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Diploma Thesis

Business Negotiations in Different Countries – Case Study: China, with Russia and Moldova

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Declaration of integrity

I hereby declare that I have worked on my Diploma thesis titled ‘Business negotiations in different countries – Case Study: China with Russia, and Moldova’ solely and completely on my own and that I have marked all quotations in the text. The literature and other material I have used are mentioned in the References section of the Thesis.

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Signature

Acknowledgement

I would like to thank Mr. Selby for his supervision and the effort he made to make sure that this thesis fulfils its objectives and most of all is a contribution in practice.

Business Negotiations in Different Countries – Case Study: China, with Russia and Moldova

Summary

This thesis is dealing with a globally important issue – business negotiations. The structure of the thesis is divided into two parts: theoretical background of the problem and practical implementation.

The thesis is based on different methods, such as literature research, analysis and comparison of cultural characteristics, deduction and description of some practical issues and organised interviews with top managers.

The objective of the work is to offer guidance, in the sphere of business negotiations process, to companies that are going to do business in Russia, China or Moldova. The main hypothesis of this master thesis is the assumption – the cultural background has big influence on the process of international business negotiations.

Keywords: negotiation, management, pressure, cultural differences, Hofstede, communication, compromises.

Obchodní Jednání v Různých Zemích – Případová Studie: Čína, s Ruskem a Moldavsko

Souhrn

Tato práce se zabývá velice důležitou otázkou dnešní doby, tím je obchodní jednání. Struktura práce je rozdělena do dvou částí: teoretického pozadí problému a praktické realizaci.

Práce je založena na různých vědeckých metodách: rešerši, analýze a porovnání kulturních rozdílů, dedukci a popisu některých praktických otázek a řízených interview s top manažery.

Cílem práce je nabídnout praktické rady vedení firmám, které mají v úmyslu podnikat v Rusku, Číně anebo Moldavska, a to v oblasti obchodního jednání. Ústřední hypotézou této diplomové práce je předpoklad, že kulturní prostředí má velký vliv na průběh mezinárodních obchodních jednání.

Klíčová slova: jednání, management, tlak, kulturní rozdíly, Hofstede, komunikace, kompromis.

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1 Introduction

In this thesis we would like to deal with a globally important issue – business negotiations – its importance is increasing all the time with the world coming to be more global with higher number of people moving and establishing in foreign countries looking for better jobs and another life. The world where companies are developing globally, by outsourcing as well, thus has to cooperate with people of different cultures.

The importance of business negotiations in different countries has been increased by the globalization process which has had a great influence on the world economy. Due to more interconnected relation, a lot of companies have the tendency to enlarge their business and activity outside the country or region. The process of international expanding demands not only economic, marketing or technical knowledge and competence, but also skills to communicate with people from other cultures. Different cultures require different styles of negotiation. The process of negotiating between different regions or states, with completely different political systems, history, traditions and culture, is named international negotiation. Business negotiation process and negotiations are the key part of growing business, and they can be influenced radically by cultural differences. The cause of these cultural differences is based on people's way of thinking and behaviour; we are used to a certain way of manners so it makes it problematic to understand each other, which makes the business process with companies abroad more complicated. The ignorance of cultural differences in the business world can lead to an unsuccessful result with negative impact. It is essential to understand and be aware of these differences because everyone manages in accordance to cultural values and beliefs, in order to prevent any conflict or misunderstanding and do business abroad effectively. Today's business environment requires every type of business and companies to see the economy and market from international perspective, because the traditional home market is not enough for business development.

Therefore, studying about business negotiations process and cultural diversity should lead us to a more successful life and working activity in different societies, both abroad and locally. The process of managing the relations between people is negotiation. This is an essential human activity which exists even between family members. It also exists in business world between business partners, sellers and buyers, workers and their employers. In business negotiations the risks are often high and it is needed to be ready and plan

everything carefully, in order to be able to influence the course of negotiations, and to get the desired result and deal.

In negotiations, highly significant for the implementation of strategies is considered the communication part which is one of the most puzzling and crucial. International business negotiations are not similar to domestic or local negotiations, because there are many features that differentiate these processes. The negotiations by themselves are not an easy or simple process, when it includes participants of more than one culture, the issues become more complex. The agreements are prepared between participants with different cultural backgrounds. The stereotypes of thinking, acting, behaving and expectations are influenced by national culture. In order to get fruitful results from the negotiations it is needed to identify and be familiar with the partner's culture, to adapt the negotiation strategy to the other party.

2 Aims and methodology

The structure of the thesis will be divided into several parts: theoretical background of the problem and practical implementation. First part will be dealing with the creation of theoretical basis for further research and will focus on literature research of the business negotiations process. In this part we will concentrate and describe business negotiations from different perspectives, such as tactics and strategy. Afterwards, we will continue with the analysis of the emotions, which impact plays a very important role, because the negotiation is not only about facts and arguments, but also about psychology.

A small chapter shall be dedicated to a very interesting area of the researched topic, team negotiations and role distribution, broadly adopted nowadays due to developing business trends.

After that, we will show the problems coming up during the negotiations process. Also, during the negotiations we could come across a lot of tricks and barriers, so we will highlight commonly used tricks and how to avoid them.

At the end of the first part we shall centre on literature review of business negotiations through cultural characteristics prism. Cultural background is an essential and a common part of transnational business because our values are strongly shaped by our environment. Accordingly we shall focus on China, Russia and Moldova, analyse and review their cultural characteristics and how they impact the business negotiations process.

After all, practical part contains the throughout analysis of business negotiations in several countries: China, Russia and Moldova. The choice of these regions was not accidental, as I am originally from Moldova and accustomed to most cultural issues. Additionally, Moldova is interesting for research because it aims to become member of the European Union, and is attractive for firms planning to outsource their activities.

China was selected because it is a highly developing country and a lot of companies are interested in doing business there. Moreover, my current activity is related to Chinese market and I am working with managers who are operating in China, and it is the area of my interest. Russia was selected because it is the largest market in the Eastern Europe, more and more companies aim there.

The thesis will be based on different methods, such as literature research of different foreign authors which will be used primarily in the theoretical part. The literature research

will offer an overall introduction into the entire problem. The research will be focused on the especially main topics and countries for simpler orientation and further comparison of the presented information.

Further methods shall be: analysis and comparison of cultural characteristics, deduction and description of some practical issues, and others.

The field of research will be principally created on organised interviews with the Top Managers of different nationalities with worldwide experience. The interview will contain designed and well prepared open questions and they will be the same for every interviewed person. The questions will be formulated carefully, in a simple manner, to avoid any misunderstanding for the support and credibility of the obtained answers.

Furthermore, the qualitative method will be applied in the analysis of the collected material to observe the major issues and answers. The research and practical part will deliver great comprehension of the related topic and essential problems out of which particular conclusions and future recommendations can be made.

In the final part, induction shall be used to sum up information from previous chapters and generalize the conclusions. The combination of all research methods will add more value to the thesis.

Based on the problem discussion, the following research questions should be answered:

- Is it required to have a partner in these countries who will present our interests or it is possible do manage on the local market by ourselves?
- What are the most important issues a businessman or company going to China, Russia or Moldova should consider?
- What difficulties and problems may be faced when negotiating in these countries?

The objective of the work will be to offer guidance, in the sphere of business negotiations process, to companies that are going to do business in Russia, China or Moldova. The formulated recommendations shall explain what difficulties one might face and what the solution is.

The main hypothesis of this master thesis is the assumption that the cultural background has big influence on the process of international business negotiations.

3 Theoretical part

3.1 Business negotiation process

The negotiating process is absolutely present in everyone's daily life; meanwhile in business it has an absolutely critical importance for somebody's success. Poor negotiation can easily cause damage to a company, as fast as losing the key customers. Even though the majority of negotiating tactics and approaches seem being reasonable, it is very common for people to get influenced by emotions for a moment and ignore the fundamental instincts.

There is no room for emotions in a fruitful negotiation process. It costs a lot of time, practice and discipline to learn the ability of negotiating and once you got it you have the opportunity to get the best deal under any conditions or circumstances.

Sometimes, we come to meet proficient negotiators who speak about negotiating methods as being a *game* which is absolutely a misnomer for a procedure in which the risks are often very high. The business process requires lack of emotions and ego, but needs high attention to details at all times.

Every business transaction requires negotiation with at least one side. (Cellinch, 2012, pg. 31). Negotiation "*is a dialogue between two or more people or parties intended to reach an understanding, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests*". (Thill, 2014).

Negotiations represent a mutual business communication with the goal of reaching a joint decision. Throughout our lives we negotiate, exchange commitments and promises. Whenever two people have to come to an agreement, they must negotiate.

Negotiation is a process that can refer both, official and non-official life; when official it can take place in business, non-profit organizations, legal processes, and when non-official life it refers to marriage, divorce, etc. The negotiation theory studies and analyses the negotiation process. The professionals participating into the negotiation process are experienced negotiators and they have different titles, for example: broker or diplomat, or they can be specified as union negotiators, peace negotiators.

Negotiations occur in the form of a business conversation on issues of interest for both parties and are establishing cooperative ties. Negotiations are significantly different in their goals: supply and delivery of contracts, agreements about conducting researches, an agreement on cooperation and coordination of activities, etc.

In the process of negotiating parties want to:

- achieve mutual agreement on the problem of conflicting interests
- withstand adequately the confrontation, that inevitably arises due to conflict of interests, without destroying the relationship

To achieve the goals, parties must be able to:

- Solve the problem
- Develop interpersonal interaction
- Manage emotions (Thill, 2014).

Professionals of different background and experience are sitting at the bargaining table as a rule; they have different temperament and various specializations (technical or economic). In accordance to the large diversity, the course of the negotiations is different. The negotiations may flow easily or tensely, partners may agree among themselves without difficulties or they may not come to any agreement at all.

The most important thing in negotiations is to conclude the deal, there may be three stages.

✓ Concession

The participants of the negotiation should be ready for concessions, in case of disagreement, the solution should be found in stages. The concession (compromise) is achieved via long discussions where parties may give away their initial requirements and set new ones. To get closer to the position of the other party it is necessary to try to anticipate the possible outcome of a compromise decision for the realization of self-interests and critically assess the concessions' limits. It is difficult to reach quickly an agreement by concessions acceptable for both sides. The deal based on compromise is concluded when the consequences of failure damage both parties and the achievements will be on both sides.

✓ Consensus

Before the negotiation, it is needed to determine what evidences and arguments (facts, results of calculations, statistics, figures, etc.) should be used to encourage the other side to accept the proposal. Below some ideas:

- try to see the deal from the other point of view;
- consider the issues expected from partner's point of view and their arguments *for*

and try to convince them about the benefits;

- analyse the probable counterarguments from other side and prepare to use them in the process of argumentation.

Important is to listen well the counterarguments, rather than ignore them, as the other side is waiting for response to the articulated objections, reservations, concerns, etc.

✓ Consent

After long and difficult or short and easy negotiations, the parties usually come to an agreement. The main thing at this stage is to pass over all issues to make ensure that there are no disagreements. Both parties must be satisfied with the outcome. Thereafter, the parties sign necessary agreements, contracts, etc. These documents should indicate all problems that may come out, and their solutions.

3.1.1 Tactics

Tactics are part of strategy – *“when you combine several tactics in attempting to accomplish your goal, the combined effort becomes your strategy”*. (Stark, 2003, pg. 97).

The purpose of tactical preparatory period is to choose the methods and ways of leading the negotiation, to divide the roles among the team members and establish constructive relations with a partner. Some professionals point out that the business relationship with the negotiating partner should, above all, be friendly and the partner should be taken as a friend.

However this opinion seems not very correct when understanding that the negotiations are not only unity, alliance, but also disagreements and conflict of interest. The business relations during the negotiation are based on a mutual outcome, and not on altruism. (Sanibel, 2009). The analysis of two approaches will be done into the following part of the work.

Before going to the meeting, it is necessary to prepare, find out who is going to be your partner, prepare so that you are able to take advantage of partner’s weaknesses and enforce your strengths. It is very important to know the level of experience of the partner, as he/she could have valuable information. An option is to talk to business associates who have worked with the partner. Experienced negotiators, in order to have advantage, use certain patterns and manners that they developed.

Except the partner, it is necessary to know in detail the services or products which are subject of business negotiation process. The lack of information in the subject of

negotiation might become significant and turn against you, by becoming target of tricks or lies, in case your party perceives you are weak on such specifics. The psychology has a very important role in your capability to sense the partner's lack of preparation and foresee the next step.

The negotiation process has basic principles. We should remember that the first offer has often high significance because it will be the point of reference by which all following offers will be measured up. We will not receive what we are expecting for if not asking for, so our first offer should be determined and forceful. The requested price typically includes the real price and a pad or margin to give away during discussions. To be sure that we will get all we expect and even more, we should start at the level lower than the partner (seller) anticipates. There should be no worries about offending the partner. The other party will go on with the process of negotiations, if your offer is absurd or ridiculous, and will expect to get a better price. If you are a buyer, you should not disclose your budget or other conditions in your negotiating position. The most used tactic of salesmen is to reorganize the product specifications, plan and other characteristics, which is done to sell us an inferior product to match our budget. We should use an approach that supports the opportunity to spend less than we planned initially, thus we could buy the best product or service for the amount of money planned. (Couser, 2013, pg. 111).

Besides exploiting the other party's weak points, we should focus on getting the maximum benefits from our strong points and powers. In case of being the only available source of information about a specific product, we have huge strategic advantage over most of the directions. Another economic circumstances on the market which are advantageous for us, as a seller of a product or service, are the high demand and low supply, thus offering us the bargaining power to set the price. In case of a buyer, especially in a depressed economy, we can benefit of small demand high supply. This housing position is only a classic illustration of what can take place when supply is much higher than the demand and the prices from the market fall considerably. (Couser, 2013, pg. 111).

It is very important to understand the offer is more than just a sum of money. The offer should include all elements of the deal and should basically represent the fundament for the contract that makes the agreement official. In case of initiating a proposal without establishing and exactly describing all specifics, we may realize later that we did not come to a mutual consensus with partner of the deal. Here are the basic elements of the bargain:

The basis of the bargain should include: “*offer price (in proper denomination), statement of work (scope), identification and quantities of goods or services, delivery schedule, performance incentives (if any), express warranties (if any), terms and conditions and any documents incorporated by reference*”. (Sanibel, 2009).

During the bargain there might be used popular tactics: to exchange a component for another, for example lower price for a more suitable timeline. But it is necessary to be very attentive and keep the bargaining chip hidden and take it out when we want to conclude the negotiation and get the wanted price. Nevertheless, the main focus is usually on price, it is necessary to always keep in mind and think about other elements of the deal. Moreover, standard forms of contracts, or so called boilerplate contracts, represented as a norm should never be accepted. Any part of the contract, even the fine print can be modified. In case it happens that the other party rejects the change of demanding terms, then it is much better to consider have the business somewhere else. (Couser, 2013, pg. 111).

During the course of the negotiation it is necessary to understand and decide the desirable but mainly acceptable conclusion for the other party. It may refer not necessarily to the price, but it can be a sequence of different terms that might play together not the best deal. As an example, the delivery of the service or product is highly important to one party, whereas for the other party the main driver is the quality of the product.

There are situations when it is easily possible to influence the bargain process in one’s favour, than important is making safe the good result of the deal, and not driving the other party in a disadvantageous situation. The best would be to go for a win-win conclusion. The negotiations on a recurring basis show the high importance of this tactic. The well prepared professionals who have good knowledge of business and, are able to protect the mission of strange personalities are the most effective negotiators. These professionals are able to convince the other party into having the best agreement possible in the situation.

In order to conclude a fruitful negotiation, the professional needs some abilities, such as: consciousness, capacity of anticipating actions, moves or thoughts in different situations, to have a good sense of timing and to be creative. Negotiation is very likely to a chess game where all moves are very important because they have to determine not only the next step, but move you closer to an effective outcome.

The above mentioned approach will be compared to this one. Asking for what you want. There is nothing, in the process of negotiations, that cannot be negotiated and experienced

negotiators are self-assured and are able to dispute everything. Brodow, a speaker and author on the subject of negotiation, mentions “*negotiation consciousness*” as what makes negotiators different from ordinary people. “*Being assertive means asking for what you want and refusing to take NO for an answer.*” A lot of practice is required in order to be able to show the feelings without irritation or anxiety, also to communicate the other party the requirements in a non- endangering mode. Important is to pay attention to the way of expressing ourselves and practice same statements, we are used to, in a completely different way such as: “*I don't feel comfortable when you do that*” instead of saying “*You shouldn't do that*”. The difference between the statements is big, because the first statement lets the speaker defend his or her own interests and at the same time keeps being respectful towards others, so being assertive. Meanwhile, the second statement demonstrates the speaker’s aggressivity and desire to fulfil his or her interests. Therefore being assertive is highly important because it is a segment of negotiation consciousness. (Markov, 2010).

Below are listed and explained some tactics that might be helpful during the negotiation process.

✓ **Listening more than speaking**

During a negotiation process it is very important to listen. By starting with probing questions and then keeping silence and letting the other party talk, the good negotiators get replies to all their questions as the other party will give the information unconsciously. It could be said to be a negotiator is to be a detective, whose primary task is to listen, which cannot be done easily by everybody. People's desire to be heard affects so much that it prevents them to listen. If people would learn the art of listening, then a lot of conflicts could be solved.

The method of developing listening skills is to allow others to talk most of the time, by respecting the rule 70/30, which means to shut up and listen for 70% of the conversation and 30% to speak. This 30% of speaking time refers to the questions that should be asked, so called open-ended questions.

✓ **Doing the homework**

Another important step before any negotiation is to prepare very well, and collect as much applicable information as possible, being a real detective. Prior to the deal, it will be an

advantage to gather such details as: the other party's needs, pressures and options, therefore the conclusion of the negotiation depends on how well the homework is done. To make the right decision it is necessary to know and evaluate the situation of the other party. The professional who grasps the more information the stronger he becomes in the process.

✓ **Willing to walk away**

When in negotiations, it is a must to have more options of outcome, and not being dependent of the positive result of the negotiation, otherwise there is the threat to lose the capability of saying - No. Before the negotiation, it is highly important for every professional to prepare himself or herself to walk away if it is not possible to conclude the agreement satisfactory. This behaviour will force the other party to make compromises. By refusing to take into consideration the option of walking away the negotiating party may be persuaded to accept the demand of the partner just to get the deal. The presence of inner strength and the recognition of other possibilities help negotiators win the game.

✓ **Don't be in a hurry**

The next on the list, comes the patience, which can make one of the party more advantageous. Nowadays, it is difficult to remain and be patient, namely it refers to American and European culture, in general. Meanwhile the situation in Middle East, Asia or South America is completely different as the time is appreciated by people in those cultures. People are more likely to make mistakes and take wrong decisions when in rush. To be flexible is equivalent to have the advantage. The patience of one party can be destructive to the other party if they are limited in time for the reason that they begin to think their partners are not forced to conclude the deal. So, those under pressure of time offer concessions as a way of offering the motivation to say - Yes - to the other party.

✓ **Aiming high and expecting the best outcome**

The optimism is another advice that makes negotiators prosperous. In order to succeed good result the verified strategy should initiate with an extreme position. The seller should set a higher price, for his product or service, than he supposes to receive, at the same time the buyer should propose less than he is willing to give. Negotiators who target higher perform better. The optimism will develop into a positive prediction as a result of being foretold, expected. On the contrary, by having low prospects, there is a high probability to conclude the negotiation with a less substantial outcome.

✓ **Focusing on the partner's pressure**

The businessman usually focuses on his own pressures by trying to answer many questions. Thus, the professional is falling into the trick which is not in his favour, because he focuses on his limitations and does not see the big picture. Meanwhile, the other party will be more influential. It is rather more effective to look for pressures of the other party in a certain deal. During the negotiation process, the power is on the part of those who see the pressure and recognize the reasons of the partner. Nobody can be indifferent about the deal, and everybody has worries and anxieties. The task of a good professional is to find out them and when he discovers what is exactly is the pressure, he should take advantage of it with the aim of succeeding better outcome.

✓ **Showing how needs will be met**

Professionals always analyse and see the deal from the perspective of the other party, as well. Everyone sees the situation from a different perspective. To be in advantage it is needed to discover the perception of the process from partner's point of view. Another mistake in negotiation behaviour is the big desire to win the deal, but a wiser tactic will be to try to understand the other party and show them methods of being happy. The philosophy of many professionals is that *one hand washes the other*. They believe by helping and offering a satisfying deal to the negotiating party, they will be more motivated to satisfy their partners, too.

✓ **Attention when making compromises**

It should be noted that during any kind of negotiation it is fundamental when making compromises, to give something in return to the other party. Otherwise, these one-sided concessions will become self-destructive. It is recommended to use conditional clauses *If* by mentioning of being ready to make a concession if the other party does the same. If not, by making a concession without any condition the negotiator risks to be requested for added concessions. When one side provides something away without asking the other side respond in the same way, this second side will take it for granted and will not be contented until getting more and more. Thus, to make the other side satisfied and happy with the offered compromise, the negotiator should deserve the concession. (Duening, 2010, pg. 300).

✓ **Don't take the issues or the other person's behaviour personally**

The personal issues often become a problem during the negotiation process and many deals fail to be concluded. It happens because one of the professionals or even both of them are

distracted by personal issues that have nothing in common with the deal. Good professionals concentrate on working out the problem, namely: the way of concluding a bargain that follows the requirements of both sides. Haunting over the other person's personality or other irrelevant things not related to making an agreement, can sabotage the process. Therefore, the best is not to pay attention to the behaviour and attitude of negotiators who are not adequate.

3.1.2 Strategies

The negotiation can have different forms, such as trained negotiator who is functioning as the agent of a specific association or business organisation, or as an informal negotiation concerning an issue of acquaintances.

Additionally, negotiation might be compared with mediation, where are two sides that cannot come to an agreement, the negotiator being in the position of neutral party has to take note of every party's contentions and the tries to support to create a bargain between both sides. Also, there are parallels between negotiation and arbitration. The first one is similar to a legal proceeding, where takes place the listening and determination of a dispute or the settling of differences between parties, and the arbitrator is person chosen to decide the outcome. Such type of negotiation might be also named hard-bargaining negotiation. Strategy, information and self-management are the basic principles for creating negotiation power, it is so-called driver. When we do not have strategy, we are becoming so-called passenger. (Guasco, 2007, pg. 210).

Generally, there are two types of negotiation distinguished which are called differently by different theorists and have various labels.

Distributive negotiation

Here are three different designations for the same type of negotiation, such as distributive, positional and hard-bargaining negotiation, which have a slightly different meaning. These labels try to define negotiation according to the market model.

The distributive negotiation is well known with the risky position adopted by both parties, even though both positions understand their requirements will not be accepted. Afterwards, they use a combination of tricks and push brinkmanship just to give away the least possible and reach the agreement. Distributive bargainers consider the negotiation as a procedure of allocating a fixed sum of value.

The term distributive suggests a limited quantity of product or thing that should be split up among all the participating parties. There is sufficient to satisfy the requirements of both parties, but the amount to be distributed is variable. This is the case of win-lose negotiation, because the position of both parties determines an outcome that will always have one getting profit and the other failing to achieve the desirable. The participants of distributive negotiation very often are individuals who have never participated in business negotiations and who most probably will not participate in the appropriate future. As an example can be common actions of car or house purchase.

Integrative negotiation

Another type of negotiation is the integrative which very often is called principled and interest-based negotiation. The integrative negotiation represents a group of techniques. These techniques are designed to develop and better the quality and prospect of the deal. Thus, proposing a different negotiation technique to substitute the traditional distributive ones. Distributive negotiation means a fixed quantity of value to be split up between the parties, while integrative negotiation's aim is to develop value during the process of the negotiation, by expanding the value. This type of negotiation directs on the fundamental interests of the parties. It does not focus on the arbitrary views from the beginning of the negotiation. Also, the difference between distributive and integrative negotiation is that during the integrative negotiation the problems of the agreement are viewed as common or shared, and not individualised as in distributive negotiation, by persisting upon a faithful support and follow to non-subjective, principled criteria as the origin for agreement.

Integrative negotiation very often implies confidence or even creation of a relationship. It requires creative problem-solving, because its goal is to reach mutual profits, and it is important that this is a win-win negotiation.

3.1.3 Emotions

During the negotiation process, there might appear and result different emotions. The reason is that "*emotions play a very important role in our life and also in the human communication process*". (Aquilar, 2008, pg. 47).

Positive emotions can be caused by allurements to the other participating party, by feeling content about the process of development of negotiation and the growth made by parties, or being satisfied with the outcome. In opposition, negative emotions may result from

intense dislike when contacting with the other party, by feeling unhappy about the course of development of agreement without any progress, or being dissatisfied with the conclusions.

Positive emotions are usually categorized under one term *happiness*, but it cannot be done when in case of negative emotions which are classified by different terms.

According to Lewicki (2007) positive emotions may have following consequences:

- Positive feelings will most probably direct the parties toward a smoother path and more integrative proceedings. It has been proved by researchers that negotiators under the influence of positive emotions toward each other have a higher probability to endeavour for integrative agreements. Also, they are more flexible in their means of reaching the solution to an issue.
- Positive feelings are the fundamental of a good attitude toward the other party. To make the other side more flexible during the process, it is necessary to create positive feelings so that there is reciprocal sympathy. The presence of reciprocal positive attitude increases compromises making, lowers aggressive behaviour, and builds trust among the parties.
- Positive feelings encourage persistence. If both parties feel positively attracted, there is a high probability they will be more confident. In consequence, they are more likely to be persistent in resolving their worries and problems addressed in the negotiation and to conclude the deal better.

As mentioned before, agitation and dejection can be the reason of negative feelings. When one side (or both sides) has these negative feelings, the behaviour may provoke the emotional reaction of the others. Below are several examples of such situations:

- Negative emotions can influence the participants understanding of the process, and take it as competitive or distributive. The participant in a negative mood is more inclined to have a hostile comportment toward the other party. During the discussions of the agreement, the negative behaviour inclines the actor to take a distributive position on the problem at a hand.
- Negative emotions represent a big impediment that weakens the negotiator's ability to investigate the circumstances correctly, which unfavourably affects the deals conclude. When comparing the behaviour and actions of a negotiator with neutral

emotion background and the negotiator with angry feelings, the researchers noticed lack of accuracy in judging the interest of other side and failure in setting his interests and priorities. The problem of negative emotion, anger and its effects over the human being consists in the ability to defocus negotiator's attention from the negotiating issue.

- Negative emotions can provoke the intensification of conflict between parties. When the actors of both sides are in negative mood, under the influence of frustration, they begin to blame each other. Thus, the conflict is under the risk of getting personal meaning, the number of problems increases and the negotiators might be involved into a disagreement. If one side expresses anger towards another side, it may cause negative feelings to the second side, which decreases the possibilities of solving successfully the dispute. (Lewicki, 2007).

3.1.4 Team negotiations

Leading negotiations in a team brings some benefits to each of the parties. First of all, negotiating teams may build new prospects for integrative solutions. The professor and researcher Leigh Thompson, with several colleagues, compared “*three types of negotiation situations: teams versus teams, teams versus solo negotiators, and solo negotiators versus solo negotiators.*” If at the negotiating table was at least on team, the achievements were higher for both parties. The discussion during the negotiation, with the participation of teams, are more effective and the exchange of information especially regarding interests, problems, and priorities goes smoother. There are cases when team members have opposite opinions about fundamental issues, then these professionals will not be able to benefit of their differing skills. (Mannix, 2005). Team negotiations also give real time brainstorming, but require dividing responsibilities. (Gosselin, 2007, pg. 184).

Important is that solo negotiators do not sense the feeling of power, they do not feel as confident and advantaged as teams do. Professor Kathleen O'Connor of Cornell's Johnson Graduate School of Management mentions “*Even under highly stressful situations, as when they're accountable to constituents, team negotiators feel less competitive and pressured than do solo negotiators.*” The feeling of security and power increases when there is more than one participant from one side. (Mannix, 2005).

However, having a team does not mean having all negotiating advantages, even if it is promising. Assume that there is a team of three members, the first has very good analytic skills, the second member has huge technical background, and the last one has strong communication and relationship-building abilities. All these elements are very important and should ideally form a perfect team. But nothing can be as ideal and easy as thought to be. It is difficult to have all team members to come to a mutual agreement, very often they disagree on basic issues, for example when making concessions. Therefore, such teams doubtfully will take advantage of their differing skills.

“Teams whose members had not worked together before were unable to pool information and failed to solve a problem” noticed Elizabeth A. Mannix and her colleagues. If team members do not know each other well, then this team risks to have a deficiency of pre-established group norms which are highly necessary to involve in high-level issue solving without destructive consequences. At the same time, teams composed of professionals who were familiar with each other, had almost no difficulties sharing important information and resolving the same issue effectively. So, it should be underlined one more time the importance of the familiarity of team members, which helps them communicate and share divergent facts and engage in the constructive conflict when required to find a clarification. (Mannix, 2005).

Obviously, teams may have helpful presence at the negotiating table, except when team members can discover, leverage, and professionally manage their diverse abilities.

Team negotiations require beforehand preparation, especially the planning and anticipation of unexpected situations, because such cases in addition to lack of good management may lead the team into an awful position. These situations should be directed properly well, otherwise the team’s negotiation efforts can prove to be failed or ended up. In some way, proper managing is when there is a lead negotiator who establishes the platform for the team members by inspiring them and guiding to a well done task.

Below are 5 ideas that could be used in the management of variables in a team negotiation. (Williams, 2010).

1) Team members should be selected with care

Team members should be selected following several criteria, such as the knowledge they possess, connected to the negotiation in hand, and the cohesiveness they should generate into the team. Absolutely forbidden and not recommended is to choose future members

according to the position and skills they proved during previous negotiations, if these abilities and characteristics do not bring value to the negotiation in hand. Additionally, none of the professionals who seem to be too independent can be added to the team. An independent team member can cause more damage to the team than bringing advantages, during the negotiation process.

2) Role-play before the negotiation

Sometimes, the lead negotiator may create and divide roles and tasks that each team member will have to perform during the negotiation meeting. So called *rehearsals* will have a good influence over the team members, because mistakes that might occur could be anticipated, as well as visual picture of a real negotiation can be experienced by members. The scenarios of the negotiation role-play have to focus not only on the team actions, words and behaviour but mostly on how the other negotiation side will perform during the negotiation, and how the team should react to offers and counter offers.

3) How to position the team of negotiators

The positioning of negotiators team depends of how they want to appear in front of the other party. The way of positioning the team should be built relatively on the perceptions wished to be achieved during the meeting. Therefore, the manner in which the negotiators team figure themselves should be adjusted with the aims of the negotiation work. By this means, it has to be taken into account that the created pattern should match the opposing team.

4) Who delegates the team?

The team leader should not be identified easily by the other party during the negotiation meetings, because it might play a strategic advantage in front of the other team. The implementation of such tactic prevents the other party's members identify the real power of the team.

5) Manner of communication during the negotiation

It is as well important to build up and agree on the method by which the team will be able to communicate nonverbally during the negotiation meetings. The body language is the manner that could be used, and signals should be agreed and created prior to the meeting. The reason of thinking and deciding in advance about the nonverbal communication process between the team members is to consciously hide information that could be useful for the other negotiation team. But, the nonverbal signals can be observed and understood

by the opponent party and as a result to obtain information about the vision of the negotiating direction and take advantage of it. Meanwhile, nonverbal signals can also be applied to misinform the other team.

Because of shifting variables that may happen in a team negotiation background, the activities of the team have to be managed and controlled cautiously and tightly. The team can be directed and controlled as long as the variables can be accounted. During the negotiation meeting the management of the team can be subject to fast adaptation in accordance to the changing circumstances. By following, the above mentioned tips the team will enhance its position to reach the objectives of negotiation. The team leader should ensure the position by managing as many variables as possible, because during the negotiation something is always changing.

Here are some negotiation tips:

- There is a risk for team negotiation to become volatile, if team members introduce their own agendas into the negotiation. The team leader should warn the team before the meeting that everybody should follow the set agenda.
- Individual personalities when working together may change their qualities and get different traits. Thus, it is necessary to make sure the members of negotiation team can work together as a real team.
- Last, but not least important is the number of team members participating in the negotiation. There are situation when it is difficult to direct the too big team, and equally it can be ineffective when the team is too small.

3.1.5 Problems

There are many problems that might appear during the negotiations, but these issues are usually related to key areas. Highly important and effective is to have a plan for potential problems, and not figure them out during the negotiation meeting. There are a few problems that occur more probable than others, and below is a short description a few of them. (Oliver, 2009).

Trust

There are situations when one of the parties makes promises which they are not going to keep, or one of the sides may bluff, be dishonest etc. (Mara, 2010, pg. 162).

- 1) From the very beginning it will be a good step to read out that the negotiation presumes all information and statements are truthful and correct, and any of the parties may solicit for proof at any time. Such measure will make both sides be honest and think twice.
- 2) To prove the statements, information and claims, both sides can require documentation. Also, it is necessary to do what was said, it means to ask evidences, otherwise the other party might take it not very seriously. In order to avoid any unpleasant situation, it is better to let the other side know that it is a real business.
- 3) Add possible and unexpected expenses in the contract, such as: penalties for non-performance, earnest money, security deposits, written agreements, bonuses for increasing output and better-than-required operation.
- 4) In case the other party continues to evade in following the claimed conditions and the style used in negotiation is not straight-forward, then it is absolutely not recommended continue such negotiations. There should be no threat of cancelling any negotiations and walking away if the partner cannot be trusted. Once one of the sides declared to leave the deal, and not doing it, the other side will understand that their partner needs the deal badly and starting from that point will do all they want.

Communication

As a rule, almost every negotiation process has basic communication problems which are disregarded in the heat of negotiation.

- 1) There are issues that should be clarified from the very beginning, for example: proper understanding of other side's goals, conditions and terms, identifying the value of the items from their perspective, etc. Also, each party should formulate clearly and briefly what is in play, from the perspective of both sides. It would be ideally to speak clearly and verbalize all the aspects of the agreement in a group of simple sentences that can be revised by both parties.
- 2) It is very useful to make and keep notes during the meetings, which should record elements of the agreement as they are discussed and agreed to. This trick will save the time of each negotiator during disputes and it diminishes remarks about the fact that such issue was not discussed or no agreement was done on the problem.

- 3) Highly important is to be aware of cultural differences between the negotiation parties. This topic should be studied and looked up before the negotiations have started.
- 4) The role of the spokesman should not be underestimated. Sometimes, the rotation of the spokesman or spokeswoman may solve some issues, because of different styles of communication, and the change of team members will not be necessary.
- 5) It is important for the leader to be empathetic. He or she should be prudent and cautious to view the deal and whole negotiation process from the perspective of the partner. Therefore, it helps to have a moderator or a colleague who will make certain the leader is objective.

Contestants

The negotiation process is not a competition. Nevertheless, there are negotiators who perceive this process as a competition and believe they should beat the other party on every term. These are usually inexperienced negotiators who do not realise the value of the deal at hand should be judged differently.

- 1) The members of the other party should not be treated as real work colleagues. None of the team member should disclose them some kind of information.
- 2) Before the negotiation starts, it is necessary to decide the best alternative to the negotiated agreement and the walk away price. More than that, the other party's alternatives should be estimated, too. The acceptance and recognition of the current position as being the most reasonable decision and opportunity in the negotiation at hand should be tolerated by the team and especially by the leader. None of the team members should feel intimidated, everybody should act in accordance with the objective, plan and position by trying to work with them, in order to increase value and conclude a good contract.
- 3) In case the negotiation path is blurry, and there are not any securities about the fairness of the deal for both parties, it is better to walk away.

Opposers and Resisters

There are cases when in a negotiation one of the parties does not want the deal to work. It means they overestimated their requirements and position and they do not want to accept the terms with the reality of the situation.

- 1) The solution, in such situation, may be to try to find the other party's benefits (oppose) and pass this information to them very clearly, so that they switch the attention from the losses to the gains. Thus it will be possible to change their attitude and emotional state.
- 2) Sometimes, the opposer may be only one member from the other side and the rest of the members can behave less persistently. This is the case when these people could be helped to understand faster and easier the benefits of the situation, even if there are losses.
- 3) The negotiation parties are always searching for methods to increase the value of the agreement. If the other side (opposer) values control, then the solution may be to try to find a way to afford them some control. Thus it will be possible to make the negotiation less problematic for them.

3.2 Non-verbal communication

We should also take into account non-verbal communication. The reason is *“that only 7 % of a message's impact comes from its verbal content, the rest of the impact is non-verbal: 38 % from vocal inflection and content, and 55 % from facial content”*. (Piennar, 1999, pg. 73). This kind of communication may consist of touching, body language, space between people, use of heights, eye contact etc. (Rao, 2005, pg. 117).

3.3 Tricks for negotiation

During and prior to the negotiation a professional may use *tricks* that make negotiations work. The main aim of using tricks is *“to get the best deal for their company, using range of ploys or tactics to get we want”*. (Cullen, 2010, pg. 582). It is conservative to consider negotiation as a very serious business, that should be taken accordingly and it is needed to keep the eye on the ball. Vivian (2012) gives some helpful counterintuitive tricks that may work.

The first 5 minutes

The first 5 minutes of negotiation meeting may be decisive, according to the researchers, because they may predict the negotiated concluding. During this short time it is needed to concentrate on “*conversational engagement, prosodic emphasis — which basically means you should copy the emotional state of the speaker — and vocal mirroring*” to ease the negotiation path so that the outcome is the one desirable. This is the time when both sides evaluate and size up each other very intensely trying to see if they really are what seem to be and what each other is worth of. Ideally, would be to start the first meeting likable by making the other party sympathize, thus making sure all arguments will be listened during the process. (Curhan, Pentland, 2007).

Arguments

Going first with arguments during the negotiation process is being the first to make the offer. The reason is that the first party has the opportunity to set the anchor number, which is fundamental as the next numbers will be compared to the first. By being the first in making the offer the party will secure the negotiation in their favour. Finally, it shows the other side that their partner is confident and powerful.

Emotions

Showing emotional signs may help during the process, as “*the social signal value of anger enhances the credibility of the complainant and hence leads to better compensation, but only when the complaint itself presents room for doubt*”. The emotions will inform the other side about your satisfaction on the issues discussed and that you care about the topic. (Shlomo, 2008).

Coffee

The consumption of caffeine (coffee) during the meeting helps the consumer to be resistant against the arguments. The attitude of the person changes becoming resistant to counter-persuasion and leads to indirect attitude change and greater agreement during the interaction.

Information

Provide as much information as possible during the meeting to make the other side be open to persuasion. In this case, the quantity defeats the quality. When a lot of information is offered, some of this information for sure will reach the receiver as big data enables to resolve ambivalent feelings toward what is heard.

Powers

Playing the powers at the moment the agreement was reached may be kind of a game done by one of the parties. They declare to have no authority to make the final decision and concessions, and they must be authorized third party. The solution in such a situation is to leave the right to review any issue of the agreement and ask for a meeting with the person of authority.

Listeners

Looking to the listeners not to the speaker, when negotiation in group. When at meetings, usually everybody is focused on the speaker, forgetting that he or she is not the leader. These professionals are thought to deliver effectively every word, to have the corresponding tone and perfect body language.

The negotiation process is not only the speech but it also consists of emotions, facial expressions which may be found on the faces of the listeners, it means the team members of the speaker, and the real reflection of their actual thoughts will be on their faces. The body and face is relaxed because they are not in the spot. Therefore, they are more likely to express the true frame of the mind through facial expressions and body language. (Klein, 2005).

Meeting place, food and drinks

The deliberate choice of a bad place for negotiation is important. In this case it may help to try finding the reason of discomfort, talking to the other party by mentioning the discomfort. Also, it is possible to reschedule the negotiation for another date and into another location. The physical environment plays a very important role during the negotiation meeting, thus it should be comfortable and no distractions.

More than that, it concerns food and drinks, which can enhance the negotiating atmosphere and smooth the way to concession. Sharing bread at the table is an old tradition common to

almost all cultures in all times. It is said, that it encourages relationships, suggests trust and symbolizes the putting away of weapons, in negotiations these are the contra arguments, thus promoting cooperation. Therefore, serving lunch and taking a break from negotiations to share the meal with the other side will do better. The perfect trick would be to start a half-day meeting before lunch, or end it after lunch.

Humour

Using humour and telling jokes during the negotiation meeting work with the same objectives as sharing bread. First of all, it gives both parties a short pause letting them rest physically and mentally to return to the deal a bit refreshed and relaxed. Also, it dissolves the created tension and bolsters the negotiation process. Of course, the amount should be limited and very accurate, not to alienate the target and undermine the negotiations.

Additionally, a humorous remark may be very operational and helpful, especially if the jokes fit the negotiation topic, without being pertinent to the negotiation itself. Good humour may influence discernibly the dynamic of the negotiation. It offers the professional to become the centre of the stage and establish himself/herself as a dominant force at the meeting. (Shore, 2014).

3.4 Cultural characteristics of Moldova, Russia and China

3.4.1 Cross-cultural negotiations

Nowadays, the expanding globalization and internationalization play a significant role in the negotiation process, as organizations and firms are expanding their activity outside the national country. Thus, the biggest challenge for global business is to lead negotiation and commercial operations across international borders. After all, the negotiation process and its style are affected by many issues, such as: culture, attitudes, beliefs, traditions, laws, values, etc.

The way professionals manage and consider the information, which strategies and tactics they follow is affected by culture, because it is what people learn while becoming mature. The professionals use strategies of action which are based on skills, styles and habits. When the negotiator understands the other side's strategy based on their culture, he has to anticipate the actions and be aware of other side's behaviour in certain circumstances and react with confidence. Very often cross cultural negotiations begins from social behaviour. (Lewis, 2005, pg. 3).

Sometimes, it is difficult to understand the cultural background and tactics of the other side, but if one's do the outcome is worth of it. Good communication skills with other cultures are useful not only for worldwide negotiation but also for working with people all over the world. Global companies are offering trainings to their employees to build a better level of comprehension of the negotiation practices and cultural life of foreign countries. It is certain the fact that the culture has a huge impact on negotiation. The main reason is existence of unwritten rules – *“it is collective programming of the mind that distinguish the members of one group or category of people from others”*. (Hofstede, 2010, pg. 32).

Further, it will be mentioned about the theory of Hofstede, which divides people into the following categories: power distance, individualism and collectivism, masculinity and femininity, uncertainty avoidance. (Hasim, 2012).

Power distance

Power distance *“is the extent to which the less powerful members of organisations and institutions accept and expect that power is distributed unequally”*. It reflects the inequality expressed from below. It indicates the level of discrimination in a society is present both in the followers and leaders. It is known the power and inequality are the basic factors of every society, and professionals with broad worldwide experience are very well informed that *“all societies are unequal, but some more unequal than others”*. (Ghauri, 2003, pg. 140).

Individualism vs. collectivism

This is to determine the degree to which the individuals do join groups. If having a look on the individualism aspect, it is easy to find the society established on strong individual base: every person takes care of his own issues and small family. Once moving to collectivism the portrait changes, here people are strongly integrated into social life and well organised groups; families are large by extending to grandparents and uncles, protecting each other. When speaking about *collectivism* it should not be understood as a political term, because it concerns the group.

Masculinity vs. femininity

The next major problem for every society is the distribution of emotional roles between the genders. The values of women do not change or vary from one society to another, being modest and caring. Men's values list, in contrast, changes more from one country to another, by switching from very confident and competitive, which is hugely different from feminine values, to modest and attentive, which is very close to women's values.

Further, there is a division of poles into masculine and feminine. The first one is characterised by assertiveness and self-confidence, and the second is distinguished by features of modesty and caring attitude. In feminine cultures the values of women and men are almost the same, meanwhile in masculine cultures their values differ slightly; the values of women are not as tough and strong as men's but headed into the same direction.

Uncertainty avoidance

Uncertainty avoidance means seek for truth. It shows to what degree a society instructs the population to feel relaxed or uncomfortable in formless background. Unstructured situations refer to circumstances that are not usual or known, which may be unexpected. In uncertainty-avoiding cultures such situations are checked by sever laws and instructions, on almost all level, even philosophical and religious by believing in total truth. The population in these countries is more emotional and persuaded by internal nervous energy. The uncertainty-accepting cultures represent the opposite type of the cultures described above. It is characterised by more tolerant compartment, more open-minded with various opinions, without strict rules, and where may coexist more than one. The population of such countries is phlegmatic and thoughtful, without expressing many emotions.

3.4.2 China

First of all, we will find the Chinese equivalent for the word *negotiation* which in Chinese language is *tan pan* and is combined from 2 words that have the meaning of – *to discuss* and *to judge*. Negotiation, from the point of view of Chinese negotiators, is an instrument for building trust in such a way that both sides can act successfully together for a beneficial outcome.

Trust is built via communication that permits each participant to judge and estimate the other side and its abilities, also to consider the relative status. During the negotiation course each side can reach an understanding on a certain problem, term, or transaction, so

that each side thinks that a good deal was made. The Chinese negotiation concept differs from other countries, especially by the hinges on building a structure for long-term collaboration and problem-solving rather than one-time deal. (Neidel, 2010).

In fact, the negotiation process in China is perceived as a continuing, active process that considers practical matters and background. Most of Chinese negotiators are in favour of this method in building contract-based absolutes, which are identified by them as the primary goal of Western negotiations.

Except the substantial differences in negotiation style and culture, there are also reciprocal disadvantageous perceptions. Chinese negotiators are very often seen as inefficient, unclear, and even dishonest, while they understand the world as being impulsive, focused on speed profits.

While adjusting to negotiation according the Chinese style, the foreign party based on task and aware of time, should make a balance between the requirements for quick solution on issues and contract term. To succeed in the Chinese negotiation structure it is needed to understand and familiarize the tactic of Chinese style. (Neidel, 2010).

It should be noticed, that *“it is very important to have your own lawyer fully engaged in the negotiation as a safeguard factor”*. (Yih-Chung Shen, 2004, pg. 85).

More detailed analysis of each Country, including China will be performed in the practical part.

3.4.3 Russia

Despite the geographical proximity to Western Europe, the cultural differences between Russia and the West are very big. For example, the American style of business communication is considered in Russia being too superficial and unnecessary. (Ivnov, 2014).

The negotiation process is a serious matter for the Russian negotiator, and he behaves accordingly. Russian professionals are focused on the individual, at the same time the procedure itself is important, as well. Therefore, good personal relations have a huge importance for the negotiation, getting agreements and making deals. Thus, it is common for Russian professionals to have extensive personal network of connections, covering the whole country.

Commonly, the success of negotiations in Russia is achieved via the principle of reciprocity (“ТЫ МНЕ, Я ТЕБЕ” which means – I help you, and you help me), and not formal references or petitions. (Kristall, 2008).

The behaviour of Russian leaders sitting at the negotiating table with their foreign colleagues differs by three main features: domination forces, desire to win and personal contact. In the way of thinking of Russian negotiators may be clearly heard echoes of the imperial mentality, which is determined by the dominance of power. The power, which may be authority, money, job position or even talent, defines every action of the negotiator.

If analysing the common idea that during the negotiation each party is moved and motivated by one of the three stimuli – desire to satisfy the expectations of both sides, protection of their rights or the wish to prove who is stronger – and it is understandable that the basis of negotiation “in Russian” is the third reason.

It should be underlined that, in contrast to the inhabitants of the Mediterranean and Arab countries, India and China, Russians consider the haggling about the price as something degrading their dignity. The roots of such behaviour lay in the imperial mentality.

The desire to dominate dictates the following principle: *all or nothing*. While the American have at the base of negotiation concept the success of both parties (win-win situation), same time Russians negotiators, as a rule, are determined to win the deal by defeating the enemy. To prevent the inevitable conflict is possible by search for concession, if the Russian negotiator does not have an alternatives, he is ready to negotiate.

In the literature it is described as: *“something that an American considers normative positive behaviour, a Russian man perceives as showing Philistine cowardice, weakness, as something unworthy”*. (Ghauri, 2003, pg. 381).

The third fundamental concept defining the features of negotiations in Russia is the relationship or a personal acquaintance. The meaning of the word *relationship* differs for a foreigner and for Russian (“отношения”). The culture of receiving foreigners in society is determined by the history of the country. By taking a small excursion into the history of Russia, it will be understood why citizens tend not to trust strangers, whether it is in business or in daily life.

In most of countries, the basic business acquaintance (even virtually) is pretty enough to start business. This is impossible in Russia, because a strong relationship is a pledge that the deal will be taken seriously. Many foreign negotiators do not understand the need to make 6 visits to Moscow before the agreement is done. Meanwhile the Russian side, accustomed to know with whom they are dealing, may consider the other side's behaviour unceremonious, which increases the risk the Russian side will become suspicion and would not like to cooperate.

Everything else represents a direct consequence of the features or the influence of the myths that originated in the difference of mentality and are spreading widely beyond the negotiation process.

3.4.4 Moldova

Moldovan negotiators are enterprising businessmen who can find a way out of almost any problem or situation. They are doing well in negotiations and affairs where there is a probability of quick profit and it is needed to act fast by taking prompt decisions and non-standard forms of activity are required. Therefore, it should be noted that in negotiations Moldovans are very energetic, impulsive, and pretty responsible. (Parhomov, 2008).

Moldovans are very assertive in business and negotiations, but the easier and faster they are light up by the new idea, the easier they may forget about it, if this issue requires too many efforts and time for implementation. Therefore, it is necessary to keep in mind that during the negotiation process, which is focused on long-term cooperation, the other party would do be better if orienting and concentrating, as well, on getting the repayment of investments.

Due to the unstable economic situation in the country and difficulties of leading successful business and negotiation on the local market, Moldovan negotiators very often tend to refuse the offer of additional services, higher-level services, even change the loyal partners in favour of lower prices for goods or services. Sometimes, they are suspicious, very cautious in agreements, and trying to build interest around them via the uncertainty of the facts. Therefore, when leading a negotiation with Moldovan party it may be helpful to get references on the company from other local firms.

Moldovan negotiators are always learning something new from the other side, their partners or opponents, taking instantly over, copying and modifying according their needs all the best and foremost. They are easily adopting other people's norms and principles, if consider them useful. Moldovans bear resemblance to the Romanians in some characteristics and the Russians, as well. This duality of mentality creates the ethnic identity of Moldovans which makes them always be on the verge of a soft choice between two cultures. (Parhomov, 2008).

The ambiguity of views will be a good term to describe the Moldovan soul. The Moldovan's formula of survival may be described as follows: praise enthusiastically, and then criticise as emotionally as prised before', however having a totally different attitude to the issue. Thus, Moldovan way of negotiating has some similarities with both Russian and classic European styles.

4 Practical part

4.1 Russia

4.1.1 Preparation for negotiations

Generally speaking it is quite difficult to negotiate the contract and cooperate with the future negotiation party without personal relationships or third party, in Russia. When doing business in Russia, it is important to be able to build business affairs on the basis of personal relationship with the Russian party. The communication only via Internet and the correspondence will hardly let the development of a successful negotiation. A very important fact in this process is the phenomenon of trust. Without trust it is not be possible to conclude the deal and develop the business. This is the way many Russian entrepreneurs and professionals prefer, despite the fast development of IT technology. Therefore, it will be an advantage to be introduced to the Russian team by a third party or intermediary.

If a businessman wants to enter the Russian market with a new service, product or wants to develop cooperation, then he should expect the project to be expensive and time-consuming. However, in case of successful project, the investments return with a good percentage. Also, it is probable to start working with a good partner and friendship may be built.

✓ Language of negotiations

Regularly, the language spoken at negotiation meetings is Russian (especially with older generation). In recent years, the gap and difference between the older and younger generations increase more and more. The young generation speaks many foreign languages, and the knowledge of two foreign languages is common, mostly English as a first foreign language. Young people met, had their internship or studied in English-speaking countries; usually they have a degree in banking industry and business affairs.

Nevertheless, many Russian businessmen still prefer to use the Russian language in correspondence and during meetings with foreign parties. Particularly, when planning and travelling to Russian regions placed further of the capital, the lack of interpreter can be felt more vivid, as managers are less fluent in foreign languages.

4.1.2 Negotiation meetings

The behaviour of Russian negotiators and businessmen, at the negotiating table with their foreign colleagues, is distinguished by three main features: domination power, desire to win and personality.

Prior the beginning of the negotiation process and especially before the meeting, where the deal should be discussed, it is highly important to understand the above mentioned features of the Russian party.

Next, the foreign party has to make the choice: to leave the game, if the forces are unequal inherently; to achieve mutual recognition of the power of both parties; or to find an alternative way to balance the powers. The best option is the last one. The balance of powers may be achieved by finding the unique knowledge, possessed by an international expert, and demonstrating the possibility to conclude equal partnership.

✓ Emotionality

Unfortunately, the Russian professionals may sometimes take their decisions rather under the influence of emotions than on the assumption of strictly business reasons. The desire of *punishment* and *revenge* may outweigh the good judgment, and the Russian party will continue to fight, even if the loss is obvious. Even more, they prefer to fight until to the end, rather than look for a compromise to solve the dispute. Many people simple do not realize that in order to reach an agreement, you have to sacrifice something.

Russians are a very emotional nationality and outbursts of anger and different emotions might happen, as well as, manifestations of very strong warm feelings are possible.

✓ Compromises

The compromise is understood as a sign of weakness, so they do not want to make concessions and the other side should be ready not to receive any compromises. All this should be seen as the ability to cope with stress test and endurance test.

Do not forget, that "*Russians are having great suspicion of the other side and expectation that the other side will be hostile to them*". (Hendon, Herbig, 1999, pg. 54).

If the discussions fail, it is most often caused by the fact that each party perceives the negotiations as a battle in which one party should take the decisive victory and the other will lose inevitably. This approach makes both parties wary and be not flexible, as a result the negotiations collapse and none of the parties is ready to make compromises.

Not to forget – to make compromises is equal to lose the game, for Russians. They prefer to break everything up and go away without gaining profit (none of the parties), but never let the other party win – it is impossible, they simple cannot afford it. It happens very often in cases when participants know each other personally and they are in a personal long-standing conflict. It demonstrates that Russians are hardly able to separate the business from the other aspects of life, and the neutral attitude to business negotiations is still a rarity. Sometimes, their meetings and discussions look very similar to a passionate battle of personalities rather than a business negotiation of two neutral parties, who should come together only for reasons of commercial advantage. (Hendon, Herbig, 1999, pg. 54).

What are the reasons of such behaviour leading to the inability to make compromise?

The corruption of Russians courts is very high, which stimulates some of the companies *to go on compromise* with the judge, not with the proceeding party. The chance, that allows them avoid the responsibility for the offenses, corrupts and makes the debater be uncompromising.

✓ **History impact**

The Russian style of negotiation is affected by historical events. In the middle ages, the Russian state, religion and culture were influence be the Christian Byzantine which is the reason of its isolation from Rome and Western Europe. Russia differed significantly from European countries in culture and political organization, due to its isolation and geographical position. Russia has repeatedly been attacked for the entire period of its existence, and it also organized attacks over neighbouring territories.

During the existence of the Soviet Union, the revolutionary ideology influenced fundamentally Russia's negotiation style and techniques. According to this ideology, the Soviet Union had to struggle against imperialism and exploitation, until the socialism wins worldwide.

After the collapse of the Union, the ideological elements were excluded from Russia's policy and the new Russian government set the goal – to achieve and maintain the national interests. However some remnants of Soviet ideas can be still found in Russian ideology today.

One of the peculiarities of negotiations with Russians is the use of time. They may behave quite patient, or may suddenly start putting pressure on the opposing party, depending which tactic meets their goals at the moment.

The directive management style very often prevails on Russian enterprises. Therefore, it is necessary to build the relationship with people who are situated on the highest level in the organizational hierarchy. The creation of an atmosphere of trust and confidence can last a long time. (Trusova, 2011).

Russians usually like speaking on various topics from different domains, such as religion, history, culture and sport, and like demonstrating their knowledge.

The best ground for the creation of a good relationship is to make a good impression. Russians are not ashamed of their wealth and they feel reasonable to demonstrate their wealth as an evidence of success. This is particularly shown in the clothes and accessories. Russians expect a similar approach from their partners. The suit should conform to the fashion trends. It is definitely not recommended to wear fakes of famous brands.

Also, a good diplomatic priority is the tradition to give each other gifts. The value and accuracy of the choice, is of a big importance for the Russian partner, because it can be taken as an evidence and manifestation of interest in communication and cooperation. The gift should not be definitely a pen or a lighter, with the logo of the company.

✓ **Russian business community**

Nowadays, the business community is divided roughly into two categories. These categories are presented as following: directors of middle and old age and young managers. The **directors of middle and old age** are very often regional representatives, former Komsomol and party leaders. Former Russian concept of studying management was totally different from the West concept. So that's why nowadays we see big differences. (Jones, 1994, pg. 172). The **young managers** are very often with MBA degree received abroad.

The communication style of both types of businessmen differs. The first are more closed in their communication, the second are more open. Further, the first category is characterized by instrumental intelligence and these people tend very often to treat their subordinates as a spare part of big mechanism. The second category is characterized as affected by emotional intelligence, and they treat the subordinates as a personality by understanding their problems when needed.

The first category, directors of middle and old age, have not been taught to negotiate. Some of them acquired good communication skills in the process of communication and were able to negotiate with the right people and had good connections in their environment. Another part of this category, in contrast, are used to the traditional authoritarian style “top-down” and use during their communication elements of verbal aggression.

The young and modern top managers were taught and trained the process of leading business negotiations. On the other hand, these young top managers with European education are Russian natives with national mentality. The authoritarian management style was learned at their mothers’ knees. During meetings and breaks, on corridors you may hear swear words.

Both categories have an introverted behaviour. The managers from the second category are very often absorbed in the world of gadgets and prefer to communicate via IT devices.

It should be taken into account that the ambitious “red directors” should be treated with great respect, as they were lords in the days of serfdom; the younger representatives are almost similar, but more democratic in communication, preferring the communication over the Internet.

With all the kindness, generosity and tolerance, the Russian manners leave much to be desired, as Russians are the successors of the Soviet people, who have long been taught that *bourgeois* is something negative and it was buried into their subconscious.

✓ **Body language**

If a foreigner lies back, it could mean that he wants to relax and/or finish the discussion. Russian’s way of lying back in the chair is their ordinary position. Only the sportsmen and/or the very educated people in Russia sit without leaning to the back of the chair; the rest sit anyhow, demonstrating many of their complexes and basic attitude.

The glance of a Russian person depends on the situation. In case of a leader, he/she will gaze directly into the face of the interlocutor, especially if the interlocutor is a subordinate; but the glance changes when the interlocutor changes, in case of acquaintance or relative it becomes more benevolent. Of course, intelligent and experienced professionals have a friendly face expression and glance.

Nowadays, the communication style is influenced by:

- Huge amount and flow of information that people are facing;
- Big number of contacts, open borders of countries and the desire to travel, tourism of all types;
- New technologies, especially the online-communication, which establishes a certain communicative style, fragmentary perception of the world;
- High speed and rhythm of life;
- Globalization and the processes related with the interpenetration of languages, speech and communication styles;

When talking about the modern Russian society, it is necessary to mention about the permanent confrontation of the big cities (Moscow, St. Petersburg etc.) with the regions. This confrontation comes from the Soviet era and is due to the fact that the big cities were always provided with products missing in all other regions of the Russian Federation. The city inhabitants consider those from provinces being not well brought up, too cheeky.

There is such concept as *“life outside Moscow”*. The life outside the megalopolis, starting with its neighbouring regions, provincial towns and villages, seems to stop and remains unchanged for a long time. The innovations come to these regions with big delay.

Herewith, the regional population consider the residents of Moscow arrogant and rich, despite the fact the indigenous residents of the capital in nth generation, are calm and friendly people. There is also another opinion about Moscow residents – goofs and bunglers whom they can easily bit in many domains.

The Muscovites are looking at regional visitors and their beliefs with tolerance and indulgency. But the regional residents are very rarely able to adopt the local lifestyle and Muscovites’ way of thinking, even after moving to the capital. Sometimes, they may experience residual complexes. For example, when talking with the Muscovites they may say: “Is it Ok that I am not Muscovite?” or “You native Muscovites ...” (Вот вы – москвичи!); and the Muscovites have to prove their presumption of innocence in inadequate distribution system that happened during the Soviet Union.

The local *knyazi* (lords) have big ambitions. The Russian negotiators consider their city or region being the best. The most strange and maybe be worst is that during the negotiations they are doing everything to obtain all possible preferential conditions.

✓ **After meetings**

Business meetings and negotiations in Russia usually come along and/or are followed by copious food and drinks. Exceptions are the diplomatic meetings where only some snacks are served, for breakfast or lunch. If the food served at corporate parties is not rich and copious, it may be perceived surprisingly with bitter indignation by the guests. At corporate parties, Russians eat and drink a lot, sometimes dance, they prefer to divide into groups and chat or have heart-to-heart talks.

✓ **The issue of addressing a Russian top manager**

During discussions and meetings, the best is to find an addressing manner acceptable and convenient for both parties. When addressing to adult and mature Russian managers it is necessary to use the first name and the patronymic of the person. Another option is to use the personal pronoun “You” – in Russian “Вы” – meaning the polite form of the same personal pronoun in plural, in English. When addressing to young Russian negotiators it is enough to use their first name. Currently, the tendency of addressing Russian representatives by their first name only is spreading, but still depends on corporate identity. The issue of transition to the ordinary form of addressing, in English “you” (personal pronoun single form) and Russian “ты” is under discussion today, not officially. The difference between the addressing form “Вы” and “ты” is big. In Russia, the second form (ты) is used in families, between friends, and people of same age. The first form (Вы) is used at work and addressed to older people. To address a work colleague with “ты” is something rude and impolite. Nowadays, this rule is not followed 100% even by Russians, but there are still true followers and adepts of the rule.

When discussing with Russians it is possible to change the addressing form from “Вы” to “ты” but the initiator of this change can be only the senior person, the client, the older person or the woman (in case both are same work position/age). Otherwise, it may be perceived as a violation of the rules of etiquette.

4.1.3 After negotiations

The negotiations should be concluded by signing the contract. It is necessary to always keep in mind that in Russia the verbal agreements do not have big value, and everything should be written on paper and signed by both parties. At least, the verbal agreement does not have the same power as in Europe. The advantage of doing business in Russia is the

viral marketing has a very big power. If the Russian company likes a product/service, then many other companies will learn about this product/service very soon.

4.2 China

4.2.1 Preparation for negotiations

To establish a contact with Chinese representatives in written form, not verbal, is hardly possible or almost impossible. To arrange a meeting is not simple, as well. It is difficult to work without intermediaries. It is essential to have someone who may introduce or recommend the company or some representative. Non official relationships are of great importance in China. The regional and clannish relations and friendship are very strong and powerful. In China it is almost 99% necessary to have an intermediary or an introductory to secure a business deal or simply to meet with the decision maker. It is only by luck or “right place and right time” one might be able to succeed in breaking into Chinese business (negotiations, deals) without introduction.

To get into the Chinese market is possible only after long and correct business relations. It is not easy to build a good business relationship with Chinese representatives, but real.

Such business relations are based on three pillars: politeness and consideration, gifts, utility.

- **The first pillar - politeness and consideration**

The behaviour of the person is highly important for the Chinese people. The Chinese model of behaviour in society, unlike the European, is based on rituals coming from ancient China and people, such as Confucius. It means, the daily life requires certain rituals of relationship, developed for all occasions. It is considered by respecting these rituals people ensure the sustainability of public relations.

All Chinese negotiators are oriented and prefer to have business with a partner stable from emotionally and moral point of view. If one of the representatives affords himself/herself to be rude and put excessive pressure, then the Chinese party ignores this person, or to provoke him/her to lose face. (Sergeev, 2011).

- **The second pillar - gifts**

Important is not to forget about gifts, even symbolic ones. It is necessary to prepare gifts for all participants at negotiation meetings. The gifts should be different and they should vary depending on the importance of the person who will receive it; to give the same souvenir is bad manner in China.

Why is the souvenir needed? Its purpose is much deeper than it seems to be, because it acts as an indicator, interposition symbol of the parties.

The most often met question is: what is better to offer? All this is an individual issue, but everyone should be very careful in choosing the souvenir. (Sergeev, 2011).

- **The third pillar - utility**

The friendship between Chinese people is very similar to a polite exchange of services. If the other party can be useful for them somehow, then the party may expect the development of the business relations in the right way. Usually, the Chinese party is represented by several people during meetings and negotiations.

Very important is to know how the relations are build inside the Chinese negotiating team. Every person at the meeting has his function. The size of the team and their functions depend of the importance of the negotiations. If the negotiations are led with a small factory for the production of cans, it is unlikely there will be somebody in charge to observe changes in the mood. In case of big and important negotiations, there such person most probably will be whose task is to notice the emotional boner. (Habarov, 2000).

4.2.2 Negotiation meetings

During business meetings, Chinese negotiators are very attentive to two things:

- collection of information related to the negotiations subject, the strengths and weaknesses of the other side;
- creation of the spirit of friendship, which helps Chinese make connection with the other party.

They tend to clearly distinguish between separate stages of business meetings:

- the initial stage is the specification of positions;
- then follows the discussion of the positions;
- the final stage of negotiations.

At the initial stage, the Chinese analyse the behaviour of their partners, their appearance, and the relationship in the other team. All this is of great importance, because by analysing they want to determine the status of each of the participants in the opposite team, from the very beginning. In the negotiating process, they are quite clearly focusing on people whose status is very high, both formal and informal. They may try to influence the other party by affecting a team member, who demonstrates sympathy to the Chinese side, from their point of view.

During the negotiations with the Chinese, one should better not expect that they will declare their aim before he/she does. They do definitely express their point of view, make concrete proposals etc., but never express their expectations and desires. If negotiations are taking place in China (by the way, the Chinese like to spend them on their mother land), they usually refer to their traditions, which says “the guest is the one who speaks the first”. They usually make concessions only at the end of negotiations. It happens when the discussions seem to come to a dead end. Thereby, the process resumes. The Chinese party is very good and skilful in making advantage of the errors the other party may do. They come to the final agreement with the other party not at the negotiating table, but being at their place (geographically). There is very high probability that they will try to modify the initial agreement by introducing new amendments and exceptions favourable for them, at the last and unexpected moment.

It should be mentioned that the Chinese are big fans of delaying the negotiating process. Thus, this process can last from several days to several months.

When greeting each other, in China, people exchange handshakes.

- **The concept of foreigner**

The next distinctive feature of Chinese people, is the eternal opposition of “foreigner – local” or “they – we” which is the fundamental concept of negotiations in China. Of course, the preference and priority was, is and will be given to the natives, even if the potential is equal between the foreigner and the local. But not everyone understands the core of such classification. Thus, “we” does not necessarily mean Chinese. For example, if as a Chinese intermediary or introduction is participating in the negotiation process, the opposition “foreigner – local” is not active. This is the dangerous situation when the

foreign party may assume the contract with favourable conditions is guaranteed. Actually, it is not so simple but more complicated and insecure.

Any Chinese intermediary should be taken with great caution. If the intermediary is a foreigner, the Chinese may have hostile attitude towards him/her and the party introduced, or they may perceive them neutrally. In case of Chinese intermediary, there is the risk he/she will work for the Chinese party not the foreign one! Therefore, when choosing an intermediary it is necessary to study all recommendations and, if possible, “test” the safety and the honesty of Chinese intermediary on less important deals or less expensive negotiations.

- **Tactics to be used with Chinese parties**

The negotiations represent almost always meetings of groups of people, big or small. How is it possible to cope with a whole number of people at meetings? Below are mentioned and described several tactics that may help.

- The first tactic is to *build guanxi with everyone*, to pay attention to everyone, to remember their names, some personal information, such as family, and to remind them about meeting before. By managing to build good relationship with the Chinese representatives, the businessman is already on the way from “foreigner” to “native” which is a big advantage.
- The second tactic is to *find out who is the decision maker* in the Chinese team. Sometimes, the decision maker function is performed by several persons who do not behave as a chief negotiator at meetings and discussion. In large companies, the chief negotiator or the boss may say nothing during the discussion.
The question is how to find the mediator? There are 2 possibilities: when the boss negotiator starts speaking, no one dares to interrupt him; when the boss does not speak, in squeeze situations, the Chinese negotiators of the team will always seek the approval of their laobanya via eyes’ contact.
- The third tactic is to conduct the negotiations into *the correct and needed direction*, but not to forget that in complex negotiations the decision will never be accepted on the spot, by the Chinese counterpart. The decision will be taken in a private discussion among Chinese team members only, and without the participation of the other party. As they say in China “*The noble man is aware of his superiority, but*

avoids competition, he gets on well with everyone, but does not enter into any collusion". Remember this!

- The fourth tactic is *never make mistakes*. According to the Chinese tradition, a short summary of meetings, offers made during discussions are always noted immediately after the meetings. "*The noble man does not expect deceptions, but when somebody is doing it, he is the first to notice*". So, it will not work out to give up the words. The Chinese morality does not prohibit the use of counter party mistake!
- The fifth tactic is to *study well the particularities of negotiations technique* of the counterparty.

- **Arrangement of guests at the negotiating table**

The traditional Chinese tea is always present on the negotiating table. The Chinese negotiations led in restaurants have an entire separated chapter in the science of Chinese negotiations. Every detail is very important, starting from the selection of dishes and finishing with the seats at the table. If receiving the Chinese party as a guest, and the event takes place in a restaurant (required Chinese), then big attention should be paid to guests seating.

According to the Chinese norms, the honourable seat at the table is the place facing the entrance, not the sideways place or the one with the back to the entrance. It would be a good suggestion to offer the Chinese delegation to take the honourable seats. If the hosts of the meeting are the Chinese party, important is where the foreign party will be offered to seat, which shows the degree of good attitude to their partners.

The table manners topic is another very big one. Though, the usage of table manners is not a matter of principle, and the mistakes are forgivable.

The Chinese behaviour in business is similar to a game of chess or to the war. For centuries, the handbook of Chinese commander was the military treaty Sun Tzu "36 stratagems", which describes the basic tactical moves. This book is still popular among many modern Chinese businessmen and educated people. But even without it, the majority of Chinese people are familiar with the basic tactics, since childhood, thanks to the Three Kingdoms, for example.

It is said that the Chinese have problems with imagination and creativity, which is not true. When it comes about inventing non-existent rules, they can demonstrate tremendous talent. Their creativity shows up when discussing taxes. The Chinese may easily invent non-existent taxes or use false information. Never believe their every word concerning rules and regulations. The best solution is to check all information with third parties or from official sources. If a law or rule exists, it must be published somewhere. (HSBC Jintrust Fund Management, 2009, pg. 143-144).

- **Psychological pressure and tricks**

The Chinese negotiators may try to put psychological pressure on their opponents to undermine their confidence and force to accept their conditions. They may say, for example: “other foreigners do in such a way, because”, “everybody in China buys products of this quality” etc. According to the Chinese, the foreign parties are all the time requiring the incredible and impossible: high quality at low prices, plus delivery on time (to the day). They may even try to offend the other side. Their main task is to make lose the self-control and the clear understanding of the goals. In such a case, the best tactic is to be peaceful and calm. Important is to do one’s best in being respectful but same time to hold the ground. If the patience comes to an end, it is better to take a break or even interrupt the discussion by postponing it. Thus, the other side may win time and make the Chinese party respect them. The favourite technique of Chinese negotiators is to advance inadequate requests. By doing so, they are trying to confuse the other party; and this is not all, there is an entire list of such things, for example: stupid questions, petty problems, and inappropriate demands – all this is aimed to confuse and to waste the time of counter party. The main task of such statements and things is to make the other team lose the face and to assess the efforts. In this case, the best way is to give a positive reaction and reply to the needs of the Chinese partner. Even the most stupid question can be answered.

If one decides to accept an improper requirement from the Chinese party, than he should require a compromise on Chinese part.

Another very common tactic used by the Chinese, even in their daily communication, is the artificial hurry. They try to make negotiators rush to take a decision or do an action. When in such a situation for the first time, this behaviour may be considered as something

normal. In reality, the Chinese have rarely reasons for making hasty decisions (although sometimes it happens).

As mentioned earlier, Chinese attitude to time is special: what is a month in the huge history of Chinese civilization of 5000 years? Therefore, the best countermeasure in this case is to use the same Chinese tactics, such as: “I have to consult with my superiors” or “we have to consult with experts about the issue”. Do not be afraid to take more time to think over and make a decision. Such behaviour and attitude, will make the Chinese team reduce pressure, and will help the party to restore composure.

The widespread phenomenon of Chinese negotiators is to conduct negotiations with several competing companies, simultaneously. This fact is not hidden by the Chinese delegation. On the contrary, they make it clear and transparent. But, the trick consists in the fact that they may be interested in working with only one of the companies they negotiate with. This is a way to put pressure on the foreign party by creating an aggressive competitive environment and using the competitors. Most likely, every competing party they negotiate at the moment might be said: “the X Company offers us better conditions”. This trick is mainly used by Chinese negotiators to evaluate and measure the degree of the ability to make compromises.

The Chinese negotiators want their opponents to tell them openly about their minimum requirements. However, it is unlikely they will believe it even if they are told. Therefore, if a businessman has already reached the stopping point, he should make it clear for the Chinese party that he makes no more concessions. To prove the words it is better to provide some written evidence, such as calculations.

The stubbornness is rather a peculiarity of Chinese behaviour than a tactic. It happens very often when the Chinese negotiator does not want to make any concessions, although there are acceptable reasons. This is the case when the discussion is led with the person who has no rights to make any decisions. Thus, give him the possibility and time to discuss the issue with management, by postponing the discussion for another date. Probably his view on the issue will change.

4.2.3 After negotiations

The Chinese party needs to know they reached the peak of concessions. If there is something that may give them the idea this is not the limit of the counterparty and they

may accept more concessions, Chinese will push them to the last drop of the patience. The Chinese attitude to the performance of the contract differs a lot from the European, Russian and Moldovan attitude. After concluding the contract, unpleasant situations from Chinese side might happen.

4.3 Moldova

4.3.1 Preparation for negotiations

The official language of Moldova is Romanian, except this language people also speak Russian, Ukrainian, Bulgarian etc. It is necessary to find out beforehand what is the language spoken by other party, as it may happen that the negotiators do not speak Russian or Romanian.

The negotiating style met in Moldova is influenced by the country's history. There are felt several Asian features (clear hierarchy, gifts, fear of losing face) and European features as well (strict adherence to agreements, respect of the time).

Even so, for the first contact with the country and negotiating party, same as in neighbouring Russia, it is advisable to first find a third party who will represent the interests.

4.3.2 Negotiation meetings

It must be mentioned that Moldovans are very cheerful, friendly and hospitable people, but most important is that they are hardworking. You will rarely meet people believing that earning money in a short period of time is possible.

Therefore, it is not recommended to negotiate on the principle – projects ensure repayment in a short period of time. Much better it will be to offer a long time mutual cooperation and such negotiation will look attractive for Moldovans.

The other party should come to the negotiation meeting prepared not only for the subject, but also have the appropriate appearance, because the quality of the suit, watches, perfume etc. may have a very big influence on the perception of the Moldovan business partner.

On the other hand, Moldovans may easily get insulted and it is advised to be very reserved and not talk primarily on political or national topics. They are quite resentful and remember the negative facts and happenings for very long time.

Moldovans are very superstitious and they always follow to their traditions. In addition, they are very religious and this aspect is quite important for them.

Generally the negotiations represent a very vivid and full of emotions process. The meetings may be interrupted by often breaks with general conversation about family, personal interests and so on.

- **National character**

In Moldova, the humour and the laughter are naturally merged with the national character so that the joy and cheerfulness are the national trait of Moldovans. Moldova, the country that was neighbouring with other Danubian principalities and for a period of time was part of Romania, could be called the country of joy and cheer, but not laughter and humour which is not the same. Moldovans have a good sense of humour, and the perfect beautiful ability to welcome foreigners with a magic openness and hearty cheer. Therefore, the negotiations should be conducted in a more open and friendly manner, rather than – poker face. Otherwise, the communication and meeting may be under tension and pressure. The other party's behaviour can be understood inappropriate. (Plotnikova, 2014).

In case of gifts and souvenirs, they may be given but the rank of the partner should be taken into account. It is not a must, but very often happens that foreign negotiators may receive souvenirs from their Moldovan partners. Same as in Russia, a very important element of negotiations is the *feast* – so called dinner with large variety of food and drinks organized especially after the deal was signed.

In different articles and books about Moldovans, it is mentioned about their affection for singing and dancing. This is a true fact but it does not have anything in common with business negotiation feasts. It is necessary to take into account the fact that it is impossible and very rude to deny the Moldovan partners feast.

4.3.3 After negotiations

After the conclusion of oral agreements, as in the case of Russia, it is necessary to insist on the written agreement to be signed by both parties and better not to delay the process of signature.

Moldova is actively aspiring to join the EU, which may result in unaccepted changes into the law system, due to the fact that the law comes closer to the European standards.

It should be remembered that the work of the courts in the Republic of Moldova does not differ much from those in Russia, so it's better to follow everything which is written in the contract.

5 Interviews

5.1 Preparation of the interview

Further is the comparison of people's attitude according to the index of Hofstede. Unfortunately, the Republic of Moldova is not in the list, and the comparison is done only between China and Russia:

Table 1. Cultures by Hofstede

Part of index	Russia	China
Power distance	93	80
Individualism	39	20
Masculinity	36	66
Uncertainty avoidance	95	30

Source: The Hofstede Centre, 2014

According to the table from above, the Power distance is very high in both countries, Russia and China, which means the hierarchy plays the key role in business negotiations. The index of individualism is under 50, in both countries. In contrast to Western cultures, here the role of a team is more important rather than the role of one person.

In China, most people follow primarily classic men's values. Unlike China, in Russia it is not the same. Hofstede explains it as follows: *"Russia's relatively low score of 36 may surprise with regard to its preference for status symbols, but these are in Russia related to the high Power Distance. At second glance one can see, that Russians at workplace as well as when meeting a stranger rather understate their personal achievements, contributions or capacities. They talk modestly about themselves and scientists, researchers or doctors are most often expected to live on a very modest standard of living. Dominant behaviour might be accepted when it comes from the boss, but is not appreciated among peers"*. (The Hofstede Centre, 2014)

The index for Uncertainty avoidance in Russia is very high (95), which means that the Russian negotiators will try to avoid ambiguities in the negotiations. Further is Hofstede's explanation: *"Scoring 95 Russians feel very much threatened by ambiguous situations, as*

well as they have established one of the most complex bureaucracies in the world. Presentations are either not prepared, e.g. when negotiations are being started and the focus is on the relationship building, or extremely detailed and well prepared. Also detailed planning and briefing is very common. Russians prefer to have context and background information. As long as Russians interact with people considered to be strangers they appear very formal and distant. At the same time formality is used as a sign of respect". (The Hostfede Centre, 2014).

In order to be able to make a qualitative research of all three cultures, it was decided to do an interview with top managers who have worked in at least one of the countries under research. The main goal was to find Top managers, Chief Executive Officer, Partners and Founders, who have experience in all countries.

The questionnaire is not an appropriate method for this type of research, because it is used for the analysis of quantitative and easy structured information (for example: gender, income).

In contrast to the above, this study requires a detailed, in depth research that cannot be done on the basis of a questionnaire. First of all, it requires an interview with open-ended questions that gives space to the respondent. Additionally, such methodology gives possibility to test views common in both scholarly and popular literature.

The 1st question is: *What surprised you most when leading negotiations in China, Russia and Moldova? Why?* The main purpose of this question is to understand the main differences and similarities in the course of negotiations in these countries. A general overview is required.

In the 2nd question, which is – *Are there any differences in the approach to the negotiations in China, Russia and Moldova? Please, give some examples* – specific differences in negotiating should be reviled.

The 3rd question – *What are the general topics that may help to start negotiations/meetings?* – refers to break the ice group of questions, which may have an impact on the opening of negotiations process. Indeed, at the very beginning it is necessary to get on the right side of the interlocutor, rather than to start immediately solving important issues.

The 4th question – *Is it necessary to have a third party that will introduce you? Is it possible to succeed on the market without intermediaries?* – is included into the list

because, according to the theoretical part, it is almost impossible to penetrate the Chinese/Russian/Moldovan business with no introductory person. The purpose is to find out the truth of this statement in practice.

Another important fact discussed often is the hierarchy, which has a very important influence in Russia and especially in China. The 5th question is verifying this issue.

The 6th question asks for advice and tips for people who are planning to do business in these countries and it is a practice oriented question.

The misunderstanding and the clash between representatives of two cultures is very often happening, which comes from the ignorance of the rules of etiquette and customs of the country. Thus, the 7th question is considered very helpful – *What is unacceptable/wrong when negotiating in China, Moldova, and Russia? What are these mistakes?*

The 8th question refers to the need of personal presence at the negotiations (in all 3 countries) and without it is absolutely impossible to do, so the question is – *How important is the personal contact with the other party when negotiating in Russia, Moldova and China?*

The 9th question continued the topic of personal presence and it investigates the possibility of negotiating over internet – Skype, Email etc.

The English language occupies the first place in the field of business, in the world. What is the situation in China, Russia and Moldova, where the education system does not emphasis on English so much, in contrast to Europe? Additionally, none of these countries was in the past a British colony, so we can assume the knowledge of English might be very low and the local top managers might speak only their mother language. Moreover, the Chinese language is very specific and hardly can be translated literally, as the European languages. Therefore, the 10th question is – *Is it sufficient to speak English for negotiations in China, Russia and Moldova? Is it necessary to have an interpreter?*

The 11th question asks about the field related to the conduction of business in the capital and in the regions, and their distinctive features.

The Chinese culture and history is based on compromises, which cannot be said about the Russian culture. So, it will without doubts affect the negotiations course. On the other hand it must be remembered that with no compromise it is impossible to achieve the desired, so the 12th question asks about this issue.

The literature concerning China or Russia mentions the gifts as an important element in the process of building the relationship with the future partner. The question is whether it is a stereotype or reality? And the 13th question concerns the problem.

The same applies to the appearance issue. For example, it is said that Russians take much care about their appearance. Is this particularity spreading into business, as well or perhaps it is only a stereotype? The 14th question should give practical answers about all 3 cultures. The following stereotype of Eastern people is the food and drinks and the 15th question is – *How important are the food and drinks during the negotiation meetings?*

The 16th question explores the verbal agreements issue, which is highly criticized especially when talking about China.

The last question, which is – *What psychological pressures/tricks are usually used by Chines, Russian and Moldavian negotiating parties?* – follows primarily the practical purpose, to warn the businessmen about techniques that might be used against them during discussions.

5.2 Introduction of people participating in the interview

In this subchapter, the participants of the interview will be introduced. In order to answer the listed open-ended questions, direct and skype interviews were performed with 11 people. Two of them answered the questions in written form.

The participants of the interview were selected by several principles, such as:

- Working experience, by time: minimum 10 years in the field and only in top management positions
- Current position in the company: Top management positions, Chief Executive Officer, Partner, Managing Partner, Founder.
- Working experience, by region, country: each of the participants should have been worked in all three countries (Moldova, China, Russia) during his/her working experience.

- Gautier Vasseur

Mr. Vasseur is Partner and Head of CIS and Greater China at Pedersen and Partners in charge of developing Pedersen & Partners' expanding presence in these regions. Mr.

Vasseur is a multicultural, executive search professional with 10 years' experience, having worked in Prague, Almaty, Moscow, Chisinau and now based in Shanghai.

- Poul Pedersen

Mr. Pedersen is the Managing Partner of Pedersen & Partners. He is a professional in private equity and venture capital and the financial services practice with over 20 years' experience and worked in Germany, Russia, Moldova, South Africa, China, Hong Kong etc. Mr. Pedersen was previously Managing Partner at Accord Group, Moeller Group.

- Alexey Dolgikh

Mr. Dolgikh is the Head of CIS & Country Manager for Ukraine at Pedersen & Partners. He has over ten years of successful track record in the Executive Search industry having worked in Russia, Ukraine, Belorussia and Moldova at Pedersen & Partners and Hudson companies.

- Olga Eastman

Mrs. Eastman is consultant at Pedersen & Partners, based in China. She is a seasoned talent acquisition professional with over 15 years of experience in regional executive search, multi-function and cross-industry project recruitment, business and human resources management consulting in Greater China and Asia Pacific Region and Russia, and short experience with Moldova.

- Gregory Camou

Mr. Camou is a Client Partner and the Head of the Moscow Office at Pedersen & Partners. Mr. Camou has worked in the consulting and investment banking industries since 1995. Prior to joining Pedersen & Partners he was a Partner with Scodev International, based in London and in Moscow. During his activity at Pedersen & Partners he lead several projects in Moldova.

- Viktor Trofimov

Mr. Trofimov is the Deputy Chief of industrial safety department head at State Supervision Service, Tiraspol, Moldova. Prior, he was Director at BenderyTeplojEnergo, Moldova.

- Olivier Prado

Mr. Prado is the Founder and CEO if Global Phoning Group (Spain, Moldova). Mr. Prado is an international entrepreneur, having set up and launched several businesses across Eastern Europe and globally, with over 20 years' experience.

Other participants are Marco Bosman (Business Development Director, Pedersen & Partners), Darcie Murray (CEO, Pedersen & Partners), Natalia Gudima (Director, Profsystem), Anatolie Palade (Country Manager, CEED Moldova).

5.3 Results of the interview

In order to give the final overall result of the interviews, below will be presented the summary of answers of all participants. There will not be mentioned the reply of each interviewee, but common opinions, answers will be emphasised. In case of a contrary or different opinion from the majority, both – the interviewee name and his/her answer will be indicated.

1) What surprised you most when leading negotiations in China, Russia and Moldova? Why?

Very often, even during the preparation for negotiations, there are coming up many problems and issues which are directly related to the way the negotiations are perceived in different countries and regions (Western Europe, China, the Republic of Moldova, Russia). All interview' participants noted that all 3 cultures have in common to put a lot of emphasis on the personal relationship, while we would expect a negotiation to be factual and rational, oriented on business interests. The Western businessman expects a different approach and the behaviour of eastern partners may be taken as irrational, as a lack of wish to cooperate and make the deal.

Chinese are surprisingly highly eager, dynamic, interested in doing business. They are always interested in everything that is happening around them and in other countries. The classic behaviour of the Asian is their deep interest in his interlocutor. Here, you might be surprised that nobody will talk or make a comment meanwhile the leader or mentor is speaking. The culture is very hierarchical and the decisions tend to be made by one person, rather than consensus. So when negotiating in China, pay attention and negotiate with the main person who holds most authority, not to waste time and effort.

Russians are surprisingly stubborn, living and staying in their corner and not wishing to change anything. They are not flexible or little flexible. The negotiations are led by the

team leaders with or no input from junior team members. You need first to gain trust of the Russian counterpart, before you can agree on anything.

Marco Bosman noted about Russians that: *“On high managerial position, the senior decision makers do not speak English, or any other international language.”*

There are no many or important distinguishing features of behaviour between Moldovans and Russian. On the other hand, the behaviour of Moldovans comes closer and closer to the European style.

But Poul Pedersen added about Moldovans that: *“They surprise by how little they have seen the world, how modest they are, and by the fact that they are doing things much better than they communicate them.”*

On the other side, Viktor Trofimov’s opinion is: *“You may be surprised how dishonest some businesses are and how poor the customer services are in Moldova. To strike a deal especially with small businesses can be very risky as they may not fulfil the agreements. They can be very deceitful or have little knowledge how to communicate with the clientele.”*

2) Are there any differences in the approach to the negotiations in China, Russia and Moldova? Please, give some examples.

In China, Russia, and Moldova you should first get to know the person, socialise for a period and only after that get to business. While in Europe the get to know stage is missing and not needed. People feel ok to get right away to business.

In China, for local entrepreneurs is very important when negotiating to keep the face and avoid uncomfortable situation. Here, the negotiations can take few rounds and decisions are not made right away. They often seem not to the point, but more circling around, as the Chinese side avoids making a haste decision on the spot.

Gautier Vasseur added to the above that *“Chinese like the comfort of referred business, person, and deal. They will take time to investigate, ask for referrals, references, feedback.”*

In Russia, the negotiations are very different. Russians can be very straight forward, they will rarely analyse and foresee the partner’s behaviour and what the result of their actions might be. Such behaviour may seem very aggressive for many people, in fact it is

something usual for them and it should not be taken as a personal insult. They are also strong in negotiations, very poker face and keeping their best interests as priority.

In addition, Gregory Camou mentioned that: *“While Russian keep their cards very close to themselves and it can be hard to predict the result, they are more risk-taking than Chinese and can make a fast decision, based on trust, personal connection and good reference as well.”*

In addition to above, Darcie Murray said that Russian: *“tend to be more aggressive and tough than Chinese in negotiations.”*

Interestingly, the Moldovans try to go for a consensus, a win-win solution. That is, their behaviour is radically different from the Russian.

3) *What are the general topics that may help to start negotiations / meetings (family, politics, sports, weather)?*

Chinese will start by getting to know the person, his/her origin. Family is a good way to warm a talk up with both Russian and Moldovan.

In all three cultures, it is acceptable to talk about family and personal issues (generally), though this behaviour is unacceptable in Western Europe. This is the hallmark of oriental style of negotiation.

Poul Pedersen thinks that *“Everybody should keep in mind is to stay away from politics and avoid such conversations. In order to get on a more positive and better way of negotiating process it would be good to stick to history and of course business topics.”*

Olga Eastman’s opinion is that *“If you are not Chinese, the Chinese side will be very interested in your country of origin, food, weather, culture. Weather, travelling, food are good and safe topics to discuss with Chinese.”*, also she added that *“Russians and Moldovan would be open to sports and travel topics.”*

4) *Is it necessary to have a third party that will introduce you? Is it possible to succeed on the market without intermediaries?*

In all 3 countries, it is necessary to have an intermediary or introductory person/party that will represent you. The strongest reflection of this need is in China, where it is almost not possible to succeed, meet with decision maker, not talking about securing a business deal.

Here Olga Eastman added: *“In China it is almost 99% necessary to have an intermediary.”*

In Russia, as in China it is also very important, as Russian side also rely on references a lot. The culture of casual or random meeting without some introduction or referral is not a Russian reality.

On the other hand, Poul Pedersen said a very interesting thing: *“I have never been introduced by a local /third party and succeeded in all three countries. In Moldova we have opened 2 offices and cooperate with other organizations. In China we have opened 2 offices and then there was nobody who could introduce us, same situation in Russia. I am pretty sure it is possible to succeed without any third party.”* Thus, it is possible to do everything by yourself, but you will face big difficulties.

Gautier Vasseur added about Moldovan side that: *“If you don’t have an intermediary, it is easier with Moldovans than with Russians, than with Chinese. This is primarily related to the style of negotiations in Moldova which is closer to European standards.”*

5) Is there any hierarchy, in the case of negotiation process? What is it like?

Social status is most important in China, seniority in Russia and market reputation in Moldova.

In China, it is simply impossible to lead negotiations without status. Here, everything is based on status, both in business and in personal lives. Every man is working on the status the whole life and is very afraid of losing it.

During the negotiations, Chinese are playing the role play which makes the process more complicated as you have to find out who is the decision maker, because he will never be the speaker at the same time. The person playing the most important role in the team is always hidden.

Russian business culture is quite hierarchical, as well, but not as strict as in China. Other members involved can give opinions and comments; however the last word and decision is still made by the leader of the group. The highest standing executive is usually leading the negotiations.

Moldovans are straight forward as the decision maker will be also the speaker. He starts the conversation and makes a general introduction. Afterwards he introduces the other team members specialized on the topic. And later he concludes the speech. The final decision always rests with him. Everything is clear and transparent.

All participants provided similar opinions and answers to this question.

6) *What could you advise people planning to do business and negotiations in China, Moldova, and Russia?*

Helpful would be to get advice from locals, and listen more than speak. The reason is that all you may say can automatic turn against you. In all cultures, your mistakes will be immediately used against you. It should be remembered that negotiations require patience, and do not expect straightforward results. It applies especially to China, where the attitude to rush is very negative.

Poul Pedersen also added that: *“You should better learn some basic history and a few words in order to manage to be polite by greeting and saying goodbye in the local language. Never try to play the Western character, be simple and behave on equal level. The worst somebody can do is to be arrogant or ignore local culture and habits.”*

Alexey Dolgikh added about the Russian side that: *“In negotiations with Russians be prepared to go into technical or financial details about your service or product in the early phases of negotiations. Russians usually don’t like to speak about something in general, they prefer specifics and numbers.”*

Natalia Gudima said that: *“Corruption is still powerful in Moldova. Very often, the official rules and laws do not work properly well in practice. In case of any problems you should know whom to contact.”*

7) *What is unacceptable/wrong when negotiating in China, Moldova, and Russia? What are these mistakes?*

In China, that’s challenging the interlocutor’s credentials (have him/her loose his/her face). Once it happens the relationship is broken and no future negotiations and communication may happen. For the Chinese the worst thing is to lose the status, which they have been cultivating for years.

Unacceptable is not paying enough attention to the Chinese side business card, as Olga Eastman said: *“When the Chinese side is presenting you the business card, it is necessary to take it with both hands and look carefully at design and information. It is respectful and mindful.”* Also: *“Hugging or touching is not acceptable, if you do not know the person well. Chinese are not comfortable with physical contact.”*

In Russia, that's challenging their pride, this is due primarily to the fact that many people still perceive themselves as part of the big empire. They may easily get insulted.

Gregory Camou said that: *“In Russia, too many flowery words, unnecessary small talk, empty phrases and promises will be met with suspicion and negativity. Russian side will appreciate up to the point, clean cut and straight forward discussion.”*

In Moldova, it would be lacking politeness. Moldovan side, same as Russian, should be treated respectfully. They may easily get insulted. Here you should never talk about politics, and nationalities, as nowadays the situation is critical. They will not even talk with you if you mention your opinion, as it may differ from theirs.

8) *How important is the personal contact with the other party when negotiating in Russia, Moldova and China?*

It is essential in China, decisive in Russia and preferable in Moldova. As already noted, without direct contact in China nothing is possible. In the other countries, you can manage without it, but not on the early stages.

Marco Bosman's opinion slightly differs from others: *“Personal contacts are very important – what matters most is who you know rather than what you know.”*

9) *Is it possible to negotiate with the Chinese, Moldovan, Russian side by email, Skype or it should be done personally?*

Not with Chinese, the written culture is not adapted. Here, everything is based primarily on personal contact and trust plays huge role in negotiations and deals, so personal contact is the must.

It is possible with Russian but not recommended, especially in the early phases of the negotiation process. On a later stage, when the contact is established, it is already possible

to conduct negotiations over email/skype. It can work like this: start the communication (may be over internet/phone), then meet personally and agree on further actions and facts, and the negotiations may be concluded via email.

Alexey Dolgikh added to the above that: *“Personal contact is always preferable. Russian side can find 10000 reasons not to reply to your e-mail.”*

Moldovans will accept, they are the closest to the Western-style of negotiation.

10) *Is it sufficient to speak English for negotiations in China, Russia and Moldova?*

Is it necessary to have an interpreter?

In China, the situation is very specific. The system thinking and the communication style is too different: it creates too many misunderstandings. The Chinese language is very different from other languages, primarily for its phrases that can be interpreted in different ways, so it is not recommended to negotiate in Chinese.

The translators are less needed in Moldova than in Russia, where the language skills are on very high level. But Oliver Prado's opinion is that: *“In Moldova, the interpreter will be needed as well, because from my experience in 60% out of 100%, my partner did not speak English. It could be related to the fact I met senior decision makers.”*

Gregory Camou opinion on Russian side is that: *“Depending on the audience, however having Russian speaker in the negotiations team always helps a lot, even if your counterparts speak fluent English.”*

11) *Does the style of negotiations differ in the capital and in the regions? If so, what makes it different?*

In Shanghai, Guangzhou, Beijing, the negotiation style is more international than in provincial cities. Moscow is less conservative than in the region. Similar is the situation of negotiation style of Moldova's regions.

It can be said the negotiating style differs a lot in capitals and big towns. More we get away from the capital, more specific become the negotiations and more national characteristics come over. The impact of globalization is felt and the boundaries between cultures are gradually erasing.

On the other hand, the point of view of Anatolie Palade about Moldovans is that: *“In the capital, all businessmen consider themselves more erudite and superior, and behave*

different from those who come from or live in regions further from the capital. The last ones behave simpler, transparent, and more polite.”

12) *Is it necessary to make compromises during the negotiations? If so, at what stage?*

In China, it is always necessary to make compromises. That is why, the foreign party should always leave room for themselves at the outset. Another option would be to slightly increase the demands before negotiations start so that during discussion there is possibility to lower them down a bit, without limiting the initial requirements and expectations (not official).

Gautier Vasseur also added that: *“When dealing with Chinese important is to show symbolic flexibility.”*

When in Russia, it is advisable to show all possibilities only at the end of the process. Never go for compromises immediately, at the initial stage of the negotiation, otherwise the party will be considered being weak.

In Moldova, as a rule, it is possible to make compromises from the very beginning, as they are usually oriented and able for compromises, and if you do it – he/she will do it in return. All participants provided similar opinions and answers to this question.

13) *How important are the gifts/ souvenirs in negotiations? Are they needed?*

They are not needed, but very important because help to build the trust, but should not be exaggerated.

In China, the gifts are welcomed but with more care now; because the government is working on unit-corruption campaign. The gifts of chocolates, expensive alcohol, cigarettes are the most popular in China.

In Russia it used to be very popular, particularly with government officials. There is still culture of gift-giving, but more on private basis, after negotiations. The same is in Moldova.

Olivier Prado underlined that: *“Usually people do not pay much attention to this. In case of very important and big negotiations, Moldavian businessmen usually take their partners to wine cellars which are very famous all over the world.”* But Darcie Murray’s opinion

differs: *“Definitely they are important, and this is very common when negotiating...especially with older generation”*

14) *How important is the appearance in negotiating? (clothes, accessories)*

The appearance of the participants is very important in Russia, important in Moldova, and less important in China.

Olga Eastman had the same opinion, as other participants, but she added that: *“Usually in China nobody pays any attention to the fact how are you looking. Besides that, business attire is a must for successful image and negotiations at present.”*

When about Russia, a very well-known saying should be mentioned *“first impressions are most lasting”* which means that one should better be dressed well for paying a visit to a place for the first time to make a good first impression. For that reason, the accessories are very important.

In Moldova, when better dressed people get more trust.

15) *How important are the food and drinks during the negotiation meetings?*

Food and drinks are very important in China, traditional in Russia and Moldova. In these countries, the gastronomy is not just a process aimed to satisfy the hunger or thirst, it is part of the national culture. Of course, the quantity and the assortment, depends of the importance of the negotiation: big deal – big food and drinks. Additionally, negotiations tend to follow with banquet, dinner or reception.

Viktor Trofimov’s answer slightly differed: *“Generally Moldovan side do not pay much attention to food and drinks at their meetings. Except cases when their relationship with the business partner is closer and long term, closer the relationship – bigger the table and stronger the drinks. At the initial stage of the negotiations the drinks/food are very symbolic (coffee, tea).”*

16) *Do the verbal agreements have the same power as in Europe? Is it necessary to write down every word?*

Verbal agreements have zero meaning in China. All documents should be signed immediately after the approval.

The verbal agreement prevails over the written agreement in Russia. People are not used to write every word on paper and they believe more the words.

Moldovans like when verbal agreement are confirmed written.

All participants provided similar opinions and answers to this question.

17) What psychological pressures / tricks are usually used by Chinese, Russian and Moldovan negotiating parties?

Chinese negotiators are challenging patience. They often play for time and always demand time for coordination of with the decision makers etc. Chinese like to wait and see, talk about something else rather than business, have a quiet moment, in order to find crucial information or just study the other party for a longer time.

Russian businessmen play power games. They always put pressure on their partners and sometimes are very rude in doing it. Russian side might tend to appear cold and distrustful, with pushy attitude, as they do not have win-win approach. They will be very on-guard not to let Russian side lose, while they do not care much about other party winning. Once they have a better idea about other side and some trust, they will be easier to deal with.

Alexey Dolgikh added to the above that: *“Russian party can be trying to show that you are not competent in the subject you are presenting.”*

Moldovans use ups and downs (emotions). In addition, *“Lots of Moldovan managers play on the financial and political instability to justify the prices, or the failure to fulfil some agreed deals”*, according to the answer of Viktor Trofimov.

Therefore, it is necessary to keep calm with representatives of all nations.

6 Conclusion

This work is dealing with a topic, which is undeniably important nowadays. The reason of such importance lies in the fact that more and more companies and businesses turn their orientation towards the Eastern market. They are looking for partners not in developed countries, such as the United States or Western Europe, but concentrate on the East, where there might still find a very good opportunity to occupy a business segment on the market. Obviously, the level of development of services (for example, the bureaucracy) outside Europe is still remaining on a very poor level. On the other hand, the market size and its growth rate countervail all negative issues. Many European businessmen face big challenges and problems which are related to the conduct of negotiations that arise because of cultural differences.

The topic of current thesis is the negotiations with representatives of China, Moldova and Russia. Each country is a potential market, both a sales market and a place where long-term investments may be built.

In the theoretical part of the thesis, basic theoretical statements were analysed, that helped later in further research. There were discussed such aspects of negotiations as: strategies, tactics, emotions, team negotiations and nonverbal communication. At the end of the theoretical part, the cultural differences of the countries were analysed.

The practical part consisted of secondary and own research. Secondary research was divided into 3 parts: preparation for negotiations, negotiations meeting, after negotiations. Here, the fundamental were the key aspects of conducting negotiations in different countries, such as Moldova, China and Russia.

The research was performed via in-depth qualitative open-ended interview. The respondents were top managers, general managers, partners who have worked or conducted business in these countries. The questions answered by the respondents refer to the negotiation process, preparation for negotiations and further actions.

In all three countries under analysis the society represents a traditional and patriarchal structure, in contrast to Europe. It is necessary to pay big attention and follow the hierarchy rules during negotiations and communication. Important is to keep in mind the inadmissibility of criticism to the local policy or regime, and of course, the different approach to time and to trust. The ideal step in the preparation for the negotiations would

be the introduction to the future party by local intermediary. When talking about concessions, the immediate agreement does not look as the best action. Other proposals were discussed in detail in the thesis.

Certainly the culture has a direct impact on the negotiations process, because it is the basis of human behaviour and the participant of the negotiations. For that reason, when traveling to another country it is advisable to learn about the culture of the country and to know at least a couple of key phrases. It will improve all phases of negotiations process and it makes it easier to understand the behaviour of the other side.

Every businessman going to China, Russia or Moldova should be professional in the field. The clear-eyed approach, the good reasoning and the detailed product knowledge is appreciated in any country. It is not need to take on the strategy of the counter party, as for example being aggressive, as Russians do, or temporise as Chinese do. Being a perfect professional is the perfect solution for all issues. The religion does not have such a big impact, in these countries. This is due to the fact that China, Russia and Moldova are not as religious as, for example the Arab countries.

Based on the above arguments, it can be said that the purpose of the thesis is fulfilled. In the thesis are describe the tips for leading negotiations in three countries, and the guidance is based on both, own analysis and the analysis of other authors.

In conclusion, it should be noted that the study was focused on the practical view of the question and was directed towards the practical advice for businessmen rather than in-depth study of the causes. Subsequently, the study can be extended into this domain.

It should be also mentioned, when planning and preparing for negotiations in Asia, Russia or other part of the world everybody focuses on differences by analysing them etc.

We forget that in each negotiation there are more similarities than differences, because both parties aim to conclude the deal and get positive results, which is the most important factor.

7 Recommendations

It would be ideal to have a partner that would protect your interests in these countries. On the other hand, one manager/representative is able to do business quite well without local partners.

During the first meeting, initial acquaintance, with the other party it is advisable to avoid political topics and issues, because it is perceived very painfully and controversially, in all countries under analysis. It is perfectly acceptable to ask generally about family, talk about sports or weather. Unlike in Europe, personal questions are taken more positive, and do not be afraid of them – asking about family is quite normal in all cultures.

Further, it should be remembered the hierarchy of functions and responsibilities must be respected strictly, then the discussion and arbitrations should be conducted with the person who makes the decisions, it is actual in all countries. It is impossible to negotiate with any representative of the party. In case of Russia and Moldova, it is not difficult to understand who the boss or decision maker is. The issue comes up in case of China, where this should be the first goal, and the success of the negotiations depends on it.

Table 2. Hierarchy

Russia	China	Moldova
Very important	Very important	Important

Source: results of own research

The negotiations in all countries require in-depth and thorough preparation of the homework, meaning the info about your service or product. Why? Because, at any time and any stage of process, the other party may put detailed questions and it is a must to react and respond immediately. Be ready to give long and detailed explanations about your structure of work. It is necessary to carry with you all features of the product/service or include in the team the manager who possesses required knowledge.

No chance to conduct the negotiations process online, via email or skype, in no case. The business culture of all three countries requires your personal presence. You can use skype, phone or email only to arrange the meetings.

It is recommended to have an interpreter or speak the local language, in all countries, but less in Moldova. In China, the situation is distinctive, because here you need a very good interpreter. Even better is to speak English during negotiations with Chinese, as the language is very specific and is not well suited for clear explanation by creating many misunderstandings.

The negotiating style from the capital does not differ very much from the style used in smaller cities or regions. The scenario is the same in both big cities and regions. The only distinguishing feature is that in the regions the traditions are more respected, but it is not a key factor when negotiating.

It should be remembered that the issue of concessions is essential when negotiating. In case of Russia, the concessions cannot be made immediately because it is perceived as your weakness. It is recommended to go on compromises only closer to the end of the negotiations process, before the closing stage. In case of Chinese representatives, they will be expecting you going on compromises, thus concessions can be made during the talks.

Table 3. Compromises

Russia	China	Moldova
Not to do or at the end	During	At the beginning

Source: results of own research

The research showed that the souvenirs are part of the negotiations and it is advisable to give a national present to your partners. However, souvenirs should not be treated as something highly important as it is written in books, it is just a stereotype.

When doing business in Russia, an impression about you will be build based on your appearance, clothes and accessories. Fake accessories may destroy your efforts of building a good relationship. When in China and the Republic of Moldova, the appearance and accessories do not play so big importance, but you should still wear a fashionable accessory.

Table 4. Appearance

Russia	China	Moldova
Very important	Important	Rather important

Source: results of own research

The importance of joint tea parties or dinners, for example, is not of great value in all three cultures. The results of the search confirm that it is just a stereotype.

Further, a fact of huge importance is that in China verbal agreements have absolutely no power, every agreement should always be signed as soon as the consensus is reached. While in Russia and Moldova the situation is different, if you came to a consensus, you should not fear and worry that you will be deluded, and the deal will not meet the conditions of your verbal agreement.

Table 5. Written and oral agreement

Russia	China	Moldova
The words and the agreement have equal power, however it is advisable to sign a written contract	The words and the agreement do not have the same power	The words and the agreement have equal power

Source: results of own research

Because of that, during Chinese negotiations it is a must to keep written record of all requirements, conditions and characteristics of the order (such as materials of the product, assembly and packaging). All details should be clearly written in all documents.

The following table shows tips concerning psychological tricks. When in Russia, you might be under big psychological pressure, because the style of the process is quite aggressive, in comparison to Moldova, for example. It is needed to demonstrate power and never accept immediately the concessions.

Table 6. Psychological tricks

Russia	China	Moldova
Power game	Play for time	Usage of emotions

Source: results of own research

In China, it is necessary to give them time to think and not being in hurry for the answer. Further, Chinese need firstly to get to know you as a person, only after this stage it will be possible to start the business process. In Moldova, as well as in Russia, the emotional pressure is present, but there is not aggressiveness at all.

As it can be seen from the table, in all three countries, it is recommended to stay rational and clearly maintain your position.

As a conclusion, it should be mentioned, when planning and preparing for negotiations in Asia, Russia or other part of the world everybody focuses on differences by analysing them etc. We forget that in each negotiation process there are more similarities than differences, because both parties aim to conclude the deal and get positive results, which is the most important helping factor.

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