

## Doing Business in Iran / Iranian Social and Business Culture

### An Iranian Culture Overview

#### Fact file

- **Official name** – Islamic Republic of Iran
- **Population** - 66,429,284 (July 2008 est.)
- **Official Languages** - Persian and Persian dialects 58%, Turkish and Turkish dialects 26%, Kurdish 9%, Luri 2%, Balochi 1%, Arabic 1%, Turkish 1%, other 2%
- **Currency** - Iranian rial (IRR)
- **Capital City** – Tehran
- **GDP** - \$842 billion (2007 est.)
- **GDP per capita** - \$12,800 (2007 est.)



#### Overview

Located in the centre of Eurasia on the Silk Road and bordering several important Middle Eastern states, Iran has been influenced by many different cultures and traditions throughout history. Despite these different influences, Iran remains a conservative Muslim theocracy. Today, Iran is the second biggest oil producer in the world and attracts a lot of international investment. Any organisation wishing to conduct business successfully with Iran needs to understand and consider the mixture of traditional and modern influences which impact Iranian business and social culture.

#### **Iranian Culture – Key Concepts and Values**

**Islam** – Approximately 98% of the Iranian population is Muslim and adheres to the Shi'a branch of Islam making it the only Shi'ite theocracy in the world. Iran is a conservative society where Islamic traditions and values play an important role in everyday life. These traditions also affect business, so it is important to be aware of them when doing business with your Iranian colleagues.

**Indirect Communication** – Iranians tend to have a very indirect communication style and rely heavily on nonverbal cues and figurative forms of speech. This is a means of saving face when communicating and maintaining individual honour. This aspect of Iranian culture has to be carefully considered when doing business, because a direct refusal, for example, can be interpreted as rude and impolite.

**Hospitality** – As in many other Middle Eastern countries, hospitality is a key value in Iranian culture. Showing generosity and displaying welcoming behaviour is used as a way to measure a person's reputation and character. It is essential to accept hospitality always when offered. Otherwise, it can be interpreted as a severe loss of honour for the person you are doing business with.

#### **Doing Business in Iran**

After the 1978 Islamic Revolution, Iran became an Islamic theocracy with a theocratic constitution. Iranians are heavily influenced by the traditional Islamic beliefs and practices

which impact everyday life and business. In an attempt to strengthen the economy, the Iranian government started opening up the country to the free market and foreign investors in the 1990s. However, this transition is still ongoing and can make doing business in Iran a challenge. Having a comprehensive understanding of Iranian cultural traditions and underlying influences that affect business in Iran today is essential.

### **Iranian Business Part 1 - Working in Iran (Pre-departure)**

#### **o Working practices in Iran**

- The working week in Iran begins on Saturday and ends on Thursday. Friday is a Muslim holy day for Iranians which should be respected when scheduling meetings. Working hours tend to be from 9am to 5pm. Be aware of Muslim holidays like Ramadan and schedule business meetings around them.
- Iranians have a flexible attitude towards time. Therefore, foreigners should not expect meetings to always start and end on time; even though Iranians will expect punctuality from them. Being patient and including some extra time in your schedule can help business relationships.
- Muslims will pray five times a day. This routine may interrupt business schedules so consider this when making business appointments with your Iranian colleagues.

#### **o Structure and hierarchy in Iranian companies**

- In Iran most companies have a top down hierarchy. Decisions are made by directors and initiative and input from employees is not always welcomed.
- When addressing an Iranian colleague or client you have just met, it is crucial that you use the correct title and are formal. The appropriate title for men is “*agha*” followed by the last name while women should be addressed with “*khanoom*” and the last name. Once the relationship becomes less formal, your Iranian counterpart will probably call you by your first name.

#### **o Working relationships in Iran**

- Personal relationships are very important in Iranian business culture. It is common to build a close personal relationship before starting to do business.
- Nowadays, an increasing number of women are working at all levels of business in Iran. Nevertheless, there is still a very traditional understanding of gender roles in Iran which should be considered when doing business as a woman.

### **Iranian Business Part 2 - Doing Business in Iran**

#### **o Business practices in Iran**

- Greetings in Iran are usually initiated with a handshake between men. If a woman is present, wait until she initiates a handshake. “*Salaam 'Alaykum*” (peace be upon you) and the response “*Alaykum As-Salaam*” (and upon you be peace), or the short form “*Salaam*” are common greetings in Iran.

- When exchanging business cards with your Iranian colleagues, it is important to use your right hand or both hands as the left hand is considered unclean. When given a business card, review it carefully before putting it away.
  - In business meetings in Iran decisions tend to be made by the directors of the company. The decision making process can take a while due to their indirect style of communication. Avoid putting pressure on the decision making process as this can have a counter-productive effect and might give a negative impression.
  - Generally speaking, business dress in Iran is modest. Men wear suits and a shirt but ties are relatively uncommon. Women should dress conservatively, and when in public it is advisable to wear a scarf to cover their hair.
- **Iranian Business Etiquette (Do's and Don'ts)**
- ✓ DO try to get to know your Iranian business partner personally in your first meeting. Establishing trust and a good personal relationship is important in Iranian business culture.
  - ✓ DO avoid topics of conversation like Iranian foreign policy and politics and also avoid criticising Islam as this can cause offense. Also avoid talking about the female relatives of your Iranian colleagues, and if they introduce the subject avoid asking too many personal questions.
  - ✓ DO be aware that typical physical distance maintained when communicating in Iran is closer than in many western countries. Though you may not be comfortable with this close distance, it can be perceived as impolite if you back away.
  - ✓ DO show respect towards your Iranian business associates by taking a sensitive approach to behaviour and cultural gestures. Avoid using the left hand when passing something, drinking alcohol or eating pork while in the presence of your Iranian colleagues.
  - ✗ DON'T criticise your Iranian counterparts in front of other business colleagues, as this may cause a loss of face and harm their sense of honour.
  - ✗ DON'T schedule business meetings during the holy month of Ramadan if at all possible as business activity tends to be reduced. Ramadan is a major Islamic tradition that includes fasting for an entire month. Although foreigners are not required to fast, it is considered impolite to eat or drink in front of others during this time.
  - ✗ DON'T give the "thumbs up" sign while in Iran as this is considered to be an offensive gesture.
  - ✗ DON'T display emotions or affectionate behaviour to people of the opposite gender in public. This is very uncommon in Iran and can cause offense. In contrast people of the same gender often display affection in public and it is not rare to see two men holding hands.

### Iran Culture Quiz - True or False

1. Time is considered more important than the needs of an individual.
2. In Iran, women take their children to work.
3. It is not uncommon for men to walk hand in hand while in public.
4. Hospitality is essential in Iran.
5. In Iran, sitting with crossed legs is very common.

### Cultural Quiz - Answers

1. False. In general individuals and their needs are considered more important than keeping a schedule in Iran.
2. False. Various institutions provide day care services, so employees have the option to have their children looked after by professionals while working.
3. True. Holding hands is a sign of friendship.
4. True. Guests are treated with special attention because in Islam they are seen as a gift from Allah.
5. False. This is the best way to sit as it hides the soles of your shoes which are considered a harsh offense in Iran when shown.

\*Source: CIA World Factbook 2008

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