The Armenian Culture of Negotiation: A Social Institution under Reconstruction?*

Stepan S. Khzrtian (Director, Center for Excellence in Negotiation – Yerevan)
Thomas J. Samuelian (Senior Fellow, Center for Excellence in Negotiation –Yerevan)

I. INTRODUCTION

Negotiations make up a significant part of the reality of everyday life. There is an aspect of negotiation in nearly all face-to-face conversations, as shown in the socio- and ethno-linguistic research of (Hymes, 1974) and (Goffman, 1981) or Wittgenstein's approach to language as word games. Recurring patterns of interactions lead to the social construction of this aspect of everyday reality in the course of reaching, or not-reaching, agreement with interlocutors. As a result, a culture of negotiation is a socially constructed reality and has its own culturally defined rules which give the process and its results legitimacy. Out of this reality, negotiation culture emerges as a social institution, in the (Berger & Luckmann, 1966) meaning of the term.

This paper defines "negotiation culture" as the set of default values and norms resorted to in negotiation and encountered while negotiating. This research aims to describe some salient characteristics of Armenian negotiation culture using the Hofstede dimensions of culture and to identify factors and social realities that may have affected or shaped mental models underlying Armenian negotiation culture. The post-Soviet transition period in Armenia provides a unique setting for the study of such factors, as the old models and new models compete and co-exist, contributing to the social reconstruction of negotiation culture in Armenia.

The Hofstede dimensions of culture are an accepted framework for such cultural analysis. They have been applied to over 70 cultures over the past 40 years, starting with a survey of IBM employees world-wide in 1967-1973 (Hofstede, Hofstede, & Minkov, 2010).[1] Our research, using an online survey with negotiation video role-plays, points to certain key hypotheses regarding Armenian negotiation culture and its reconstruction as a social institution.

This paper presents the preliminary findings of a larger ethnographic study aimed at describing and analyzing the culture of negotiation in Armenia. To this end, CEN Yerevan,

* *The authors wish to acknowledge the contributions of our colleagues and research team, especially, Nshan Matevosyan, Hayk Mamajanyan for their work on the on-line survey and negotiation role plays, and Tatevik Danielyan, for research on Hofstede survey methodology.*

based at the American University of Armenia, is collaborating with Yerevan State University and the Russian-Armenian (Slavonic) University.

II. METHODOLOGY

The main methodology of this study was an online survey based on two video clips of bilateral negotiation, showing a role play enacting a specially designed script. In the first negotiation video ("Hard-Hard Negotiation")[2], both negotiators adopted hard (competitive/aggressive) negotiating styles while negotiating the price of a deal. In the second negotiation video ("Soft-Hard Negotiation")[3], a soft (accommodating) negotiator encountered a hard (competitive/aggressive) negotiator.

After being shown in full, the survey participants were shown excerpts from the negotiation depicting key episodes in the negotiation, clipped from the main video, and asked to evaluate them. For most episodes participants were asked two questions:

- Which negotiator's behavior is more effective?
- Which negotiator's behavior is more typical of negotiations in Armenia?

Hypotheses were developed connecting the Hofstede cultural dimensions to certain negotiation behaviors. The script included episodes enacting these behaviors, such as the form of agreement (contract vs. handshake) and process for decision-making (independence vs. consensus), drawing upon the work of (Salacuse, 1998) and (Metcalf & Bird, 2004).

As noted, the survey was administered online, for ease and inexpensiveness of distribution, given the video content. Over 120 respondents participated in the survey, which included certain socio-, ethnic, age and education profile questions, which permitted filtering of the results and exclusion of those outside the target population of Armenian culture:

- Are you currently studying or working (or have you studied or worked) abroad or in an environment where foreign values are dominant (e.g., international university in Armenia, international office, etc.)? Responses included: No; Yes, for less than a year; Yes, 1-3 years; etc.
- Are you a permanent resident of Armenia? Responses included: Yes; No.

III. MAIN FINDING

One of the most striking results of the survey was that, for almost all of the episodes, the behavior that respondents considered more typical of Armenian negotiation was rated less effective than the counterparty's behavior. In short, respondents consistently rated

behavior that is not-typical of Armenian negotiation culture as more effective. This holds for all of the negotiation episodes but one, which the authors are continuing to research.

Our analysis of the Hofstede Dimensions is still underway. The preliminary results relating to the first three dimensions are presented here. Each culture has a unique profile, and while overlaps on two or three dimensions are common, full, five-dimensional congruence is rare. Preliminary results tend to place Armenia in the proximity of some smaller Eastern European cultures, which is not surprising, with Slovenia being the closest on most, but not all, of the dimensions. The data indicate a tension between two mental models stemming from two social realities, as discussed more fully in Part VI below, setting the stage for culture change.

IV. HOFSTEDE DIMENSIONS

Our interpretation of the data involved application of the five Hofstede dimensions to the cultural analysis of negotiation. Developed by Dutch social psychologist and anthropologist Geert Hofstede, the cultural dimensions are briefly defined as follows:

- *Power Distance (PDI):* This dimension measures the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Institutions are the basic elements of society, such as the family, the school, and the community; organizations are the places where people work. (Hofstede, Hofstede, & Minkov, 2010, p. 61)

- *Individualism vs. Collectivism (IDV):* Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after him- or herself and his or her immediate family. Collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty. (Hofstede, Hofstede, & Minkov, 2010, p. 92)

- *Masculinity vs. Femininity (MAS):* Contrary to its name, this dimension has nothing to do with gender or gender roles per se. It relates to styles and attitudes. A society is called masculine when emotional roles are clearly distinct along traditional lines – Mars vs. Venus: men are supposed to be assertive, tough, and focused on material success and results, whereas women are supposed to be more modest, tender, and concerned with the quality of life and relationships. A society is called feminine when there is more overlap and integration of the "feminine" attitudes and behaviors across gender lines: both men and women are supposed to be modest, tender, and concerned with the relationships quality of life. (Hofstede, Hofstede, & Minkov, 2010, p. 140)

- *Uncertainty Avoidance (UAV):* This dimension measures the extent to which the members of a culture feel threatened by ambiguous or unknown situations. This feeling is, among other manifestations, expressed through nervous stress and in a need for predictability: a need for written and unwritten rules. Uncertainty avoidance is not risk aversion per se, but a low tolerance for ambiguity. (Hofstede, Hofstede, & Minkov, 2010, p. 191)

- *Long-Term Orientation (LTO)*[4]*:* Long-term orientation stands for the fostering of virtues oriented toward future rewards – in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present – in particular, respect for tradition, preservation of "face," and fulfilling social obligations. (Hofstede, Hofstede, & Minkov, 2010, p. 239)

V. SUPPORTED HYPOTHESES AND FINDINGS

1. The Armenian Culture of Negotiation: *What is typical of Armenian negotiation?*

This study first set out to locate Armenian culture on the spectrum of the five Hofstede cultural dimensions. The survey results provided strong data to support preliminary findings on three dimensions – Power Distance, Individualism vs. Collectivism, and Masculinity vs Feminine. The researchers are continuing to gather data on the other two dimensions – Uncertainty Avoidance and Long-Term Orientation.

a) Armenian culture is high power distance.

Three of the survey video episodes tested hypotheses on Armenian culture with respect to the Power Distance Index.

An example is the episode from the Hard-Hard Negotiation involving mode of address.[5] The Armenian language, like French (*tu, vous*), Russian (*ty, vy*) and certain other languages, has formal and informal modes of addressing individuals in the second person. In the test episode, Negotiator 1 interrupts Negotiator 2, rebuking the latter for referring to him with the informal second person singular *du*, and insists on being addressed *duk'* (formal second personal plural form), as he is the CEO a large holding company. Negotiator 2 responds with surprise, saying that he regards the two of them as partners and as equals.

Over 60% of respondents found Negotiator 1's behavior to be more typical of Armenian negotiations.

The data obtained for all three episodes supported a relatively high rating on the Power Distance Index. High power distance is typical of traditional, hierarchical cultures, many of

which have had long periods of foreign rule. Armenia fits into this category, given centuries of foreign rule and top-down, hierarchical power structures.

Reference countries with similar high PDI include Eastern European countries (Slovakia, Romania, Serbia) and Mexico – all high power distance, hierarchical cultures which long-histories of foreign rule.

b) Armenian culture tends to be individualist.

Three of the episodes tested hypotheses on Armenian culture as to the Individualist vs. Collectivist dimension.

An example is an episode from the Soft-Hard Negotiation involving reference to community concerns.[6] During the negotiation, the soft negotiator alludes to the community's interests and anticipation of seeing the deal move forward. The hard negotiator responds that he is only concerned with his own interests. Almost 80% of the respondents found that the hard negotiator's behavior was more typical of Armenian negotiations.

Similarly, in an episode from the Hard-Hard Negotiation, Negotiator 2 asks Negotiator 1, the CEO of the holding company, whether he has consulted with the Board of Directors on this deal.[7] Negotiator 1 fires back that he sees no reason for consulting with the Board on this matter as he is the CEO and is used to making sole decisions. For over 90% of the respondents, the behavior of Negotiator 1 was more typical of Armenian negotiations.

Of the three episodes aiming to measure the Individualism Index, the two just described generated data which strongly supported the finding that Armenian culture is individualist. For the third episode (Soft-Hard Negotiation), respondents were almost equally divided and non-conclusive for this dimension.[8]

These results support a finding that Armenian culture tends to be individualist.

This arguably derives from the transition from a Soviet, collectivist society to a more individualistic society based on Western values. This dimension may also reflect the Armenian trait of self-reliance, also found in literary and popular culture, which does not completely trust the collective to fend for itself. Indeed, one hypothesis is that there is a discontinuity in the Armenian collectivism spectrum: the individual perceives her/himself as part of the collective up to a certain point, at which the self-reliant/survivalist trait triggers a break-away from the group.

As for the previous dimension, reference countries with similar standing on the Individualism Index are primarily Eastern European: Estonia, Lithuania, Slovakia, Poland, and the Czech Republic – formerly Soviet-sphere, collectivist societies which have broken away and

espoused more individualist Western cultures, values and habits in the post-Soviet era. In Armenia's case, however, the self-reliant, individualist strand is evident in literature (e.g., Raffi's *The Fool*), and popular culture, including the national epic *David of Sassoon*, long before the Soviet era.

c) Armenian culture is masculine.

Three of the episodes tested hypotheses on Armenian culture as to the Masculinity vs. Femininity dimension. As already noted, this dimension is not about gender roles per se, but rather about characteristics typical of masculine and feminine approaches and attitudes toward dispute resolution.

An example is the episode from the Hard-Hard Negotiation involving two kinds of aggressive, result-oriented tactics.[9] Realizing that he is failing to achieve agreement on his terms, Negotiator 1 threatens Negotiator 2, saying "Since we're already a majority shareholder of this company, don't you think that we can create problems for you if you don't agree with me?" Negotiator 2, obviously offended, retorts with a question, "Is this your final offer?" and, receiving a positive response, walks away from the negotiating table.

This episode included two probes for the Masculine vs. Feminine dimension: the threat and the walk-away. For the threat, over 90% of respondents found Negotiator 1's behavior to be typical of Armenian negotiations. Similarly, for the walk-away, nearly 70% of respondents rated Negotiator 2's behavior typical of Armenian negotiations.

The third test episode for this dimension was the episode in the Soft-Hard Negotiation involving community concerns, described above. In evaluating this episode, 80% of respondents considered the hard negotiator's behavior to be more typical of Armenian negotiation.

These results support a finding that Armenian culture is masculine.

A high ranking on the Masculinity index is typical of "honor societies" which emphasize saving face. Arguably, a history of foreign oppression also has plays a role here; reference countries include Ireland, Mexico, Slovakia. Societies typically considered "hot tempered" also tend to rank high on the Masculinity vs. Femininity dimension, e.g., Italy.

d) Continuing research on Uncertainty Avoidance and Long-Term Orientation

For these two dimensions, further data collection and analysis are indicated, as the results were not as clear or unequivocal as the data for the first three dimensions.[10]

However, preliminary findings indicate that Armenian culture tends to be open to uncertainty and to have a long-term oriented. These findings, however, may also derive from the role of trust and relationship in Armenian society, as many of the test episodes included elements of both.

For example, in one episode from the Soft-Hard Negotiation designed to test both of these dimensions, the soft negotiator (the buyer) suggests paying the purchase price in tranches, over a period of three years. The hard negotiator agrees, but insists on including delay damages in the agreement in case the soft negotiator delays payment. Surprised at this response, the soft negotiator objects to delay damages as being inconsistent with the trust and prior dealings of the parties.

Over 60% of respondents found the soft negotiator's behavior to be more typical of Armenian negotiations. This points to a relatively low uncertainty avoidance and long-term oriented culture. However, this kind of response may also be driven by the importance of trust and relationship in Armenian culture rather than uncertainty avoidance or long-term orientation.

These preliminary findings indicate a need for further data and targeted investigation of these dimensions.

2. **The Functional Culture of Negotiation: *What is effective?***

As noted above, in almost every instance save one,[11] respondents deemed "effective" the opposite of what they considered "typical of Armenian negotiations." This gives reason to believe that alongside the traditional culture of Armenian negotiation, based on what is typical, or expected, there exists another culture of negotiation, based on what is seen as effective, which we will call tentatively, the *functional culture of negotiation*.

Further, beside the fact that two negotiation cultures seem to be coexisting, these two cultures are also distinguishable from each other and are in opposition to each other at times. The roots and implications of these competing negotiation cultures are discussed in the next part.

Respondents deemed the following to be characteristic of effective negotiation behavior:

- Status, hierarchy and formality are less effective. For example, in the *du-duk'* episode, almost 60% of respondents found that Negotiator 2 (insisting on equality and partnership) was more effective. This contrasts with the finding that Armenian culture is high power distance.

- Consensus and coalition building are more effective than individual action and pursuit of narrow self-interests. As an example, in the episode on community concerns, almost 70% of respondents considered the soft negotiator's behavior (stressing community interests) to be more effective. This contrasts with the finding that Armenian culture tends to be individualist.
- Threats and walk-aways are less effective. 62% of the respondents considered both the threat and the walk-away to be ineffective in the relevant Hard-Hard Negotiation episode, referred to above. This contrasts with the traditional Armenian masculine culture, which a large majority of respondents found typical of Armenian negotiation.

As opposed to the traditional negotiation culture, functional negotiation culture adopts a more rational, interest-based approach toward negotiation, focusing on the problem instead of the people. This is in line with the method of principled negotiation, which is evolving into a global culture of negotiation.

It remains to be seen how this functional negotiation culture will develop – whether it is a trending paradigm or a dormant inner sense of how to negotiate, one which is not applied in real life. This requires further monitoring and investigation.

VI. TENSION BETWEEN SOCIAL REALITIES: SIGNS OF CHANGE

The most striking finding of the survey was that respondents consistently rated behavior that is not typical of Armenian negotiation culture as more effective. This finding gives reason to believe that two competing and complementary mental models exist for viewing negotiations in Armenia, arguably engendered by the post-Soviet transition period. Each mental model is a socially constructed reality, a paradigm for interpreting negotiations. The two mental models can be defined as:

1. Historically contingent, traditional, national/regional mental model
2. More functional, rational, global mental model

A key finding is that respondents were consistently able to differentiate between what is typical and what is effective, thus demonstrating the capacity to discern between the two mental models and switch between them. The ability to discern the difference and identify what is more effective is an indicator that the culture of negotiation has the potential to evolve.

The existence of two competing mental models and social realities gives rise to a tension, which is a likely driver for change. This preliminary finding corroborates the indications of change in negotiation culture noted by earlier research. (Ohanyan, 1999)

VII. CONCLUSION

This paper on Armenian negotiation culture is part of a larger cross-cultural study in ethnography of negotiation. Ethnography of negotiation is a way to understand the cultural underpinnings of this social institution and to consider possible means of monitoring and promoting its development.

The Hofstede cultural dimensions were used to identify certain salient characteristics of Armenian negotiation culture. By means of an online video survey based on two, bilateral negotiation role-plays, the preliminary findings of this study indicate that Armenian culture tends to be High Power Distance, Individualist, and Masculine; the other two dimensions, Uncertainty Avoidance and Long-Term Orientation, are still under study. These findings are based on the behaviors which respondents considered to be typical of Armenian negotiations.

Strikingly, respondents considered typical Armenian negotiation behavior to be less effective than more functional negotiation styles, giving reason to believe that two mental paradigms exist for viewing negotiations – the traditional, historically contingent model based on what is typical, and the global, interest-based model based on what is functional and effective. Hence, Armenian respondents appear to be using two competing and complementary mental models for viewing negotiation.

The existence of these competing models gives rise to a tension which is likely to be the driver of change and reconstructing the social institution of negotiation in Armenia. It remains to be seen, with the passing of time and through further research, whether the functional, interest-oriented mental model is a dormant component of the social psyche or will develop to be the dominant paradigm for interpreting and engaging in negotiation. Over time, one possible trend is that the global, interest-based culture of negotiation becomes more dominant and common, tipping the balance of paradigms in Armenia so that functional negotiation becomes the typical Armenian negotiation culture. The other is that various aspects of the functional paradigm are absorbed by Armenian negotiation culture resulting in an adaptation or modification of the current dominant culture.

---

[1]http://geert-hofstede.com/national-culture.html, accessed October 21, 2012.

[2] https://www.youtube.com/watch?v=LPOmkzHO5tk&feature=plcp.

[3] https://www.youtube.com/watch?v=GyXM47NWDng&feature=plcp.

[4] Defined and developed by Michael Bond and Michael Minkov.

[5] https://www.youtube.com/watch?v=hnjco6Gob-U&feature=plcp.

[6] https://www.youtube.com/watch?v=RTnA1PJi1AE&feature=plcp.

[7] https://www.youtube.com/watch?v=9rKM_WgzxG8&feature=plcp.

[8] This is also the only episode for which the respondents didn't consider one behavior to be typical and yet the opposite to be effective. For this episode, respondents found the hard negotiator's behavior to be effective (83.5%) and also, to a very insignificant extent, to be typical of Armenian negotiation (50.4%).

[9] https://www.youtube.com/watch?v=8SpDO2QMjhY&feature=plcp.

[10] There are a number of plausible explanations for this. For example, the probe episodes may not have been as easy to categorize, Armenian negotiation culture and effective behavior may be more similar are hard to distinguish, other factors may be interfering with perceptions of the probe, or respondents may not be as attuned to these factors.

[11] https://www.youtube.com/watch?v=DvcDInfr19s&feature=plcp. In this episode from the Soft-Hard Negotiation, the hard negotiator asks whether the soft negotiator is authorized to represent the buying company. The soft negotiator responds that he is partially authorized: he can negotiate on the essentials of the deal, but the CEO has the final say. For over 80% of respondents, the hard negotiator's behavior was effective, yet the respondents were undecided as to whether his behavior was also typical of Armenian negotiation (50.4%-49.6%).

REFERENCES

Berger, P. L., & Luckmann, T. (1966). *The Social Construction of Reality: A Treatise in the Sociology of Knowledge.* Garden City, NY: Anchor Books.

Goffman, I. (1981). *Forms of Talk*. Philadelphia, PA: University of Pennsylvania Press.

Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). *Cultures and Organizations: Software of the Mind* (3rd ed.). New York, NY: McGraw-Hill.

Hymes, D. (1974). *Foundations in Sociolinguistics: An Ethnographic Approach*. Philadelphia, PA: University of Pennsylvania Press.

Metcalf, L., & Bird, A. (2004). Integrating the Hofstede dimensions and twelve aspects of negotiating behavior: A six country comparison. In *H. Vinken, J. Soeters, & P. Ester (Eds.), Comparing Cultures: Dimensions of Culture in a Comparative Perspective (pp.* 251-269). *Leiden & Boston: Brill.*

Ohanyan, A. (1999). Negotiation Culture in a Post-Soviet Context: An Interdisciplinary Perspective. *Mediation Quarterly*, 17(1), 83-104.

Salacuse, J. W. (1998). Ten Ways that Culture Affects Negotiating Style: Some Survey Results. *Negotiation Journal*, 14 (3), 221-240.