INTERCULTURAL ASPECT OF RUSSIAN BUSINESS NEGOTIATION PRACTICES

GALINA BALYKINA[1]

Summary

Negotiation is an unavoidable part of any business, an important instrument of international business communication. The behavior of the negotiators is strongly influenced by their cultural background which defines the range of strategies negotiators develop as well as tactics and communication styles they implement. Therefore, the purpose of this paper is to introduce the findings of recent investigations into the Russian culture for better understanding of the deep roots of Russian negotiation style; analyze possible communication barriers and suggest some recommendation that facilitate a mutually beneficial agreement.

Key words
Cultural dimensions, stages of negotiations, communication barriers

Összefoglalás

A tárgyalás az üzleti élet szerves része, a nemzetközi üzleti kommunikáció fontos eszköze. A tárgyalók viselkedését jelentősen befolyásolja kulturális hátterük, amely meghatározza mind az alkalmazott stratégiáikat és taktikáikat, mind a kommunikációs stílusukat. A tanulmány célja az, hogy bemutassa az orosz kultúrát vizsgáló legújabb kutatási eredményeket annak érdekében, hogy az orosz tárgyalási kultúra mély gyökerei érthetőbbek legyenek. Emellett a szerző lehetséges kommunikációs gátakat mutat be és javaslatokat tesz arra, hogyan lehet orosz tárgyalópartnerekkel kölcsönösen előnyös egyezséget kötni.

Kulcsszavak
Kulturális dimenziók, a tárgyalás szakaszai, kommunikációs gátak

[1] associate professor, Stolypin Volga Region Institute of Administration Presidential Academy of National Economy and Public Administration, e-mail: balykinagal@mail.ru

Introduction

The intensification of international contacts in the modern world has resulted in interpenetration and adaptation of different cultures, unification of business communication patterns and negotiation styles. Negotiators from different cultures share standard norms of business performance, similar professional experience and knowledge, even their cultural identity may be slightly different from that of the average member of the national society. However, their behavior is strongly influenced by the culture they represent, their religion, the political and state system of the country. The distinctions may vary from subtle to formidable, but they should always be carefully taken into consideration. Different values, interests, goals, ethical principles and cultural assumptions can become evident at any stage of the negotiation and lead to misunderstanding and even failure.

Because of some cultural differences, negotiating with Russians can be a very challenging task. Therefore, a lot of attention has been paid to study the Russian negotiating style and sometimes the findings demonstrate contradictory descriptions of the communication style. Russians are described as searching for compromise (Vasilenko 2010, 15), as well as regarding willingness to compromise as a sign of weakness (Lewis 2006, 376). Communicating with Russians can be anything from very direct to rather indirect (Kanungo, Mendonca & Aycan 2014, 123). They are even thought to "appear schizophrenic because of the Eastern and Western elements in their makeup" (Lewis 2006, 378).

In order to help for better understanding of the Russian negotiating style, the article seeks to identify communication barriers that can occur while negotiating with a Russian team. The theoretical framework will focus on cultural dimensions that mostly influence the Russian style at different stages of the negotiation process. Secondary data analysis covers a wide range of sources from empirical studies, based on Hofstede's methodology to fresh publications revealing new trends in the field of cross-cultural business communications.

Negotiations

Negotiation has been in the focus of research for several decades, but there is no universal definition of the term. Some authors consider negotiation as a process of two or more parties combining their conflicting points of view into a single decision of mutual interest (Zartman 1978, 67-86); others define it as "a process between people who share some common interests, people who stand to benefit from bringing the process to a successful conclusion." (Ferraro 2002, 127). The difference between these two definitions demonstrates the development of negotiation studies: to consider negotiation as an instrument of conflict resolution or a means to better cooperation. It is also referred to as distributive versus integrative approach (Barry and Friedman 1998, 345-349), or win-win versus win-lose (Salacuse 1998).

There are some other theories, which develop the concept adding some more options (Saner 2003). Competitive (distributive, win-lose) approach considers perceiving the interests of the parties as opposed, claiming behavior and division of recourses. Problem-solving (integrative, win-win) approach is mostly concerned with creating resources and combining the interests into mutual (De Dreu 2003).

There are different models to describe the stages of the negotiation process. Graham and Sano (Graham & Sano, 1989) develop a four-step negotiation process:

1. non-task sounding when negotiators get to know each other;
2. task-related exchange of information when parties' subjective needs and preferences are open to discussion;
3. persuasion when parties attempt to influence the other side's needs and preferences by using various persuasive tactics;
4. concessions and agreement when parties accomplish an agreement which often is

the summation of a series of concessions.

McCall and Warrington (McCall & Warrington 1984) suggest a three-stage model that involves pre-negotiation, face-to-face interaction and post-negotiation.

Cultural differences add "another layer of complexity to the negotiation process" (Gelfand & Brett 2004), because intercultural negotiations involve more complex communication process; large-scale goals and numerous participants represent not only different cultures, but also different business levels. There is a consensus among scholars about making the assumption that culture does shape negotiating behavior (Graham 1985; Salacuse 1998; Hofstede & Usunier 2003).

However, there are many other factors besides culture that effect intercultural negotiations: individual variables such as negotiators' personality, and structural or process variables (Tompos & Ablonczy-Mihályka 2014). A culture cannot be treated as the only explanatory factor of the negotiation process and outcomes (Elgström 1994). It is always challenging to estimate correctly the relative impact of each variable and, at the same time, not every member of even a culturally homogeneous group equally shares all particular features of this culture (Avruch 2000; Sebenius 2002). The set of behavioral differences within cultures can be as broad as in cross-cultural comparisons (Rubin & Sander 1991).

This is especially true about Russia − a vast multinational country with a lot of cultural patterns of behavior, communication styles, social and religious norms that influence business and social spheres.

In an attempt to bridge the gap between negotiation styles, negotiating parties in cross-cultural negotiations need to have a deep understanding of the cultural realities of their partners.

Cultural dimensions

A cultural dimension is seen in the way negotiators view the negotiation process. In international negotiations, values, beliefs, and background interference are brought to the negotiation table and unconsciously used in both the presentation and interpretation of the data (Hendenon 1996, 19).

Hofstede received a "five-dimensional" model of cultural differences between countries surveyed in the following five parameters:

- Uncertainty Avoidance
- Power Distance
- Masculinity / Femininity
- Collectivism / Individualism
- Long term / Short Term Orientation

Uncertainty Avoidance refers to the degree to which one feels uncomfortable in risky, unpredictable and ambiguous situations. "Uncertainty Avoidance can be defined as the extent to which the members of a culture feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. The basic problem involved is the degree to which a society tries to control the uncontrollable" (Hofstede 2000, 145). High-uncertainty avoidance cultures try to avoid uncertainty and ambiguity through established, formal social protocols; they are intolerant to deviant ideas and behaviors; consensus, and resistance to change are crucial for them. They add structure to their life through written rules, planning, regulations, rituals, ceremonies, and established social, behavioral, and communication protocols. It may result in some barriers to the free exchange of information and competitive and positional character of negotiation. Expression of emotions seems to be normal, and considered as aggressive, inappropriate, and insulting for people from cultures with low UA.

People from low uncertainty avoidance cultures more readily accept the uncertainty inherent in life, unusual things and behavior, various ideas. They value initiative, dislike the structure associated with hierarchy. They believe that there should be as few rules as possible and social protocol is not of great importance. They are ready to take risks, trust themselves more than experts and flexible to changes.

Russia is a culture with high uncertainty avoidance (the index is 70); the need for enormous rules and regulations is connected mostly with emotions, so these rules are not always clear, consistent and applicable. The combination of high power distance and uncertainty avoidance makes people obey rules mostly when they are expected to be checked or controlled. In business, it leads to overload of paperwork, stamps and signatures on each of the papers. People, in their turn, do not hesitate to bypass policies and procedures that they may feel to be senseless or if they know they will not be inspected by the officials.

Power distance is defined as "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society" (Hofstede 2000, 81.) Power distance emphasizes the importance of outward forms of status: protocol, formality and hierarchy. It demonstrates a willingness to accept that the more powerful party receives a larger share of the benefit than the other party; the person who has more power makes most decisions.

Russian business is marked by rather high power distance (index is 40) grounded in power separation. In cultures that combine high power distance and collectivistic cultural orientation, the boss of the organization is the primary source of the ethical norm of the organization; the subordinates try not to debate with their bosses and do not criticize their actions. Managers often express paternalism toward the subordinates who have a limited choice of behavior alternatives. Thus, subordinates' behaviors mostly display the moral view of the boss, no matter if they share or do not share their beliefs.

Power distance is revealed in the way the negotiation team is formed, and decisions are made. It demonstrates if the delegation can make decisions itself or ask for permission from company management. In big and new companies the structure of decision-making is not always transparent, but the lower level of the decision-maker the fewer risks they tend to take.

"*Individualism* on the side versus its opposite, collectivism, is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. Positioning itself between these poles is a very basic problem all societies face" (Hofstede 2000, 209). In countries with the individualistic orientation, the individual is the single most important unit in any social setting; independence rather than interdependence is stressed, and individual achievement is rewarded. In collectivistic cultures there is a greater emphasis on the views, needs, and goals of the in-group rather than oneself. Social norms and duty defined by the in-group is more important than behavior to get pleasure. Beliefs shared with the in-group are more preferable than beliefs that distinguish the self from the in-group. There is great readiness to cooperate with in-group members. Some studies demonstrate that collectivistic cultures prefer to negotiate Win-win (Gelfand & Christakopoulou 1999; Cai et al., 2000). More individualistic cultures value contract, while more collectivistic cultures prefer relations.

Russia is often characterized as a collectivistic country as evidenced by Hofstede's (Hofstede 2001, 502) estimates. In Naumov's study, respondents mostly agreed that it is important for them to be accepted by the members of their groups. At the same time, they stated that individuals do not have to give up their interests and goals for the success of the group. Naumov claims that it is essential to consider the way in which the group and its value are perceived in the culture. The Russian perception of the value of the group lies in the

group's ability to provide protection to the members of the group (Naumov & Petrovskaja 2008, 6), and Russian collectivism is primarily directed at receiving protection through the group rather than achieving collective goals. Furthermore, the members of the group may hold individualistic values, not being ready to sacrifice their own interests for the interests of the group, but ready to comply with the norms of group behavior (Naumov & Petrovskaja 2008, 6).

"*Masculinity* (MAS) versus its opposite, femininity, refers to the distribution of emotional roles between the genders, which is another fundamental problem for any society to which a range of solutions are found; it opposes "tough" masculine to "tender" feminine societies" (Hofstede 2000, 279). Masculinity and femininity are connected (from a cultural perspective) with one's social role in society. Masculinity means that winning is good; acquired status is of great importance; competition is a fair play and an opportunity to show how good you are; a winner is a subject of admiration. Femininity means that consensus is good, sexual equality is fair, and a looser is a subject of sympathy. It also promotes and holds that people and the environment are important. Women tend to consider negotiations as a part of the relations to other people, as a part of a larger context. Men tend to make the other party capitulate to their opinion and try to achieve their targets by all means. Women usually use dialog to solve problems and man use dialog to persuade, to impose their viewpoint.

Historically, Russia is thought to be a country with femininity orientation (Berdyuev, 1918; Rosanov, 1911), though Russian business is known to be "masculine" and decision-making process is determined by "masculine" methods. The index of masculinity / femininity is 48 (Naumov & Petrovskaja 2008, 12) but it changes great according to geographical regions: from 24 in Stavropol (the southern region) to 48 in Tumen (the northen region) (Latova & Latov 2008, 45).

"*Long-term* versus *short-term* orientation refers to the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs" (Hofstede 2000, 351).

Long term orientation is not typical for Russia; this dimension scores 62. Specific feature of the modern Russian business mentality is the fact that they do not consider the business like eternal, sustained, and transmitted from parent to children and grandchildren everyday work but like an opportunity to capture, gain the profit quickly and hide it from the state (Kirsanov 2013). The reasons are connected both with the history of the state and the legal and financial context of the country. There is a shortage of long-term planning, long money: credits and investments.

At the same time, business is relation oriented and making and maintaining long term personal relations is a high priority for business people. Many new Russian entrepreneurs work successfully in networks, often relying not just on formal agreements, but on friendship and social interaction.

Edward Hall's concept of culture bases on three points: context, time and space. How easily people share personal space with others can be described within a scale rising from "center of community" (easily share personal space) to the "center of power" (clearly separated personal space). Attitude to time can be scaled from *monochronic* to *polychronic*. *Low* versus *high-context* cultures dimension is related to the directness or indirectness of communications (Nardon & Steers 2009). In low-context cultures, people tend to accept more integrative ways of negotiating and enjoying higher joint gains; negotiators representing more high-context cultures are more associated with competitive win-lose approach. Similarly, collectivistic cultures use less problem-solving approach (Linn & Miller, 2003).

Russia is described as a more high-context and *polychronic* culture. They negotiate like they play chess: they plan several moves ahead. Opponents should think of the consequences of each move before making it (Lewis 2006, 376).

Communication barriers

At a pre-negotiation stage, both parties introduce themselves to each other. Negotiation style of Russians can be described as sometimes slow, demonstrating indifference and uninterested outwardly, but sometimes are very passionate about the matter. It feels that in earlier stages they try to make an impression of being tough. At this stage the leader of the team is apparent.

Creating the trust is the key point. As members of a rather high context and collectivistic culture, the Russian need time to build open and trustworthy relations with the partners; they are considered to be more distrustful and suspicious in general. However, when mutual trust is already created, cooperation with existing partners runs smoothly when.

At the stage of face-to-face interaction, parties discuss their subjective needs and preferences and attempt to influence them by using various persuasive tactics. Russians pays more attention to common goals and less to the ways of achieving them (Evenko 2005). According to the data, collected by the Moscow Negotiation School, which interviewed more than 800 negotiators in different parts of the country, Russian are usually very well prepared for the negotiation, have a plan and specific strategy (78%).

Russians are often recognized to have an aggressive negotiating communicative style. At the stage of discussing terms, price, and bargaining, Russian can show their negative emotions and irritation (46%). They can be intolerant if their opponents have different points of view, 6 % can even demonstrate their aggressiveness and attack not terms and offers but personal characteristics of negotiators of the other party.

Russians are not very much caring about the partner's outcomes; they are mainly concentrated on their profits then counterpart's welfare; 20 % consider achieving their goals as the highest priority with negotiations. Thus, communicative practices of win-lose approach are quite common, they reveal shortage of compromise thinking, and only 20 % consider searching for compromise of great importance.

Masculinity orientation is apparent from communicative strategies which are resulted in wish to force the other party to capitulate to their point of view; 92 % find important communicative skills that facilitate persuading, and even imposing their points of views.

Power distance is also visible in a certain discipline – when one speaks while other members of the group stay silent and just give comments only when asked by the leading person. The more autocratic the leader, who is almost always apparent, the more typical such picture is. As Lewis states, "they maintain discipline in the meeting and speak with one voice. When Americans or Italians speak with several voices, the Russians become confused about who has real authority (Lewis 2006, 376).

At post-negotiation stage everything that has been agreed during negotiations is fixed in writing. High uncertainty avoidance index can be apparent in wish to fix the rules of the certain deal and settle responsibility distribution and in understandable unambiguous way, though Russians are known for frequent changes in already-signed contracts and overall low contract loyalty.

Recommendations for Successful Negotiation with Russians

Russian counterparts are very different in their negotiation styles varying from easy coming to very severe persons. A number of barriers at different stages of business meetings can lead to a failure in collaboration. Identifying these communication barriers can help achieve the goal and make the deal successfully.

1. Relationship building is imperative, and one should devote time to getting closer to your Russian partners, to clarify their needs and situation. Joint discussions and small talks and communications beyond the negotiations issues are of great significance. Build personal ties and cultivate trust even prior to transacting any business.

2. It is also important to identify the hierarchy inside the delegation, a key person, responsibilities sharing, formal and informal relations. One should remember that decisions are mainly done on top-management level. Negotiations progress better if a bigger group of participants involved and top-level is represented by owner(s) or the chairman or the board. This is also a good way to create trust and demonstrate that you take the partner seriously.
3. Creating a trust is crucial. Russians can be very closed in providing information to people they do not trust; it takes considerable efforts to get the needed details.
4. Russian negotiation style is rather harsh; they expose emotions rather easily and are often apt to demonstrate the power. In order not to break the deal one has to be patient, listening, explaining, not fighting and positive. "Show respect and sympathy with the human aspect involved and do not be influenced by their emotional displays" (Lewis 2006, 374). Reading between the lines is also one of the points to consider. It feels that they have much more in their mind than what is openly expressed.

Conclusion

There are some factors that should be taken into consideration while negotiating with Russian businessmen. The cultural dimensions become especially evident in three specifics of Russian negotiators' communicative behavior: domination of power, win-loose approach, and personal relations. The analysis showed that the major barriers were related to the stage of face-to-face interaction.

High sensitivity to cultural factors is a must to be successful in the international negotiation setting. Negotiators need to identify and pursue a culturally responsive strategy that is most suitable in a given environment, but at the same time aware and consider also individual and structural aspects occurring in this setting.

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