emirates	<b>60,4</b>	30	40	40	62,0	77,2

Table 1 – The factor loadings of Economic Freedom (by HF)

Generally the territories' relative scores are group together, unsurprisingly since cultural similarities and interaction between neighboring countries tend to promote similar institutions in them. The largest cross-regional differences are found in terms of:

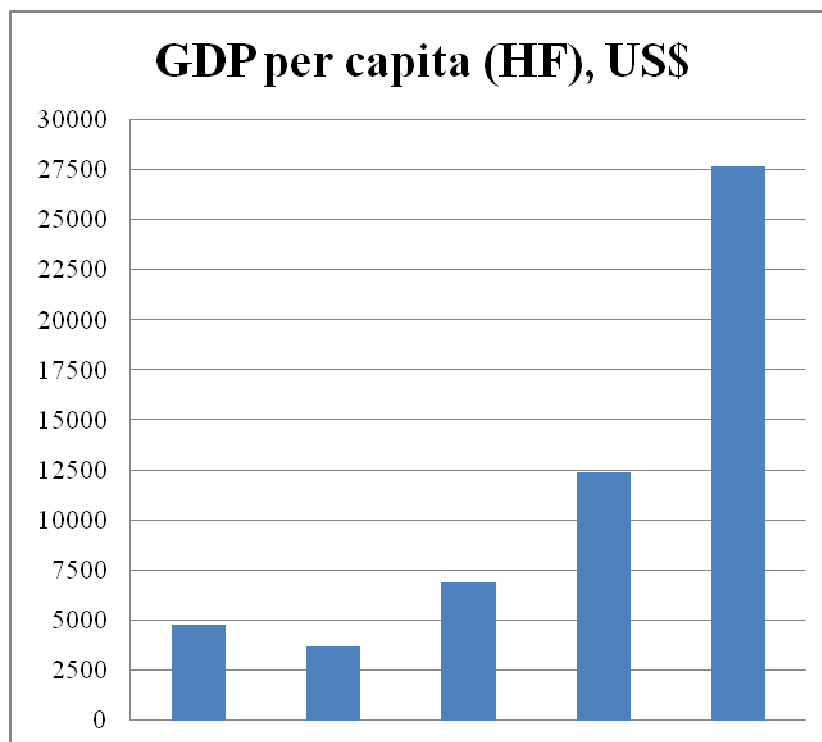
- Business freedom. This is high in Scandinavia easing the task of setting up a new business. There is less 'red tape' and a more predictable environment.
- Fiscal freedom. Freedom from income and corporate tax. The Scandinavian countries, spearheaded by Sweden are significantly behind the Arab Gulf states on this factor. In Scandinavia taxation is what the well-fare model is built on, whereas in the Arab Gulf states large nationalized oil companies<sup>129</sup> is tasked with generating much of the needed

<sup>129</sup> Slides supplied by Andreas W. Falkenberg 2007. "Oil giants.ppt" 16-4-07

revenue<sup>130</sup>. Also the needed revenue is less as there is a completely different well-fare system.

- Property rights are higher in Scandinavia. Private property is safe from expropriation, contracts are secure and the legal system of the highest quality.
- There is a noticeably higher degree of freedom from Corruption in Scandinavia<sup>131</sup> than in The Arab Gulf States.

If we look at the global maps for GDP per capita and Economic Freedom it seems that they are very good predictors of each other.



**Figure 10 – Economic Freedom and GDP per capita (by HF)<sup>132</sup>**

The top quintile (the top 20 % of the chart) has GDP per capita roughly equaling the remaining 80 %.

<sup>130</sup> Heritage Foundation’s report on Economic Freedom 2007. “Index2007.pdf”

<sup>131</sup> Chapter 3.16.6 Corruption around the world

<sup>132</sup> [http://www.heritage.org/research/features/index/chapters/htm/index2007\\_execsum.cfm](http://www.heritage.org/research/features/index/chapters/htm/index2007_execsum.cfm) 25-4-07

Less known is the Fraser Institutes (FI) Economic Freedom of the World map<sup>133</sup>. Never the less the FI index shows exactly the same tendencies – its Economic Freedom also seems to be an excellent measure of flourishing as well as deprivation and poverty. Here the right-side bars represent the freest quintile, while left-side the least free.

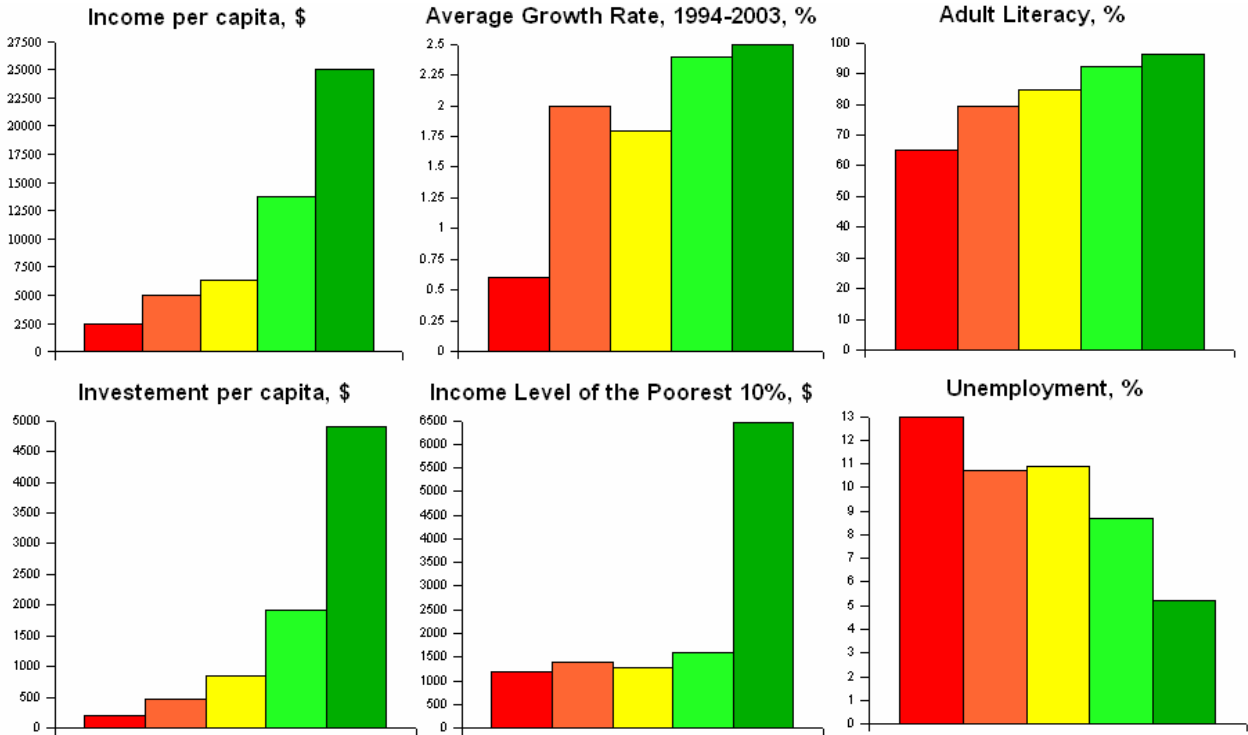


Figure 11 – Economic Freedom and other measures of flourishing (by FI)<sup>134</sup>

### 3.6.4 Measure of a Land - Pace of life

Levine and Norenzayan (1999)<sup>135</sup> found that ‘the fastest pace of life’ was found in Japan and in the countries of Western Europe (Sweden 7th) while the lowest third of the list was composed of relatively non industrialized countries including some counties in the Middle East, here with Jordan and Syria on respective 26th and 27<sup>th</sup> places. However, it should be noted that Jordan and Syria are unlikely to be very good predictors of modern day Arab Gulf states. Still culture should show a lot more inertia than a very rapidly changing society.

<sup>133</sup> <http://www.fraserinstitute.ca/admin/books/files/Nov06ffEFW%20map.pdf> 22-5-97  
<sup>134</sup> [http://en.wikipedia.org/wiki/Image:Economic\\_Freedom\\_Charts.png](http://en.wikipedia.org/wiki/Image:Economic_Freedom_Charts.png), Edited 22-5-07  
<sup>135</sup> Levine, R. V. and Norenzayan, A. (1999) p. 196

**Correlations<sup>a</sup> (and sample sizes)<sup>b</sup> Between the Pace of Life  
and Other Selected Community Characteristics**

<i>Community Characteristic</i>	<i>Pace Measure</i>			
	<i>Overall Pace</i>	<i>Walking Speed</i>	<i>Postal Speed</i>	<i>Clock Deviation</i>
Climate (temperature)	-.58** (31)	-.47** (31)	-.30* (31)	-.53** (31)
Gross domestic product per capita	.74** (30)	.61** (30)	.55** (30)	.48** (30)
Purchasing power parity	.72** (29)	.59** (29)	.53** (29)	.48** (29)
Daily caloric intake	.51** (28)	.39* (28)	.35* (28)	.40* (28)
Collectivism	-.59** (31)	-.60** (31)	-.39** (31)	-.36* (31)
Population size	-.07 (28)	.15 (28)	-.31 (28)	.00 (28)
Coronary heart disease	.35* (26)	.19 (26)	.29 (26)	.28 (26)
Percentage smokers	.52** (31)	.29* (31)	.48** (31)	.40** (31)
Subjective well-being	.59* (15)	.40 (15)	.54* (15)	.31 (15)

**Figure 12 – Pace of life<sup>136</sup>**

The pace of life study focused on walking speed, working speed and clock accuracy. Hofstede<sup>137</sup> found working speed to correlate negatively with PDI (high-PDI indicating lower working speed). He also found<sup>138</sup> walking speed to correlate with IDV and the whole study to primarily be correlated with GDP per capita.

As we have seen (3.3), climate (temperature) seems to have some negative connection to overall pace; the hotter it is the slower the overall pace.

### **3.6.5 Measure of a Land - Schwartz's seven dimensions**

The Israeli psychologist Schwartz (1999)<sup>139</sup> is, perhaps unsurprisingly, thin on his studies of the Arab Gulf states. Hofstede still ties Schwartz seven values to his IBM studies on a broad basis and found the following correlations to IDV (denotations indicate the positive or negative nature of the correlations).

<sup>136</sup> Levine, R. V. and Norenzayan, A. (1999) p. 194

<sup>137</sup> Hofstede, G. (2001) p. 233

<sup>138</sup> Hofstede, G. (2001) p. 233

<sup>139</sup> Schwartz, S. H. (1999) and Hofstede, G (2001) pp. 220-221



Schwartz derived seven dimensions which could compare cultures considering three issues that confront all societies. These issues are:

- The nature of relations between the individual and the group (IDV)<sup>140</sup>.
- Behavior that will preserve the social fabric<sup>141</sup>.
- The relations between humankind and the natural and social world<sup>142</sup>.

The seven dimensions are<sup>143</sup>:

- **Conservatism (-):** “A cultural emphasis on maintenance of the status quo, propriety, and restraint of actions or inclinations that might disrupt the solidary group or the traditional order (social order, respect for tradition, family security, wisdom)”.
- **Intellectual Autonomy (+):** “A cultural emphasis on the desirability of individuals independently pursuing their own ideas and intellectual directions (curiosity, broadmindedness, creativity)”. (Ideas and thoughts).
- **Affective Autonomy (+):** “A cultural emphasis on the desirability of individuals independently pursuing affectively positive experience (pleasure, exciting life, varied life)”. (Feelings and emotions).
- **Hierarchy (-):** “A cultural emphasis on the legitimacy of an unequal distribution of power, roles and resources (social power, authority, humility and wealth)”.
- **Egalitarianism (+):** “A cultural emphasis on transcendence of selfish interests in favour of voluntary commitment to promoting the welfare of others (equality, social justice, freedom, responsibility, honesty)”.
- **Mastery:** ”A cultural emphasis on getting ahead through active self-assertion (ambition, success, daring, competence)”.
- **Harmony:** “A cultural emphasis on fitting harmoniously into the environment (unity with nature, protecting the environment, world of beauty)”.

---

<sup>140</sup> Schwartz, S. H. (1999) pp. 26-27

<sup>141</sup> Schwartz, S. H. (1999) pp. 27-28

<sup>142</sup> Schwartz, S. H. (1999) p. 28

<sup>143</sup> Schwartz, S. H. (1999) p. 29

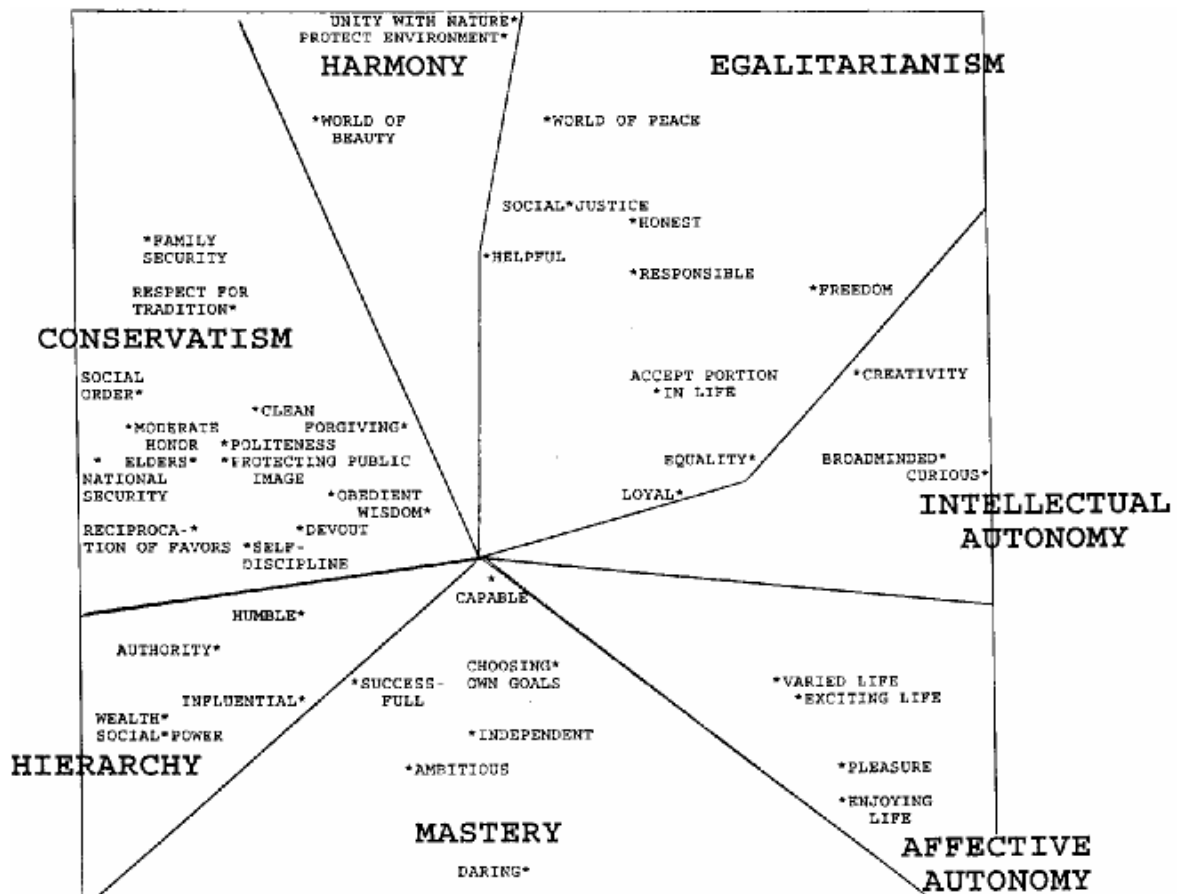


Figure 13 – Schwartz Seven dimensions<sup>144</sup>

### 3.6.6 Measure of a Land - Inglehart dimensions and the World Values study

Inglehart (1997, 1998, and 2006)<sup>145</sup> found that with just two dimensions he could to a large degree explain the WVS data (more than 70 % of the cross-national variance in a factor analysis of ten indicators). These two dimensions and their loadings constitute “the Inglehart Map”<sup>146</sup>, one of the most well known results of the WVS<sup>147</sup>.

<sup>144</sup> Schwartz, S. H. (1999) p. 29

<sup>145</sup> Hofstede, G. (2001) p. 223 and Inglehart, R. (2006)

<sup>146</sup> [http://margaux.grandvinum.se/SebTest/wvs/articles/folder\\_published/article\\_base\\_54](http://margaux.grandvinum.se/SebTest/wvs/articles/folder_published/article_base_54) 7-3-07

<sup>146</sup> [http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07

<sup>147</sup> [http://en.wikipedia.org/wiki/World\\_Values\\_Survey#Results](http://en.wikipedia.org/wiki/World_Values_Survey#Results) 7-3-07

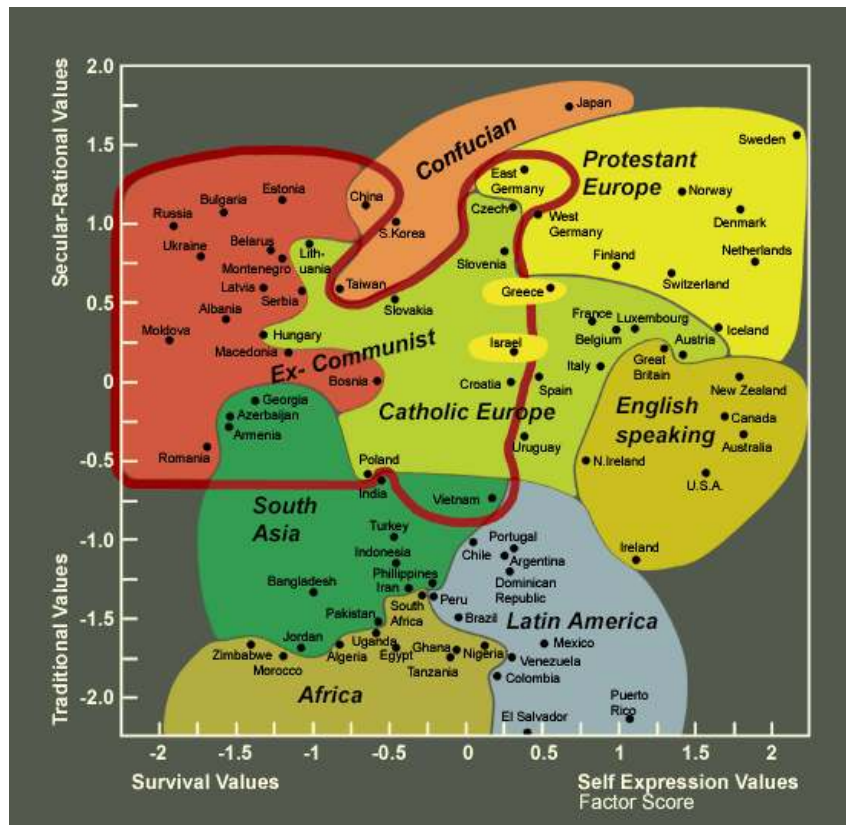


Figure 14 – The Inglehart Map<sup>148</sup>

- Survival vs. Self-expression values (survival vs. well-being)

*“The Traditional/Secular-rational values dimension reflects the contrast between societies in which religion is very important and those in which it is not... Societies near the traditional pole emphasize the importance of parent-child ties and deference to authority, along with absolute standards and traditional family values, and reject divorce... These societies have high levels of national pride, and a nationalistic outlook. Societies with secular-rational values have the opposite preferences on all of these topics.”<sup>149</sup>*

Specifically the findings suggest that ‘well-being’ was associated with a combination of high IDV and low MAS<sup>150</sup>. IDV is also strongly correlated with divorce rates<sup>151</sup>. A thought is that, while this research is on divorce rates in marriages, could the stronger UAI seen across the

<sup>148</sup> [http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07

<sup>149</sup> [http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07

<sup>150</sup> Hofstede, G. (2001) p. 296

<sup>151</sup> Hofstede, G. (2001) p. 227

more traditional oriented cultures of the Middle East imply that this tendency to also exist within business-relationships.

- Traditional/ Secular-rational (traditional authority vs. secular-rational)

*“The second major dimension of cross-cultural variation is linked with the transition from industrial society to post-industrial societies-which brings a polarization between Survival and Self-expression values... priorities have shifted from an overwhelming emphasis on economic and physical security [perhaps set back by 9/11] toward an increasing emphasis on subjective well-being, self-expression and quality of life. Inglehart and Baker (2000) find evidence that orientations have shifted from Traditional toward Secular-rational values, in almost all industrial societies. But modernization, is not linear-when a society has completed industrialization and starts becoming a knowledge society, it moves in a new direction, from Survival values toward increasing emphasis on Self-expression values.”<sup>152</sup>*

To Inglehart<sup>153</sup> the shift from survival orientation to well-being orientation is the essence of ‘post-modernization’, and his ‘post-materialist values’ emphasizing values such as empowerment, freedom of speech and a drive for a more humane society. This is something that resonates very well with Scandinavian culture.

### 3.6.7 Measure of a Land - Happiness

Happiness is a state of mind and a social construct - it is not the same thing in everyone’s mind<sup>154</sup> and doesn’t necessarily take much<sup>155</sup>. Aristotle stated in the Nicomachean Ethics (350 BC)<sup>156</sup> (ed. H. Rackham) “that happiness is the only thing that humans desire for its own sake”<sup>157</sup>. He used the ancient Greek word Eudaimonia which “is standardly translated as ‘happiness’ or ‘flourishing’ and occasionally as ‘well-being.’”<sup>158</sup>.

---

<sup>152</sup> [http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07

<sup>153</sup> Hofstede, G. (2001) p. 223

<sup>154</sup> Hofstede, G. (2001) pp. 224-225

<sup>155</sup> <http://www.time.com/time/magazine/article/0,9171,501050228-1029896,00.html> 7-3-07

<sup>156</sup> <http://www.perseus.tufts.edu/cgi-bin/ptext?lookup=Aristot.+Nic.+Eth.+1098a14-15> 8-3-07

<sup>157</sup> <http://en.wikipedia.org/wiki/Happiness> 8-3-07

<sup>158</sup> <http://plato.stanford.edu/entries/ethics-virtue/#2> 8-3-07

Chiasson et al (1996)<sup>159</sup> did some interesting work on this, although with only from a three country sample. They found that the highly collectivist El Salvadorians (IDV:19) not surprisingly emphasized more interpersonal factors and religion whereas the more individualistic Canadians (IDV:80) and Americans (IDV:91) mentioned more intrapersonal and hedonistic (defined, in psychology: “the ethical theory that pleasure (in the sense of the satisfaction of desires) is the highest good and proper aim of human life”<sup>160</sup>) factors. However, common to all were “family relationships, having meaning in life and a positive self-concept”<sup>161</sup>. Seemingly, for all their differences they still have those basics in common.

### 3.6.8 Measure of a Land - Freedom and Democracy

Freedom House (FH), a NGO supporting freedom and democracy around the world annually ranks<sup>162</sup> countries on political rights and civil liberties and categorizes them ranging from free to not free.

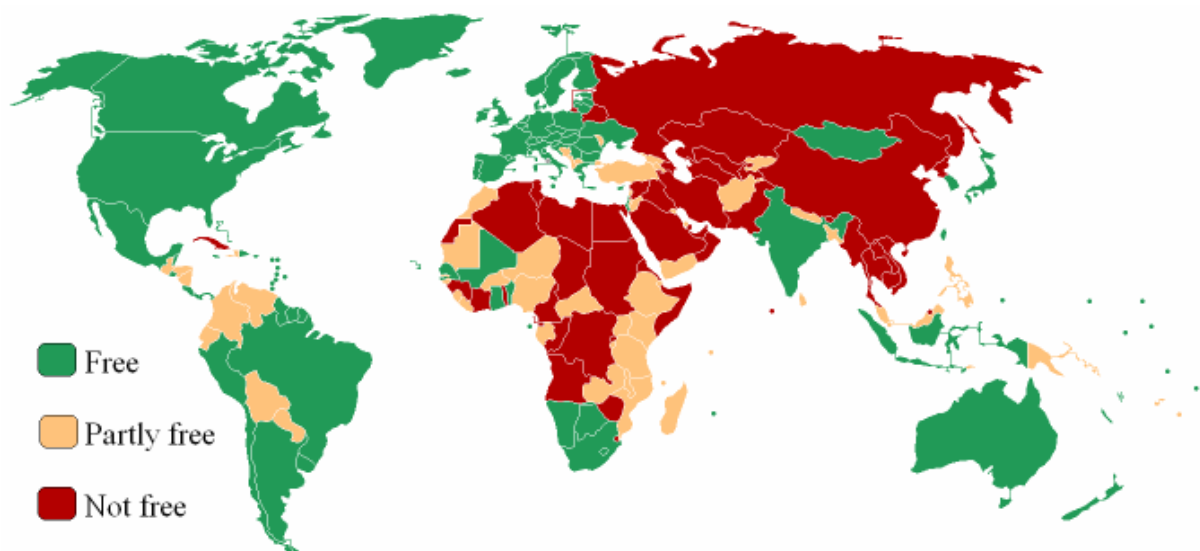


Figure 15 – Freedom House World Map 2007<sup>163</sup>

The Americas, Europe (Scandinavia) and typically former colonies sporting well established democracies receives a ‘free’ score. While all the Scandinavian countries are monarchies their monarchs have only symbolic powers.

<sup>159</sup> Hofstede, G. (2001) pp. 224-225

<sup>160</sup> Hedonistic, The Concise Oxford Dictionary 8-3-07

<sup>161</sup> Hofstede, G. (2001) p. 225

<sup>162</sup> [http://www.freedomhouse.org/uploads/press\\_release/fiw07\\_charts.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_charts.pdf) 28-3-07

<sup>163</sup> [http://en.wikipedia.org/wiki/Image:Freedom\\_House\\_world\\_map\\_2007.png](http://en.wikipedia.org/wiki/Image:Freedom_House_world_map_2007.png) 28-3-07

The Gulf Arab States range from completely non-democratic (totalitarian<sup>164</sup>) monarchies to constitutional monarchies with elected parliaments. Yet with no opposition parties (allowed)<sup>165</sup> and strict limitations on who may run and who may vote (for instance only a fraction of the countries inhabitants) these elections don't carry to much weight. Consequently Kuwait and Bahrain receive 'partly free' while the rest are deemed 'not free'. The UAE and Kuwait last year improved their factor rating (but not enough to impact their score) for increasing public freedom of assembly while Bahrain took a move for the worse<sup>166</sup>.

The concept of Democracy stems from the 5<sup>th</sup> century B.C. Greece and literally stands for "rule by the people"<sup>167</sup> It is derived from the Greek the words *demos* ("people") and *kratos* ("rule"). The World Audit ranks counties<sup>168</sup> in terms of the quality and position of their democracies – they rank using the scores<sup>169</sup> (not rank) of Transparency International's Corruption Perception index and FH's political rights and civil liberties indexes.

<b>Country</b>	<b>Democratic rank of 150<sup>170</sup></b>
<b>Denmark</b>	# 2
<b>Sweden</b>	# 4
<b>Norway</b>	# 6
<b>United Arab Emirates</b>	# 84
<b>Jordan</b>	# 87
<b>Kuwait</b>	# 87
<b>Oman</b>	# 92
<b>Saudi Arabia</b>	# 119

**Table 2 – Freedom House democratic rank**

In predictable accordance with the other measures presented, it's not surprising to see the Scandinavian topping division 1 (of 4) and this chart. The Gulf Arab states all (except Bahrain which wasn't ranked) wind up in division 4, where we at the bottom we find poor, war thorn and dysfunctional counties like Zimbabwe and Myanmar.

<sup>164</sup> <http://en.wikipedia.org/wiki/Totalitarianism> 29-3-07  
<sup>165</sup> TI Global Corruption Report 2006 p. 194  
<sup>166</sup> [http://www.freedomhouse.org/uploads/press\\_release/fiw07\\_overview\\_final.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_overview_final.pdf) 28-3-07  
<sup>167</sup> <http://www.britannica.com/ebi/article-9273962> 7-2-07  
<sup>168</sup> <http://www.worldaudit.org/democracy.htm> 29-3-07  
<sup>169</sup> <http://www.worldaudit.org/methodology.htm> 29-3-07  
<sup>170</sup> <http://www.worldaudit.org/democracy.htm> 24-5-07

The remarks of Open Democracy's Faisal Devji stresses one of the main problems facing a place such as Dubai<sup>171</sup>:

*“Democracy is misplaced in Dubai, since it is only possible in a community of citizens. But if confining democracy to the small minority of Emiratis is nonsensical, offering citizenship to the country's majority is absurd, as it would entail the creation of a national culture and therefore proscribe the very diversity that makes Dubai possible”.*

Although he didn't suggest so, one can speculate that at some time in the future some places might see the need not for national leaders and governments, but regional or international ones.

---

<sup>171</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 24-5-07

### 3.7 The culture model: Culture, Institutions and Moral reasoning

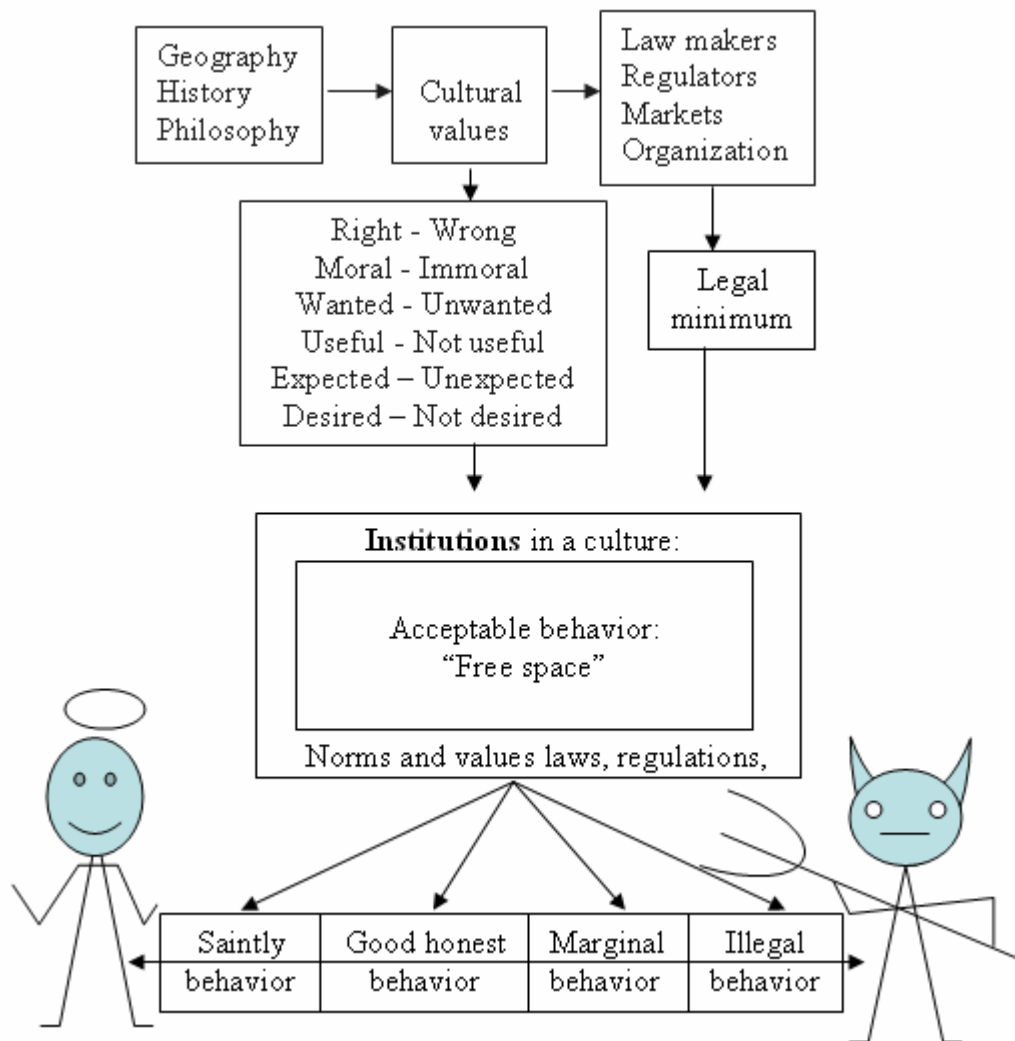


Figure 16 – The Culture model<sup>172</sup>

According to Falkenberg<sup>173</sup> a relationship between geography, history and philosophy in a culture and its subsequent values and institutions can be depicted as this. The role of institutions is to work these values into societies, either through practice (norms and values) or through legislation (laws and regulations). Together this should result in ‘the traffic rules’ for behavior that is in compliance with certain moral reasoning.

#### 3.7.1 The theory of Cultural values as the underpinning of Institutions

According to the Culture model cultural values will trickle down into institutions.

<sup>172</sup> Falkenberg, A. W. (2006) Essay #4, ORG 408 Compendium 1

<sup>173</sup> Falkenberg, A. W. (2006) Essay #4, ORG 408 Compendium 1



### 3.7.2 Definition of culture

Hofstede state that<sup>174</sup>:

*“culture is the collective programming of the mind; it manifest itself not only in values but in more superficial ways: in symbols, heroes and rituals”.*

Kluckhohn (1951)<sup>175</sup> holds that:

*“culture consist in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consist of traditional (i.e. historically derived and selected) ideas and especially their attached values”*

The Concise Oxford Dictionary<sup>176</sup> gives several definitions amongst which we find:

*“the arts and other manifestations of human intellectual achievement regarded...”*  
*“the customs, ideas, and social behavior of a particular people or group.”*

### 3.7.3 Cultural values

Falkenberg (2006) proposes that culture has to do with survival values<sup>177</sup> and that the values we share in a culture constitute ‘the traffic rules’ or the boundaries for acceptable behavior<sup>178</sup>. He also perceives them to originate from geography, history and philosophy. The latter incorporate religions, as they have had a substantial influence on society’s thinkers, philosophers and ‘heroes’ (dead or alive, real or imaginary<sup>179</sup>).

---

<sup>174</sup> Hofstede, G. (2001) p. 1

<sup>175</sup> Hofstede, G. (2001) p. 9

<sup>176</sup> Culture, The Concise Oxford Dictionary 8-2-07

<sup>177</sup> Falkenberg, A. W. (2006) Essay #2, ORG 408 Compendium 1

<sup>178</sup> Falkenberg, A. W. (2006) Essay #3, ORG 408 Compendium 1

<sup>179</sup> Hofstede, G. (2001) p. 10

Harvard sociologist and anthropologist Clyde Kluckhohn (1951/1967)<sup>180</sup> held that values are “a broad tendency to prefer certain states of affairs over others”. According to Hofstede values are programmed early in our lives and non-rational, even if they feel rational<sup>181</sup>. They benefit our society and our situation but they are not necessarily universal.

Cultural learning and indoctrination starts in the family, which serves as mini-models of the society to which children learn to adapt<sup>182</sup>. School serves to further develop and reinforce these relations between the individual and the group<sup>183</sup>. The individual versus collective (group) aspect is also one of Hofstede’s five cultural dimensions – IDV.

Hofstede<sup>184</sup> says that “social systems can exist only because human behavior is not random, but to some extent predictable.” “We assume that each person carries a certain amount of mental programming that is stable over time and leads to the same person showing more or less the same behavior in similar situations”<sup>185</sup>. Consequently “the more accurately we know a person’s mental programming and the situation, the more sure our prediction will be”<sup>186</sup> of his or hers behavior.

Hofstede holds<sup>187</sup> that while “values are invisible until they become evident in behavior” culture is also visible. Many terms are used to describe visible manifestations of culture but the following three; rituals, heroes and symbols alongside values “cover the total concept rather neatly”.

---

<sup>180</sup> Hofstede, G. (2001) p. 5

<sup>181</sup> Hofstede, G. (2001) p. 6

<sup>182</sup> Hofstede, G. (2001) p. 225

<sup>183</sup> Hofstede, G. (2001) p. 234

<sup>184</sup> Hofstede, G. (2001) p. 1

<sup>185</sup> Hofstede, G. (2001) p. 2

<sup>186</sup> Hofstede, G. (2001) p. 2

<sup>187</sup> Hofstede, G. (2001) p. 10

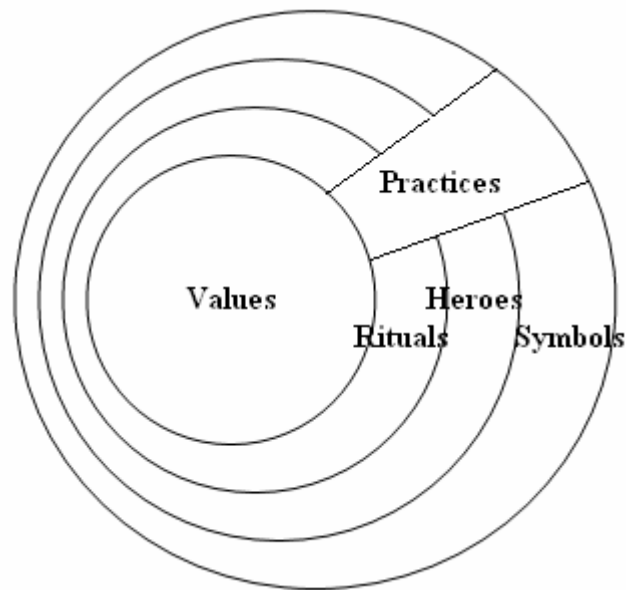


Figure 17 – Hofstede’s Onion diagram<sup>188</sup>

According to Hofstede “culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster”<sup>189</sup>. The best way to avoid (any) conflict is through knowledge, understanding and often trade. While it’s been claimed “no country with a McDonald’s outlet has ever gone to war with another”<sup>190</sup> countries and regions do engage in trade disputes and even trade wars (over genetically modified food<sup>191</sup>, bananas<sup>192</sup> and steel<sup>193</sup>). At times these have escalated into shooting wars (like the Opium Wars<sup>194</sup> and Japan’s entry into WW2 to secure oil when the Allies refused to sell oil in an attempt to aid China<sup>195</sup>).

**Suggestions and words of advice:**

- “Culture is more a source of conflict than synergy...”
- It’s not always easy to distinguish between universal human programming, culture and personality.

<sup>188</sup> Hofstede, G. (2001) p. 11

<sup>189</sup> <http://www.geert-hofstede.com/> 7-2-07

<sup>190</sup> [http://www.mcspotlight.org/media/press/telegraph\\_15dec96.html](http://www.mcspotlight.org/media/press/telegraph_15dec96.html) 9-4-07

<sup>191</sup> <http://news.bbc.co.uk/1/hi/business/3025217.stm> 22-7-05

<sup>192</sup> <http://www.globalissues.org/TradeRelated/Bananas.asp> 22-5-07

<sup>193</sup> [http://news.bbc.co.uk/1/hi/business/the\\_economy/260694.stm](http://news.bbc.co.uk/1/hi/business/the_economy/260694.stm) 22-5-07

<sup>194</sup> Falkenberg, A. W. (2004) p. 15 and [http://en.wikipedia.org/wiki/Opium\\_Wars](http://en.wikipedia.org/wiki/Opium_Wars) 22-5-07

<sup>195</sup> <http://www.army.mil/cmh-pg/books/amh/AMH-23.htm> 22-5-07 and

[http://en.wikipedia.org/wiki/Pacific\\_War#War\\_spreads\\_in\\_the\\_East](http://en.wikipedia.org/wiki/Pacific_War#War_spreads_in_the_East) 22-5-07

- Cultural values are deeply embedded in a society and they are usually fit for that society (not random). Values derived in Scandinavia may in fact be wrong in the Arab Gulf states.
- Cultural values are deeply embedded in a society and they are usually fit for that society (not random). Values derived in Scandinavia may in fact be wrong in the Arab Gulf states.

### **3.8 The theory of Institutions as the underpinnings of interaction**

According to the Culture model institutions, ideally fitting the box of acceptable behavior will determine the course of actions open to us in a society. They range from saintly behavior (strongly encouraged) to illegal behavior (strongly discouraged or banned).

#### **3.8.1 Definition of institutions**

North (1990) defines institutions as “the humanly devised constraints that shape human interaction. In consequence, they structure incentives in human exchange, whether political, social or economic”<sup>196</sup>. They are, according to Falkenberg<sup>197</sup> found as formal (typically written) in the forms of laws and regulations as well as informal (unwritten) as norms, values and beliefs. The Concise Oxford Dictionary<sup>198</sup> defines an institution simply as an established law or custom.

As a result of this: common (business) practice, be it within a firm, a country or a region is consequently a product of the way people within that entity collectively are programmed to behave and interact. Implicitly to understand and predict business practice an understanding of institutions and culture is necessary.

#### **3.8.2 Requirements to institutions**

Hofstede says “institutions reflect minds and vice versa”<sup>199</sup> - because if they did not, they would not exist. Consequently institutions should reflect the national culture, which Hofstede

---

<sup>196</sup> Falkenberg, A. W. (2006) Essay #3, ORG 408 Compendium 1

<sup>197</sup> Falkenberg, A. W. (2006) Essay #3, ORG 408 Compendium 1

<sup>198</sup> Institution, The Concise Oxford Dictionary 8-2-07

<sup>199</sup> Hofstede, G. (2001) p. 20

tries to measure and compare using five cultural dimensions. The scores assigned countries will (to some extent) reflect the values embedded in its people and serve as a basis for understanding their values and even predict behavior.

Perhaps the greatest problem for all mankind with regards to institutions is that what's legal (or socially accepted) isn't always 'just'.

Falkenberg (1996)<sup>200</sup> holds that our cultural values, which tell us right from wrong, constitute the basis for our 'moral compass'. The fact that we share a common set of values with our fellow countrymen and often our neighboring countries (our in-groups<sup>201</sup>) makes interaction much easier<sup>202</sup> and implicitly – interaction with 'strangers', relatively, more difficult. The danger of blindly trusting our 'moral compass' is its programming which is inherently dependent on our time and place<sup>203</sup>. A Scandinavian compass pointing at 'right' might actually be 'wrong' when operated elsewhere, like in the Arab Gulf states just as a Christian moral compass might be wrong according to a Muslim moral compass<sup>204</sup>.

### 3.8.3 Levels of institutions

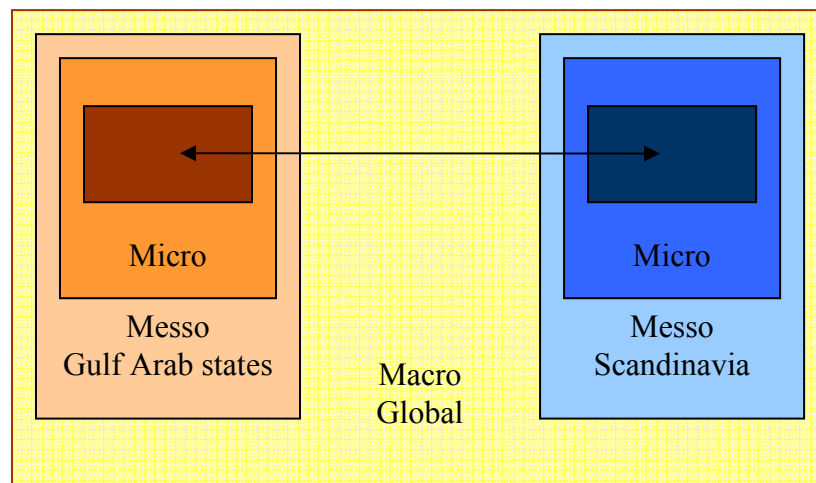


Figure 18 – Micro, Meso and Macro institutions<sup>205</sup>

Any international relation, dealing or transaction is affected by three levels of institutions.

<sup>200</sup> Falkenberg, A. W. (1996) p. 160

<sup>201</sup> Chapter 3.13.3 'In-groups'

<sup>202</sup> Falkenberg, A. W. (1996) p. 160

<sup>203</sup> Falkenberg, A. W. (1996) p. 161

<sup>204</sup> Falkenberg, A. W. (1996) p. 161

<sup>205</sup> Underlying figure supplied by Andreas W. Falkenberg 2007. "Feedback to Andreas.doc" 6-2-07

These are Micro (interpersonal), Messo (governmental) and Macro (global) level institutions. Consequently, even the simplest cross-country/region deal will thus have to ‘fit’ with five sets of institutions. Needless to say this is a lot easier if these five sets of institutions originated from some common platform, in the case of Sweden and Norway or Bahrain and the UAE this is often the case. Across region we will inevitably run into more differences.

Law and order is on all three levels a prerequisite of a functioning society. Where either is lacking, society as a whole suffer. Trouble ridden areas of Africa as well as in the Middle East are testaments to the case.

### 3.8.4 Macro level institutions

- The macro level institutions consist of international rules, regulations, agreements, subsidies etc. These are among others put in place by the G8, The World Bank, the WTO (World Trade Organization), the EU (European Union) and the GCC (Gulf Cooperation Council) and OPEC (Organization of the Petroleum Exporting Countries).

Like previously suggested<sup>206</sup> the macro level institutions ought to be built on the ideals that are commonly and universally embodied in the mental programming of all mankind<sup>207</sup>.

As evident from the number of people exercising their ‘voice’ through demonstrations and boycotts and in particular in certain parts of the world; terrorism, many macro level institutions leave something to be desired. Most of these global institutions are put forth and enforced by the Western world, and consequently depict our set of values<sup>208</sup>.

Falkenberg (2007)<sup>209</sup> suggests one of the largest problems relating to macro level institutions is the agricultural subsidies in the EU<sup>210</sup> (Europe) and the USA<sup>211</sup>. “These subsidies do not just promote uncompetitive and inefficient industry. They also do a great deal of harm in the

---

<sup>206</sup> Chapter 3.7.2 Definition of culture

<sup>207</sup> Hofstede, G. (2001) pp. 2-3 including exhibit 1.1

<sup>208</sup> Falkenberg, A. W. (1996) p. 163

<sup>209</sup> Falkenberg, A. W. (2007) p. 4

<sup>210</sup> <http://www.globalisationinstitute.org/blog/agriculture/us-farm-subsidies%3a-an-uncertain-future-200703281034/> 29-3-07

<sup>211</sup> <http://www.globalisationinstitute.org/blog/agriculture/us-farm-subsidies%3a-an-uncertain-future-200703281034/> 29-3-07

developing world – contributing to the overproduction that makes it impossible for poor farmers to make a decent living”<sup>212</sup>. Or as is the case in the Middle East<sup>213</sup>, much fury is directed towards the West (and the US in particular) for their unwavering support of an Israel perceived by many to be a “terrorist, gangster state which has usurped Palestinian land and water”.

Another problem is the legitimizing (granting of a resources privilege<sup>214</sup>) of various non-democratic governments selling of their country’s natural resources<sup>215</sup> for external financing of their regime<sup>216</sup>.

The eight countries constituting the G8 represent less than a sixth of the world population, but account for nearly two-thirds of the world's economic output measured by gross domestic product”<sup>217</sup>. Such an asymmetric distribution of power and developed resources will always promote discontent with the majority of people who are sharing the minority of the resources.

### **3.8.5 Messo level institutions**

- The meso level institutions are institutions at the (local) governmental level. These are country specific and involve politics (economic, social) and policies (local content, CSR, environmental sustainability, women’s and human rights issues), as well as legal systems.

Historically, (functioning) democracies seem to be the best way to ensure the quality of Messo level institutions. In democracies we can assume meso level institutions to be a fair reflection of the micro level institutions in a society - as people are free to choose leaders and lawmakers who represent their values and beliefs<sup>218</sup>. This doesn’t necessarily mean the institutions will promote flourishing for all, as many people will seek flourishing for themselves and their groups, at the expense of both other domestic groups and foreign groups. Examples of such are the Sunni oppression of the Shia in Iraq (during the Saddam Hussein

---

<sup>212</sup> <http://www.globalisationinstitute.org/blog/agriculture/us-farm-subsidies%3a-an-uncertain-future-200703281034/> 29-3-07

<sup>213</sup> [http://news.bbc.co.uk/1/hi/world/middle\\_east/1552900.stm](http://news.bbc.co.uk/1/hi/world/middle_east/1552900.stm) 24-5-07

<sup>214</sup> Falkenberg, A. W. (2005) p. 10

<sup>215</sup> Falkenberg, A. W. (2007) p. 4 and Chapter 3.16.4 The ‘natural resource curse’ or ‘oil curse’.

<sup>216</sup> Falkenberg, A. W. (2005) p. 11

<sup>217</sup> <http://en.wikipedia.org/wiki/G8> 16-02-07

<sup>218</sup> Falkenberg, A. W. (2007) p. 15

reign)<sup>219</sup> and African farmer's suffering under competition created by western agricultural subsidies and trade barriers<sup>220</sup>.

Scandinavian countries have fairly old and established democracies. Their meso level institutions, although imperfect are well in sync with the populations as a whole. The UN constantly ranks them as some of the world's best countries in which to live<sup>221</sup>.

The Arab Gulf states aren't democracies and do feature a host of 'special laws', 'special practice' of the law and a lot of freedoms are reigned. They are still steadily improving in many ways – as indicated by their constantly improving HDI scores<sup>222</sup>.

### 3.8.6 Micro level institutions

- According to Falkenberg (2007)<sup>223</sup> “at the micro level we find the institutions that are represented in the local culture”, and in the case of internationalization issues: cultural similarities and differences. These are the local traffic rules<sup>224</sup>.

As stated<sup>225</sup> culture is basically the sum of a people's mental programming. It isn't any one person and it's too costly and time consuming to analyze everyone so we usually choose to analyze a sample. The idea is that this sample will allow us to infer something about the populous in focus as a whole, be it Europeans, Danes, women, heterosexuals, golfers, wine-lovers or executives.

Typically countries sharing similar circumstances (geography, history, religion, interaction) will feature similar culture or micro institutions. As is the case in Scandinavia and as is the case in the Middle Eastern, this is actually why the GCC/'Gulf Arab states' was formed<sup>226</sup>. In Europe and North America, where institutions are quite similar and cultural (as well as economic) exchange is extensive, this is a self reinforcing circle.

---

<sup>219</sup> [http://transcripts.cnn.com/TRANSCRIPTS/0312/09/i\\_ins.00.html](http://transcripts.cnn.com/TRANSCRIPTS/0312/09/i_ins.00.html) 30-5-07

<sup>220</sup> Falkenberg, A. W. (2007) pp. 17-18

<sup>221</sup> Chapter 3.6.2 Measure of a Land - Human Development Index (HDI)

<sup>222</sup> Chapter 3.6.2 Measure of a Land - Human Development Index (HDI)

<sup>223</sup> Falkenberg, A. W. (2007) p. 6

<sup>224</sup> Falkenberg, A. W. (2007) p. 6

<sup>225</sup> Chapter 3.7.2 Definition of culture

<sup>226</sup> <http://www.gcc-sg.org/CHARTER.html> 20-4-07



In business (and/or general exchange facilitation) the parties are usually looking for common ground in order to strike a win-win deal<sup>227</sup>. But when we venture outside our own realm it usually gets more complicated. People from different cultures necessarily hold different values and according to Hofstede (2007)<sup>228</sup> “cultural differences are a nuisance at best and often a disaster”. These conflicts can be between two cultures or between local micro and meso level institutions.

### **Suggestions and words of advice:**

- A moral compass is time and place dependent and not to be followed blindly.
- Institutions are more than laws and regulations; it's also norms and values.
- Institutions are at times inadequate and thus not to be followed blindly.

### **3.9 Moral reasoning**

Hofstede states that “Morality is in the eye of the beholder, not in the act itself”<sup>229</sup>.

Etymologically the term ‘ethic’ is Greek for ‘what is common’ and similar to Latin ‘moral’ which refers to ‘proper behavior’. In that respect they are strikingly similar. In practice it's been suggested that ethics can also be regarded as the study of moral<sup>230</sup>.

Velasquez<sup>231</sup> argue that:

*“Moral reasoning always involves two essential components: (1) an understanding of what reasonable moral standards require, prohibit, value or condemn; and (2) evidence or information that shows that a particular person, policy, institution or behavior has the kinds of features that these moral standards require, prohibit, value or condemn.”*

According to Velasquez there are three main criteria that ethicists can utilize to evaluate the adequacy of their moral reasoning<sup>232</sup>:

---

<sup>227</sup> Falkenberg, A. W. (2007) p. 9

<sup>228</sup> <http://www.geert-hofstede.com/> 9-4-07

<sup>229</sup> Hofstede, G. (2001) p. 327

<sup>230</sup> <http://www.forskning.no/Artikler/2005/september/1124458108.48>

<sup>231</sup> Velasquez, M. (2002) p. 33

<sup>232</sup> Velasquez, M. (2002) pp. 35-36

1. Most importantly moral reasoning must be logical and all its argumentation rigorously examined.
2. The factual evidence supplies must be “*accurate, relevant, and complete*”.
3. “The moral standards involved in a person’s moral reasoning must be *consistent*”.

From this follows the old term that we must be willing to practice what we preach<sup>233</sup>.

If a (moral) standard is inadequate or unacceptable, it can often be revealed by showing that under certain (hypothetical) conditions it will produce unacceptable results<sup>234</sup>. In the following we will discuss moral reasoning from different perspectives on ethics.

### **3.9.1 Perspectives on ethics**

Falkenberg (2007)<sup>235</sup> suggest three main perspectives on ethics: utilitarianism, justice and human rights.

### **3.9.2 Perspectives on ethics: Utilitarianism**

The basic message in utilitarianism is “the greatest good for the greatest number”<sup>236</sup>.

Pareto optimal transactions (“‘win-win’ or at least ‘win-no change’ exchanges”)<sup>237</sup> and utilitarianism are among the basic premises of our economic systems and under just institutional frameworks usually capable of promoting happiness<sup>238</sup>. Utilitarianism is also the origin of modern (economic) cost-benefit analysis<sup>239</sup>

According to Falkenberg (2007)<sup>240</sup> “if an accepted institution fails to promote flourishing and we act according to the accepted institution” we will in fact do wrong and our act will consequently be unethical.

---

<sup>233</sup> Velasquez, M. (2002) p. 37

<sup>234</sup> Velasquez, M. (2002) p. 37

<sup>235</sup> Falkenberg, A. W. (2007) p. 7

<sup>236</sup> Velasquez, M. (2002) p. 77

<sup>237</sup> Falkenberg, A. W. (2007) p. 9

<sup>238</sup> Falkenberg, A. W. (2007) p. 9

<sup>239</sup> Velasquez, M. (2002) p. 78

<sup>240</sup> Falkenberg, A. W. (2007) p. 8

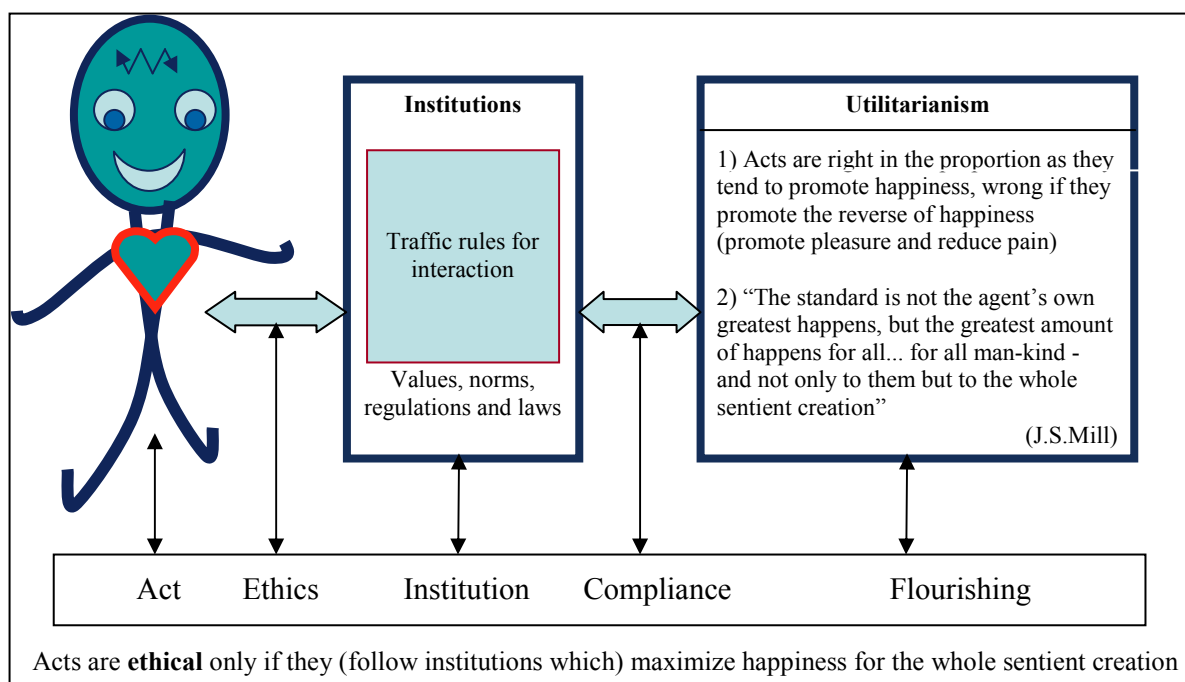


Figure 19 – Perspectives on Ethics – Utilitarianism<sup>241</sup>

A society, like a business will always find their resources scarce and will always have to make choices. In business, a net present value (which in turn originates from cost-benefit analysis) analysis can be a useful tool in the decision making process. However, such a 'utilitarian approach' can also lead to the 'wrong' conclusions in a society where legal options don't correspond with just options.

The limitation of utilitarianism is related to its dependence on functioning markets and/or democracies in order to ensure ethical conduct. Also weightings (levels of utility and disutility) have to be assigned to different actions, which in practice is likely to be burdensome and people are unlikely to agree on the relative weightings. Finally the quest for the greatest total utility can be perused at the expense of someone in the 'value chain'<sup>242</sup> and how the end utility is distributed<sup>243</sup> can also be neglected.

Due to weaknesses regarding measurement (weightings), justice and subjectivity utilitarianism<sup>244</sup> in itself is at times an insufficient yardstick in the quest for justice although its message is a good one.

<sup>241</sup> Falkenberg, A. W. (2007) p. 9 illustration

<sup>242</sup> Velasquez, M. (2002) p. 83

<sup>243</sup> Velasquez, M. (2002) p. 84

<sup>244</sup> Magnussen and Ljunggren (1998) p. 30

### 3.9.3 Perspectives on ethics: Human rights

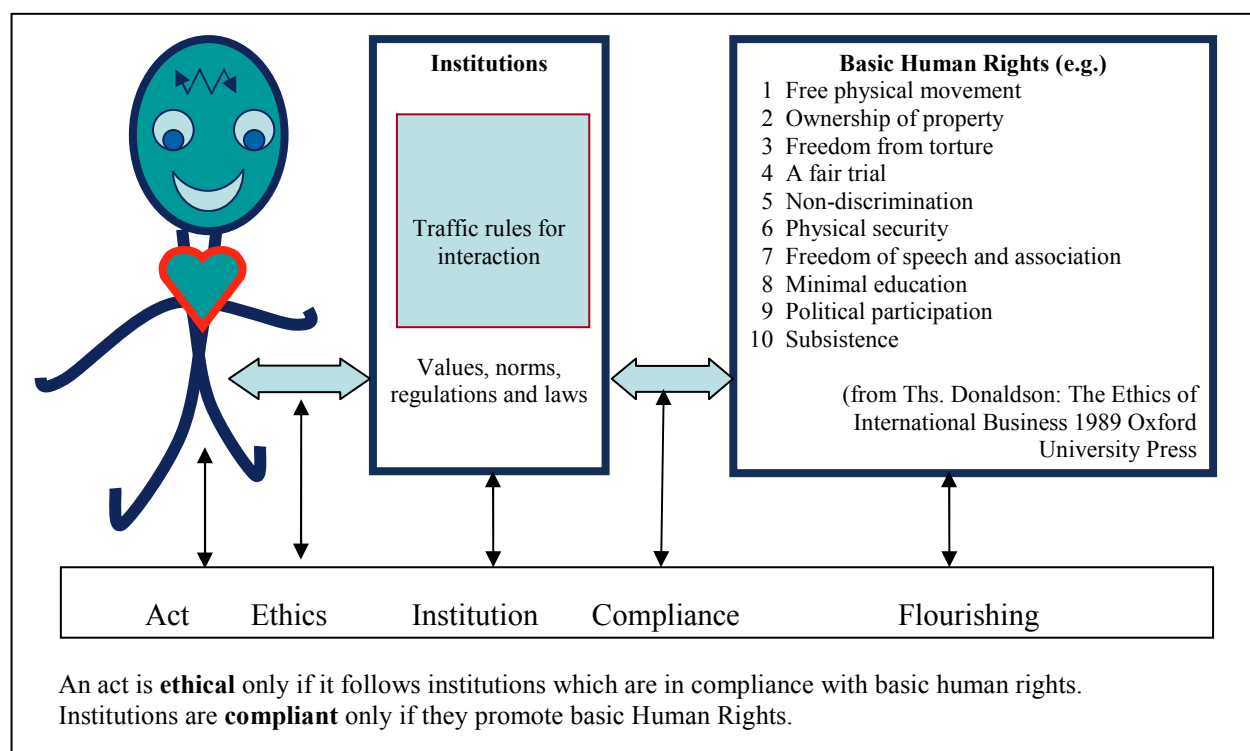


Figure 20 – Perspectives on Ethics – Human rights<sup>245</sup>

There are many different approaches to some basic human rights. Today the most widely accepted is the UN universal declaration of Human Rights (1948)<sup>246</sup>, where article 1 reads “all human beings are born free and equal in dignity and rights”. Falkenberg (1996)<sup>247</sup> maintains that this declaration “is clearly influenced by the current western Judeo-Christian humanistic values”.

The Bible’s Book of Colossians 3:11 read “here there is neither Greek nor Jew, circumcised or uncircumcised, barbarian, Scythian, slave or free, but Christ is all and in all”. Islam also proclaims that all believers are equal before God<sup>248</sup>. In this respect they are strikingly similar – neither nationality nor social status (master-slave) matter.

<sup>245</sup> Falkenberg, A. W. (2007) p. 11 illustration, slightly revised

<sup>246</sup> <http://www.un.org/Overview/rights.html> 20-1-07

<sup>247</sup> Falkenberg, A. W. (1996) p. 163

<sup>248</sup> Hofstede, G. (2001) p. 114

The US Declaration of Independence (1776)<sup>249</sup> clarifies the point further: “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.” The intent of the Declaration of Independence is also included in the US Bill of Rights<sup>250</sup> (first proposed by James Madison on June 8<sup>th</sup> 1789<sup>251</sup>). The European Council convention for the Protection of Human Rights and Fundamental Freedoms (1950 as amended) article 1 also holds that “The High Contracting Parties shall secure to everyone within their jurisdiction the rights and freedoms defined in Section I of this Convention”<sup>252</sup>.

In the spirit of these (and probably others) Donaldson (in Figure 19)<sup>253</sup> suggest ten rules for ethics in international business. He holds<sup>254</sup> that an organization should not deprive any person of any of these rights (1-10), in the case of 6-10 an organization should even protect for deprivation. However he does not task any organization (in an international business setting) with assisting those deprived or wronged (by others).

### 3.9.4 Perspectives on ethics: Justice

Over the last century a lot of different philosophies and approaches to politics have been tested, in particular across Europe. According to Velasquez some of the more important are:

- **Justice as Equality: Egalitarianism**

Egalitarianism is derived from the French word ‘egal’ meaning equal or level. It was popularized in the famous slogan of the 1789-1799 French revolution – “Liberté, Egalité, Fraternité”.

This approach holds that “every person should be given exactly equal shares of a society’s or a group’s benefits and burdens”<sup>255</sup>. However, human beings are not similar, and differ in

---

<sup>249</sup> [http://www.archives.gov/national-archives-experience/charters/declaration\\_transcript.html](http://www.archives.gov/national-archives-experience/charters/declaration_transcript.html) 20-1-07

<sup>250</sup> Falkenberg, A. W. (2007) p. 10

<sup>251</sup> <http://www.loc.gov/rr/program/bib/ourdocs/billofrights.html> 24-5-07

<sup>252</sup> <http://conventions.coe.int/treaty/en/Treaties/Html/005.htm> 24-5-07

<sup>253</sup> Figure 20 – Perspectives on Ethics – Human rights

<sup>254</sup> Falkenberg, A. W. (2006) Essay #20, ORG 408 Compendium 2

<sup>255</sup> Velasquez, M. (2002) p. 109

terms of abilities, desires and needs and can fail to provide incentives<sup>256</sup>. Still egalitarianism and the concept of equality are very important throughout the Muslim world.

- **Justice based on Needs and Abilities: Socialism**

While the term socialism covers a wide variety of actual practices and philosophies, they all, to varying degrees reflects the idea that work burdens should be distributed according to abilities and benefits according to needs. In practice what's happening is that 'social democratic' countries, such as the Scandinavian, have established generous well-fare states (the Scandinavian model)<sup>257</sup>, employ redistribute taxation schemes (resulting in their low Gini-index scores)<sup>258</sup> and provides free-of-charge schooling all through the university level.

In socialism, consequently, one is to work according to ability and receive compensation according to need. This introduces an incentive problem as one won't be rewarded according to ability and effort. According to Milgrom and Roberts' Incentive-Intensity Principle<sup>259</sup> the most profitable effort can be encouraged with a certain level of incentive pay (payment according to output, measures by appropriate means). When this principle is not met, effort will be too low (not enough output) or too high (marginal output isn't worth the marginal cost).

- **Justice based on Contribution: Capitalist justice**

Capitalist justice maintains that "benefits should be distributed according to the value of the contribution the individual makes - to a society, a task, a group, or an exchange"<sup>260</sup>. The harder one works the more one deserves, is also the assumption behind the Protestant or puritan work ethic (PWE)<sup>261</sup>. In the USA this has evolved into a secularized work ethic emphasizing that individual effort will be rewarded with success and loafing will be punished<sup>262</sup> - conceptualized in the term "God helps those who helps themselves". In this way capitalistic justice easily could ignore those unable to fulfill their basic needs.<sup>263</sup> In a functioning market (with no intervention) every excess dollar one person possesses could

---

<sup>256</sup> Velasquez, M. (2002) p. 110

<sup>257</sup> Chapter 3.6.3 Measure of a Land - Distribution of Economic Freedom

<sup>258</sup> <http://hdr.undp.org/hdr2006/statistics/indicators/147.html> 25-5-07

<sup>259</sup> Milgrom, P and Roberts, J (1992) pp. 221-223

<sup>260</sup> Velasquez, M. (2002) p. 111

<sup>261</sup> Velasquez, M. (2002) pp. 111-112

<sup>262</sup> Velasquez, M. (2002) p. 111

<sup>263</sup> Velasquez, M. (2002) p. 112

imply someone else is a dollar short. Another problem is a market's pricing systems which can be argued to feature grave imperfection in terms of justice<sup>264</sup>; for instance a top athlete can earn in a week what a surgeon does in a lifetime.

- **Justice as fairness: Rawls**

Velasquez presents John Rawls' (1971)<sup>265</sup> ideas. This represents a more comprehensive system, taking lessons from many different philosophies and also addressing their limitations. According to Rawls<sup>266</sup> institutions ought to promote the following principles:

- 1. The principle of equal liberty**

*Each person has an equal right to the most extensive basic liberties compatible with similar liberties for all, and...*

- 2a. The difference principle**

*...social and economic inequalities are arranged so that they are both to the greatest benefit of the least advantaged persons, and...*

- 2b. The principle of fair equality of opportunity**

*...attached to offices and positions open to all under conditions of fair equality of opportunity.*

The first and most important (should the principles ever come in conflict) is the 'principle of equal liberty'<sup>267</sup> which basically holds that "all men are created equal"<sup>268</sup>. Second is the 'difference principle' (2a) which states that economic inequalities can and should exist in order to maximize the pie which also the least fortunate in a society shall receive a piece of<sup>269</sup> (maxi-min). Finally Rawls introduces the 'principle of fair equality of opportunity' (2b) which implies that each and every one should have access to the training and education required for a desirable job<sup>270</sup>.

---

<sup>264</sup> Velasquez, M. (2002) pp. 112-113

<sup>265</sup> Falkenberg, A. W. (2007) p. 12

<sup>266</sup> Velasquez, M. (2002) p. 117

<sup>267</sup> Velasquez, M. (2002) p. 117

<sup>268</sup> [http://www.archives.gov/national-archives-experience/charters/declaration\\_transcript.html](http://www.archives.gov/national-archives-experience/charters/declaration_transcript.html) 28-4-07

<sup>269</sup> Velasquez, M. (2002) p. 117

<sup>270</sup> Velasquez, M. (2002) p. 118

While imperfect<sup>271</sup>, Rawls’ theory preserves the basic values embedded in our moral belief and fits the basic economic institutions of the West<sup>272</sup>. It doesn’t reject the market economy, work incentives or the inequality of hierarchical organizations<sup>273</sup>. It forbids discrimination based on race, religion or gender<sup>274</sup>. It also takes into account both collectivistic and individualistic ideas incorporated in our culture<sup>275</sup> as well as “the criteria of need, ability, effort and contribution”<sup>276</sup>.

Rawls suggest that for evaluating objectively and fairly according to these criteria we would use an (imaginary) panel in the ‘original position’ under a ‘veil of ignorance’<sup>277</sup>. Because the panel “are ignorant of their particular qualities, the parties to the original position are forced to be fair and impartial and to show no favoritism towards any special group: They must look after the good of all.”<sup>278</sup>,

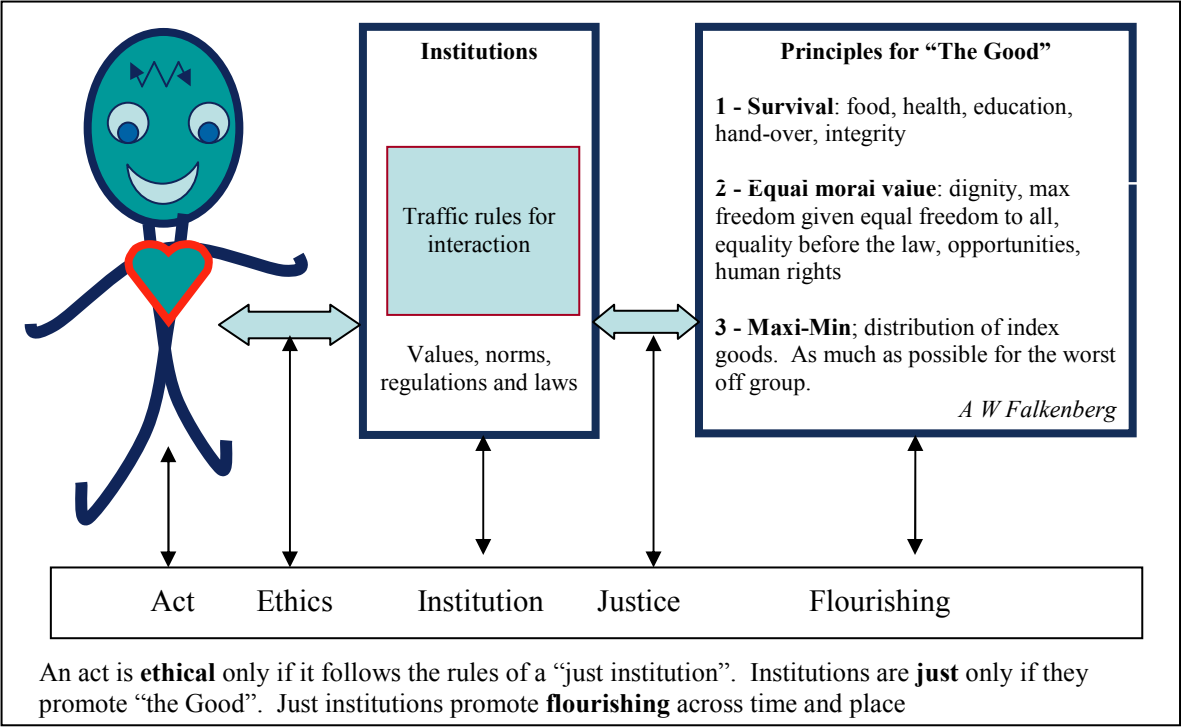


Figure 21 – Perspectives on Ethics – Justice<sup>279</sup>

<sup>271</sup> Velasquez, M. (2002) pp. 119-120  
<sup>272</sup> Velasquez, M. (2002) p. 120  
<sup>273</sup> Velasquez, M. (2002) p. 120  
<sup>274</sup> Velasquez, M. (2002) p. 118  
<sup>275</sup> Velasquez, M. (2002) p. 120  
<sup>276</sup> Velasquez, M. (2002) p. 120  
<sup>277</sup> Velasquez, M. (2002) p. 119  
<sup>278</sup> Velasquez, M. (2002) pp. 118-119  
<sup>279</sup> Falkenberg, A. W. (2007) p. 13 illustration, slightly revised



Falkenberg (1996, 2007)<sup>280</sup> suggests a slightly different set of ‘principles of the Good’, for an international setting. He adopts Rawls’ idea of the ‘original position’ and the essence of Rawls’ principles, but also emphasizes that his principles must transcend time and place – the panel members must draw a life at random, unaware of when and where they will end up<sup>281</sup>. Falkenberg’s principles are those of:

**1. Survival and hand-over<sup>282</sup>**

Assuming that we would always want to live, the panel must grant us circumstances which enable us to. Furthermore, the world grows increasingly populous and consequently we must always hand it over in an improved state – enabling it to sustain a growing population. This encompasses an emphasis on sustainable development and (natural) resource utilization.

**2. Equal moral standing<sup>283</sup>**

This is the same as Rawls’ ‘principle of equal liberty’ (above). This bans all discrimination on the basis of race, religion, gender, age, etc.

As Rawls, Falkenberg recognizes that national border can be an unjust institution. Still national borders in many cases are necessary (to secure functioning societies, economies and jurisdictions), their (immediate) removal isn’t called for. The authors do however suggest that emigration is an unalienable right while immigration isn’t. In effect this legitimizes that aspect of the ‘pariah’ phenomenon<sup>284</sup>. They also both accept that we in a pinch would discriminate in favor of family members<sup>285</sup>. For this reason family members are by law considered unfit to participate in certain decisions affecting ‘their own’ family or close friends (close in-groups) in for instance Norway through incompetency clauses (inhabilitets bestemmelser)<sup>286</sup>.

**3. Maxi-min for index goods<sup>287 288</sup>**

---

<sup>280</sup> Falkenberg, A. W. (1996) p. 164 and (2007) p. 12

<sup>281</sup> Falkenberg, A. W. (2007) p. 12

<sup>282</sup> Falkenberg, A. W. (1996) p. 166

<sup>283</sup> Falkenberg, A. W. (1996) pp. 167-168

<sup>284</sup> Chapter 3.11.3 Pariahs

<sup>285</sup> Falkenberg, A. W. (1996) p. 168

<sup>286</sup> <http://lovdata.no/cgi-wift/wiztloksok?base=NL&sys=1&felt=emne&emne=Inhabilitet&PROS=01> 8-3-07

<sup>287</sup> Defined: Index goods include: income, wealth, social basis for self respect, professional powers, rights, etc.

<sup>288</sup> Falkenberg, A. W. (1996) pp. 169-170

Falkenberg, as Rawls, sees it as beneficial to arrange index goods in such a fashion that they provides incentives for effort, encouraging it and maximizing the output of a society in order to maximize its contributions to its least fortunate.

Falkenberg (2007)<sup>289</sup> summarizes that:

*“an act is ethical only if it follows the rules of a ‘just institution’. Institutions are just only if they promote ‘the GOOD’. Just institutions promote flourishing across time and place.”*

The fact that this framework is at best incomplete is also duly noted<sup>290</sup>.

### **3.9.5 In practice – the inherent egalitarianism of Islam**

Throughout the gulf, including the Arab Gulf states religion has a much stronger stance than the West, for both reason of tradition, the relative recentness of the religion-offsetting factors (such as technology<sup>291</sup>) and because it serves as a base of power. In the more ‘secular’ west Church and State are for most intents and purpose separated, so one doesn’t enhance the power of the other.

When oil was found in The Arab Gulf States, things changed dramatically and as oil flowed out of the gulf - cash flowed in. The story that followed could easily have resembled that of for instance Nigeria, Haiti, the Soviet Union or Russia - where opportunities for quick and concentrated wealth created a small elite and a poor and oppressed majority.

Instead the local Sheiks (rulers) used the money to start developing infrastructure. Schools, hospitals and roads were built. Still a Bedouin at heart, Sheik Zayed bin Sultan Al Nahyan of Abu Dhabi actually paid out oil revenues in a huge lump sum payment to all the Arabs living there. Needless to say, some spent it more wisely than others<sup>292</sup>.

---

<sup>289</sup> Falkenberg, A. W. (2007) p. 13

<sup>290</sup> Falkenberg, A. W. (1996) p. 185

<sup>291</sup> Chapter 3.12.1 The origins of UAI

<sup>292</sup> Lingjærde, E. S. (2007) p. 11

With the inherent egalitarianism found in Islam, along with what hindsight certainly has proved to be wise and honorable leaders, the Arab Gulf states prospered. The oil reserves were nationalized and some of the world's largest oil and gas companies were created; Saudi Aramco, Qatar Petroleum, Kuwait Petroleum Corporation and Abu Dhabi's ADNOC<sup>293</sup>. Much of these revenues have since been used to develop these counties.

In recent years, however, equality seems to have taken a back seat to development, and segregation has followed as a result of massive immigration<sup>294</sup>. Also the enormous riches accumulated by, in particular (some) nationals across the region, are offsetting the traditional conviction which considered unnecessary wealth and lavish pleasure improper.

### 3.9.6 In practice – Macro level issues

In terms of macro level issues – in particular with regards to the Middle East can often be traced back to one thing: Oil. Responsibility (response-able<sup>295</sup>) for some, if not most of these problems, resides mainly with the West - while others mainly with the Arab Gulf states themselves.

Kuwait, Bahrain, Saudi Arabia and the UAE are all OPEC members, and could perhaps be commemorated for being among the more peaceful and benign members<sup>296</sup>. Among the OPEC members, only Indonesia (whose membership is under review<sup>297</sup>) receives a ranking of 'free', while Kuwait and Venezuela receives the rank of 'partly free'. All others are found 'not free'.

In OPEC's own words their objective is:

*“ to co-ordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry ”*<sup>298</sup>.

---

<sup>293</sup> Slides supplied by Andreas W. Falkenberg 2007. “Oil giants.ppt” 16-4-07

<sup>294</sup> Chapter 3.13.3 'In-groups' and Lingjærde, E. S. (2007) p. 11

<sup>295</sup> Falkenberg, A. W. (2004) p. 27

<sup>296</sup> <http://www.opec.org/aboutus/history/history.htm> 25-5-07

<sup>297</sup> <http://en.wikipedia.org/wiki/OPEC#Membership> 26-5-07

<sup>298</sup> <http://www.opec.org/aboutus/history/history.htm> 25-5-07

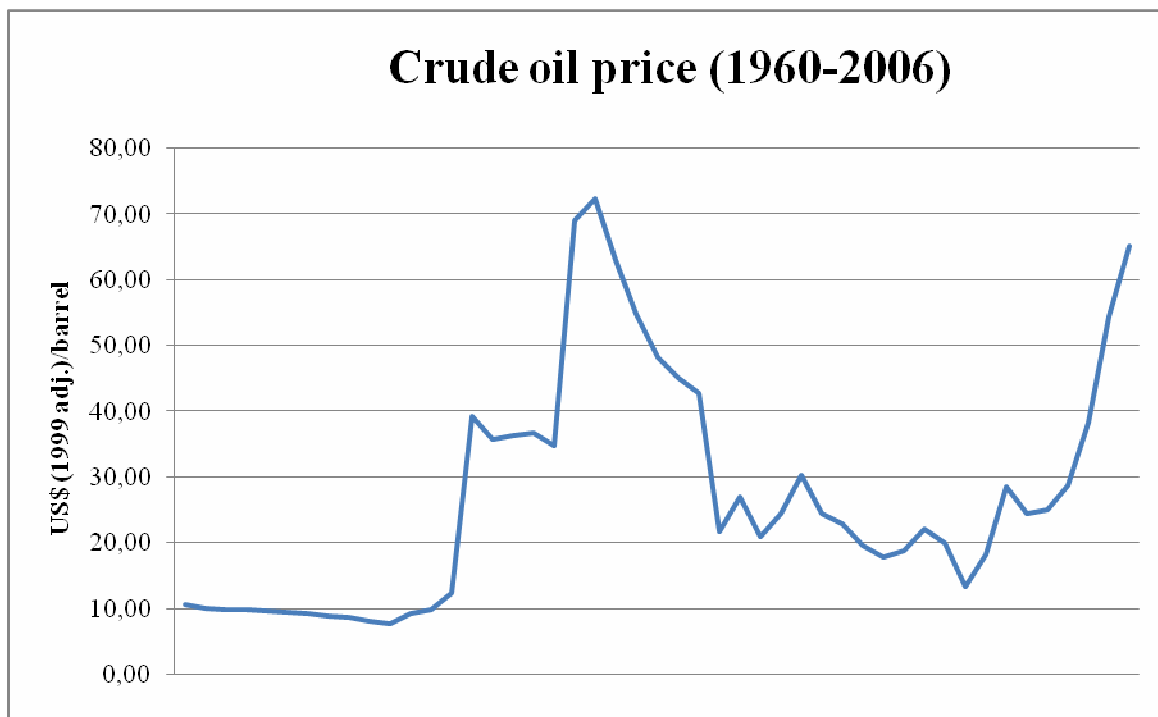


Figure 22 – Crude oil prices since OPEC’s conception (1960-2006)<sup>299</sup>

OPEC’s mission of securing fair and stable prices for producers (including themselves) isn’t really reflected in reality: oil prices are as volatile (and increasing<sup>300</sup>) as ever and as oil companies post record profits<sup>301</sup> the questions about ‘fairness’ of the industries return on capital (ROI) has come under scrutiny<sup>302</sup>.

“OPEC is a cartel<sup>303</sup> - a group of producers that attempts to restrict output in order to keep prices higher than the competitive level”<sup>304</sup>. Consequently the “OPEC faces the classic problem of all cartels: overproduction and cheating by members” which is a destabilizing force, and at times have reduced the profits of the ‘swing producer’ - mainly Saudi Arabian greatly<sup>305</sup>. With the Arab Gulf states, and in particular Saudi Arabia’s policing, this cartel can continue to function.

<sup>299</sup> <http://tonto.eia.doe.gov/dnav/pet/hist/rbrtea.htm> and <http://www.eia.doe.gov/pub/international/iealf/BPCrudeOilPrices.xls> 25-5-07

<sup>300</sup> <http://mondediplo.com/2006/05/07/timeline> 26-5-07

<sup>301</sup> <http://www.washingtonpost.com/wp-dyn/content/article/2005/10/27/AR2005102702399.html> 25-5-07

<sup>302</sup> <http://www.cnn.com/2006/POLITICS/04/24/gas.investigation/index.html> and <http://www.csmonitor.com/2005/1027/p01s04-usec.html> 25-5-07

<sup>303</sup> Shy, O. (1995) pp. 78-79

<sup>304</sup> <http://www.econlib.org/library/enc/OPEC.html> 26-5-07

<sup>305</sup> <http://www.econlib.org/library/enc/OPEC.html> 26-5-07

In the US and Europe cartels are outlawed by antitrust laws, but since OPEC is organized by sovereign states it cannot be targeted by antitrust laws from other jurisdictions.

OPEC can very well be regarded as an institutional problem – and in the case of many of its members there is no doubt of OPEC being an instrument to aid the financing of brutal regimes.

Globally, the US and the EU stands for 42 % of all oil consumption<sup>306</sup>. Problems in the Middle East, who by comparison are dwarfed by the atrocities in terms of both natural and manmade disasters like famine<sup>307</sup>, civil war<sup>308</sup> and such in Africa receives little international attention an even less intervention or action<sup>309</sup>. This is surely a macro level institutional problem the rich (response-able) and oil dependent economies of especially the West should address with more concern.

These two examples of macro level institution problems are in direct violation of all three suggested perspectives on ethics. The utilitarianism approach suggestion that one aim for “the greatest good for the greatest number”, seems increasingly lost also because the current War on Terror seem to overshadow and tie up resources that could and most defiantly should be focused on more dire problems for humanity in other areas. Human rights violations and failures to promote the Good with both violations in terms of liberty and equality are many and frequent. In the Arab Gulf states these topics are usually eclipsed by ‘more important topics’, usually involving trade, the War on Terror or the dead-locked Arab-Israeli conflict. In the case of Africa, time (media coverage, diplomatic focus) and resources (money, military) are usually all but exhausted elsewhere.

### **3.9.7 In practice – Messo level issues**

Messo level problems they manifest themselves rather differently in this part of the world. In the case of the Arab Gulf states, they have not been subjected to civil war, severe civil unrest or coup attempts in recent times (with the exception of the Iraqi invasion of Kuwait in 1990)..

---

<sup>306</sup> <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2174rank.html> 24-5-07

<sup>307</sup> [http://en.wikipedia.org/wiki/List\\_of\\_famines#21st\\_century](http://en.wikipedia.org/wiki/List_of_famines#21st_century) 16-02-07

<sup>308</sup> [http://en.wikipedia.org/wiki/List\\_of\\_civil\\_wars#Contemporary\\_civil\\_wars](http://en.wikipedia.org/wiki/List_of_civil_wars#Contemporary_civil_wars) 16-02-07

<sup>309</sup> <http://academic.evergreen.edu/g/grossmaz/interventions.html> 16-02-07

Never the less, several national problems plague these countries. In the UAE the leadership is primarily concerned with the rights and protection of their nationals (native Emirati citizens) and being ‘business-oriented’, which implicitly means the rights and protection of those with money and power. Discrimination and mistreatment of immigrants from south east Asia with no voice or outside/exit option is largely neglected<sup>310</sup>. In Dubai Lingjærde claim suicide is actually regarded as an exit option<sup>311</sup>. Since suicide and euthanasia is “explicitly forbidden”<sup>312</sup> under Islam, and looking at the reported numbers<sup>313</sup> (or lack thereof) it seems it’s not an option making the headlines.

Also, particularly in Saudi Arabia, the low level of unrest can to a great extent be attributed to a highly oppressive system of government<sup>314</sup>.

Another meso and even micro level problem which will be comprehensively discusses later, is that of corruption.

These meso level problems also conflict with all the three perspectives on ethics, from the utilitarianism concept, to the human rights violations and failures to promote the Good (justice). Hofstede found<sup>315</sup> that respect for Human Rights (as stipulated by the UN) “is a luxury that wealthy countries can afford much more easily than poor ones”. Thus the Arab Gulf states with their increasing wealth<sup>316</sup>, should be held to increasingly higher standards in this respect. Yet we see that there, as in other places totalitarian governments tend to attempt hushing up violations, and with often extensive power over the media they are successful in hiding violation from their own peoples<sup>317</sup>.

Question totalitarian governments then force us to ask is: why would someone trust a government that doesn’t trust them?

---

<sup>310</sup> Lingjærde, E. S. (2007) p. 11

<sup>311</sup> Lingjærde, E. S. (2007) p. 11

<sup>312</sup> <http://www.bbc.co.uk/religion/religions/islam/islamethics/euthanasia.shtml> 14-03-07

<sup>313</sup> [http://www.who.int/mental\\_health/prevention/suicide\\_rates/en/index.html](http://www.who.int/mental_health/prevention/suicide_rates/en/index.html) 14-03-07

<sup>314</sup> <http://web.amnesty.org/report2003/sau-summary-eng> 29-3-07

<sup>315</sup> Hofstede, G. (2001) p. 247

<sup>316</sup> Chapter 3.6.1 Measure of a Land - National wealth (GDP per capita)

<sup>317</sup> <http://www.transparency-lebanon.org/Archives/Press/GCR%202002-%2029.08.2002.PDF> 26-4-07

### **3.9.8 In practice – eight rules institutions should reflect**

While we should always be alert there are times and places where it's more important than others to actively look out for issues than others.

In countries populated by what Falkenberg<sup>318</sup> describe as benign peoples and Rawls (1999)<sup>319</sup> as reasonable liberal peoples (typically constitutional democracies) or decent peoples (typically consultation hierarchy), we expect institutions to reflect at least these eight rules<sup>320</sup>:

1. Peoples are free and independent, and their freedom and independence are to be respected by other peoples.
2. Peoples are to observe treaties and undertakings.
3. Peoples are equal and are parties to the agreements that bind them.
4. Peoples are to observe a duty of non-intervention.
5. Peoples have the right of self-defense but no right to instigate war for reasons other than self-defense.
6. Peoples are to honor human rights.
7. Peoples are to observe certain specified restrictions in the conduct of war.
8. Peoples have a duty to assist other peoples living under unfavorable conditions that prevent their having a just or decent political and social regime.

If institutions don't reflect these eight rules, it's not reflecting the principles of ethics and an organization should be very vary of adhering to the institutions breaking these rules.

### **3.9.9 In practice – the Courtroom of World Opinion**

The term 'courtroom of world opinion' dates back (at least) to 1962 when US Ambassador to the UN, Adlai Stevenson nailed the U.S.S.R. Ambassador Valerian Zorin to the wall of the UN General Assembly over the soviet buildup of nuclear missiles in Cuba and stated that "you are in the courtroom of world opinion"<sup>321</sup>. That courtroom convicted the U.S.S.R. and a blockade of Cuba which prompted the withdrawn of the missiles followed<sup>322</sup>.

---

<sup>318</sup> Falkenberg, A. W. (2005), p. 9

<sup>319</sup> Falkenberg, A. W. (2005), p. 9

<sup>320</sup> Rawls, J. (1999) p. 37

<sup>321</sup> <http://www.time.com/time/magazine/article/0,9171,874589,00.html> 26-5-07

<sup>322</sup> <http://www.time.com/time/magazine/article/0,9171,925769,00.html> 26-5-07

Today the courtroom of world opinion is much greater and more important – globalization, communication and the internet have given prosecutors like Non-Governmental Organizations (NGO's) great powers. According to Falkenberg “in recent years NGO's has accused several MNC's of unethical practice in LCD's. Most of the allegations have centered on violations of basic human rights, lack of concern for the environment or various safety issues. This has caused great embarrassment for the involved MNC's and could result in a tarnished reputation, trust erosion, lowered brand equity and lower sales”<sup>323</sup>.

Evidently there are many challenges for when doing business across borders, not only in the traditional regard of making the business work (achieve profitability) but also with regards to what we do when an institution will have us conduct an act that is ethically questionable or even wrong.

Regrettably, we at times have to choose the lesser of two evils, unjust and grossly unjust. While we might not approve of child labor there could be worse fates in life. Banning child labor can force these children to work (or be sold) under the radar where human trafficking industry operates. We use sky-drops and tons of fuel to deliver medicine, clean water and food in crisis situations. Similarly, in the case of the Arab Gulf states many of the immigrant workers makes a wage, and even if it's only a hundred dollars a month it provides subsistence, something not always possible in their native counties.

In the real world we unfortunately have to accept injustice at some crossroads. But ultimately we should aspire to act ethically and legally. When the two don't coincide we should seek alternative courses of action in an attempt not to break the law while still acting ethically.

The bigger the company the more power and response-ability they have to fight unjust institutions. Repercussions from breaking an unjust law are unlikely to be worse that concession in terms of justice. In the courtroom of world opinion a compromise on the latter, should it ever be known - can land even the largest companies in a world of trouble<sup>324</sup>.

---

<sup>323</sup> Falkenberg, A. W. (2004) pp. 22-23

<sup>324</sup> Falkenberg, A. W. (2004) pp. 22-23



Mahatma Gandhi in his last days gave his grandson Arun a list with ‘Seven blunders of the World’<sup>325</sup>:

- Wealth Without Work
- Pleasure Without Conscience
- Knowledge Without Character
- Commerce Without Morality
- Science Without Humanity
- Worship Without Sacrifice
- Politics Without Principles
- Rights Without Responsibilities

Many of these are clearly building on the same principles and observations that have inspired the various authors used through this thesis.

**Suggestions and words of advice:**

- Institutions should be checked for against perspectives on universal ethics: utilitarianism, human rights and justice.
- Universal ethics must always trump mundane institutions.
- If an agreement cannot be reached that enables us to conduct business in a ‘just’ manner we should respectfully decline. A wise and honorable man or woman should respect that another cannot go through with a transaction for matters of conscience.
- If we suspect we are not opposite an honorable man, we are perhaps at the wrong table.

### **3.10 Geert Hofstede Cultural Dimensions**

Dutch Professor Geert Hofstede studies of culture embedded in IBM employees (and relating to their employer) have produced what’s often referred to as simply the ‘Geert Hofstede Cultural Dimensions’, the IBM-studies or the 5 Cultural Dimensions (5D) model. In the 1980 original there were four cultural dimensions:

---

<sup>325</sup> <http://www.gandhiinstitute.org/Library/LibraryItem.cfm?LibraryID=780> 5-6-07

- **Power distance (PDI)**
- **Uncertainty avoidance index (UAI)**
- **Individualism and collectivism (IDV)**
- **Masculinity and femininity (MAS)**

In the 2001 rewrite a fifth dimension is present based on Confucian dynamism:

- **Long-term orientation (LTO)**

As mentioned this is not a study of organizational culture but of national culture in an organization. In the first four dimensions charts 74 countries each. The fifth sports a more modest 23 countries. They are contrasted by an extreme at each end of the scales and ought to be viewed as continuums<sup>326</sup>. It is also important to keep in mind that the values are relatively assigned and only interesting when viewed together. For instance, Sweden isn't 33 % long term oriented. Additionally the scales are always likely to be in some state of fluctuation (as the world is ever changing).

### 3.11 Power distance (PDI)

Hofstede suggests the following one-line definition of Power Distance (PDI):

*“The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.” (Hofstede 2001, p. 98)*

In brief - the basic issue involved is human inequality.

<b>Rank (of 53)</b>	<b>Country</b>	<b>PDI</b>
<b>7</b>	Arab countries <sup>327</sup>	80
<b>47/48</b>	Norway	31
<b>47/48</b>	Sweden	31
<b>51</b>	Denmark	18

**Table 3 – Power distance index**

Mean 57, SD = 22

<sup>326</sup> Hofstede, G. (2001) p. 225 and others

<sup>327</sup> Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, and the United Arab Emirates

PDI is one of the factors where the Arabic world is furthest from Scandinavia, Arabic countries score a very high-PDI while the Scandinavian countries reside at the opposite side of the scale, among the lower-PDI countries.

With regards to PDI three themes will be in particular focus. These are equality, pariahs and power.

### **3.11.1 The origins of PDI**

Power distance is according to Mulder (1977)<sup>328</sup> “the degree of inequality in power between a less powerful Individual (I) and a more powerful Other (O), in which I and O belong to the same (loosely or tightly knit) social system”.

In organizations of a certain size some hierarchy (implying power inequality) is desirable. This holds for everything from egalitarian political parties to MNE's to the most totalitarian regimes. This is also broadly accepted and recognized as the way to organize. The acceptance of this fact is evident even in very low-PDI countries (like Scandinavia) where leadership's authority is matched and maintained by the subordinate's obedience. This forms a symbiotic circle. Power distance is by definition just a social characteristic, not an individual one.<sup>329</sup>

### **3.11.2 Moral and natural equality**

Jean-Jaques Rousseaus (1752/1972)<sup>330</sup> proposes a distinction between ‘moral’ and ‘natural’ inequality. While he rejects the first, he accepts the second as a fact of human existence.

- **Moral equality**

Moral equality suggests the notion that we should all be the same before the law. This is also what Rawls and Falkenberg argues<sup>331</sup>.

- **Natural equality**

---

<sup>328</sup> Hofstede, G. (2001) p. 83

<sup>329</sup> Hofstede, G. (2001) p. 218

<sup>330</sup> Hofstede, G. (2001) p. 80

<sup>331</sup> Chapter 3.9.4 Perspectives on ethics: Justice

There is no denying the fact that all men are not equal with regards to abilities, triggered by personal abilities and opportunities granted us - like schooling, a safe and secure childhood etc. While a just society owes everyone a chance for their ‘pursuit of Happiness’<sup>332</sup> each and every one of us cannot be held accountable for others not making it for themselves, given the opportunity. Still we are all tasked with providing a safety net for them. This is factored into Rawls’ ‘Difference principle’ (2A)<sup>333</sup> and in Falkenberg’s three principles for the GOOD<sup>334</sup>, of which the first<sup>335</sup> advocates that we shall provide ‘a minimum requirement for survival’ and the third a maxi-min distribution of index goods<sup>336</sup>. In other words the fortunate majority (or minority) of a people are to support the less fortunate in their society. Redistributive tax systems which (to various extents) are employed in many societies are a part of this logic. In 1996 Norway was the most redistributive country in the world<sup>337</sup>.

### 3.11.3 Pariahs

It’s a sad fact of human history that some are more equal than others – implicitly: some are less equal than others. Bohannan (1969)<sup>338</sup> introduces the term “pariahs”, intended to categorize the unintegrated immigrant workers in a society. These can be either (racial) minorities or even majorities. They are generally kept out of many parts of the social structure in a country even though they may live and work there for extended periods of time. In the case of pariahs the inequality can be total.

### 3.11.4 Power

Power has many meanings, most of which imply (some capacity for) control or force<sup>339</sup>. In high- and low-PDI societies power (in amount) and its actual capacity differs greatly but Machiavelli<sup>340</sup>, however, suggests that we can separate them into the ‘lions’ approach (in

---

<sup>332</sup> [http://www.archives.gov/national-archives-experience/charters/declaration\\_transcript.html](http://www.archives.gov/national-archives-experience/charters/declaration_transcript.html) 4-6-07

<sup>333</sup> Velasquez, M. (2002) p. 117

<sup>334</sup> Falkenberg, A. W. (1996) p. 166

<sup>335</sup> Falkenberg, A. W. (1996) p. 166

<sup>336</sup> Falkenberg, A. W. (1996) p. 169

<sup>337</sup> Hofstede, G. (2001) p. 112 after OECD report

<sup>338</sup> Hofstede, G. (2001) p. 82

<sup>339</sup> [http://en.wikipedia.org/wiki/Political\\_power](http://en.wikipedia.org/wiki/Political_power) 23-02-07

<sup>340</sup> Hofstede, G. (2001) p. 113

high-PDI counties) and the ‘foxes’ approach (in low-PDI countries) of exercising power - basically through strength or cunning.

In low-PDI societies it’s considered best if (political) power doesn’t go together with wealth and status. In high-PDI counties power is often the way to secure wealth and status.

High-PDI societies are also associated with more revolutionary fervor<sup>341</sup>. Still, since the 1970s the countries that have suffered most from revolutionary changes in governments are those residing on the middle of the PDI scale. The (really) high-PDI countries with authoritarian governments continue (pressures for revolutions, coup d’états, civil wars being firmly oppressed) while the lower PDI countries continue with relatively stable pluralist systems<sup>342</sup>.

### **3.11.5 Other differences between low and high PDI societies**

People brought up in and indoctrinated with the values of their society will often want to denote these findings differently (positive – negative). These issues will be addresses later. These are findings (and in some cases popular clichés) for which Hofstede provides some empirical evidence.

“Yes-man-ship” or acquiescence is markedly more present in high-PDI countries<sup>343</sup>. Hofstede found that people were more likely to answer yes to any (survey) question, regardless of its content. “Always consider the cultural context. A mild yes is probably a polite no; at best, it means maybe”<sup>344</sup>.

Some other fundamental differences<sup>345</sup> are the fact that high-PDI societies typically feature centralized decision structures and extensive hierarchies. Subordinates expect to be told (and not consulted) and managers rely on formal rules and not on their experience and that of their

---

<sup>341</sup> Hofstede, G. (2001) p. 111

<sup>342</sup> Hofstede, G. (2001) p. 111

<sup>343</sup> Hofstede, G. (2001) p. 97

<sup>344</sup> Morrison, T. et al (2001) p. 136

<sup>345</sup> Hofstede, G. (2001) pp. 107-108 exhibit 3.8

subordinates. Information also tends to be constrained by this hierarchy. Typically, this is a contribution factor to the lower levels of efficiency often found these societies<sup>346</sup>.

### 3.11.6 PDI in practice

Generally high-PDI tends to lead to higher inequalities in terms of wealth distribution.

Unfortunately Gini-coefficients aren't calculated for either six Gulf Arab states, but matching the Scandinavian value of about 25<sup>347</sup> (where 0 is equal distribution of income and 100 is the absolute opposite) they certainly won't.

In this case (Gulf Arab states) this can in part be contributed to their vast oil reserves, which offers the possibility for quick but concentrated wealth.

Another contributing factor is the large populous of pariahs in many Middle Eastern countries. A Human Rights Watch study from 2003<sup>348</sup> found that “nearly ten million foreigners, most of them unskilled or semi-skilled migrants, work in Gulf states. Migrants comprise some 90 percent of the 1.7 million workers in the United Arab Emirates” and “despite their value to both their home countries and the societies in which they work, many migrant workers suffer from discrimination, exploitation and abuse”. Still “most of the companies involved in violations are based in countries with strong workers' rights, and the managers in charge of laborers in Dubai are rarely locals”<sup>349</sup>, everything “from management to labor” is outsourced<sup>350</sup>.

While natural inequality is both a product of and a prerequisite for prosperity, we typically see where high natural inequality exist (high-PDI societies), moral inequalities also tend to be present. In the Middle East this is very evident in the case of the Pariahs (un-integrated immigrant workers).

In the spirit of profit maximization (determine the price and output yielding the greatest return) there is in terms of reward (salary), discrimination (laws) and abuse of course a big

---

<sup>346</sup> Chapter 3.3 History and chapter 3.6.4 Measure of a Land - Pace of life

<sup>347</sup> Gini index <https://www.cia.gov/cia/publications/factbook/fields/2172.html> 15-04-07

<sup>348</sup> <http://hrw.org/english/docs/2003/09/19/uae6388.htm> 4-6-07

<sup>349</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-4-07

<sup>350</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-4-07

difference in the way pariahs originating from Scandinavia and south Asia are treated. Scandinavians won't live and work there if some concessions weren't made to accommodate them while cheap labor from south Asia is readily available as just a couple of dollars a day, is a lot better that they might achieve in their native country<sup>351</sup>.

Depending on what one looks for and ones opinion of this system, as a whole pariahs are big noise factors in the PDI. This is because they might skew the dataset (which holds for other dimensions and measures as well). As IBM employees conceivably would belong to the education minority with good outside options, they might be poor yardsticks of the average. This in terms of mean<sup>352</sup> and not to mention the median<sup>353</sup> or mode<sup>354</sup> employee in countries like the UAE with mostly foreign labor (90 %), of which most are poor. Still, in a lot of other studies this is an even bigger noise factor: as they are not citizens (only inhabitants) they don't count.

When we compared corruption, GDP per capita and distribution of economic freedom we saw that corruption correlates positively with PDI while GDP per capita and economic freedom are correlated negatively with it.

Within organizations unequal distribution of power is an essential component. Leadership can work in no other way and a real democracy in a broader sense than a board of directors usual doesn't exist. Leadership is complementary to subordinate-ship - you're not really leading if you don't have followers. Similarly "authority exists only where it is matched by obedience"<sup>355</sup>. How this obedience comes about is another matter, but around the world we can witness everything from satisfactions to complacency to intimidation at work.

Respondents in high-PDI countries agree more than those in low-PDI countries with the statement both "there are few qualities in a man more admirable than dedication and loyalty to

---

<sup>351</sup> Global "population below poverty line" <https://www.cia.gov/cia/publications/factbook/fields/2046.html> and Global "unemployment rates" <https://www.cia.gov/cia/publications/factbook/fields/2129.html> 15-4-07

<sup>352</sup> Defined: Arithmetic average, by Zikmund, W. G. (2003), p. 405

<sup>353</sup> Defined: The midpoint of the distribution, by Zikmund, W. G. (2003) p. 406

<sup>354</sup> Defined: The measure of the central tendency (e.i. most people buy Coca-Cola over Sprite or Fanta → Coca-Cola is the mode beverage of the three), by Zikmund, W. G. (2003) p. 406

<sup>355</sup> Hofstede, G. (2001) p. 82

his company”<sup>356</sup> and “the average human being has an inherent dislike of work and will avoid it if he can”<sup>357</sup> – basically McGregor’s (1960)<sup>358</sup> theory X.

That loyalty and honor are factors more emphasized in (modern) Arabic culture isn’t surprising, with their stronger focus and higher regard for their history and heritage in terms of tradition, customs and religion. That Arabs have a stronger dislike of work is a controversial claim, but there are quite a few issues in their society which act as barriers against working:

- High unemployment through much of the region is an obvious barrier to working (Saudi Arabia, Bahrain and Oman<sup>359</sup>).
- Higher illiteracy, which ranges from about 10 to 25 % in the Arab Gulf states. UNESCO’s traditional definition of literacy is “the ability to read and write, with understanding, a short simple sentence about one’s everyday life”. In a contemporary world it is suggested that we also begin to recognize the importance of “ability to use and communicate in a diverse range of technologies”<sup>360</sup>. In industrialized countries illiterates will have more difficulty finding a job<sup>361</sup>. This is also a component of HDI, where the Middle East also trails Scandinavia.
- Less favorable working conditions (often no unions, fewer if any rights, more physically hard manual labor)
- Pace of life is lower.
- In some countries less or no reason to work for certain groups. (one can make a living from being a sponsor)

---

<sup>356</sup> Hofstede, G. (2001) p 91 – C12

<sup>357</sup> Hofstede, G. (2001) p 91 – C13

<sup>358</sup> McGregor, D. (2000) and Hofstede, G. (2001) p. 90

<sup>359</sup> <http://www.umsl.edu/services/govdocs/wofact2003/rankorder/2129rank.html> 19-5-07

<sup>360</sup> <http://en.wikipedia.org/wiki/Literacy> - 6/2/07

<sup>361</sup> <http://www.umsl.edu/services/govdocs/wofact2003/fields/2103.html> 19-5-07 and <http://en.wikipedia.org/wiki/Literacy> - 6/2/07



- Social problems like oppression of different groups (women, Christians, homosexuals etc) in the Middle East. For instance “Saudi Arabia can be considered the ultimate male-dominated society”<sup>362</sup>. Women don’t have the right to interact with men other than their relatives<sup>363</sup> and must under no circumstance show their face to any man outside their immediate family<sup>364</sup>. Recently moves have been made to curb the religious police, the ‘mutawa’een’s’ power<sup>365</sup>, but there are still lots of issues<sup>366</sup> to be addressed. In short, women – who statistically represent a substantial share of the population<sup>367</sup>, face restrictions and limitations with regards to what work they may actually do.

**Suggestions and words of advice:**

- Be aware that some are more equal than others. Always be respectful of their ways and traditions but also mindful of possible implications (in particular with regards to the less powerful in a society/value-chain).
- In The Gulf Arab states, word is associated with your honor.

**3.12 Uncertainty avoidance index (UAI)**

The one line definition of Uncertainty Avoidance (UAI) that Hofstede proposes is:

*“The extent to which the members of a culture feel threatened by uncertain or unknown situations” (Hofstede 2001, p. 161)*

The UAI norm deals fundamentally with a country’s level of anxiety about the future and the consequential need for protection of the society through the measures of technology, rules and rituals<sup>368</sup>. Uncertainty avoidance can also be referred to and treated as uncertainty aversion.

<sup>362</sup> Morrison, T. et al (2001) p. 333

<sup>363</sup> Morrison, T. et al (2001) p. 333

<sup>364</sup> Brøgger, J. (1993) p. 214

<sup>365</sup> [http://news.bbc.co.uk/1/hi/world/middle\\_east/5016962.stm](http://news.bbc.co.uk/1/hi/world/middle_east/5016962.stm) 4-6-07

<sup>366</sup> <http://www.amnesty.org/ailib/intcam/saudi/index.html> and <http://xrdarabia.org/blog/archives/2007/06/03/religious-police-under-pressure/> 4-6-07

<sup>367</sup> <https://www.cia.gov/cia/publications/factbook/fields/2018.html> 8-8-07

<sup>368</sup> Hofstede, G. (2001) p. 159

Rank (of 53)	Country	UAI
27	Arab countries <sup>369</sup>	68
38	Norway	50
49/50	Sweden	29
51	Denmark	23

Table 4 – Uncertainty avoidance index

Mean 65, SD = 24

The strong uncertainty avoidance sentiment is “what is different is dangerous”<sup>370</sup>. The Arab countries reside right in the middle of this dimension while the Scandinavian countries all end up on the ‘not-so-uncertain’ side of this continuum. This corresponds very well with the fact that UAI decreases with increasing national wealth (GNP/capita) while military budgets are significantly negatively correlated with in (across the 25 wealthier countries)<sup>371</sup>.

In relation to UAI some recurring topics we will be dealing with are relating to stability, trust, and freedom.

### 3.12.1 The origins of UAI

There are different kinds of uncertainty relating to different factors. Hofstede uses a broad and far-reaching understanding of these terms<sup>372</sup>:

- **Technology** is understood to include all human artifacts (tangible and intangible). Technology has helped us face the wrath of nature.
- **Law** is meant to include all formal and informal rules that guide our behavior – in this sense clearly overlapping what we consistently refer to as ‘culture’<sup>373</sup>. The law helps us defend ourselves against each other (although this is often aided by technology).
- **Religion** is meant to encompass all revealed knowledge of the unknown. The knowledge of a life after death (which both Christians and Muslims share) is the ultimate certainty of believers that allows them to face uncertainties in this life, like Muslim martyrs (or suicide attackers) certainty that they will receive everlasting

<sup>369</sup> Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia and the United Arab Emirates

<sup>370</sup> Hofstede, G. (2001) p. 160

<sup>371</sup> Hofstede, G. (2001) p. 248 and [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_military\\_expenditures](http://en.wikipedia.org/wiki/List_of_countries_by_military_expenditures) 20-4-07

<sup>372</sup> Hofstede, G. (2001) p. 146

<sup>373</sup> Chapter 3.7.2 Definition of culture

happiness and 70 virgins in paradise<sup>374</sup>. Also in the so called Christian civilization we find a long history of martyrs giving their lives for their belief<sup>375</sup>.

### 3.12.2 UAI in society

In Europe and most Western countries UAI tends to be correlated with PDI<sup>376</sup>, but globally we're just short of significant correlation<sup>377</sup>. In Europe we see 'germanic' cultures (including Scandinavia) converge on the lower band of both PDI and UAI, while the 'latin' cultures are on the high band<sup>378</sup>.

The three questions (and their answers) determining UAI concentrate on<sup>379</sup>:

- Rule orientation (follow even if one thinks it better to break it). Statistically, the more educated people are, the less rule-oriented they are
- Employment stability (duration). This breaks down to three factors:
  - The older the subject, the more stable
  - The more educated, the less stable
  - Percentage of female employees, the more women the less stable (follows from family role<sup>380</sup>)
- (Perceived) stress level at work. The higher up the hierarchy (organization) one gets, the more stressful it gets. A Norwegian proverb goes "it's windy at the top" [det blåser på toppen]

There are also a series other interesting factors Hofstede found UAI to show a positive relationship with<sup>381</sup>:

- Lower ambition for advancement
- Preference of large organizations (large implies more stability)
- Tendency to avoid competition amongst employees and the notion that "competition between employees usually does more harm than good"<sup>382</sup>

---

<sup>374</sup> <http://www.guardian.co.uk/religion/Story/0,2763,631357,00.html> 18-4-07

<sup>375</sup> [http://en.wikipedia.org/wiki/Christian\\_martyrs](http://en.wikipedia.org/wiki/Christian_martyrs) 31-5-07

<sup>376</sup> Hofstede, G. (2001) p. 145

<sup>377</sup> Hofstede, G. (2001) p. 150, Just short of a significance level of .05

<sup>378</sup> Hofstede, G. (2001) p. 150

<sup>379</sup> Hofstede, G. (2001) pp. 150-152

<sup>380</sup> Hofstede, G. (2001) p. 153

<sup>381</sup> Hofstede, G. (2001) p. 153

- Resistance to change

Hofstede<sup>383</sup> found that if we broadened our scope to include poor countries, unhappiness was primarily a matter of poverty (low GNP/capita) while in rich countries it was a matter of high UAI (cultural anxiety) - high UAI “tends to stand for lower subjective well-being”<sup>384</sup>.

UAI also correlates negatively with newspaper and book reading as well as internet usage. This could suggest that low-UAI countries are more inquisitive and curious in searching for information and new knowledge<sup>385</sup>. Similarly low-UAI countries are shown to be more innovative. For instance Saudi Arabia which got its first patent laws in 1989 took more than six years to issue its first patent<sup>386</sup>. Still low-UAI countries are less inclined to follow rules and regulation, which often results in not necessarily accepting (and adopting) innovations any more quickly<sup>387</sup>.

With UAI also follows more absolute certainties in religion and more intolerance towards other religions<sup>388</sup>. Hofstede states that religion and uncertainty avoidance appears to be ‘meaningfully related’ although religion isn’t the primary cause of UAI differences<sup>389</sup>.

### 3.12.3 Rationality, rules, risk and power

Vilfredo Pareto (1916/1976)<sup>390</sup> suggests that behavior is rational when consisting of activities that “are logically linked to an end, not only in respect to the person performing them but also to those other people who have more extensive knowledge.”

Rules are semi rational<sup>391</sup>, they try to make behavior predictable. Hofstede elaborates that they should consider both the rational and non-rational side of human behavior. Good rules should produce the desired outcome if they are obeyed and concur with the values of the people

---

<sup>382</sup> Hofstede, G. (2001) p. 155

<sup>383</sup> Hofstede, G. (2001) p. 158

<sup>384</sup> Hofstede, G. (2001) p. 157

<sup>385</sup> Hofstede, G. (2001) p. 170

<sup>386</sup> Morrison, T. et al (2001) p. 337

<sup>387</sup> Hofstede, G. (2001) p. 167

<sup>388</sup> Hofstede, G. (2001) p. 176

<sup>389</sup> Hofstede, G. (2001) p. 177

<sup>390</sup> Hofstede, G. (2001) p. 146

<sup>391</sup> Hofstede, G. (2001) p. 147

whose behavior they try to influence. Then they are likely to be obeyed (non-rational side). Bad rules fail one or both of these criteria. Bad rules are often a result of being the produce of or conceived by some but not intended to apply to everyone - they may even grant a select group privileges while placing burdens on others. ‘Private laws’<sup>392</sup> are just such a kind of undesirable institutions, due to their promotion of unequal treatment they often turn out to promote unjust or unethical rules<sup>393</sup>.

Uncertainty avoidance does not equal risk avoidance<sup>394</sup>. Uncertainty is to risk what anxiety is to fear<sup>395</sup>. While risk and fear relates to an object or an event, uncertainty and anxiety are both diffuse feeling with no probability attached<sup>396</sup>. It follows that uncertainty-avoiding societies dislike ambiguous situations. Desirable keywords will rather be structure and predictability. In an interview one respondent (dubbed R1) had a very befitting example relating to this. In the predominantly Muslim Middle East, many don’t believe in wearing seat-belts (or even find it to be blasphemous) as the outcome of a crash depends on the will of Allah<sup>397</sup>, not a humanly devised restraint. This seems highly irrational and certainly risky – to westerners. It illustrates though, how cultural differences relate to rationality, risk and religion. Technology, with all its risk reducing properties, can offset the need for (religious) rituals that otherwise help some cope with intolerable uncertainties<sup>398</sup>.

Hinings et al (1974, p 40)<sup>399</sup> suggested that “coping with uncertainty is the variable most critical to power, and is the best single predictor of it” although not the only one. The power of superiors is more tied to position and relationships in low-UAI societies<sup>400</sup>. Yet the high-UAI countries see more appeal in hierarchical control and formalized conceptions of management<sup>401</sup>. Lower-UAI countries show “greater tolerance of other opinions, less fear of tomorrow and less fear of the unknown”<sup>402</sup>. Finally and predictably, uncertainty avoidance is found to be a major component of xenophobia and racism – alongside cultural masculinity

---

<sup>392</sup> Chapter 3.13.6 IDV in practice – ‘in-groups’

<sup>393</sup> Chapter 3.9 Moral reasoning

<sup>394</sup> Hofstede, G. (2001) p. 148

<sup>395</sup> Hofstede, G. (2001) p. 148

<sup>396</sup> Hofstede, G. (2001) p. 148

<sup>397</sup> Chapter 3.13.4 Moral and calculative behavior

<sup>398</sup> Hofstede, G. (2001) p. 148

<sup>399</sup> Hofstede, G. (2001) p. 166

<sup>400</sup> Hofstede, G. (2001) p. 169 exhibit 4.6

<sup>401</sup> Hofstede, G. (2001) p. 170 exhibit 4.6

<sup>402</sup> Hofstede, G. (2001) p. 176

(MAS)<sup>403</sup>.

### 3.12.4 Freedom

Freedom implies uncertainty of behavior, in oneself and others<sup>404</sup>. Freedom to choose – liberty is at the core of all modern Western societies (and others). We believe in free speech<sup>405</sup>, free press<sup>406</sup>, freedom of religious, political and to a certain degree sexual preference.

Under systems with totalitarian traits, like in the Middle East, many freedoms are typically reigned in, often in the claimed pursuit of equality (rooted in the inherent egalitarian heritage of Muslim societies<sup>407</sup>). In many Arab countries there are also other forces working to offsetting freedom and resisting reformation<sup>408</sup>

### 3.12.5 Trust

An important topic throughout this thesis is trust. Hofstede<sup>409</sup> found that the World Values Survey's "generally speaking, would you say people can be trusted" and UAI showed robust correlations. Younger democracies, statistically, tended to show higher UAI values than those with old democracies (Scandinavia)<sup>410</sup>. While the Middle East's only real democracy is Israel, many of the Arab Gulf states are also moving in that direction<sup>411</sup>. Trust is relatively speaking more important the higher uncertainty aversion (avoidance) we face in a society. In Saudi Arabia Morrison et al holds that the locals need to know you – and like you before they will do business with you<sup>412</sup>.

Jeffrey D. Sachs (2006)<sup>413</sup> suggests that the key to the Nordic (Scandinavian) successfulness are their social 'safety nets', high R&D and higher education spending. This is predominantly

---

<sup>403</sup> Hofstede, G. (2001) p. 175

<sup>404</sup> Hofstede, G. (2001) p. 146

<sup>405</sup> <http://www.un.org/Overview/rights.html> 20-4-07

<sup>406</sup> [http://www.rsf.org/rubrique.php3?id\\_rubrique=639](http://www.rsf.org/rubrique.php3?id_rubrique=639) 20-4-07

<sup>407</sup> Hofstede, G (2001) p. 114

<sup>408</sup> Chapter 3.2.2 Islam as a source of power, Morrison, T. et al (2001) p. 339 and <http://www.opendemocracy.net/xml/xhtml/articles/419.html> 25-02-07

<sup>409</sup> Hofstede, G. (2001) p. 159

<sup>410</sup> Hofstede, G. (2001) p. 172

<sup>411</sup> [http://news.bbc.co.uk/1/hi/world/middle\\_east/3784765.stm](http://news.bbc.co.uk/1/hi/world/middle_east/3784765.stm) 28-02-07

<sup>412</sup> Morrison, T. et al (2001) p. 333

<sup>413</sup> [http://sciam.com/print\\_version.cfm?articleID=000AF3D5-6DC9-152E-A9F183414B7F0000](http://sciam.com/print_version.cfm?articleID=000AF3D5-6DC9-152E-A9F183414B7F0000) 27-02-07

carried out by a large public sector and financed by a subsequent high tax rate. The essence of this is what is often referred to as the Nordic or Scandinavian (welfare) model<sup>414</sup>. Gert Tinggaard Svendsen and Gunnar Lind Haase Svendsen (2006)<sup>415</sup> suggest that trust is actually what makes this model work. The connection between relative size of the public sectors and perceived level corruption found in many places does not appear here<sup>416</sup>.

Hofstede found a negative correlation between UAI and confidence in the legal systems in all countries and with the police across the wealthier counties<sup>417</sup> (which are the ones in focus). The same tendency is also visible in the World Values Study (1990-1993) question 272-285<sup>418</sup>. One of the justifications for this can be the finding that in wealthy high-UAI countries there is more corruption (than in lower-UAI countries)<sup>419</sup>.

Finally Hofstede summarizes some characteristics regarding openness to new experience and information; Trust<sup>420</sup>:

<b>Low UAI</b>	<b>High UAI</b>
If necessary, employees may break rules	Company rules should not be broken
Most people can be trusted	One can't be careful enough with other people, not even family
Acceptance of foreigners as managers	Suspicion of foreigners as managers

**Table 5 – UAI Characteristics**

### 3.12.6 UAI in practice

What's different is dangerous, in the eyes of the uncertainty averse, and it thrives in these societies. Yet, over the last decades, the Middle Eastern societies have changed a lot more than the Scandinavian. Similarity Norway's second largest political party<sup>421</sup> won't denounce playing on people's xenophobia for votes<sup>422</sup> and ironically call themselves 'The progress party'<sup>423</sup>.

<sup>414</sup> [http://www.denmark.dk/portal/page?\\_pageid=374,478048&\\_dad=portal&\\_schema=PORTAL](http://www.denmark.dk/portal/page?_pageid=374,478048&_dad=portal&_schema=PORTAL) and <http://www.um.dk/Publikationer/UM/English/Denmark/kap3/3-1.asp> 27-02-07

<sup>415</sup> <http://www.dagbladet.no/magasinet/2007/02/07/491296.html> 27-02-07

<sup>416</sup> Chapter 3.16.5 Political causes for corruption

<sup>417</sup> Hofstede, G. (2001) p. 171

<sup>418</sup> Hofstede, G. (2001) p. 171

<sup>419</sup> Hofstede, G. (2001) p. 180 exhibit 4.7

<sup>420</sup> Hofstede, G. (2001) p. 160 exhibit 4.4

<sup>421</sup> [http://no.wikipedia.org/wiki/Stortingsvalget\\_2005#Valgresultat](http://no.wikipedia.org/wiki/Stortingsvalget_2005#Valgresultat) 20-4-07

<sup>422</sup> <http://www.vg.no/pub/vgart.hbs?artid=278442> 20-4-07

<sup>423</sup> <http://english.frp.no> 20-4-07

UAI has also something to do with religion, PDI and national wealth. These are areas where we see distinct differences in the Middle East and Scandinavia. The importance of religion and PDI in business life has already been discussed. Increased national wealth will manifest itself in many different ways – one of which is an increased market (for basically anything). Trade relations are also generally a way to promote mutual understanding and flourishing.

Hofstede found UAI to hamper innovation but making its implementation easier<sup>424</sup>.

According to Kolltveit and Reve (2002) an innovation process consists of inventiveness/ingenuity, adoption and diffusion (nyskaping, adopsjon og diffusjon)<sup>425</sup>.

Hofstede's use of the term innovation doesn't seem to put Kolltveit and Reve's emphasis on the fact that innovation can also be a new or modified application or utilization of that which already exists. But regarding risk, which naturally comes with something new or unknown the uncertainty sentiment is defiantly back. While innovation certainly is important, the innovative part of it is only half the job. In order to determine successfulness Kolltveit and Reve cite Methlie's 'degree of success = f(quality x accept)' formula<sup>426</sup>. Low-UAI countries – more open-minded, are better at first part of this while high-UAI countries usually are better latter part – implementing it since when the decision to use the innovation is taken at the top of the hierarchy, the rest scramble to make it so.

The mega projects (for instance cities<sup>427</sup> and islands<sup>428</sup>) undertaken throughout the Arab Gulf states are partly a testament to this, in the West such endeavors simply aren't undertaken (no doubt for a multitude of other reasons also). The distribution of economic freedom also suggest that the Arab Gulf states in many ways have quickly established much of what has taken decades (and centuries) to reach in Europe. Basically copying much of what is now proven elsewhere and successfully implementing it at home.

Rules, which are instruments intended to shape behavior, implicitly increasing predictability and reducing risk, are more likely to be followed in high-UAI societies. Unfortunately, this applies also to bad rules - evident in the acceptance of 'private laws', which typically work

---

<sup>424</sup> Hofstede, G. (2001) p. 167

<sup>425</sup> Kolltveit, B. J and Reve, T. (2002) p. 37

<sup>426</sup> Kolltveit, B. J and Reve, T. (2002) p. 39

<sup>427</sup> [http://en.wikipedia.org/wiki/Portal:Saudi\\_Arabia](http://en.wikipedia.org/wiki/Portal:Saudi_Arabia) 8-5-07

<sup>428</sup> [http://en.wikipedia.org/wiki/Palm\\_Islands](http://en.wikipedia.org/wiki/Palm_Islands) and <http://www.thepearlqatar.com/SubTemplate1.aspx?ID=144&MID=84> 8-5-07



better in acquiescent societies (as high UAI, also being high on the PDI index tend to be). A certain level of regulation is desirable. It makes it easier (and safer) to live, work and attract all important Foreign Direct Investments (FDI's) to the many less developed areas of the world. Where law and order is absent, we generally see a lot of suffering (many regimes in Africa being prime examples). Similarly, in overregulated societies we also find a lot of suffering (the slowly dying phenomenon of command economies being excellent example of this). If we compare 'the economic freedom map' to the 'HDI map' we see that freedom (within reason) seems to a way to promote flourishing.

One of the most noteworthy implications of UAI is on that of freedom. Americans in particular, like to speak of themselves as leaders of 'the free world' and to many Westerns freedom is perhaps the one of our societies' most cherished properties. In the Muslim world, equality trumps freedom<sup>429</sup>. Implications of this are for instance bans on certain liberties, typically excused for religious and/or political reasons.

Another substantial contribution of UAI is with regards to trust. In particular in Scandinavia there has been done a lot of research on what seems to be an X-factor in the development of society. Scandinavian (or Nordic) countries receive generally very good scores across all the rankings and indexes introduced in chapter 3.6 Other measures of a Land. And it's undoubtedly not due to an economic advantage, since Sweden, Denmark and Finland manages superbly without any of Norway's petroleum reserves.

Svendsen and Svendsen<sup>430</sup> found that this actually is just due to trust. They found that Scandinavian trust their governments and their governments reward that trust by again trusting its citizens. In the Middle East trust and respect is something that has to be earned, evident in the fact that the business climate is inherently relations based – and trust is what relations are all about. Another demonstration to this fact is Horowitz's remarks that in Cairo "policemen stood at intersections simply to enforce traffic lights"<sup>431</sup>, under such condition there are bound to be problems in the relationship between state and citizen.

---

<sup>429</sup> Falkenberg, A. W. in counselling (2007), Hofstede, G. (2001) p. 93 and <http://www.ired.com/news/mkt/me-econ.htm> 26-5-07

<sup>430</sup> <http://www.dagbladet.no/magasinet/2007/02/07/491296.html> 27-02-07

<sup>431</sup> Morrison, T. et al (2001) p. 135

If we are to get things done in a smooth and efficient manner, some level of trust is necessary. If not the transaction cost produced would render us uncompetitive. This is also the case in Scandinavia. What happens is domestication of the marketplace, not (necessarily) through mergers and acquisitions but through family and hereditary rule with extensive mingling public and private sector, sacrificing meritocracy. The fact that marriage within families (cousins) is historically desirable in Arab tradition surely helps enforcing the bonds of families and groups<sup>432</sup>.

On the topic of separation of political power and economic power, or lack thereof, Moore (2004) found evidence of state-building and economic development not to be top down (as it typically is). Both Kuwait and Jordan seem to have experienced a more mutual relationship<sup>433</sup>. Moore cites Waldner's argument (also relating to corruption) that "it is elites who make side-payments for their own political goals and not redistributive-seeking groups that demand them"<sup>434</sup>. Thus businesses involvement in the creation of Kuwait's (and Jordan's) founding economic institutions is both a form of rent-seeking and a part of state-building<sup>435</sup>.

The Scandinavian model, as much of Scandinavia works on a professional assumption of trust. We trust other's behavior to be predictable along the rules, regulations and system basically governing our society.

#### **Suggestions and words of advice:**

- In the Arab World business is more personal and dependant on trustful relations than in Scandinavia.
- They won't do business with us if they don't know us (don't trust us)
- Trust can and should be earned through relationships and friendships.
- Trust and relationships should be mutual.
- Favoritism exists between friends and families.

---

<sup>432</sup> Brøgger, J. (1993) p. 184

<sup>433</sup> Moore, P. W. (2004) p. 83

<sup>434</sup> Moore, P. W. (2004) p. 83

<sup>435</sup> Moore, P. W. (2004) p. 83

### 3.13 Individualism and collectivism (IDV)

The third dimension of national culture is one that Hofstede refers to as ‘individualism’ contrasted by its opposing force or the other pole, ‘collectivism’. The suggested one-line definition of Individualism and Collectivism (IDV) is:

*“Individualism stands for a society in which the ties between individuals are loose: Everyone is expected to look after him/herself and her/his immediate family only. Collectivism stands of a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede 2001, p. 223)*

Schwartz (1999)<sup>436</sup> says that “the first basic issue confronting all societies is to define the nature of the relation between the individual and the group”.

Rank (of 53)	Country	IDV
9	Denmark	74
10/11	Sweden	71
13	Norway	69
26/27	Arab countries <sup>437</sup>	38

Table 6 – Individualism/collectivism index

Mean 43, SD = 25

Important and recurring topics through this section are in identity and ‘in-groups’.

#### 3.13.1 The origins of IDV

In the world of animals we can usually distinguish between gregarious (live in herds) and solitary animal. In terms of humans there is no doubt that most people thrive in herds – or as we’ve come to call it - societies. We are so to say relational beings.

The debate of individuality versus collectivism is one littered with strong moral overtones. And as all aspects of culture, it’s a part of our mental programming, indoctrinated in us from early childhood. For instance in the USA (IDV: 91) individualism is viewed as one of the

<sup>436</sup> Schwartz, S. H. (1999) p. 24

<sup>437</sup> Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, and the United Arab Emirates

reasons for the country's greatness<sup>438</sup> and the word 'collectivism' sound too much like 'communism'<sup>439</sup>, which to them is an invective. Embracing that idea, on the highly collectivist side, we find China (IDV: 20), where collectivism literally has been the name of the game. In Mao Zedong's opinion individualism and liberalism was evil and selfish. This pro-collectivist ethos, while taken to the extreme, was thoroughly founded in Chinese tradition<sup>440</sup>.

The inherent egalitarianism found in Islam<sup>441</sup> might just be one of the causes for the Middle East's more collectivist attitude (when compared to Europe). The highest 'ranking' Muslim county on the IDV chart is Iran, at a mere 24<sup>th</sup> place<sup>442</sup>.

Of the cultural dimensions IDV is the most closely correlated to economic development or national wealth (as measured by GNP/capita)<sup>443</sup>. It's negatively correlated with PDI (until we control/correct for national wealth) and within most wealthy countries (like the Scandinavian) it's also negatively correlated with UAI<sup>444</sup>. Hofstede speculates<sup>445</sup> that national wealth actually is a driver of individualism.

### **3.13.2 The importance of identity**

Where PDI is concerned with emotional dependence on more powerful people like superiors, IDV refers to emotional dependence (or lack thereof) on groups, organizations and other constellations. While working with highly related topics or dimensions they are conceptually different. In some cultures individualism is seen as a good thing and a sign of well being (as will be a point of further discussion; it's highly indicative of national wealth) while others see it as alienating<sup>446</sup>.

---

<sup>438</sup> Hofstede, G. (2001) p. 210

<sup>439</sup> Collectivism, The Concise Oxford Dictionary

<sup>440</sup> Hofstede, G. (2001) p. 211

<sup>441</sup> Hofstede, G. (2001) p. 114

<sup>442</sup> Hofstede, G. (2001) p. 215

<sup>443</sup> Hofstede, G. (2001) p. 211

<sup>444</sup> Hofstede, G. (2001) p. 218

<sup>445</sup> Hofstede, G. (2001) p. 253

<sup>446</sup> Hofstede, G. (2001) p. 209

Hjelholt (1976)<sup>447</sup> argue that:

*“Without identity the system or group is neither productive nor satisfying as a place to live. And if we have to get our identity from other systems and just be a prisoner in the working organization, we create a society which is clearly asking for trouble.”*

Before oil was struck Abu Dhabi's<sup>448</sup> economy was fuelled by fishing, camel herding, agriculture (growing of dates and some vegetables), as cultured (artificial) Japanese pearls collapsed the natural pearl market in the 1930's<sup>449</sup>. The city was predominantly constructed of palm fronds with some mud huts. Then oil was struck in 1958. The first paved road in the UAE was made in 1961<sup>450</sup>. Today, less than five decades later, it's got one of the most modern skylines in the world.

Since then, Abu Dhabi (along with the other Arab Gulf states) has seen enormous growth, both in riches and in terms of population. Today 80 % of Abu Dhabi's population are (non-citizen<sup>451</sup> -) expatriates<sup>452</sup>. Still the country is a Muslim state<sup>453</sup>, with at least officially strong roots back to Bedouin culture<sup>454</sup>. This fact is that – what is actually the indigenous culture of Abu Dhabi and/or the UAE will at some point be a difficult question, even more so than today. Certainly it's not a collective programming of its inhabitants, as there are massive gaps between what kind of cultures and societies they were born and raised in. With the present citizen-to-expatriate ratio (1:4) the collective programming of a very large portion of those one interact with (outside ones family) are bound to be aliens in the country. Hjelholt's 'warning' that importing culture was asking for trouble - was perhaps meant for just these circumstances.

If ones sense of identity is strongly linked to ones religion<sup>455</sup>, ones group and ones society, then sudden monumental shifts in these can also lead to turmoil and problems on the

---

<sup>447</sup> Hofstede, G. (2001) p. 213

<sup>448</sup> <http://www.answers.com/topic/abu-dhabi> 6-3-07

<sup>449</sup> <http://www.pbs.org/wgbh/globalconnections/mideast/timeline/text/time3.html> 10-3-07

<sup>450</sup> <http://www.zu.ac.ae/employment/html/historyuaedetails.htm> 6-3-07

<sup>451</sup> [http://en.wikipedia.org/wiki/United\\_Arab\\_Emirates](http://en.wikipedia.org/wiki/United_Arab_Emirates) 6-7-07

<sup>452</sup> <http://www.zu.ac.ae/employment/html/livingauh.html#aboutauh> 6-7-07

<sup>453</sup> Chapter 3.2.4 The imprints of religion

<sup>454</sup> Chapter 3.3 History

<sup>455</sup> Chapter 3.2.1 Origins

individual level. Cause and effect is another discussion, but the fact that much of the Middle East is trouble ridden, and that much of it is due to Western influence, money and policy - is indisputable<sup>456</sup>.

### 3.13.3 'In-groups'

Hofstede holds that it's important to be 'in-group' members in order not to be seen as strangers. In-group members are those belonging to a select society. Everyone belong to several in-groups, the likes of families, department co-workers, choirs, alumni societies, company soccer teams and so on.

Chiu et al (1998)<sup>457</sup> say that:

*“Collectivist cultures emphasize the goals, needs, and views of the ingroup over those of the individual. Compared to individualist cultures, collectivist cultures place greater emphasis on collective goals and standards, are more loyal and generous to other members of the ingroup [and] are more allocentric”.*

While individualism and collectivism work at the cultural (here: society) level we can also distinguish between the same underlying tendencies at the psychological level (individual). Triandis et al (1999) and Triandis (2001) suggest the following understanding of the terms: allocentrics (collectivists) and idiocentrics (individualists):

*“Allocentrics tend to define themselves with reference to social entities” and “often have internalized the norms of their in-groups, so they enjoy doing what their in-group expects them to do (Triandis et al, 1990)”<sup>458</sup>.*

*“In-group goals have primacy or overlap with personal goals, in-group harmony is a value, and social behavior tends to be very different when the other person belongs to an in-group versus an out-group.”<sup>459</sup>*

---

<sup>456</sup> Chapter 3.2.2 Islam as a source of Power

<sup>457</sup> Chiu et al (1998) p. 12

<sup>458</sup> Triandis, H. C. (2001) p. 913

<sup>459</sup> Triandis et al (1999) p. 174

*For idiocentrics, the individual is the basic unit of social perception, the self is an independent entity, personal goals have primacy over in-group goals, in-group confrontation is acceptable, and social behavior is not so different when the other person belongs to an in-group versus an out-group.*”<sup>460</sup>

Ng (1980, p. 229)<sup>461</sup> highlights the fact that the way power is exercised differs between in-group and between-group situations. Accordingly it depends on whether or not the actors belong to the same in-group or group. Getting along also takes precedence to getting ahead<sup>462</sup>, very similar to what we’ve already seen with regards to acquiescence. Similarly Chiu et al (1998)<sup>463</sup> argue collectivist societies are more concerned about status and promoting the group and social harmony than individualistic ones.

### **3.13.4 Moral and calculative behavior**

Etzioni (1975)<sup>464</sup> claimed that we on an organizational basis could expect more ‘moral’ involvement where collectivist values prevailed and more ‘calculative’ behavior where individualist values were dominant. Corruption, or rather grand corruption is another area where we consider calculative behavior to be a component (does the reward justify the risk). But as we’ll see, IDV is in fact the only IBM variable not found to predict corruption.

While it’s circumstantial, it’s interesting to note that Smith et al (1995)<sup>465</sup> found the belief in the role of luck to correlate negatively with Christianity (but not the Hofstede or Schwartz indexes). Luck is inherently unpredictable and has little or nothing to do with calculative behavior (chance is something else). On the other hand, in the Muslim (Arab) world we have the term ‘Insha’Allah’ meaning ‘God willing’ or ‘if it’s God’s will’<sup>466</sup>.

*I’ve lived in Dubai, in the UAE for several years. There I once witnessed a crew of construction workers sitting on the roof of a lorry, obviously on their way to work, with their feet dangling on the windshield on a four-lane highway.*

---

<sup>460</sup> Triandis, H. C. (2001) p. 913

<sup>461</sup> Hofstede, G. (2001) p. 218

<sup>462</sup> Triandis, H. C. (2001) p. 914

<sup>463</sup> Chiu et al (1998) p. 12

<sup>464</sup> Hofstede, G. (2001) p. 212

<sup>465</sup> Hofstede, G. (2001) p. 222

<sup>466</sup> <http://en.wikipedia.org/wiki/Insha'Allah> 7-3-07

Their conviction was probably that God willing they wouldn't die till their time came anyway. To non-believers (or those believing otherwise) this is another example of seemingly extreme determination that doesn't appear to carry any calculative component.

### 3.13.5 Schwartz's seven dimensions

Schwartz found that there are three basic issues confronting all societies:

- The nature of relations between the individual and the group (IDV)<sup>467</sup>.
- Behavior that will preserve the social fabric<sup>468</sup>.
- The relations between humankind and the natural and social world<sup>469</sup>.

He also derived seven dimensions<sup>470</sup> which all could be compared against, which Hofstede ties to his IBM studies on a broad basis. Hofstede found the following correlations to IDV<sup>471</sup>.

Schwartz's seven dimensions (denotations indicate the positive or negative nature of the correlations):<sup>472</sup>

- **Conservatism (-)**
- **Intellectual Autonomy (+)**
- **Affective Autonomy (+)**
- **Hierarchy (-)**
- **Egalitarianism (+)**
- Mastery (only with MAS)
- Harmony (only with UAI)

Schwartz found that Hierarchy and Conservatism values relate positively to each other, because they both regard the actor (individual or group) as a pawn in a collective of

---

<sup>467</sup> Schwartz, S. H. (1999) pp. 26-27

<sup>468</sup> Schwartz, S. H. (1999) pp. 27-28

<sup>469</sup> Schwartz, S. H. (1999) p. 28

<sup>470</sup> Schwartz, S. H. (1999) p. 29

<sup>471</sup> Schwartz, S. H. (1999) and Hofstede, G (2001) pp. 220-221

<sup>472</sup> Schwartz, S. H. (1999) p. 29



interdependence and mutual obligations<sup>473</sup>. Hofstede found that they correlated negatively with IDV<sup>474</sup>.

Further Schwartz found Egalitarianism and Intellectual- and Affective Autonomy values were positively related, as the view that the social actor as an autonomous entity underpinned them both<sup>475</sup>. Hofstede found these both correlate positively with IDV<sup>476</sup>.

Only Mastery and Harmony did not correlate with IDV. These did however correlate with MAS and UAI<sup>477</sup>, in that order.

### 3.13.6 IDV in practice – ‘in-groups’

The concept of in-groups is very well illustrated by the first in-group to which we all belong – that is of course our own family<sup>478</sup>. If we’re in a position where we can, will or must treat people differently, we usually will favor ‘our own’ (in-group). Cognizant of this, a family member is by law considered unfit to participate in certain decisions affecting ‘his/her own’ (close in-groups)<sup>479</sup> in for instance Norway. In Arab tradition, where family-ism hasn’t been phased out to the extent the West has witnessed, the individual isn’t the entity in focus, the (entire) family is<sup>480</sup>. Consequently private laws and famili-ism play much bigger roles in the Middle East than in Europe<sup>481</sup>.

In the collectivist society the in-group or out-group distinctions that children are imprinted with in a family, are further reinforced. This often manifests itself in subgroups being formed in classed at school. Students from the same in-group as e.g. the teacher expect preferential treatment because of it<sup>482</sup>, basically ethnocentrism in action. Similarly Triandis (2001)<sup>483</sup>

---

<sup>473</sup> Schwartz, S. H. (1999) p. 29

<sup>474</sup> Hofstede, G. (2001) p. 221

<sup>475</sup> Schwartz, S. H. (1999) p. 29

<sup>476</sup> Hofstede, G. (2001) p. 221

<sup>477</sup> Hofstede, G. (2001) p. 221

<sup>478</sup> Hofstede, G. (2001) p. 225

<sup>479</sup> <http://lovdata.no/cgi-wift/wiztloksok?base=NL&sys=1&felt=emne&emne=Inhabilitet&PROS=01> 8-3-07

<sup>480</sup> Brøgger, J. (1993) p. 184

<sup>481</sup> Brøgger, J. (1993) p. 186

<sup>482</sup> Hofstede, G. (2001) pp. 234-235

<sup>483</sup> Triandis, H. C. (2001) p. 914

holds that “allocentrics are often more ethnocentric than idiocentrics”. In individualistic societies that kind of behavior will be totally unacceptable<sup>484</sup>.

According to Hofstede<sup>485</sup> “in collectivist cultures one does not trust just anybody – one trusts only ‘one of us’. A consequence of this particularistic way of thinking is that in a collectivist society a relationship of trust should be established before two parties sit down and do business. Once both parties belong to the same in-group they are both entitled to (and expected to give) preferential treatment.

For example, foreigners are usually offered ‘special prices’ that in fact has to be haggled down<sup>486</sup>. This is done by the merchants at Sharjah’s Blue Souq<sup>487</sup> (central market) every day. The initial price offered to e.g. a Scandinavian is above what would be offered to a local customer. However, this is in their culture not considered wrong or immoral – it’s simply a matter of ‘us-them’ thinking; *we* just don’t belong to *their* in-group.

While this might not be make-or-break when buying a carpet or what is at any rate cheap jewellery to western tourists, the same thinking also applies in many large business deals. In Saudi-Arabia, when considering business offers, a fellow tribe member (in-group) will generally get the deal even if his offer is less advantageous than that of a foreigner<sup>488</sup>. He points out that “only natural persons are worthy of trust, and via these persons their friends and colleagues, but not impersonal entities like companies”. Accordingly, losing certain people (those with the in-group relations) can quickly put a company in an out-group position. It also suggests another reason for going with local people, not just the ‘traditional marketing’ reason that local people have local market knowledge, but also because the local market knows the local people.

Society is expected to be there when one needs it, and one is expected to be there when the society needs. Under these circumstances one can’t act independently or individualistically<sup>489</sup>. This is what constitutes the core of the (family) network orientation that the West shrugged

---

<sup>484</sup> Hofstede, G. (2001) pp. 234-235

<sup>485</sup> Hofstede, G. (2001) pp. 238-239

<sup>486</sup> <http://www.sjomannskirken.no/FullStory.aspx?m=1159> 9-3-07

<sup>487</sup> <http://wikitravel.org/en/Sharjah#see> 10-3-07

<sup>488</sup> Morrison, T. et al (2001) p. 332

<sup>489</sup> Brøgger, J. (1993) p. 209

itself of (or some would say lost) in the Middle Ages<sup>490</sup>. As previously stated we are talking about a relations-based marketing system.

### 3.13.7 IDV in practice – norms and values in societies

Different kinds of values and different emphasizes within them naturally leads to different norms evolving. We've earlier held that norms (as a component of institutions) comes from values, while not contesting that, Hofstede remarks that this assumption is "often naive, [as] more often, values and norms follow modal behavior"<sup>491</sup>.

Then we can put forth the following generalization<sup>492</sup>: Low-IDV implies a tendency to keep different (values) standards for in-groups and out-groups (particularism as opposed to universalism). It's not likely to always hold, but it seems to fit with what we've seen thus far.

In individualist cultures it's desirable to speak one's mind – telling the truth<sup>493</sup>, 'speak up' and 'challenge' e.g. one's professors<sup>494</sup>. In most collectivist societies direct confrontation is something to be avoided, the answer 'no' being a form of confrontation, 'yes-man-ship' or acquiescence<sup>495</sup> instead thrives, just like we've seen is also the typical case in high-PDI societies. Collectivist (low-IDV) societies typically also feature much more high-context communications, which will be a noise-factor to anyone not familiar. That's a language they often don't speak very well.

Horowitz<sup>496</sup> notes that "exaggeration and Arabic go hand-in-hand, acceptance is blown up to enthusiasm" and "a mild yes is probably a polite no; at best, it means maybe"<sup>497</sup>. It's also likely to indicate that a society holds traditional values, which is in sync with what Hofstede<sup>498</sup> and Morrison<sup>499</sup> found. High-IDV societies were typically more 'modern' or 'postmodern' when compared to low-IDV societies.

---

<sup>490</sup> Brøgger, J. (1993) p. 209

<sup>491</sup> Hofstede, G. (2001) p. 231

<sup>492</sup> Hofstede, G. (2001) p. 227 exhibit 5.4

<sup>493</sup> Hofstede, G. (2001) p. 228

<sup>494</sup> Hofstede, G. (2001) p. 235

<sup>495</sup> Hofstede, G. (2001) p. 228

<sup>496</sup> Morrison, T. et al (2001) p. 136

<sup>497</sup> Morrison, T. et al (2001) p. 136

<sup>498</sup> Hofstede, G. (2001) p. 369

<sup>499</sup> Morrison, T. et al (2001) p. 332

### 3.13.8 IDV in practice – personnel economics and more

Levine and Norenzayan (1999)<sup>500</sup> found the entire pace of life, and in particular walking speed to correlate negatively with ‘collectivism’. Hofstede<sup>501</sup> sees “this as a physical expression of their [high-IDV societies] self-concept”, a higher focus on themselves, getting somewhere and making something for themselves.

In high-IDV cultures employees are expected to act as ‘economic men’ – rational and self-interested people which abilities and skills are best utilized if the employer can align their interests, e.g. through the use of incentives<sup>502</sup>.

Hofstede found<sup>503</sup> that while in an individualistic setting meritocracy (government by people selected according to merit<sup>504</sup>) is the norm and while in a collectivist society one always takes (in-)group into account. Hiring within family or the family of other company employees is seen as reducing risk which is desirable as uncertainty avoidance usually is ‘stronger’ in collectivist societies.

Another factor reducing the risk-taking in individualistic societies is the fact that at least in Scandinavia laws and regulations are in place to secure the meritocracy (at least in public positions) and the fact that one often won’t take a chance on anything but meritocracy because legally, a ‘risky’ worker can’t be hired, ‘tried out’ and fired if it turns out the it was a bad call. Consequently one is less inclined to give the ‘risky’ worker a change<sup>505</sup>. This is less of an issue in many parts of the Middle East<sup>506</sup>, as dismissals are easier to perform, but oddly poor performance is viewed as a lesser reason for dismissal<sup>507</sup>.

Earley (1994) points out the fact that within any organization there will exist many different in-groups and “the managerial challenge arises from getting to know each employee’s values and beliefs as they are shaped by culture and by individual experiences”<sup>508</sup>.

---

<sup>500</sup> Levine, R. V. and Norenzayan, A. (1999) p. 194

<sup>501</sup> Hofstede, G. (2001) p. 233

<sup>502</sup> Hofstede, G. (2001) p. 235

<sup>503</sup> Hofstede, G. (2001) p. 237

<sup>504</sup> Merit, The Concise Oxford Dictionary 31-5-07

<sup>505</sup> Dahle, K (29-8-06) SE-502 autumn 2006, “Lec02HiringStandardsAug29.ppt” presentation, slides 10-11-07

<sup>506</sup> <http://www.heritage.org/research/features/index/search.cfm> (list by labor freedom rank). 9-3-07

<sup>507</sup> Hofstede, G. (2001) p. 237

<sup>508</sup> Earley, P. C. (1994) p. 114

Misumi (1985)<sup>509</sup> highlights that any leader should be concerned with task performance as well as group maintenance. What (actions) belong to what category will depend on the context, but IDV is certain to affect both.

While groups and their maintenance is an important aspect of an organization, managers should distinguish between focusing on groups and on the individuals, in particular when wanting to reach the individuals. With regards to training, “individualists performed best when exposed to training focused at an individual level, whereas collectivists performed best when exposed to training focused at a group level”<sup>510</sup>. In terms of incentives and bonuses, if given, they should in an individualistically oriented setting be linked to individual performance and in a collectively oriented setting they should target the in-group in focus<sup>511</sup>. Targeting a group of people with the same task and incentive can actually foster the development of an in-group – as they are given something in common, a common task<sup>512</sup>. Especially with regards to individualistic settings managers should be mindful of the importance of structuring the total compensation package so that it fosters teamwork and cooperation, where necessary.

Yet, corruption with (individual) payments being made could be assumed to break even more with the collective programming of minds in collectivist oriented societies and in particular those dominated by Islam (equality, not liberty). From this point of view corruption seems to be an error in society, which is most likely aided by a series of other factors.

Not surprisingly inventiveness which in many ways is the ultimate expression of independence (and ability to think, act and produce independently) correlates with IDV<sup>513</sup>.

Singapore, South Korea and Japan have shown us that wealth can coexist with unbalanced power, at least for some time. But statistically, as countries get richer, PDI will be offset and IDV increase<sup>514</sup>. It's conservable that the Middle East, with its relatively newfound fortunes, is on just that same path.

---

<sup>509</sup> Hofstede, G. (2001) p. 241

<sup>510</sup> Earley, P. C. (1994) p. 112

<sup>511</sup> Hofstede, G. (2001) pp. 240-241

<sup>512</sup> Dahle, K (31-10-06) SE-502 autumn 2006, “Lec10IndustrialPol&SeniorityIncentives.ppt” presentation, slides 2-3

<sup>513</sup> Hofstede, G. (2001) p. 240

<sup>514</sup> Hofstede, G. (2001) p. 247

### Suggestions and words of advice:

- Know the locals, know how and why and also let them know you.
- The focus on the in-group (the collective) not on the individual.
- Constricting business to an in-group or family setting is a way to reduce uncertainty.
- Be in-group, develop a relationship, be honorable and extend them the same courtesy and treatment you wish to receive, and it can be very profitable.

### 3.14 Masculinity and femininity (MAS)

Hofstede's fourth cultural dimension is dubbed 'masculinity' (MAS), naturally contrasted by its opposing force "femininity". The suggested definition of this dimension is as follows:

*"Masculinity stands for a society in which social gender roles are clearly distinct: Men are supposed to be assertive, tough and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life." (Hofstede 2001, p. 297)*

The duality of the sexes, and the fact that societies differ with regards to the relative position between them is one of the most fundamental facts Hofstede touches upon. "Almost universally women attach more importance to social goals such as relationships, helping others, and the physical environment, and men attach more importance to ego goals such as careers and money"<sup>515</sup>.

Rank (of 53) <sup>516</sup>	Country	MAS
23	Arab countries <sup>517</sup>	53
50	Denmark	16
52	Norway	8
53	Sweden	5

Table 7 – Masculinity/femininity index

Mean 43, SD = 25

<sup>515</sup> Hofstede, G. (2001) p. 279

<sup>516</sup> Hofstede, G. (2001) p. 286 exhibit 6.3

<sup>517</sup> Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, and the United Arab Emirates

In a strict sense only that which has to do with procreation separates the ‘feminine’ from the ‘masculine’<sup>518</sup>. Masculinity and femininity will refer to the dominant gender role patterns, that of male assertiveness and female nurturance<sup>519</sup>. Statistically men will show more masculine behavior while women more feminine behavior<sup>520</sup>. The dimension is called masculinity simply because respondents were mostly men<sup>521</sup>.

MAS is the only one of the four IBM dimensions not (at all) related to national wealth. Implicitly, it makes no sense trying to controlling of national wealth like with the other factors and consequently it’s at times difficult to compare it along lines we do the others<sup>522</sup>, where we often distinguish between rich and poor counties.

### 3.14.1 The origins of MAS

Van de Vliert et al (1999)<sup>523</sup> holds that “male supremacy is no more natural than warfare”. Harris (1977, p. 65)<sup>524</sup> find “the occurrence of both depends on climatic conditions, on whether the people had to compete for scarce resources or collaborate for common survival”.

In addition to the religious heritages<sup>525</sup> pulling in different directions a suggested explanation for the very feminine scores reported by all the Scandinavian countries are their Viking heritages, from the 8<sup>th</sup> to 11<sup>th</sup> century A.D<sup>526</sup>. Here women were in charge while their men were away on lengthy ‘business’ trips<sup>527</sup>. Feminine values, like cooperation and shared responsibility (between the sexes) were also central in the Hanseatic League period superseding the Viking era from the 12<sup>th</sup>/13<sup>th</sup> to the 15<sup>th</sup> century<sup>528</sup>.

Hofstede is quick to distinguish between sex and gender, as referring to biological functions and social functions, respectively<sup>529</sup>. Across the majority of societies there is a tendency that men and women take different (gender) roles: Men deal with economics and other

---

<sup>518</sup> Hofstede, G. (2001) p. 280

<sup>519</sup> Hofstede, G. (2001) p. 284

<sup>520</sup> Hofstede, G. (2001) p. 284

<sup>521</sup> Hofstede, G. (2001) p. 285

<sup>522</sup> Hofstede, G. (2001) p. 294

<sup>523</sup> Hofstede, G. (2001) p. 332

<sup>524</sup> Hofstede, G. (2001) p. 332

<sup>525</sup> Chapter 3.2 Religion

<sup>526</sup> [http://en.wikipedia.org/wiki/Viking#The\\_Viking\\_Age](http://en.wikipedia.org/wiki/Viking#The_Viking_Age) 18-4-07

<sup>527</sup> Hofstede, G. (2001) p. 332

<sup>528</sup> Hofstede, G. (2001) p. 332 and [http://en.wikipedia.org/wiki/Hanseatic\\_League#Foundation](http://en.wikipedia.org/wiki/Hanseatic_League#Foundation) 18-4-07

<sup>529</sup> Hofstede, G. (2001) p. 280

achievements, while women devote more attention to take care of people – in particular if there are children involved. Anthropologist Margaret Mead (1950/1962A)<sup>530</sup> suggests this is due to women gaining a “sense of irreversible achievement” that men forever seek to compensate with building all kinds of monuments and killing game (as well as enemies), or more modern context: e.g. trading stocks.

### **3.14.2 Masculine and feminine preferences**

Gender, while being an involuntary characteristic, like nationality, contributes to how our mental programming is in fact programmed<sup>531</sup>. Best and Williams (1993)<sup>532</sup> found that children in Muslim countries typically were indoctrinated with gender stereotypes earlier than children in Christians countries. Gender role socialization starts in the family and is, like the other cultural dimensions, further reinforced in school<sup>533</sup>. Both girls and boys learn their place in society and most of them will also come to want it that way<sup>534</sup>.

It’s also evident and continually cemented in us by most types of media. For example; women’s magazines<sup>535</sup> (like ELLE, Cosmopolitan) and men’s magazines (like FHM, Motor Trend). Here we find distinct differences, both in terms of cover stories and content.

In high-MAS countries men’s values and women’s in the same job differ more than in low-MAS countries<sup>536</sup>. In other words, the difference between the genders is larger in the high-MAS countries than in the low-MAS.

Hofstede found<sup>537</sup> that while “an individual can be both masculine and feminine at the same time”, on a country level culture tended to be one or the other (technically in the continuum in-between). Statistically, “when one moves to a higher level of analysis, the number of factors found normally gets smaller” and at a country level a higher number of people holding masculine values tend to correlate so strongly with fewer people holding feminine values that we can treat the two as one dimension.

---

<sup>530</sup> Hofstede, G. (2001) p. 280

<sup>531</sup> Hofstede, G. (2001) p. 286

<sup>532</sup> Hofstede, G. (2001) p. 300

<sup>533</sup> Hofstede, G. (2001) p. 280

<sup>534</sup> Hofstede, G. (2001) p. 298

<sup>535</sup> Hofstede, G. (2001) p. 280

<sup>536</sup> Hofstede, G. (2001) pp. 279 and 285

<sup>537</sup> Hofstede, G. (2001) p. 293



The IBM studies uncovered that across all (covered) occupations some significant gender differences cropped up<sup>538</sup>:

<b>More important for men:</b>	<b>More important for women:</b>
<ul style="list-style-type: none"> <li>• Advancement</li> <li>• Earnings</li> <li>• Training</li> <li>• Up-to-datedness (didn't show any age effect.)</li> </ul>	<ul style="list-style-type: none"> <li>• Friendly atmosphere</li> <li>• Position security</li> <li>• Physical conditions</li> <li>• Manager</li> <li>• Cooperation</li> </ul>

**Table 8 – MAS gender differences**

An interesting fact is that the three ranking ‘most important’ factors for men show a negative age effect – they become less important (regardless of gender) as men get older, while most of the women’s ‘most important’ factors come across as became increasingly important with age<sup>539</sup>. For recognition and freedom there was no age effect. Underlying this is the reality that as we age we tend to become more social and less ‘masculine’ ego oriented. At age 50 there is almost no difference between men and women’s values, coincidentally this is also the age where most women are out of, or in a less ‘burdensome’, mother role. Consequently, their values can very well be similar to those of men (who’ve come a long way by this age)<sup>540</sup>.

A study of members of the American Management Association (AMA)<sup>541</sup> conducted by Powell et al (1984)<sup>542</sup> uncovered that its women placed greater emphasis on careers over family and home life than their men did. The reason seems to be that the female executives (which weren’t exactly a representative cross section of females in general) held more ‘masculine’ goals than even the average male executive. The two most feminine countries in the study, Norway (IDV:8) and Sweden (IDV:5) also saw this effect<sup>543</sup>.

<sup>538</sup> Hofstede, G. (2001) p. 281

<sup>539</sup> Hofstede, G. (2001) p. 289

<sup>540</sup> Hofstede, G. (2001) pp. 289-290

<sup>541</sup> <http://www.amanet.org/> 13-03-07

<sup>542</sup> Hofstede, G. (2001) p. 281

<sup>543</sup> Hofstede, G. (2001) p. 285

### 3.14.3 Organizations as masculine constructs

In masculine societies the following factors or statements meet more approval (questions not exactly reproduced)<sup>544</sup>:

1. (High) stress (A37)
2. Decisions made by individuals are usually of a higher quality than decisions made by groups (B57)
3. A large company is a more desirable place to work than a small company (C17)
4. A company is responsible for its employees (B52) and for society (B58)
5. The private life of an employee is a concern of the company (C19)
6. Employees have an inherent dislike of work and will avoid it if they can (C13)
7. For getting ahead, knowing people is more important than ability (C15) – implicitly: who you know is more important than what you know

People in masculine cultures are more skeptical towards others. They are more inclined to identify themselves with McGregor's (2000)<sup>545</sup> Theory X, which holds that people will avoid working if they can and that "management consists of getting things done through other people". In higher-MAS countries the job also took a more central position in one's life and job satisfaction makes a larger contribution to a person's total life satisfaction. Accordingly more importance is assigned to having a satisfactory job in order to have a satisfactory life<sup>546</sup>.

In low-MAS societies McGregor's (2000)<sup>547</sup> Theory Y seems to prevail and with this comes an inherent belief in worker empowerment<sup>548</sup>. This is much more of an issue in Scandinavia than in the Middle East. Consequently, we've also come a lot further with regards to empowerment in Scandinavia than in the Middle East. The feminine pattern is also thinking 'small is beautiful' and to keep the company out of one's private life. In summary, the company belongs in a masculine world.

---

<sup>544</sup> Hofstede, G. (2001) pp. 290-291

<sup>545</sup> McGregor, D. (2000) p. 7

<sup>546</sup> Hofstede, G. (2001) p. 292

<sup>547</sup> McGregor, D. (2000) p. 7

<sup>548</sup> <http://en.wikipedia.org/wiki/Empowerment> 14-03-07

### 3.14.4 Competitiveness

Uncertainty avoiding, masculine cultures have lower norms of emotional stability (i.e. are less emotional stability). A judge in Toledo<sup>549</sup> (at the time of Arab or ‘Moors’<sup>550</sup> rule, from 8<sup>th</sup> century to 1185 A.D.<sup>551</sup>) describes Christians living outside the Arab seized territories: “their temper is cold and their mentality rough, their bodies bulky, their skin pale and their hair long. They lack shrewdness and spiritual depth, stupidity and folly reign among them”. In comparison to the Christians this judge held the Moors temper to be ‘hotter’ and their shrewdness and spiritual depth to be greater.

In masculine cultures hard values rule – in its extreme sense winning is “the only thing”<sup>552</sup> and consequently failing, for instance in school, is a disaster<sup>553</sup>. ‘Signaling theory’<sup>554</sup> holds that performance in school indicates potential performance in a job (implicitly: failure in school is a bad omen of things to come). The fact that schooling often is more expensive in high-MAS countries further strengthens this line of reasoning. Yet as a whole, women still perform better in schools (college) than men<sup>555</sup>, but eventually turn out to trail them in terms of careers<sup>556</sup>.

In contrast, the feminine countries of Scandinavia schools devote more attention to encouraging and helping weaker students than openly praising the best ones<sup>557</sup>. Scandinavia has for a long time had free-of-charge schools (all through the highest university levels) and relatively generous public scholarships<sup>558</sup>.

---

<sup>549</sup> Brøgger, J. (1993) p. 177

<sup>550</sup> <http://en.wikipedia.org/wiki/Moors> 18-4-07

<sup>551</sup> [http://en.wikipedia.org/wiki/Toledo,\\_Spain#history](http://en.wikipedia.org/wiki/Toledo,_Spain#history) 18-4-07

<sup>552</sup> Hofstede, G. (2001) p. 303 after Lasch (1980)

<sup>553</sup> Hofstede, G. (2001) p. 303

<sup>554</sup> Dahle, K (17-10- 06) SE-502 autumn 2006, “Lec08InfoSignallingRaiding.ppt ” presentation, slides 2-5

<sup>555</sup> <http://www.nytimes.com/2006/07/09/education/09college.html?ex=1310097600&en=cd9efba2e9595dec&ei=5088&partner=rssnyt&emc=rss> 18-5-07

<sup>556</sup> <http://www.nytimes.com/2006/07/09/education/09college.html?pagewanted=2&ei=5088&en=cd9efba2e9595dec&ex=1310097600&partner=rssnyt&emc=rss> 18-5-07

<sup>557</sup> Hofstede, G. (2001) p. 303

<sup>558</sup> [http://lanekassen.no/templates/SectionPage\\_8060.aspx](http://lanekassen.no/templates/SectionPage_8060.aspx), <http://www.studielaan.dk/> and <http://www.csn.se/Avdelningar/OmCSN/KortaFakta/KortaFakta.asp?MenyIdnr=1356> 14-03-07

Not surprisingly, in the more ‘result oriented’ masculine cultures we see even at a young age that people (youths and adolescents), subjectively tend to rate themselves as more competent than equally competent respondents in more feminine cultures<sup>559</sup>.

### **3.14.5 Macho-ism and nationalism**

In feminine cultures ‘macho’ behavior is more likely to be a source of ridicule than in masculine cultures<sup>560</sup>. High-MAS societies are also more inclined to assign ‘a sense of responsibility’ to men (only) – and the more so the higher the MAS score<sup>561</sup>.

Psychology, which is used to understand and interpret the minds of people everywhere, suffers from the same fallacy as a lot of the other research we gather and analyze to prepare us for what’s out there – it’s a western construct. Psychological theories are often based on U.S. models, as most of the research originates from there. In the U.S. psychology (focus is on the individual) is very popular but what we gather from it, the frame of reference we construct (psychological theories) aren’t necessarily as universally applicable as our utilization of them assume<sup>562</sup>.

There is no ‘one best way’ of dividing gender roles. Neither men, nor women necessarily feel better off in one society because perceived happiness is far more than a question of MAS. A woman in one culture might view another as oppressed, while she in turn might regard the former as immoral. It’s all in the eye of the beholder<sup>563</sup>. Bártová (1976, p. 257)<sup>564</sup> even found that “the oppressed women like the oppressing men” and, to many, the “abaya, worn in the UAE are statements of fashion as much as anything else”<sup>565</sup>

For Scandinavians entering the Arabian market an advantageous factor is the fact that low-MAS societies disagree with the statement “foreign goods are more attractive than our own”, imported goods are a way to show off in high-MAS cultures<sup>566</sup>. Professor Sanjay Goel stated

---

<sup>559</sup> Hofstede, G. (2001) p. 304

<sup>560</sup> Hofstede, G. (2001) p. 309

<sup>561</sup> Hofstede, G. (2001) p. 309

<sup>562</sup> Hofstede, G. (2001) p. 310

<sup>563</sup> Hofstede, G. (2001) p. 310

<sup>564</sup> Hofstede, G. (2001) p. 310

<sup>565</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-4-07

<sup>566</sup> Hofstede, G. (2001) p. 311

that in the case of India (MAS:56)<sup>567</sup>, local “manufacturers have it rough”<sup>568</sup>, for this exact reason.

### 3.14.6 Masculinity in meetings, conflicts and perception of unions

Hofstede includes an anecdotal observation from a Dutchman working for an American company. The Dutchman held that in the U.S. meetings was a chance to tell success stories than addressing issues while in the Netherlands they served to address issues and find solutions. In the U.S. this was done at other times and by individuals<sup>569</sup>. Polley (1989)<sup>570</sup> similarly found when comparing the U.S. to Scandinavia (Norway and Sweden) that while U.S. groups, in a narrow majority (58 %) reported to be of one mind while the corresponding number for Scandinavia was only 26 %. Also, the Scandinavians (much like the Dutchman) were much more accustomed to conflict – and solved these through compromise and negotiations while the high-MAS Americans would rather ‘let the best man win’ and, if at all possible, avoid involving the unions.

Unions are generally perceived as more ‘good’ in feminine cultures where they are seen as helping their small and weak employees against the big and strong employer<sup>571</sup>. In more masculine cultures the view of unions as a nuisance<sup>572</sup> and preference treatment of non-union members is legal and more common<sup>573</sup>. In the Middle East there is no culture for Unions, but things are slowly changing<sup>574</sup>.

### 3.14.7 Masculine- or feminine-orientation, political differences

Porter (1985) suggests three generic strategies to reach (and sustain) a competitive advantage: Either through cost leadership<sup>575</sup>, differentiation<sup>576</sup> or focus<sup>577</sup>. Hofstede has found<sup>578</sup> that in

---

<sup>567</sup> [http://www.geert-hofstede.com/hofstede\\_india.shtml](http://www.geert-hofstede.com/hofstede_india.shtml) 18-5-07

<sup>568</sup> Goel, S. (15-11-06) ORG-410 autumn 2006, “goelilp2006.ppt” presentation, slide 6

<sup>569</sup> Hofstede, G. (2001) p. 316

<sup>570</sup> Hofstede, G. (2001) p. 316

<sup>571</sup> Hofstede, G. (2001) p. 322

<sup>572</sup> [www.mises.org/story/2124](http://www.mises.org/story/2124), [www.detnews.com/2005/autosinsider/0502/26/A01-98482.htm](http://www.detnews.com/2005/autosinsider/0502/26/A01-98482.htm) 21-03-07

<sup>573</sup> <http://money.cnn.com/2007/03/20/news/companies/delta.reut/index.htm> 21-03-07

<sup>574</sup> <http://www.uaeinteract.com/news/default.asp?ID=356>,

[http://en.wikipedia.org/wiki/General\\_Federation\\_of\\_Workers\\_Trade\\_Unions\\_in\\_Bahrain](http://en.wikipedia.org/wiki/General_Federation_of_Workers_Trade_Unions_in_Bahrain) and

[http://en.wikipedia.org/wiki/International\\_Confederation\\_of\\_Free\\_Trade\\_Unions#Middle\\_East](http://en.wikipedia.org/wiki/International_Confederation_of_Free_Trade_Unions#Middle_East) 18-4-07

<sup>575</sup> Porter, M. (1987) pp. 66-68

<sup>576</sup> Porter, M. (1987) pp. 68-69

<sup>577</sup> Porter, M. (1987) pp. 70-71

high-MAS cultures they typically possess a competitive advantage in terms of manufacturing – efficiently, well and fast in particular on a large scale (cost leader or focus style<sup>579</sup>), while low-MAS cultures excel in manufacturing according to customer specifications, service industries (consultation and transportation), biochemistry and high-yield agriculture (differentiation or focus style<sup>580</sup>).

Taxation is an issue for all business, and an interesting one in many places. We won't debate its positive and negative impacts, but we can clearly distinguish between predictability (good) and fairness (good, but to a certain degree dependent on the eye of the beholder) in taxation systems. A testament to the importance of understanding the local culture with regards to understanding tax systems is the fact that in the U.S. there is a common belief that economic problems in i.e. (low-MAS) Sweden is due to high taxes which subsidize the poor, while in Sweden (and continental western Europe) popular belief is that economic problems in the U.S. is due to too much tax relief for the rich and not for ordinary Americans. Former U.S. President Bill Clinton<sup>581</sup> holds in his autobiography<sup>582</sup> that former Presidents Reagan and Bush, as well as the current President Bush's belief in 'trickle down economics' are fundamentally flawed. With the benefit of hindsight it's apparent that in recent decades "the fiscal situation improves under Democrats and deteriorates under Republicans"<sup>583</sup>. Yet Republicans still hold the Presidency, a testament to the fact it certainly is a very complex issue (and the fiscal situation isn't the only things people choose to vote over).

Hofstede also found<sup>584</sup> national permissiveness (acceptance for debatable acts such as joyriding, use of soft drugs, bribery, prostitution, divorce, suicide) to be strongly negatively correlated with MAS, in other words; feminine cultures were much more permissive than masculine cultures. Similarly in feminine cultures (at least in the wealthier ones like Scandinavia) criminal sentences reflected more a desire for correction and less on punishment<sup>585</sup>.

---

<sup>578</sup> Hofstede, G. (2001) p. 317

<sup>579</sup> Peng, M. W. (2006) pp. 52-55

<sup>580</sup> Peng, M. W. (2006) pp. 52-55

<sup>581</sup> [http://en.wikipedia.org/wiki/Trickle-down\\_economics](http://en.wikipedia.org/wiki/Trickle-down_economics) 20-03-07

<sup>582</sup> Clinton, B. (2004) My life

<sup>583</sup> <http://www.intelligentguess.com/blog/2007/04/15/usa-fiscal-deficit-as-a-percentage-of-gdp-under-the-recent-four-presidencies-since-1980/> 18-5-07

<sup>584</sup> Hofstede, G. (2001) p. 319

<sup>585</sup> Hofstede, G. (2001) p. 319

Other findings, regarding racism and xenophobia found that in Europe “respondents in more masculine and poorer countries required assimilation, whereas those in feminine and wealthy [in particular Scandinavia] favored integration”, even if they aren’t always very good at it<sup>586</sup>. In the Middle East this reasoning isn’t directly transferable since citizens in many places are in minority – and also do not want integration. In masculine cultures, such as the UAE, the expelling of unemployed (legal) pariahs (for that reason) is more acceptable than in feminine cultures<sup>587</sup>. Still Hofstede<sup>588</sup> found that to be more a product of less compassion for the weak in a society, than xenophobia. The UAE have in recent years taken steps to speed up emiratization of the private sector work force<sup>589</sup>.

Hofstede also found it evident that feminine countries are usually more supportive of a political left (specifically: socialism) while masculine countries are more concentrated around the ‘no-nonsense’ political center. The political right doesn’t correlate with any of the IBM indexes<sup>590</sup>.

### **3.14.8 MAS in practice**

American interviewers, when looking at CV’s and interviewing (for potential employees) tend to discount information (supplied by the applicant) whereas the Dutch upgrade it. Allegedly this is because American applicants usually oversell themselves and the Dutch are too modest. This works just fine, as long as all stick to their native environment. The potential for cross-cultural errors is thus apparent<sup>591</sup>. The obvious question is then: Is this phenomenon only limited to CV’s and job-interviews? What about contract bids, commercial/advertisement promises etc? Does the fact that exaggeration and Arabic go hand-in mean we should be more vary<sup>592</sup>? What about acquiescence<sup>593</sup>? It certainly is yet another reminder that we’re dealing with a culture with wide-spread high-context communications.

---

<sup>586</sup> <http://e24.no/kommentar/spaltister/jensen/article1742456.ece> 18-4-07

<sup>587</sup> Hofstede, G. (2001) p. 319

<sup>588</sup> Hofstede, G. (2001) p. 319

<sup>589</sup> <http://www.government.ae/gov/en/res/citizen/emp/pension.jsp> 20-03-07

<sup>590</sup> Hofstede, G. (2001) p. 321

<sup>591</sup> Hofstede, G. (2001) p. 315

<sup>592</sup> Morrison, T. et al (2001) p. 136

<sup>593</sup> Morrison, T. et al (2001) p. 136

The fact is that hierarchy in the Middle East (in particular within tribes) is based on age and sex<sup>594</sup>, with old trumping young and men trumping women. The authority of the ‘father’ is the main pillar of the Arab tribe hierarchy and the second is ‘masculine’ authority, expressed primarily through the relations between husband and wife<sup>595</sup>. Since men tend to adopt more feminine values with age some convergence is inevitable. Women’s position relative to that of men in the Middle East seem through Western eyes to be a weak and oppressed one<sup>596</sup>, but actually Muhammed’s intent when limiting women to the private sphere of the family was that of protection<sup>597</sup>. According to Maqsood, the (Sharia) law is to “come down hard on the men who allow their womenfolk to get into difficulties”<sup>598</sup>.

The Inglehart’s<sup>599</sup> WVS findings suggest that ‘well-being’ was associated with a combination of high IDV and low MAS<sup>600</sup>. Specifically, MAS was correlated positively with well being in poor countries and negatively in rich countries, but here wealthy feministic oriented countries showed the highest levels of well-being<sup>601</sup>. Even if MAS doesn’t affect national wealth it’s apparent that in the UNDP’s HDI index<sup>602</sup>, the Gulf Arab states are gaining on Scandinavia but still trailing them. The (historical) reason for this, Hofstede speculates, are people in poor countries being locked in a ‘struggle for survival’ and under such circumstances feminine values would render them more vulnerable<sup>603</sup>. Toughness and decisiveness are much more valuable traits in this environment, depicting strength and leadership.

While it’s difficult to compare different countries’ income tax, corporate tax or VAT due to the complexity of most taxation schemes, the trend is that Scandinavia (with their much larger public sectors) feature higher tax rates across the board while the oil rich nations of the Middle East don’t<sup>604</sup>. Free trade zones<sup>605</sup> have also caught on in the Middle East and attracted a lot of FDI’s. With their volume as evident through the enormous need for and immigrants and pariahs they also represent a significant internal market. Additionally they have been, and

---

<sup>594</sup> Brøgger, J. (1993) p. 211

<sup>595</sup> Brøgger, J. (1993) p. 213

<sup>596</sup> Morrison, T. et al (2001) p. 333

<sup>597</sup> Brøgger, J. (1993) p. 183

<sup>598</sup> [http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia\\_3.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia_3.shtml) 22-5-07

<sup>599</sup> [http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07

<sup>600</sup> Hofstede, G. (2001) p. 296

<sup>601</sup> Hofstede, G. (2001) p. 296

<sup>602</sup> <http://hdr.undp.org/hdr2006/statistics/indicators/10.html> 14-03-07

<sup>603</sup> Hofstede, G. (2001) p. 296

<sup>604</sup> [http://en.wikipedia.org/wiki/Tax\\_rates\\_around\\_the\\_world](http://en.wikipedia.org/wiki/Tax_rates_around_the_world) 24-03-07

<sup>605</sup> [http://en.wikipedia.org/wiki/Free\\_port#Asia](http://en.wikipedia.org/wiki/Free_port#Asia) 20-03-07



still are very helpful asserts in particular for Dubai, in its quest to establish itself as an international hub, in terms of transport and commerce.

As mentioned, Schwartz (1999)<sup>606</sup> value dimension ‘Mastery’ correlated significantly with MAS. It “comprises the values ambitious, capable, choosing own goals, daring, independent and successful, all on the positive pole”<sup>607</sup>. The claim that 16 %<sup>608</sup> (or even 24 %<sup>609</sup>) of the worlds construction cranes are in Dubai, certainly befits these adjectives.

Husted’s (1999)<sup>610</sup> put forth a number of hypothesis’, of which the 6th reads: “the greater the masculinity of a culture, the higher the level of corruption in a country”, which he was able to prove. However, Hofstede found this to be only partly accurate<sup>611</sup>, but in the case of Scandinavia versus the Middle East it definitely seems to be the case. Corruption often is the easiest way to get the means to show off and that’s more important to the people in high-MAS cultures<sup>612</sup>. Even if the economic institutions and possibilities are there, national permissiveness is still trailing Scandinavia significantly<sup>613</sup>.

#### **Suggestions and words of advice:**

- In The Gulf Arab states Men and Women are not equals.
- Harder and tougher values dominate.
- Tradition and respect are highly valued.
- Who we know is often more important than what we know.

---

<sup>606</sup> Schwartz, S. H. (1999) p. 29

<sup>607</sup> Hofstede, G. (2001) p. 296

<sup>608</sup> <http://www.washingtonpost.com/wp-dyn/content/article/2006/01/13/AR2006011300579.html> 18-5-07

<sup>609</sup> <http://archive.gulfnews.com/articles/06/06/18/10047703.html> 18-4-07

<sup>610</sup> Husted, B. W. (1999)

<sup>611</sup> Hofstede, G. (2001) p. 322

<sup>612</sup> Hofstede, G. (2001) p. 311

<sup>613</sup> [http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia\\_3.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia_3.shtml) 22-5-07

[http://en.wikipedia.org/wiki/Sharia#Contemporary\\_practice\\_of\\_Sharia\\_law](http://en.wikipedia.org/wiki/Sharia#Contemporary_practice_of_Sharia_law) 20-03-07

### 3.15 Long-term orientation (LTO)

The short definition of Long Term Orientation is:

*“Long Term Orientation (LTO) stands for the fostering of virtues oriented towards future rewards, in particular, perseverance and thrift. Its opposite pole, Short Term Orientation, stands for the fostering of virtues related to the past and present, in particular, respect for tradition, preservation of ‘face’ and fulfilling social obligations”. (Hofstede 2001, p. 359)*

This section of Hofstede’s cultural analysis differs from the others in the sense that it’s not based on the IBM studies, nor is it conceived by ‘western’ minds<sup>614</sup>. The scores are based on a questioner by Chinese scholars in 23 countries – of which Sweden is the only Scandinavian participant. Through the WVS97<sup>615</sup> scores for Denmark and Norway are derived (in addition to an alternate score of 22 for Sweden). The downside is the lack of an analysis on the Middle East. Yet Hofstede devotes a section of the LTO-discussion to “the Muslim world”. The upside to it (LTO) is, in the authors mind, its completing of a framework for cultural analysis through an organization.

<b>Rank (of 23)<sup>616</sup></b>	<b>Country</b>	<b>LTO</b>
<b>50</b>	Denmark	(46)*
<b>52</b>	Norway	(44)*
<b>12</b>	Sweden	33 (22)*

**Table 9 – Long-term orientedness index**

\*WVS97 scores in parentheses.

#### 3.15.1 The origins of LTO

LTO is divided in two sections, one dealing with family, work and social life and the second dealing with ways of thinking, including religion and philosophy<sup>617</sup>. LTO isn’t correlated with any of the other IBM-dimensions, but with national economic growth from 1965 to -85 and even more till -95 (more recent data isn’t presented)<sup>618</sup>.

<sup>614</sup> Hofstede, G. (2001) p. 351

<sup>615</sup> Hofstede, G. (2001) pp. 356-357

<sup>616</sup> Hofstede, G. (2001) p. 356 exhibit 7.1

<sup>617</sup> Hofstede, G. (2001) p. 351

<sup>618</sup> Hofstede, G. (2001) p. 351

It's heavily inspired by the teachings of Confucius<sup>619</sup> (Kong Ze), which argued that ethics should trump religion. His key principles are as follows<sup>620</sup>:

- *The stability of society is based on unequal relationships between people.* Some form of hierarchy is necessary; it's grants powers to some and duties to others.
- *The family is the prototype of all social organizations.* Bringing harmony is of its primary functions.
- *Virtuous behavior towards others consists of not treating others as one would not like to be treated oneself.* Implicitly, "so in everything, do to others what you would have them do to you", as read in the Book of Matthew 7:12 – the so called golden rule<sup>621</sup>. This is quite in line with Islam's "God helps His servant as long as His servant is helping his brother"<sup>622</sup>, but stopping short of Christianity's love your enemies.
- *Virtue with regard to one's tasks in life consist of truing to acquire skills and education, working hard, not spending more than necessary, being patient, and persevering.* Moderation is prescribed in all things. This is also reflected in more modern western philosophies such as the Protestant Work Ethic (PWE)<sup>623</sup>

### 3.15.2 The limitations of LTO

All the Hofstede dimensions are on what's basically ordinal scales<sup>624</sup>, meaning we can rank them (67 is more than 55), but we can't quantify the differences (80 isn't simply twice as much as 40). It is also possible to receive a score outside the 0 – 100 field even though the data is sorted in an attempt to fit within that range. Thus even if the scores are computed in a different manner, as long as issues with validity and reliability are met, it's still assumed to be both useful and usable dimension for our task.

The only Muslim countries to receive a LTO score is Bangladesh (LTO:40) and Pakistan (LTO:0!). Neither can be argued to be 'Arabic' enough to supply a good frame of reference.

---

<sup>619</sup> Hofstede, G. (2001) p. 351

<sup>620</sup> Hofstede, G. (2001) p. 354

<sup>621</sup> Hofstede, G. (2001) p. 354 and [http://en.wikipedia.org/wiki/Ethic\\_of\\_reciprocity](http://en.wikipedia.org/wiki/Ethic_of_reciprocity) 25-03-07

<sup>622</sup> [http://en.wikipedia.org/wiki/Ethic\\_of\\_reciprocity#Islam](http://en.wikipedia.org/wiki/Ethic_of_reciprocity#Islam) 25-03-07

<sup>623</sup> <http://www.coe.uga.edu/~rhill/workethic/hist.htm#protest> 25-03-07

<sup>624</sup> <http://www.math.sfu.ca/~cschwarz/Stat-301/Handouts/node5.html> 19-5-07

Consequently, LTO's direct contribution to understanding the Arab Gulf states will be somewhat limited.

### 3.15.3 Traits of LTO

Some general remarks should still be made, much of the essence of LTO ties into the other dimensions and religion. Some of the more interesting, typical, implication of low-LTO:

- Quick results expected<sup>625</sup> (i.e. stock markets, quarterly results)
- Respect for tradition<sup>626</sup>
- Less pragmatic and more moralistic attitude towards marriage<sup>627</sup>
- Meritocracy, which is (social and economic) differentiation according to abilities<sup>628</sup>. Also success is more attributed to ability than effort than in high-LTO cultures<sup>629</sup>
- "Humility" is a feminine virtue<sup>630</sup>

### 3.15.4 Respect for traditions

The Arab world or the Muslim world places a much stronger emphasis on tradition than the Scandinavian countries. Arab (or Muslim) societies tradition values are in many ways also their religious values as most of them identify themselves as Muslim<sup>631</sup> before recognizing themselves as a citizen of e.g. Dubai<sup>632</sup>. Muslim people strongly believe that Islam this is the true and superior belief<sup>633</sup>.

While Saudi Arabia have changed immensely since WW2 – into a technological society<sup>634</sup> - the culture embedded in the society don't change that fast – their values and traditions are still those of a non-technological society<sup>635</sup>. Hofstede holds that "Muslim traditions are still caught

---

<sup>625</sup> Hofstede, G. (2001) p. 360 exhibit 7.5

<sup>626</sup> Hofstede, G. (2001) p. 360 exhibit 7.5

<sup>627</sup> Hofstede, G. (2001) p. 361

<sup>628</sup> Hofstede, G. (2001) p. 362

<sup>629</sup> Hofstede, G. (2001) p. 365

<sup>630</sup> Hofstede, G. (2001) p. 366 exhibit 7.6

<sup>631</sup> Chapter 3.2.1 Origins

<sup>632</sup> [http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-4-07

<sup>633</sup> Brøgger, J. (1993) pp. 179-180

<sup>634</sup> Morrison, T. et al (2001) p. 332

<sup>635</sup> Morrison, T. et al (2001) p. 332

in a definition of Truth that hinders their coping with modernity”<sup>636</sup>. Hofstede speculates<sup>637</sup> that the enormous oil-riches accumulated over the last decades might have been more of nuisance than an asset – like TI elaborates in their theory of “the oil curse”.

### 3.15.5 LTO in practice

The modern intellectual elite in new Arab national states that are working to modernize their respective countries are being fought by (religious) fundamentalist as well as large parts of the public which cultural horizon is determined in their childhood Islamic teachings<sup>638</sup>. Among these fundamentalist there are unfortunately many opinion leaders who seem to view modern technology and Western ideas as a threat rather than an opportunity<sup>639</sup>. Religion is traditionally a source of power, especially where it’s got a strong footing, which is still the case through much of the Middle East. Zakaria states that today this position is further reinforced by the belief, through many levels of society, that Islam is the answer to many of the modern world’s problems and shortcomings<sup>640</sup>. In Saudi Arabia “the King supports modernization as long as it does not undermine the country’s stability and Islamic heritage”<sup>641</sup>.

Culture is underpinned by lots of interrelated dynamics, but one (of many) general rules of thumb on culture is; don’t try to change it (too) quickly. According to Falkenberg it typically won’t work and it usually turns out nasty<sup>642</sup>. Establishing democracies in a Western sense of the word has been difficult and it’s speculated to be partly due to lack of democratic institutions and traditions in Arabic urban societies<sup>643</sup>. Political parties have tended to attract leadership with little regard for democratic play<sup>644</sup>. Popular movement often takes on a fundamentalist character and mobilization is typically founded in Religion and the notion that ‘we hold the absolute truth’ with ‘no accept for different points of view’<sup>645</sup> – which has been (and with no apparent end in sight) anything but smooth sailing. Zakaria also holds the

---

<sup>636</sup> Hofstede, G. (2001) p. 369

<sup>637</sup> Hofstede, G. (2001) p. 369

<sup>638</sup> Brøgger, J. (1993) p. 205

<sup>639</sup> Hofstede, G. (2001) p. 369

<sup>640</sup> <http://www.msnbc.msn.com/id/11182278/site/newsweek/page/2/> 19-5-07

<sup>641</sup> Morrison, T. et al (2001) p. 339

<sup>642</sup> Falkenberg, A. W. in conversation and counselling.

<sup>643</sup> Brøgger, J. (1993) p. 180

<sup>644</sup> Brøgger, J. (1993) pp. 180-181

<sup>645</sup> Brøgger, J. (1993) p. 181

perception that the Western-style approach to politics has just brought tyrants and stagnation. This does not aid the Western case and is something fundamentalist forces exploit<sup>646</sup>.

Morrison et al's finding that "Westerns seem to have a particular difficult time adapting to (Saudi) Arabian customs and traditions"<sup>647</sup> seem spot on. Their suggestion is that one should learn the rules before one got there and accept that one isn't going to change the Arabs or their rules<sup>648</sup>. Local knowledge is the key to successful local action. A prime example of a failure in this regard is 'the coalition forces' attempts at establishing democracies in Afghanistan and in particular in Iraq. Lack of insight and 'poor planning'<sup>649</sup> have cost the coalition dearly in terms of political capital<sup>650</sup> and money<sup>651</sup>, and the local populations in terms of lives<sup>652</sup> and human suffering<sup>653</sup>.

Falkenberg, Zakaria<sup>654</sup> and Morrison et al, while through different perspectives seem to be quite in unison with these words of author and scholar C. S. Lewis<sup>655</sup>:

*"Of all tyrannies, a tyranny sincerely exercised for the good of its victims may be the most oppressive. It would be better to live under robber barons than under omnipotent moral busybodies. The robber baron's cruelty may sometimes sleep, his cupidity may at some point be satiated; but those who torment us for our own good will torment us without end for they do so with the approval of their own conscience."*

### **Suggestions and words of advice:**

- Do your homework and come prepared!
- The want our business, not our society or its values.

---

<sup>646</sup> <http://www.msnbc.msn.com/id/11182278/site/newsweek/page/2/> 19-5-07

<sup>647</sup> Morrison, T. et al (2001) p. 330

<sup>648</sup> Morrison, T. et al (2001) p. 330

<sup>649</sup> Former CPA Adviser on Iraq Invasion:

<http://www.democracynow.org/article.pl?sid=04/11/05/1521213> 21-4-07

<sup>650</sup> Political ramifications for the GOP of the war:

[http://www.usatoday.com/news/politicsselections/vote2006/2006-11-08-cover-usat\\_x.htm](http://www.usatoday.com/news/politicsselections/vote2006/2006-11-08-cover-usat_x.htm) 21-4-07

<sup>651</sup> A popular estimate on the cost of the Iraq war:

[http://nationalpriorities.org/index.php?option=com\\_wrapper&Itemid=182](http://nationalpriorities.org/index.php?option=com_wrapper&Itemid=182) 21-4-07

<sup>652</sup> Different sources on casualties of war:

[http://en.wikipedia.org/wiki/Casualties\\_of\\_the\\_conflict\\_in\\_Iraq\\_since\\_2003#References](http://en.wikipedia.org/wiki/Casualties_of_the_conflict_in_Iraq_since_2003#References) 21-4-07

<sup>653</sup> Some HDI parameters on Iraq and Afghanistan (a complete picture is not available)

[http://hdr.undp.org/reports/global/2003/indicator/pdf/hdr03\\_table\\_30.pdf](http://hdr.undp.org/reports/global/2003/indicator/pdf/hdr03_table_30.pdf) 21-4-07

<sup>654</sup> <http://www.msnbc.msn.com/id/11182278/site/newsweek/page/3/> 19-5-07

<sup>655</sup> <http://www.globalisationinstitute.org/blog/quotations/quote-unquote%3a-c.-s.-lewis-on-moral-busybodies-200704201078/> 21-4-07

- In their land act in accordance with their rules and traditions.

### 3.16 Corruption

Corruption, including bribery, favoritism and nepotism is a recurring phenomenon in many places. What is corruption and where do we find it? What kind of damage does it do? What causes it and what measures can be implemented to limit it?

Corruption is a complex term to which there exist a myriad of different definitions. We'll use the broad and well established definition and Transparency International (TI). They define corruption as “the misuse of entrusted power for private gain”<sup>656</sup>. This definition is basically the same as Falkenberg's<sup>657</sup> “misuse of ones position - for personal gain” by a public or private official. An understanding of this should also extend to the situation where a (for instance: oil) company official bribe a government official to secure a deal, since both (of them) stand to gain. One receives a bribe and the others surely receive some accreditation or reward from the company.

Some typical examples of corruption are<sup>658</sup>:

- |                   |                   |
|-------------------|-------------------|
| • Bribery         | • Public permits  |
| • Kick backs      | • Licenses        |
| • Contracts       | • Tax rules       |
| • Tax evasion     | • Court decisions |
| • Fraud           | • Nepotism        |
| • Insider trading |                   |

The left column exist in both B2B (business to business) and B2G (business to government) relations while the right is usually only found in B2G relationships. It's difficult to refer to an organization as corrupt just because they have been involved in an activity facilitated by the use of corrupt practice. Very often only a select handful of people actually know of the corrupt actions – they are illegal and subsequently the less people that know, the better. In the

<sup>656</sup> [http://www.transparency.org/news\\_room/faq/corruption\\_faq#faqcorr1](http://www.transparency.org/news_room/faq/corruption_faq#faqcorr1) 26-4-07

<sup>657</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

<sup>658</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

Statoil-Iran incident this seemed to be the case as just a few people at the top were ousted and found to be guilty of any wrongdoing<sup>659</sup>.

Still, when dealing in treacherous waters one should pay attention, sleeping at the wheel don't exempt one from 'sins of omission'<sup>660</sup>.

In this chapter interviews and response to the questionnaires are worked directly into the sections they are intended to describe.

The purpose of these interviews and questionnaires Scandinavians who work/have worked in the Arab Gulf were the initial choice. Finally it was settled on a sample or panel consisting of 4 respondents from Dubai in the UAE, one (R4) from Muscat in Oman, one (R5) from Ahmadi in Kuwait and finally one (R7) from Cairo in Egypt. Several of the respondents had held different jobs or a mixture of positions in the Middle East, but all had been connected to the shipping-, oil and gas sector or to media (R7).

The respondents are numbered R1 through R7 and the questions Q1 to Q8M. Respondents R1 and R2 have also been subject to interviews. These interviews served to shed some light on and refine some impressions and comments. They also turned out to further prove the initial findings and thus add to both their validity and reliability.

### **3.16.1 Petty and Grand corruption**

In fighting and avoiding corruption we should distinguish between 'according to rule' and 'against the rule' corruption<sup>661</sup>. The former, namely greasing or facilitation payment is where a bribe is paid to receive preferential treatment for something that the receiver of the bribe (the bribed) is required to do by law. The latter, on the other hand, is where a bribe is paid to obtain services the bribed is prohibited from providing.

---

<sup>659</sup> Grimsby, A. et al (2006) Statoil – Iran, term-paper in ORG-408 spring 2006 and <http://www.skup.no/Metoderapporter/2003/statoil-saken.doc> 4-6-07

<sup>660</sup> Falkenberg, A. W. (2004) p. 27

<sup>661</sup> [http://www.transparency.org/news\\_room/faq/corruption\\_faq#faqcorr1](http://www.transparency.org/news_room/faq/corruption_faq#faqcorr1) 26-4-07



The first kind of corruption (according to rule) is most commonly met in the form of petty corruption, and usually involves small amount of money for lower level employees<sup>662</sup>. During a study of the recession in 2001-02 TI found this often to be due to poverty and/or low wages in the Middle East and North Africa (MENA) region<sup>663</sup> – in other words, petty corruption rose as a consequence of declining real wages. A few dollars seldom pay for breaking the law; it's rather a token sum to 'grease' or speed up the execution of the law<sup>664</sup>. It can also be perceived as a response by the little guy to the example set by the big guy (government and businesses). All the respondents were in complete agreement that facilitation payments are customary in certain places (Q8<sup>665</sup>). One (R7) also states in reply to Q5<sup>666</sup> that corruption is a "product mainly of systematic mismanagement and failed economic policies, in combination with poverty. However, it should be noted that the worst corruption generally takes place among the already wealthy".

The latter kind of corruption is grand corruption and is found in the form of both 'according to rule' and 'against the rule' corruption. Grand corruption often involves large amount of (usually) money and similarly large concessions<sup>667</sup>. However it can also refer to the level in society which this corruption takes place, namely the higher echelons of society – where it's very often tied to political corruption<sup>668</sup>. Where petty corruption is sand in the machinery of a society, grand corruption is the equivalent of throwing a spanner in the works. Examples of grand corruption are kickbacks, offering no-bid contracts, offering to the highest briber and not the highest bidder, giving taxation concessions, granting what should be denied and various other forms of misconduct<sup>669</sup>.

While the aggregated cost of petty corruption (which tends to involve a lot more people) can for a society be even greater than the cost of grand corruption<sup>670</sup>. George Moody-Stuart, a key figure behind TI<sup>671</sup> never the less holds that petty corruption "can seriously damage the quality of life of the ordinary citizen—particularly that of the most vulnerable members of

---

<sup>662</sup> Ljunggren and Magnussen (1998) p. 4

<sup>663</sup> <http://www.transparency-lebanon.org/Archives/Press/GCR%202002-%2029.08.2002.PDF> 26-4-07

<sup>664</sup> <http://www.business-anti-corruption.com/normal.asp?pageid=143> 26-4-07

<sup>665</sup> Q8D. Some places it's customary to make some kind of facilitation payment (paying greasing money).

<sup>666</sup> Q5. Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?

<sup>667</sup> Ljunggren and Magnussen (1998) p. 4

<sup>668</sup> <http://www.u4.no/document/faqs5.cfm#grandcorruption> 1-6-07

<sup>669</sup> <http://www.u4.no/themes/pfm/Revenueissue/revenue1.cfm> 1-6-07

<sup>670</sup> Ljunggren and Magnussen (1998) p. 4

<sup>671</sup> [http://www1.transparency.org/about\\_ti/history.html#forming](http://www1.transparency.org/about_ti/history.html#forming) 1-6-07

society. But grand corruption can destroy nations: where it is rampant, there is no hope of controlling petty corruption”<sup>672</sup>.

One respondent (R7, Q7C<sup>673</sup>) proposed that having “to pay to get what is legally yours - *at all*, might be different from paying to jump in the queue”. To R7 some petty corruption unfortunately seems like a necessary tool to save time.

### 3.16.2 Implications of corruption

When the UN General Assembly adopted the UN Convention against Corruption former Secretary-General Kofi Annan stated that “corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid”<sup>674</sup>.

This is what the World Bank’s have observed to be typical consequences of corruption<sup>675</sup>:

- Macroeconomic instability due to lack of government revenue, excess spending and erosion of expenditure control. Countries amassing debt on ‘white elephant’ projects, being exposed to tax evasion and a general loss of confidence from investors and financial markets. Customary the cost of this instability is bore by all elements of society but in particular the poor. According to Falkenberg it “keeps markets and democracies from working”<sup>676</sup>.
- Corruption reduces foreign direct investment (FDI). As long as conditions are fairly predictable (because of or in spite of corruption) a country will usually see FDI’s as companies just transfer the extra cost of doing business to its customers. Still it leaves countries with a national competitive disadvantage. Counties plagued by the ‘natural resource curse’ (chapter 3.16.4 The ‘natural resource curse’ or ‘oil curse’) continue to

---

<sup>672</sup> [http://www.cipe.org/publications/ert/e22/E22\\_05.pdf](http://www.cipe.org/publications/ert/e22/E22_05.pdf) 1-6-07

<sup>673</sup> Q7C. Lack of time (pay a bribe to save time)?

<sup>674</sup> <http://www.unodc.org/unodc/corruption.html> 27-4-07

<sup>675</sup> <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm> 26-4-07

<sup>676</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

see FDI's but they are limited, often excavation and extraction only with no value adding which would create much needed jobs and revenue.

- Corruption increases the cost of doing business and small and medium size businesses usually carry a disproportionately large burden. These businesses usually play a key role in future of developing and transitional economies<sup>677</sup>.
- Corruption causes environmental destruction. Regulations protecting the environment can often be circumvented by bribing inspectors or buying 'permits', to allow for logging rainforests<sup>678</sup>, burying toxic waste (Koko Beach incident)<sup>679</sup> etc.
- As stated it also creates poverty, just as poverty creates (petty) corruption. It increases costs for ordinary people and renders countries less competitive and attractive in the eyes of much needed foreign capital. Husted says "it appears that some sort of mutual causation may exist between income inequality and corruption"<sup>680</sup>.

George Moody-Stuart quotes the Anglo-Irish Statesman Edmund Burke who already in 1777 recognized that "among a people generally corrupt, liberty cannot long exist". Moody-Stuart holds "he might almost have had fore-knowledge of the situation in many African, Asian and Latin American countries two centuries later, with the serious danger of several former Soviet Union countries following the same path"<sup>681</sup>.

The World Bank's 1997 Development Report found that "the consequences of corruption often do not end with paying off officials and getting on with business. Government arbitrariness entangles firms in a web of time-consuming and economically unproductive relations"<sup>682</sup> further adding to corrupt counties competitive disadvantage.

---

<sup>677</sup> Ljunggren and Magnussen (1998) p. 9

<sup>678</sup> <http://www.greenpeace.org/international/press/releases/africa-s-rainforest-depend-on> 26-4-07

<sup>679</sup> <http://www.tve.org/earthreport/archive/20Aug2001.html> 26-4-07

<sup>680</sup> Husted, B. W. (1999)

<sup>681</sup> <http://www.21stcenturytrust.org/corrupt.doc> 1-6-07

<sup>682</sup> <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm> 26-4-07

### 3.16.3 Is corruption a part of Culture?

When speaking of corruption in culture we should make the distinction between culture and personal moral. Corruption is usually a part of the latter. When a poor and deprived people attempt to get some 'grease money' it's not due to lack of moral and to enrich themselves, it's to relieve suffering – it's out of despair and not out of greed. Grand corruption on the other hand is usually connected to greed. Insufficient institutional frameworks may allow it to happen, but it's seldom accepted in the society<sup>683</sup>. The populous as a whole are victims as they only feel the adverse effects of it, as the World Bank observed.

In answer to Q5<sup>684</sup> on whether corruption is more a product of bad moral or insufficient legal frameworks the answers differed greatly. This finding implies that it is in fact some mixture of both:

- 2 respondents found it to be due to lacking legal frameworks
- 2 respondents found it to be due to lacking legal frameworks - which also facilitate bad moral
- 1 respondent found it to be both lacking legal frameworks and bad moral
- 2 respondents found corruption to be more a product of bad moral

In essence, 2 ½ votes were cast for bad moral as the cause, while 4 ½ cast for insufficient legal frameworks – which in turn could serve to fuel bad moral.

While grease money or petty corruption in some places are customary and accepted (and consequently can be argued by others to be a property of some cultures) we should perhaps refrain from calling it corruption – and refer to it as greasing. The rationale behind this line of reasoning is two-fold. Firstly, if we were to refer to greasing as corruption we would brand a lot of cultures corrupt. This is very demeaning and at times untrue. Grand corruption is never acceptable even if existing institutions just might not be able to properly target and eradicate it. Secondly, but perhaps even more importantly branding a culture corrupt would allow us to justify engaging in corruption<sup>685</sup>! Acceptance of corruption as a part of a culture would allow

---

<sup>683</sup> <http://www.u4.no/themes/pfm/Revenueissue/revenue2.cfm#4> 1-6-07

<sup>684</sup> Q5. Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?

<sup>685</sup> Ljunggren and Magnussen (1998) p. 49

(Western) companies while doing business in ‘corrupt countries’ to utilize corruption at will and not search for other option<sup>686</sup>. This would be a self-enforcing spiral.

Q8M<sup>687</sup> of the questionnaire asked is we should refrain from referring to certain greasing payments as corruption for just this cause. It received a multitude of different answers and opinions:

- 3 respondents agreed, maintaining that this is “a possible angle of approach” (R7) and “there is a difference between greasing (smaller amounts) and corruption and [that] greasing should not be called corruption” (R6).
- 3 respondents disagree, and argued that corruption should be called by name (R1, R3 and R5)
- 1 respondent is curious and instinctively positive but fearing that those wanting to exploit this would get too good an opportunity to do so. Consequently, he doesn’t think this approach is possible (R2).

The field is divided, with 4 (one reluctant) rejecting this proposition and 3 approving of the idea. How it is to be implemented, if at all possible is another matter.

With regards to whether or not corruption is a part of their (Arab) culture (Q8H<sup>688</sup>) only one did not agree (R6), at least not in the case of the UAE. Another (R1) did only “agree to some extent” while noting that “networks and personal favors are more like paying respect”. The remaining five agreed. This doesn’t fit with the claim otherwise put forth in this thesis – that corruption is in fact not a part of a culture. A possible source of error here might be different perceptions of culture. In discussion R1 also suggest that to the practitioners it’s more the way of life, they face on a day to day basis, while in certain academia it’s a theoretical construct where certain undesirable properties (like corruption) is explained by other means and maintained to be outside the ‘collective’ programming - since it’s theorized not to condone such practice. Also certain academia’s might credit the ‘collective’ with a more extensive understanding of corruption, its adverse effects and a greater desire for justice and

---

<sup>686</sup> Ljunggren and Magnussen (1998) p. 49

<sup>687</sup> **Q8M.** If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.

<sup>688</sup> **Q8H.** Corruption is a part of their culture.

righteousness - than that 'collective' in fact holds. He also emphasized that even if closely linked, theory and practice at times keep their distance.

### 3.16.4 The 'natural resource curse' or 'oil curse'

A serious contributor to corruption is the 'oil trap'<sup>689</sup> or 'oil curse'<sup>690</sup>. Transparency International's Quarterly Newsletter (TIQ), discusses and explains the phenomenon in their Special Report on Corruption and Oil<sup>691</sup>. The product of this curse is the unfortunate reality that countries reliant on petrodollars<sup>692</sup> face poverty, deprivation and political turmoil or oppression.

*"TI points out that countries dependent on petroleum revenues for their livelihood (with the notable exception of Norway) are among the most economically troubled, the most authoritarian, and/or the most conflict-ridden in the world. This is true across regions – in the Middle East, Asia, Africa and Latin America. Oil-exporting countries grow more slowly than non-oil rich countries over time"*<sup>693</sup>.

*"But corruption explains only part of the oil trap. Oil wealth is one of the hardest resources to utilize well. This is because states living from rents ('profits reaped', in Adam Smith's words, "by those who did not sow") are especially susceptible to policy failure. Economists attribute this to the 'resource curse', referring to the inverse association between economic growth and natural resource dependence"*<sup>694</sup>.

The report's refers to this not only as an 'oil curse' but also a 'natural resource curse', recognizing that problem is not limited to oil; precious metals and gems are also a source of much suffering. Falkenberg point to Pogge's (2001) finding that there is in fact a "slight negative correlation between developing countries' resource endowments and their rates of growth"<sup>695</sup> and holds that today's oil and diamond exports, while important "is in some ways reminiscent of the slave trade of the past"<sup>696</sup>.

---

<sup>689</sup> [http://www.transparency.org/integrity\\_pact/dnld/tiq-sept2003.pdf](http://www.transparency.org/integrity_pact/dnld/tiq-sept2003.pdf) - p. 1 - 21-03-07

<sup>690</sup> [http://www.transparency.org/global\\_priorities/public\\_contracting/key\\_sectors/oil](http://www.transparency.org/global_priorities/public_contracting/key_sectors/oil) 21-03-07

<sup>691</sup> [http://www.transparency.org/integrity\\_pact/dnld/tiq-sept2003.pdf](http://www.transparency.org/integrity_pact/dnld/tiq-sept2003.pdf) 21-03-07

<sup>692</sup> <http://en.wikipedia.org/wiki/Petrodollar> 26-4-07

<sup>693</sup> [http://www.transparency.org/global\\_priorities/public\\_contracting/key\\_sectors/oil](http://www.transparency.org/global_priorities/public_contracting/key_sectors/oil) 21-03-07

<sup>694</sup> [http://www.transparency.org/integrity\\_pact/dnld/tiq-sept2003.pdf](http://www.transparency.org/integrity_pact/dnld/tiq-sept2003.pdf) - p. 9 - 21-03-07

<sup>695</sup> Falkenberg, A. W. (2005) p. 21

<sup>696</sup> Falkenberg, A. W. (2005) p. 22

Time's 'Africa's Oil Dreams' article<sup>697</sup> holds that oil in the Middle East has fueled "corruption rather than development" and created a "combustible mix of great wealth, relative poverty, grievance and instability".

In the 2006 blockbuster *Blood Diamond*<sup>698</sup>, an old man, obviously wary of this relationship says: "we better pray they never find oil here. Then we'll have real problems"<sup>699</sup>, while his village is being burned to the ground.

### 3.16.5 Political causes for corruption

While TI's Global Corruption Report (GC) 2006 of the Gulf Arab states only includes Kuwait in its country specific reporting's, it has still got some interesting findings.

In late 2004 former Kuwaiti Prime Minister Sheikh Sabah al-Ahmad al-Jabir al-Sabah emphasized that combating corruption had become a key issue for his government<sup>700</sup>. He criticized the municipal sector in particular. A report by the Citizens Services and Governmental Bodies Assessment Agency (C2G) had found that the most common types of corruption was bribery and favoritism, and found that the most vulnerable government sectors (to corruption) were those working with public contracts and procurement.

One of the causes TI points to is the sheer size of the Kuwaiti public sector, it employs 94 % of the labor force and consequently give officials a monopoly in a wide range of areas<sup>701</sup>. Husted quotes LaPalombara (1994, p. 338) that when disregarding Scandinavian countries "a rough positive correlation does exist between how much of the GDP a government gets its hands on and how much corruption exists"<sup>702</sup>. He then hypothesizes (3) that "the larger the governments share of the GDP, the higher the level of corruption in the country"<sup>703</sup>. Extensive and unchallenged public sectors are commonplace in the Middle East

---

<sup>697</sup> <http://www.time.com/time/magazine/article/0,9171,1626751-2,00.html> 3-6-07

<sup>698</sup> <http://www.imdb.com/title/tt0450259/> 21-03-07

<sup>699</sup> <http://www.christianitytoday.com/movies/reviews/2006/blooddiamond.html> 21-03-07

<sup>700</sup> TI Global Corruption Report 2006 p. 192

<sup>701</sup> TI Global Corruption Report 2006 p. 193

<sup>702</sup> Husted, B. W. (1999)

<sup>703</sup> Husted, B. W. (1999)

(national/nationalized Oil Companies, Airlines etc included). The C2G report finally concluded that “political corruption lies at the heart of corruption”<sup>704</sup>.

The report found several deficiencies in the administrative framework that in effect allow for corruption<sup>705</sup>:

- Lack of accountability by leaders and politicians
- Absence of a code of conduct and work ethics
- Absence of deterrents
- Lack of meritocracy
- Poor scrutiny of managers and officials

The report also notes several advances in combating corruption such as an anti-corruption police force being established and some high-profile arrests and prosecutions being made<sup>706</sup>. Yet it questions the real effectiveness of this, TI suggest that it might be a case of ‘blame without responsibility’ and more recent studies do suggest that much of this is in fact window dressing, as there has been repeated failures in achieving any real advances in curbing official corruption<sup>707</sup>.

Still, there is an understanding of what must be done, but without democracy and a real opposition (no competition or challengers) there seems to be insufficient will and ability to meet these tough challenges head on<sup>708</sup>.

According to George Moody-Stuart this isn’t particularly surprising as “it is not obvious that corrupt ministers and officials cannot allow free speech and a free press to expose their activities; nor can they allow a parliamentary opposition to do so. At the same time the wealth proceeding from grand corruption can play a significant part in enabling corrupt politicians to remain in power - by corrupt means”<sup>709</sup>.

---

<sup>704</sup> TI Global Corruption Report 2006 p. 192

<sup>705</sup> TI Global Corruption Report 2006 p. 192

<sup>706</sup> TI Global Corruption Report 2006 p. 193

<sup>707</sup> TI Global Corruption Report 2006 pp. 193-194

<sup>708</sup> TI Global Corruption Report 2006 p. 194

<sup>709</sup> <http://www.21stcenturytrust.org/corrupt.doc> 1-6-07



Metaphorically Klitgaard et al (2000) suggests the following cause of corruption<sup>710</sup>:

$$C = M + D - A$$

*“If someone has monopoly (M) power over a good or service and has the discretion (D) to decide whether someone gets that good or service or how much a person receives, and there is no accountability (A), then we will tend to find corruption (C).”*

The accountability factor could also be understood as transparency ( $A = T$ )<sup>711</sup>.

Klitgaard et al also hold that corruption is a crime of calculation, not of passion. So when the risks of getting caught are low, the penalties mild and the possible rewards high – people are more inclined to resort to corruption<sup>712</sup>. This is the case throughout the Gulf Arab states. The obvious question is therefore: under similar circumstances, does what’s shown to promote corruption (in Kuwait), also corrupt others?

Ljunggren and Magnussen<sup>713</sup> suggest that we view corruption in rich industrialized countries (basically the West) as a question of lacking moral (facilitated by insufficiently comprehensive institutional barriers) and in the less developed countries (basically the developing and third world) as a problem with lacking institutions.

The Arab Gulf states are quickly entering the rich industrialized category. This suggests that corruption should face tougher legal barriers and increasingly should be viewed as a case of lacking morals. Several respondents already point to this fact in their reply to Q5<sup>714</sup>. One respondent (R1) also points to the fact that while not perceiving Arab countries to have a lower moral than the western countries “some moral standards in Islam may be ‘outdated’ related to modern way of life and therefore can create double standards (what is said to be right and what is practiced in the society)”. The latter remark is highly reminiscent of Hofstede’s understanding that Islam in some ways has difficulty coping with modernity<sup>715</sup>.

---

<sup>710</sup> Klitgaard, R. et al (2000) pp. 26-27

<sup>711</sup> Klitgaard, R. et al (2000) p. 32

<sup>712</sup> Klitgaard, R. et al (2000) p. 27

<sup>713</sup> Ljunggren and Magnussen (1998) p. 115

<sup>714</sup> Q5. Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?

<sup>715</sup> Chapter 3.2.3 Religion and modernity

### 3.16.6 Corruption around the world

TI is perhaps most famous for their annual “Corruption Perception Index (CPI) which measures the degree to which corruption is perceived to exist among public officials and politicians”<sup>716</sup>.

A score of 10.0 indicates a country is squeaky clean while 5.0 is the number TI considers borderline in distinguishing countries that have a serious corruption problem<sup>717</sup>. Although non of the countries in focus belong to the poor countries category all the Gulf Arab states receives scores between 3,3 (Saudi Arabia, 2006) and 6,2 (the UAE, 2006) while the Scandinavian countries score between 8,8 (Norway, 2006) and a stable 9,5 (Denmark, 2001-2006) – considerably better.

Country	CPI <sup>718</sup>
Denmark	9,5
Sweden	9,2
Norway	8,8
UAE	6,2
Qatar	6
Bahrain	5,7
Oman	5,4
Kuwait	4,8
Saudi Arabia	3,3

**Table 10 – TI’s Corruption Perception Index (CPI) 2006**

On a more critical note, Special Advisor to the Norwegian aid agency; NORAD (a major TI donor) Eva Joly, while applauding the impact the CPI has had in putting corruption on the international agenda, is critical of the fact or statement that “in countries that have a lot of focus on corruption like Norway, will automatically drop on the index, compared for instance with Finland or Sweden where they are talking less about it. But that does not mean that there is less corruption”<sup>719</sup>. The fact that Norway has vast petroleum reserves and is heavily

<sup>716</sup> [http://en.wikipedia.org/wiki/Political\\_corruption](http://en.wikipedia.org/wiki/Political_corruption) 26-4-07

<sup>717</sup> <http://www.infoplease.com/ipa/A0781359.html> 21-03-07

<sup>718</sup> All CPI scores used are from TI Reports: [http://www.transparency.org/publications/annual\\_report](http://www.transparency.org/publications/annual_report) 26-4-07

<sup>719</sup> [http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 27-4-07

involved with an industry traditionally vulnerable to corruption is also likely to have an impact<sup>720</sup>.

In 2006 163 of the world's 193 countries are ranked, absent are the 30 countries where TI was unable to retrieve reliable data<sup>721</sup>. Among these we find tax havens<sup>722</sup> like<sup>723</sup> the Cayman Islands, the Netherlands Antilles, the Maldives, Liechtenstein, Anguilla and Bermuda which both Eva Joly<sup>724</sup> and Falkenberg<sup>725</sup> hold must be dealt with in order to get to corruption. She holds that tax haven's holding of criminal money hinders the fight against corruption<sup>726</sup>. Also absent we find a completely different set of countries; the Central African Republic, East Timor, North Korea and Togo – all of which undoubtedly are plagued by corruption issues.

When presented with a global CPI map a distinct trend is visible; the West (including Australia, New Zealand and Japan) is relatively clean while the others less so. What these scores don't show is who's actually paying the bribes in these corrupt countries. The index basically measures the public sector; implicitly those that accept bribes and not those who may offer them. Hence virtually corruption-free countries may very well have export industries heavily involved in corruption and that would only manifest itself in the recipients' score<sup>727</sup>.

---

<sup>720</sup> [http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 27-4-07

<sup>721</sup> <http://www.infoplease.com/ipa/A0781359.html> 26-04-07

<sup>722</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

<sup>723</sup> [http://www1.transparency.org/cpi/2005/cpi2005\\_faq.en.html#nineteen](http://www1.transparency.org/cpi/2005/cpi2005_faq.en.html#nineteen) 26-4-07

<sup>724</sup> [http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 26-4-07

<sup>725</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

<sup>726</sup> [http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 27-4-06

<sup>727</sup> Ljunggren and Magnussen (1998) p. 12 and [http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 27-4-07

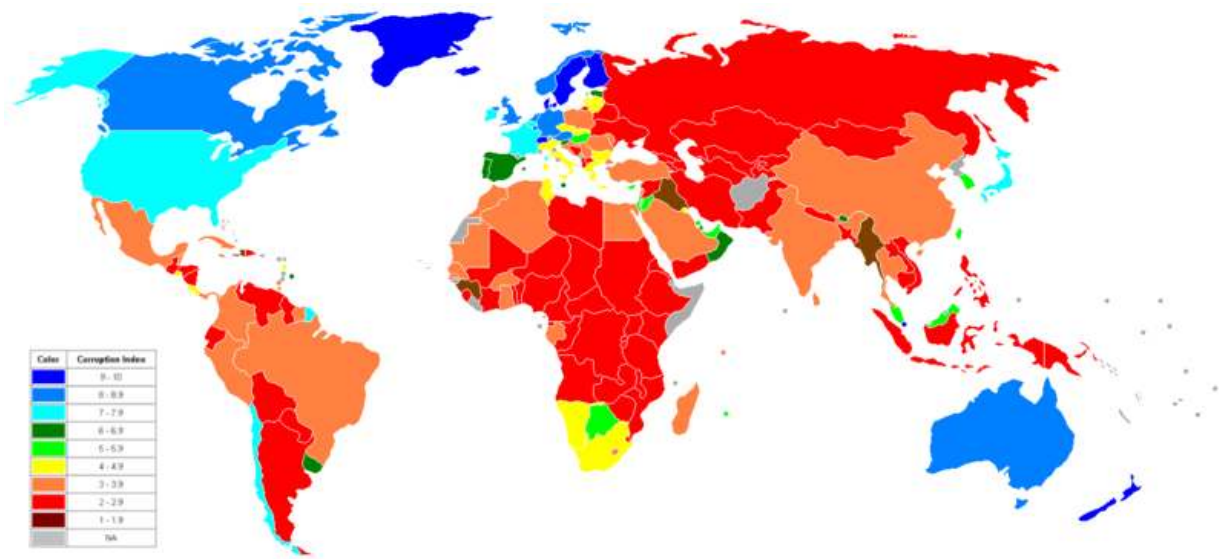


Figure 23 – TI's Corruption Perception Index (CPI) map<sup>728</sup>

If compare this to the Economic Freedom and GDP per capita maps<sup>729</sup> we can see a distinct pattern - corruption follow restriction and poverty<sup>730</sup>.

The questionnaire's Q1<sup>731</sup> asked if these scores seemed reasonable to the respondents, and all but one replied "yes". The final respondent (R2) was expecting Scandinavia to show a higher level of corruption (lower CPI score). In Q2<sup>732</sup> the same respondent (R2) commented that his expectancy that corruption would relate to what he regarded as openness in a society was seemed to hold. In reply to Q3<sup>733</sup> all the respondents agreed – corruption is present in the region. In Q4<sup>734</sup> all but one (R6) agreed corruption also is a problem in the region. This respondent (R6) didn't perceive this to be the case. His answer might perhaps be understood better when read alongside his statement in Q8M<sup>735</sup> that "greasing should not be called corruption". The fact that he has lived and worked in the UAE for more than 30 years – might also suggest that he is highly adept at working with the local customs.

<sup>728</sup> [http://en.wikipedia.org/wiki/Image:Corruption\\_Perceptions\\_Index\\_2006.png](http://en.wikipedia.org/wiki/Image:Corruption_Perceptions_Index_2006.png) 26-4-07

<sup>729</sup> Chapter 3.6 Measures of a Land

<sup>730</sup> Slides supplied by Andreas W. Falkenberg 2007. "Branding MBA 2007.ppt" 16-4-07

<sup>731</sup> Q1. Does the CPI scores seem reasonable to you?

<sup>732</sup> Q2. Do you perceive corruption to be a 'taboo' issue in the region?

<sup>733</sup> Q3. Do you perceive corruption to be present in the region?

<sup>734</sup> Q4. Do you perceive corruption to be considered a problem in the region?

<sup>735</sup> Q8M. If 'limited greasing payments' are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.

As stated, a shortcoming of the CPI is its inability to detect who is paying the bribes. Five of the respondents wholeheartedly agreed with Q8A's<sup>736</sup> statement that "the person paying the bribe just as guilty as the person taking it". Two respondents (R2 and R5) remained hesitant, since they believed that in some cases one is simply forced to resort to corruption – even if one doesn't want to. When asked if Western companies are just as much to blame for the Middle East's corruption problems as their own officials (Q8B<sup>737</sup>) most agreed. One respondent (R2) made the comment that to his opinion it was much the case of Westerners having brought with them or developed a custom or culture which communicated well with the Bedouin traditions of doing favors and paying tributes. Coupled with a myriad of more or less good intentions this had developed into some of the bad customs we sometimes witness in the Middle East today.

Q8C<sup>738</sup> suggest that Western companies are just as bad as the local. All but one respondent (R5) agree to this (R7 did not to answer Q8C).

Another factor not showing up on the CPI is the utilization of 'black labor', which in at least Norway is all too common<sup>739</sup>. This could easily be argued to fit within a definition of corruption (e.g. a carpenter or a mechanic using his or her position to offer black labor and in effect conspiring with a customer to deprive their society of tax revenue).

### 3.16.7 Explanations in cultural studies

Hofstede found corruption to be linked to quite a few of his cultural dimensions.

Most notably high-PDI seem to be followed by a predisposition for corruption as willingness to accept a bribe in the line of duty correlates strongly with PDI<sup>740</sup>, and basic economics suggest that (any) demand tend to be meet by supply.

---

<sup>736</sup> Q8A. The person paying the bribe just as guilty as the person taking it.

<sup>737</sup> Q8B. Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for is as local officials

<sup>738</sup> Q8C. Western companies are just as likely to involve themselves in corruption as local companies.

<sup>739</sup> <http://forbruker.no/pengenedine/skattogpensjon/article1413455.ece> and <http://www.dagbladet.no/nyheter/2006/10/20/480339.html> 31-5-07

<sup>740</sup> Hofstede, G. (2001) p. 99

Husted argues<sup>741</sup> that “in high power-distance countries there is considerable dependence of subordinates on their superiors in the form of paternalism. Paternalism is a system by which superiors provide favors to subordinates in return for their loyalty. Decisions are not made on the basis of merit, but on the basis of a balance of favors and loyalty. A paternalistic system thus leaves considerable room for corruption in the form of favoritism and nepotism”. Also “private laws for superiors are more normal in high-PDI cultures”<sup>742</sup>, this would allow for more misuse of power and position and unsurprisingly, the public’s confidence in for instance the police suffers because of it<sup>743</sup>. The notion that the local societies in the Middle East has certain elite classes which are subject to private laws (Q8F<sup>744</sup>) making them able to participate in certain corrupt activities (Q8G<sup>745</sup>), is supported by six of seven respondents. The single respondent (R6) not agreeing answers that “in Dubai the laws are the same for all”, and implicitly chooses not to dismiss this idea with regards to the rest of the region.

While there is dispute about data (or lack there of) backing up the worst side of Lord Acton’s saying<sup>746</sup> “power tends to corrupt and absolute power corrupts absolutely” the tendency is plain to see. One could speculate that this lack of data is related to what TI meet in some of the 30 countries they were unable to rank. All the respondents agreed with Lord Acton’s statement (Q8L<sup>747</sup>), although R1 held it could possibly be offset by moral, cultural or religious values.

In relation to MAS Husted speculates that “one would expect that this focus on material success would, in some cases, lead to a greater willingness to participate in corrupt transactions in the pursuit of material success”<sup>748</sup>. Vitell et al<sup>749</sup> also “predict that countries high in masculinity will be less likely to perceive ethical issues in business practices than practitioners from countries with low levels of masculinity”. A higher tolerance in the perception of ethical issues in questionable business practices would create more space for

---

<sup>741</sup> Husted, B. W. (1999)

<sup>742</sup> Hofstede, G. (2001) p. 105

<sup>743</sup> Hofstede, G. (2001) p. 112

<sup>744</sup> **Q8F.** The local society has an elite class which are subject to certain ‘private laws’.

<sup>745</sup> **Q8G.** Private laws enable the social elite to participate in what’s in your opinion corrupt activities.

<sup>746</sup> Hofstede, G. (2001) p. 113

<sup>747</sup> **Q8L.** “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton.

<sup>748</sup> Husted, B. W. (1999)

<sup>749</sup> Husted, B. W. (1999)

practitioners to accept corrupt practices. Husted's speculation is put to the test in Q8E<sup>750</sup> and supported by most of the respondents.

Van de Vliert et al (1999)<sup>751</sup> suggests that the cold and feminine countries (of Scandinavia) ought to be (very) peaceful while the hot and moderately masculine countries (of the Middle East) ought to be moderate-to-high on violence. If we extend this idea to the political arena we would find tougher and more decisive (both masculine values) politicians, which as Vitell et al argues are less likely to feel bound by ethics<sup>752</sup> and more willing to use corruption as a means to escape poverty for themselves<sup>753</sup>.

Corruption was also found to be positively linked to UAI, simply because corruption is often intended to be a tool used to reduce uncertainty, pay a little on the side and be more certain of the (desired) outcome<sup>754</sup>. While there among the respondents is a lackluster tendency to agree with this (Q8I<sup>755</sup>), the language is vaguer and the disruptive (adverse) effects of corruption are pointed to. One dismisses it entirely and two choose not to answer to it.

Husted's (1999)<sup>756</sup> put forth seven hypothesis' about corruption and their relations to factors what we've looked at extensively:

- H1.** The higher the level of economic development, the *lower* the level of corruption in a country.
- H2.** The greater the inequality in the distribution of income, the *higher* the level of corruption in a country.
- H3.** The larger the government's share of GDP, the *higher* the level of corruption in the country.
- H4.** The higher the power distance in a country, the *higher* the level of corruption in a country.
- H5.** The less individualistic (more collectivistic) a society, the *higher* the level of corruption in a country.

---

<sup>750</sup> **Q8E.** Great pursuit of material success leads to greater willingness to participate in corrupt transactions.

<sup>751</sup> Van de Vliert, E. (1999) p. 303

<sup>752</sup> Husted, B. W. (1999)

<sup>753</sup> Hofstede, G. (2001) p. 113

<sup>754</sup> Husted, B. W. (1999)

<sup>755</sup> **Q8I.** Corruption leads to predictability.

<sup>756</sup> Husted, B. W. (1999)

- H6.** The greater the masculinity of a culture, the *higher* the level of corruption in a country.
- H7.** The greater the level of uncertainty avoidance in a nation, the *higher* the level of corruption.

Husted found<sup>757</sup> only the first hypothesis (H1) measured by GDP (PPP) per capita to be significantly correlated to corruption. PDI (H4), MAS (H6) and UAI (H7) were found to be significantly correlated only at a 0.10 level. The remaining hypotheses were not significantly correlated.

Of course there are more factors to corruption but as a general trend Hofstede still found this (MAS) to be partly accurate across the poorer countries<sup>758</sup>, where corruption is also found to be a lot more present.

Finally IDV is found not to be a significant variable in corruption<sup>759</sup>. Hofstede holds that IDV is perhaps driven by national wealth<sup>760</sup> which we've found to be closely linked to freedom from corruption (amongst most other forms of economic freedom). However low-IDV is usually associated with a slower pace of life (and less concern with punctuality) and that is often typical of business culture in societies beset by corruption<sup>761</sup>.

### **3.16.8 The international legal battle against corruption**

In the legislative battle on the international arena the United States with its Foreign Corrupt Practices Act of 1977<sup>762</sup> started the ball rolling. Since then the Organization for Economic Cooperation and Development (OECD), of which the Scandinavian countries are among the founding members<sup>763</sup>, has entered the scene with its own initiative on Combating Bribery of Foreign Public Officials in International Business Transactions<sup>764</sup>. This is currently in the process of being implemented in no less than 36 countries<sup>765</sup>. More recently the UN

---

<sup>757</sup> Husted, B. W. (1999)

<sup>758</sup> Hofstede, G. (2001) p. 322

<sup>759</sup> Husted, B. W. (1999)

<sup>760</sup> Hofstede, G. (2001) p. 253

<sup>761</sup> Ljunggren and Magnussen (1998) p. 47

<sup>762</sup> [http://en.wikipedia.org/wiki/Foreign\\_Corrupt\\_Practices\\_Act](http://en.wikipedia.org/wiki/Foreign_Corrupt_Practices_Act) 26-4-07

<sup>763</sup> [http://www.oecd.org/document/58/0,2340,en\\_2649\\_201185\\_1889402\\_1\\_1\\_1\\_1.00.html](http://www.oecd.org/document/58/0,2340,en_2649_201185_1889402_1_1_1_1.00.html) 26-4-07

<sup>764</sup> [http://www.oecd.org/document/30/0,2340,en\\_2649\\_34859\\_2027102\\_1\\_1\\_1\\_1.00.html](http://www.oecd.org/document/30/0,2340,en_2649_34859_2027102_1_1_1_1.00.html) 26-4-07

<sup>765</sup> [http://www.oecd.org/document/30/0,2340,en\\_2649\\_34859\\_2027102\\_1\\_1\\_1\\_1.00.html](http://www.oecd.org/document/30/0,2340,en_2649_34859_2027102_1_1_1_1.00.html) 26-4-07



Convention against Corruption<sup>766</sup> has come into effect, it includes measures intended to prevent and criminalize corruption, to increase international cooperation and aid in asset recovery<sup>767</sup>. It is signed by all the Arab Gulf states except Oman. It's currently ratified by Kuwait, Qatar and the UAE<sup>768</sup>. All Scandinavian countries have also signed it and passed it into law<sup>769</sup>.

Another important initiative is the EITI (Extractive Industries Transparency Initiative), while voluntary participation is touted as advantageous for several reasons<sup>770</sup>:

*“Benefits to companies and investors centre on mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investments. In extractive industries, where investments are capital intensive and dependent on long-term stability to generate returns, reducing such instability is beneficial. Transparency of payments made to a government can also help to demonstrate the contribution that their investment makes to a country”.*

Corruption is illegal and as a result of these measures violations can/could be persecuted (e.g. Statoil's corrupt practice in Iran was persecuted in both Norway and the United States where they are publicly listed, by the Securities and Exchange Commission (SEC)). Yet, due to a lack of transparency (and in some places legislation), in a large part of the world offenders many still go free<sup>771</sup>. Another problem is the offenders – some of them are enormous companies with the clout and assets to circumvent and fight prosecution.

When the respondents were asked if they thought a company should commit to full transparency in order to aid the combating of corruption (Q6<sup>772</sup>), all but one favored this idea. It was also commented that:

- Cultural relativism might run one into trouble [as we today can retrieve information from e.g. Saudi Arabia without going there, staying there and seeing that reality] (R1)

<sup>766</sup> [http://www.unodc.org/unodc/en/crime\\_convention\\_corruption.html](http://www.unodc.org/unodc/en/crime_convention_corruption.html) 27-4-07

<sup>767</sup> <http://www.u4.no/themes/uncac/main.cfm> 27-4-07

<sup>768</sup> [http://www.unodc.org/unodc/crime\\_signatures\\_corruption.html](http://www.unodc.org/unodc/crime_signatures_corruption.html) 27-4-07

<sup>769</sup> [http://www.unodc.org/unodc/crime\\_signatures\\_corruption.html](http://www.unodc.org/unodc/crime_signatures_corruption.html) 27-4-07

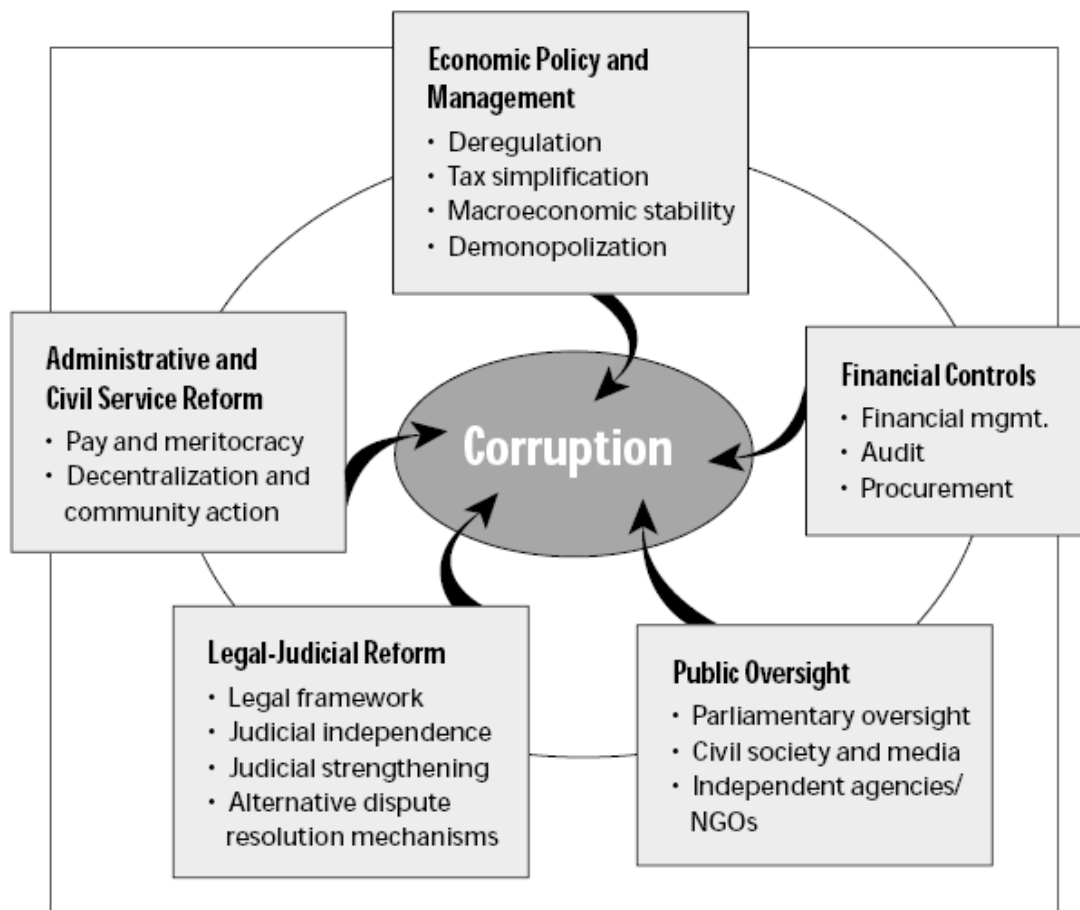
<sup>770</sup> <http://www.eitransparency.org/section/abouteiti/benefits> 28-4-07

<sup>771</sup> Save the Children (2005) p. 3 and Ljunggren and Magnussen (1998) p. 101

<sup>772</sup> **Q6.** In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?

- In this day and age (computer age) we ought to be able to make it more difficult to get away with (R2)
- Even with full transparency, some would still find ways to continue as before and avoiding capture (R3)
- It's already commonplace in Dubai (R6)
- It should still allow for greasing-payments (R7)

The hesitant (R5) couldn't picture it having much effect, as a western company couldn't change anything or gain anything by it. In answer to Q7D<sup>773</sup> he still maintained transparency was a key element in combating corruption, but obviously holds that a (single) company doesn't hold the required clout to pull it of.



**Table 11 – The World Bank's Multipronged Strategy for Combating Corruption<sup>774</sup>**

<sup>773</sup> Q7D. Lack of transparency (making it easy to get away with)?

<sup>774</sup> <http://www1.worldbank.org/publicsector/anticorrupt/helpingcountries.pdf> figure 3.1 p. 22 28-4-07

The World Bank “views good governance and anti-corruption as central to its poverty alleviation mission”<sup>775</sup> and proposes a multipronged strategy for combating corruption, with transparency (public oversight), better institutions and policy. The World Bank states that these must work in concert to be truly effective.

Unfortunately, there is still a loophole in the form of tax-havens. This is something there seems to be little willingness to address and they continue to allow companies and persons to stay detached from (illegal) assets<sup>776</sup>.

Some numbers on and facts about tax-havens – according to Falkenberg<sup>777</sup>:

- Gives safety for economic and political corruption
- Enables 'white washing' of money (\$ 1500 billion) for criminals
- Capital flight, tax evasion, financing of terrorism
- More than 1/3 of worlds GDP \$ 11 000 billion
- More than 50% of world trade (\$ 7 000 billion) is channeled through tax havens
- Over 150 000 firms are registered in tax havens each year
- Over one million organizations in all

### **3.16.8 How do we conduct ourselves when faced with corruption**

We've introduced some factors contributing to corruption and pointed to some measures (chiefly: transparency and legislative measures) that can be taken to curb it. But these are to some extent only macro and meso factors. The fight against corruption must also be taken to the micro level.

We will work with the (perhaps overly simplistic and trusting) assumption that we do not condone or accept any kind of corruption – disregarding some greasing payment and what is customary relations building. Where this is not the case, more knowledge and research into the implication of corruption and its adverse affects on people in general should be acquired.

---

<sup>775</sup>

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/EXTWBIGOVANTCOR/0,,menuPK:1740542~pagePK:64168427~piPK:64168435~theSitePK:1740530,00.html> 2-5-07

<sup>776</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

<sup>777</sup> Falkenberg, A. W. (2006) Essay #19, ORG 408 Compendium 2

Consequently, we will have to resist what we perceive to be pressure to corrupt ourselves from local officials and/or competitors.

What is often the case when coming from a professionalized business climates to a relations' based business climate is that we lack the relationships (and trust) required and the time to gain it. So true to own customs (based on our beliefs about 'their' culture) we try to rush the relationship process by offering something under the table<sup>778</sup>. Gifts and favors, which are very much a component in building bonds and contacts (also in Scandinavia) can often, turn into bribes<sup>779</sup>. A large share of the bribes paid in international deals seems to be due to misunderstandings due to lack of cultural and local understanding<sup>780</sup>.

All of Q7 in the questionnaire is intended to reveal how much, in the respondents own opinion, corruption has to do with the following:

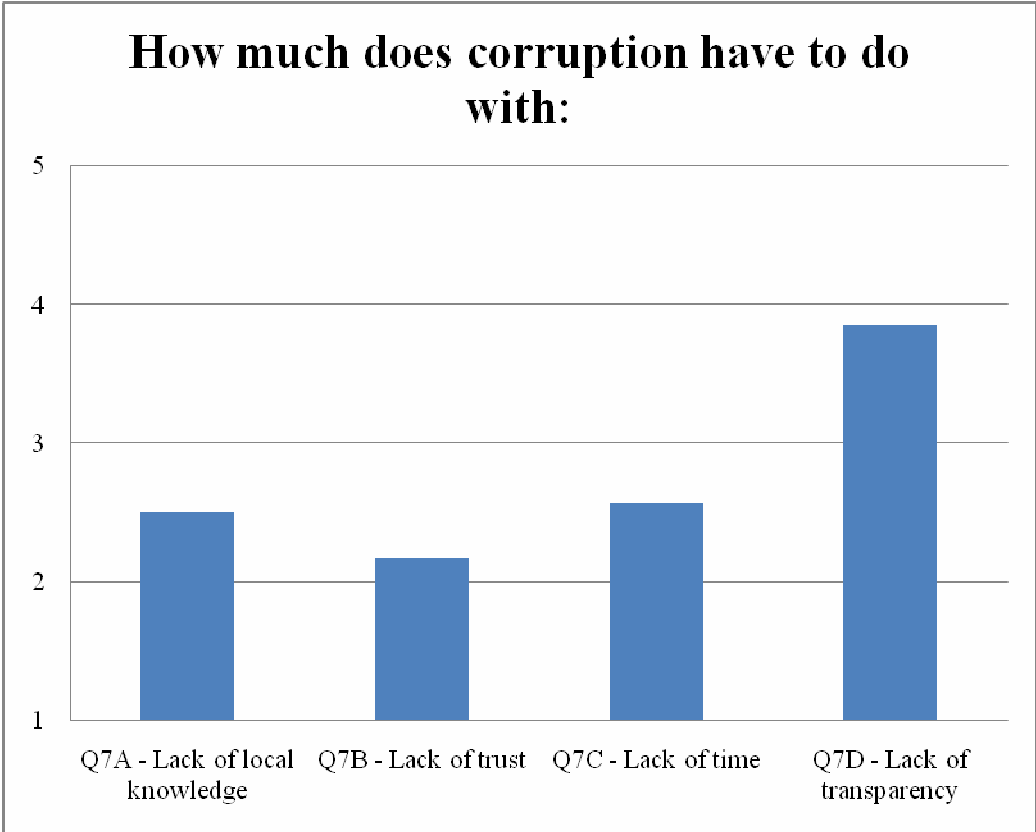


Figure 24 – How much does corruption have to do with...

<sup>778</sup> Ljunggren and Magnussen (1998) p. 47

<sup>779</sup> Ljunggren and Magnussen (1998) p. 48

<sup>780</sup> Morrison, T. et al (2001) p. 330 and Ljunggren and Magnussen (1998) p. 48

To be shown graphically the answers have here been edited and coded to fit a 5-point likert scale.

The fact that local knowledge is a difficult measure when locals actually constitute a minority in their own land is also pointed to (R6, Q7A). One responded (R5, Q7C) also holds that time is not an issue as “here we have plenty of time”. Another respondent (R2, Q7A-D) suggest that greed is in fact the strongest driver behind corruption.

Still the respondents overwhelmingly point to a lack of transparency as a key issue - with the other factors all making more limited contributions.

If we want to locate (for the purpose of irradiating) corruption in our organization we could do a vulnerability assessment to in order to better focus our resources in the search for corruption (we still work with the assumption that we, nor our agents aren't actively seeking to corrupt ourselves)<sup>781</sup>:

- Is the general environment or industry permissive of corruption?
- Is there an inherent risk of corruption associated with the activity?
- Then, look for factors like degree of centralization, vagueness of mission, complexity of task, size of project, prior evidence of illicit activity etc.

When the answers one or more of these are: high, very, large or yes we have conditions suitable for corruption and our level of alertness should be elevated.

Then there are many ways in which we can try to curb corruption within an organization. Klitgaard et al<sup>782</sup> suggests focusing on selecting the right agents (employees) and incentive systems, transparency and raising the moral cost of corruption.

Save the Children's 2005 report on transparency in the oil and gas industry<sup>783</sup> suggest a clear company policy on transparency, working collaboratively with others to achieve it while actively engaging with the EITI and improving anti-corruption/whistle-blowing systems.

---

<sup>781</sup> Klitgaard, R. et al (2000) p. 59

<sup>782</sup> Klitgaard, R. et al (2000) pp. 37-39

### 3.16.9 Measures to combat corruption

According to the line of reasoning presented here some key elements in combating corruption in an organization could be:

- 1. Trust and relationships.** Trust can't be brought and relationships can't be rushed. Information is power. Spend the necessary time and do the homework – know who you're courting and their customs. This is a key element in competitiveness in any business climate and in particular in relations oriented ones.
- 2. Publicly committing to full transparency** will discourage employees trying to cut corners by corruption, it should offset some pressure to corrupt by others and it can be an excuse for not yielding to such pressure. Transparency is as discussed the only really effective deterrent against corruption because it makes it difficult to get away with (and even those lacking in moral will fear the wrath of the law).
- 3. Some places (lacking) institutions and common practice** will leave us exposed to corrupting forces – both the CPI and the 'resource curse' infer that this is the case in Middle East. When operating there we consequently need a more stringent **company policy** regarding corruption.

Institutions to combat corruption are in many places in place, but national (meso) and international (macro) institutions, investigators and prosecutors are confined to playing by a set of rules the offenders all too often can circumvent.

This is where working with NGO's like TI and initiatives like the EITI to combating corruption becomes so essential. These act as watchdogs<sup>784</sup> in our society and can launch attacks where others (for political or strategic reasons) can't. Because of the activities of the NGO's amongst others organizations need to know if they are operation in violation of basic

---

<sup>783</sup> Save the Children (2005) p. 3

<sup>784</sup> Falkenberg, A. W. (2004) p. 23

moral principles<sup>785</sup>. Reliance, solely on local conventions and institutions are insufficient in guiding us through all the shady places of the world<sup>786</sup>.

**Key learning:** In an Arab setting: Gifts and gestures (some form of favoritism) are common, expected and full culturally accepted. But these traditions were never intended for some of the situations and challenges they face today. Some of these challenges are lack of transparency, time and local knowledge together with greed, sometimes bring out the worst in people – from both cultures. When unopposed by insufficient institutional frameworks, corruption including bribery, favoritism and nepotism can thrive. Corruption can seriously damage the quality of life of the ordinary citizen and in particular the most venerable members of a society. Grand corruption can also destroy nations and where rampant there is no way to controlling petty corruption. The ‘oil curse’ and corruption has throughout the Arab Gulf states created a “combustible mix of great wealth, relative poverty, grievance and instability”.

**Advice:**

1. Be cognizant of the damage corruption does to a society
2. Be cognizant of the ‘oil curse’ – and how it works
3. Build trust and relationships – in such a relations based economy that’s a massive advantage. This cannot be bought (even if certain outcomes can).
4. Publicly commit to full transparency.
5. Develop and indoctrinate a company policy and a code of conduct.
6. Be alert ( $C = M + D - A$ )

## 4.0 Summary of findings

The work presented through this thesis gives a lot of suggestion, rules and approaches on how to act, react and adapt when working across cultures. They have all been used to highlight intricacies we as Scandinavians are likely to encounter on our adventures to the Middle East – and in particular to the Arab Gulf states. These advices draw not just on theories of culture, institutions, ethics and justice but also on the heritages of them. These are in turn derived from history, philosophy – including religion and geography.

---

<sup>785</sup> Falkenberg, A. W. (2004) p. 25

<sup>786</sup> Falkenberg, A. W. (2004) p. 25

Throughout the Muslim world, which the Arab Gulf states constitute a large and very influential part of, religion has made a substantial imprint on society. Whereas Christianity has matured considerably under the scrutiny of philosophy, this has not been the case in Islam. In Islam theology has dominated philosophy. This difference is evident in numerous ways, not at least in Islam's inherent difficulty in coping with modernity. To Westerners this makes Islam often seem dated and crude. In terms of permissiveness it also seriously lags modern interpretation of Christianity. In terms of punishment it condones ways that to us can seem both unfamiliar and cruel. Still Muslims much prefer their ways as we do ours. It's their opinion that Islam and its legacy has helped them avert what's perceived to be the Western or Christian world's value crisis, as well as social and environmental problems. But where Islam has helped avoid some problems it can be argued that it has facilitated others. Most of the Middle East (with the notable exception of Israel) is governed by what are in fact totalitarian governments. This can largely be attributed to their cultural heritage and in particular to Islam.

In the name of Islam and its conservation many freedoms are also reigned in. Similarly, problems with corruption and oppression are also much more widespread in countries ruled by totalitarian governments with the Arab Gulf states are no exception. Historically, the Middle East has for several millennia been an important region. The Middle East is the cradle of both Christianity and Islam (as well as Judaism). Geographically, the Middle East is situated between the East and the West. Through the ages, this location has also served to influence both it – and us, through trade and travel but also through war and conflict.

History, geography and philosophy (including religion) are the three pillars what Falkenberg refers to as the foundation of people's cultural values. These cultural values in turn help us distinguish between right, moral, what is wanted, useful, expected and desirable – and what is not. Cultural values are also what lawmakers, regulators, markets and organizations draw on when setting standards for what we can accept and what we seek to denounce.

Through these channels cultural values underpin the institutions we create in order to govern and maintain our societies. Our institutions consist of our norms, values, laws and regulations. In terms of institutions we distinguish between three operational levels: micro, meso and macro. They are cultural, national (governmental) and international (regional) levels. Any



dealing between two cultures will thus be subject to five sets of institutions, our local micro and meso levels, the macro level and the their meso and micro level.

Differences in geographical, historic, philosophical and religious origins and heritages tend to manifest throughout cultures values. There these pillars closely resemble another, cultural values also tend to – and then they differ, cultural values also tend to differ. Differences in values will also inevitably lead us to develop different institutions. At its base, the legs of a 5-degree acute angle don't differ too much. But as we progress further outwards the difference becomes larger and larger. Eventually, it will be massive. Fortunately, institutions tend not to follow such a linear example, the analogy still being applicable.

Culture as a rule show both great resilience and inertia. Attempts to quickly change a culture almost always result in grief and suffering. Hofstede holds that cultural differences are more likely to be a source of nuisance than of synergy - and that such differences can be even disastrous. Cognizant of this and of the fact that culture isn't readily changed, we are left only two options: Avoid it by choosing not to interact or learn to make the best of it, and perhaps be able to leverage it and extract some synergies.

Awareness of institutions and local culture are great aids when doing business in foreign corners of the world. It is still to be observed that institutions, while usually well intended by those that established them, also could have adverse effects on others.

In a democracy, institutions will tend to reflect the minds and hearts of the people living there, since institutions that doesn't - usually will be replaced. A democratically elected government will see to that – or they will see themselves out of office. Where we don't have democracies it's often more a game of change. The world's most impoverished and oppressed countries usually have a long history of rule by dictators and despots enriching themselves at the expense of their people.

The Arab Gulf states are ruled by totalitarian governments and not their populations. Those establishing the institutions represent only a small, select group – the elite. They are hereditary rulers; in power for life. Their nation's wealth is also often their personal wealth. Very often this arrangement will spell certain doom – as many unfortunate countries have experiences. While Saudi Arabia is a clear laggard of this group, in particular with regards to

their coping with modernity, the Arab Gulf states have all been blessed with wise and visionary leaders. They have all faced some difficulties and there are challenges yet to overcome. Compared to other non-democratic countries, rich in natural resources, there is still no doubt that they have come very far, very quickly.

Among problems yet to overcome are those relating to justice and ethics. Institutions are not always just. This is the case in Scandinavia, but even more so in the Middle East. We've presented three perspectives on ethics. These are through utilitarianism, human rights and justice. These perspectives offer a frame by which we can measure institutions. They intend to ensure the greatest good for the greatest number, that human rights and the principles of the Good are honored.

Based on this – a series of suggestions and words of advice are proposed:

### **Religion:**

- Know that a Muslim Arab is first a Muslim, then a national of i.e. Kuwait.
- The Arab Gulf states cannot be understood without some understanding of Islam.
- Islam is not just a religion; it's also the origin of much of Arab culture, values, laws and justice.
- In Islamic culture theology has dominated philosophy and not adapted much to the scrutiny of philosophy. Consequently, to a Scandinavian Islam can seem crude and unfair even though it was intended to be egalitarian and benevolent.
- Islam to Westerners seems to have difficulty coping with modernity.
- To many Arabs the Western societies have lost their way. Their values crisis' and social troubles are things Arabs want no part of.
- To Muslims Islam is the true and only faith.
- Scheduling business during Ramadan is a mixed bag. During Eid it's recommended not to. Do also observe and respect prayer times and Fridays (and often Saturdays) as not working-days.

### **History:**

- Much of the Arab tradition is still Bedouin at heart, famili-ist values. Arab hospitality is therefore still at a high level.

- Historically national borders have not existed.
- There is no history of democracy.

**Communication:**

- There are more components to communication than language.

**Culture:**

- “Culture is more a source of conflict than synergy...”.
- It’s not always easy to distinguish between universal human programming, culture and personality.
- Cultural values are deeply embedded in a society and they are usually fit for that society (not random). Values derived in Scandinavia may in fact be wrong in the Arab Gulf states.

**Institutions:**

- A moral compass is time and place dependent and not to be followed blindly.
- Institutions are more than laws and regulations; it’s also norms and values.
- Institutions are at times inadequate and thus not to be followed blindly.

**Moral reasoning:**

- Institutions should be checked for against perspectives on universal ethics: utilitarianism, human rights and justice.
- Universal ethics must always trump mundane institutions.
- If an agreement cannot be reached that enables us to conduct business in a ‘just’ manner we should respectfully decline. A wise and honorable man or woman should respect that another cannot go through with a transaction for matters of conscience.
- If we suspect we are not opposite an honorable man, we are perhaps at the wrong table.

Information and understanding are important components to wisdom, and with wisdom we will be better able to meet challenges to which there are no apparent solutions. Consequently,

the more knowledge and the more understanding we process the better suited we will be at navigating unfamiliar settings.

The five selected cultural dimensions used to contrast societies are not exhaustive but still offers a perspective and a systems where we can plot many practically findings. A great deal of our two society's differences can be plotted against these five dimensions. They enable us to locate rather predictable patterns in societies from pheromones that could otherwise have been discarded as unrelated. Consequently these dimensions provide us with frames to understand different cultural manifestation in Scandinavia and the Arab Gulf states:

In terms of power distance (PDI) we find much greater inequality in the Arab Gulf states – obviously reminiscent of the fact that they are not democracies. This translates into more dependent, acquiescent and conflict avoiding subordinates and the opposite in the case of their superiors. Subsequently, traditions, respect and trust are values not to be ignored.

In terms of uncertainty avoidance (UAI), trust is found to be a very important component to doing business in the Middle East, or in any other relations based business climate. In Scandinavia trust is professionally and predictably extended to almost anyone - until proven untrustworthy. In the Middle East trust works very differently in being more personal. Arabs are hospitable, but there isn't any free trust extended to strangers. As business is more personal, personal trust, friendship and group belonging can put us in a position where we stand to receive better than professional courtesy and treatment. Favoritism exists and can very well be leveraged but will require us to develop a relationship. To a higher degree Arabs tend to consider what's different to be dangerous. In order for these relations to work, we should remember also to extend them more than simply professional courtesy and treatment.

With regards to individual versus collective orientation (IDV), we found that in collectivist societies 'in-groups' and group affiliation is central to the way society works. Where preferential treatment of in-group members is common and even socially expected; it's very advantageous to be on the inside. But acquiescence and high-context communications are still held to be frequent noise-factors.

In terms of masculinity versus femininity (MAS), we must acknowledge that the Middle East is a very different arena from Scandinavia. The Arab Gulfs states on the face of it, can

resemble a man's world. In the other end of the scale Scandinavian countries score more substantially more feminine than masculine. Yet, we (ourselves) don't consider Scandinavia to be women's domain. The proliferation of masculine values and the relative position of women in their societies have mainly evolved from their heritage. Religion, history and geography have subjected these lands to forces and influences that have seen more use for typically male traits - like decisiveness, toughness and the need for protection. Competitiveness, toughness and decisiveness are prevailing values, as tempers also tend to fly higher.

In terms of long-term orientation (LTO) the message is again one of respect and tradition. We should adhere to the rules and traditions of Arab societies. We should do some research and come prepared with the understanding that we're on their turf and act accordingly to that. They want to do business but they don't want our moral, our society or our values – they have (in their opinion) tried our way and it does not work for them.

Based on this – a series of suggestions and words of advice are proposed:

### **Hofstede's Cultural dimensions**

- **PDI:** Be aware that some are more equal than others. Always be respectful of their ways and traditions but also mindful of possible implications (in particular with regards to the less powerful in a society/value-chain).
- **PDI:** In The Gulf Arab states, word is associated with your honor.
- **UAI:** In the Arab World business is more personal and dependant on trustful relations than in Scandinavia.
- **UAI:** They won't do business with us if they don't know us (don't trust us)
- **UAI:** Trust can and should be earned through relationships and friendships.
- **UAI:** Trust and relations should be mutual.
- **UAI:** Favoritism exists between friends and families.
- **IDV:** Know the locals, know how and why and also let them know you.
- **IDV:** The focus on the in-group (the collective) not on the individual.

- **IDV:** Constricting business to an in-group or family setting is a way to reduce uncertainty.
- **IDV:** Be in-group, develop a relationship, be honorable and extend them the same courtesy and treatment you wish to receive, and it can be very profitable.
- **MAS:** In The Gulf Arab states Men and Women are not equals.
- **MAS:** Harder and tougher values dominate.
- **MAS:** Tradition and respect are highly valued.
- **MAS:** Who we know is often more important than what we know.
- **LTO:** Do your homework and come prepared!
- **LTO:** They want our business, not our society or its values.
- **LTO:** In their land act in accordance with their rules and traditions.

In this thesis we've finally focused on corruption. As a part of this work Scandinavians who work/have worked in the Arab Gulf states or the Middle East was asked to weight in through a 'Questionnaire – Doing business in the Middle East' and some interviews. This served to shed some light on, and further refine some impressions and comments on corruption, both in practice and as a phenomenon. Eventually it served mostly to further cement what had already been discovered, which is indicative of the initial finding's validity and reliability.

The most known and frequently used methods of assessing corruption are conceived in the West. Corruption is present all over the world, but more so in non-democratic countries and, in particular, if they are 'cursed' with abundant natural resources. Over the last decade the NGO Transparency International (TI) has put corruption on the agenda – and helped elevate the phenomenon into an international issue. Yet, in some respects their Corruption Perception Index doesn't show the entire picture. It only measures who accept bribes, neglecting who pay them. And it's no secret that Western companies are also heavily involved. According to TI, the 'oil curse' refers to the phenomenon "that countries dependent on petroleum revenues for their livelihood (with the notable exception of Norway) are among the most economically troubled, the most authoritarian, and/or the most conflict-ridden in the world". We've seen that this is true across all regions. To further add to their burden, they tend to grow more

slowly than non-oil rich nations and they are more susceptible to policy failures. These problems can to a large degree be traced back to the fact that petroleum revenues offer the possibility for quick and concentrated wealth and externally financing of a regime – two factors which combined make it both lucrative and sustainable to run an oppressive and non-democratic system of government.

Yet with the inherent egalitarianism and benevolence embedded in Islam, the Arab Gulf states have been able to withstand these adverse effects a lot better than what is the case in for instance Africa.

Corruption is in the Arab Gulf states found as both grand corruption and a widespread proliferation of petty corruption or greasing payments. Yet, some of the aspects that might translate into corruption in cultures such as ours are actually the expected and accepted in-group signs of respect – manifested through some favoritism and the payment of some tributes. When we participate in in-groups we should be careful to conduct these activities in a transparent, predictable and correct manner. Where it often goes wrong is when a tribute becomes a bribe. It's supposed to be a gesture to the recipient, not a function of the expected profits reaped. The latter can result an astronomical payment in the attempt to secure a concession. It is sometimes difficult to get this right. But, if we don't wish to corrupt ourselves, it is absolutely essential that we do!

On a company level we should take a series of measure to prevent corruption. The best weapon against corruption is transparency, backed by institutions outlawing corruption and judicial systems willing to enforce them. Such institutions are already present in many places. Throughout Europe and North America a company publicly listed or headquartered should already be committing to transparency. In the Arab Gulf states legislation has trailed the West but they are working on it. Where they still come up short is on enforcement. This is obviously connected to their system of government; totalitarian systems with no real opposition aren't well suited to deal with these challenges. It's should also be taken into consideration that from an ethical point of view tax havens serve no real legit purpose. Their unique competitive advantage is their ability to seemingly detach people and organizations from their assets. To the corrupt, that's one of the greatest assets imaginable.

Trust and in-group memberships can also represent important measures in preventing corruption as this can alleviate some of the pressures we might encounter to resort to corruption. Trust and in-group membership could grant us for free what we otherwise would attempt to buy our way to.

Finally we should develop and cement a company policy, a code of conduct and a corporate culture which denounces corruption and employ people with the integrity to live up to these ideals to act as our agent in muddy waters.

Based on this – a series of suggestions and words of advice are proposed:

### **Corruption**

- Be cognizant of the damage corruption does to a society
- Be cognizant of the ‘oil curse’ – and how it works
- Build trust and relationships – in such a relations based economy that’s a massive advantage. This cannot be bought (even if certain outcomes can).
- Publicly commit to full transparency.
- Develop and indoctrinate a company policy and a code of conduct.
- Be alert ( $C = M + D - A$ )



## 5.0 Conclusion

Derived from the theories and observations we have illuminated a series of intricately connected findings related to culture, practice and ethics in the Arab Gulf states from a Scandinavian perspective.

Firstly, we should recognize that an Arab will usually identify himself as being a Muslim before a country national. It is therefore crucial to have an understanding on Islam.

Subsequently, much of what we need to know and understand is related to Islam. We have seen that Christianity has had a great influence on Western civilizations, in terms of heritage, values and beliefs. Islam has had and still has an even stronger position and influence on the Middle East. Islam is in essence the origin of their culture, their values, their laws and their sense of justice.

In the Christian world philosophy dominates theology, and public interpretation of faith is forever being updated and modernized. This has resulted in more permissive and liberal societies. While favored by many, Christian civilization is also viewed by many (including Muslims) to be partly responsible for what's popularly perceived to be our value crisis and our social and environmental problems. In the Muslim world Islam dominates philosophy. Consequently, its teachings and its authority over people's lives will often seem old-fashioned and even crude to Westerners. Arabs still consider their ways to be much preferable – precisely as we perceive ours to be. Their values and their cultures are the product of generations of heritage. Arabs believe strongly that Islam is the correct and final truth. So while they do want our business, they don't want our society or perspectives.

When in unfamiliar corners of the world, a compass can't get you anywhere without a map. When navigating these foreign waters we should also remember to use a map alongside our moral compass. We should not abandon our moral compass – just as we should not abandon our morals. But we have seen that we need to observe the fact that other morals might apply in The Arab Gulf states.

We have pointed out that in some places and some cases institutions aren't just. This is the case in Scandinavia and so also in the Arab Gulf states. In the Arab Gulf states many institutions are derived from Islam, which was intended to be egalitarian and benevolent, but

in many respects dates back more than a millennium. Since then Islam has been subjected to less philosophical scrutiny and reform than Christianity. Yet, contact is not without friction and the Gulf Arab states are all experiencing also internal pressures to update and change certain laws and practices, some of which they are yielding to.

An absolute key learning in Ethics and Moral reasoning is that universal ethics always must trump mundane institutions. Anyone, anywhere, including Scandinavians doing business in the Middle East, should therefore adhere to these three universal perspectives on ethics: utilitarianism, human rights and justice. Thus while we should try to respect and adhere to their local institutions when dealing in their land, we should not follow local institutions that are in conflict with these three perspectives. But the principles of the Good must also be exercised wisely as even the very best of deeds at times could cause harm.

The Arab Gulf states feature a relations oriented business climate: They usually won't do business with us if they don't know us. This can make doing business somewhat time-consuming. It's also customary, accepted and even expected that one favors one own in-group. Arabs are renowned for their hospitality and their generosity. We can also come to belong to their in-group. It will also require us to extend them more than the usual professional courtesy and treatment, just as we seek to obtain from them. It will take time and cost money, but can be very rewarding. However, when allowed to participate in in-groups, we should participate in a correct, predictable and transparent manner. We have argued that paying for concessions, i.e. bribes and corruption is not what in-groups are about. It can be difficult to balance this correctly – but it is absolutely essential that we try to.

In a relations oriented business climate honorable men or women are what we should seek to develop business relations with. A wise man should respect that we, for matters of conscience, not always will reach an agreement. In The Middle East it's also important to remember that one's honor is connected to one's word, even though Arabic language and exaggeration at times also might go hand in hand. We should carefully observe this codex of honor and also that punctuality from Westerns is expected even if locals don't always exercise it themselves.

We have seen that the Arab Gulf states face a lot more difficulties with regards to corruption than is the case in Scandinavia. To address this, the different states has taken a series of measures, although some less effective than others. And with some local Arab systems of

government it's proving to be an uphill struggle. Yet the causes, the problems and the solutions to this – which obviously has an adverse effect on most levels of society (of which we and our business is a part of, if present there) – are bilateral. We have seen that unilateral action itself cannot solve the problem, as there are too many loopholes - also in the West. Still, this thesis has throughout the discussions found and argued that we should always seek not to corrupt ourselves. We should build and not attempt to purchase trust and relationships for the purpose of gaining advantages.

When doing business in The Arab Gulf states this thesis has established that it is possible to achieve success while still maintaining a good conscience. To do so we should follow a company policy and code of conduct – as we denounce corruption and commit to full transparency.

## 6.0 References

### 6.1 Academic works

- **Brøgger**, Jan (1993), *Kulturforståelse – en nøkkel til vår internasjonale samtid*. Damm og Søn A/S
- **Chiu**, Randy K, Wong, May M, Kosinski, Frederick A Jr (1998), *Confucian Values and Conflict Behavior of Asian Managers: A Comparison of two Countries*. *Social Behavior & Personality: An International Journal*; 1998, Vol. 26 Issue 1, p11, 11p
- **Clinton**, Bill. (2004), *My life*. Knopf  
Audio book, no page reference available.
- **Earley**, Christopher P. (1994), Self or Group? Cultural Effects of Training on Self-efficacy and Performance. *Administrative Science Quarterly*, 39 (1994) 89-117
- **Falkenberg**, Andreas W. (1996), *A Yardstick for Evaluation of Justice and Ethics in Economic Organizations*. *Journal of Socio Economics* no. 2
- **Falkenberg**, Andreas W. (2004), *When in Rome... Moral Maturity and Ethics of International Economic Organizations*. *Journal of Business Ethics* 54 (1) 17-32 Sept.
- **Falkenberg**, Andreas W. (2005), *Power and Responsibility in International Value Chain Networks*. *Journal of Macromarketing*
- **Falkenberg**, Andreas W. (2006), ORG-408 Compendium 1 and 2.
- **Falkenberg**, Andreas W. (2007), *Ethics in international marketing: Description and evaluation of institutions in international value chain networks*. Working paper, draft as of Feb. 5<sup>th</sup> 2007
- **Friedman**, Thomas L. (2000), *the Lexus and the Olive Tree*. First Anchor Book Edition
- **Hoffman**, Valerie J. *Muslim World*, Apr2004, Vol. 94 Issue 2, p201-216, 16p; (AN 13151051)
- **Husted**, Bryan W. (1999), *Wealth, Culture, and Corruption*. *Journal of International Business Studies*, June 1999, Vol. 30 Issue: Number 2 p339-359, 21p; (AN 9143545)  
<http://web.ebscohost.com/ehost/detail?vid=13&hid=118&sid=60bdf86d-da48-478f-be14-08ea26705ed7%40sessionmgr109 2-5-07>  
Edition from EBSCO database, no page references available.
- **Hofstede**, Geert. (2001), *Culture's Consequences: Comparing, Values, Behaviours, Institutions and Organizations Across Nations*. 2<sup>nd</sup> ed. Sage Publications.
- **Klitgaard**, Robert; MacLean-Abaroa, Ronald; Parris, Lindsey H. (2000), *Corrupt cities – a practical guide to cure and prevention*. Institute for contemporary Studies (ICS) and the World Bank Institute

- **Kolltveit**, Bjørn Johs.; **Reve**, Torger (2002), *Prosjekt – organisering, ledelse og gjennomføring og Prosjektorganisasjon og administrasjon*, 2 utgave, Universitetsforlaget
- **Levine**, Robert V. and **Norenzayan**, Ara (1999), *The Pace of Life in 31 Countries*. Journal of Cross Cultural Psychology 1999; 30; 178
- **McGregor**, Douglas (2000), *The Human Side of Enterprise, Reflections*. Fall2000, Vol. 2 Issue 1, p6-15, 10p; DOI: 10.1162/152417300569962; (AN 4457895)  
<http://web.ebscohost.com/ehost/detail?vid=1&hid=14&sid=001cb050-b8f8-43c0-8a5a-8fe0ca7a0d5f%40sessionmgr8> 20-4-07  
Edition from EBSCO database, no page references available.
- **Milgrom**, Paul; **Roberts**, John (1992), *Economics, Organization and Management*. Prentice Hall
- **Mintzberg**, Henry; Ahlstrand, Bruce W; Lamprel Joseph (2001), *Strategy Safari*. Financial Times Prentice Hall
- **Moore**, Pete W. (2004), *Doing Business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait*. Cambridge University Press
- **Morrison**, Terri; Conaway, Wayne A.; Douress, Joseph J. (2001), *Dun & Bandstreet's guide to doing business around the world*. Prentice Hall
- **Peng**, Mike W. (2006), *Global Strategy*. Thomson South-Western
- **Porter**, Michael. (1987), *Konkurrans Strategi*. Tano A.S.
- **Rawls**, John. (1999), *The Law of the Peoples with "the Idea of Public Reason Revisited*. Harvard University Press.
- **Schwartz**, Shalom H. (1999), *A Theory of Cultural Values and Some Implications for Work*. Applied Psychology: an international review 1999, 48 (1), 23–47
- **Shy**, Oz. (1995), *Industrial Organization: theory and applications*. Massachusetts Institute of Technology
- **Triandis**, Harry C. (2001) *Individualism-Collectivism and Personality*. Journal of Personality 69:9 December 2001
- Probst, Tahira M.; Carnevale, Peter J.; **Triandis**, Harry C. (1999), *Cultural Values in Intergroup and Single-Group Social Dilemmas*. Organizational Behavior & Human Decision Processes, Vol. 77 Issue 3, p171-191, 21p; (AN 12726341)
- **Van de Vliert**, Evert; Schwartz Shalom H.; Huismans, Sipkee; Hofstede, Geert; Daan Serge (1999), *Temperature, cultural masculinity, and domestic political violence. A Cross-National Study*. Journal of cross-cultural psychology, Vol.30 No.3, May 1999 291-314 Western Washington University

- **Velasquez**, Manuel. (2002), *Business Ethics*, Prentice Hall 5<sup>th</sup> edition.
- **Zikmund**, William G. (2003), *Business Research Method*. Thompson South-Western, 7<sup>th</sup> Edition

## 6.2 Other articles and reports

- **Grimsby**, Andreas (candidate 8015) et al. (2006) *Statoil – Iran*, ORG-408 spring 2006. Term paper HiA
  - Heritage Foundation (2007):  
The Heritage Foundation's Report on Economic Freedom 2007  
<http://www.heritage.org/index/downloads/Index2007.pdf> 5-6-07
  - **Lingjærde**, Elizabeth S. (2007) *Frihet under ansvar i Dubai* Ajour 3/2007 (Siviløkonomene member magazine)
  - **Ljunggren**, Ingvild; **Magnussen**, Helga (1998), *Korrupsjon i et globalt perspektiv*. Master thesis NHH
  - Save the Children (2005):  
Beyond the Rhetoric - Measuring revenue transparency in the oil and gas industries. Company performance report  
<http://www.savethechildren.org.uk/mt/Comp.pdf> 2-5-07
  - Transparency International (2006):  
Global Corruption Report 2006  
<http://www.transparency.org/publications/gcr> 5-6-07
- Transparency International Quarterly newsletter (TIQ) September 2003  
[http://www1.transparency.org/integrity\\_pact/dnld/tiq-sept2003.pdf](http://www1.transparency.org/integrity_pact/dnld/tiq-sept2003.pdf) 5-6-07

## 6.3 Web sites / internet links

<http://academic.evergreen.edu/g/grossmaz/interventions.html> 16-02-07  
<http://archive.gulfnews.com/articles/06/06/18/10047703.html> 18-4-07  
<http://conventions.coe.int/treaty/en/Treaties/Html/005.htm> 24-5-07  
<http://e24.no/kommentar/spaltister/jensen/article1742456.ece> 18-4-07  
[http://en.wikipedia.org/wiki/Casualties\\_of\\_the\\_conflict\\_in\\_Iraq\\_since\\_2003#References](http://en.wikipedia.org/wiki/Casualties_of_the_conflict_in_Iraq_since_2003#References) 21-4-07  
[http://en.wikipedia.org/wiki/Christian\\_martyrs](http://en.wikipedia.org/wiki/Christian_martyrs) 31-5-07  
[http://en.wikipedia.org/wiki/Demographics\\_of\\_Islam#Data](http://en.wikipedia.org/wiki/Demographics_of_Islam#Data) 23-03-07  
<http://en.wikipedia.org/wiki/Empowerment> 14-03-07  
[http://en.wikipedia.org/wiki/Ethic\\_of\\_reciprocity](http://en.wikipedia.org/wiki/Ethic_of_reciprocity) 25-03-07  
[http://en.wikipedia.org/wiki/Ethic\\_of\\_reciprocity#Islam](http://en.wikipedia.org/wiki/Ethic_of_reciprocity#Islam) 25-03-07  
[http://en.wikipedia.org/wiki/Foreign\\_Corrupt\\_Practices\\_Act](http://en.wikipedia.org/wiki/Foreign_Corrupt_Practices_Act) 26-4-07  
[http://en.wikipedia.org/wiki/Free\\_port#Asia](http://en.wikipedia.org/wiki/Free_port#Asia) 20-03-07  
<http://en.wikipedia.org/wiki/G8> 16-02-07  
[http://en.wikipedia.org/wiki/Gregorian\\_calendar](http://en.wikipedia.org/wiki/Gregorian_calendar) 22-4-07  
[http://en.wikipedia.org/wiki/Hanseatic\\_League#Foundation](http://en.wikipedia.org/wiki/Hanseatic_League#Foundation) 18-4-07

<http://en.wikipedia.org/wiki/Happiness> 8-3-07  
[http://en.wikipedia.org/wiki/Human\\_Development\\_Index](http://en.wikipedia.org/wiki/Human_Development_Index) 22-4-07  
[http://en.wikipedia.org/wiki/Image:Corruption\\_Perceptions\\_Index\\_2006.png](http://en.wikipedia.org/wiki/Image:Corruption_Perceptions_Index_2006.png) 26-4-07  
[http://en.wikipedia.org/wiki/Image:Economic\\_Freedom\\_Charts.png](http://en.wikipedia.org/wiki/Image:Economic_Freedom_Charts.png), Edited 22-5-07  
[http://en.wikipedia.org/wiki/Image:Freedom\\_House\\_world\\_map\\_2007.png](http://en.wikipedia.org/wiki/Image:Freedom_House_world_map_2007.png) 28-3-07  
[http://en.wikipedia.org/wiki/Image:HDImap\\_spectrum2006.png](http://en.wikipedia.org/wiki/Image:HDImap_spectrum2006.png) based on UN 2006 data 19-5-07  
<http://en.wikipedia.org/wiki/Insha'Allah> 7-3-07  
[http://en.wikipedia.org/wiki/Islamic\\_calendar](http://en.wikipedia.org/wiki/Islamic_calendar) 22-4-07  
[http://en.wikipedia.org/wiki/Islamic\\_conquest](http://en.wikipedia.org/wiki/Islamic_conquest) 25-4-07  
[http://en.wikipedia.org/wiki/List\\_of\\_civil\\_wars#Contemporary\\_civil\\_wars](http://en.wikipedia.org/wiki/List_of_civil_wars#Contemporary_civil_wars) 16-02-07  
[http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita) based on IMF 2006 data 25-4-07  
[http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_military\\_expenditures](http://en.wikipedia.org/wiki/List_of_countries_by_military_expenditures) 20-4-07  
[http://en.wikipedia.org/wiki/List\\_of\\_famines#21st\\_century](http://en.wikipedia.org/wiki/List_of_famines#21st_century) 16-02-07  
<http://en.wikipedia.org/wiki/Literacy> - 6/2/07  
<http://en.wikipedia.org/wiki/Moors> 18-4-07  
<http://en.wikipedia.org/wiki/OPEC#Membership> 26-5-07  
[http://en.wikipedia.org/wiki/Opium\\_Wars](http://en.wikipedia.org/wiki/Opium_Wars) 22-5-07  
[http://en.wikipedia.org/wiki/Palm\\_Islands](http://en.wikipedia.org/wiki/Palm_Islands) 8-5-07  
<http://en.wikipedia.org/wiki/Petrodollar> 26-4-07  
[http://en.wikipedia.org/wiki/Political\\_corruption](http://en.wikipedia.org/wiki/Political_corruption) 26-4-07  
[http://en.wikipedia.org/wiki/Political\\_power](http://en.wikipedia.org/wiki/Political_power) 23-02-07  
[http://en.wikipedia.org/wiki/Portal:Saudi\\_Arabia](http://en.wikipedia.org/wiki/Portal:Saudi_Arabia) 8-5-07  
[http://en.wikipedia.org/wiki/Supply\\_and\\_demand](http://en.wikipedia.org/wiki/Supply_and_demand) 8-2-07  
[http://en.wikipedia.org/wiki/Tax\\_rates\\_around\\_the\\_world](http://en.wikipedia.org/wiki/Tax_rates_around_the_world) 24-03-07  
[http://en.wikipedia.org/wiki/Toledo,\\_Spain#history](http://en.wikipedia.org/wiki/Toledo,_Spain#history) 18-4-07  
<http://en.wikipedia.org/wiki/Totalitarianism> 29-3-07  
[http://en.wikipedia.org/wiki/Trickle-down\\_economics](http://en.wikipedia.org/wiki/Trickle-down_economics) 20-03-07  
<http://en.wikipedia.org/wiki/Umar> 22-4-07  
[http://en.wikipedia.org/wiki/United\\_Arab\\_Emirates](http://en.wikipedia.org/wiki/United_Arab_Emirates) 6-7-07  
[http://en.wikipedia.org/wiki/Viking#The\\_Viking\\_Age](http://en.wikipedia.org/wiki/Viking#The_Viking_Age) 18-4-07  
[http://en.wikipedia.org/wiki/Work\\_ethic](http://en.wikipedia.org/wiki/Work_ethic) - 6-2-07  
[http://en.wikipedia.org/wiki/World\\_Values\\_Survey#Results](http://en.wikipedia.org/wiki/World_Values_Survey#Results) 7-3-07  
[http://encarta.msn.com/encyclopedia\\_761579298/Middle\\_East.html#p3](http://encarta.msn.com/encyclopedia_761579298/Middle_East.html#p3) 5-6-07  
<http://english.frp.no> 20-4-07  
<http://forbruker.no/pengenedine/skattogpensjon/article1413455.ece> 31-5-07  
<http://hdr.undp.org/hdr2006/statistics/> 25-4-07  
<http://hdr.undp.org/hdr2006/statistics/indicators/10.html> 14-03-07  
<http://hdr.undp.org/hdr2006/statistics/indicators/147.html> 25-5-07  
[http://hdr.undp.org/reports/global/2003/indicator/pdf/hdr03\\_table\\_30.pdf](http://hdr.undp.org/reports/global/2003/indicator/pdf/hdr03_table_30.pdf) 21-4-07  
<http://hrw.org/english/docs/2003/09/19/uae6388.htm> 4-6-07  
[http://url.raw.no/IGROOQ](http://imf.org/external/pubs/ft/weo/2007/01/data/weorept.aspx?sy=2006&ey=2006&scsm=1&ssd=1&sort=country&ds=%2C&br=1&pr1.x=42&pr1.y=6&c=512%2C941%2C914%2C446%2C612%2C666%2C614%2C668%2C311%2C672%2C213%2C946%2C911%2C137%2C193%2C962%2C122%2C674%2C912%2C676%2C313%2C548%2C419%2C556%2C513%2C678%2C316%2C181%2C913%2C682%2C124%2C684%2C339%2C273%2C638%2C921%2C514%2C948%2C218%2C686%2C963%2C688%2C616%2C518%2C223%2C728%2C516%2C558%2C918%2C138%2C748%2C196%2C618%2C278%2C522%2C692%2C622%2C694%2C156%2C142%2C624%2C449%2C626%2C564%2C628%2C283%2C228%2C853%2C924%2C288%2C233%2C293%2C632%2C566%2C636%2C964%2C634%2C182%2C238%2C453%2C662%2C968%2C960%2C922%2C423%2C714%2C935%2C862%2C128%2C716%2C611%2C456%2C321%2C722%2C243%2C965%2C248%2C718%2C469%2C724%2C253%2C576%2C642%2C936%2C643%2C961%2C939%2C813%2C644%2C199%2C819%2C184%2C172%2C524%2C132%2C361%2C646%2C362%2C648%2C364%2C915%2C732%2C134%2C366%2C652%2C734%2C174%2C144%2C328%2C146%2C258%2C463%2C656%2C528%2C654%2C923%2C336%2C738%2C263%2C578%2C268%2C537%2C532%2C742%2C944%2C866%2C176%2C369%2C534%2C744%2C536%2C186%2C429%2C925%2C178%2C746%2C436%2C926%2C136%2C466%2C343%2C112%2C158%2C111%2C439%2C298%2C916%2C927%2C664%2C846%2C826%2C299%2C542%2C582%2C443%2C474%2C917%2C754%2C544%2C698&s=PPPPC&grp=0&a= or <a href=) 25-4-07  
[http://lanekassen.no/templates/SectionPage\\_8060.aspx](http://lanekassen.no/templates/SectionPage_8060.aspx) 14-03-07  
<http://lovdata.no/cgi-wift/wiztloksok?base=NL&sys=1&felt=emne&emne=Inhabilitet&PROS=01> 8-3-07  
[http://margaux.grandvinum.se/SebTest/wvs/articles/folder\\_published/article\\_base\\_54](http://margaux.grandvinum.se/SebTest/wvs/articles/folder_published/article_base_54) 7-3-07  
<http://mondediplo.com/2006/05/07/timeline> 26-5-07

<http://money.cnn.com/2007/03/20/news/companies/delta.reut/index.htm> 21-03-07  
[http://nationalpriorities.org/index.php?option=com\\_wrapper&Itemid=182](http://nationalpriorities.org/index.php?option=com_wrapper&Itemid=182) 21-4-07  
<http://news.bbc.co.uk/1/hi/business/3025217.stm> 22-7-05  
[http://news.bbc.co.uk/1/hi/business/the\\_economy/260694.stm](http://news.bbc.co.uk/1/hi/business/the_economy/260694.stm) 22-5-07  
[http://news.bbc.co.uk/1/hi/world/middle\\_east/1552900.stm](http://news.bbc.co.uk/1/hi/world/middle_east/1552900.stm) 24-5-07  
[http://news.bbc.co.uk/1/hi/world/middle\\_east/3784765.stm](http://news.bbc.co.uk/1/hi/world/middle_east/3784765.stm) 28-02-07  
[http://news.bbc.co.uk/1/hi/world/middle\\_east/5016962.stm](http://news.bbc.co.uk/1/hi/world/middle_east/5016962.stm) 4-6-07  
[http://no.wikipedia.org/wiki/Stortingsvalget\\_2005#Valgresultat](http://no.wikipedia.org/wiki/Stortingsvalget_2005#Valgresultat) 20-4-07  
<http://plato.stanford.edu/entries/ethics-virtue/#2> 8-3-07  
[http://sciam.com/print\\_version.cfm?articleID=000AF3D5-6DC9-152E-A9F183414B7F0000](http://sciam.com/print_version.cfm?articleID=000AF3D5-6DC9-152E-A9F183414B7F0000) 27-02-07  
<http://tonto.eia.doe.gov/dnav/pet/hist/rbrtea.htm> and  
<http://www.eia.doe.gov/pub/international/iealf/BPCrudeOilPrices.xls> 25-5-07  
[http://transcripts.cnn.com/TRANSCRIPTS/0312/09/i\\_ins.00.html](http://transcripts.cnn.com/TRANSCRIPTS/0312/09/i_ins.00.html) 30-5-07  
[http://upload.wikimedia.org/wikipedia/commons/5/54/Middle\\_east\\_graphic\\_2003.jpg](http://upload.wikimedia.org/wikipedia/commons/5/54/Middle_east_graphic_2003.jpg) 20-5-07 Edited  
<http://web.amnesty.org/report2003/sau-summary-eng> 29-3-07  
<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/EXTWBIGOVANTCOR/0,,menuPK:1740542~pagePK:64168427~piPK:64168435~theSitePK:1740530.00.html> 2-5-07  
<http://wikitravel.org/en/Sharjah#see> 10-3-07  
[http://ww1.transparency.org/about\\_ti/history.html#forming](http://ww1.transparency.org/about_ti/history.html#forming) 1-6-07  
[http://ww1.transparency.org/cpi/2005/cpi2005\\_faq.en.html#nineteen](http://ww1.transparency.org/cpi/2005/cpi2005_faq.en.html#nineteen) 26-4-07  
<http://www.21stcenturytrust.org/corrupt.doc> 1-6-07  
<http://www.amanet.org/> 13-03-07  
<http://www.amnesty.org/ailib/intcam/saudi/index.html> and  
<http://xrdarabia.org/blog/archives/2007/06/03/religious-police-under-pressure/> 4-6-07  
<http://www.answers.com/topic/abu-dhabi> 6-3-07  
[http://www.archives.gov/national-archives-experience/charters/declaration\\_transcript.html](http://www.archives.gov/national-archives-experience/charters/declaration_transcript.html) 20-1-07  
<http://www.army.mil/cmh-pg/books/amh/AMH-23.htm> 22-5-07 and  
[http://en.wikipedia.org/wiki/Pacific\\_War#War\\_spreads\\_in\\_the\\_East](http://en.wikipedia.org/wiki/Pacific_War#War_spreads_in_the_East) 22-5-07  
[http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia\\_3.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia_3.shtml) 22-5-07  
[http://en.wikipedia.org/wiki/Sharia#Contemporary\\_practice\\_of\\_Sharia\\_law](http://en.wikipedia.org/wiki/Sharia#Contemporary_practice_of_Sharia_law) 20-03-07  
<http://www.bbc.co.uk/religion/religions/islam/islamethics/euthanasia.shtml> 14-03-07  
<http://www.britannica.com/eb/article-9110527/Arabian-Desert> 5-6-07  
<http://www.britannica.com/ebi/article-9273962> 7-2-07  
<http://www.business-anti-corruption.com/normal.asp?pageid=143> 26-4-07  
<http://www.christianitytoday.com/movies/reviews/2006/blooddiamond.html> 21-03-07  
[http://www.cipe.org/publications/ert/e22/E22\\_05.pdf](http://www.cipe.org/publications/ert/e22/E22_05.pdf) 1-6-07  
<http://www.cnn.com/2006/POLITICS/04/24/gas.investigation/index.html> and  
<http://www.csmonitor.com/2005/1027/p01s04-usec.html> 25-5-07  
<http://www.coe.uga.edu/~rhill/workethic/hist.htm#protest> 25-03-07  
<http://www.csn.se/Avdelningar/OmCSN/KortaFakta/KortaFakta.asp?MenyIdnr=1356> 14-03-07  
[http://www.cultural-materialism.org/cultural-materialism/cm\\_preface.asp](http://www.cultural-materialism.org/cultural-materialism/cm_preface.asp) 14-03-07  
<http://www.dagbladet.no/magasinet/2007/02/07/491296.html> 27-02-07  
<http://www.dagbladet.no/nyheter/2006/10/20/480339.html> 31-5-07  
<http://www.democracynow.org/article.pl?sid=04/11/05/1521213> 21-4-07  
[http://www.denmark.dk/portal/page?\\_pageid=374.478048&\\_dad=portal&\\_schema=PORTAL](http://www.denmark.dk/portal/page?_pageid=374.478048&_dad=portal&_schema=PORTAL) and  
<http://www.um.dk/Publikationer/UM/English/Denmark/kap3/3-1.asp> 27-02-07  
<http://www.detnews.com/2005/autosinsider/0502/26/A01-98482.htm> 21-03-07  
[http://www.development-today.com/magazine/2007/DT\\_3/News/832/print](http://www.development-today.com/magazine/2007/DT_3/News/832/print) 27-4-07  
<http://www.econlib.org/library/enc/OPEC.html> 26-5-07  
<http://www.eitransparency.org/section/abouteiti/benefits> 28-4-07  
<http://www.faculty.rsu.edu/~felwell/Theorists/Four/Presentations/Harris/index.htm> 14-03-07  
<http://www.forskning.no/Artikler/2005/september/1124458108.48>  
[http://www.frankfurt-book-fair.com/imperia/md/content/pdf/bm-19-03-07\\_anmeldung/presse/presse2004/arabpk\\_juni04\\_engl/arab\\_literature.pdf](http://www.frankfurt-book-fair.com/imperia/md/content/pdf/bm-19-03-07_anmeldung/presse/presse2004/arabpk_juni04_engl/arab_literature.pdf) 19-03-07  
<http://www.fraserinstitute.ca/admin/books/files/Nov06ffEFW%20map.pdf> 22-5-97  
[http://www.freedomhouse.org/uploads/press\\_release/fiw07\\_charts.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_charts.pdf) 28-3-07  
[http://www.freedomhouse.org/uploads/press\\_release/fiw07\\_overview\\_final.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_overview_final.pdf) 28-3-07  
<http://www.gandhiinstitute.org/Library/LibraryItem.cfm?LibraryID=780> 5-6-07  
<http://www.gcc-sg.org/CHARTER.html> 20-4-07  
<http://www.geert-hofstede.com/> 7-2-07



[http://www.geert-hofstede.com/hofstede\\_india.shtml](http://www.geert-hofstede.com/hofstede_india.shtml) 18-5-07  
<http://www.globalisationinstitute.org/blog/agriculture/us-farm-subsidies%3a-an-uncertain-future-200703281034/29-3-07>  
<http://www.globalisationinstitute.org/blog/quotations/quote-unquote%3a-c.-s.-lewis-on-moral-busybodies-200704201078/> 21-4-07  
<http://www.globalissues.org/TradeRelated/Bananas.asp> 22-5-07  
<http://www.government.ae/gov/en/res/citizen/emp/pension.jsp> 20-03-07  
<http://www.greenpeace.org/international/press/releases/africa-s-rainforest-depend-on> 26-4-07  
<http://www.guardian.co.uk/religion/Story/0,2763,631357,00.html> 18-4-07  
[http://www.heritage.org/research/features/index/chapters/htm/index2007\\_execsum.cfm](http://www.heritage.org/research/features/index/chapters/htm/index2007_execsum.cfm) 25-4-07  
<http://www.heritage.org/research/features/index/search.cfm> (list by labor freedom rank). 9-3-07  
<http://www.imdb.com/title/tt0450259/> 21-03-07  
<http://www.infoplease.com/ipa/A0781359.html> 21-03-07  
<http://www.infoplease.com/ipa/A0781359.html> 26-04-07  
<http://www.intelligentguess.com/blog/2007/04/15/usa-fiscal-deficit-as-a-percentage-of-gdp-under-the-recent-four-presidencies-since-1980/> 18-5-07  
<http://www.ired.com/news/mkt/me-econ.htm> 26-5-07  
<http://www.ired.com/news/mkt/me-econ.htm> 26-5-07  
<http://www.loc.gov/rr/program/bib/ourdocs/billofrights.html> 24-5-07  
<http://www.math.sfu.ca/~cschwarz/Stat-301/Handouts/node5.html> 19-5-07  
[http://www.mcspotlight.org/media/press/telegraph\\_15dec96.html](http://www.mcspotlight.org/media/press/telegraph_15dec96.html) 9-4-07  
<http://www.mises.org/story/2124> 21-03-07  
<http://www.msnbc.msn.com/id/11182278/site/newsweek/> 19-5-07  
<http://www.msnbc.msn.com/id/11182278/site/newsweek/page/2/> 19-5-07  
<http://www.msnbc.msn.com/id/11182278/site/newsweek/page/3/> 19-5-07  
<http://www.msnbc.msn.com/id/4917093/site/newsweek/> 19-5-07  
<http://www.nytimes.com/2006/07/09/education/09college.html?ex=1310097600&en=cd9efba2e9595dec&ei=5088&partner=rssnyt&emc=rss> 18-5-07  
<http://www.nytimes.com/2006/07/09/education/09college.html?pagewanted=2&ei=5088&en=cd9efba2e9595dec&ex=1310097600&partner=rssnyt&emc=rss> 18-5-07  
[http://www.oecd.org/document/30/0,2340,en\\_2649\\_34859\\_2027102\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/30/0,2340,en_2649_34859_2027102_1_1_1_1,00.html) 26-4-07  
[http://www.oecd.org/document/58/0,2340,en\\_2649\\_201185\\_1889402\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/58/0,2340,en_2649_201185_1889402_1_1_1_1,00.html) 26-4-07  
<http://www.opec.org/aboutus/history/history.htm> 25-5-07  
[http://www.opendemocracy.net/globalization-vision\\_reflections/dubai\\_cosmopolis\\_4543.jsp](http://www.opendemocracy.net/globalization-vision_reflections/dubai_cosmopolis_4543.jsp) 21-5-07  
<http://www.opendemocracy.net/xml/xhtml/articles/419.html> 25-02-07  
[http://www.oxfordreference.com/views/BOOK\\_SEARCH.html?book=t23](http://www.oxfordreference.com/views/BOOK_SEARCH.html?book=t23) 5-6-07  
[http://www.oxfordseminars.com/Tesol/Pages/Teach/teach\\_20000jobs.php](http://www.oxfordseminars.com/Tesol/Pages/Teach/teach_20000jobs.php) 27-03-07  
<http://www.pbs.org/wgbh/globalconnections/mideast/timeline/text/time3.html> 10-3-07  
<http://www.perseus.tufts.edu/cgi-bin/ptext?lookup=Aristot.+Nic.+Eth.+1098a14-15> 8-3-07  
<http://www.quotationspage.com/quote/2042.html> 22-4-07  
[http://www.rsf.org/rubrique.php3?id\\_rubrique=639](http://www.rsf.org/rubrique.php3?id_rubrique=639) 20-4-07  
<http://www.sjomannskirken.no/FullStory.aspx?m=1159> 9-3-07  
<http://www.skup.no/Metoderapporter/2003/statoil-saken.doc> 4-6-07  
<http://www.studielaan.dk/> 14-03-07  
<http://www.thepearlqatar.com/SubTemplate1.aspx?ID=144&MID=84> 8-5-07  
<http://www.time.com/time/europe/html/030616/story.html> 23-03-07  
[http://www.time.com/time/europe/html/030616/story\\_2.html](http://www.time.com/time/europe/html/030616/story_2.html) 23-03-07  
<http://www.time.com/time/magazine/article/0,9171,1626751-2,00.html> 3-6-07  
<http://www.time.com/time/magazine/article/0,9171,501050228-1029896,00.html> 7-3-07  
<http://www.time.com/time/magazine/article/0,9171,874589,00.html> 26-5-07  
<http://www.time.com/time/magazine/article/0,9171,925769,00.html> 26-5-07  
[http://www.transparency.org/global\\_priorities/public\\_contracting/key\\_sectors/oil](http://www.transparency.org/global_priorities/public_contracting/key_sectors/oil) 21-03-07  
[http://www.transparency.org/news\\_room/faq/corruption\\_faq#faqcorr1](http://www.transparency.org/news_room/faq/corruption_faq#faqcorr1) 26-4-07  
[http://www.transparency.org/publications/annual\\_report](http://www.transparency.org/publications/annual_report) 26-4-07  
<http://www.transparency-lebanon.org/Archives/Press/GCR%202002-%2029.08.2002.PDF> 26-4-07  
<http://www.tve.org/earthreport/archive/20Aug2001.html> 26-4-07  
<http://www.u4.no/document/faqs5.cfm#grandcorruption> 1-6-07  
<http://www.u4.no/themes/pfm/Revenueissue/revenue1.cfm> 1-6-07  
<http://www.u4.no/themes/pfm/Revenueissue/revenue2.cfm#4> 1-6-07  
<http://www.u4.no/themes/uncac/main.cfm> 27-4-07

<http://www.uaeinteract.com/news/default.asp?ID=356>,  
[http://en.wikipedia.org/wiki/General\\_Federation\\_of\\_Workers\\_Trade\\_Unions\\_in\\_Bahrain](http://en.wikipedia.org/wiki/General_Federation_of_Workers_Trade_Unions_in_Bahrain) and  
[http://en.wikipedia.org/wiki/International\\_Confederation\\_of\\_Free\\_Trade\\_Unions#Middle\\_East](http://en.wikipedia.org/wiki/International_Confederation_of_Free_Trade_Unions#Middle_East) 18-4-07  
<http://www.uga.edu/islam/ibadis.html> 23-03-07  
<http://www.umsl.edu/services/govdocs/wofact2003/fields/2103.html> 19-5-07 and  
<http://en.wikipedia.org/wiki/Literacy> - 6/2/07  
<http://www.umsl.edu/services/govdocs/wofact2003/rankorder/2129rank.html> 19-5-07  
<http://www.un.org/Overview/rights.html> 20-1-07  
<http://www.unodc.org/unodc/corruption.html> 27-4-07  
[http://www.unodc.org/unodc/crime\\_signatures\\_corruption.html](http://www.unodc.org/unodc/crime_signatures_corruption.html) 27-4-07  
[http://www.unodc.org/unodc/en/crime\\_convention\\_corruption.html](http://www.unodc.org/unodc/en/crime_convention_corruption.html) 27-4-07  
[http://www.usatoday.com/news/politics/elections/vote2006/2006-11-08-cover-usat\\_x.htm](http://www.usatoday.com/news/politics/elections/vote2006/2006-11-08-cover-usat_x.htm) 21-4-07  
<http://www.vg.no/pub/vgart.hbs?artid=278442> 20-4-07  
<http://www.virtualliterature.org/content/view/32/49/> 19-03-07  
<http://www.washingtonpost.com/wp-dyn/content/article/2005/10/27/AR2005102702399.html> 25-5-07  
<http://www.washingtonpost.com/wp-dyn/content/article/2006/01/13/AR2006011300579.html> 18-5-07  
[http://www.who.int/mental\\_health/prevention/suicide\\_rates/en/index.html](http://www.who.int/mental_health/prevention/suicide_rates/en/index.html) 14-03-07  
<http://www.worldaudit.org/democracy.htm> 24-5-07  
<http://www.worldaudit.org/methodology.htm> 29-3-07  
<http://www.worldvaluessurvey.org/> 5-6-07  
[http://www.worldvaluessurvey.org/statistics/some\\_findings.html](http://www.worldvaluessurvey.org/statistics/some_findings.html) 7-3-07  
<http://www.zu.ac.ae/employment/html/historyuaedetails.htm> 6-3-07  
<http://www.zu.ac.ae/employment/html/livingauh.html#aboutauh> 6-7-07  
<http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm> 26-4-07  
<http://www1.worldbank.org/publicsector/anticorrupt/helpingcountries.pdf> figure 3.1 p. 22 28-4-07  
<https://www.cia.gov/cia/publications/factbook/fields/2018.html> 8-8-07  
<https://www.cia.gov/cia/publications/factbook/fields/2046.html> 15-4-07  
<https://www.cia.gov/cia/publications/factbook/fields/2129.html> 15-4-07  
<https://www.cia.gov/cia/publications/factbook/fields/2172.html> 15-04-07  
<https://www.cia.gov/cia/publications/factbook/geos/mu.html#People> 23-03-07  
<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2174rank.html> 24-5-07

## Appendixes:

### Information about the Arab Gulf states

---

This country data was taken by the <http://www.intute.ac.uk>, from the CIA World Factbook (updated August 2005).

#### Population

<b>Bahrain</b>	708,573 note: includes 235,108 non-nationals (July 2007 est.)
<b>Kuwait</b>	2,505,559 note: includes 1,291,354 non-nationals (July 2007 est.)
<b>Oman</b>	3,204,897 note: includes 577,293 non-nationals (July 2007 est.)
<b>Qatar</b>	907,229 (July 2007 est.)
<b>Saudi Arabia</b>	27,601,038 note: includes 5,576,076 non-nationals (July 2007 est.)
<b>United Arab Emirates</b>	4,444,011 note: estimate is based on the results of the 2005 census that included a significantly higher estimate of net immigration of non-citizens than previous estimates (July 2007 est.)

#### Population growth rate

<b>Bahrain</b>	1.392% (2007 est.)
<b>Kuwait</b>	3.561% note: this rate reflects a return to pre-Gulf crisis immigration of expatriates (2007 est.)
<b>Oman</b>	3.234% (2007 est.)
<b>Qatar</b>	2.386% (2007 est.)
<b>Saudi Arabia</b>	2.06% (2007 est.)
<b>United Arab Emirates</b>	3.997% (2007 est.)

#### Population migration

<b>Bahrain</b>	0.82 migrant(s)/1,000 population (2006 est.)
<b>Kuwait</b>	15.66 migrant(s)/1,000 population (2006 est.)
<b>Oman</b>	0.35 migrant(s)/1,000 population (2006 est.)
<b>Qatar</b>	14.12 migrant(s)/1,000 population (2006 est.)
<b>Saudi Arabia</b>	-4.94 migrant(s)/1,000 population (2006 est.)
<b>United Arab Emirates</b>	0.66 migrant(s)/1,000 population (2006 est.)

#### Life expectancy

<b>Bahrain</b>	total population: 74.68 years male: 72.18 years female: 77.25 years (2007 est.)
<b>Kuwait</b>	total population: 77.36 years male: 76.25 years female: 78.52 years (2007 est.)
<b>Oman</b>	total population: 73.62 years male: 71.37 years female: 75.99 years (2007 est.)
<b>Qatar</b>	total population: 74.14 years male: 71.6 years female: 76.82 years (2007 est.)

<b>Saudi Arabia</b>	total population: 75.88 years male: 73.85 years female: 78.02 years (2007 est.)
<b>United Arab Emirates</b>	total population: 75.69 years male: 73.16 years female: 78.35 years (2007 est.)

### Gender ratio

<b>Bahrain</b>	at birth: 1.03 male(s)/female under 15 years: 1.021 male(s)/female 15-64 years: 1.372 male(s)/female 65 years and over: 1.084 male(s)/female total population: 1.255 male(s)/female (2007 est.)
<b>Kuwait</b>	at birth: 1.04 male(s)/female under 15 years: 1.037 male(s)/female 15-64 years: 1.771 male(s)/female 65 years and over: 1.691 male(s)/female total population: 1.526 male(s)/female (2007 est.)
<b>Oman</b>	at birth: 1.05 male(s)/female under 15 years: 1.041 male(s)/female 15-64 years: 1.419 male(s)/female 65 years and over: 1.26 male(s)/female total population: 1.238 male(s)/female (2007 est.)
<b>Qatar</b>	at birth: 1.05 male(s)/female under 15 years: 1.04 male(s)/female 15-64 years: 2.211 male(s)/female 65 years and over: 2.887 male(s)/female total population: 1.852 male(s)/female (2007 est.)
<b>Saudi Arabia</b>	at birth: 1.05 male(s)/female under 15 years: 1.04 male(s)/female 15-64 years: 1.314 male(s)/female 65 years and over: 1.11 male(s)/female total population: 1.196 male(s)/female (2007 est.)
<b>United Arab Emirates</b>	at birth: 1.05 male(s)/female under 15 years: 1.047 male(s)/female 15-64 years: 2.743 male(s)/female 65 years and over: 1.849 male(s)/female total population: 2.19 male(s)/female (2007 est.)

### Age structure

<b>Bahrain</b>	0-14 years: 26.9% (male 96,217/female 94,275) 15-64 years: 69.5% (male 284,662/female 207,555) 65 years and over: 3.7% (male 13,451/female 12,413) (2007 est.)
<b>Kuwait</b>	0-14 years: 26.7% (male 340,814/female 328,663) 15-64 years: 70.5% (male 1,128,231/female 636,967) 65 years and over: 2.8% (male 44,542/female 26,342) (2007 est.)
<b>Oman</b>	0-14 years: 42.7% (male 698,461/female 670,793) 15-64 years: 54.6% (male 1,026,686/female 723,712) 65 years and over: 2.7% (male 47,534/female 37,711) (2007 est.)
<b>Qatar</b>	0-14 years: 23.1% (male 106,853/female 102,713) 15-64 years: 72.9% (male 455,631/female 206,099) 65 years and over: 4% (male 26,689/female 9,244) (2007 est.)
<b>Saudi Arabia</b>	0-14 years: 38.2% (male 5,369,285/female 5,162,585) 15-64 years: 59.4% (male 9,316,694/female 7,089,370) 65 years and over: 2.4% (male 348,827/female 314,277) (2007 est.)
<b>United Arab Emirates</b>	0-14 years: 20.6% (male 467,931/female 447,045) 15-64 years: 78.5% (male 2,558,029/female 932,617) 65 years and over: 0.9% (male 24,914/female 13,475) note: 73.9% of the population in the 15-64 age group is non-national (2007 est.)

**Birth rate**

Bahrain	17.53 births/1,000 population (2007 est.)
Kuwait	21.95 births/1,000 population (2007 est.)
Oman	35.76 births/1,000 population (2007 est.)
Qatar	15.56 births/1,000 population (2007 est.)
Saudi Arabia	29.1 births/1,000 population (2007 est.)
United Arab Emirates	16.09 births/1,000 population (2007 est.)

**Death rate**

Bahrain	4.21 deaths/1,000 population (2007 est.)
Kuwait	2.39 deaths/1,000 population (2007 est.)
Oman	3.78 deaths/1,000 population (2007 est.)
Qatar	4.82 deaths/1,000 population (2007 est.)
Saudi Arabia	2.55 deaths/1,000 population (2007 est.)
United Arab Emirates	2.16 deaths/1,000 population (2007 est.)

**GDP (\$US billion)**

Bahrain	\$15.9 billion (2005 est.)
Kuwait	\$47.36 billion (2005 est.)
Oman	\$40.39 billion (2005 est.)
Qatar	\$24.46 billion (2005 est.)
Saudi Arabia	\$346.3 billion (2005 est.)
United Arab Emirates	\$115.8 billion (2005 est.)

**GDP per capita (\$US)**

Bahrain	\$23,100 (2005 est.)
Kuwait	\$20,300 (2005 est.)
Oman	\$13,500 (2005 est.)
Qatar	\$28,300 (2005 est.)
Saudi Arabia	\$13,100 (2005 est.)
United Arab Emirates	\$45,200 (2005 est.)

**GDP real growth rate**

Bahrain	5.9% (2005 est.)
Kuwait	8.3% (2005 est.)
Oman	5.6% (2005 est.)
Qatar	8.8% (2005 est.)
Saudi Arabia	6.5% (2005 est.)
United Arab Emirates	8.8% (2005 est.)

## Unemployment

<b>Bahrain</b>	15% (2005 est.)
<b>Kuwait</b>	2.2% (2004 est.)
<b>Oman</b>	15% (2004 est.)
<b>Qatar</b>	2.7% (2001)
<b>Saudi Arabia</b>	13% among Saudi males only (local bank estimate; some estimates range as high as 25%) (2004 est.)
<b>United Arab Emirates</b>	2.4% (2001)

## Labour force

<b>Bahrain</b>	380,000 note: 44% of the population in the 15-64 age group is non-national (2005 est.)
<b>Kuwait</b>	1.67 million note: non-Kuwaitis represent about 80% of the labor force (2005 est.)
<b>Oman</b>	920,000 (2002 est.)
<b>Qatar</b>	440,000 (2005 est.)
<b>Saudi Arabia</b>	6.76 million note: more than 35% of the population in the 15-64 age group is non-national (2005 est.)
<b>United Arab Emirates</b>	2.8 million (2005 est.)

## Area (km<sup>2</sup>)

<b>Bahrain</b>	665
<b>Kuwait</b>	17820
<b>Oman</b>	212460
<b>Qatar</b>	11437
<b>Saudi Arabia</b>	1960582
<b>United Arab Emirates</b>	82880

## Coastline (km)

<b>Bahrain</b>	161
<b>Kuwait</b>	499
<b>Oman</b>	2,092
<b>Qatar</b>	563
<b>Saudi Arabia</b>	2,640
<b>United Arab Emirates</b>	1,318

## Boundaries (km)

<b>Bahrain</b>	0
<b>Kuwait</b>	462 - Iraq 240, Saudi Arabia 222
<b>Oman</b>	1,374 - Saudi Arabia 676, UAE 410, Yemen 288
<b>Qatar</b>	60 - Saudi Arabia 60
<b>Saudi Arabia</b>	4,431 - Iraq 814, Jordan 744, Kuwait 222, Oman 676, Qatar 60,

UAE 457, Yemen 1,458  
United Arab Emirates 867 - Oman 410, Saudi Arabia 457

## Questionnaire reply from R1

---

### 1) Does the CPI scores seem reasonable to you?

Yes

### 2. Do you perceive corruption to be a “taboo” issue in the region?

Yes, to some extent. My answer could also be: No. Mainly because TI’s definition of corruption is seen from a western point of view. Corruption might also be a taboo in many western countries.

### 3. Do you perceive corruption to be present in the region?

Yes

### 4. Do you perceive corruption to be considered a problem in the region?

Yes

### 5. Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?

I do not think Arab countries have more lack of moral than western countries. Even though some moral standards in Islam may be “outdated” related to modern way of life and therefore can create double standards (what is said to be right and what is practised in the society)

### 6. In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?

Yes. Even though you would be an easy target for media feeding on the smallest mistakes you might do. Public opinion might also have a lack of understanding for different cultural understanding of what corruption is and is not.

### 7. In your opinion how much does corruption have to do with

- Lack of local knowledge (unfamiliar culture)?

Some

- Lack of trust (between people of different cultures)?

Less

- Lack of time (pay a bribe to save time)?

Some

- Lack of transparency (making it easy to get away with)?

Some

**8. Which of the following phrases do you agree with?**

- The person paying the bribe just as guilty as the person taking it

Agree

- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.

Agree

- Western companies are just as likely to involve themselves in corruption as local companies.

Agree

- Some places it's customary to make some kind of facilitation payment (paying greasing money).

Agree

- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.

Agree to some extent.

- The local society has an elite class which are subject to certain "private laws"

Agree

- Private laws enables the social elite to participate in what's in your opinion corrupt activities

Agree

These are highly hypothetical questions:

- Corruption is a part of their culture (culture is defined as "the collective programming of the mind which distinguishes the members of one category of people from another")

Agree to some extent. But in the Gulf states small favors are not considered being corruption. Network and personal favors are more like paying respect. To offer bribes could also be seen as an offense.

- Corruption leads to predictability



At least that's why most people would be willing to pay of the record

- I wouldn't trust a person who took a bribe  
Depends on local culture

- I wouldn't trust a person who took a bribe, even after I had bribed him  
Depends on local culture

- "Power tends to corrupt and absolute power corrupts absolutely", Lord Acton  
If you do not believe in personal moral or cultural/religious values – I agree that power tends.  
But it is my belief that he is not necessarily right.

- If 'limited greasing payments' are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.

To my opinion greasing payment, according to TI, is corruption and should be called by that name. At least within own company. When it comes to moral and company policy I would strongly state that we should always begin with ourselves...

## Questionnaire reply from R2

---

- **Does the CPI scores seem reasonable to you?**
  - Både ja og nei, jeg hadde trodd at korrupsjonen var større i skandinavia.
- **Do you perceive corruption to be a "taboo" issue in the region?**
  - Ja for det meste, åpenheten er større I deler av UAE enn de andre landene, og kanskje det er derfor det er så stor forskjell på Saudi Arabia som er det mest lukkede landet og UAE
- **Do you perceive corruption to be present in the region?**
  - Ja, jeg har til og med møtt det på offentlige kontorer.
- **Do you perceive corruption to be considered a problem in the region?**
  - Ja, jeg ser på korrupsjonene som et problem, det undergraver deres forsøk på å lage god infrastruktur. Det skaper urettferdighet, og uforutsigbarhet.

- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- Jeg tror det er en kombinasjon. Innerste i en spiss vinkel er der ikke mye forskjell på vinkelbeina, og det ser likegyldig ut om man velger det ene eller det andre. Det vil si at I liten skala så blir det å bestikke ikke opplevd som bestikkelse, bare som en hyggelig gest, en tjeneste, eller et uttrykk for takknemmelighet eller liknende. Og det er det for så vidt også derfor overgangene kan av og til være glidende. Derfor kan likegyldighet i en tilsynelatende uvesentlig sak, utvikle seg til dårlig moral, for alt er alltid under utvikling og vinkelbeina vil sprike mer og mer. Derfor tror jeg det ene er årsak til den andre, altså begge deler.
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
  - Ja, jeg tror det er nødvendig hvis man skal komme korrupsjonen til livs, og I disse data tider, burde det da bli vanskeligere å drive med korrupsjon.
- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)? 25%
- Lack of trust (between people of different cultures)? 25%
- Lack of time (pay a bribe to save time)? 25%
- Lack of transparency (making it easy to get away with)? 25%
- Jeg ville kanskje sagt 15 % på A,B,C og D fordi jeg tror alle faktorene er viktige faktorer, som gir oss en fullkommen unnskyldning for det jeg tror er den største faktoren; grådighet, men som vi aldri vil erkjenne og derfor kaller den alt mulig annet. Jeg tror det er 40 % grådighet.
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it
  - uenig. Personen som betaler bestikkelsen kan være under et krysspress, som gjør det umulig å følge det man selv mener er rett. Det kan skade for mange andre. Er man den svake part har man ikke alltid noe reelt valg, fordi bestikkelsen har for stor og lang tradisjon i samfunnet.

- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.
  - enig, jeg tror at vestlige selskaper har tatt med seg eller utviklet en ukultur som kommuniserte godt med nomade samfunnet og nomadenes kultur og tradisjon for å gjøre hverandre tjenester og ytelser. Jeg tror det er en kombinasjon av flere slike gode og mindre gode intensjoner som er smeltet sammen og som har utviklet seg til en stor ukultur.
  
- Western companies are just as likely to involve themselves in corruption as local companies.
  - enig
  
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
  - enig
  
- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
  - enig
  
- The local society has an elite class which are subject to certain "private laws"
  - enig
  
- Private laws enables the social elite to participate in what's in your opinion corrupt activities
  - enig
  
- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as "the collective programming of the mind which distinguishes the members of one category of people from another")
  - enig
  
- Corruption leads to predictability
  - både og, jeg tror på kort sikt og på overflaten at det kan oppleves slik, men jeg tror det er å lure seg selv. Fordi jeg tror forutsigbarheten på det å velge rett for flertallet og de svake, blir borte. Personlige interesser blir større enn flertallets behov. Derfor vil urettferdigheten raskt kunne øke, og det er kaos dannende.
  
- I wouldn't trust a person who took a bribe
  - uenig, jeg tror jeg ville kunne forstå, en som tok imot bestikkelse, men ha tillitt til personen ville være vanskeligere, fordi den som har bestukket vedkommende kan kanskje komme til å bruke det som en brekkstang for andre

ting som vedkommende ikke kan vegre seg mot på grunn av tidligere bestikkelse.

- I wouldn't trust a person who took a bribe, even after I had bribed him
  - uenig
- "Power tends to corrupt and absolute power corrupts absolutely" - Lord Acton
  - enig
- If 'limited greasing payments' are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
  - dette hadde vært interessant og prøvd, for jeg tror det har noen fordeler ved seg, alt har jo det. Jo strengere regler jo flere lovbrytere, og det er ikke bra. Men jeg tror de kreftene som er ute etter å utnytte dette her hvis det ble satt i system ville få altfor gode vilkår. Derfor tror jeg ikke det er mulig, dessverre.

### **Questionnaire reply from R3**

---

- **Does the CPI scores seem reasonable to you?**
- Yes
- **Do you perceive corruption to be a "taboo" issue in the region?**
- Yes, to NAME it corruption.
- **Do you perceive corruption to be present in the region?**
- Yes
- **Do you perceive corruption to be considered a problem in the region?**
- Yes
- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- None, more as a habit or way of relationship
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
- Yes, but I fear they will find other ways to avoid being caught

- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)?
- little
- Lack of trust (between people of different cultures)?
- little
- Lack of time (pay a bribe to save time)?
- little
- Lack of transparency (making it easy to get away with)?
- more
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it
- agree
- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.
- agree
- Western companies are just as likely to involve themselves in corruption as local companies.
- agree
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
- agree
- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
- agree
- The local society has an elite class which are subject to certain "private laws"
- agree
- Private laws enables the social elite to participate in what's in your opinion corrupt activities

- agree
- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as “the collective programming of the mind which distinguishes the members of one category of people from another”)
- agree
- Corruption leads to predictability
- I wouldn’t trust a person who took a bribe
- agree
- I wouldn’t trust a person who took a bribe, even after I had bribed him
- agree
- “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton
- agree
- If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
- disagree

#### **Questionnaire reply from R4**

---

- **Does the CPI scores seem reasonable to you?**
- yes
- **Do you perceive corruption to be a “taboo” issue in the region?**
- Yes, to some extent
- **Do you perceive corruption to be present in the region?**
- yes
- **Do you perceive corruption to be considered a problem in the region?**
- Yes, to some extent

- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- The latter
  
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
- yes
  
- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)?
- Quite a lot
  
- Lack of trust (between people of different cultures)?
- some
  
- Lack of time (pay a bribe to save time)?
- Quite a lot
  
- Lack of transparency (making it easy to get away with)?
- A lot
  
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it
- Not necessarily, but usually
  
- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for is as local officials.
- almost
  
- Western companies are just as likely to involve themselves in corruption as local companies.
- yes
  
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
- yes

- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
- yes
  
- The local society has an elite class which are subject to certain “private laws”
- yes
  
- Private laws enables the social elite to participate in what’s in your opinion corrupt activities
- yes
  
- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as “the collective programming of the mind which distinguishes the members of one category of people from another”)
- yes
  
- Corruption leads to predictability
- Initially maybe
  
- I wouldn’t trust a person who took a bribe
- True
  
- I wouldn’t trust a person who took a bribe, even after I had bribed him
- true
  
- “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton
- Definitely
  
- If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
- yes (and no?)

### **Questionnaire reply from R5**

---

- **Does the CPI scores seem reasonable to you?**
- Ja



- **Do you perceive corruption to be a “taboo” issue in the region?**
- Nei
- **Do you perceive corruption to be present in the region?**
- Ja, i hoeyeste grad
- **Do you perceive corruption to be considered a problem in the region?**
- Ja for de vestlige som er her, mye mindre for de lokale,.. “det bare er saann”
- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- Mest pga utilstrekkelig lover osv, som i sin tur oppfordrer til det vi kaller “daarlig moral”.
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
- Nei, tror ikke et vestlig selskap kan gjoere noe med det, og har heller ikke noe aa vinne paa det
- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)?
- lite
- Lack of trust (between people of different cultures)?
- lite
- Lack of time (pay a bribe to save time)?
- Ingenting, her har de god tid...
- Lack of transparency (making it easy to get away with)?
- Omtrent alt
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it
- Uenig, noen ganger maa man bestikke for I det hele tatt aa komme noen vei

- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.
- Helt uenig, korrupsjonen er innbakt i systemet her, og kan kun begrenses ved lokale lover.
- Western companies are just as likely to involve themselves in corruption as local companies.
- Uenig, Ikke like mye, men jeg tror mange er nødt hvis det skal bli noe business i det hele tatt
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
- Helt enig
- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
- Enig
- The local society has an elite class which are subject to certain "private laws"
- Helt enig, iallfall her i Kuwait
- Private laws enables the social elite to participate in what's in your opinion corrupt activities
- Enig
- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as "the collective programming of the mind which distinguishes the members of one category of people from another")
- Enig
- Corruption leads to predictability
- Uenig
- I wouldn't trust a person who took a bribe
- Enig
- I wouldn't trust a person who took a bribe, even after I had bribed him
- Uenig

- “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton
- Enig
- If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
- Uenig, I vaare oeyne er det naa korrupsjon uansett

### **Questionnaire reply from R6**

---

- **Does the CPI scores seem reasonable to you?**
- YES THEY DO
  
- **Do you perceive corruption to be a “taboo” issue in the region?**
- YES, THE AUTHORITIES ARE STRICT RE THIS
  
- **Do you perceive corruption to be present in the region?**
- TO SOME EXTEND YOU WILL ALWAYS FIND CORRUPT PEOPLE
  
- **Do you perceive corruption to be considered a problem in the region?**
- NO, IT IS NOT A PROBLEM
  
- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- BAD MORAL, AS MENTIONED THE AUTHORITIES IN UAE ARE VERY STRICT RE ANY TYPE OF CORRUPTION
  
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
- YES, AND THIS IS VERYCOMMON IN THIS AREA
  
- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)?
  - AS MAJORITY OF THE POPULATION IS FROM OTHER COUNTRIES HAVING ANOTHER BUSINESS CULTURE THIS MAY BE ONE OF THE REASONS FOR CORRUPTION
  
- Lack of trust (between people of different cultures)?
  - SAME AS UNDER A

- Lack of time (pay a bribe to save time)?
  - YES, THIS MAY HAPPEN
  
- Lack of transparency (making it easy to get away with)?
  - YES, PROBABLY ONE REASON
  
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it
  - YES, NORMALLY THIS IS CORRECT
  
- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.
  - DO NOT THINK THIS IS A GREATER PROBLEM IN UAE THAN IN THE WEST.
  - AS MENTIONED THE AUTHORITIES IN THIS COUNTRY WILL NOT TOLERATE ANY KIND OF CORRUPTION AMONG THEIR LOCAL OFFICIALS.
  
- Western companies are just as likely to involve themselves in corruption as local companies.
  - WHEN READING IN WESTERN NEWSPAPERS ABOUT CORRUPTION
  - DO NOT ALWAYS FIND WESTERN COMPANIES BEING ANY BETTER THAN OTHERS.
  
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
  - THIS IS CORRECT, AND HAPPENS ALL OVER THE WORLD, MOST PROBABLY NOT MORE IN DUBAI THAN IN OSLO
  
- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
  - DO NOT THINK THIS ANYMORE IS COMMON IN DUBAI
  
- The local society has an elite class which are subject to certain "private laws"
  - NO, IN DUBAI THE LAWS ARE THE SAME FOR ALL.
  
- Private laws enables the social elite to participate in what's in your opinion corrupt activities
  - SEE REPLY F

- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as “the collective programming of the mind which distinguishes the members of one category of people from another”)
  - CORRUPTION IS NOT A PART OF THE CULTURE IN UAE, BUT AS MENTIONED BEFORE, THE MAJORITY OF THE POPULATION IS FROM OTHER ASIAN COUNTRIES WITH ANOTHER BUSINESS CULTURE
- Corruption leads to predictability
  - MAY BE IN SOME CASES
- I wouldn't trust a person who took a bribe
  - NORMALLY NOT
- I wouldn't trust a person who took a bribe, even after I had bribed him
  - NORMALLY NOT
- “Power tends to corrupt and absolute power corrupts absolutely” - Lord Acton
  - "WISE WORDS"
- If ‘limited greasing payments’ are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
  - I THINK THERE IS A DIFFERENCE BETWEEN GREASING (SMALLER AMOUNTS) AND CORRUPTION AND GREASING SHOULD NOT BE CALLED CORRUPTION

### **Questionnaire reply from R7**

---

- **Does the CPI scores seem reasonable to you?**
- I think the picture is generally right.
- **Do you perceive corruption to be a “taboo” issue in the region?**
- No. It is talked about. It is as near to open as something illegal can be – perhaps a little like “black work” in our countries? Everyone knows it is there, most people have a hazy borderline for what is acceptable, and though you can get caught and the repercussions may be severe (especially if you are a public figure), “everyone” does it.
- **Do you perceive corruption to be present in the region?**

- Very much so. Everything from small scale “baksheesh” to blatant corruption in, e.g., building and at the airport, the customs services and the police.
- **Do you perceive corruption to be considered a problem in the region?**
- Yes, but also one that most people do not see how you can get rid of, since so many in practical terms makes their real living off it.
- **Do you think corruption is more a product of bad moral or of insufficient laws, regulations and enforcement?**
- I think it is a product mainly of systematic mismanagement and failed economic policies, in combination with poverty. However, it should be noted that the worst corruption generally takes place among the already wealthy, as I believe is often the case elsewhere as well.
- **In your opinion, should a company to commit themselves to full transparency (publish earning and spending) in order to combat corruption?**
- Yes. However, I also think that there needs to be policies that draw the line somewhere in practical terms for what is “corruption” and what is allowable “grease” like baksheesh, which in theory is just a tip.
- **In your opinion how much does corruption have to do with**
- Lack of local knowledge (unfamiliar culture)?
- Lack of trust (between people of different cultures)?
- Lack of time (pay a bribe to save time)?
- A lot. But where is the borderline between paying to get ahead in a queue and paying to get something happening *at all*? In other words: If you have to pay to get what is legally yours *at all*, maybe that is different from paying to jump in the queue? If, as is often the case, the bureaucracy does nothing unless you pay “fees” (for which you get no receipts) – then how can you run your business at all? In other words – businesses may need to decide that they just cannot go into certain markets if they need to be 100% clean at home.
- Lack of transparency (making it easy to get away with)?
- Very important. E.g., Egypt is a pure cash culture, making it very hard both to tax and to audit cash flows.
- **Which of the following phrases do you agree with?**
- The person paying the bribe just as guilty as the person taking it

- Yes.
- Corruption is a greater problem in the Middle East than in the West but Western companies are just as much to blame for it as local officials.
- As the seller is equally much to blame as the buyer, yes.
- Western companies are just as likely to involve themselves in corruption as local companies.
- Some places it's customary to make some kind of facilitation payment (paying greasing money).
- Absolutely necessary in most businesses and public offices here.
- Great pursuit of material success leads to greater willingness to participate in corrupt transactions.
- Not necessarily. It also becomes a part of the regular business culture and the "regular" income of thousands of people who would otherwise have been grossly underpaid. In one sense, it allows (or hides) a level of official wages that are impossible to live on in reality.
- The local society has an elite class which are subject to certain "private laws"
- Probably, but I have no data to support that.
- Private laws enables the social elite to participate in what's in your opinion corrupt activities
- See above.
- These are highly hypothetical questions:
- Corruption is a part of their culture (culture is defined as "the collective programming of the mind which distinguishes the members of one category of people from another")
- Yes
- Corruption leads to predictability
- ??
- I wouldn't trust a person who took a bribe

- I would rather trust someone who openly takes a bribe than one who I suspect of doing so...
- I wouldn't trust a person who took a bribe, even after I had bribed him
- Not entirely, no.
- "Power tends to corrupt and absolute power corrupts absolutely" - Lord Acton
- Indeed. Although I believe that some actually retain a vestige of "good will" for their people or shareholders, but yes, the tendency is clear.
- If 'limited greasing payments' are common. Then referring to that as corruption will only help legitimize some level of corruption, and make it acceptable. In order to avoid acceptance of corruption greasing payments should not be called corruption.
- I think that is a possible angle of approach, yes.