

Irish-Russian Cross-Cultural Negotiations

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- Russian negotiation strategies: research findings
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Introduction

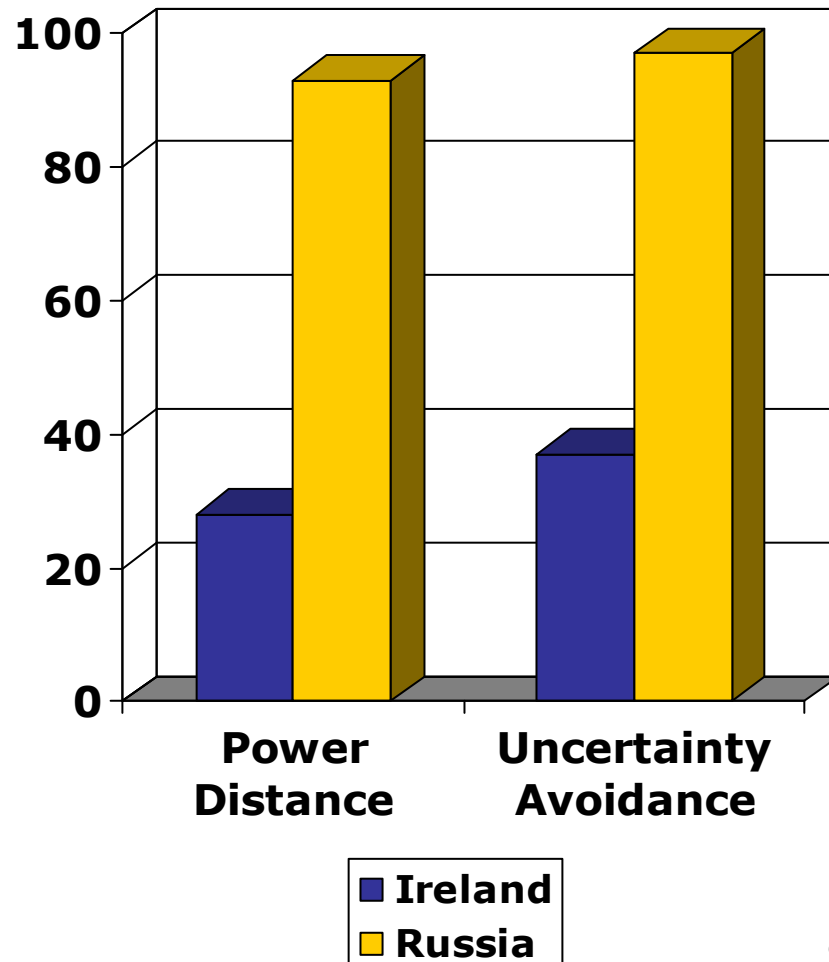


Some key dimensions of culture

- Geert Hofstede's 'Cultural Dimensions'
- Conflict orientation
- Communication styles



Ireland, Russia and Hofstede's 'Cultural dimensions' – some key differences

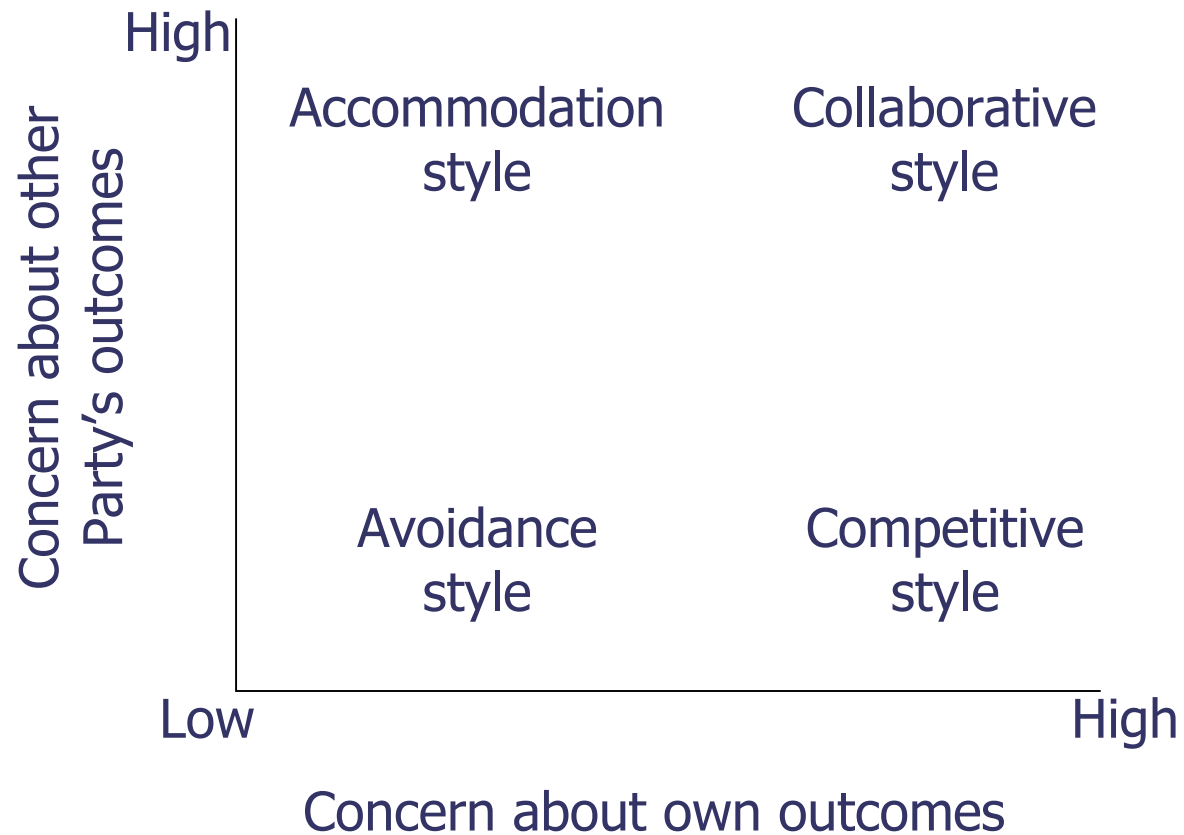


- 'Power-Distance' much lower in Ireland
 - Much more hierarchical decision-making approach in Russia
- 'Uncertainty-Avoidance' much lower in Ireland
 - Ireland has more of a risk-taking culture than Russia

Source: www.geert-hofstede.com (2010)

Conflict styles

- Generic strategies for conflict management



Conflict style: Russian culture

- 'Cultures that have been influenced by Marxist ideology frequently advocate surfacing, expressing and dealing directly with differences and engaging in overt conflicts to achieve desired ends.'
- 'Although Russia and many former Soviet Republics are no longer ruled by Marxist governments, their orientation towards the acceptability of vigorous engagement in overt disagreements and conflict prevails'

(Moore et al, 2010)



Communication issues

- Expression of emotions
 - Tends to be a a strong feature of Russian negotiators (Schechter, 1998)
- Direct versus indirect interaction and communication
 - Like Irish negotiators, Russian negotiators tend to favour direct, face-to-face communication
 - However, while rank is of low importance to Irish negotiators, it often matters to Russians
- Implicit versus explicit communication
 - Cultural researchers consider Russia a 'high-context' culture, with much implicit communication



Low-context and High-context cultures

Ireland:

'Low-context'

- Explicit in speech and action
- Specific proposals and demands used in negotiation
- Rules of business are largely only those written into law & regulation

Russia:

'High-context'

- Indirect and implicit information sharing
- Culturally-coded interaction and communication
- Patterns of relationships & unwritten rules may be invisible to outsiders



Vladimir Putin tells Roman Abramovich to pay for World Cup 2018

- The Observer, Sunday 5 December 2010

- “Let him open his wallet a little. It's no big deal – he won't feel the pinch. He has plenty of money.”
- ‘Analysts say [Russian oligarchs] are keen to avoid the fate of oil tycoon Mikhail Khodorkovsky, who has spent seven years in jail on charges of fraud’
- ‘Putin showed off his imperious treatment of big business in June when he threw a pen at billionaire metals magnate, Oleg Deripaska, and ordered him to sign a contract to save an ailing factory.’



Society's distrust of New Russians and the business elite

- A New Russian comes to the jeweller and plonks a bar of gold on the counter...
- Results of 'The Most Honest Businessman of the Year' competition...



Russian negotiation styles: research findings



About research into Russian negotiating styles

- Much research exists on Russian negotiation and influencing tactics and strategies
- However, since the political changes of the late 1980s and 1990s, there have been few studies (Moore et al, 2010)
- Cultures constantly change and evolve
- In any study of cross-cultural negotiations, there is an important distinction between general findings and making general attributions (stereotyping)



Decision-making and rigidity

- Although bureaucratic controls have been greatly relaxed, institutionalised power and hierarchical rule still make a deep impression on Russian business (Brett, 2007; Moore et al, 2010)
- Tendency for individual managers to be more reluctant than most to make decisions beyond the boundaries of their authorisation (Ghauri et al, 2008)
- Leads to an overall tendency to tough, unilateral approach – extreme demands, small concessions



A change for the better?

- 'What has been gained in terms of flexibility is largely compensated by lack of reliability, opportunistic behaviour and the confusion between business and wild capitalism being largely the rule' (Ghauri et al, 2008)
- 'Many new Russian entrepreneurs do not feel bound by business norms and contracts because either they ignore it or they view it as foreign and therefore inapplicable to their context' (ibid)



Information sharing

- Researchers have found that Russian negotiators desire and repeatedly request information (Graham, 1993; Moore et al, 2010)
- However, they may be reluctant to share information
- Information is equated with power
 - Decision-making processes in Russia are often centralised and hierarchical
- Information exchange in negotiations may be time-consuming as negotiators may require approval or permission from superiors to release information



Information sharing

- Due to high-context culture, information provided by Russian negotiators may be general rather than specific
- Negotiators may share information in the form of critiques of a counterpart's proposal
- Often, specific only emerge in the final agreement-making stage of negotiations
 - Try to get commitments from counterpart
 - Leave own commitments open and specified
- In a study of negotiators from Brazil, France, Hong Kong, Japan, US and Russia, Russians achieved lowest level of joint gains in negotiations (Brett et al, 1998)



Approach to reaching agreement

- Irish, UK and US negotiators use the 'building-block' approach
 - Break the problem into smaller parts
 - Seek agreements or solutions for components
 - Then combine into a master agreement
- Russian negotiators favour the 'agreement in principle' approach
 - Develop general frameworks of agreement or broad guiding principles
 - Then work out details on tangible outcomes
- But the approach used is likely to vary by company or by negotiator's individual style



Summary of some key differences in culture and negotiation style

Russia

- Competitive conflict orientation
- Hierarchical decisions and limited flexibility
- Strong emphasis on positional bargaining
- Slow to share information but eager to gather it
- Problem-flagging; expect & prepare for the worst
- Agreement-in-principle approach

Ireland

- Mixed approaches to surfacing/resolving conflict
- Very flat power structure, flexible almost to a fault
- Less use of positional bargaining
- Open to share information and reveal own interests
- Problem-raising; relatively optimistic
- Building-block approach to creating agreements



Russian negotiation strategies: research findings



Russian negotiation strategies: Opening the negotiation

- Begin the process of direct talk by overt attempts to gain a superior position
- Tactics include:
 1. Begin with a general definition of the situation in favourable terms for themselves
 2. Open with a positive statement, often inviting counterpart to explain his/her views or make the first proposal, then criticise without offering a counterproposal (Schechter, 1998)
 3. If opening or making a counteroffer, start with a maximum position, excessive demands
 4. Followed by aggressive arguments for acceptance, often based on data or expert opinion (ibid)



Russian negotiation strategies: Early phases of negotiation

- Various tactics are used to test the counterpart's level of resolve, views of Russian positions, and strengths and weaknesses
- Tactics include:
 1. 'Red herring' technique
 2. Presentation of information in their favour
 3. Expression of anger as a means of intimidation
 4. Efforts to personally demean the counterpart
 5. Lengthy repetitions of arguments



Russian negotiation strategies: Use of emotion

- Expression of emotion is common
- Negative emotions are a common tactic (Schechter, 1998; Snyder, 1999)
- Positive appeals may also be used
 - Expressions of warm friendship
 - Emphasising similarities or shared difficulties
 - Empathising or requesting empathy with national economic difficulties
 - Appeal for help in dealing with tough superiors
- Rapid mood shifts may occur between friendly and hostile behaviours



Dealing with extreme positions: The importance of clear rejection

- If an extreme position is put on the table but rejected soundly, negotiations may shift to a more realistic basis
- Rejection needs to be expressed with real conviction
 - Failure to do so is likely to lead to reinforcement
- In general, Russian negotiators expect counterparts to express their positions as strongly as they do
 - Raise an issue repeatedly if it is important



Russian negotiation strategies: Middle phases of negotiation

- Unwillingness to make compromises
 - Fear that it may lead to counterparts taking advantage at later stages
- Offers of compromise may be exploited
 - Often seen as an indication of weakness
- Small, incremental concessions are possible, or linkage of issues to allow mutually beneficial trades
 - Important not to frame these as compromises on the initial position



Russian negotiation strategies: End phases of negotiation

- Repetition of earlier arguments
 - Final effort to get counterpart to accept
 - Convince superiors that best efforts were made
 - Psychological prerequisite for shift to new position
- Delaying tactics may be used if proposals still not accepted (Schechter, 1998)
 - Postponement of meetings, not returning calls or e-mails, etc.
 - Try to wear down goal-oriented opponents



Russian negotiation strategies: End phases of negotiation

- If Russian negotiators find they need to change positions, several strategies may be used:
 - Offer a fallback position
 - Return to superiors for clarification or revised instructions / authorisation
 - Make an 'unofficial' offer or proposal (sometimes a hint for opponents to make a particular proposal that could be explored without losing face)
 - Claim that they lack the authority to agree
- Seek to convince counterpart that any concession made must be reciprocated



Recommended approaches for working with Russian negotiators

1. When possible, try to negotiate with those in decision-making positions
2. Avoid offending national pride in status, strength economic or technical prowess
3. Do not rely on personal relationships to motivate concessions or promote agreements
4. Instead, frame agreements as providing tangible benefits, conformity to a valued principle, or a win of sorts for Russian counterpart
5. Demonstrate strong resolve and repeatedly show commitment to some non-negotiable principles



Recommended approaches for working with Russian negotiators

6. Avoid surprises in formal negotiations – use informal meetings to explore new ideas first
7. Link agreement on one issue with another
8. If making a concession, obtain a counter-concession now, not later in the negotiation
9. Use packages to address multiple issues – obscures overall gains and losses and helps save face on specific concessions
10. Be clear and explicit about definition, timing and consequences of non-compliance – consider positive and negative incentives



Irish experiences of negotiating with Russian counterparts



Two Russias

'Old-style' Russians

- More often found in indigenous companies
- Will generally know nothing or very little about Ireland
- Avoid political/economic conversations – more interested in literary classics
- Restaurants selected for entertainment should not be ostentatious
- May distrust some ethnicities or nationalities

Younger Russians

- Often with a background in a multinational company
- Ambitious, career-driven, speak English well
- Open to discussing politics, international business, travel, etc.
- Select a trendy restaurant – and don't expect the vodka toasts
- Final decision-maker in MNC may be a foreign expat



Tactics of the 'old-style' Russian

- Often use the tactic of long meetings with endless repetition to wear you down
 - Patience and ability to hold your cool are needed
- Very often doesn't speak good English, or even if does speak English prefers to go through a translator
 - Can be a means of buying time
 - Always assume anything you say can be understood
- When addressing your translator or Russian colleague, may speak in a way that appears aggressive to the non-Russian speaker
 - Don't appear intimidated or shocked by this



Tactical advice for Irish negotiators: Dealing with older Russians

- Never appear weak or uncertain
 - Be polite, firm, stick to your line but try not to appear inflexible or not to understand their point of view
- Your initial offer or position shouldn't be too far away from what you finally accept
- Give a lot of time for the discussion
 - Don't expect a quick one hour meeting; leave one day per negotiation, incl dinner with vodka toasting



Tactical advice for Irish negotiators: Dealing with older Russians

- Avoid PowerPoint or visual-aided presentations
 - It impresses to have a grasp of the facts without a formal presentation of them
- If dealing with a state-owned company or Government dept understand that they lay down the law
 - The rules of the game can change at any time
- When socialising with older Russians avoid discussing politics or the Russian economy
 - Stick to personal topics (family, sport, interests; try to find common ground from a human angle and to be genuine and 'sympathetic')



Tactical advice for Irish negotiators: Dealing with older Russians

- Try and know something about Russia –history, geography, regions, cities, literary figures
 - Know which areas of former USSR are *not* part of Russia
- It can help to stress the "smallness", modesty, neutrality and independence of Ireland
- Older Russians are often well-versed in the Russian masters so it helps to know your Dostoevsky from your Tolstoy
 - Can point out that Beckett, Joyce, etc which are well translated and read in Russia are Irish



Tactics of the younger Russians

- Can be quite pushy and relentless in negotiation
- Tend to seek a lot of information and constantly probe and test for areas of weakness
- May use the 'power of higher authority'
 - Which is often a genuine issue, depending on their decision-making status
- Getting significant concessions and feeling that 'they won' deemed very important
- Threats may be used as a ploy to force compliance
 - And will usually be followed through



Tactical advice for Irish negotiators: Dealing with younger Russians

- Important to know how much decision-making authority they have
- In negotiations are likely to be very logical, and well-prepared and structured
- Respond to a well-prepared pitch, PowerPoint presentations, consultative approach
- In comparison with older Russians, you are more likely to need a strategy where you compromise from your original position to reach a deal



Thank you



Any questions?