



# Influence of Islamic culture on Scandinavian management in Malaysia

- a glance at multinational management  
and Islamic values

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## Abstract

This study deals with differences ---especially related to the Islamic culture--- in business between Scandinavia and Malaysia. It is based on interviews with managers in 11 Scandinavian companies located in Malaysia.

Globalisation is described as the intensification of worldwide social relations which link distant localities. Local happenings are shaped by events occurring many miles away. This is especially true for the multinational companies. Global firms have increased very much in numbers lately and their activities have become different than before. The multinational companies have branch-offices situated far away that all are affected by what is happening at the head-office. At the same time they are operating in a foreign culture and have to adjust to the local environment. As a result of this, both company management and scientists have started to focus more on intercultural relations when conducting business internationally.

Islam is a very important part of being Malay and a foundation for the nationality feeling. There is an ongoing institutionalising of Islam in the nation. In Malaysia, Islam has grown stronger and got a more visible expression in the society. The things that influence the companies directly are outward symbolic actions of the faith. One of these things is the clothing tradition. The companies had to adjust their clothing policy since the Muslim women often wear headscarves and loose and covering clothes. Food is a part of business life and the Muslims also have to eat meat that is slaughtered in a special way. In Malaysia the food-issues went smoothly and overall the Scandinavians were reminded of it and also used to take *halal*-food.

Important rituals in Islamic culture are the five pillars. Of these only two made any difference to the companies: the daily prayers and the fasting in Ramadan. However, they did not have a large impact for most companies. The daily prayers were mostly noticed by the fact that the companies had to have a praying room, and that there were shorter working-days on Fridays. In the fasting month the companies that had much physical work ---especially outdoors--- experienced a drop in productivity. The other companies did not notice the period that much. Indirectly, the religion affect underlying structures of people's consciousness and their behaviour. This can have results as a hierarchical structure of the companies and their way of working. Underlying structures in politics that affect the framework conditions for the companies, however, in Malaysia politics were regarded as secular.

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## 1. Introduction

### 1.1 Motivation and focus

Large global companies are becoming more important in the exchange of goods. Even far-off on a summer-farm in the mountains in Norway there are milking machinery produced by one of these global firms. And the global firms conquer more and more space of our grounds and consciousness. These firms work internationally and their strategists have to think across country borders and cultural barriers to produce and sell their products in different parts of the world. Often the companies have employees from one country and one culture working in a completely different country and culture often far away from “home” for several years, so-called expats (short for expatriate). This is the case with my informants: Scandinavians working in Malaysia.

Global firms have increased very much in numbers lately and their activities have become different than before. As a result of this, both company management and scientists have started to focus more on intercultural relations when conducting business internationally. Previously the general point of view has been that a good product can sell everywhere, but with stronger competition and more branding trends, the companies also have seen that there is differentiation in customising their products and/or marketing to the different cultures they operate in. Likewise the firms have to “customise” their management in different cultures. This has often been done as a task of necessity, but the hybrid management situations that arise from these intercultural working conditions can often have “corporate intelligence” value.

Most people in the West see business and management as a highly secular task. Europe has been characterised (for example by Berger, 1999) as an area where the secularisation theories of the 60s still have some foothold, while the rest of the world is in an anti-secularisation trend. The most used example of these thoughts is Muslim extremists demonstrating against Western values. Islam seems to be the religion where anti-secular trends are involving spheres of the society that in the west traditionally is seen as secular. As corporate management and management theories are becoming more focused on cultural issues in international management, I have not seen any dealing with religion’s importance in the culture related to corporate tasks. I have been curious to which degree, and how, religion and religious activity can affect management.

The conduct of business internationally means that different cultures have to interact. In this project I wanted to explore how such a cultural meeting can take place by studying Western companies in a Muslim country. Cultural interactions in a business-setting can happen in a number of different situations. The different parties have different ground-values often due to their religion and traditions. These are values that, more or less unconsciously, decide a lot of their choices and behaviour. This assumption about ground-values implies that these values are important in all settings of life, including work and business settings. Interactions of different sets of values will therefore be an important issue when doing business internationally.

I will focus my study in three ways: I will study the meeting of two cultures, the Scandinavian and the Malaysian, in a Malaysian setting; one religion, Islam; and one type of business, the multinational enterprise (MNE). Malaysia is chosen because Southeast Asia is an area that is expansive according to Western establishments of businesses. Multinational enterprises are chosen because I see these companies as companies that may experience cultural interaction most deeply. These interactions are also perhaps easiest to study in the MNE, especially because they send employees from the mother company to work in the foreign locations of their daughter companies.

## 1.2 Previous studies in this area

Lately there have been done some studies on intercultural management and marketing, but I have not seen any study that has taken up religious questions related to this. This project therefore has the form of a pre-study where I have started with an open question of whether religion can matter at all in intercultural business or not. As there is no previous theoretical model to this subject, my theoretical part of the thesis has an eclectic approach. To help explain the results, I have found support in theories about globalisation, Malaysia, Islam, and intercultural management.

## 1.3 Questions

I wanted to explore the position of Islamic culture in Malaysia and how it affects business, and especially Scandinavian businesses located there. This is related mainly to cultural relations: How Malay Islamic culture affects western conduct of business in Malaysia, interaction patterns, related to management, contracting, marketing and living in Malaysia for

western employees. Also political relations are of interest. Whether Islam holds a significant position in politics and in that case how this shows in relation to foreign direct investment (FDI) in the country. This could be related to framework conditions for an establishment of a company, marketing laws etc.

As assumed here, the Islamic culture will represent a set of ground-values to the Malaysians and in the Malaysian society as a whole. These include a certain attitude to foreign companies. This will show in the politics, in rules and legal constraints on the foreign companies in Malaysia. These values will also be important for consumer-attitudes and, maybe more important, how workers think and act in a work-place-setting. If a Scandinavian company brings managers with a Scandinavian set of values to manage a plant or other business in Malaysia where the workers have a Malaysian set of values, there will necessarily be an interaction between different cultures that are important to be aware of to manage the business well. Some of these values will be of religious nature and this will be specially emphasised in this thesis. And as I have mentioned, this interaction is not only related to management but to all the relevant business settings where people from different cultures work together.

#### 1.4 Methods and material

There are two main research methods, the qualitative and the quantitative (Silverman, 2000). Silverman writes that the aim of a quantitative study is to find something that can be said generally. This is often found through statistical selection procedures. A quantitative way of doing things is often thought suitable for the researcher to measure, explain, and describe phenomena.

The qualitative method differs from the quantitative method in that something shall be characterised. Further the researcher has a physical closeness to the research object. The method has an aim of giving the researcher a total understanding of a special situation (Holme & Solvang, 1997). In the qualitative research it is important to find variety and to find the unique in the special situation one is studying.

The difference between quantitative and qualitative research in the social sciences are described as going from the objectivist's assumption of the reality to the subjectivist's assumption of the same. Quantitative methods, that are used in the social sciences and that mainly use scientific methods, are good if the researcher wants to get a picture of the social reality as something concrete. This type of researchers often think that the social reality can

be measured in a objective way, and that the nature of the reality can be discovered through doing research on bounded relations between different elements, which have to be torn from their connection to be defined and measured. This description of the quantitative method follows the positivistic view of knowledge.

The qualitative and the quantitative methods are seen to be best suited for different research problems. However, this is sometimes too simplistic because different techniques often can be used in a variety of ways by researchers with different views of the reality. It is the researcher's attitude and how he or she decides to use the technique that decides the nature of the technique.

The individual's way of understanding reality is not only a result of his or her unique interpretation of it. Instead the understanding is a result of the process through which individuals internalise a socially constructed world in which they live and act. This means that the activities and actions that individuals participate in, get their contents through the social constructions of the reality that the individuals internalise through socialising.

Lindfors (1993) writes that a researcher's view of knowledge should be the basic in developing the research problem. This means that the researcher's view of knowledge should not live its own life parted from what one seeks to discover. This is often the case though, Lindfors writes, that for the researcher it is the more or less unconscious view of knowledge that directs the initial problem definition.

I take a constructivist's view-point of reality. It is seen as something socially constructed by people. This leads into a more hermeneutical view of knowledge. Different aspects of reality have to be understood in coherence with each other. For this project I thought a qualitative method best and chose to use that. For the qualitative method there are presented different techniques. Either you can do observations, participative or non-participative, you can do an analysis of different texts, or you can do interviews (Silverman, 2000). These techniques are often used in the same research-project. Many combine for example observation and interviews. I wanted to do this as well. I looked into if it was possible to work in a Scandinavian organisation in Malaysia to observe how things were done as well as doing interviews. This was not possible to arrange, so I have mainly based my analysis on qualitative interviews with Scandinavian managers working in Malaysia.

There are different ways to approach the empirical reality. These are the deductive and the inductive (Lindfors, 1993). The deductive is when the researcher goes from theory to empiri. In this case the researcher builds up, for example through literature studies, a theory or a model that is supposed to picture the reality or the situation. The deductive way of working

presupposes a positivistic view of knowledge, while the inductive way of working presupposes a hermeneutic view of knowledge. In the inductive way the researcher goes from empiri to theory and uses the interpretation as a tool (Lindfors, 1993). In practice the researcher rarely decide if she or he is to use a deductive or inductive way of working. However, using either method, the researcher mostly has a theoretical perspective that leads the collecting of data.

In my case it had to be a quite inductive way of approaching the problem because of the lack of theories on the subject. I have however two types of data, but with an unequal weight to them: First, a general view of the country that I got during my three months stay in Malaysia. I got an understanding of the cultural landscape that meets the foreign subsidiaries in Malaysia through observations in the society. This includes reading the newspapers offered in English and watch TV and street-life. These sources are characterised as external sources, as they exist apart from the researcher (Alver, 1991).

Second, qualitative interviews are my main source of data. These are what Alver (1991) calls internal sources, or sources that have come to existence from initiative from the researcher in a process where the researcher participates. Internal sources can be qualitative in depth interviews where your own interpretation of the material is a substantial factor. These in-depth interviews can have a variety of forms. One distinction is between formal and informal interviews. In formal interviews the conversation is in a limited situation. One often sit with a table with a recorder between each other, and the researcher asks questions that are formulated beforehand, and the respondent answers in the setting. The interview is finished when the recorder is turned off. An informal interview can be in different settings and there is no strict limits for when the interview starts and finishes.

I had mostly formal interviews. After the formal interviews however, I was often invited to have lunch with my informants and of course then the conversation included many of the topics covered in the formal interview, and then I often got additional information that also has been included here. All my formal interviews were not recorded either, there were different reactions from my informants to record the interview. Possibly, they would not have spoken so freely if I had insisted on taping the conversation, so in certain cases I did not do that. I feel all my informants were very open about the subjects, and that there was a good conversation tone.

I only interviewed Scandinavian managers on the topics and not any locals, to get their "side of the story". I had chosen to do so because of the amount of information, and also I did not want to speak to locals in the same companies as I interviewed the managers. I reckoned

maybe that there was a degree of loyalty to the company and that the interviews would not be as open minded. However, I had some informal conversations with “independent” Malaysians on the topics.

For the formal interviews I contacted first many Scandinavian managers with some minor questions about their organisation in Malaysia, to find companies that were suitable for an in-depth interview. Then I contacted some managers and presented my project more thoroughly and asked for an interview. In most cases I later sent the informants a scheme of questions/topics I wanted to talk about. All the informants therefore knew on beforehand my intentions and how the material would be used. This scheme was only a guide to the topic and not a direct questionnaire. The scheme of topics is attached in appendix 1.

I have interviewed managers working in companies at different places in the value-chain, companies that act both as suppliers and as customers. In this way I wanted to cover companies that produce in Malaysia for a world market, and companies that produce somewhere else, and sell in the Malaysian market. I interviewed managers in 11 Scandinavian companies: 8 Norwegian, 2 Danish and 1 Swedish; I also interviewed persons at the Norwegian embassy and the Norwegian trade council. Of course, this cannot be seen as a representative selection of the Scandinavian countries. However, with this little material it would not have been possible anyway to give a representative picture. This study concentrates on differences in business, between Scandinavia as a whole and Malaysia; therefore I do not think it is that important to stress a better balance between representations of companies from different countries. The reason for this selection of companies was that my contacts were better among Norwegian companies, probably because of my own nationality (Norwegian), and these reinforced themselves. In some of the companies I also interviewed more than one person. The informants or their companies are not mentioned by names because they wanted to be anonymous.

## 1.5 Organisation of the text

Chapters 2-5 are more theoretical and explanatory chapters concerning respectively globalisation, Islam, Malaysia, and culture. These are the theoretical subjects I think give me the best background to the questions asked. Chapters 6-8 present respectively the results, a discussion and analysis of the results, and a conclusion.

In the chapter about globalisation (chapter 2) I present different theoretical contributions to this discussion. The literature about globalisation has increased lately and there are many

different approaches to the concept. In this there has also been a kind of an evolution, the opinions about what this concept is about seems to change rapidly.

The presentation of Malaysia (chapter 3) consists of selected historical, political and cultural information about the country that is relevant for Scandinavian investments and management in Malaysia. In order to focus on the Malaysian Islamic culture I have to relate the Muslim culture to the other large cultures in Malaysia. The Malays are mainly Muslims and the other main cultures are represented by the Chinese, who are mainly Buddhists and the Indians, who are mainly Hindus.

A presentation of some general ideas in Islamic thought and culture follows (chapter 4). In this part I focus on Islamic culture and the situation in Malaysia. Aspects of Islam that could directly or indirectly influence foreign investments and management in Malaysia are ethical and behavioural rules, political and economical thoughts and jurisprudence. Malaysian Islam has certain characteristics that in some respects make it different from Islam in other places of the world. Further it is important to relate this local Islam to a normative Islam, common to all Muslims.

After having said something about Malaysian and Islamic culture I look to “culture” as a concept and this especially related to management (chapter 5). In this chapter I describe Hofstede’s theory on intercultural management. He sees foreign takeovers as a fast way of expanding, but he says that their cultural risk can be enormous. Therefore if one is to conduct business with people from other cultures it is important to know the underlying patterns in their culture, to better understand their ways of reasoning. Also I present some thoughts about Scandinavian Management.

In chapter 6, I present the results of my interviews. This chapter is more or less a summary of the interviews. These are not reproduced one interview after another, but organised according to subject. These subjects are about the country and managing the business and Islamic topics. In this chapter I have a lot of quotations. I found it easiest to use quotations because the way the informants expressed the thoughts often mattered for the meaning of them.

The interviews are discussed in light of the previous theory in the following chapter (7). I try to see what cultural aspects that can be related to religious aspects and how religion affect business-life in Malaysia.

The last chapter (8) contains concluding remarks.

## 2. Globalisation

The world is becoming for the first time in history a single social and cultural setting. (Tomlinson, 1999).

The previous sentence grasp two important features about globalisation: (1) that we can see the world as a single unit, and (2) that globalisation is a new phenomenon. In this chapter I will discuss the concept of globalisation to understand the phenomenon. I will especially relate the discussion to the areas of business and religion.

The term globalisation did not enter the vocabulary of everyday life until about 1960 (Germain 2000). Today this term is in use in many areas of discussion and is frequently used in speeches and newspaper articles. However, in daily life we often use the expression imprecisely and without having a clear opinion of what the concept contains. The reason for this can be the different ways of understanding the concept and the discussion around it.

Globalisation as a phenomenon occurs, and the concept of globalisation is discussed, in a number of different areas of the societal life. Globalisation occurs also at different levels in the society. There are non-governmental organisations that have a global span, like Greenpeace. On another level are the global supra-governmental organisations, like World Trade Organisation (WTO). This is shown in figure 2.1.

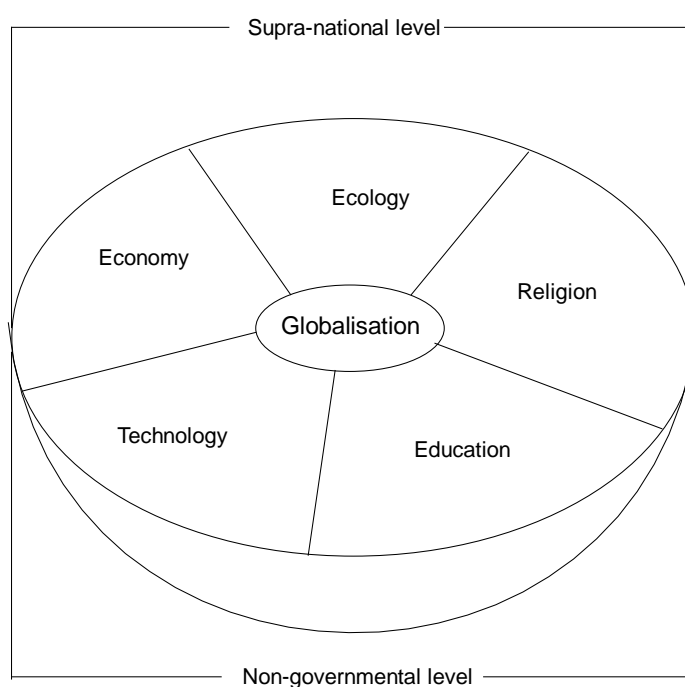


Figure 2.1. Different areas where globalisation matters, and its levels



Figure 2.1 shows different areas where globalisation matters: economy, ecology, religion, technology, and education. In the discussion of globalisation, different topics will be brought to the matter in the different areas.

Economists discuss markets and consumer behaviour, trade agreements and regionalisation, and the multinational enterprise (MNE). For ecologists, supra-national agreements are also an important aspect, but the most important factor is the idea of “common fate”, especially tied to the climate-changes debate. Technologists are concerned with how geographical distances seem to matter less with electronically transmitted information (media) and aircraft transportation. Related to religions, the discussion about globalisation span from concerning new religious movements where syncretism of religious ideas from different world-corners occur, to concerning identity and religious groups’ resistance of a global culture. Education-wise, globalisation is shown through the growing number of students and professors that want to spend some time abroad at a foreign university, and the organisational cooperation between countries and educational institutions to facilitate this exchange.

Later in this chapter I will explore globalisation in the areas of economy (2.2) and religion (2.4) more thoroughly as it has direct connection to this study. First I will discuss the concept and different approaches to it.

## 2.1 Different approaches to globalisation

“Globalisation must mean that something becomes global” writes Stein Kuhnle (2000). He further asks “...what is this something, and how global is global?” The first thing to notice about the expression “globalisation” is that it expresses a process and not a state of things like the word “globality”. Two examples of defining the phenomenon are these:

Globalization refers both to the compression of the world and to the intensification of the consciousness of the world as a whole (Robertson in Friedman, 1995)

Globalisation refers to “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (Giddens in Tomlinson, 1999).

These two definitions point to different aspects of how globalisation is seen to reshape everyday-life. The first definition points to the ordinary man’s consciousness of the world as a

single unit. This is a central point about globalisation; it is not only a phenomenon that exists on the societal level, but it also affects very much our behaviour and how we are thinking about the world. The second definition points to a rather different aspect of globalisation: how local events are broadcasted and also transferred to create reactions in different localities, geographically far away. This gives individuals the opportunity to act together regardless of locations, and opinion-blocks can be built globally. The expression “intensification of” exists in both definitions and express the obvious, that contacts world-wide are getting more closely connected. It also expresses how many people feel about this globalisation process: that it is an intensive process of rapid changes, which it is difficult to grasp because it is changing faces all the time. This is also a problem when we try to define the phenomenon. To make the whole thing even more difficult, the definitions are depending of which theoretical approach the person that defines the phenomenon follows. It is therefore better to present these approaches and discuss them than to look only for definitions of the phenomenon.

One thing that is discussed is the timing of globalisation. This also forms the different theories about globalisation. Some describe globalisation as a completely new phenomenon, while others treat it as something that started long time ago. Still others see it as a cyclical phenomenon. Some ideas are presented in table 2.1.

Table 2.1. Timing of globalisation

Author	Start	Theme
Marx	1500s	modern capitalism
Wallerstein	1500s	modern world-system
Robertson	1500s, 1870-1920s	multidimensional
Giddens	1800s	modernity
Tomlinson	1960s	cultural planetarization

Source: Global Modernities, 1995

Roughly, one can say that the 1500s was the time of the great discovering journeys, the art of printing and the beginning of the enlightenment period that reshaped very much how people were thinking about the world and themselves. In this way the 1500s states the

beginning of a modern era. The 1800s can in these terms be characterised as the period of industrial revolution and imperialism. This represented again a completely new way of living, and a new way of exploiting the world internationally. People were not longer bound to the soil to get food, the cities bloomed, and people and goods could more easily be freighted between the continents. The 1960s represents the beginning of modern communication, i.e. TV, satellites, IT, that is an important factor in the globalisation we see today.

The literature explaining this concept can be divided in at least five different approaches (Kuhnle 2000). Globalisation can be understood as universalisation, modernisation, deterritorialisation, internationalisation, and liberalisation; all these ways of understanding globalisation are also expressed in theoretical approaches to the concept. In the next paragraphs I will explore these approaches.

The approach where *universalisation* is a central concept has its roots in the idea that goods, services and experiences are available, to all the people in the world (Kuhnle 2000). You can get the same products all over the globe. This makes people want the same kind of life-style and it makes cities “look” very similar even though they are situated far apart. There is related to this a debate going on about whether these changes are creating sameness or difference, homogeneity or diversity. In this debate identical examples are often called upon to make a case for either argument. One of these examples can be world music (Stevenson 2000). One can argue on the one hand that the music is becoming more similar as popular bands are exported throughout the world, these bands are often western and playing pop-music in English. On the other hand there are a lot of other music-styles that are connected with different cultures other than the western. There also exist very much music that is a mix of different music-styles, that is called world-music, music that combines “the best” from different cultures, as a kind of crossover cultures, or third cultures (Pieterse 1995). This is illustrated in the following quote by Hannerz:

(...) there is now a world culture, but we had better make sure we understand what this means... No total homogenisation of systems of meaning and expression has occurred, nor does it appear likely that there will be one for some time soon. But the world has become one network of social relationships, and between its different regions there is a flow of meanings as well as a flow of people and goods (Hannerz in Tomlinson, 1999).

The second approach is *modernisation*. This is linked to the previous concept by the idea of a spread of a modern system of organising the society. It includes that the world for the

first time in history has a single way of organising the states, a carpet of national states, and there is an ongoing process of democratisation. Globalisation is in this sense seen as a consequence of modernity (Tomlinson, 1999).

In order to say that something causes something else it is important to know what we mean with the first concept, in this case modernity. I have already mentioned one aspect of modernity, the democratic organisation of the state. In the context of globalisation it is not useful to argue that the organisation of national states is the way of modern political life, because on one hand one can say that the world is drifting away from the organising in national-states, with the blooming of supra-governmental organisations, and organisation in larger regions, like the EU. The role of states has also been much diminished in the economic realm by the myriad opportunities for evading “national” constraints and controls, that are now open to firms, groups and individuals (Jones 2000).

Another important aspect of modernity is the art of printing ---which is why the 1500s is a starting point for globalisation in some theories--- and the facilitation of the spread of information to larger groups, this lays the grounds for a modern democratic society. The modern society is also an industrialised one. The industrialisation occurred first in the West and is still conquering land and cultures. A central aspect of Giddens’ argument is that modernity frees social relations from the constructions of face-to-face interactions in the localities of pre-modern societies. Giddens argues that in pre-modern societies space and place largely coincide (Tomlinson 1999). I would say that this has been the case for a long time in modern societies too. I guess it is a choice of how you see the role of modernity in relation to the globalisation process. It is usual to distinguish between direct causes and indirect causes, for example Hitler’s declaration of war was a direct cause for the 2<sup>nd</sup> world war, and the peace conditions from the 1<sup>st</sup> world war and the bad social conditions in Germany in the thirties were indirect causes. In the same way ---without questioning the value of globalisation--- I will argue that modernity is an indirect cause to globalisation. Globalisation is much more than an extension of longer-standing processes of modernization (Eade 1997).

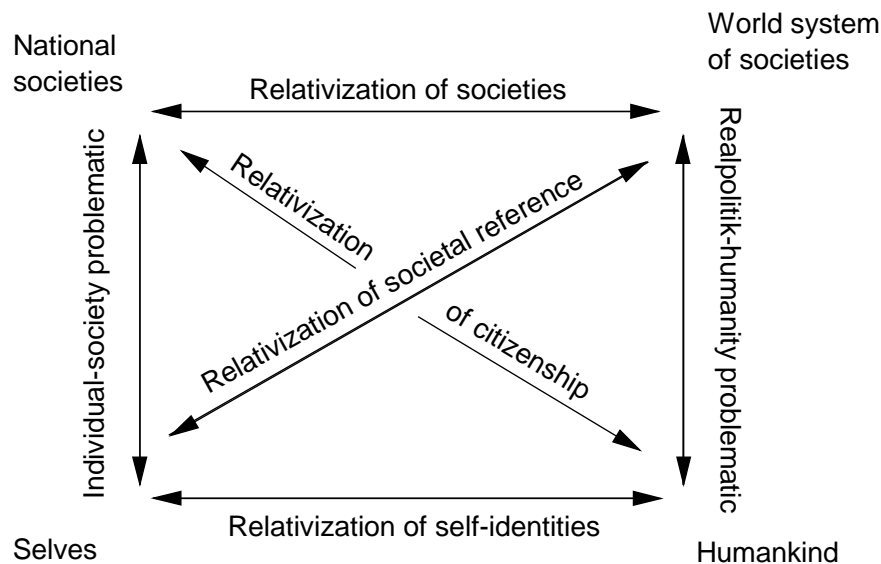
Globalisation is seen as an increasing of global-spatial proximity and a “time-space” compression (Harvey 1990). What is involved here is a sense of the shrinking of distances through the dramatic reduction in the time taken, either physically (for instance, via air travel) or representationally (via the transmission of electronically mediated information and images), to cross them (Tomlinson 1999). This leads to a stretching of social relations across distance and a thought of the world as a single unity.

In this sense communication technologies are seen as absolutely central to the globalisation process (Tomlinson 1999). This is a relatively new technology that works together with improvements of TV- and phone-technologies to make the rest of the world come into the home and mind of a person at a certain place of the globe and remind him or her every day of the world as a single unit. This is mostly seen as the difference between globalisation today and “globalisation” a hundred years ago. It does something to the average person’s way of thinking, and does not just lift some persons out of the context.

This leads to the concept of *deterritorialisation*, which is the third approach to globalisation. In this sense the most important thing about globalisation is that it makes the geographical territories less important. It is possible to have an intense communication over large distances and it opens up for the possibility to for example run companies with departments in different countries at the same time. The deterritorialisation concept includes also a thought about other distinction lines as becoming more important than the classical geographical. This has led to a thought about the world organised more by subjects, and that these subjects are working as mental landscapes that people move around in.

One has also used the suffix, -scape, in describing the theory. Appadurai (1990) is the first to outline the framework for analysing the disjuncture global culture consisting of “the relationship between five dimensions of global cultural flow which he termed: ethnoscaples, mediascaples, technoscaples, finanscaples, and ideoscaples.” These scapes are “deeply perspectival constructs” and comprise a set of landscapes which are navigated by individual social actors who both experience and constitute larger formations, in part by their sense of what these landscapes offer (Eade 1997).

In this thought there is an idea of relativisation of the standard borders of life and an individual organisation of self-identity and understanding of the world around. Robertson understands this relativisation as a central aspect of globalisation. This is shown in figure 2.2.



Source: Global Modernities, 1995

Figure 2.2. Robertson's model of globalisation

Figure 2.2 states four levels where globalisation affects human-life: “National societies”, “World system of societies”, the “Humankind”, and the “Selves”. Globalisation affects these dimensions, and more, it affects the relationship between them. Globalisation affects the relationship between the selves and the humankind in the way that it reconstructs the way individuals see themselves in the larger entity, it relativises the former self-identities. In the same way, the relationship between the selves and the other societal institutions get a new content in a globalised world, and so is the relationship between the institutions relativised too.

Lastly, globalisation is sometimes understood as *internationalisation* and *liberalisation* of relations mostly economical between countries, in this sense globalisation started only 10-20 years ago (Kuhnle 2000). These subjects I will discuss together in the next section, because the economical approach to globalisation is important to understand thoroughly when we later discuss multinational companies in Malaysia.

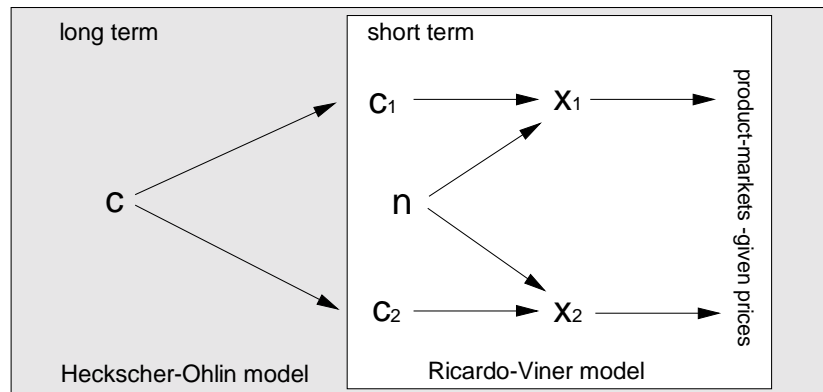
## 2.2 Globalisation in business

Globalisation in business can be discussed in respect to three different approaches: buying and selling globally, economical cooperation, reduction of trade barriers and regionalisation, and the increase of multinational enterprises (MNE).

Buying and selling, says something about how the world more and more is becoming one standardised market, both concerning factor-markets and consumer markets. Globalisation of consumer markets refers to how large firms are selling the same goods in different parts of the world. Globalisation of factor markets refers to how large firms are searching the world to produce their products as cheap as possible.

An ongoing increase in the trade-volumes, together with low tariffs and modern technology, has lately created a strong interest in facilitation of the international trade. It includes facilitation and harmonisation of trade procedures, which is the practice and formalities involved in gathering, presenting, communicating, and processing data that is required to move goods in international trade ([www.wto.org](http://www.wto.org), November 2000). A number of countries have come together and created the World Trade Organisation (WTO) to facilitate the international trade. This is one type of supranational organisation that works globally to integrate the world-economy. WTO-countries have multilateral agreements that cover both goods and services after the most favoured nation principal, which means that one state should not be favoured inside the network, and that national suppliers should not be preferred to foreign suppliers on a discriminative basis. Yet there is an opening for regional trade agreements that can offer their members a greater integration (custom unions and free trade areas) than to other WTO-members.

If we look to traditional trade theory, comparative advantages are used to explain why we get international trade, this is the essence of the Ricardo-Viner theory. According to this theory it is supposed that countries have different resources that give them comparative advantages in the production of different goods. If the countries open up for trade in different markets, each country will allocate more resources to production of what they have comparative advantages in producing and less resources to what they have comparative disadvantages of producing. This leads to a more economical use of the resources and opens up for increased consumption in all the countries. In the Ricardo-Viner theory it is supposed that one can allocate the labour between the production of different goods. In a longer perspective it will also be possible to allocate capital between the production of different goods, like it is stated in the Heckscher-Ohlin theory, see figure 2.3.



C= capital, n= labour, x= goods produced

Source: Norman 1993

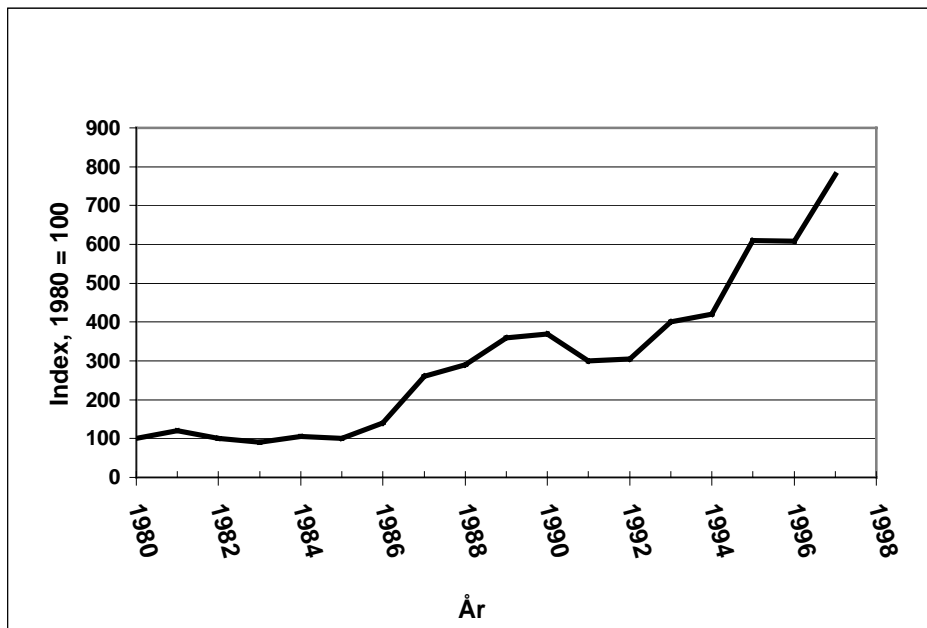
Figure 2.3. Allocation of capital and labour

Figure 2.3 shows the allocation of goods, labour and capital according to the theory explained. One has two goods that are produced,  $x_1$  and  $x_2$ . In the short-term one can allocate the labour,  $n$ , between the production of the two goods while the capital,  $c_1$  and  $c_2$ , is locked to the production in a fixed relation. In the long-term on the other hand it is also possible to allocate the capital,  $c$ , freely between the production of the two goods (Norman 1993).

A generalisation of the Heckscher-Ohlin (H-O) theory will mean that it will be possible to increase the consumption of all goods with a free allocation of capital in an international capital market. We have seen lately that the international market for capital has become more integrated and that countries have opened up more for foreign capital and production. The companies have taken advantage of this and established daughter-companies in countries with comparative advantages in the production of the goods that the mother-companies are producing. Especially, we have seen an allocation of labour intensive production, like the textile industry, in countries with low wages/labour costs. Southeast-Asia is an area that has had, and still has low wages, and this is a reason why many companies choose to locate their production there. Low wages are however, only attractive as long as they are not compensated with lower productivity or an overvalued exchange rate (Veugelers 1991).

The multinational enterprise is a relatively new phenomenon and is perhaps the factor that the most makes the globalisation of today different from globalisation a hundred years ago, at least in respect to business. Figure 2.4 shows growth in the world's foreign direct investment (FDI) flows, 1980-1997.





Source: World Investment Report 1999.

Figure 2.4. Growth in the world's FDI flows, 1980-1997

It can seem strange that while trade barriers are decreasing we see an increase in FDI. But new technology makes it easier than before for the companies to internationalise their business within the firm. FDI can be defined as “an investment made to acquire a lasting interest in a foreign enterprise with the purpose of having an effective voice in its management.” (Bjorvatn, 2001). And Dunning (1981) suggested a definition of the multinational company in 1977 as “...companies that engage in production activities outside the country where they are registered.”

Dunning has also contributed to the theory of the multinational company with his eclectic paradigm, the OLI paradigm (Ownership, Localisation, Internalisation). According to the OLI- paradigm a company's international activities depends of whether the company has or creates ownership-advantages that are favourable to the company to internalise when it locates in a country that offer location-specific advantages for the company. Like this, it is the distribution of ownership-, location-, and internalisation-advantages that decide the structure in the company's MNE-activity (Dunning 1992).

Ownership-advantages are advantages a company has compared to other companies related to revenue. These advantages are often immaterial assets that in a period are exclusive and specific to a single company (Dunning 1980). Examples of such ownership-advantages are patents, exclusive rights and market-power, assets that give the company competition-advantages. Location-advantages refer to different factors that make a special location of the production better compared to other alternative production-locations. Location-advantages are related to different factors in different host countries geographical, economical, cultural, juridical, political, and/or institutional environment that affect costs and/or income (Dunning 1988). In newer theory the localisation decision has been seen to be based less on comparative advantages in factor-diffusion and more based on strategies for serving the global or regional markets. The emphasis is often on economies of scale <sup>1</sup>, reduction of risk, and the incentive to integrate related activities in different countries (Dunning 1988). To have the company located in different areas and countries is a risk-reduction in itself as the company is less affected of conjunctures or catastrophes concerning one country. Internalisation-advantages are present when the potential winning the company can get by realising its ownership-advantages is greater if it is transferred across the borders in the company's own organisation than if they are sold in the external market for ownership-advantages (Dunning 1992). It can be problematic for companies to choose licence-solutions abroad because it can lead to the need of giving away of company-secrets, something that can deteriorate their competition-position/ability.

### 2.3 Locality

Previously in this chapter globalisation has been discussed as a phenomenon that connects local structures closely together, and that brings a change to the societies. Tomlinson (1999) says that there exists an order of location in time and space that we grasp as home. Globalisation is transforming this local order, but the significance of this transformation reaches beyond the technological accomplishments of communications and transport. Putting it simply, connectivity means changing the nature of localities and not just occasionally lifting some people out of them.

There has been a discussion going on about whether local cultures will be overridden by the global “ghost”, the discussions about Westernisation and “Mc Donaldisation” of the

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<sup>1</sup> The economical efficiency of producing in large numbers.

world. In this lays a fear of extinction of locality, and the shaping of a plain world without local cultures with distinctive peculiarity.

Contrary to this, history has shown that when a local culture is threatened, f. ex. by a foreign country taking power in a country and forcing their language and culture on the inhabitants in the conquered country, the local culture has a tendency to strengthen as a result of the threat. There is though a different situation in relation to globalisation, there is no superpower forcing their culture on people in different countries. The westernisation happens highly voluntarily, the Western, maybe American, “jet-set-life” is perceived by people in the world as a good life, and thus something to pursue for everyone.

Still, we have seen reactions to the expansion of the western culture, reactions where the local culture and religion plays an important part in the struggle. There has also been a discussion about identity. When the grounds of our identity seems to change fast, related to all the new elements coming into the everyday life, and the attention to how other people live and think in other cultures and geographical areas. It has been pointed to that this new enlightenment can create a new uncertainty to ones own life style, and make it important to create ones identity actively in a greater scale than before. Ken Booth says it like this: “Identity patterns are becoming more complex, as people assert local loyalties but want to share in global values and lifestyles” (Pieterse 1995). Identity creation would happen individually, but also collectively, and people feel the need to relate to a group of people. This means that a lot of people seek their traditional cultural values, through ethnicity and religion.

Through this debate the term glocalisation has appeared. Glocalisation refers, in the subjective and personal sphere, to the construction and invention of diverse localities through global flows of ideas and information (Eade 1997). In *The Oxford Dictionary of New Words* (1991:134) the word is explained like this: “... the term “glocal” and the process noun “glocalization” are formed by telescoping *global* and *local* to make a blend.” This has got a greater importance related to business and MNEs too, where the term glocalisation often is understood as for the company to operate transnationally, while focusing design, products and marketing locally (Jones 2000). This has lead to slogans like: Think globally and act locally.

These kind of slogans and thinking grasp the very point of this discussion: there is by now both a global culture that exists, and next to/besides it there are local cultures. The global culture is then becoming a kind of superstructure between the continents. The global lies in a way beyond all localities. In this we see a relationship between the universal and the particular (Robertson 1992 in Eade 1997). Globalisation lies in the centre of modern culture; cultural practices lie in the centre of globalisation and global-local relationship is the vast

order of everyday life. Still it is clear that some are going to live a deterritorialised culture more actively than others (Tomlinson 1999).

## 2.4 Globalisation and religion

Religion is a type of communication based on the immanent/transcendent polarity, which functions to lend meaning to the root indeterminability and its consequences (Beyer 1994).

This definition of religion may not show religion's whole face, or say something about its origin, but it functions well related to the globalisation concept because globalisation is very much a result of the intensified communication pattern throughout the world. McGuire (1997) thinks that religion can function as a channel for protests against global unfairness, especially since religion refers to have higher authority than for example economical relations (Otterbeck 2000). We have seen examples of this in, for example, Islamic groups' resistance and protests to global "western" values. This is also valid for groups connected with other religions, and a lot of these groups fight politically. In international politics one therefore has to distinguish between political movements that are genuinely inspired by religion and movements that use religion as a convenient legitimation for political agendas based on quite non-religious interests (Berger 1999). Religious upsurges tend to have a very populist character. Besides the religious motives these are movements of protest and resistance against a secular elite (Berger 1999). These movements are sometimes also a protest against the modern world. It seems as it is conservative or orthodox or traditionalist movements that are on the rise almost everywhere (Berger 1999).

Identity and identity-creation has already been taken up as an important part of the modern, and the globalised world. Religion is one of the most powerful areas of life that can create a distinction between different groups of people. In the modern world your identity has to be defined sometimes in relation to different characters than before, old borders between people have been torn down, and often there have not been any replacements to these. The collective group that you are born into rarely defines "who you are" anymore: identity has become an individual matter in a larger scale. In short, identity creation is more explicitly required than before, and more important: you are alone about it. Religion is an old identity-creating-category that is still valid. As other categories are diminishing in importance, religion increases in importance. If we use Islamic groups and individuals as an example, again there has been a tendency to emphasise the global Islamic brotherhood. All Muslims would

consider themselves as distinct from the rest of the people of the world and share something special. This feeling is said to strengthen during hajj, the Muslim pilgrimage to Mecca, where people from all over the world meet.

However, globalisation brings a new phenomenon to the scene: it is not anymore required that people migrate for different religions to interact (Otterbeck, 2000). Through travelling, mass media and other channels, religious thoughts are spreading to new territories. In addition to this, new thoughts seem to attract some attention and there has recently been an upsurge of new religious movements, which are directly caused by globalisation. These movements are often a syncretistic blend of different ideas with origins in very different religions and geographical areas. Hefner (1998) has suggested a development for religion in the globalised world. He divides the development in three distinct ways: (1) A marketplace development; (2) the seeking of the essence in the religion, an inner world; and (3) to emphasize the religions' social, ethical and moral side and through this emphasize a collectively religious critical view of the society.

Firstly, the marketplace thought refers to our consumer-orientation. The modern man is said to be very selective, he or she knows what he or she wants and what characteristics his or her "product" is going to have. This is a business reality where the companies are constantly trying to satisfy the consumer and make the product with the most valued features. It has been said that this picture can be used when we describe the modern religious landscape. The modern man knows a lot of different views of life and is free to pick the one that has the most appeal to him or her. This can be true to a certain point, and especially in the U.S do we see many religions "laid out for sale".

Secondly, the search of an inner world thought is emphasizing the modern mans individuality, it is not a question of picking the best religion, with features that match my wishes. More it says that people tend to personalize their religion, and you don't need to be a part of a greater religious community, but you can seek the essence to all religions and find a truth that is your own. Thirdly, the existing religious groups can cooperate. Most religions have included thoughts and rules about how the world should be and how people should behave. It is possible for different religions to unite and cooperate in these areas for a better world. In reality all these three developments of the religious landscape already exist in a kind of hybrid manner (Otterbeck, 2000).

If we go back to Robertson's understanding of the globalisation-process, he thinks the essence of globalisation is the tension between the individual, humanity, the social groups and the international system and his theory includes the concept of "the particularisation of

universalism” and “the universalisation of particularism”. This is seen as a parted response to globalisation where the two parts are depending on each other. The first process “the particularisation of universalism”, means that more and more people define their beliefs as an universally valid from a particular position. Visions of the world that earlier has been strongly related locally meets due to globalisation competition in other world-visions that have to be explained, met, demonised or included in their own worldview. These competitive worldviews can have been known before without representing a threat, but with globalisation that situation often change (Otterbeck, 2000).

The other process, universalisation of particularism, points to the universal seeking of a distinct identity, that because of the globalisation has to be created to more fine distinctions, and from other grounding, than before. It has been pointed out that globalisation makes people more similar to each other, but at the same time makes them more different from each other (Otterbeck, 2000). This might require some explanation, but it is simple enough. People’s lifestyle and frame of reference has become more similar, but at the same time people has brought attention to the differences that still exist and perhaps made them more visible and valid. There is a tendency to formulate issues of importance both according to universality and particularity (Otterbeck, 2000). Related to religion this is seen by the formulation of the theology or teachings as universal at the same time as the religious identity and belonging particularly is formulated in comparison to competitors.

In the 1950s and –60s it was popular to see religion as declining. Lately this has been seen to not be true and counter-secularisation is seen to be at least as important a phenomenon in the contemporary world as secularisation (Berger 1999). Berger proposes two explanations to the origins of this worldwide resurgence of religion. The first one is that modernity tends to undermine the taken-for-granted certainties by which people have lived through most of history. This is an uncomfortable state of affairs, for many an intolerable one, and religious movements that claim to give certainty have great appeal. The second explanation that Berger proposes is that a purely secular view of reality has its principal social location in an elite culture that, not surprisingly, is resented by large numbers of people who are not part of it, but who feel its influence in a negatively manner. Religious movements can therefore appeal to people with resentments that sometimes have quite non-religious sources.

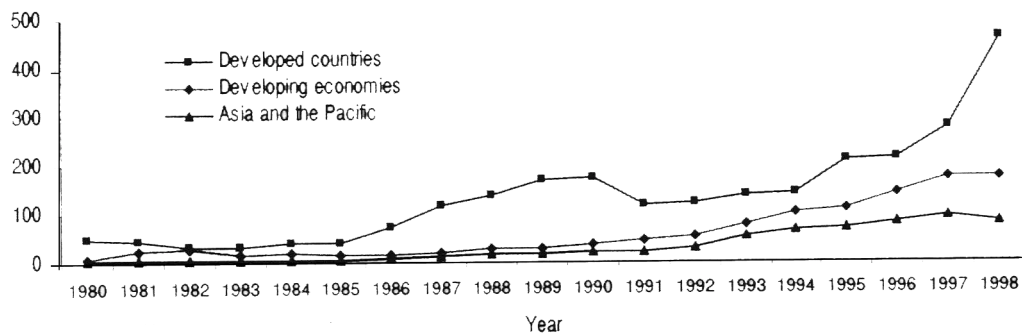
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In this chapter globalisation has been discussed related to its origin, e.g. the relation to modernity and whether it is a new phenomenon. It has been shown that globalisation today really is different from globalisation a hundred years ago. Globalisation is not a direct cause of modernity and the organisation of nation states. It represents something different and more integrated than interactions in earlier times. This is due to the new communication technology that makes possible new phenomena as for example MNEs.

Globalisation is a matter of change in various spheres of human life, and it changes everyday life to people all over the world. In this discussion it is shown that global culture is not Western cultural imperialism, but more a matter of cultural interaction. Globalisation affects religious life too in different ways, but the world is not becoming more secularised due to globalisation.

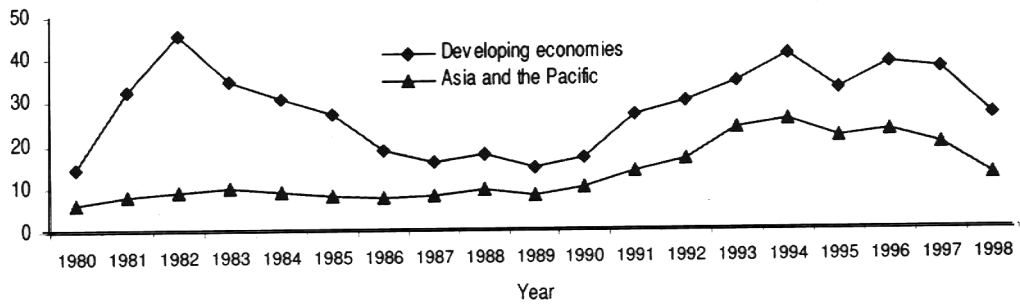
### 3. Malaysia

Despite the theory on producing goods where it is cheapest to produce them (Heckscher-Olihn) (see ch. 2), the developed countries have received most of the world-FDI, so far. There are many reasons for this, which I will not discuss, but important factors are political stability, infrastructure and market conditions. This is about to change as we see in figure 3.1. The developed countries are still getting the most from world-FDI inflows, but we see also that especially from the 90s developing countries, which includes most of the countries in Southeast Asia, are receiving more and more of the world-FDI inflows. In figure 3.2 where it is shown the percentage of world-FDI that goes to the different regions it is easier to see that this is a shift towards investing more in developing countries. The trend was positive at least until the economical crisis that started in the Asia-Pacific region in October 1997. Still the Southeast Asian economies are struggling to regain trust in the market and to attract foreign investments again.



Source: World Investment Directory, 1999  
Figure 3.1 FDI Inflows, 1980-1998



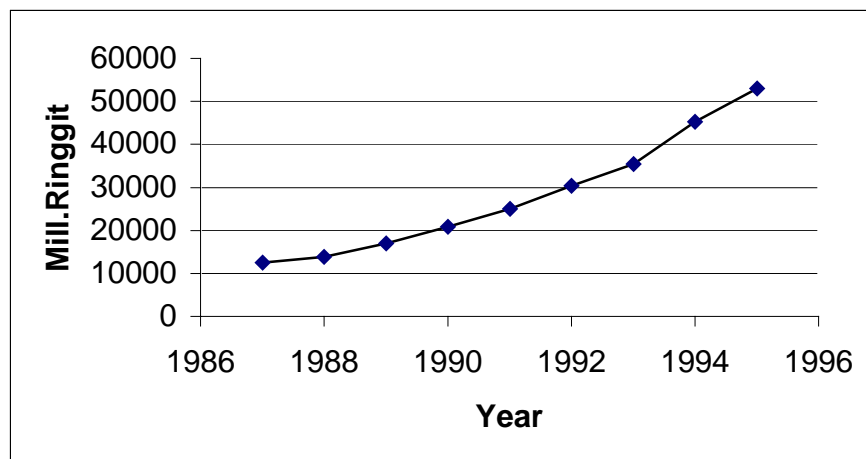


Source: World Investment Directory, 1999.

Figure 3.2 Developing economies and (among them) Asia and the Pacific as a share of World FDI inflows, 1980-1998 (Percentage).

Southeast Asia is and has been seen as a very good market to invest in because the area has a high population and the countries have generally a high growth rate. Malaysia's growth rate was 5.7% on average over the 1985-94 period (14). Last year Malaysia's economy is expected to have grown by 8.6 % and this is the fastest growth since the crisis (*New Straits Times*, 26.02.01)

Figure 3.3 shows the development of foreign owned stocks in Malaysia in the period 1987-95, and table 3.1 indicates the Scandinavian activity in the country.



Based on World Investment Directory, 1999

Figure 3.3 Value added of affiliates of foreign transnational corporations in the host economy, 1987-1995

Table 3.1 Approved foreign-direct-investment stocks in Malaysia, by geographical origin, 1987-1997 (Millions of ringgit). Source: World Investment Directory

Region/economy	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Developed countries	2952	5728	10268	16841	24036	38658	42695	46988	51871	62324	69290
Denmark	17	26	26	49	238	253	489	489	494	499	511
Norway	7	7	7	9	9	9	33	41	41	41	52
Sweden	21	52	52	534	534	562	580	590	592	672	716

### 3.1 A glance at Malaysia's history

The first people in Malaysia were the Dayaks that established themselves in the area around 2500-1500 BC. This group of people was a little later driven away by the Malays that settled in small villages.

The Malay Peninsula and Borneo lie half-way between India and China. Here early traders met and bartered goods in sheltered places along the Straits of Malacca, on the southern tip of the Peninsula, and on the north coast of Borneo centuries before any one boat was prepared to undertake the whole long journey from Calcutta to Shanghai. The foreign brought their religion, their way of living, but they did not settle in the country in significant numbers. Hinduism and Buddhism have left cultural traces, artefacts as well as customs which became absorbed into local folkways (Munan, 1992).

In the 15<sup>th</sup> century a prince from Sumatra established in the fishing village of Malacca where he made himself master. In this time Malacca grew into an important trading centre. Chinese seafarers visited the settlement, which continued to thrive and prosper. Numerous Indian traders settled in Malacca too. It was they who brought Islam to this area in the early 15<sup>th</sup> century. Islam spread from Malacca to other parts of the Peninsula, and soon became the dominant religion although people still kept many of the old traditions, and some of these still exist.

The Portuguese were the first western nation to show its flag in the Straits. They took Malacca in 1511, but they did not live happily ever after. In the early 17<sup>th</sup> century the Dutch had established themselves in West Java and with active help from Johor they took Malacca in 1641. After this the town's importance declined rapidly. The island of Penang, acquired by

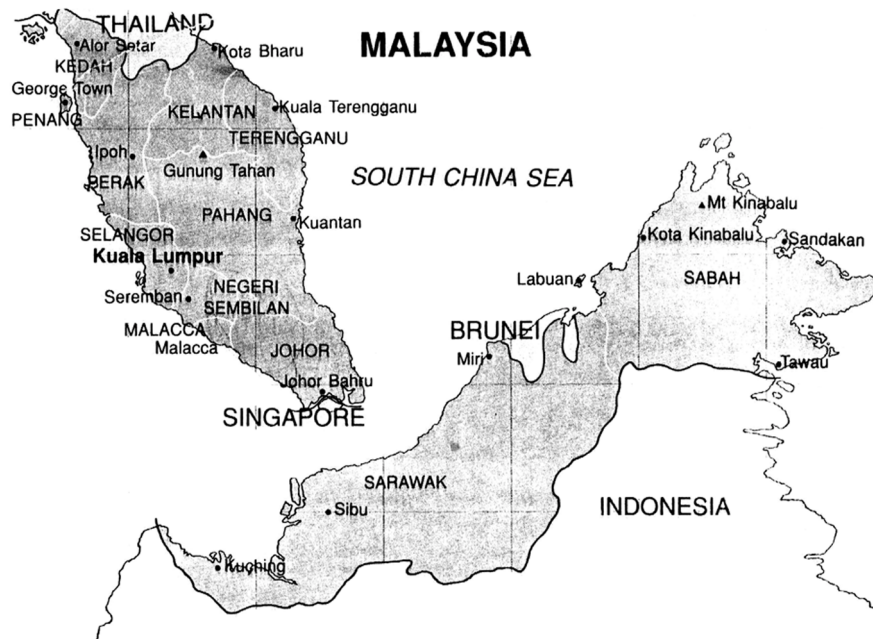
the British East India Company in 1785, was then the only important foreign trading base in the Straits. Penang gave the British a foothold on the vital China-India route, which increased in importance as China Tea became a fashionable drink in Europe. After the foundation of Singapore in 1819, the British intervention in the turbulent affairs of the Peninsula was practically inevitable.

The colonies in the Straits were originally established to handle the trade with China, but when there was discovered important minerals, mostly pewter, the English traders became more interested in utilising the natural resources in Malaysia and they started mining activity. As the Malay farmers and fishermen did not want to work in the mines the English imported extensive labour for this from China. In the end of the 19<sup>th</sup> century the first rubber plants were imported to Malaysia and in the beginning of the 20<sup>th</sup> century the rubber plantations were many. The Malays once again did not want to work in the plantations and one therefore imported labour from India. The thought was that these people only should work in Malaysia for some years and then go back to India and Sri Lanka. However, many of them stayed in Malaysia and the ethnical picture in the country became even more complicated. To preserve the Malays' culture the Malays got special rights in owning land and were encouraged to live as small-scale farmers.

### 3.2 The state of Malaysia

Malaysia was formed on September 16, 1963 and consists of the eleven states of Malaya (pop. 7,232,00), the Borneo states of Sabah (pop. 475,000) and Sarawak (pop. 780,000), and the state of Singapore (pop. 1,700,000) (1961 figures). The constitution provides for a democratic form of government (Lee, 1965).

Malaya gained independence from British colonial power on 15 August 1957, and became an independent monarchy. At that time the states of Borneo were not part of the country, and later, in 1965, Singapore left the country. Since then Malaysia has not changed the borders and been a relatively stable state. Today the population is 19.5 millions (*Asia 1998 Yearbook*).



Source: Munan, 1992.

Map: Malaysia and bordering countries

Malaysia is a multiethnic and multicultural nation. The percentage of the different ethnic groups is shown in figure 3.4. The three largest ethnic groups are still the Malays which count for 61,9% and are generally Muslims, the Chinese count for 29,5% and observe a syncretic religion combining Confucianism, Taoism and Buddhism, and the Indians that count for 8,6% and are generally Hindus by religious affiliation (*Asia 1998 Yearbook*). Malaysia has been, and is still, governed by an alliance party between the United Malay National Organisation (UMNO), the Malayan Indian Congress (MIC), and the Malayan Chinese organisation (MCA). Nevertheless, when Malaya achieved independence the resulting Constitution enshrined special privileges for the indigenous Malays, while at the same time offering citizenship to all its inhabitants (Mutalib, 1990). Since then Malaysia has tried to survive harmonically as a multiethnic society.

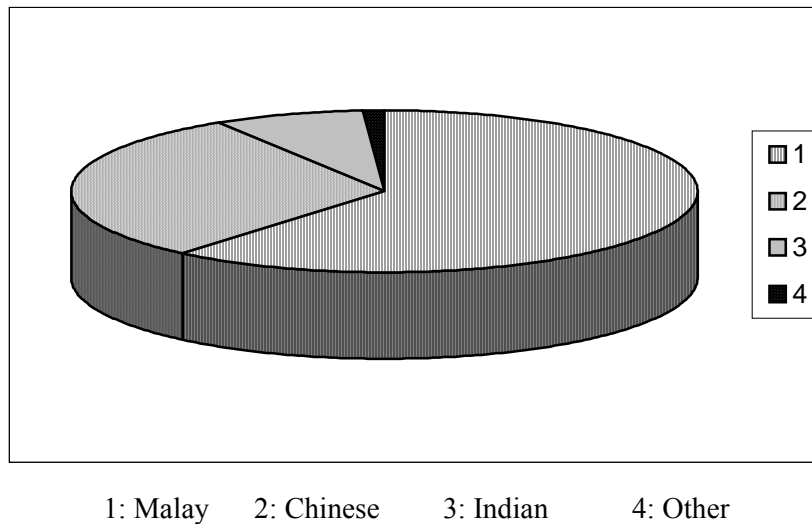


Figure 3.4 Malaysia's population by ethnicity

Before independence in 1957, Malaysia had a free enterprise colonial economy. This laissez-faire policy continued after the establishment of the federation of Malaysia in 1963, and persisted after the withdrawal of Singapore from the federation in 1965. While economic prosperity continued during this period, it was unevenly divided. In particular, growth was concentrated in the modern sector where immigrant Chinese and Indians dominated, while the traditional rural sector inhabited by the indigenous Malay majority lagged behind. Malaysian politics became increasingly polarised along ethnic lines and racial riots broke out after the 1969 general elections. The communal violence between the Malays and Chinese lasted five days and, according to official figures, resulted in 196 fatalities. The Malays feared that they were about to lose the control of “their” country, and the Chinese felt that they were second-class citizens.

In response, the Malay-dominated government enacted a new economic policy (NEP) which began in 1970. The NEP's objectives were to restructure Malaysian society to eliminate the identification of race with economic function and geographical location, and to eradicate poverty in all ethnic groups. Its operational targets were (a) to make the ethnic distribution of the workforce in each sector similar to that in the population as a whole, and (b) to increase the *bumiputra* (Malay) share of corporate sector ownership from 2.4% in 1970 to 30% by 1990. The NEP was to be achieved by means of a strategy emphasising redistribution of growth in output and employment, rather than redistribution of existing output and employment opportunities (Lim,1990).

In 1991, Mohamad Mahathir, prime minister since 1981, announced his Vision 2020 in the form of a working paper: –Malaysia: the way forward (Vision 2020). It was first presented during the first meeting of the Malaysian Business Council. The paper represented Mahathir’s vision of Malaysia in the twenty-first century and his hope was that by the year 2020, Malaysia would be a developed and industrialised nation. Another main feature is to adopt a Malaysian identity that removes the ethnic security dilemma. This is a challenge Malaysia faces in the 21<sup>st</sup> century.

Malaysian politics, however, have been in upheaval since Mahathir sacked his deputy, Anwar Ibrahim, in September 1998. Anwar was originally leader for ABIM, an Islamic youth organisation founded in 1972 at the University of Malaya. ABIM experienced the height of its popularity when Anwar Ibrahim was its president, from 1974 to 1982. In 1982, Anwar left ABIM to join UMNO and won a parliamentary seat. Towards the end of 1982, the Government announced the policy of inculcating Islamic values in the administration of government and the lives of the Malaysian peoples. Anwar was appointed Deputy Minister in the Prime Minister’s Department and was put in charge of Islamic Affairs. It was Prime Minister Dr. Mahathir Mohamad who brought Anwar into the Government and Anwar was “the major figure” connected with the government’s Islamisation program (Lee, 1999). In September 1998, however, there was accusations towards Anwar on betrayal of the nation and sodomy. He was put in prison and is by this silenced politically for 20 years.

This incident made the 1999 (29 nov.) elections one of the most keenly contested. For the first time, the ruling Barisan Nasional (BN) faced a coalition of the major opposition parties, campaigning on a common reform platform. The result was a strong win for the BN (148 of 193 seats) but a great setback for UMNO, the dominant coalition member, which lost 22 seats. Non-Malay support for the BN generally held firm, while Malays---reacting against the government’s handling of the Anwar issue--- shifted to the opposition. Parti Islam SeMalaysia (PAS) and keADILan (led by Anwar’s wife) were the main beneficiaries. PAS, benefiting from its identification with reformation, emerged as the new parliamentary opposition leader, and heads state governments in Kelantan and Terengganu. Mahathir rejected claims that he was secular and claimed that Malaysia was an Islamic state. Mahathir was branded “secular” because of his insistence that Islamic issues be clearly separated from politics (Funston, 2000).

### 3.3 Islam's position

Religion is both an important and a sensitive issue to the people of Malaysia. Islam is the most important factor in Malay identity as a source of solidarity among members of the community and a form of ethnic differentiation from non-Malays (Gomez, 1999). Most Malays follow Islam devoutly, and Islam provides the social fabric of Malay society. When Islam came to Malaysia it supplanted existing spiritual beliefs and systems of social law, or *adat*; however, conversion to Islam did not mean a total abolition of existing customs and beliefs.

There are three types of constitutional models related to the question of religion. The first one is that of a secular state. Certain constitutions specifically declare themselves to be a secular state, for example India. Other constitutions of this type make no mention of religion at all, for example Singapore. The second model is that of a theocratic state. Examples of theocratic states are Iran and Saudi Arabia where the legal systems are based on Islamic law and jurisprudence. The effect of a theocratic state is to give preferential status to the official religion, the government and laws of the country are to be regulated by the legal dictates of that religion. The third model is a hybrid that lies somewhere between the secular state and the theocratic state. These are constitutions which accord official or preferential status to a particular religion but does not create a theocratic state. The laws and administration of the country follow conventional Jurisprudence and political theory. Such constitutions while appointing a state religion recognize the existence of other religions and accords freedom of religion, although they usually charge the Government with the duty to promote the official religion. Malaysia, as well as Norway, is an example of such a state (Lee, 1999).

Article 3(1) of the Federal Constitution declares:

Islam is the religion of the Federation; but other religions may be practiced in peace and harmony in any part of the Federation.

Soon after Malaysia got its independence, the first Prime Minister of Malaysia Tunku Abdul Rahman declared in Parliament. "I would like to make it clear that this country is not an Islamic State as it is generally understood, we merely provided that Islam shall be the official religion of the State." Because of this it has been seen that having Islam as an official religion is merely for federal ceremonies to be conducted according to Muslim rites.

However, there is a duty on the part of the Government to promote Islam as the official religion of the country. Article 12(2) of the Federal Constitution provides:

It shall be lawful for the Federation or a State to establish or maintain or assist in establishing or maintaining Islamic institutions or provide or assist in providing instruction in the religion of Islam and incur such expenditure as may be necessary for the purpose.

However, the official position of Islam is no barrier to the existence and the practice of other religions in the Federation. The Constitution, framed in the context of multi-racial Malaysia, conceives of various religions forming part of the private and public lives of the citizens of Malaysia and seeks to guarantee their place in the culture of the country. This is particularly done in article 11 of the Federal Constitution:

- (1) Every person has the right to profess and practice his religion and, subject to Clause (4), to propagate it.
- (2) No person shall be compelled to pay any tax the proceeds of which are specially allocated in whole or in part for the purpose of a religion other than his own.
- (3) Every religious group has the right -
  - (a) to manage its own religious affairs;
  - (b) to establish and maintain institutions for religious or charitable purposes, and
  - (c) to acquire and to own property and hold and administer it in accordance with law.
- (4) State law and in respect of the Federal Territories of Kuala Lumpur and Labuan, federal law may control or restrict the propagation of any religious doctrine or belief among persons professing the religion of Islam.  
This Article does not authorise any act contrary to any general law relating to public order, public health or morality.
- (5) This Article does not authorize any act contrary to any general law relating to public order, public health or morality.

The effect of Article 3 and 11 is to allow the belief and practice of any religion in Malaysia whatever its nature and origin. Apart from the official status of Islam, the constitution treats all religions as equal before the law. The law does not recognize historical, cultural or social norms that dictate that a particular person should be confined to a particular religion. Article 160 in the Federal Constitution however, defines Malays as Muslims who follow Malay customs and speak the Malay language.



Malaysia is clearly defined to be a secular state and Article 11 gives every person the right to profess any religion he or she like. The right to profess a religion carries with it the right to freely inquire about other religions as well as the right to change one's religion. While the Constitution gives to every person the right to change his religion, there are laws whose effect is to circumvent the enjoyment of this right. Such laws are of two types. The first are those laws that specifically make conversions out of Islam an offence, this act is known as *murtad* under Islamic terminology and prescribe penalties. The second are those laws that provide for a certain procedure to be followed or certain requirements to be met before a Muslim can convert out of Islam.

An example of a law that seeks to confine a particular class of people within a certain religion is the *Syariah* Criminal Offences Enactment 1995 of the state of Sabah, Section 63(1), provides that if a Muslim intends to or attempts to convert out of Islam, the *Syariah* Court shall order this person to be detained in the Islamic Rehabilitation Centre for a term not exceeding thirty-six months for "rehabilitation purposes". If a Muslim claims that he is not a Muslim he is deemed under Section 55(2) to have insulted the religion of Islam and may be punished with a fine not exceeding two thousand ringgit or imprisonment for a term not exceeding one year or both. Therefore, attempts of *murtad* and actual acts of *murtad* by Muslims are crimes against Islam and are punishable under certain state laws (Lee, 1999).

The obvious question that arises is the legality of such laws in view of the existence of Article 11 that gives the right to every person, including Muslims, to profess any religion of their choice. The absolute character of the right to profess a religion under Article 11 must necessarily mean that Muslims have a right to convert out of Islam and embrace another religion if they so choose. The laws against *murtad* are Islamic laws and are carried out by the Islamic court. However, the Islamic Court have only jurisdiction over Muslims. When a person has said he is no longer a Muslim, he is therefore not to be tried under the *Syariah* Court. There have been many cases to the secular court about this and there have been different results in the matter. The discussion is therefore ongoing of how to deal with Muslims that "step out" of the faith.

This urge from the government to protect the Islamic belief gets other outcomes too. There is, for example, no law that seeks to regulate the printing or distribution of non-Muslim scriptures. However, for Islamic scripts there is the Printing of Quranic Texts Act, 1986, that establishes an institution to regulate and control the printing, publication, importation, sale and distribution of the Quran and Quranic texts.

Another thing is that the 2nd December 1981, the Ministry of Home Affairs issued an order of banning the *Alkitab*, that is the Bible in Indonesian. At that time the *Alkitab* was the version of the Bible that was used primarily by Malay-speaking East Malaysian Christians. There was no local edition of the Bible in Malaysian available then. According to the *gazetted* order, the printing, sale, issue, circulation or possession of the *Alkitab* is prejudicial to the security of the country. Home Ministry modified the order later to saying that the *Alkitab* could be possessed or used only by Christians in Church. This mean that non-Christians are not allowed to read the *Alkitab* even if they are interested in it or curious of its contents. Even using the *Alkitab* for academic or research purposes amounts to a violation of that order. It also means that Christians are only allowed to use the *Alkitab* in Church (Lee, 1999).

The fundamentalist factions of the Muslim community have in recent years been agitating for an intensification of the Islamisation process. The opposition party, PAS, has as its declared objectives the making of Malaysia into an Islamic state and the replacement of the country's legal system with Islamic law (*Syariah*). During the early years of independence there were calls for an Islamic state by some quarters notably PMIP (now PAS), which was active in Kelantan. The demand for an Islamic state gained more grounds after the Iranian revolution in 1979. It was spearheaded by PAS and the Muslim youth organisation, ABIM. This will be described more in the next chapter.

## 4. Islam

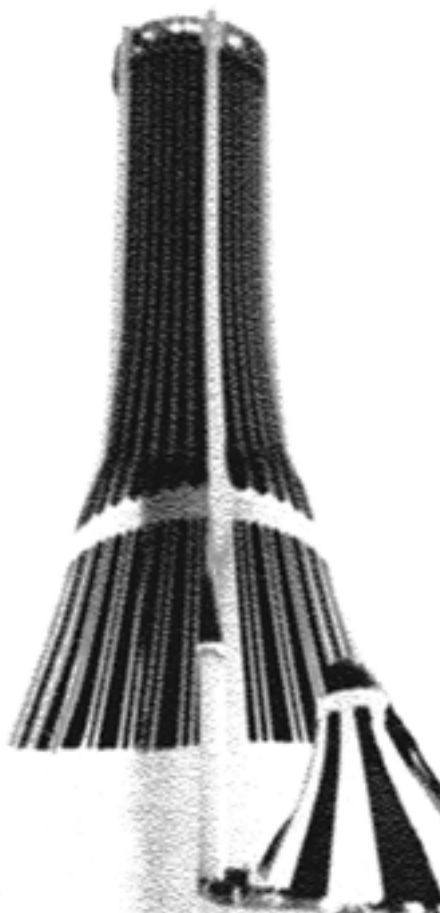
### 4.1 Malaysia

Islam's central place in Malay life and in the Malaysian political process became more pronounced from the early 1970s (Mutalib, 1990). Islam is also expected to be a more significant aspect of the foreign policy of Malaysia and also Indonesia. Collectively, these two countries, accounting for over 280 million Muslims in the year 2020, will be the largest single concentration of *umma*. As such, they will be at the forefront of a Muslim bloc of countries, playing a progressive role in the Muslim world, as the world inches toward the global village. Such a progressive role in the Muslim world is a natural projection of the tolerant Islam characteristic of a multi-ethnic Malaysia and Indonesia. In view of the increasingly important role of Islam, it was not surprising that contacts with other Muslim countries and institutions have been reinforced. In 1983 Pakistan became the largest single buyer of Malaysian palm oil. More over, credits were sought from the Islamic development bank and from Middle eastern countries in an effort to finance projects, some of which promoted the teachings of Islam. (Milne & Mauzy, 1986)

The international airport in Kuala Lumpur financing deal is the largest single project yet undertaken using Islamic funding methods, not only in Malaysia but anywhere in the Muslim world. The financing is based on syndicated guaranteed notes, with the notes themselves each valued at RM 1 million. To make up the financing of a total of RM 2.2 billion in 1996, 2,200 notes were issued, which the participating banks can either hold until 2016, or sell in the secondary market. The advantage of such securitised notes is their divisibility, the banks being able to retain some and sell others as their liquidity needs change, rather than having their assets tied up in inflexible long term loans. The largest Malaysian banks all offer conventional financial services similar to western banks, Bank Islam Malaysia Berhad being the only specifically Islamic financial institution, although Lembaga Urusan dan Tabung Haji (the pilgrims savings fund) provides a more limited range of Islamic retail financial services.

Economic justice remains an issue however, especially in a society with a Muslim majority who are concerned that the Islamic law should be respected in financial transactions. There has been some debate over the merits of having specifically Islamic stock exchange in Malaysia in the context of securing greater access to the financial markets for the *bumiputra*.

Prior to the 1970s, like other Muslim states, Malaysian foreign policy was heavily tilted towards the West. There had long been a tradition of cultural relationship between Malaysia and the Arab world, but as a corollary to the Arab-Israel war of 1973 and the oil crises that ensued, the Malaysian government's foreign policy began to indicate a strong pro-Arab and pro-Muslim stance. In Malaysia these processes has affected the society in various ways, for example the establishment of Islamic economic institutions such as the Islamic Economic Foundation. Islamic banking was introduced in 1983 and Islamic insurance in 1985. The Islamic University was set up in 1983. During the time Anwar was Minister of Education, he was responsible for injecting a greater Islamic content into the national education syllabus. Islamic Civilisation was introduced in schools and World Religions is taught with a pro-Islamic bias. Teachers were required to inject Islamic values into all subjects including mathematics. Even the official kindergarten syllabus was required to have Islamic content.



An example of Islam in Malaysia and its connections with the Middle East is this building that house the Tabung Haji, that organize the Pilgrimage to Mecca for the Malaysians, with the attached underground mosque in front.

Another expression of the stronger alignment with Islam was connected with the media. For example, around the 1980s *dakwah*, or Islamic missionary activities were aggressively promoted using the official radio and television channels. In responding to calls by non-Muslims that other religions be given the opportunity to be broadcast over radio and television, the government showed no hesitation in declaring that only Islam would be accorded such air time since Islam was the national and official religion and every citizen should learn its values. In 1987, all male Muslim RTM (Radio and Television Malaysia) newsreaders were required to put on the *songkok* (Muslim headgear) on Fridays and to begin the News by mentioning the Muslim greeting.

Of course, in a multicultural society like Malaysia there has been a lot of discussions about the country's future alignments regarding Islam. As an example of this I will quote here some statements that was made some years ago (quoted in Mutalib, 1990) by political leaders.

Anwar Ibrahim, former vice prime minister: I'm trying my best to contribute to this Islamisation process, because I believe Islamisation would do good for this country. One major problem we face is the lack of understanding of the fundamental aspects of the faith. As a result, ritualistic forms and outward expressions are given greater publicity than the more important aspects and injunctions of the faith. The Islamic State will be a natural outcome if Islamic values and policies have gradually seeped into peoples' lives.

Tunku Abdul Rahman, the "Father of Independence" and Former Prime Minister of Malaysia: After all these years of trying to build a genuine multiracial and multireligious Malaysia, we are now confronted with a new danger — Islamic fundamentalism. If people want to wear Arab robes or eat 'halal' food, that is fine, it's alright with us, but they are now raising all kinds of ideas to Islamise the country, and this is not good. Malaysia cannot practice Islam fully because about half of the population are not Muslim. We had the 1969 riots. Do we want another one? God forbid.

Yusuf Rawa, Former President of PAS: We do not accept UMNO and the government's version of Islam, an Islam which does not, in total, subscribe to the precepts of the Qur'an and the *Sunnah*. After so many years of rule, UMNO and the Barisan have not eradicated poverty in the country. UMNO's Islam has been piecemeal in approach or meant for political purposes, to win Malay votes. UMNO does not actually subscribe to true Islam.

Dr Tan Chee Khoon, Former 'Mr Opposition' in Parliament: Islam is not a big problem in this country. The Chinese for instance, do not care so much about what is happening as

long as they can continue to do business and are not deprived of the kinds of things they have been doing all this while in this country. Of course, in recent years, with government support for Islam, racial polarisation of our people has led to religious polarisation too. It is true that of late, more and more Malays, from all walks of life, are donning Islamic attires and become very conscious of their Islamic identity. I no longer can eat with my Malay friends without being conscious that they only eat ‘halal’ stuff and it’s rude to drink [liquor] when we’re with them — although some, *few* I must say, continue to quietly do that especially when they are away on overseas trips.

The opinions of these people differ in much the way we expect, UMNO representatives agree with the government and the opposition does not, and are tilting to the sides of their respective parties, the Chinese towards less Islam and PAS towards more. What is interesting, however, is that all agree on the fact that Islam has taken lately a larger part of the politics of Malaysia and also is becoming more important for Malays in their private life.

#### 4.2 The faith

Islam is a literate religion where the main script is the Quran, which contains the words of God directly handed down to Muhammad, the messenger and speaker of God’s will. Muhammad lived in the nomadic Arabic world in the 6<sup>th</sup> and 7<sup>th</sup> century. He was from the most powerful tribe in Mecca at the Arabian Peninsula. Mecca is also the context of Muhammed’s preaching after the revealing of God’s words. For ten years he preached in Mecca against the polytheistic environment there, then he had to move to Medina, a town nearby. There he and his followers were building a new Islamic community, the *Ummah*. Tales of Muhammed’s life is collected in the collection of *hadiths*.

Islam underwent its first crucial revolution when Muhammed moved from Mecca to Medina. Preaching stopped being only ethical and spiritual, and became political and social as well. Mecca was Islam emerging in people’s consciousness; Medina was Islam inaugurating the era of collective organization (Fekih, 1998). That led to the new preoccupation with law-questions and politics and it is in that time that the sections about the law has come into the Quran. There were fights between Mecca and Medina throughout this period, but finally the Meccans accepted Islam and when Mohammed died all Arabia had become Muslim and he left behind a beginning state.

Islam was originally the religion of the Arabs. It was not until the Abbasid period (after 750 AD) that Islam to a considerable extent started spreading among non-Arab peoples. Even though the vast majority of the Muslims of the world now are found outside the Arab world, it is still common in the west to consider Islam as an Arab religion (Westerlund & Svanberg, 2000).

Muslims are people who have committed themselves to submission to God's will as expressed in the Quran, and by studying his way of life (Maqsood, 1998). God's superiority over man is an important theme, and central is the "*tawhidic*" principle in Islam which implores the Muslims to look at God's creations in an inter-related God-centred manner where everything revolves in unison under God's command, and that Muslims must put all their faith and mission in the pursuit of such a command.

Islam's normative teachings are based in five main theses, the five pillars. These five pillars contains all you have to do to lead a good Muslim life in a compressed form. They are about belief (pillar 1), rituals (pillar 2,3,4) and ethics (pillar 5). As this is a quite important aspect of Islam for my study I shortly describe them here:

1. The profession of faith: There is no god but God, and Muhammad is the messenger of God.
2. The daily prayer, *salat*. The prayer consists of distinct words and movements and is to be done five times a day, in groups or alone, facing Mecca.
3. The fast in the month of Ramadan. The Muslims are not to drink or eat anything from sunrise to sunset during this month.
4. The charity, *zakat*. Every Muslim should give 1/40 part of his fortune to the poor.
5. The pilgrimage, *hajj*, to Mecca. Every person who has the physical and economic ability should once in his or her life go for a pilgrimage to Mecca after the Ramadan.

Further, there are the concepts of *halal* and *haram*. *Halal* contains all that is allowed and wholesome for humanity, and *haram* means what is forbidden, and harmful (Maqsood, 1998). The prophet said:

"The halal is clear and the haram is clear. Between the two there are doubtful matters concerning which people do not know whether they are halal or haram. Those who avoid them in order to safeguard their religion and their honour are safe, while if someone engages in a part of them he (or she) may be doing something haram, like one who grazes

animals near the hima (grounds reserved for the animals of the King)... Truly, every king has a hima, and the hima of Allah is what He has prohibited” (Quoted in Maqsood, 1998).

In Islam religion governs people’s relationships with each other in all aspects of life. It is seen to be the law of the individual and also of the society, the law of the local and also for international relationships. Hence its function is seen to be to give human life a new and complete image. So it cannot be separated from practical everyday life, with its spiritual and material aspects (Fekih, 1998). One of the subjects that is common to point at as a defect is that people through the secular democratic system are making laws. This leads to that one follows temporary laws and norms that are open for changes. Instead one should follow natural and universal divine laws. Focus is hereby to understand and interpret God’s *sharia*, not to make laws (Otterbeck, 2000).

#### 4.3 Islamic law

The Islamic law, the *sharia*, is a judicial system that is built on *ijtihad* which means struggle and describes that the sensible and caring human person would know what is right intuitively. The *sharia* follows both the traditions of coded judicial systems like the Norwegian, where the literate word is of greatest importance for the judgements, and common-law systems like the British, where earlier judgements is the basis for new judgements. It is more of a reference system for law than a complete and closed system of commandments (Filali-Ansari, 1998).

The Islamic judicial system does not have a superior Statute Book –God gives the law. This means that what is explicitly mentioned in the Quran of do’s and don’ts is to be a guideline for life. The Arabic word *hukm* expresses “what God has said about a special occasion” for example: “Is it allowed to drink wine? No that is not allowed.”

But then there are many aspects of life that are not expressed in the Quran. To know how to behave correctly in every situation one will have to deduct analogously from what is written in the Quran and to some extent from what is written in the *hadiths*. In the early days it was not so complicated to know what was right in different situations. There were scholars, *mujtahids*, that had fully survey of the *hukms* and how to analogise to similar cases based on the *hadiths*. The Islamic judicial system was then based on that the different parts in a particular case could come to a *mujtahid* and ask what was the right thing to do in this case. The *mujtahid* would then say a “*fatwa*” which would contain his opinion of what to be done



based on the holy Quran. The *fatwa* was related to just one particular case and could not be used in other cases. In reality the *fatwas* that was said of famous *mujtahids* and *muftis* (also scholars of the law, but without the full comprehension of all the *hukms* and *hadiths*) are used to dedicate from to similar cases too. This led to the four schools of law that are used in the Islamic world today.

Now the *muftis* are learned in one of the schools of law based on the *fatwas* of the early *mujtahids*. The different Muslim countries are usually more connected to one of the schools of law than the other, but there are none of them that is superior to the others and they can be equally practised in the same town. Also there is in important cases a great emphasis on the Muslim society, the *ummah*, as the prophet has said that my community can never agree on something wrong.

The *sharia* is a civil law, which implies that the different parties are bringing the case to the court. Then the court is set to a special date and in the meantime the parties gather *fatwas* from *muftis* to support their point of view. These are taken to court and the judge, the *quadi*, would hear both parties out and decide from what he hear. In most countries the *sharia*-court is just used in religious questions and there is a secular court to handle the rest, but as religion is seen to control every aspect of life the *sharia*-court handle in some countries very much of the judicial questions.

#### 4.4 Islamic Economics

In Pakistan in 1982, there was a conference on Islamic economics. The slogan for this conference was: “Islamic economics = economics minus Western values plus Islamic values.” (Esposito, 1991). This shows that Islamic economics are seen by Muslims to be something different than economics in general, and that there is a wish to differentiate it especially from Western economics and its way of doing business. This is done by focusing on Islamic values.

Communism is rejected because (mainstream) Islam endorses the rights to private ownership and emphasizes the spiritual dimension. Capitalism is rejected because of its association with *lasses-faire* where social and ethical values are believed to be ousted in a fiercely competitive environment (Bjorvatn, 1996). However, Muslim economists are saying that Muslim economists cannot afford to repeat the mistake of interpreting Islamic economics as capitalism without interest plus *zakat*, or socialism plus free enterprises. Nor should they consider Islamic economics as the mid-point of the two extreme systems or taking the best elements from the two systems. Islamic economics should according to this stand on its own.

It has its own philosophical and ethical underpinnings. As such, its characteristics and features are based on its own *tawhidic* foundation. God is the owner and life is a test and Islam considers the economic activities of man as an aspect of the fulfillment of his responsibility on this earth (Khan, 1989).

The hard core of Islamic economics consists of postulates of the *Quran* and the *sunna* of the prophet. These postulates are divine in nature. Therefore Islamic economics is a normative discipline. It does not study the economic problem for the sake of the problem. It has a normative role to explore ways and means for transforming the existing economics into Islamic economies (Khan, 1989).

Despite the differences in various stands of methodological debate in (western) economics there is a broad agreement on at least three points: (1) The basic assumption is that man is selfish by nature and he behaves rationally. (2) Material progress is a supreme goal. (3) Every person has an inherent tendency to maximise his material welfare and he also has the knowledge and ability for deciding what is good for him (Kahn, 1989).

The Islamic view-point is quite different on these points. Firstly, it does not see man as selfish by nature. This is supported by the fact that in all civilised societies man has been motivated by altruistic motives. Islam encourages people to adopt altruism and to make sacrifices for others. Second, the material progress is not seen as a supreme objective in an Islamic society. Thirdly, Islam considers man in-capable of knowing what is best for him. According to Islam only God has perfect knowledge, the human knowledge is imperfect and man needs guidance for making various decisions in life (Khan, 1989).

For establishing economic justice, Islam does not rely on law alone. Great importance is attached for this purpose to reforming the inner man through faith, prayers, education and moral training, to changing his preferences and ways of thinking and inculcating in him a strong moral sense that keeps him just (Bjorvatn, 1996). Hence, a competitive economy in an Islamic setting is expected to change, because of the Islamic ethical biases concerning resource ownership. All wealth is seen as belonging to Allah, and man, seen as his servant and viceregent, holding in trust whatever is on earth (Sadeq & Ahmad, 1996).

Rather than continuous accumulation of private wealth, the *Quran* recommends Muslims to spend money in a way that pleases Allah. One such way is to contribute with voluntary donations to less fortunate members of the Islamic community. The three pillars of Islamic economics is (1) adherence to the Islamic behavioral norms, (2) introduction of the religious tax, *zakat*, and (3) abolishment of interest, *riba*. Among the beneficiaries of *zakat* are the

poor, the handicapped, the orphans and other groups in need. *Zakat* is first and foremost a tax on wealth (Bjorvatn, 1990). The Quran states that:

God takes away (gain) from usury but adds (profit) to charity. (2:276)

The rejection of lending at interest is the most popular and best-known part of a more radical rejection, that of hazard (*gharar*). Islamic teachings prohibits all these transactions as tainted with *gharar*.(Bouhdiba, 1998 (1)). Several authors claim that insurance is *haram*, because it involves gambling. What is often ignored is the socially desirable purpose it serves in the modern world. A prohibition of insurance rather than decreasing the degree of uncertainty, increases it and thus makes the gamble even tougher. An important passage from the Quran condemning usury is the following one:

God has laid His curse on usury and blessed almsgiving with increase. God bears no love for the impious and the sinful. Those that have faith and do good works, attend to their prayers and render the alms levy, will be rewarded by their Lord and will have nothing to fear or to regret. Believers, have fear of God and waive what is still due to you from usury, if your faith be true; or war shall be declared against you by God and His apostle. (2; 275-278)

The previous quotations from the Quran suggest that the ban on usury was intended to improve income distribution; the idea that gifts rather than loans pay off in the eyes of God. The terms of credit could be very harsh in the the Arabian Peninsula at the time of Muhammad (Bjorvatn, 1996). The plan for an Islamic bank aims to invest, and look for profit, but from a “different understanding of the value of capital and labour”, instead of a borrower-lender relationship, the financial system rests on a fair division of the risks as between the lender and the head of the firm. This practice stems from the central principle of Islamic banking, based on the Quran, which forbids *riba*, charges or the payment of interest (Bouhdiba, 1998 (1)). The Islamic solution to finance without interest is profit-and-loss sharing arrangements, where the parties participate in the transactions by exposing themselves to risk, i.e. risk-sharing. According to this risk-sharing ideal, depositors become partners in Islamic banks, while the banks buy shares in other companies or initiate joint ventures. The two main risk-sharing techniques are *mudaraba* and *musharaka*, the main difference between the two being the degree of financial commitment by the entrepreneur. Under *mudaraba* the

entrepreneur invests only his time and effort, while under *musharaka* he also invests some of his own capital in the project. Islamic banks, basing their operation on profit and loss sharing, will in this way tend to attract risky projects with a relatively low expected return (Bjorvatn, 1996).

Recent examples from the Malay scene on Islamic banking is the Kuala Lumpur international summit on Islamic banking and finance in February 2001. Here Islamic banks were told to go international. Being a second layer in the intermediation process not only resulted in lower returns to these institutions but, more importantly, the deployment of funds into channels acceptable to Islam could not be assured. For this reason, they said, more and more Islamic banks were going global; and for them to operate strictly according to Islamic principles, the development of an international Islamic financial market needed to be accelerated. (*The star*, 21.02.01). There has also been an urge in Malaysia to take Islamic financing in for example house buying (*New Straits Times*, 13.04.01). After the summit on Islamic banking, HBCS (a Malaysian bank) also announced the world's first credit card based on Islamic principles.

#### 4.5 Islamic Management

Islam requires management to be attributed with a high degree of integrity, and says that quality performance of the organization is everybody's business. Further, *shura* entails the readiness on the part of the CEO to share his power with those who are capable and willing (Sadeq & Ahmad, 1996).

From the Muslim point of view, the Western management principles have been borrowed wholesale by Muslim countries, and Muslim managers apply them without realising whether or not they are compatible to their culture and values. Westernised managerial concepts, however, are seen to be based on certain premises of thought that are foreign to the Muslim minds. In the Western culture, work is considered as a tradition, for earning wages and secure happiness of life. Islam, on the other hand, considers work as an *ibadah* (a deed of spiritual value). Then, the implications of this concept is that *ibadah* is our intention, and so our speech, action, reaction and behaviour must be in the way that Allah approves. It is seen that any work can be *ibadah* if the conditions: good intention, serious prayer, permissible profession, serious efforts, surrendering to Allah after striving hard and accepting Allah's will are met during and after the performance. The Islamic principles of Unity (*tawhid*), Vicegerency (*khilafah*) and Justice (*al-adl*) which managed organisations will be to provide

the customers with a value for money as desired and deserved by them in order to ensure its own survival in the wake of such global competition in the world market (Sadeq & Ahmad, 1996).

According to this, there has been proposed an Islamic management model (Sadeq & Ahmad, 1996). Elements in the proposed management model are that since Islamic values are universal in character, they can be blended to suit the work culture of a team spirit by practicing *shura*. Respect for individuals should be an organisational philosophy, and following this, important factors are: high concern for the employees, the customers, the local inhabitants, and the society and ethics.

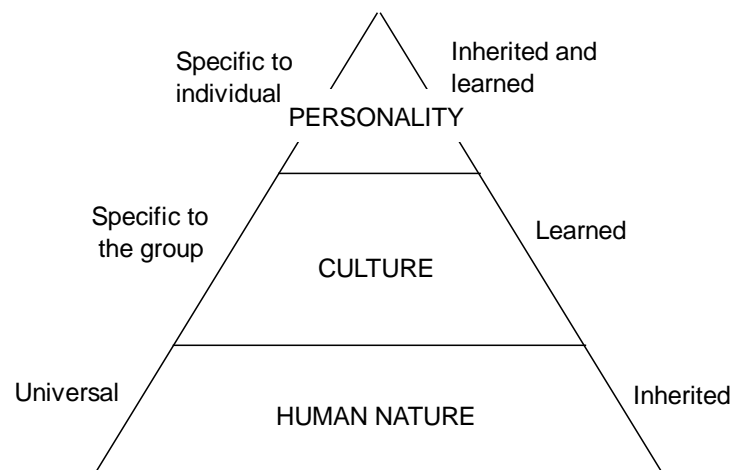
## 5. Culture

If one is to conduct business with people from other cultures it is important to know the underlying patterns in their culture, to better understand their ways of reasoning. Foreign takeovers are a fast way of expanding, but their cultural risk can be enormous (Hofstede 1991).

### 5.1 Explaining culture

Culture is as difficult to define as many other concepts describing human social life. Hofstede (1991) explains culture as collective programming of the mind. He says that every person carries with himself or herself patterns of thinking, feeling and potential acting which were learned in early childhood, because at that time a person is most susceptible to learning and assimilating. As soon as certain patterns of thinking, feeling and acting have established themselves within a persons mind, she or he must unlearn these before being able to learn something different, and unlearning is more difficult than learning for the first time.

He further says that culture always is a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, where it was learned. It is the collective programming of the mind that distinguishes the members of one group or category of people from another.



Source: Hofstede 1991

Figure 5.1 Three levels of uniqueness in human mental programming

Culture is learned, not inherited, and it derives from one's social environment. Culture should be distinguished from human nature on one side, and from an individual's personality on the other side. This is visualised in figure 5.1. To distinguish these three parts, however, is a very difficult task and is a matter of continuous discussion between scholars.

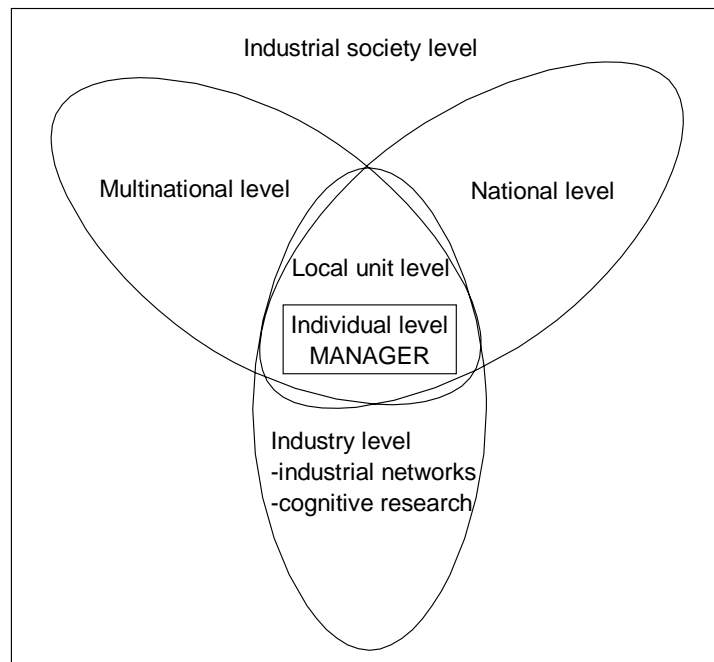
Human nature is what determines one's physical and basic psychological functioning. This is inherited and common to all humans. This contains the human ability to feel fear, anger, love, joy, sadness, the need to associate with others, to play and exercise oneself, the facility to observe the environment and to talk about it with other humans all belong to this level of mental programming. However, what one does with these feelings, how one expresses fear, joy, observations, and so on, is modified by culture. The personality of an individual, on the other hand, is her or his unique set of mental programs which he or she does not share with any other human being. It is based upon traits that are partly inherited with the individual's unique set of genes and partly learned.

Hofstede states that as almost everyone belongs to a number of different groups and categories of people, at the same time, people unavoidably carry several layers of mental programming within themselves, corresponding to different levels of culture. For example:

- a national level according to one's country (or countries for people who migrated during their lifetime);
- a regional and/or ethnic and/or religious and/or linguistic affiliation level, as most nations are composed of culturally different regions and/or ethnic and/or religious and/or language groups;
- a gender level, according to whether a person was born as a girl or as a boy;
- a generation level, which separates grandparents from parents from children;
- a social class level, associated with educational opportunities and with a person's occupation or profession;
- for those who are employed, an organizational or corporate level according to the way employees have been socialized by their work organization.

In a modern society these various levels are not necessarily in harmony, but are often partly conflicting: for example, religious values may conflict with generation values; gender values with organizational practices.

By the same principles culture can affect the business at different levels too. These are illustrated in figure 5.2.



Source: Perspectives on Scandinavian Management, 1996

Figure 5.2. Different cultures influences on managerial style

## 5.2 Four dimensions of culture

Hofstede's study from 1980 surveyed the values of people in more than 50 countries around the world. These people worked in the local subsidiaries of one large multinational corporation, IBM. From this study Hofstede identifies four dimensions of culture. These dimensions he named *power distance* (from small to large), *collectivism versus individualism*, *femininity versus masculinity*, and *uncertainty avoidance* (from weak to strong). For each of these dimensions Hofstede made rankings of the countries that was involved, the lists are attached in appendix 2. What is especially interesting for Scandinavian management in Malaysia's Islamic culture is to look at his findings for the Scandinavian countries and Southeast Asian "Islamic" countries. I recognise the Scandinavian countries in Hofstede's study as Denmark, Norway, and Sweden, and Southeast Asian "Islamic" countries as Indonesia and Malaysia.



### 5.2.1 Power distance

Power distance, PDI-scores inform us about dependence relationships in a country. In countries with small power distance there is limited dependence of subordinates on bosses, and a preference for consultation, that is interdependence between boss and subordinate. The emotional distance between them is relatively small: subordinates will quite readily approach and contradict their bosses. In large power distance countries there is considerable dependence of subordinates on bosses. Subordinates are unlikely to approach and contradict their bosses directly.

As Hofstede sees it, power distance has roots in the family. In the large power distance situation children are expected to be obedient towards their parents. Sometimes there is even an order of authority among the children themselves, younger children being expected to yield to older children. Independent behaviour on the part of a child is not encouraged. Respect for parents and other elders, is seen as a basic virtue; children see others showing such respect, and soon acquire it themselves. Respect for parents and older relatives last through adulthood: parental authority continues to play a role in people's life as long as parents are alive. Parents and grandparents are treated with formal deference even after their children have actually taken control of their own lives. There is a pattern of dependence on seniors which pervades all human contacts, and the mental "software" which people carry contains a strong need for such dependence.

In the small power distance situation children are more or less treated as equals as soon as they are able to act. The goal of parental education is to let the children take control of their own affairs as soon as they can. Active experimentation by the child is encouraged: a child is allowed to contradict its parents, it learns to say "no" very early. Relationships with others are not dependent on the other's status; formal respect and deference are seldom shown. When children grow up they replace the child-parent relationship by one of equals. There is an ideal of personal independence in the family. A need for independence is supposed to be a major component of the mental software of adults.

In the PDI-ranking (11-104) the Scandinavian countries ended up in the bottom with scores from 51 to 47, see Table 5.1. The Southeast Asian "Islamic" countries had 104 and 78. This might not necessary mean that Islam as such affect this dimension of culture, but still we see that the Indonesia and Malaysia have more inequality than the Nordic countries. Islam

wants children to know their duties to their parents, in such a way as to avoid the pitfalls of disobedience (M'Baye, 1998).

Table 5.1 Power distance index (PDI) values for Scandinavian and Southeast Asian “Islamic” countries

Score rank	Country or region	PDI score
1	Malaysia	104
...		
8/9	Indonesia	78
...		
47/48	Norway	31
47/48	Sweden	31
...		
51	Denmark	18

### 5.2.2 Collectivism/individualism

Individualism, measured on the IDV-score, pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family. Collectivism as its opposite pertains to societies 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.

In collectivist societies the interest of the group prevails over the interest of the individual. In collectivist societies the extended family is the norm, and when children grow up they learn to think of themselves as part of a “we”-group (or in-group), a relationship that is not voluntarily, but given by nature. The “we”-group is distinct from other people in society who belong to “they” groups, of which there are many. The “we”-group is the major source of one’s identity, and the only secure protection one has against the hardships of life. Therefore one owes lifelong loyalty to one’s in-group, and breaking this loyalty is one of the worst things a person can do. Between the person and the in-group a dependence relationship develops which is both practical and psychological.

In individualist societies the interest of the individual prevails over interests of the group. In these societies the nuclear family is the norm. Children from such families, as they grow

up, soon learn to think of themselves as “I”. This “I”, their personal identity, is distinct from other people’s “I”s, and these others are not classified according to their group membership but to individual characteristics. The purpose of education is to enable the child to stand on its own feet. The child is expected to leave the parental home as soon as this has been achieved. Not infrequently, children after having left their home, reduce relationships with their parents to a minimum or break them off altogether. Neither practically nor psychologically is the healthy person in this type of society supposed to be dependent on a group.

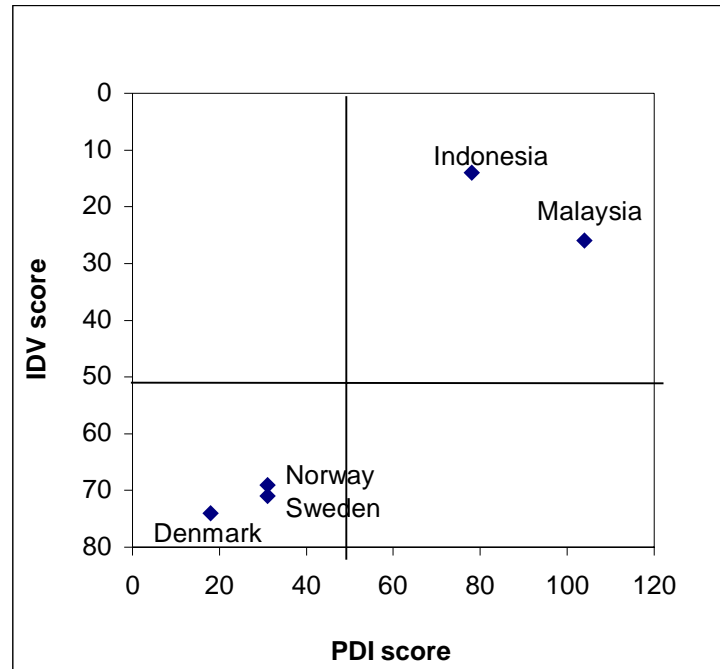
In collectivist societies harmony should always be maintained and direct confrontations avoided. There also exist a high-context communication, and relationship prevails over task. The relationship employer-employee is perceived in moral terms, like a family link and management is management of groups. In individualist societies on the other hand, speaking one’s mind is a characteristic of an honest person. There exist low-context communication, and task prevails over relationship. The relationship employer-employee is a contract supposed to be based on mutual advantage, and management is management of individuals.

In the IDV-ranking (6-91) both the Scandinavian and Islamic countries differ in their placement, the Scandinavian ranking from score 69 to 74, and Malaysia and Indonesia hold scores 26 and 14, see Table 5.2. We see that all the Scandinavian countries are far more individualistic than Indonesia and Malaysia. In Islamic traditions family bonds are thought to be strong and something that should be cherished (Maqsood, 1998). Also in Islam the whole society is considered to be one unity and more important than individualistic needs.

Table 5.2. Individualism index (IDV) values for Scandinavian and Southeast Asian “Islamic” countries

Score rank	Country or region	IDV score
...		
9	Denmark	74
10/11	Sweden	71
...		
13	Norway	69
...		
36	Malaysia	26
...		
47/48	Indonesia	14

If we plot the PDI score and IDV score, as shown in figure 5.3, the Southeast Asian “Islamic” countries end up in the large power distance/collectivist corner, and the Scandinavian countries end up in the small power distance/individualist corner.



Based on Hofstede 1991

Figure 5.3 IDV-scores and PDI-scores for relevant countries

### 5.2.3 Femininity/masculinity

Masculinity, measured by MAS-scores, pertains to societies in which social gender roles are clearly distinct (i.e., men are supposed to be assertive, tough and focused on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life); femininity pertains to societies in which social gender roles overlap (i.e., both men and women are supposed to be modest, tender and concerned with the quality of life).

In feminine cultures the dominant values in the society are caring for others and preservation. People and warm relationships are important. In the family both fathers and mothers deal with facts and feelings. Conflicts are resolved by compromises and negotiation, and managers use intuition and strive for consensus. There is also a stress on equality, solidarity, and quality of work-life.

In masculine cultures, on the other hand, the dominant values in society are material success and progress, money and things are important. In the family fathers deal with facts and mothers with feelings. Conflicts are resolved by fighting them out, and managers are expected to be decisive and assertive. There is a stress on equity, competition among colleagues, and performance.

In the MAS index (5-95) the Scandinavian countries are again found in the bottom, with scores from 5 to 16, see table 5.3. The Southeast Asian “Islamic” countries are found in the middle, with scores 50 and 46. Islamic teachings forfeit segregation of the sexes, and that women and men should hold different roles in the society and in the family. However, Islam also teach its adherents to be caring to all humans, an example of this is the *zakat*.

Table 5.3 Masculinity index (MAS) values for Scandinavian and Southeast Asian “Islamic” countries

Score rank	Country or region	MAS score
...		
25/26	Malaysia	50
...		
30/31	Indonesia	46
...		
50	Denmark	16
52	Norway	8
53	Sweden	5

#### 5.2.4 Uncertainty avoidance

Uncertainty avoidance, measured by UAI-scores, refers to the extent to which the members of a culture feel threatened by uncertain or unknown situations. This feeling is, among other things, expressed through nervous stress a need for predictability and a need for written and unwritten rules.

In weak uncertainty avoidance cultures uncertainty is a normal feature of life and each day is taken as it comes. What is different is curious and students are comfortable with open-ended learning situations and concerned with good discussions. There is also a tolerance of deviant ideas and behaviour. Time is a framework for orientation, and precision and punctuality have to be learned.

In strong uncertainty avoidance cultures, on the other hand, the uncertainty inherent in life is felt as a continuous threat that must be fought. Students are comfortable in structured learning situations and concerned with the right answers, and there exists a suppression of deviant ideas and behaviour; resistance to innovation. Precision and punctuality come naturally.

In the UAI ranking (8-112) the Scandinavian countries are spread from score 23 to 50, while the Southeast Asian “Islamic” countries hold scores 36 and 48, see table 5.4. In this ranking our two groups of countries overlap. Trust in Allah, and his guidance, is central and people in Scandinavia have traditionally put the same faith in God.

Table 5.4 Uncertainty avoidance index (UAI) values for Scandinavian and Southeast Asian “Islamic” countries

Score rank	Country or region	UAI score
...		
38	Norway	50
...		
41/42	Indonesia	48
...		
46	Malaysia	36
...		
49/50	Sweden	29
51	Denmark	23

### 5.3 Scandinavian management

There is an ongoing discussion among researchers on management whether one can put certain labels on managers from different regions or countries, this applies of course also to Scandinavian management. In 1996 there was a conference on this subject in Gothenburg where different researchers presented work related to this.

The Scandinavian countries have been seen as relatively homogeneous. Thygesen Poulsen (1988) talks about a Nordic human view and co-operation between individuals. Olsen (1986) emphasizes a feeling of interdependence and confidence. In an article in *The Economist* (1987) consensus is considered the feature which characterizes the Nordic countries. Lindell (1996) further sees the Nordic management style to be characterized as

planning and order, delegation of responsibility, friendship with subordinates and orientation towards innovations. The distance between the manager and his/her subordinates is short and communication direct.

The Scandinavian management style has often been seen as the management style forfeited by Jan Carlzon and SAS. This can be summarised in the following quotation from the cover text of *Riv pyramiderna*:

The new individual cannot be controlled by orders and instructions. Instead, give her information about the goal and the road to get there, give her responsibility and authority — then a lot of energy will be released which otherwise would not have been available. Tear down the pyramids in the company! Decentralise and delegate! (quoted in Furusten & Kinch, 1996)

Jönsson sees the Swedish management as vision, communication, and consensus (with latent use of power). Vision, communication, and consensus, he says, signals an inward looking approach - towards implementation rather than analysis, towards action rather than planning and decision, towards delegation rather than financial control.

In international business theory the impact of culture is frequently mentioned, especially when the marketing function on different markets is discussed. Often these differences between markets lead to a demand for local attachment, while the demands from the production function are for a global and integrative outlook. In the strategic management literature the concept of culture is often used in another setting, that is in the discussion of a corporate culture, i.e. the values and norms inherent in the organisation. Culture is viewed as yet another variable to use in the formation of an efficient management or as an emergent characteristic of the organisation (Boter & Holmquist, 1996).

National culture is seen as an important factor influencing management behaviour. In the internationalization process special cultural competence is required. A manager who is successful in his/her native country may not be so abroad (Lindell, 1996). The linkage between culture and management style is commonly accepted (Adler 1986). Bartlett & Ghoshal (1989) discuss three main organisational models linked to different geographical areas: the multinational model, the international model and the global model. They argue that the multinational model is more common in European companies, the international model is more typical of American companies and that Japanese companies often use the global

organisation model. Since Sweden is part of Europe we would expect Swedish management style to fit into the multinational model commonly used in European companies.

The international firm has to organise business activities often spread out over a wide geographical area and located in many cultural spheres. Headquarters of these companies, the production units, the marketing organisation and the main sales market can be located in many countries. The management style, i. e. the forms of strategy and control mechanisms, influences the effort to hold these organisations together (Boter & Holmquist, 1996).

Studies indicate that companies have very strong links to their organisational heritage which manifests itself in the management style used. As mentioned earlier the organisational heritage contains elements from the regional/national (spatial) culture, the technology (functional) and the organisational (social) cultures. Japanese companies act globally and they are organised according to that — centralised with the headquarters in the home-country. European companies are often organised and function more like federations of very autonomous subsidiaries. These multinational organisations can rather easily adapt to different national attitudes and demands. The American companies are similar to the multinational European organisations but they behave more centralistically with the headquarters in the US as the hub for activities. Different international activities are often a headquarters initiative with the aim to make use of knowledge and experience in the home-country. The organisational heritage, as manifested in strategic management styles, is obviously different in different regions, because of different cultural aspects (Boter & Holmquist, 1996). The corporate strategy depicts the model by which the company is led and directed. The different types of strategies can be placed on a scale where the two end-points are centralised and decentralised strategies respectively. In Sweden the majority are following centralistic principles in their strategic process (Boter & Holmquist, 1996).

International business activities normally imply a dualistic concept of management. The extensive organisation makes it necessary to create co-ordination of top management teams at the same time as the separate units can work after rather decentralised principles. Swedish large companies seem to follow this type of dualistic concept of management built on distinct top management instruments, like a sharply and pronounced strategy and a number of persons on the top management level who tries to implement these strategies via the board of directors and direct CEO contact in company units.



## 6. Results

### 6.1 Scandinavian activities in Malaysia

Scandinavian companies are represented in Malaysia through FDI and a number of local agents. There are between 50 and 100 companies established in Malaysia from each of the Scandinavian countries. These are mostly localised in the Kuala Lumpur area, but are also represented all over the country. Their products are spread on many different industries and represent different levels in the value-chain; some are taking out raw material and have factories, while others are consumer-oriented.

I interviewed managers from 11 Scandinavian companies, 8 Norwegian, 2 Danish and 1 Swedish. In some companies I interviewed more than one person. I have used terms as “the informants think” etc., which includes all the informants. Where this occurs it is not the case that all the informants have said it all in the same way, but I use those kind of expressions when there is a general agreement on the topic, when there are substantially many that have expressed the thought. When only one or two have expressed something, I use the expression “one said” this or that.

The fact that the companies differ in their activities gives a variety to the study in different industries and ways of working. Table 6.1 show the companies’ “key figures”. The companies’ size and how many Muslim employees they have varies. Most of the companies had started their business in Malaysia during the 1980-90s, but some had been there earlier. How long the companies had been in Malaysia did not seem to matter much as it seemed that every new Scandinavian manager had to experience the Malaysian culture for himself, more than taking the experience from the time the company had been there and the different experiences from earlier expatriates (expats).

Table 6.1 The companies' key figures

Com- Pany	Empl- oyees	Ma- lays	Chi- nese	Ind- ians	Expats (W)	Year started	Market	Ownership	Activity
1	4500	60%	30%	8%	6	1892	Malaysia	33%,ctrl	Factory
2	100+33				3+1	50+99	Region	100%	Factory
3		60%	30%	8%		1980	Malaysia		Office
4	300	30%			2	1984	Region		Factory
5	45	50%			2	1986	Malaysia		Office
6	250	55%	30%	10%	4	1990	Region	49%,ctrl	Factory
7	180				8	1992	Region		Office
8	8	0	5	2	1	1993	Malaysia	100%	Office
9	6+fact.	1	2	1	2+3	1997	Malaysia	100%+15%	Factory
10	50	30%				1997	Malaysia	100%	Factory
11	1400	40%	45%	15%	12	1999	Malaysia	33%, ctrl	Office

W=western

The companies' ownership structure varied according to the government's restrictions. These restrictions are different from industry to industry, and depend also on the size of the company and its market. In most industries, foreign companies in Malaysia cannot have the majority of the stocks. Still the Scandinavian companies had controlling posts in most of the cases. One said it like this: "if something happens and we lose a lot of money, then it is us that have to take the blame and not the local partner".

The companies' market also varied. Many companies had Malaysia as the defined marked while several also had regional control and the Malaysia-office was the head-office in Southeast Asia for their company. Some of these were established in Malaysia as the first country in the region and some had come via an establishment in another country, in most cases this country was Singapore. Among the companies with regional responsibilities, they served the larger market through export, representation through an agent or also FDI.

There are different reasons for companies' to established themselves in Malaysia. Malaysia is seen as a relatively easy country to operate in because there is a good labour market and a large part of the population speaks English. Further, the country is regarded to have a good infrastructure and be politically stable. Another important point was a sensible cost-level, both regarding labour and other things. On the other side it was mentioned that it is important that the country had a growing economy, something that gave the companies a promising home market with a growth potential and a user-competence for more technical products. For most of the companies the establishment in Malaysia was part of a global expansion, and all the mentioned factors had importance for their decision. But for two

companies there was only one reason for their establishment in Malaysia: this is where the raw material is.

How many expats that were employed at the different companies varied too, most of the companies only had a few expats and most of them also wanted the number to be very low, merely one or two, but on the other hand they didn't want the companies in Malaysia to be totally locally managed. Foreigners' working permission is regulated very strictly and the companies have strong demands for all personnel they take into the country. It is also very expensive for the companies to have Scandinavian people employed abroad. Some companies wanted to have more expats employed because of dynamics in the activity and expertise in areas that they could not find locally. One pointed also to development of new products. It is often preferred that this happens close to the market. Global firms, however, often have the R&D (Research and Development) section of the company centralised and localised close to the head-office. Therefore it might happen that in Scandinavia an employee work with something that will have its largest market in Malaysia. It will be useful to move that person to Malaysia, so he or she will get a better understanding of the Malaysian market, and increase the tailoring of the product to the market.

An important reason is the communication with the head office in Scandinavia, like one of the informants said:

We are sending people from the head office to the different locations where we have daughter-companies. This is because we want to have people there that are trained in the culture that we have at the head office. This helps us to avoid misunderstandings and problems related to cultural differences. Imagine if we had employed a local Chinese or Malay or Indian that barely knew where Scandinavia was, he would have been frustrated of all these strange decisions that are taken there (1)<sup>2</sup>.

Equally important are personal relationships and networks in the mother company and in the concern as a whole. If the manager in Malaysia needs help in some areas, an expat that has worked in the head office in Scandinavia will know better who to talk to and ask, also there might be less language difficulties than if there had been a local manager.

The company culture is important and the Scandinavian culture that the mother-company is a part of and run in concordance with is the most important reason why the companies have

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<sup>2</sup> The numbers after the quotations are references to the informants

expats. The business can be run more smoothly and the company at the new place can appear similar to the mother-company and have the same company values.

The informants also mentioned another reason, that the concern wants to have an independent control of the daughter company, therefore there should be a person in the management team that comes from another country than where the daughter company is localised. Also one said that when they work regionally in the area they have to take into consideration certain hierarchy rules between the ethnic groups and countries. By using expats that have an origin outside the region one can avoid this, as one of my informants said: “for instance you cannot send a Malay to Vietnam to sell, it won’t work, because they are too proud. You can come there as a white person or a Vietnamese, but you cannot come as an Indian or *bumiputra* or whatever”(7).

All the companies seem to have a positive picture of the government and how it treats the company. The informants said they were impressed with the professional attitude that the government had shown. In some industries, the companies had to have local ownership to a certain extent and could only have some percentages foreign ownership, but this could be solved with passive ownerships. The same rules and bendings of the rules applied also for management. There were rules for how many locals there should be in the management and also how many Malays there should be. This dispersing of employees was not always an effective solution for the companies and passive management was not uncommon, exemplified in this statement: “but we have a MD that is *bumiputra*, that really doesn’t do anything for the company at all, just sit there” (7). The rule of how many Malays there should be in the organisation was often not a direct excise from the government, but for example constructed through the national oil company, Petronas. It gives a licence, which is to be renewed each year, to the companies with which it does business. To get this licence the companies have to have a certain part Malays in the management team and employed in the company generally. This resulted in a pressure to employ more Malays in important positions. The result of this policy will be a favourising of Malay applicants. One of the informants illustrated this point with the following: “And what happens is if I interview people for a job, I always interview the *bumiputras* first to see if there are some of them I can use, and then, secondly, local Chinese and Indians, and then I take the applicants from people from a larger area” (7).

The government seems, as the informants said, quite pragmatic in its way of handling the rules. It seems to be possible to negotiate private agreements to a certain extent, to get more foreign ownership or other exceptions that could be beneficial to both parties (i.e. the

country/government and the foreign company). In these cases, what matters can be in which industry the company works. If the foreign company operates in an industry that the country/government find interesting and want to invest in, but that they feel that they do not really have the competence that is needed, like IT and telecom, it can be easier for the foreign company to negotiate a special deal for themselves. Other things that can be of importance in this matter is if the company has invested in other beneficial projects for the country and also how large the company's export share is.

More Malays in the company, however, is not only beneficial when dealing with the government, also in relation to the customers this can give better conditions, related to the market for instance. One respondent in a company that had merged with a Chinese company expressed it like this: "because we are seen as a Chinese company we do not have the same strength in the market with the Malay customers, especially in the business-to-business market. In doing business with Malay companies and companies controlled by the government we lose a lot to [a Malay controlled company]" (12).

## 6.2 The country

I asked the managers how they looked at the society, political stability, and Islam's position in the country during their stay. I got somewhat different answers, but they seemed to agree in their view of the larger picture. Again, it seems that the informants were not opposing the politics that the country is run by. Rather, they tried to understand the reasons behind it. Most were positive to the politics and compared Malaysia's stability and progress with the other countries in the region, especially with Indonesia, that seems to be in a politically chaotic time right now (spring 2001). Some even questioned the Western understanding of democracy and if Malaysia really was ready for such a system of government.

### 6.2.1 Islam

All my informants had a relation to the Islamic culture in the country. This referred both to the working place situation, and how it was for a Scandinavian to live in an Islamic society, although the experience and the perception of the society were different to each one. They also expressed astonishment about the role religion still plays in the lives of the people in Malaysia and to which detail it controls the lives. For example, during Ramadan there are 100.000 drivers there that have not eaten in 12 hours - "There is usually

chaos, but...”. One of the informants expressed it with this sentence: “Religion is playing a bigger role to people here. I am very impressed every Friday when I see how many that takes part in the prayers. And I think it is positive to see how strong the family bonds are here” (13).

One thing the informants mentioned was that it seems that the expression of an Islamic lifestyle has become more important to people in Malaysia:

When we were here in the early eighties there were almost no one that wore headscarves, this has come more and more the last ten years. I think most are pretty pragmatic and relaxed in relation to Islam, but there are also other groups that have become quite fundamentalist, and that is not good for the country (1).

Another example is the interest to discuss Islamic topics publicly: “In 1997 Islam was not an issue in newspapers, but now it is”. The informants also mentioned that the Muslim families generally have many children, so the Muslim group of people is growing more than the other groups. Thus, the Muslim part of the population increases.

Malaysia is seen as a country where there is freedom of religion. Most people can do as they want as long as they do not threaten Islam’s position in the country or offend the Muslims. The Muslims is the group of people that is the most controlled. Sunni Muslims is the main Muslim group in Malaysia and other Muslim groups are exposed to control and also to a certain degree persecution. There are also constraints on how you can exercise your belief, and you merely cannot give up your Islamic adherence. I was told an example of this in a couple that is in prison for their beliefs. They were persecuted for their adherence to a kind of mystical Islam. The story is that when they said OK, we are not Muslims, they were imprisoned. This does not give any possibilities for the Muslim population to choose their view of life. It is also important that non-Muslims convert to Islam if there is to be a marriage between a Muslim and an adherent of another religion.

Islam is described as all the time having been a very strong part of being a Malay. Islam was before the independence in 1957, and also in the time after, the foundation for the nationality feeling. And all the time there has been an institutionalising of Islam. Both in the terms of building mosques and the starting of formal organisations, and in terms of the police pulling out Muslim girls with short skirts from discos. Though Islam in Malaysia, and merely in all of Asia, the informants said, has all the time been relatively moderate, which was also the reason that it gained foothold here in the beginning.

The government is seen to take a special position because it is supposed to promote Islam on one side and slow down the force of Islam on the other side. And this is a little bit difficult to understand, one of the informants said: "I guess you have to be Asian to understand the idea of it". But anyhow it seemed to the informants that the government is not handling that situation too well. It looks like the government all the time go two steps towards more Islamisation of the country's politics and one step backwards, and the result of that is more influence of Islam in the society. Also the informants thought that it looks like a more radical Islam is emerging in the periphery. Most Muslims are moderate, but the radical ones are getting stronger, and more audible. People in Malaysia are seen to be generally peaceful and the informants characterised it to be an accident if there should be an uprising in the country. But it seems that this *lasses-faire* attitude, that the extreme Islamic groups are not getting any reluctance, is actually helping them forward. Also the Anwar case plays a role in this picture, since the Anwar case the informants think there is a tendency towards more Islam.

It looks like UMNO influenced to use more Islam in their politics. On the other hand, the more religious parties are attacking UMNO because they are not religious enough, so in the end the informants thought that everything is going in a more Islamic direction. Yet it is seen to be a successful balance of Islamic and secular values the government has got and therefore the informants saw it as one of the leading Muslim countries in the world. They thought it to be much more modern than Indonesia and also than many Middle Eastern states, despite the wealth from the oil in these states. This was mentioned especially in relation to education and industry.

The informants were talking about the religious revival among the Muslims and how it affected Malaysia. One of them expressed it like this:

There has been a religious revival for 100 years or so, but it goes in waves, with a blossom in the 70s, which is a reaction against the rest of the world. Now for instance, there are more and more people that are going for the pilgrimage to Mecca, which is a very strong personal experience. Also there is an increasing number of students in the Middle East. It was in the seventies that the country allowed people to go abroad and study, then some went to the Middle East and some went to London. And still there are approximately 10 000 Malaysian students in Cairo, and a substantial number in Jordan. And of course this has an impact on the situation for Islamic culture here that so many have been in the Middle East. And also many of the ones that went to London actually came back radicalised in relation to Islam. Then they had been there and seen the slum in London and seen how it could be, and how they didn't want it to be (16).

Generally, my informants think that the religious interest in Malaysia has increased. Also, they feel that the support to PAS has increased and become more extreme. They frequently came with comments on things that happened in the more PAS-controlled states on the East Coast, like: “In PAS states they want to have separate queues for men and women in the shops”, “Transports with beer are being stopped on the east coast”, and “The comrade in Terengganu now wants separate buses for women and men.” One informant also mentioned veiling:

And at the East Coast, north in Terengganu and in Kelantan you see people with veils, but not here in KL. But wearing headscarves count for everyone, and of the upper middle class, but people in the top of the society has a bit more freedom in the matter, when you see ministers and ministers’ wives etc. they very rarely wear the veil or headscarf (14).

But despite this view of the PAS-controlled states, none of my informants said that a more Islamic governed country is a threat to the political stability of the country or the companies’ activities in Malaysia.

Something that several mentioned though, was the existence of double standards of morality among the Muslims. They found it in Malaysia but felt that it had an even stronger hold in the Middle East. Here is one example:

I had for example a driver that was a very eager Muslim, and very upset with his daughters that they didn’t want to use the head-scarf, and things like that. But when he ended the job I took back his mobile phone, and then there was an endless calling from all the Philippine maids he had contacts with. And in relation to fasting etc., it is lived by. But they say here as a joke that in the fasting period it smells chicken curry all the day in the bathroom (8).

When I asked why this phenomenon occurred they answered that they thought it was probably because the system is forced upon them. In Scandinavia we usually can take a conscious choice in relation to these matters, but in Malaysia people are just forced into the religious and cultural setting. But as the informants also mentioned, the distance between the different cultures is large and there are some people that are jumping between them. Also, they spotted a problem to get the younger generation to embrace Islam and its values wholeheartedly, but they said it seems like there is a large group-pressure in Islamic groups,



and a more direct pressure than what we now have in Scandinavia in relation to Christian values.

### 6.2.2 Ethnic groups

I asked the informants to describe the special situation in the country, with three different major ethnical groups but where the government favorises one of the groups. To this the informants answered quite differently, and therefore I rather give the answers by a number of quotes than summarising.

When you see the politics from the outside then it seems quite extreme, that you have different rules for different ethnic groups, where you in spite of having such a mixed population still favour Islam. And of course it is not so good. But that has a history too; it is a way to try to get these ethnic groups to be more equal. The Chinese are better to get money etc. And the bumis have been lagging behind, they are not so good to get wealth, so then they have been favoured by the government. And how can you decide if it is right or wrong, it works for now, and if you had not done anything to equalise, the situation would probably have been much worse (7).

One thing that has come out of this politics are separated groups. In other countries, for example, Thailand there came a lot Chinese to the country too, but there they have melted into the society and the indogene population. In Malaysia the different ethnic groups are still separated, and that there is a tendency to strengthen this picture rather than weaken it (13).

The last twelve months I think there has been an increased split in the politics, especially after the last election. Especially in the Chinese party there are some that want another distribution of wealth. But then there are some people that don't want to jeopardise the cultural harmony (3).

There is an underlying instability, even though the Politicians say that it does not exist, I think it does. Some of the problem is that there are parts of this country that are poor. And to have poverty and also to see that some people are living better... it is easy to take to racial questions (4).

The Chinese control the economy, the share has sunk the last 20 years, but still. The Chinese have fewer privileges, but they go around it, for example, it is very hard for other than Malays to enter good universities in the country, then a lot of the Chinese send their children abroad to study. Chinese schools are generally better than the Malay-ones, this leads to a gap between the Chinese and Malays education wise. The Chinese also often study other subjects than the Malays, more to engineering etc. As long as they have money the Chinese are ok. The Indians are mostly Tamils and I don't think they will protest, they are so few and they are better off in Malaysia compared to the Tamil areas in India and Sri Lanka (11).

There are disagreements in both the Chinese and the Malay party. Some forces in the Chinese party (MCA) want to take advantage of the situation that the Malays are more split than before because of the Anwar case, but some want to keep on and preserve the harmony. The disagreements in the Malay party (UMNO) are less visible, but it looks like religion maybe is more used to put forward other things. Where the aim perhaps is a redistribution of wealth. Because the politics that the country has been governed by has created a large difference between the Malays, where some are enjoying a world of the rich, while others are living in poverty. And that can be the aim of a new politic, but they are using religion as a tool. It is more easier to use religion as a tool in areas where the people are poor and have less education (3).

But it will be nice to see what happens when there is a change of kings in 2003, the next king will be from Terengganu, so that is controlled by PAS, and it is a little strange constellation here that the army is under the king and the police is under the government. But the next king will maybe be more freely speaking; he dares what others don't dare (14).

In these quotations we see that the informants try to understand the reasons for the discriminating politics. They think the politics has a preserving function to the stability between the races. On the other hand it seems that they think that the favorising of the Malays separates the ethnical groups even more. The people are all the time reminded that they are different, and they question whether it is to the best for the Malays because they can get a more relaxed attitude to school and work in that they do not have to work as hard to get into universities, and also getting good jobs.

### 6.2.3 Political stability

All the managers were confident in the political system, although almost all questioned what would happen when Mahathir were to give up the control of the country. One of the informants described the situation like this:

It depends on how you see it. If you see it from the tabloid-papers' point of view, that blow up every little detail, it is not stable at all. But if you see it as we try to see it here, then it is boringly stable, they have had the same politics for 30 years and there is no reason why it should not continue like that (16).

There were though some issues that were of concern. What happens when Mahathir steps down is one, other issues were the current split between the Malays, the forthcoming of the Islamic party, PAS, and the economical development.

Firstly, the split between the Malays were a phenomenon that started with the Anwar case (see ch. 3). PAS has always had some support among the Malays. Although the Anwar situation concerned my informants, it did not look like they really thought it was to endanger the country's political stability. The Anwar case was seen largely as a city and middle class phenomenon, and not likely to have very much influence in the larger picture.

Secondly, the great and increasing support of the opposition party, PAS, was of greater concern to my informants, but it did not seem to worry them to much either. They did not see PAS as a party against development, they said. PAS is very careful in Terengganu, but that area is not very developed, and it is difficult to take away something that does not exist. Terengganu was regarded as the poorest state in Malaysia, by my informants. But PAS also want to show that development is not a stranger to them. "Here they want to be a developed country and everyone wants to get rich fast and have nice cars. They want to be part of the world, and that is shown by the outward things (16)."

Thirdly, another issue was the economical situation of the country. So far, the country has had a low unemployment rate, now it has started to be some problems with it, even though the ordinary man has not any problems yet. The government has, however, started to send back foreign employees from Indonesia and Bangladesh, and they give priority to their own people. The informants were a bit concerned about what would happen if the country gets a situation of unemployment, and how that would affect the harmony between the different ethnical groups.

## 6.3 Business

Of course it was special to come to Malaysia the first time as the top manager in a company here. I came into the management team, and there, there are sitting two Muslims, one Indian and four Chinese, and the setting is totally new and completely different from what I was used to. And more, the English they speak here is not exactly Oxford English either and every time someone said something they looked at me and I almost didn't understand what they said. Of course, the first thing you notice is that there are three groups that work here, it is the Chinese, the Malays and the Indians. And after a while you see a certain pattern, that the Chinese want to hire Chinese, the Malays want to hire Malays and the Indians want to hire Indians. This is a multicultural society and even though it looks calm on the surface, there are many different currents and every group looks after ones own people (4).

### 6.3.1 Negotiations and contacts with the market

How the companies experienced doing business and the contact with the market had a lot to do with what business they were in and what kind of customers they had. Some didn't think it was different at all to negotiate with people in Malaysia than to negotiate with people in Scandinavia. The reason for this, the informants said, was that many people in Malaysia are educated in the U.K. or other Western countries and there can be seen a tendency of being so to speak brought up in a Western business tradition. These people are designing contracts, and keeping them, in the same way all over the world. Also global companies often have other global companies as their customers and the negotiations are taking place in international settings that does not have so much to do with Malaysian customs.

However, all the informants seem to think that networks and personal relations are important for business in Malaysia. It is important that you take the time to build a trustworthy relation with whom you are doing business. This was also followed up with an

impression that one generally writes less, and more of the business is built on a gentlemen's agreement. But the business environment is seen as good and uncomplicated, though it is seen as different than in Scandinavia. For example, some had customers that neither can write nor read. It was several times mentioned that one had to have some Malay-people with the right contacts to do business for you in certain situations, and also that "this and that agreements we let the Chinese guy run, because he has the best connections" (12). So the employees network and personal relations were seen to have large importance.

The customers, as my informants saw it, were organised differently in Malaysia than in Scandinavia, the buyer-function was seen as very strong. And because of that the competition was seen to be stronger and more price-sensitive than in Scandinavia. In the Western world the business is often dominated by alliances, you negotiate perhaps a deal once and fulfil those requirements, and then you renegotiate that deal in 5 years time. Then 20-30% of your business is predictable. In Malaysia the situation was seen differently. Everything was seen to be very customer driven and that every little deal needs a lot of documentation. This makes the job to get a small contract in Malaysia as big, and even more so, as it is to get a big contract in Scandinavia. In that sense the working climate here is seen as tougher than at home. In the end, they say, it is the most competitive and cheapest alternative that gets the contract. In Scandinavia, they said, you can win a contract by technical solution, because the operator saves money in operation of a system of higher quality, but in Malaysia that was seen as almost not possible, it is all centred around the price. This is because everything is driven by the buyer function, so they feel that the larger picture disappears, there is only a focus on the three persons that are buying this little package and all of them have to defend their positions, so they are all out to get 1 percent here and 1 percent there.

Corruption was also mentioned: "Of course the business traditions are different here, there are many open pockets" (14). One company tried to avoid this by presenting themselves as a company with high ethical standards. The company is supporting a larger project to advance a high ethical standard, and they hope that will help people to recognise them as a company with high ethical standards and thus contribute to that the corruption decreases. But the business climate is seen to be the same all over the region. This company said they are trying to have contact with "good" people and make it attractive to do business in their way: With good products, that are better than the competitors' and that they have partners they can trust, relations are seen as important, and they have a lot of long-term deals.

### 6.3.2 Management

All of the informants mentioned that it was different to work as a manager in Malaysia than in Scandinavia. What they were thinking of firstly was in the authoritative way the companies were built and how people reacted. In Scandinavia there are flatter organisations and each worker takes responsibility for their actions. In Malaysia on the other hand, the informants said, the employees had to be told what to do, they have to get an order, and they do not do anything on their own initiative, and they expect the boss to be the boss, and bossy. An example of this is one of my informants saying: “I have a very delegating management style, not like it usually is here where they are used to the top manager taking all the decisions. In the beginning I think they thought it was very strange and that they thought that I was not able to take decisions, some still believe that, I think” (4).

In Scandinavia, the informants said, we are putting more emphasis on being a leader, not a manager. In Malaysia they felt that there is more hierarchy, and more of the decisions are taken further up in the system, and then it is passed downwards what everyone should do:

It is often that there is a manager that has 10 assistants and all are going to act through him so we are trying to get them to delegate tasks and responsibility so everyone can do something on their own. But here information is seen as personal equipment, something you own and can take advantage of, not something that is for everyone (3).

In Scandinavia we are used to that the employees are given a task to solve during a certain time-span, then they can choose themselves in which way they want to solve it. In Malaysia on the other hand you have to tell the employees more specifically what to do, and the ability to take responsibility for one's actions is not so good.

One of the informants described the hierarchical structures like this:

If I am to speak with a person at the bottom of another part of the organisation I have to speak with the top manager at that part of the organisation and then he has to send the message downwards. And if a person at the bottom of my organisation is to speak with another one on the bottom of another part of the organisation he first has to bring it to me and then I have to take it to the top manager and then he has to take it downwards again (10).

This is illustrated in figure 6.1.

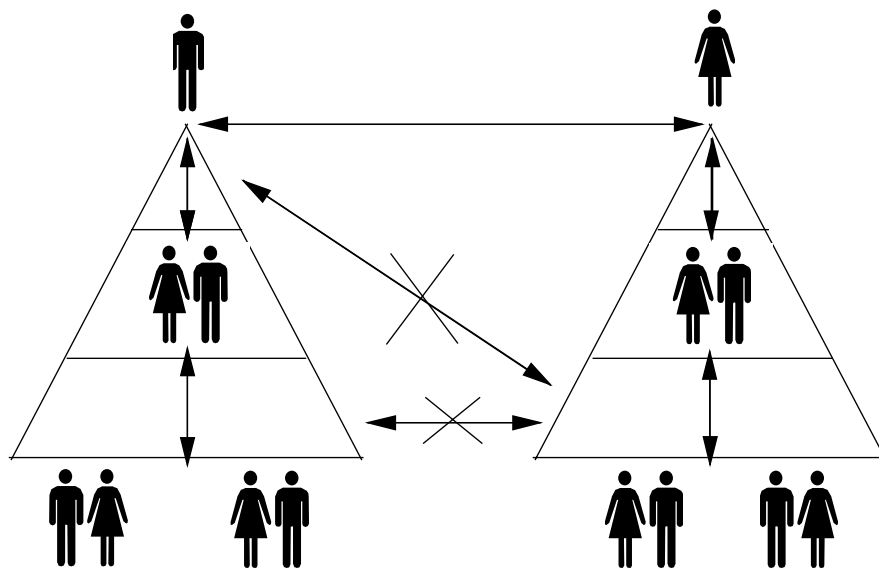


Figure 6.1. Valid communication channels

This hierarchy-system is seen to be very inefficient. Therefore, all the managers I spoke with are working a lot on pressing power of attorney downwards through the system, and that the employees at the same time should be able to take responsibility for their actions. The general impression about this is that it is hard and takes a lot of time. In Scandinavia we are trained from the childhood that it is good to ask questions and think for yourself. The informants said that in Scandinavia they reckon it takes half the time to get working experience. An example is this quote: “To have an engineer in Scandinavia working for two years is the same as having a person working for 5-6 years here” (6).

Another thing that was mentioned is the time-aspect. It seemed to the informants that the Malaysians have a lot more time than Scandinavians, and that they hold a perception that the time is endless: “if you don’t do it today, you can always do it tomorrow”. Of course this shows in the working situation too. But as one of the informants said:

When we talk business it is not polite to start to speak about business right away, you have to take the time to build a personal relation, which gives life quality. But you lose some of the concept of time here, everything is the same all the time, there is no winter and no spring. At home there are references in the nature you can relate everything to, that was the day when

there was a snowstorm, or the day I changed the tires on the car, and things like that. Here that is difficult, so everything slide into each other (8).

One thing that was seen as very positive is that people were seen to be more work dedicated in Malaysia than in Scandinavia. There exists a culture to work long hours, a culture to give priority to the work. Although this could be hard to adopt as an expatriate that also has his or her family in Malaysia.

Some of the informants also thought it was good that there was more decision-making only in the top, because that could result in that the decisions were more quickly taken and put through, because it was not necessary to discuss everything. “Here you give a message and check that it is done, you don’t expect to get attitudes and opinions to it” (1).

Another point that was mentioned is that people are not taking much initiative in the working situation. One of the problems with this were that the employees were giving up too easily:

The important part is that there is always an excuse or an apology or an explanation to what happens, you always get that. And then they put up their arms and say: “that’s it” and because of this and that we cannot do the project. At home so, ok, the explanation is also coming but because of this we rather do it this way and then we will make it anyway. Here it seems to be a little bit easier to give in and explain it away (7).

There were different strategies however to get more responsible employees:

We have these kinds of development programs to get them more concerned with their career, for example with co-worker-speeches. But that does not work the same way as in Scandinavia. They have a concept of harmony here, they don’t want to say anything, and they have a huge respect for authorities. This creates insecurity for them. You have to build relations and it is important to know the employees well before they will talk more freely. In Scandinavia you don’t care that much to say something if you feel that you have something to say (10).

One more important difference between managing a company in Malaysia and in Scandinavia is the concept of “face”. One of the informants said: “Here they show more respect, but then you have to say the same thing 15 times, because it is loss of face if they



don't understand. So they cannot tell the boss will you please repeat what you said, that does not exist, so of course you need a lot more patience here" (1).

This concept of "face" is interesting and something that one has to be aware of always. This is something that does not exist in Scandinavian culture to the same extent at all, and it is therefore one of the things that can be difficult to get a grasp of for foreigners, and it is easy to make mistakes as an expat in the country.

Of course the first thing you notice here in Malaysia is the different races, they all have different cultures and ways of behaviour, but some things are the same. You will never get a local to make a decision. Because it is better not to make a decision than to get scolded for making the wrong decision. Here there exists total risk avoidance, but maybe it is more related to the Malays and Indians, the Chinese are a little bit quicker (1).

Because of fear of loosing "face" it was experienced to be very hard to get people to stand up for their decisions in a management team. One of the informants said: "what can happen is that they can be in the middle of a presentation and do not notice the greatest response they can just quit the presentation and sit down long before they are done, not to come in an embarrassing situation" (10).

It is important though with a kind of sensitivity of the culture, very quickly it is loss of face, and that is very important. It is useful to be a little bit naive. Even though you know a lot, but if you're a little bit naive and humble you can do more mistakes without hurting anybody. In the beginning it is important not to be swaggering, but listen to what people say and do (5).

The informants said that when you work as an expatriate your personality change, you get more sensitive. You have to find a balance between making the other culture yours and to still go with your own culture. When you work in different cultures like this you find this balance, you have respect and understanding for the other cultures and if you have something you are going to put through you have to do it on their premises with a mix of your own culture. People from the Nordic cultures are generally seen as more sensitive than people from other European cultures. One of the informants said:

I have tried to learn and to follow the customs they have in all the countries where I have been, at least in the beginning. But afterwards I have understood that that is not always the best, and why is it that they want to work here? Why do they want to work for foreign

companies and foreign managers rather than local ones. That is because we have a different management style and another way to act that they think is good, the local managers are generally very tough on their employees (9).

### 6.3.3 Ethnic groups

All the informants were talking about the different ethnic groups as something they had noticed very early, and I asked them to give characteristics of the different groups. To do this they were reluctant because of not wanting to have prejudices and stigmatise the situation, so they were all speaking of individual differences. Yet when that was said they were quite eager to talk about “the races”, as this was something they had thought about often and were puzzled by. So after a while I got many characteristics. I give some here to illustrate the opinions:

There are rules that the different races here in the office should represent the mix of races in the society as a whole. We see that they are working well together, there are no clashes. What is interesting is their hierarchical placement in relation to each other. The Chinese respect the Malays because they have the special rights in the society. That it seems that they are not misusing, they know they have rights and they are enjoying it of course, but it does not seem like they are misusing the system. But the Indians seem like they are not recognised by any of the groups. It seems like neither the Malays nor the Chinese like that the Indians climb the hierarchy. And I don't think an Indian management are seen with mild eyes. It seems like they always should be pushed in the lowest positions, and they are not so many people so they cannot say much to it. But the Malays are respecting the Chinese and that they get high positions because of their skills and eagerness and things like that (3).

At a certain level there is no difference between the races. At this level I think they are equally good. But I'd say that if I have a project leader for a not too big project, I feel safer with it if there is a Chinese running it than if it is a local Malay. That has to do with the attitude to get things done. We are used to when we have an assignment that it is our responsibility to finish it during a certain time-span. But for the Malays it can be a little bit like if something happens that they don't have control over and there is a little bit Allah and things like that, that results in that I cannot finish then I am off the hook (7).

The Chinese are born to be businesspeople and are more used to make decisions. A Chinese businessman is very fair, of course they are tough dealers, but they always

make sure that you earn something, because they want to do business with you again. But the Indians are very short-sighted they take the shirt and the trousers and everything the first time, because it is better to get this today than maybe to get something tomorrow, there is a small attitude difference there, the Indians are also tougher to deal with, maybe even more so than the Chinese but when you have made a deal with a Chinese you feel that this is a win-win situation, with an Indian there is only win for the Indian. The Malays are a bit in the middle, they do their best, they don't have the business instinct as the Chinese and you see it in the society as well, the Malays work a lot in the public services. Of course there are Malays in the private business too, but there is no doubt that it is the Chinese that run the business (1).

Indians can do everything, they know everything about everyone and they can say exactly how a white man are thinking, how a bumi thinks and how a Chinese thinks and how they live and everything, they are like that, and they are above it all. This can be frustrating, so when you hire Indians you have to be careful, because they can talk dead an organisation. And the Chinese are very focused; they do not share their opinions. While the local bumis are somewhere in between they are easier both to talk to, and you can get their opinions without them sitting on their high horse and lecturing about how everything should be etc (7).

In these quotations we see that the informants feel that there are differences in employees from the different ethnical groups, at least up to a certain level of education and social status, several mentioned this, then the ethnical groups were more equal. At lower levels they picture the Chinese to work harder and more eagerly. The Malays are seen to be more easy-going, and thinking that "there is another day tomorrow". One informant said that "if you look to who it is that are here till 8 pm it is mainly Chinese while the Malays have gone home" (2). Still the informants said that they were not sure how much of this attitude that is infected by the government, and their favorising politics, that the Malays have grown up with the special treatment all the time.

One informant complained that "the local work force is very unstable, they can work here one day and then they get one cent more at the factory across the street and then they work there the next, the Malays are worst in doing this. But when you get higher in the hierarchy, and people start to have education they are completely different" (4).

Another point referring to the Malays is as one respondent mentioned that in Scandinavia there is a loot of discussions about team building. About the Muslims he said:

They have a natural team apprehension, they are social and share easily. And it is natural for the Muslims to use religion as a common base, not just that they talk together, but they do things together, go to the mosque at Fridays and meet to break the fast in the evening during Ramadan. This makes strong teams across the organisation and it creates openness. But it is always one that leads the flock they can operate and take initiative collectively, but to get the individual to take an initiative is difficult. With the Chinese it is not the same, there there is more distance and they are more alert. Indians are social, but need coaching and there there is also not much initiative from individuals (14).

The Chinese are seen as the most ambitious and concerned about their career, they seem more directed towards business and driven by that, and they want to have more wealth than the others. One also said that regarding overseas education he didn't think that among the Chinese there is any difference between the people that have education from overseas, but the Malays that have overseas education he thinks are more open-minded and have a larger international understanding.

### 6.3.3 Preparations to the expatriate period

I asked the managers if they had a specific cultural strategy in the company, and what preparations the company had for the ones that should work abroad. None of the companies seemed to have a specific cultural strategy, but the managers often responded like this:

No we don't have a specific cultural strategy here, not more than that I think we have a company culture that generally speaking show great respect to the local cultures, we respect the cultures where we are and so on. I think Scandinavians generally are good at that, I don't know, at least what I have seen here. We are not like Americans that come from a great-power-nation and here they come and know the answer to everything, I think Scandinavians, they come from a small country and the companies are not that big either, so we are quite humble and adjust to the places we come to (4).

As for preparations to the expat period, there were individual preparations for most of them and not so much training directed by the companies. The managers would talk to the previous manager assigned to the company in Malaysia, often in a short overlapping period where the new and the old expats worked side by side. Most of the managers had got some

kind of courses, either by the trade council's courses or otherwise, for example by cooperation deals with the companies and different universities. Many had also worked in other countries in Asia before this assignment in Malaysia. Therefore they were not much in a need for that extensive coursing on cultural matters. Also the case was often that the managers had started their "expatriate life" many years ago and at that time the companies did not practise any training on culture, but had started that later on.

Some companies used to arrange culture courses for their employees and give them books they could read. The different practises on this matter have much to do with the size of the companies. It seems that the bigger companies have set more frameworks for their expats than the smaller companies. It can also depend on how many people that are going to the foreign country together, if the company is about to send a big team at once there is a greater possibility that there will be arranged courses by the company than if there is only one going. Then the company see that a personal conversation with the predecessor is the most useful.

The managers that has got some courses on the topic think that is useful and even though you have to experience everything by yourself it is useful to have some introduction to what you can expect and that you can recall when you are in the middle of it. All thought that this was something that should be practised, and that it should not only include the managers but also their families.

#### 6.4 Religious consciousness

We have started with a new packaging now, and it is quite exiting, because this packaging is going to be used in the whole region. And in the region there are many religions and things like that. Also there are different opinions about symbols and things like that. Here at this box we have removed one of the candlesticks, there were two candles, but that means funeral in the Chinese culture (4).

To the question of how much the Malaysian employees were concerned about religion and religious questions, most of my informants said they did not know anything about it. Still very many of the informants were saying that the Muslims they have employed are very moderate and liberal when it comes to religious questions. One of them also said that this was a criterion for getting a job in his company, or at least something he looked into before hiring a

certain Malay. It did not seem to be equally important to him though when hiring people from the other ethnical groups.

Still the managers had to give thought to special situations, like these:

We were to do something social here and the boss wanted to go bowling, but then that didn't work out and then it came to that we should go downstairs to the pool pub. But then I said to her "do you think that is a smart decision? There people will drink alcohol and gamble. To go there means that we are forcing them into surroundings they are not comfortable with". So it all ended up with that we were playing dart up here and went for dinner afterwards, and that was nice. But for our annual dinner, we have a big dinner for the whole company every year and there they serve alcohol, and I think that is ok, that is something they can choose so if they don't feel it is appropriate they don't have to be there, but there we keep that we are an international company and we keep an international profile for it (9).

Some of the marked-forces are speaking against Muslims. There are for example few Muslim seafarers, they have a basic attitude that does not fit in. There was this Muslim that was the mate on a ship and they had a tanker on full steam into a shore, and the captain was going downstairs to have a bite, and the mate should hold the tanker and report if he saw any single boat. And when the captain came back, the tanker was on its way through a fishing float and no one was on the bridge, but then he saw the mate sitting on his knees in a corner, then it was praying-time. The captain asked: why don't you watch here, we are going through a fishing float, but then it was *inshallah* (9).

They have the kind of thoughts about the world that we had in the Viking-era, like one girl we had here that said: "I took off the veil and my husband got ill, so now I have to put on the veil again. The kind of thoughts that how I behave or what I do very quickly gets consequences in life, and that God controls me and my family with a firm hand. That kind of thoughts are strong with the Muslims (7).

I experienced only once that there was something we couldn't do here because of the religion. We were to send something to the bank, or something, and then the driver couldn't drive because it was Friday (10).

You have different levels of Islam. You can see by the clothes, and we have to respect that and deviate from the corporate clothing policy and get a Muslim standard of the clothing if necessary, in some states we have personnel that wear the headscarf (2).

It is mostly drivers and people on that level that follow the book closely. They are more devoted and have a fright when it comes to religion and is taught to follow the commands of the religion more slave like than people in a higher level of the society. But of course when you come to the top level, at the board level here for instance, then it is important to be seen as a good Muslim, related to the market and Petronas and everything. The ones that work in the office don't have to watch their image that closely, so image wise it is important (7).

In these quotations, the informants have expressed that they think there is a difference in how to think of God's presence, that some people feel that God directly controls their lives and destiny and that they have to follow his commands to milder his reactions. Also it can seem that the informants think this thought can be stretched in some situations to allow the Muslims to take less responsibility for their actions. However, the informants have again pointed to different perceptions of this relationship as having something to do with social levels.

#### 6.4.1 Talking community responsibility

In relation to *zakat* and the thought of charity in the Muslim world, I asked if the companies thought of giving something back to the community as a social awareness act. But I didn't get much respond, and after a while I reckoned it a blind end. However, some of the companies had some small projects going to help small institutions like orphanages. There were also people that said they had tried to encourage this kind of good corporate citizen-culture, without luck and claimed there was a lack of understanding from both sides. They said Scandinavian managers had difficulties understanding this kind of thought, and suggested an explanation due to the tax-system, the fact that we pay so much tax in Norway both company-wise and privately result in a feeling of having "made up" for ourselves in relation to redistribution of wealth through the tax bill. Others said that the social awareness in Malaysia was very low. They had tried to start helping projects that did not succeed because no one understood the point of it.

## 6.5 Segregation of the sexes

In relation to the Islamic practices on segregation of the sexes I asked if the informants had any experiences where they had had to think about this question. In most cases they said it did not matter anything, but still they had some stories:

One of my female informants said:

In relation to Muslims, we have one person here that is a superintendent in a mosque, and I never shake hands with him, because I know he would feel uncomfortable with that, so I don't, I don't want to put him in a situation he does not like, he wouldn't put himself up against me because I am his boss (10).

I don't think it matters that I'm a woman, I get as much respect here that a man would have got. It would be different with a local woman, but it is quite common here that women possess high positions. But there are other places I wouldn't have gone working as a woman. Japan and Indonesia for instance. Japan is a more macho-society, and in Indonesia the religion has a stronger influence. Here people are so used to people having a different cultural background than themselves and are used to respect and accept people with a different culture and religion than themselves. There is a kind of accept for being different. And there is also an understanding of that harmony is the best so everybody tries to even out to save the peace (10).

Some other comments I got on the subject are these:

I was told before I went here that I had to be careful with the girls here and especially the Muslim ones. But you have to watch out, I brought my assistant to a course in India, and then I asked another one here that also has an assistant if he wanted to send her too, and he thought that was a good idea. So we went the three of us, and I told them to share a double room. But still when we came back there were floating rumours that I had had a relationship with both of them (9).

In Malaysia it is common that women work and have responsible positions. The informants mostly saw it as unproblematic to have female managers, either expats or locals. I was told a story from the east-coast, however, that they had a Muslim girl employed that was not married and she had to work in shift and sometimes be at work at night. In that case, the



company had used much time to build confidence with her father. It did not cause problems that women and men worked in the same area, but sometimes they had to skip the traditional western hand-shake, when meeting new people.

## 6.5 Efficiency

Seen from a company point of view it (the Islamic culture) is very inefficient. For example the fasting period is a pain, and then you have all the religious festivals that they celebrate. In the fasting period everything goes in slow motion. And during *Ramadan* they cannot make business deals either. Of course international business is speedy, but you cannot expect that the rest of the world take account of your culture in an international setting. But that is also in the culture, that they don't have much ambitions, they have other values, as human beings I prefer Malays, but as labour I prefer Chinese (8).

### 6.6.1 Prayer

The informants expressed two different ways of thinking about religious practice, the proactive one and the reactive one. Two of the companies I interviewed had chosen the proactive one. The rest had taken a negative point of view towards religious practising at the premises or had not thought it important to deal closely with the question. These two quotes are expressing each side of it.

We have built churches and mosques etc., not because of pressure from the attorneys or the locals, but we have done so from the consideration that our plantation is localised in a sparsely populated area and it is situated far from the nearest mosque or church, and most of our plantation workers are Muslims, or was before we started to use Bangladeshis, they are overall Buddhists, which has made us build Buddhist temples too, I don't know how many there are, but there are 5 mosques and one church (1).

We have made it completely clear that we are an international company and neither religion nor skin colour nor something else precede to something else, so we don't have Chinese temples or Hindu temples or anything like that here at the factory area. Of course we have a *suria*, or prayer room, you have to have that (4).

All the companies had a prayer room in the building sometimes not by their own governing, but there was always somewhere the employees could go for their prayers.

We were renovating here and we had to build a new prayer room, and when we had finished there was a man from the *suria* committee here that came and said that the prayer room was too small. Ah, couldn't you have said so before we put up that brick wall, but then we just decided that we are tearing down these walls and make the room bigger (4).

The informants did not generally know or did not care to know how many that prayed or how much the prayer room was used. One said:

I don't know by whom and if there are some people that use it frequently or many people that use it infrequently, and things like that. But I think there is some group pressure among the Muslims to pray if you're not going to the prayer room you're not one of the guys, so I think the room is used pretty much. And then they go to the mosque on Friday, so then the Muslims have to have an extra long lunch from one to three, so at Friday afternoon there is not much done (4).

All the companies, however, accepted that the Muslims were going to the mosque on Fridays and made schedules for shorter work-days on Fridays. In some companies the employees left for the day at one o'clock, in others they just went for a two hours lunch. In the eastern states, Terengganu and Kelantan, Friday is a day off. The companies were all very reluctant to plan any meetings after lunch on Friday at all because of the mosque-time. One expressed it like this: "We are thinking of not having meetings in the mosque-time at Fridays, but otherwise we don't think about the prayer time, I think they can be pretty flexible to take up a prayer or skip it totally, they are not that fanatical" (4).

Another thing that came up was travelling with the job: "When we are at conferences and so on I often book an extra hotel room that they can have as a prayer room, and put the lectures in the evening so it won't be in the prayer times and so on, things like that is important" (5).

## 6.6.2 Pilgrimage

The pilgrimage was not something that the companies were affected by. In fact the managers were often a little bit puzzled by the question about it and more than once the reaction was “isn’t that something for old people?”, and “no, our staff is quite young”. Still there are some things that can be quoted.

One here is now at the pilgrimage, one and a half month; the application can be in for 6 years because of quota. Time off to go for a pilgrimage has to be taken out as vacation. The employees in Malaysia don’t have that much vacation, but you can save up time and then pay the company for the rest days. The company can turn them down, but that never happens, so to speak (11).

We are not affected at all by pilgrimage. We have relatively young staff. And now they have a separate airport for pilgrimages. But earlier it was a chaos, because there is not only the travellers but the whole family is there, and then they where to travel the same time as the plains from Europe were coming in, so you would use half an hour to walk two meters... but now there is no problem with that anymore, the old domestic terminal has become a pilgrimage airport (8).

The pilgrimage means that the employee has to take a long vacation that specific year. Since the employees do not have very many vacation-days a year it does not seem to be problematic for the companies to give this to the few people that are allowed by the state each year to go for pilgrimage. The second quote shows that some religious practices can get consequences for totally other people than you think.

## 6.6 Fast — food

### 6.7.1 Fast

And then we have the festivals with the Hari Raya and the fast, and of course that is a period where the productivity is dropping. It is also a time when the process the muslims are going through becomes more important, or at least equally important, as working. There are a lot of people that are fasting here, and they drink only water during the day and some don't even do that. So that influences everything, and you see that people instead of walking they are sliding around, even more than they usually do. This year we were lucky, because there was Christmas and Ramadan and everything at the same time, and that is something that can be a problem if you have *Hari Raya* at one time and Chinese New Year at another time and then Christmas at yet another time then you have a lot of days off and disturbances during a year, so that can be a problem. But on the other hand they have a lot less vacation here than at home. Of course, some of the problem is that if you work internationally and have a lot of your communication across the globe and the work here is directed towards the west, then you can risk that you have a holiday here two weeks before Easter where things here are practically closed and then you have Easter at home, then there is almost a month without any communication and before you can get something done again. But here with so many different cultures there are always some that do not care about the particular festival (7).

The reactions about Ramadan differed from manager to manager. Some of them said that Ramadan did not matter anything, others thought it really was disturbing the business because everything is going in slow motion. Many of the companies experienced in that period a loss

of efficiency and a drop in productivity. One of the informants complained also that: “During Ramadan they should not do business deals, there was a deal I was going to have here and I had to wait until Ramadan was over”(8). Still the general view was that it mattered more were there were physical work to be done, and especially work outside in the hot weather. In airconditioned office buildings it did not seem to matter that much.

Related to how people feel and react without taking in all the food they need during the day, safety issues can be of concern:

But the factories shall be running, and those that are not fit for working shall be sent home. I am very strict on that. You shall work only assuming you can contribute the same as if you didn't fast, it is important that everyone is fit for purpose. I have a reference to Petronas that have off-shore activity in the South-China sea, and there it can be up to 40 degrees, and they have ordered their workers to drink and in some cases also to eat. In the old Arab-world the worst thing that could happen was to fall off a camel, but now there are big industry processes, and if you're not totally fit for your work then there can easily happen a catastrophe, so I am very strict in that safety comes first (14).

Another thing was how they organised the eating during Ramadan. In some companies as the Muslims did not have lunch they could leave one hour earlier in the afternoon. Otherwise the others ate normally, and they were saying that “Muslims are also very concerned about that other people not to be affected by their fasting”. One thing that was off in one company during Ramadan for all the employees was to heat any food in the microwave. Although they mentioned that when they are travelling the Muslims can eat. Something else that was mentioned was that some of the informants said that they participate in breaking the fast in the evening, not every day but sometimes just to show that they care.

One also commented the fast like this:

The fast has become an eating party of dimensions. They get up in the middle of the night at four or something like that and eat like hell to finish before 6 o'clock and then they go to sleep on a full stomach. Later they come to work and go and gurgle the whole day and walk around like zombies. And then it is to hurry down to get food, then they sit and have ordered and sit and just stare at the food and wait for the guy in TV to start. They are not supposed to have something over the lips for 12 hours, but the heavy smokers are smoking anyway (9).

## 6.7.2 Food

To talk about food was a relieving matter to me. It was a concrete subject where everyone had had their experiences. Although they usually did not see the Muslim food regulations as any problem to them because the whole society in Malaysia is so focused on Muslim food. “There is always *halal*-food. Of course you have to have *Halal*-food in the cantina” (2).

And we have a rule that no one takes with them and warm any other food in the microwave either, and this rule everyone has to respect. And if we have representation dinners if we are a little unsure we play it safe, but that depends on who it is. The employees here accept also that others are having a beer while they have juice (14).

The general attitude from the informants concerning food was that if they were to arrange something they considered the Malays and then the others could suit themselves. As one said:

If I invited someone in Malaysia I would make sure that the Malays were comfortable, and then the Chinese could just be bored. But usually there is no problem during a dinner that the Chinese and also others drink beer while the Muslims drink juice. That is what often happens, so the groups are that secure (4).

Alcohol was not seen as a problem either, the general attitude on this subject was that “the ones that drink do drink and the others don’t”. Usually the companies serve alcohol at parties and dinners. “There it is up to everyone to suit himself or herself; the possibility is there for both. We also have Muslims that drink alcohol and that do it openly. Some Muslims are drinking, very few, but the ones that do is open about it also in front of other Muslims (3).” One said also that “I like to take a glass of wine along with the food and if I didn’t take that because of the Muslims they would’ve felt bad (6)”.

Regarding food the informants also had some individual experiences that can be worth quoting:

There are some funny spots too. For example to see, if you buy a package with pork and there is a Muslim in the pay-check, to see that they put an extra plastic bag on their hands, it is wrapped before, and just grab it in the edges like it was something radiant or something (9).

There are many that have maids here, and Muslim food regulations put restrictions on what kind of maids you can have because the food regulations do not fit with a European food pattern, if there is a package of ham in the fridge they cannot go near to it, and that is a little bit difficult. So Muslim maids are not so good to have(8).

We have decided to buy a holiday house, as a good to the employees, and in that case there has come up something new related to kitchenware. With the refrigerator and set of knife fork and spoon, and we don't know how to solve it. To keep it to the cleanliness restrictions if one have to have two sets of it all. And this is something that is different, something that never would have occurred at home, you think it is only to buy a vacation house, and that's it (3).

The Muslim that I had visiting at home in the beginning, at that time he was not so secure in the situation that he dared say anything. And I served fish and thought that would be ok, but he felt very uncomfortable and just sat and picked at his rice. He knew that I was a Christian and probably ate pork from these plates, and so the plates were not clean, they would have had to be washed 7 times and so on (14).

We see here that it is the interaction of cultures that makes the problems appear, when Scandinavians and Malays have to eat together or have something to do with each other's food, as is the case with maids, home visits and vacation-houses.

## 6.7 Experiences from other countries

I asked the managers that had worked in other countries, either other Muslim countries or other Asian countries, to compare how it was for them to work there to working in Malaysia. I wanted to know this because then I could maybe more easily see which of the cultural differences between working in Scandinavia and in Malaysia that had something to do with Islam and which that had something to do with other Asian cultural patterns. As Islam is expected to gain more importance in the Malaysian society it was interesting to hear experiences from countries where Islam is thought to have more grounds, like The Middle East and Brunei. Other Asian countries, especially Hong Kong and Japan, were thought to be tough markets where you as a manager had to be rougher and firmer than in both Malaysia

and the Scandinavian countries. The advantage in languages that Malaysia has, it is possible to communicate with most people in English was also an issue.

What they said in relation to other Muslim countries was related to the Middle East and Brunei. Firstly, the political leadership in Malaysia was seen as more competent than in the Middle East. “In Saudi Arabia and other places too it is really a family business.”

Only one of the informants had experience from Brunei, and here’s what he said: “You cannot get alcohol there and my wife had to be covered outside the house. And there it was even more important than here (Malaysia) to hire Bruneians; there it is only a family government (6).” Also he was complaining about double standards of morality there. In Brunei, he said, there they also have separate rooms where you, as a non-Muslim have to eat during Ramadan, so that no Muslims can see it. Another point he made about Ramadan was that there they don’t work after one o’clock pm during Ramadan.

In the Middle East the fasting period is seen as more important than in Malaysia. One respondent was looking at it like this:

Ramadan is really the most cosy time of the year, where the family is together, the working hours are shorter, people work slower, have time for each other and in the evenings they eat and smoke “shisha”, so that is very cosy, so I think Ramadan is a good thing, at least for us Scandinavians it is cosy. Many places in the Middle East they only work half the day during Ramadan, but here (Malaysia) we have the same working hours as usual during Ramadan (5).

Another view of the fasting period in the Middle East is this: “In the fasting period here everything goes in slow motion. But it is worse in Saudi Arabia, there there is nobody left, everybody has gone to London to avoid the fasting (8).”

A general view about the experiences as an expat is this:

Malays are generally nice people that have great respect for other people and other cultures; you don’t find the extreme arrogance that you find in the Middle East. It is easier to work here, there is not corruption in the same way in Malaysia as it is in the Middle East, and you get a personal relationship to the people you work with. In the Middle East you do not develop relations that quickly, they would not let you in. But the Middle East is very closed, here the society is more open, and Malaysians have respect for and appreciate people from other cultures, and it is a very important part of the business to build up trust and a personal relation to the ones you are doing business with. But the time aspect is fascinating; it is like



the Arabs have more than one time axis. I get crazy when I go to the Middle East, you decide upon a meeting and then they come two hours late and then they talk in the phone and then they talk a little bit with you and then with someone else and drink their coffee etc. (8).

Also related to the Middle East I wanted to know how it was to work as a woman. The Arab world is seen as a men's world, and not so easy to be a woman in. There are not any local female managers in the Middle Eastern branches of the companies I spoke to. One described the reasons for this like this: "Sometimes it is a little bit difficult too. If you are hiring a local woman there (in the Middle East), and if she is not married then her father have to come and approve of me as her manager, see how she will get around and where she is supposed to sit and things like that (5)."

Then I asked about female expats. To that question I got this answer:

In some positions you have concrete problems, for example if you should have had a regional job in the Middle East, it is not legal for a single woman to enter Saudi Arabia. If you have your family with you then your husband have to travel with you all the time, you cannot travel alone, so it would be very difficult, but I think it could be possible, but you would have to leave out some countries, I am unsure about Kuwait, but it refers especially to Saudi Arabia (5).

Another point in the discussion is how a female expat would be treated if she would be hired. The question is would a female expat get respect as a manager? Again I will quote the answer:

Yes a white woman is respected by Arabic men, that is not a problem. We have had Norwegians at our facilities in the Middle East, where there work Arabs etc., you just have to make sure that they have the right clothes etc. we had some presentations there were Norwegian women taught, and the Arabs enjoyed that. So they like Norwegian women that look like women too. Of course you have to be very clever at your tasks, otherwise it won't work, but it is a little exclusive element for them too, a little bit like a guest, they like guests. But how it had been on a more permanent base I am a little bit unsure of, but I think it could have worked, I am positive to it (5).

## 7. Discussion

In this chapter I will discuss the topics covered earlier. First I look at cultural relationships in general and then I pull it into a religious context with a special regard to Islam.

### 7.1 Coming to Malaysia, experiences of the expats

In chapter 2, globalisation was described as: “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (Tomlinson 1999). In chapter 2 this intensification of the social relations etc. were thought to be about relations world-wide and human culture. If we look at it in a more narrow perspective, however, and just analyse the situation inside a company this is also true there. The multinational companies have branch-offices situated far away that all are affected by what is happening at the head-office and the decisions taken there.

Scandinavian companies in Malaysia often have Scandinavian managers working there for some years. In chapter 5 the Scandinavian management style was characterized by planning and order, and delegation of responsibility. The distance between the manager and his or her subordinates is short and the communication direct. The tendency towards consensus decision-making is an age-old tradition in Scandinavian society and it also is valid in Scandinavian industry. We have sometimes heard stories about representatives of other managerial cultures being very frustrated by the informal style and the role of discussions in committees and work parties.

The stories I heard in Malaysia from my informants about their working conditions were the opposite of this. All the managers mentioned the hierarchical structure in the companies in Malaysia. It was the authoritatively way in which the companies were built that the informants reacted to. In Scandinavia we have flatter organisations and each worker takes responsibility for their actions, they said. In Malaysia on the other hand, the employees have to be told what to do in another way, they have to get an order, and they do not do anything on their own initiative.

In Hofstede’s study (see ch. 5), Malaysia is the country that has the highest score on the power distance index, and the Scandinavian countries are ranked in the lowest section. Power distance says something about dependence relationships in a country. In countries with small power distance there is limited dependence of subordinates on bosses, and a preference for

consultation, that is interdependence between boss and subordinate. The emotional distance between them is relatively small: subordinates will quite readily approach and contradict their bosses. In large power distance countries there is considerable dependence of subordinates on bosses. Subordinates are unlikely to approach and contradict their bosses directly. In Malaysia all the informants said that they had more hierarchy in the organisations than they had in Scandinavia and that it was very important to be promoted get a new title for the Malaysians. The informants felt that this was inefficient because communication often had to go through more people.

The consensus-way of solving conflicts has something to do with the degree of masculinity in the culture as well (see ch. 5). In masculine cultures, the dominant values in the society are material success and progress, money and things are important. Conflicts are resolved by fighting them out, and managers are expected to be decisive and assertive. There is a stress on equity, competition among colleagues, and performance. In feminine cultures conflicts are resolved by compromises and negotiation, and managers use intuition and strive for consensus. There is also a stress on equality, solidarity, and quality of work life.

The boss has to take all decisions and give directions to the rest of the staff about what to do, and that these directions often has to be given in precisely moves. This was often difficult to adjust to for the expats in Malaysia that are used to a “discussion and democracy” way of handling issues at the working place. Sometimes it can be strange not to meet opinions when suggesting something. Malaysia, however is not the country that scores highest on masculinity, and the informants that had worked other places in Asia, for example Japan confirmed this findings.

Malaysia also scores high on collectivism in Hofstede’s study. Collectivism exists in societies where 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. In collectivist societies the interest of the group prevails over the interest of the individual, and the extended family is the norm. In these societies when children grow up they learn to think of themselves as part of a “we”-group, a relationship that is not chosen voluntarily, but given by nature. Individualism on the other hand pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family. This is more the case in the Scandinavian countries.

This reflects what the informants said, as they thought it was hard to get the employees to take responsibility for their actions and stand up for what they did. One of my informants mentioned a thing in this connection that he found very positive. In Scandinavia there is a lot

of discussions about team building as a good way of organising work. In Malaysia however, he said, among the Muslims he thought there is a natural team apprehension. And the informant thinks it is natural for the Muslims to use religion as a common base, not just that they talk with each other, but they do things together, go to the mosque at Fridays and meet to break the fast in the evening during Ramadan. This creates strong teams across different levels and departments in the organisation and it creates openness.

In collectivist societies, harmony should always be maintained and direct confrontations avoided. There also exist a high-context communication, and relationship prevails over task. The relationship employer-employee is perceived in moral terms, like a family link and management is management of groups. In individualist societies on the other hand, speaking ones one's mind is a characteristic of an honest person. There exist low-context communication, and task prevails over relationship. The relationship employer-employee is a contract supposed to be based on mutual advantage, and management is management of individuals.

A popular thing in Scandinavian management is co-worker-conversations. In these conversations the individual employee speaks to the boss about his or her personal work situation, and together they try to build a carrier path. In some of the companies the informants talked about implementing this system in the companies in Malaysia and found it difficult because the employees did not say anything until he or she knew the boss well. This can come from a feeling of being taken out of one's group when one is not used to act on an individual level. The informants said that they felt this often created an insecurity with the employees.

In a Scandinavian work setting, which the informants are used to before the expat period, it is also usual to give an employee a task to solve and this individual takes care of this and make the best out of it. This employee is together with the manager responsible for the task and can make independent decisions about the task, and the method to solve it. In Malaysia the informants said that one have to give more specific orders of what to do, the boss has to take all the decisions and he or she is responsible alone for the task.

This brings us to the concept of "face" that my informants mentioned as a difficulty. "Face" can be described as total risk avoidance, and keeping harmony seems to be very important for the Malaysians according to my informants.

The Malaysians will describe the situation as that they have strong feelings of "shame", or that they are concerned with keeping "face". "Face" and "shame" are the two sides of an emotional coin current throughout Southeast Asia. "Face" is a person's self-esteem; if it has

been shattered by careless or deliberate assault, “face” is lost. Now the victim feels “shame” to the extent that he becomes sulky, uncooperative, in extreme cases even suicidal. On the personal level, being directly scolded or made a fool of in public involves serious loss of “face”. Expatriates should not reprimand their inferiors in front of other people, and should be careful to choose impersonal expressions (Munan, 1992).

Negotiations are also experienced differently in Malaysia than in Scandinavia by the Scandinavian managers in Malaysia. Negotiations can be described in five steps (Adler 1986): preparations, building relations, exchange task-oriented information, persuasion, and deals. Cultures differ to which degree they find the different steps in the process important. Scandinavians are very structured in their preparations. They map the different possibilities, and look at both their own and the counterpart’s interests, and try to find solutions. Good negotiators concentrate on the points where they agree with the counterpart in the preparation phase. Experienced negotiators choose to see things in relation to each other, so you can get a win-win situation. In the view of my informants Malaysians also seem to follow this preparation cycle, but they are not that structured.

When the parts meet for negotiations, western negotiators use to say some polite comments before they want to “get down to business”. “Time is money”, and because they have no intentions to become personal friends with the counterpart, they do not see any reason to waste time speaking about things that does not affect the case. This is probably a result of the short-sighted thinking that exist in the west. You should get good results as soon as possible. Because they are very task oriented it is the result that is written in the agreement that counts, and they delay small talk until the moment when the contract shall be celebrated.

In Malaysia (and in the East in general) it is important to build trust and confidence. When the negotiations are done it is not the paper, but the person you have made the deal with, that is important. You make long-term connections, the Malays put large emphasis on building relations, and the negotiations are slow in the beginning, seen from a Scandinavian’s point of view. The Malays prefer to talk to the counterpart about things that do not have anything to do with the case. This happens in comfortable environments like over a lunch, and the Malays expect that the counterpart listen interestingly. It is not what is said but the atmosphere and the attitude that is shown that is important. Frustrated foreigners have named this NATO: no action, talk only. But if you are patient you will get results, and when the parts trust each other it is much easier to do business afterwards. You can therefore at later situations be preferred to others that offer the same quality and price because of a good relationship.

This is what my informants also agreed to. The Malaysians obviously put a lot more emphasis on the second phase, getting to know the counterpart. Another aspect of this is the time aspect. In the west we have a very strict efficiency concept and everything we do should take as little time as possible so we can rush to do something else. In the east it is different, and this was something my informants mentioned. This can also explain why negotiations can be in a calmer setting and one can learn to know each other properly during the negotiations. Some also mentioned that time float more easily together in the tropical climate where there is no differences in times of the year.

Hofstede says that culture always is a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment where it was learned. In addition to this he states that as almost everyone belongs to a number of different groups and categories of people at the same time and that people unavoidably carry several layers of mental programming within themselves, corresponding to different levels of culture (see ch. 5).

What we have discussed so far is what the managers see on a national level. In Malaysia however, there is very visible cultural distinctions on the ethnic and religious and linguistic affiliation level. The different ethnic groups in Malaysia are seen, by the informants, to be different according to their respective ethnicity. The informants see the Chinese more directed towards business, and driven by that, while the Malays are seen to be more easy going, and thinking that there is another day tomorrow, and they see the Indians as somewhere in between. These characteristics of people belonging to the different ethnic groups did not come at once when I asked the informants if they looked differently at the people from the different ethnic groups. The informants were careful not to just present prejudices about the people in Malaysia. However, the characteristics of the people that I got from the informants are not only theirs, also Malaysians often have this view of themselves.

The informants try to explain the different appearance to people from the different ethnic groups with the government's policy towards the ethnical groups. The Malays have grown up with special treatment. Previously I have said that the informants meant that this treatment perhaps could lead to a more relaxed attitude to gain wealth. Sometimes it can seem like there is a different mentality and priority in life, that things like family and so on is more important than wealth. The Chinese however, are people that have emigrated from an often harsh regime. The Chinese in Malaysia often come from the southern part of China. Throughout the history these parts have flourished with business, but often been suppressed by the government in the north of the country. Because of this there has been a mass emigration from

these parts of China to the USA and to all the countries of the Pacific Rim, where they have built business empires with family contacts throughout the area (Seagrave, 1995). This is the background of the ethnical Chinese living in Malaysia too. It seems like they through history have built up a way of handling business that is very successful and that stand out from the other ethnical groups in the country.

The fact that the Chinese are immigrants in the country and have roots and experiences from two different cultures can be an important point in itself. When you travel and live in other cultures you generally mature and get different perspectives on life. This is also something my informants mentioned in case of their own experiences. They say that you change much of the personality and that you get more sensitive to other people and their reactions. You are also bound to be more open to people and customs experiencing different ways of living.

Previously we have discussed globalisation as a phenomenon that connects local structures closely together, and that brings a change to the societies that is more profound than just being something that happen to some people and lift them out of their connection. Rather, it transforms the local society as a whole. Still, Tomlinson says that it is clear that some are going to live a deterritorialised culture more actively than others. The expats are a group of people that much more than others lives in a deterritorialised world since they work in a different country than their own, but again for a company which head-office is located far away. Many expats also generally travel much and move around from country to country. This makes them experience the global world and the globalisation even more than the ordinary man. This is bound to change a person's personality from what it was before he or she assigned to the expatriate mission. For managing companies abroad they say they have to find a balance between taking the other culture to yours and to still go with your own culture. Some of my informants said that they had in the beginning wanted to assimilate to the new culture and operate as locals although they were foreigners. Later they had however thought about it differently, that the culture and values they had from before sometimes could work better in the new setting too. After all it is very popular in Malaysia to work for a western company. This way global culture change, when locals work for foreign companies that operate with a foreign management and working style the locals are affected by the foreign culture and change compared to if they were not exposed to this. On the other side the foreign expats change their own personality and perception of reality, and when they go back to their original country they bring this to their working place and culture there.

None of the companies my informants work for has a specific cultural strategy the expats should follow when working abroad. However, some of the informants thought that they had a company culture that generally speaking show great respect to the local cultures. And they also thought that Scandinavians, coming from small countries, as more humble and adjustable than expats from other countries that historically have had more power.

However, few of the companies arranged much cultural training for their expats. Training can be given in different ways. One way is area studies: a general training in geography, culture, history, and economy. The main intention is to increase the knowledge and lay a foundation to more insight to the culture. Another way is learning from others “peak” experiences: descriptions of different culture crashes others have experienced in the culture you are going to. The intention is to get an intuitive feeling of the most important sides of the culture. This suits well when you are sent out on a short notice. Then there is of course language training. This is not so important in Malaysia because most people speak English very well.

A different type of training is sensitivity training: this training is made to make the candidates more alert to their own values and tolerance limits. To know these, you will more easily develop emotional flexibility, and reduce prejudices and ethnocentrism. Because of this one will more easily tolerate unaccustomed and frustrating situations, something you certainly will have as an expat. The most extensive training is field experience: sometimes it can be useful to send the expat and his wife to the place so they can see for themselves how it is.

My informants said that there where individual preparations by themselves for most people and not so much official training from the companies’ side (see ch. 6). The ones that had got training thought that was useful and even though one has to experience everything by oneself it is useful to have some introduction to what you can expect and that one can recall.

## 7.2 Religious consciousness

We often read that in Islam religion governs people’s relationships with each other in all aspects of life. It is seen to be the “law” of the individual and also of the society, the “law” of local and also for international relationships. This is because Islam give its adherents rules to live by and also rules for building a society in law-regulations and so on. These rules and regulations given by the religion are interpreted very differently into actions in the different Muslim societies. In chapters 3 and 4, the effect of Islamic culture on politics were described.



Politics is often seen to reflect currents in the population, but how much does the Islamic culture affect the daily life and religious consciousness of the people in Malaysia?

One of my informants said that in Malaysia the Muslims have the kind of thoughts that we had in the Viking-era. One example he used to illustrate this was an employee they had that thought that “if I take off the veil and because of that my husband gets ill, so now I have to put on the veil again”. This is a thought-world where, how you behave or what you do very quickly get consequences for something in your life. The thought is that God controls you and your family with a firm hand. This is coherent to the principle of *tawhid*, the thought that God always is present, and that all that you do shall be with a thought of his greatness. The different commandments related to food and daily rituals ensures that the believer does not forget about God’s will easily.

Symbols are common among all the ethnic groups in Malaysia. In one of the companies where one of my informants worked they had just been in a situation where they had to adjust the packaging to be in coherence with old Chinese traditions (see ch. 6). Another thing that is common in all the groups is the belief in different “things”, for example ghosts. Munan (1992) writes that it is possible that the entire female workforce of a factory bursts into hysteria after one of them has “seen something”. This can also happen in the house or other places. And there is nothing to do but take it seriously and get the right people to deal with the situation. Living in a multi-religious society like Malaysia, can make people use symbols of good from different religions than the one they profess themselves. I was for example quite surprised when my Sikh friend said prayers and showered herself in stanches of Buddhist holy water at a Buddhist festival.

Related to Islam and how it affects daily life, the informants mentioned a certain danger of driving during Ramadan, with many drivers in the streets that have not eaten during the day. Another thing that the religious adherence can affect is which clothes you wear. The Muslim men often wear a *songkok* and the women often use headscarves and loose and covering clothes. This the companies have to accept and adjust their clothing policy to, if they have one. Other things like this related to the Islamic principles will be discussed in sections 7.3-7.5. Also, there is the thought that there is among the Muslims a natural team apprehension. One of my informants mentioned that he thinks it is natural for the Muslims to use religion as a common base. That the fact that they do things together, for example religious rituals, creates openness and makes strong teams across different levels and departments in the organisation.

The informants mentioned however, what they experienced as different levels of devotion among the Muslims. Many of them also said that the degree of devotion often was related to which position the persons have in society, and often this is related to the degree of education you hold. Drivers and people on that level seem to “follow the book” more closely than people with higher social status. In societies people with more education often have a more abstract relationship to their religion. These people can have an equally strong affiliation to their religion, but it is not so apparent as abstract relationships in between the divine and the earthly is directed by more relativistic perceptions than following rules and regulations strictly. This seems to hold also in Malaysia as my informants say that people with less education seem to be more devoted to their religion and more likely to see the link between their own actions and what happens to them in life. This seems not to be so much the case for people in a higher level of the society. On the other hand, when you come to the top level, at the board level or famous politicians for instance, then it is important to be seen as a good Muslim. And all the rituals are performed with great reverence.

Islam has for a long time been a very important part of being Malay. It was before the independence in 1957, as well as after, the foundation for the nationality feeling. And there has all the time been an institutionalising of Islam. In the discussion of the globalised world (ch. 2) it was said that identity, and identity-creation would be based on different matters than before, where religion could play a more important part. In Malaysia however, this has been the case for a long time. This is a country where people of different ethnical origins have lived together for very long (see ch. 3). Religion has therefore played a significant part in recognising which group of people a person belongs to. In Malaysia this is exemplified with article 160 in the Federal Constitution where a Malay is defined as Muslim (see ch. 3).

Malaysia is clearly defined to be a secular state (see ch. 3). However, Article 3 in the constitution that says that Islam is the religion of the nation. This is to show the special status of the Malays. Article 11, however gives every person the right to profess any religion they like. One informant had thought about this and wondered about how it could be that it seemed that the Muslims still had little freedom (see ch. 6). He thought that it looked like adherents to all the other religions had open space to perform their religion while the Muslims where controlled by the government in their belief.

The Malaysians are very found of comparing their country to Indonesia. Indonesia is the country with the largest Muslim population in the world. However, one of my informants mentioned that he thought that it is by Norwegian standards, less “freedom” in Malaysia than in Indonesia. This is also confirmed by Munan (1992) who says that Indonesian students at

Malaysian universities, most of whom are Muslims too, are not immune to culture shock. They stare in disbelief at the deeply veiled forms that glide past them in the corridor of learning, and at radical students who break up a musical performance on campus because it happens not to be in line with their religious beliefs and tastes. They are amazed at the fact that in Malaysia fast-breakers are not dealt with by the local religious authorities, but arrested by the Police.

This difference between the two countries can be because in Malaysia there has always been three different ethnic groups and it has therefore been more important for the majority to stand out as Malays and Muslims, and doing that by practicing a more strict form of the religion.

This is also interesting thinking of what was said in chapter 2 about identity creation in a more global world. Identity creation happens individually, but also collectively, and people feel the need to feel relation to a group of people. A lot of people seek their identity through their traditional cultural values, ethnicity and religion. In Indonesia there are also living different ethnic groups. The Indonesian Muslim majority is however larger, and the need for it to use Islam and protect Islamic values is not that pressing as in Malaysia where the Muslim majority is smaller. To this comes Indonesia's special geography, consisting of many Islands has made the country develop small communities at each island that is culturally not so affected by the rest of the country. In Malaysia, however, the different ethnic groups are living in the same areas, and it becomes more important both culturally and politically to mark the borders of ones group and identity. The ethnic groups are therefore marked by their language and religion and other markers. The different ethnic groups are mixed to a very little extent and the boundaries are kept strict.

Islam's central place in Malay life and in the Malaysian political process became more pronounced from the early 1970s. Prior to this period Malaysia had been more tilted towards the West. There had long been a tradition of cultural relationship between Malaysia and the Arab world, but this has been intensified. In Malaysia more and more people are going for the pilgrim trip to Mecca, and there is an increasing number of Malaysian students in the Middle East. In the 1970s religion functioned as a channel for protests against global unfairness for the Muslims. This was especially strong since Islam claimed to the world to have higher authority than for example economical relations. This made the discussion about religion blossom. Before the seventies people often saw religion as a declining discipline. However, with all the upsurges of radical religious groups, people had to change their view of it. And this seems to still hold. In Malaysia all my informants said Islam had grown stronger and got

a more visible expression in the society. This could be seen in that the Islamic party PAS gets more ground. Islamisation of politics is not a phenomenon only occurring in Malaysia, but also in many other Muslim countries.

Berger says that in international politics one has to distinguish between political movements that are genuinely inspired by religion and groups that use religion as a convenient legitimation for political agendas based on quite non-religious interests (Berger 1999). Religious upsurges tend to have a very populist character. Over the religious motives these are movements of protest and resistance against a secular elite (Berger 1999). This was mentioned by some of my informants related to the political Islamic support in Malaysia. In Malaysia there are large differences, they said, between the cities and the countryside. It looks like religion maybe is used to put forward other things. Where the aim perhaps is a redistribution of wealth. Because the politics that has been governed by has created a large difference between the Malays where some are enjoying a world of the rich, while others are living in poverty. And that can be the aim of a new policy, but they are using religion as a tool. It is more easy to use religion as a tool in areas where the people are poor and have less education. A point in this case is that most of the people that live at the countryside are Malays, while the two most prosperous cities, Kuala Lumpur and Penang, have a majority of Chinese. The “Islamic fight” for power can be both wealth and ethnically grounded as well as religious.

There is in Malaysia, my informants mentioned, an underlying instability between the ethnical groups. Part of the problem is that there are parts of the country that is poor. And poverty together with seeing that some people live better makes it is easy to take to “racial” questions. Although Malaysia has been remarkably stable in the past, and all hope it will stay that way, none of the informants thinks that the politics will be less stable because of an increased Muslim adherence in the population. What concerns them however, is what happens when the prime minister Mahathir steps down. He does not have a clear successor, and right now there are more split among the Malays than before. What also will be interesting to see is what happens when the king changes in 2003. With the next king from Terengganu, a PAS-controlled area.

Still my informants thought that the Malaysians wanted to be a developed country and “everyone wants to get rich fast and have nice cars. They want to be part of the world, and that is shown by the outward things”. PAS is neither against development, they thought, they are very careful to show that development is not a stranger to PAS.

The government has a special position too. It is supposed to promote Islam on one side and slow down Islam on the other side. Since the 1970s however, it seems like the government has gone in a more Islamic direction. Recently the Anwar case have made them even more pro-Islamic and also the more religious parties are still attacking UMNO because they are not religious enough, so the politics are going in a more Islamic direction the informants feel.

An important part of globalisation is also that the world has become one network of social relationships, and between its different regions there is a flow of meanings as well as a flow of people and goods. This refers very much to the flow of ideas and expressions of Islam throughout the Muslim world. This is a counter-process to the western culture spreading across the globe. In the same way the Islamic ideas are spreading using the same technology and methods. In this process different Muslim societies get new Islamic thoughts and cultural practices. Most visibly the Islamisation can be seen in how many women in the streets that wear headscarves and how many men that wear the *songkok*. This just seem to increase.

Wearing headscarves has been more a middle class phenomenon and ministers' wives and so on have not worn it. However, lately there have been a trend that celebrities put on the scarf and propagate it in the medias, both in Malaysia and Indonesia. Again the different levels of the society seem to matter in strictly following religious traditions. The practice of covering the female body, including the head is continually discussed, both by Muslims and others. The different interpretations of clothing style are many. In Malaysia and Indonesia it seems to be chic and a question of fashion to wear Muslim garment as well as a question of interpretations of the Quran and the *Sunna* (*New Straits Times*, 26.02.01).

### 7.3 Food

In Muslim tradition the animal has to be cut by the throat so all the blood can flow out before the meat is prepared for food. This is a custom that has been practised for hundreds of years in Muslim societies. Another rule concerning food is not to eat pork. Food prepared after these rules are called *halal* food (see ch. 4). Related to food the *halal* and the *haram* are clear to distinct, although how strict one is regarding these rules differs from one Islamic culture to another. In the previous Soviet-states in Central Asia the rules are bend quite frequently, but at certain occasions, for example at weddings, you have to serve *halal* food to be polite to your guests. In Malaysia, however, eating only *halal* food is important to the Muslims.

Food is a part of business life in terms of daily lunching for the workers, and also representation dinners, either as a social happening for the employees or customers, or in order to get a contract. To talk about food at the interviews was easy. This was a subject where the informants did not have to think and analyse the relationships very much, but a subject to which most had personal experiences that could be told as small stories. I have referred some of them in chapter 6. These show that religion controls more than abstract thoughts and believes that we are used to in a more secularised world. In Malaysia generally this didn't seem to be a problem to adjust to for the Scandinavian managers. The whole society is so adjusted to it and I think because the population are from different ethnical groups and have different customs according to food one is all the time reminded that the Muslims only take *halal* food, one cannot forget about it and therefore it is easy to adjust to it. What food one eats sends signals to others and is an important signal of your identity and group propriety in Malaysia. This may have affected the importance eating *halal* has got among the Muslims in Malaysia.

If the companies had a cantina of course they served *halal* food there, and there were rules that the employees should not have any other food with them that could come in contact with the food that Muslims brought, for example through the use of a microwave or a refrigerator. Also concerning dinners the companies seemed very determined to let the Muslims feel comfortable, and let the others have Muslim food.

To drink alcohol is characterised as *haram*. In question of whether to serve alcohol or not though, the companies usually served alcohol and let the Muslims take care of themselves and have juice, while the others could have alcoholic drinks. From what they told about the east coast it can seem like this alcohol policy could be difficult in a society that could be even more influenced by Islam than the Kuala Lumpur area. On the east coast it is not so easy to get alcohol and the reactions are stronger. They told for example of transports of beer that had been stopped in Terengganu.

In relation to the planned meals in official places, the eating presented no problems and few mistakes were made. The stories of surprise were rather connected with situations out of these settings. For example in the home, where one of my informants had invited Muslims and forgotten that they did not, in all aspects, think equally as the housekeeper. Also they felt it difficult to have Muslim maids, because they could not clean everything properly because of the eating rules. Also it is interesting to see that in a multi-ethnical society as Malaysia, there is not only a conflict with eating rules between the western expats and the locals, but also among the different locals, for example in the case of buying a vacation-house.

#### 7.4 Segregation of the sexes

“Males and females are two halves of a whole” (Maqsood, 1998, p. 86). The Muslim world sees the man and the woman as two separate beings that fulfil different missions in society. One understanding of this is also that the man and the woman should be separated in life. Some regions of the Muslim world practise *purdah*, that women should be physically separated from men, by separate places in the house and by veiling outdoors, a pre-Islamic custom. How much the women cover of their body varies between the societies. In Malaysia veiling has not been a common custom. But nowadays more and more Muslim women in Malaysia and also Indonesia choose to use a headscarf to cover their hair and also use more “Muslim” garments (*New Straits Times*, 26.02.01), and on the east coast you can also see women with veils. It has also been usual for younger Muslim girls to wear head-scarves as part of their school-uniform, and for boys to wear the skull cap.

The influence of the family when they employed a religious woman, both in Malaysia and in the Middle East the informants had experienced that the father of the woman, if she was not married and the husband if she was married, should come and check the working conditions and evaluate the manager before the woman could accept the position.

In Malaysia it is regarded good for women to work outside the home, and it is also common for women to have high and responsible jobs, for example there were quite a number of female professors at the university. My informants did not consider it connected with any problems to employ a woman to responsible positions, both locals and expats. In speaking of the Middle East, however, they had a different view. None of the companies I interviewed had female expats in the Middle East, and not any female locals in high positions either, while both these things was represented in Malaysia. The woman expat I interviewed was also positive to working in Malaysia and said she did not think it mattered anything that she was a woman, she got as much respect as a man.

Some of the informants had been warned not to have too informal contacts with women when they came to Malaysia. In some cases they said that you had to be strictly task-oriented in what you said and so on, and joking was not regarded good, but in most cases there was a good tone in the office and men and women acted as in non-Muslim settings. But there was the story from the expat that had taken two assistants to India on coursing that shows that you have to be a little bit more careful to go out of everybody’s sight, then the rumours seem to flourish more easily. Touching seems to be a barrier some places though, so between two

business partners of opposite sexes they may drop the traditional western hand-shake for introducing themselves to each other.

Segregating the sexes seems to be an important part in revitalised Islamic groups and government and there are many examples from the east coast that the Islamic government there wants a more segregation of the sexes in all public space suggesting separate buses and queues for men and women.

### 7.5 Influence of the five pillars on daily life

The five pillars are important rituals and they are a guidance for the Muslim way of life. Platvoet & Toorn (1995) says that rituals often are used to express oneself and one's group relatively to other groups. Performing a ritual, often religious, is an uniting act for the group and can also be used as messages to the other groups, either direct or indirect. The ritual express differences between the groups and often the status of the group relative to the other groups when there is a competition. Such rituals can also make borders between groups more visible. Together with the symbol that the Muslim food regulation represents and the clothing practice among Muslim men and women, the five pillars are something that make the Muslims visible in Malaysia. The pillars also represent a unifying element among the Muslims because they are actions they take part in together, as one of the informants said when pointing to the Muslim "natural" way of team-building.

The first pillar is the profession of faith: There is no god but God, and Muhammad is the messenger of God. This is merely uttered and believed but there is no action connected with it other than the reminding of that there is a mosque nearby when it is shouted out at prayer times. In Malaysia you can also hear it in the TV and the radio at certain times of the day intensifying around Muslim festivals.

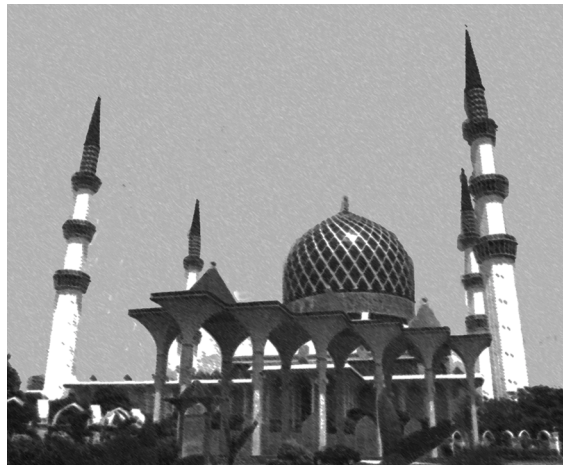
#### 7.5.1 Daily prayers

The second pillar is concerning the daily prayers, *salat*. Every Muslim should pray 5 times a day at certain times of the day. Of course some of these have to be in working hours, and especially in Malaysia where working hours tend to take a larger part of the day than in Scandinavia. I had read that Shell did not think of having a prayer room when they built their factory in Sarawak. After a short while, however, came a demand for this from the employees and the local partners, even though only 20-30% of the employees are Muslim. But to have a



prayer room shows respect to the Muslims and one gets a better working climate. Besides the Muslims would otherwise go to the nearest mosque, and that can be several kilometres away (Isachsen & Mehraz, 1991).

For my informants the daily prayers was a subject that was well thought through. All of the companies they worked for had a praying room for their employees, either at their own space, or at a communal area in the building (in office sky-scrapers). This shows that it is an important point for the Muslims to be able to pray. When we talked about how often and how much the employees used the room, the informants were not so sure about this and to analyse whether the prayer room was used more or less frequently lately was not possible. They said that they knew it was used, but they did not keep track over who prayed and how much they did it. Anyway the informants compared praying, in an efficiency aspect, with taking a break to have a cigarette. This comparison shows that they do not think that the small breaks due to praying time cause any drop in efficiency. The managers say also that they are not taking any special precautions to the praying times for planning of meetings and so on, except on Fridays.



The Sultan Salahuddin Abdul Aziz Shah Mosque, the “Blue Mosque” in Selangor.

One of the informants said however when there were conferences abroad he always booked an extra hotel room that they could have as a praying room, this was especially related to his time in the Middle East. On Fridays all the companies had long lunches for their Muslim workers, so that they could go to the mosque. In some companies the working day was finished at one o’clock on Fridays, but in most companies they only had a two-hours

lunch. At the east coast, however, Friday is a day off in both Kelantan and Terengganu. This is also the case in many Middle Eastern states and in Brunei. It seems like when there are more Muslims in government and local government, they want to make Friday a day off. This however thought my informants was “a pain”, it was especially those that had experiences with this kind of Middle Eastern practice that spoke about it. Mostly this was annoying not because of the day off on Friday, but that it made communication with the rest of the world more difficult, where it is common to have days off especially on Sundays, but also on Saturdays. Then three days of the weekly communication was low and this they felt was an inefficiency aspect.

The managers were quite different in their view on religion and religious practice at the working place. Some were very forthcoming to it and built temples and rooms for devotion. Some had made it clear that religion was not a subject they wanted to consider at all, they explained it as something that made the employees more aware of their different ethnical backgrounds and they wanted the firm to have a strict international and secular line. A Malaysian friend of mine, however, that works for an American multinational company said this line was very hard for her, that the company never could accept that the Muslims had to pray and fast, things that influenced her working day and her mind. It seems that the best approach is to accept the rituals and give freedom to do them, otherwise the employees can feel stressed and uncomfortable in the setting and therefore not working at their best. Often it can be enough to just be open about it and express this.

### 7.5.2 Fasting

The third pillar is fasting in the month of Ramadan. This was a period of asceticism that should make people be reminded of God and his greatness. To do the fast is good for your second life and there are rules to be followed of what is allowed and what is not, and are these broken then your fate will not be so good, and the day is wasted. For the Muslims fasting for these purposes is good any day of the year, but it is especially required in the month of Ramadan and fasting during this month counts extra. Today the fast is a family-thing in many societies and it can look like people sometimes concentrate more on short working days and huge meals after dark than the fasting during the day.

Islam is seen by my informants as a religion with many festivals, this impression is getting even stronger, I think, in a country like Malaysia, because in this country there are so many religions that have festivals at different times of the year and it can sometimes be difficult to

know what festivals that goes with which religion for a foreigner. However, one of the largest feasts in Islam is in the end of the month of Ramadan. In those days almost no wheels spin in Malaysia. All of Ramadan the Muslims are fasting between sunrise and sunset, but they can eat after dark.

To quote one of my informants again: “This year we were lucky, because there was Christmas and Ramadan and everything at the same time, and that is something that can be a problem if you have *Hari Raya* at one time and then Chinese New Year at another time and then Christmas at yet another time then you have a lot of off days and disturbances during a year, so that can be a problem”. The crucial point in this is not that the Muslims have many festivals that make the productivity drop, but that the world population have many festivals. There is not problems with it before you have multinational companies that operate all over the world and in different cultures at the same time.

It seemed, however, that the companies had a different understanding of how Ramadan influenced the company. As we could think they felt that the rules of no eating during the day affected the workers differently. In working places where there was physical work, and especially where this work was conducted outside the productivity was dropping. On the other side work in acclimatised office-buildings went on almost as normal. Although from the informants that had experiences from the Middle East and Brunei said there the productivity was dropping all over because the employees often only worked half the day during Ramadan. Some had problems in designing and getting new contracts in this period, also in Malaysia.

In some businesses, like construction, where there is a safety issue, to care for the security in dangerous operations that demands full concentration physically and psychologically the fast is forbidden for the employees connected with such operations (see ch. 6) with a reference to a “Muslim” company that has done the same. This can be done because the prescription to fast does not seem to be as absolute as other prescriptions. The Prophet said that the *halal* is clear and that the *haram* is clear. The fast however is not so clear. For health reasons and other reasons there are many Muslims that does not have to fast in the month of Ramadan. Therefore it does not seem so harsh not to fast for safety reasons either.

### 7.5.3 Charity

The fourth pillar is about charity. Islam teaches that everyone should care for each other and especially for the poor. This is seen in the pillar of *zakat*, also it is seen in the ritual of *Hari Raya*, where all Muslims are to sacrifice a goat for each person or a camel for 7 persons. And the meat is to be distributed to the poor during the day. The thought of charity seem therefore to be an important part of the religion. Also with the new focus on Islamic politics and Islamic economics the pillar of *zakat* has got new life blown into itself. The most visible religious demands by Islamic parties are the religious taxes to be taken care of and that the court should be the *sharia*-court.

With this in mind I wanted to find out if there was a strong feeling of charity in the society and if this affected the companies in any way. The reactions to this from my informants were negative (see ch. 6). This was in relation to the willingness to help from both the Scandinavian managers and the locals. Something I found a little bit peculiar. In western socialistic societies though it is not so strange that you meet this kind of attitudes. Here people are so used to that the social awareness is taken care of through the tax-system or institutionalised in separate charity organisations that the ordinary man can go through if he wants to help the less fortunates in the society. This relieves the companies from the thought of giving something back.

A friend of mine is doing a project on responsibility management in Malaysia. In relation to this he interviewed some Scandinavian managers in Malaysia and some local managers. What came out of the interviews was rather interesting to me because the Scandinavian managers and the local managers had a very different apprehension of what responsibility management meant. The Scandinavians started to talk about the environment and environmental precautions they had taken, and this is also what both my friend and I thought of when the subject came up. However, the local Malaysian managers, that were mainly Indian of ethnical origin, answered the question differently. They thought of the responsibility management in relation to the community as a thought of the company as a patron of the village etc. They were also often giving the religion as a reason for acting like this, according to their religion they were obligated as a well-resourced company to give something back and take care of the local community from which they got their wealth.

On this background I was surprised to hear some informants complain that the locals lacked social awareness. Because of the Islamic influence I thought perhaps that the social awareness would be stronger in Malaysia than in Scandinavia. However, Malaysia is still a

developing country. Traditionally in developing societies there is a very large emphasis on the grand-family, one cares about and helps people in this context and that the society is so to speak parted in small economical entities that care for quite many people each, so there it is not so easy to stand alone, everyone is born into a social network. Traditionally one has not looked past these boundaries and the thought of charity beyond one's family is a stranger to the ordinary man. As these societies grow from traditional to modern, more things will probably be institutionalised, perhaps also charity issues. Also there is a tendency to think more reflexive around the different aspects of life. With the focus on Islam and Islamic teachings one can expect the modern Islamic society to care more and focus on charity for all. Maybe. However both the western companies and companies elsewhere have been more aware of and had to take precautions related to environment standards, who knows, maybe community responsibility is next.

#### 7.5.4 Pilgrimage

The fifth pillar is the pilgrimage, *haji*, to Mecca. Islam prescripts that every person who has the physical and economic ability should once in his life go for a pilgrimage to Mecca. This is a tradition that has been practised by Muslims in all countries since Muhammad made the first pilgrimage before his death. This is one of the practices that has had a renaissance in later years, both in Malaysia and elsewhere. During the trip, the Muslims do some exhausting rituals together with many Muslims from all over the world. It is described as a very personal experience that mostly strengthen the Islamic adherence for the people involved. It is also seen as important in uniting Muslims from different countries and cultures and the adherences seem to get a strong feeling of the *ummah*.

The prescribed pilgrimage to Mecca, however, did not seem to affect the businesses in Malaysia at all. It was organised in a way so the trip had to be taken as vacation. It usually took one and a half month. The employees usually did not have this much vacation, but they could save it up through the years, something they usually manage to do before they leave, as it take a long time from the application for the pilgrimage is handed in until the pilgrim can actually go on the trip, because of the small quotas Malaysia has. So for a company there will be few employees, if any, involved this ritual the same year. There is, though, an increase in the number of people that go for pilgrimage each year from Malaysia.

## 7.6 Western management –Islamic perspectives

Islamic economics is seen by Muslims to be something different than economics in general, and there is a wish to differentiate it especially against Western economics and this way of doing business. This is done by focusing on Islamic values.

The hard core of Islamic economics consists of postulates of the *Quran* and the *sunna* and these postulates are seen to be divine in nature (see ch. 4). The Islamic economists do not see man as selfish by nature. This is supported by the fact that in all civilised societies man has been motivated by altruistic motives. Islam encourages people to adopt altruism and to make sacrifices for others, *zakat* is an example of this. For establishing economic justice, Islam does not rely on law alone. Great importance is attached to reform the inner man through faith, prayers, education and moral training, to changing his preferences and ways of thinking and inculcating in him a strong moral sense that keeps him just.

This view of the human being as generally good, gives man much responsibility in acting ethically. However, in many Muslim countries there is much corruption. Also in Malaysia this is a problem for the companies. In the West we are used to look at corruption as an unethical act and something that creates problems in the economy, because the resources then are not used effectively. It seems therefore strange that countries that preach such ethical behaviour from their citizens have problems with this. However, the encouragement in Islamic philosophy and scriptures to lead an ethical way of life can be a help to the companies that struggle with corruption, because one so to speak only reminds the Muslim partners of what their own spiritual guiders say.

From the Muslim point of view, the Western management principles have been borrowed wholesale by companies in Muslim Countries, and Muslim managers are seen to apply them without realising whether or not they are compatible to their culture and values. Westernised managerial concepts, however, are seen to be based on certain premises of thought that are foreign to the Muslim minds. In the Western culture, work is considered as a tradition, for earning wages and secure happiness of life. Islam, on the other hand, considers work as an *ibadah* (a deed of spiritual value). This is Islamic philosophy, workers without religious training are maybe not that likely to look at work as a spiritual deed, but as a necessity to get food and welfare. An example of this is the informant that was telling about the work moral to stay at one job. He said it was very quickly especially for the Muslims to change jobs for a small salary increase.

Islamic management theory requires management to be attributed with a high degree of integrity, and quality performance of the organization is to be everybody's business. Further, *shura* entails the readiness on the part of the CEO to share his power with those who are capable and willing to accept it. It seems that in Islamic management theory there is an understanding of sharing tasks and responsibilities with the employees that are able to take them (see ch. 4). It is therefore also somewhat peculiar that all my informants complained that the employees in Malaysia, and especially the Muslims, were unwilling to take responsibility for their actions. This is a good example that there is not only religious philosophy that matters, also other cultural factors like collectivism and the Southeast Asian "face-concept" is important in the matter.

Scandinavian management seems to be very much coherent with the Islamic view of the employees. We described it earlier as flat organizations where the employees get tasks to solve that they are responsible for, and consensus is the norm for decision-making. However, all my informants found the Malaysians' non-responsible attitude not efficient and tried to change it. "We are working a lot on that, to press power of attorney downwards through the system, and that they at the same time takes responsibility for what they do." They said however that it was a difficult process that created uncertainty among the employees and took very much time.

As the Islamic theories about economy and the Islamic model of management are relatively recent proposed, this can change with education of new employees. However, it might be that changes would create less uncertainty if both the western managers and the Muslim staff knew that this policy was coherent with Islamic principles. Then perhaps the employees would not feel so alienated towards the Scandinavian way of giving more responsibility to each employee. Now it is easy for them to look at this procedure as something completely new and different pressed upon them from foreigners. The process could maybe be less complicated and go smoother for everybody involved when all parties better understand each other's background.

## 7.7 Intercultural management

The end-remark of the last section is an important part to the subjects of this section: intercultural management could maybe be less complicated for all involved parties if they better understand each other's backgrounds. It is a quite apparent point, but still it holds important thoughts. This goes both ways, it is useful for the expats to know more about the culture they operate in and it is also useful that the locals know more about the culture that the expats and the company come from. It is important to know the people you do business with and you work with. Knowing their culture is a first step to knowing them.

Another step to knowing new people is knowing yourself. It might be useful for expats and to-be-expats to analyse their own culture and find what elements are involved and which underlying structures are important. In chapter 5 Hofstede's theory on culture was explained, this describes three levels of uniqueness in "human mental programming": human nature, culture and personality. The human nature level is common for all people and the personality level is different for all people, culture is the learned ways of reacting and behaving that vary between operating in different countries or parts of the world.

This means that different cultures have a common base in how the people act, the human nature influence. This means also that there are many traits in common in different cultures. Coming to a new culture is not the same as coming to something taken completely out of context, as it is sometimes can look like. Thinking structurally about elements in one's own culture can therefore be very useful in the process of trying to understand and adapting to a new culture. With one's own habits in the conscious level of the mind it is easier to perceive other people's habits more openly than to just look at them as strange things that are incomprehensible. The multinational companies are operating in a quite special environment because they operate in different cultures at the same time. This make the multinational company experience a cultural blend between the cultures. This is illustrated in figure 7.1.

The tendency of universalisation is important for the multinational company to occur at all. That people want the same products all over the globe creates a need for production of them all over and makes the way for the MNEs. However, there is a debate about whether these changes create homogeneity or diversity. The homogeneity is that people often share the same life-style in different localities. However there seems to be strong local interpretations of this, the new global culture does not seem to shade over the local culture, on the other hand, there seems to be a mix of cultures in a certain area that differ from the mix of cultures in a different area. Seen like this local cultures are still important. Malaysia is especially



interesting because it is very much a meeting place between two global currents, the western, that includes the Scandinavian companies, and the Islamic. The Malaysian culture therefore is a nice mix of many cultures, due to immigration and now also due to globalisation of western and Islamic ideas. This is what meets the Scandinavian expats operating in Malaysia.

In figure 7.1 there is illustrated the meeting of two cultures. The figure could have been more close to reality with a set of layers of cultures meeting, but this complicates the picture unnecessarily. The multinational company is drawn as a box inside the area that represents the culture-mix. This represents that besides the multinational company there already exist blending-currents in the culture, as the globalisation currents. Cultures are mixed also outside the walls of the multinational company, but the MNEs may experience the culture-blend more explicitly than others.

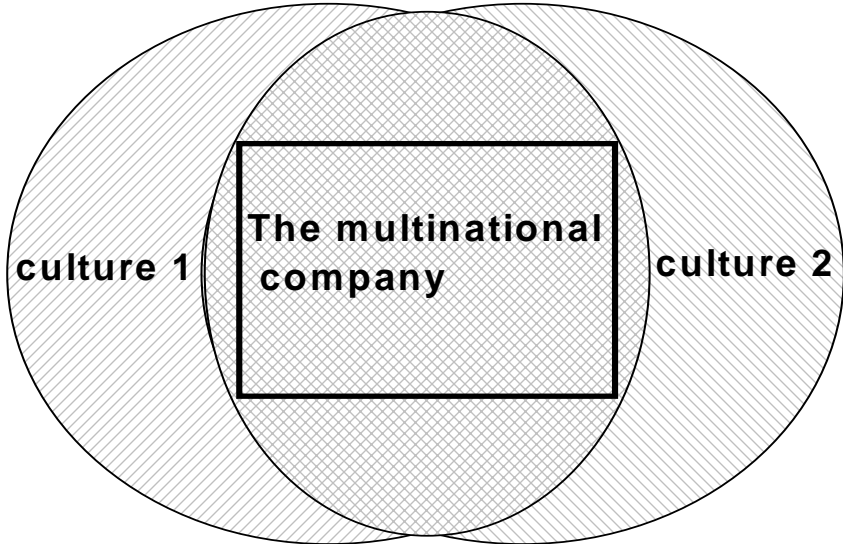


Figure 7.1 Cultural basis for the multinational company

In the culture there are different areas that directs different matters of life. One of these is religion. In Scandinavia most people do not see religion as a cultural element that governs very many areas of the reality. Instead for most people it is seen as something for the few, either we see us as religious or not. It is something for the private sphere and something to be handled in the “religion-sphere” of life. Religion is seen as a private matter and nobody really has anything to do with what you believe in and how you practice it there are in Norway for example regulations on questioning others in religious matters.

It can look like religion has held a different position earlier. However, even if religion in people's consciousness has stopped being something important "to spin the wheels of the society", many religious habits are still important. This holds especially for the organising of the calendar. The calendar is for example full of red days that are due to religious traditions. In Scandinavia Sunday is a day off, and Christian festivals as Christmas and Easter are still important and also result in days off.

Nowadays people often tend to forget that these off-days are bound up with Christian traditions, and are amazed that people in other cultures have replaced this with other festivals, which in turn for the foreign spectator are seen as very bound to the religion. This way it is easy to perceive people in other cultures as more religious than oneself, and also to perceive that a given culture have very many religious festivals, only it is that you forget that they are not celebrating your festivals. One of the informants mentioned that the business were not running too well when all the different festivals that was celebrated in Scandinavia and in Malaysia were coming on different times of the year.

Islam is seen by my informants as a religion with many festivals, this impression is getting even stronger I think in a country like Malaysia, because in this country there are so many religions that have festivals at different times of the year and it can sometimes be difficult to know what festivals that goes with which religion for a foreigner. The point is often not that the Muslims have many festivals, however, that make the productivity drop, but that the world population have many festivals. This fact there is not any problems with before you have multinational companies that operate all over the world and in different cultures at the same time.

It can seem like the expats are people that live in all these cultures at the same time and that therefore perhaps the religious traditional festivals are not so important to them. For workers that live at one place, either in Malaysia or in Scandinavia, the festivals are important and they are so imprinted in the mind that it sometimes can be hard to understand that other people in other places do not celebrate the same festivals as they do. And the festivals are equally important in all cultures and it is therefore important for the companies to plan according to them.

It seems obvious that it is not only the expats and the staff overseas that have to learn about the other cultures in countries where the company is situated, it is important that all staff dealing with international matters know about festivals and other important cultural aspects in the part of the world where they are operating. This can be easier said than done, however. The multinational companies operate in many countries at the same time and

keeping track of all religious festivals in all the countries can be something of a trick. Even only in Malaysia it is difficult to keep track of all public holidays and religious festivals that different people celebrate.

We have seen through this text that the informants thought that religion did not matter that much in doing business in Malaysia. They mostly thought of concrete examples where religion had mattered clearly as a hinder for the business. However, religion can be seen as an underlying factor affecting business in three levels: (1) Underlying in people’s minds, (2) underlying in politics, and (3) structuring the day and year. This is illustrated in figure 7.2

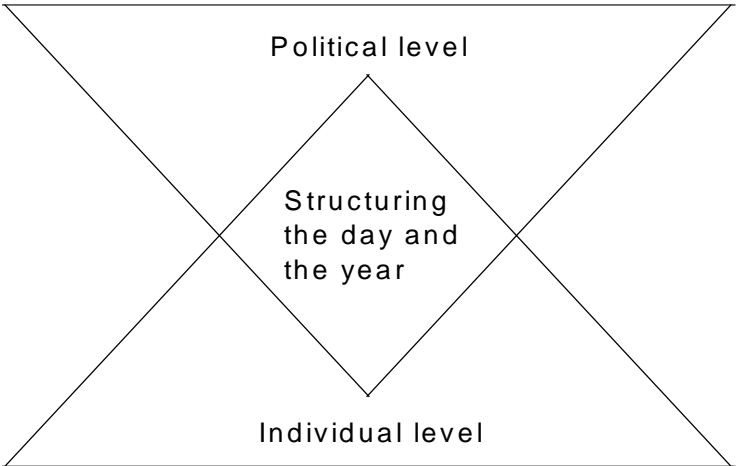


Figure 7.2 Levels where religion can matter for business

The first level where religion can matter is the individual level. This refers to the thought world of the individual and how religion matters for the person’s daily life as mentioned. Some of the managers said that the Muslims in Malaysia had the opinion that God decides very directly their fate upon their actions, and that how one behaves or what one does very quickly get consequences in life.

Related to this is keeping certain prescriptions or traditions as the Muslim food or clothing traditions. Muslim men often wear a *songkok* and the women often use headscarves and loose and covering clothes. This the companies have to accept and adjust their clothing policy to, if they have one. In Malaysia, however, eating only *halal* food is important to the Muslims. If

the companies had a cantina of course they served *halal* food there, and this was also the rule for dinners organised by the companies.

Pictures can very soon have a special symbolic meaning in a society. These traditions are often related to religious rituals or practices. Knowing more about such traditions can be a help in marketing products. In one of the Scandinavian companies in Malaysia they had just been in a situation where they had to adjust the packaging to be in coherence with old Chinese traditions.

Coming to actual behavioural patterns, the religious teachings of the Muslim have a special apprehension of how the different sexes should interact and that create behavioural pattern with its people. For example, that the father of a newly employed girl sometimes want to check her working conditions before she can start the job.

Religious practice also often change the adherents view of themselves and their fellow-believers. An example of this is the common team-feeling among the Muslims that one of my informants described. He thought that the fact that they do things together, for example religious rituals, creates openness and makes strong teams across different levels and departments in the organisation. This feeling among the Malays that they have a common Muslim base seems to be a part of their feeling of belonging to one ethnic group that is distinct from other ethnic groups in Malaysia.

The second level is politics. Malaysian politics are, to some degree, directed by Islamic culture and thoughts. Malaysia is a secular state. However, Article 3 in the constitution says that Islam is the religion of the nation. The Muslims have in Malaysian politics a special status. This again lay framework conditions for the companies, for example that they have to employ certain quotas of Malays. In the whole history of the country there has been an institutionalising of Islam. The government has a special position because it is supposed to promote Islam on one side, and slow down the requests from the Islamic opposition on the other side.

The third level is the structuring of the day and the year. This has already been discussed to some extent previously when the subject was the organising of the calendar. In Scandinavia Sunday is a day off, and Christian festivals like the Christmas and the Easter are still important and also result in days off. The Islamic contribution to this is first of all that the Islamic year follows the lunar calendar, and not the solar calendar. This gets only a minor effect on business because Muslim countries also follow the solar calendar for business purposes. The lunar year is shorter than the solar year. The effect of this is that the beginning and the end of the lunar year has a different starting point in the solar calendar each year.

Therefore Muslim festivals cannot be fixed to specific dates in the solar calendar from year to year. The most important of these festivals are the fasting and the pilgrimage. The pilgrimage did not seem to matter for business in Malaysia. The fast could make a difference, however. In working places where there was physical work, and especially where this work was conducted outside, the productivity was dropping, work in acclimatised office-buildings, however, went on almost as normal.

In structuring the day, the Muslim ritual of daily prayers is most important. Every Muslim should pray 5 times a day at certain times of the day, and this leads to that the companies have to build praying rooms. Otherwise the managers did not notice the prayers, but they did not likely plan meetings on Fridays. On Fridays all the companies had long lunches for their Muslim workers, so that they could go to the mosque. In some companies the working day was finished at one o'clock on Fridays, but in most companies they only had a two-hours lunch. At the east coast, however, Friday is a day off in both Kelantan and Terengganu. This way the structuring of the week also is related to religious practice. This was annoying to the multinationals, not because of the day off on Fridays, but that it made communication with the rest of the world more difficult, where it is common to have days off especially on Sundays, but also on Saturdays. Then three days of the weekly communication was low and this they felt was an inefficiency aspect.

The three levels cannot be separated totally, however; they affect each other clearly. The individual's thought-world and religious adherence affect politics and vice versa does the political decision affect how the individual think about, and act, in their reality. Islam was at the time of Malaysian independence an important part of being Malay, and from this the constitution proclaims Islam to be the religion of the country. On the other hand, the government's different treatment of different ethnic groups has made this feeling even more important with the Malays. That levels 2 and 3 is closely connected can be exemplified in the practice of weekly off-days on Fridays in the more "Islamic" governed states of Kelantan and Terengganu.

## 8. Conclusion

Globalisation is described as the intensification of worldwide social relations which link distant localities. Local happenings are shaped by events occurring many miles away. On the other hand the concept of glocality describes how the local forces are getting stronger too. This is especially true for the multinational company. The multinational companies have branch-offices situated far away that all are affected by what is happening at the head-office and the decisions taken there.

Global firms have increased very much in numbers lately and their activities have become different than before. As a result of this both company management and scientists have started to focus more on intercultural relations when conducting business internationally. The firms have to “customise” their management in different cultures. Often the companies have employees from one country and one culture working in a completely different country and culture far away from “home” for several years. This is the case with my informants: Scandinavians working in Malaysia. The multinational companies are therefore a part of and exposed to both globalising and local forces. Most people in the west see business and management as a highly secular task. Europe has been characterised as an area where the secularisation theories of the 60s still have some foothold, while the rest of the world is in an anti-secularisation trend. Islam is an important religion in this picture

Islam was before the independence in 1957, and after, the foundation for the Malay nationality feeling. And there has all the time been an institutionalising of Islam. In Malaysia, people of different ethnical origins have lived together for very long. Religion has therefore played a significant part in recognising which group of people a person belonged to. Islam’s central place in Malay life and in the Malaysian political process became more pronounced from the early 1970s. All my informants said Islam had grown stronger and got a more visible expression in the society. This could be seen in that the Islamic party PAS gets more ground. Most visibly the Islamisation process can be seen in how many women in the streets that wear headscarves.

As I have suggested, religion can be seen as an underlying factor in three levels: (1) Underlying in people’s minds, (2) underlying in politics, and (3) structuring the day and year. The first level refers to the managers that said that the Muslims in Malaysia had the opinion that God decides very directly their fate upon their actions. This indirectly affect the companies because the religion affect underlying structures of people’s consciousness and their behaviour. The Scandinavian management style is described as characterized by

delegation of responsibility. The distance between the manager and his or her subordinates is short and the communication direct. In Malaysia however, the organisational structures seems to be hierarchical.

The things that influence the companies directly are outward symbolic actions of the faith. One of these things is that the companies have to adjust their clothing policy, if they have one, to the Muslim clothing tradition. Segregating the sexes seem to be an important part in revitalised Islamic groups. In Malaysia it is regarded good for women to work outside the home, and it is also common for women to have high and responsible jobs. My informants did not consider it connected with any problems to employ a woman to responsible positions, both locals and expats. Food is a part of business life and the Muslims have to eat meat that is slaughtered in a special way. In Malaysia this went smoothly and overall the Scandinavians thought little about it and also ate *halal*-food in most situations.

The second level refers to how politics can be directed by religion. Malaysian politics are, to some degree, directed by Islamic culture and thoughts. Politics mattered for the foreign companies in for example framework conditions that were not directed by Islam. However, the government decide things that are important for the nation including the foreign companies, for example public holidays and the off-day of the week. The weekly off-day in Malaysia is for most of the country Sunday, as in the west, but in two states it is Friday, because of Muslim local-government there.

Important rituals in Islamic culture are the five pillars. These rituals are both in level one and three. Rituals are often used to express oneself and one's group relatively to other groups. Performing a ritual, for example religious, is a uniting act for the group and can also be used as messages to the other groups, either direct or indirect. The five pillars also represent a unifying element among the Muslims because they are actions they take part in together, as one of the informants said when pointing to the Muslim "natural" way of team-building. Only two of the pillars were considered of importance for the companies: the daily prayers and the fasting in Ramadan. However, these did not have a large impact for most companies. The daily prayers were mostly noticed since the companies had to have a praying room, and there were shorter working days on Fridays. In the fasting month the companies that had much physical work experienced a drop in productivity. The other companies did not notice the period that much.

The intercultural management-process could maybe be less complicated and go smoother for everybody involved when all parties better understand each other's background. It is a quite apparent point, but still it holds important information. From what we have seen here it

is important to know the people you do business with and you work with. Knowing their culture is a first step to knowing them. Another step to knowing new people is knowing yourself. It might be useful for expats and to-be-expats to analyse their own culture and find what elements are involved and which underlying structures are important. With one's own habits in the conscious level of the mind it is easier to perceive other people's habits more openly than to just look at them as strange and incomprehensible. It is therefore somewhat surprising that so little effort is put on preparation for expats in cultural matters. More effort on this would be beneficial both for the individuals and their companies.



## List of abbreviations

ABIM	Angkatan Belia Islam Malaysia
BN	Barisan Nasional
EU	European Union
FDI	Foreign Direct Investment
MCA	Malaysian Chinese Assosiation
MIC	Malaysian Indian Congress
MNE	Multinational enterprise
NEP	New Economic Policy
OLI	Ownership-Location-Internalisation
PAS	Parti Islam SeMalaysia
R&D	Research and Development
RTM	Radio Television Malaysia
UMNO	United Malay National Organisation
WTO	World Trade Organisation

## Glossary

<i>adat</i>	Malaysian traditional customs
<i>al-adl</i>	justice
<i>Alkitab</i>	the Bible in Indonesian
<i>bumiputra</i>	”Sons of the soil”, an expression used for the Malays
<i>dakwah</i>	Islamic missionary activities
<i>fatwa</i>	formal legal opinion or decision of a mufti on a matter of Islamic law
<i>gharar</i>	hazard
<i>hadith</i>	narrative report of the Prophet Muhammad’s sayings and actions
<i>hajj</i>	annual pilgrimage to Mecca required of all Muslims at least once in their lifetime
<i>halal</i>	permitted, lawful activities
<i>haram</i>	prohibited, unlawful activities
<i>Hari Raya</i>	Sacrifice day
<i>hukm</i>	something that is explicitly forbidden in the Quran
<i>ibadah</i>	a deed of spiritual value
<i>ijtihad</i>	independent analysis or interpretations of Islamic law
<i>khilafa</i>	viceregency
<i>mufti</i>	specialist on Islamic law competent to deliver a <i>fatwa</i> or legal interpretation
<i>mujtahid</i>	one who practises <i>ijtihad</i> or interprets Islamic law
<i>murtad</i>	leaving one’s Islamic faith
<i>pardah</i>	seclusion and covering of women in public
<i>riba</i>	usury
<i>salat</i>	official or worship observed five times daily
<i>songkok</i>	scull-cap worn by Muslim men
<i>sharia</i>	path, the Islamic law, Arabic
<i>shura</i>	consultation
<i>sunnah</i>	normative practice or exemplary behaviour of Muhammed
<i>syariah</i>	the Islamic law, Malaysian
<i>tawhid</i>	unity of God (absolute monotheism), Allah’s absolute sovereignty over the Universe
<i>ummah</i>	Islamic community, refers to the worldwide Muslim community
<i>zakat</i>	annual alms tax or tithe 2,5% of levied on wealth and distributed to the poor

(Most of the explanations are taken from Esposito, 1991)

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#### Informants:

##### List of informants

code	years in Malaysia	previous assignments abroad
1	3	yes-Asia
2	2	yes-Asia
3	2.5	yes
4	2.5	no
5	2	yes- The Middle East
6	3	yes-Brunei
7	1	yes-USA
8	9	yes
9	4	yes-Asia
10	2.5	no
11	4	yes-Europe
12	2	yes-Europe
13	6	yes-Asia
14	4	yes-Europe
15	1.5	yes-USA
16	1	yes

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## Appendix 1

### Questions

### Experiences

#### 1. company-specific information

what does the company produce?

the size of the company: total, home country, foreign affiliates, Malaysia (Singapore)

why FDI (Dunning, oli, jv, exports, licencing)

FDI in one country, Malaysia, or part of a global strategy

company structure in SEA -Present/future, regionalisation? Network, cluster

where are the products sold –nationally, SEA-pacific –regional agreements ASEAN, internationally

international/global strategy vs. local strategy

production of complementary/supplementary goods

#### 2. the company in Malaysia

why Malaysia (Singapore, Brunei, Indonesia, Thailand), (labour, market/customers, infrastructure, transportcosts,-time, nature recourses, trade barriers, framework conditions

Local competition situation

Asia-crisis

A company in Malaysia for how long?

why western managers –how is the cooperation with locally employed staff, toward a complete local management in the future?

For how long western managers in Malaysia? Past, future

Local educated staff, education from abroad or nationally?

What matters in choosing the expat?

How is he preparing for the job? Area, culture, religion, language, sensitivity training

Female expats?

Expats time perspective?

How many employees?

How many Malay, Chinese, Indians, Western?

Female workers? Managers? Expats? races

Educational level? Races, women

#### 3. framework conditions

governmental restrictions -ownership/control, marketing –changes over time

marketing restrictions



#### 4. culture

strategy –in the beginning/now –any special culture-strategy, Islam

importance of goals and ground values?

Social benefit –state, company, private

Teams/Groups –decision-making

Relationbuilding

Contracts –attitude to questions agreed upon by writing/speaking, attitude to person the agreement was made with

Negotiations –subjects, efficiency, climate

Face

attitude to local labour –Chinese, Malays, Indians -race/culture differences

attitudes to efficiency, long working days, stable workforce?

How Are The Malays in business?

Power distance

Age?

Appreciation of consultation

Uncertainty avoidance

Attitude to work

Stable workforce

Hierarchy

Individualism/collectivism

Communication

Social activities

Training

Masculinity

Position

Planning

Deadlines

Efficiency

Women

Confidence/trust

Creativity? Concrete action to improve CI?

Decision-making

#### 5. religion/Islam

what role does religion/Islam hold with the employees?

Any changes over time?

Any differences in religions importance between the different religions/races?

Any changes over time?

how does it affect the company/strategies –any changes over time (sec/desec)

Do you notice a difference in the concern for religious matters in the cities vs. countryside?

And relate this especially to Islam

Any changes over time?

Insurance

Financing, Islamic banks

FDI in other countries, compare the company's FDI in other Muslim countries, and non-Muslim countries

Strategy for establishment in Malaysia compared to strategies in other Muslim countries?

Other countries in SEA?

Differences between establishment in Singapore and Malaysia –political, cultural, Islam

Muslim subjects:

Ramadan -influence on work?

salat -Praying room? Overheld?

Hajj –holyday? Usual?

Food –cantina?

Zakat –does the company contribute to the local community? Take social responsibility?

Pressure?

## Appendix 2

Power distance index (PDI) values for 50 countries and 3 regions

Score rank	Country or region	PDI score
1	Malaysia	104
2/3	Guatemala	95
2/3	Panama	95
4	Philippines	94
5/6	Mexico	81
5/6	Venezuela	81
7	Arab countries	80
8/9	Ecuador	78
8/9	Indonesia	78
10/11	India	77
10/11	West Africa	77
12	Yugoslavia	77
13	Singapore	74
14	Brazil	69
15/16	France	68
15/16	Hong Kong	68
17	Colombia	67
18/19	Salvador	66
18/19	Turkey	66
20	Belgium	65
21/23	East Africa	64
21/23	Peru	64
21/23	Thailand	64
24/25	Chile	63
24/25	Portugal	63
26	Uruguay	61
27/28	Greece	60
27/28	South Korea	60
29/30	Iran	58
29/30	Taiwan	58
31	Spain	57
32	Pakistan	55
33	Japan	54
34	Italy	50
35/36	Argentina	49
35/36	South Africa	49
37	Jamaica	45
38	USA	40
39	Canada	39
40	The Netherlands	38
41	Australia	36
42/44	Costa Rica	35
42/44	Germany FR	35
42/44	Great Britain	35
45	Switzerland	34
46	Finland	33
47/48	Norway	31
47/48	Sweden	31
49	Ireland (Republic of)	28
50	New Zealand	22
51	Denmark	18
52	Israel	13
53	Austria	11

Individualism index (IDV) values for 50 countries and 3 regions

Score rank	Country or region	IDV score
1	USA	91
2	Australia	90
3	Great Britain	89
4/5	Canada	80
4/5	The Netherlands	80
6	New Zealand	79
7	Italy	76
8	Belgium	75
9	Denmark	74
10/11	Sweden	71
10/11	France	71
12	Ireland (Republic of)	70
13	Norway	69
14	Switzerland	68
15	Germany FR	67
16	South Africa	65
17	Finland	63
18	Austria	55
19	Israel	54
20	Spain	51
21	India	48
22/23	Japan	46
22/23	Argentina	46
24	Iran	41
25	Jamaica	39
26/27	Brazil	38
26/27	Arab countries	38
28	Turkey	37
29	Uruguay	36
30	Greece	35
31	Philippines	32
32	Mexico	30
33/35	East Africa	27
33/35	Yugoslavia	27
33/35	Portugal	27
36	Malaysia	26
37	Hong Kong	25
38	Chile	23
39/41	West Africa	20
39/41	Singapore	20
39/41	Thailand	20
42	Salvador	19
43	South Korea	18
44	Taiwan	17
45	Peru	16
46	Costa Rica	15
47/48	Pakistan	14
47/48	Indonesia	14
49	Colombia	13
50	Venezuela	12
51	Panama	11
52	Equador	8
53	Guatemala	6

Masculinity index (MAS) values for 50 countries and 3 regions

Score rank	Country or region	MAS score
1	Japan	95
2	Austria	79
3	Venezuela	73
4/5	Italy	70
4/5	Switzerland	70
6	Mexico	69
7/8	Ireland (Republic of)	68
7/8	Jamaica	68
9/10	Great Britain	66
9/10	Germany FR	66
11/12	Philippines	64
11/12	Colombia	64
13/14	South Africa	63
13/14	Ecuador	63
15	USA	62
16	Australia	61
17	New Zealand	58
18/19	Greece	57
18/19	Hong Kong	57
20/21	Argentina	56
20/21	India	56
22	Belgium	54
23	Arab countries	53
24	Canada	52
25/26	Malaysia	50
25/26	Pakistan	50
27	Brazil	49
28	Singapore	48
29	Israel	47
30/31	Indonesia	46
30/31	West Africa	46
32/33	Turkey	45
32/33	Taiwan	45
34	Panama	44
35/36	Iran	43
35/36	France	43
37/38	Spain	42
37/38	Peru	42
39	East Africa	41
40	Salvador	40
41	South Korea	39
42	Uruguay	38
43	Guatemala	37
44	Thailand	34
45	Portugal	31
46	Chile	28
47	Finland	26
48/49	Yugoslavia	21
48/49	Costa Rica	21
50	Denmark	16
51	The Netherlands	14
52	Norway	8
53	Sweden	5

Uncertainty avoidance index (UAI) values for 50 countries and 3 regions

Score rank	Country or region	UAI score
1	Greece	112
2	Portugal	104
3	Guatemala	101
4	Uruguay	100
5/6	Belgium	94
5/6	Salvador	94
7	Japan	92
8	Yugoslavia	88
9	Peru	87
10/15	France	86
10/15	Chile	86
10/15	Spain	86
10/15	Costa Rica	86
10/15	Panama	86
10/15	Argentina	86
16/17	Turkey	85
16/17	South Korea	85
18	Mexico	82
19	Israel	81
20	Colombia	80
21/22	Venezuela	76
21/22	Brazil	76
23	Italy	75
24/25	Pakistan	70
24/25	Austria	70
26	Taiwan	69
27	Arab countries	68
28	Equador	67
29	Germany FR	65
30	Thailand	64
31/32	Iran	59
31/32	Finland	59
33	Switzerland	58
34	West Africa	54
35	The Netherlands	53
36	East Africa	52
37	Australia	51
38	Norway	50
39/40	South Africa	49
39/40	New Zealand	49
41/42	Indonesia	48
41/42	Canada	48
43	USA	46
44	Philippines	44
45	India	40
46	Malaysia	36
47/48	Great Britain	35
47/48	Ireland (Republic of)	35
49/50	Hong Kong	29
49/50	Sweden	29
51	Denmark	23
52	Jamaica	13
53	Singapore	8