

CONFLICTS AND THEIR MANAGEMENT IN BUSINESS NEGOTIATIONS

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ABSTRACT

Conflict analysis and their management showed that during the past decades its scientific understanding changed from the social sciences to interdisciplinary management fields. Conflicts are examined and defined in their own way by management, psychology, politics, law, economics and other sciences. Solutions of conflicts are an integral part of business negotiations - in negotiations are solved various inconsistencies, conflicts of both negotiating parties. Conflict resolution techniques can change in dependence on the culture of the country. In negotiations with the representatives of other countries is necessary to know the dominating conflict management styles in the relevant country and how it is possible to adjust own behavior. A significant number of modern business negotiations are international, so it is proposal to use mediator in negotiations of another culture who is an individual having the same cultural experience as business partners. In process of preparation for negotiations with other country is necessary to take into account the characteristics of relationships prevailing in that country. This paper reviews the process of conflicts in negotiations and their prevention in the interaction of different cultures. Also this paper analyzes the impact of exchange of information and management of expectations for the prevention of conflicts in the negotiations. In order to manage the expectations of the other side of the negotiations is necessary to find out in the preparation phase the values of partner, and try to manage information in negotiations, understanding the values and the context of the other side of negotiations, in order to form useful for us expectations from the other side, which would help to avoid further conflicts in the negotiating process.

Key words: business negotiations, conflict, conflict prevention, information exchange, management of expectations, cross-cultural communication.

JEL Classification: M16, M54.

Introduction

Conflicts are an integral part of business negotiations to a greater or lesser extent – there are solved various inconsistencies, irregularities of the negotiating parties. The techniques of conflict resolution can be mixed depending on the culture. When negotiating with other party it is necessary to know what conflict management styles prevail in another country and how can be adjusted your behavior to it. This can determine the country's cultural norms and organizational culture. Preparing for the negotiations with other country it should be taken into account characteristics of the relations prevailing in that country. This paper will review conflicts in business negotiations and their prevention in the interaction of different cultures. It



also examines the influence of information exchange and influence of expectations management to prevention of conflicts in negotiations.

Problem - scientific literature not sufficiently analyzed influence of information exchange and management of expectations on prevention of conflicts in cross-cultural business negotiations.

The object of research - preventing conflicts in intercultural business negotiations.

The aim - to accomplish comparative analysis of worldwide literature on conflicts of cross-cultural business negotiations.

Research methods - the systematic, comparative, logical analysis and synthesis of scientific literature.

1. Literature Survey

Conflict management analysis in literature of recent decades shows that the problem of conflict management is moving from separate social sciences to interdisciplinary approaches to conflict management and its prevention (Lee, 2012). Conflicts are examined and defined in their own way by management, psychology, politics, law, economics and other sciences. Conflict can mean a process or state (Račelytė, 2009). Whether there is conflict or not can depend on perception of parties. In most definitions of conflicts are identified opposition, shortages and interlocking concepts and it is assumed that there are two or more parties whose interests and goals seem to be incompatible. Conflict management is defined by Lakis (2012) as forming and using social, economic, organizational and moral factors for the benefit of solving problems, which are or may be a basis for social conflicts as well as motivating participants in a conflict to a mutual agreement. Conflicts can encourage creativity and strengthen social relationships (Chambers and De Dreu 2014), but is more likely to create a negative emotions of negotiating sides - anger, malice, strengthens antagonism and forms the main barriers to constructive negotiations. The conflict can be described as blocking important goals, needs and interests of the other side (Vecchi, 2005). Prenzel and Vanclay (2014) argues that conflict is a situation in which independent people reveal their differences in seeking to satisfy their individual needs and interests. These two sides experience dependency on each other trying to achieve their aims. Conflicts may also provide benefit: encouraging creative solutions, changes. Resolution of conflicts encourages social interaction and enhance social relationships in the long term. Freedom of expression may be associated with a potential conflict, because opinion about something may differ from other the opinions. Prenzel and Vanclay (2014) argue that the core of the conflict is based on the concept of destruction that can take part in social relations by conveying negative emotions. There are a number of approaches that are adapted to solve strategic conflicts and they all have the basics of game theory (Hui and Bao 2013): conflicts theory, graph theory, action theory, meta-gaming theory. Authors Tekleab and Quigley (2014) write that the conflicts are multidimensional in its nature, in reality in conflicts are prevailing problems assessed by a number of criteria, which includes decision-makers (Hui and Bao, 2013). Game theory reveals how people behave in conflict situations (Hui and Bao 2013). A person's response to the conflict can be constructive or destructive (Vecchi, 2005). Authors Zuleta and others (2013) examine why some conflicts reach a truce or find a solutions and in other conflicts the participants leaves the negotiations. Some authors Yin et al. (2008) examine the application of game theory to decisions of conflicts. Barough and others (2012) also analyzed and modeled problems occurring in management of construction by using game theory approach. Various challenges are emerging among participants of negotiations, as follows: interpersonal conflicts of high risk, communication inaccuracies, which are widely examined (Wilken et al., 2013). Tekleab and Quigley (2014) survey showed that inconveniences arising in groups relations leads to dissatisfaction with the team and causes the desire to leave it. The latter authors focused on conflicts arising in relations of negotiating team. Conflicts in team influence other individuals, especially their behavior, which affects a team's effectiveness. Smith and others (2014) observed that if the participants of conflict in negotiations presume that the conflict may lead to significant losses, then they encourage greater cooperation. Hossain (2012) emphasizes that conflicts may arise due to lack of time, tension arises coming closer to the deadlines of one negotiating side regarding potential delays and possible losses. Jain and Solomon (2000) analyzed the influence of electronic communication to conflict resolution. R. Kampf (2014) analyzed computer modeling, in which modeled conflicts of Israel and Palestinian. R. Kampf (2014) study showed that negotiating of the groups more often avoided conflicts than individual negotiators. He has found that groups more often use political measures than individuals. Individuals take more risk than negotiating team. It was found (Ribbink and Grimm, 2014)



that the differences of negotiator's values in conflicts influence the degree of cooperation between the participants, that ultimately reduces profits for both sides. This creates opportunities for opportunistic behavior when one participant can use uncertainties in order to cover up or manipulate the situation regarding their own benefits. Cote and others (2013) found that negotiators tend to cooperate when the other half shows anger. Their study says that showing of anger can be a good tool to encourage cooperation. The latter authors found that artificial anger is different from the actual. The real anger may give more discounts and false causes additional requests from the other side. Imai and Gelfand (2010) notes that negotiators of intercultural negotiations achieve less profitable contracts than negotiating with representatives of their culture. This occurs due to cross-cultural discomfort caused by psychological and behavioral challenges in the intercultural context. A significant number of modern business negotiations take place internationally, so it is proposal to use in the negotiations mediator, an individual who has the same cultural background as well as business partners.

Some researchers (Wilken et al., 2013) analyzed the impact of mediator to the process of negotiations and economic outcomes. The authors during experiment examined German and French negotiations. The results showed that the use of cooperation strategies depends on the agent's degree of collectivism. Taking into account economic results of the study intermediary role improved team performance. This means that benefits of using an intercultural mediator depend on his cultural background and on goals of negotiating team. Lakis (2011) analysed how long-term purposeful efforts in forming positive thinking, approach towards constructive activities and assertive behavior, affects the whole men public life, institution and organization management and interactions. Mediator's use in resolving conflicts is useful for negotiations as negotiators without his help have limited knowledge and experience, which limit the creation of confidence and positive atmosphere during the negotiations, that could help in solving the problems and encourage cooperating behavior (Wilken et al., 2013).

Conflict can be defined as a process that begins when one participant perceives that he is adversely affected by another side of the negotiation or becomes aware about the possible negative results that are relevant to him (Freeman et al., 2002; Thomas, 1992). Conflicts can be managed using a number of strategies and behavioral styles (Baxter, 1985; Alajoutsijarvi et al., 2000). Conflict management styles can be defined as the set of possible behaviors between two points: persistence and cooperation (Blake and Mouton 1964; Rahim, 1992; Thomas, 1992). Competing style (very high level of persistence) also includes the use of the powers. Cooperation style reflects the objectives, partially by the concessions, to satisfy the wishes of the other party on their own account (Freeman et al., 2002). The style choices are affected by the conflict. This includes the normative aspects, which are assessment of participant's problem or possible its solution. Selection of conflict management style is function of the first, second is disposition of basic orientation and behavior, which leads to conflict (Freeman et al., 2002). This is related to the context of situation and position of the time in relations, that reflects culture on national and subnational level, especially in a multicultural society (Freeman et al., 2002). The conflict process requires understanding the specific situations of a relationship as well as the nature of the conflict in the context of cultural and national norms that operate in culture (Freeman et al., 2002). It is argued that the common understanding of the cultural norms is based on the understanding of behavior and the result of conflict process (Freeman et al., 2002). Solving conflicts between representatives of the same country is difficult enough, but resolving the conflicts in negotiations with representatives of another culture that is already the challenge, as this may interfere with distance, language, culture, context, and other barriers.

Further will be shown examples of some conflicts and their solutions in negotiations between several institutions and countries, which have significant influence for these countries business future. Here are some positive and negative examples from practice of using different methods of solving conflicts:

• Positive example would be the discussion on a future EU-US trade deal. Talks on a future EU-US trade deal began on 2013 and will continue throughout 2014. This meeting can help pave the way for a future trade and investment deals, known as the Transatlantic Trade or TTIP (Prnewswire, 2014). An EU-US trade agreement would cut businesses' costs and generate enough growth and jobs to boost the EU economy. And it would do so whilst respecting both sides' environmental, labour and consumer protection standards (Prnewswire, 2014). But Economics Nobel Laureate Joseph Stiglic say's, that in reality we see a managed trade regime, which holds the interests of corporations much more important,



and the negotiation process, which is neither democratic nor transparent (King, 2014). In response to this the new United States ambassador to the European Union Anthony Luzzatto has declared his intention to take the arguments for a Transatlantic Trade deal to consumer groups, environmental groups and civil society (Prnewswire, 2014). He accepted that the presentation of arguments for a Transatlantic Trade deal had to be improved. It was not enough, he said, to speak of how many trillions of dollars might be added to EU-US trade (King, 2014). The benefits had to be made real to consumers and to small and medium-sized enterprises. He said that TTIP also stood to bring benefits to consumers through more trade and lower prices. On climate change, he saw "a misperception that the US is not doing enough". "We share the same goals. We are going about it in different ways," he said (King, 2014). The US was on track, he added, to meet its emissions reduction targets – through a switch from coal to shale gas, through greater energy efficiency, through federally imposed standards on cars and trucks, and through investment in clean energy. Also Gardner said that he would be spending a lot of time with the new European Parliament that is to be elected in May, since its stance on TTIP would be crucial (King, 2014).

• As negative example can be the reunification talks between the Greek and Turkish communities on Cyprus. A solution in reunification talks between the Greek and Turkish communities on Cyprus started in March, 2014 after a freeze of 18 months (Vogel, 2014). In a departure from previous failed talks, the two sides will explore from the start where concessions in one area could lead to compromise in another. One tense area is freedom of movement, on which the Turkish Cypriot side believes that a final settlement will require permanent derogations from EU law that are proof against legal challenge. But it does not meet the Greek Cypriots and could also present a problem for the Commission (Vogel, 2014). In the Greek part of the island Democratic Party (Diko) is generally seen as more hostile to the idea of a compromise solution (Vogel, 2014).

According these examples we can understand, that importance of the exchange of information and management of expectations in conflict prevention are crutial. It is necessary to understand the differences of emotions in other cultures that we could solve more effectively international conflict in negotiations. In the next part we intend to review in more detail the influence of the exchange of information on the performance and prevention of conflicts in business negotiations.

2. The exchange of information in conflict prevention system

Information is one of the main components of negotiating power – more information about the other side of negotiations we have, the better we can understand its expectations and therefore to ensure conflict prevention. Information is essential for the development of future negotiation strategies: identifying the current context of the negotiations, goals of the other side, negotiating history, expectations and so on. In order to establish a mutually beneficial agreement both sides of negotiations should seek the smoother exchange of information.

Of course, this may depend on the ambitions of negotiations side - whether it wishes a long-term or short-term cooperation. This may result the fluency on the exchange of information. For long-term cooperation negotiating sides should be more open and cooperative, because any distortion or silence of information can ruin future agreements. Hereinafter will be an overview of the scientific literature, that examines the exchange of information, effectiveness and efficiency of negotiation, and the satisfaction of negotiating parties. Due to the increased demand to increase limited resources for organizations is important to appear efficiently and effectively in the negotiations (Schwarz et al., 2010). Despite the importance of effectiveness and efficiency in negotiations it is remarkable that both in literature and in practice, the negotiations were analyzed only as a result of efficiency (Clopton, 1984, Churchill et al., 1985; Oliver et al., 1994; Sharland, 2001 Smith, Barclay, 1993). Until now the researchers and practitioners were less interested in effectiveness of negotiation (Schwarz et al. 2010). This may be due to the emphasis on the exchange of information in negotiations (Weitz 1981, Alexander et al., 1991, Thompson, Hastie, 1990, Thompson, 1991; Neal, Northcraft 1991). Due to this fact uncertainty in process of agreements (due to information asymmetries between buyers and sellers) can be minimized by improving the exchange of information and improving the quality of decision making (Stigler, 1961; Dawes, Lee, 1997; Knobloch, Solomon, 2002). During the negotiations huge efforts are being made to the continuing information search and its



transmission that makes a negative influence to the effectiveness of the negotiation process (Schwarz et al., 2010). Schwarz et al. (2010) conducted a simulation of negotiation, results showed that the groups which before the negotiations had more information, reached a more efficient and effective results, as well got greater satisfaction with the negotiations. The analysis showed that the open exchange of information must be aspirational with long lasting negotiations (Schwarz et al., 2010). The negotiation process has to be understood as a process of social interaction (Lewicki, Litterer, 1985), where the uncertainty is reduced by mutual exchange of information (Knobloch, Solomon, 2002). The results show that reduction of information asymmetries may stimulate more integrated agreements. It depends on the preferences of the negotiating parties (economic and non-economic) (Schwarz et al., 2010).

It was found that the achievement of integrative results are then, when all of the negotiating sides have high non-economic goals (Schwarz et al., 2010). In negotiations when the buyer and the seller have noneconomic aspirations for the target to develop long-term relationship (characterizing them by trust) is necessary an open flow of information (Koeszegi, 2004). Open flow of information can be undesirable when one of the participants in the negotiations have a strong economic endeavor. This is due to the fact that the participants can use the information asymmetry in order to maximize their results. Open flow of information is dependent on the situation in which negotiations take place (Murnighan et al., 1999). In terms of the effectiveness of negotiations, Schwarz et al. (2010) results could not confirm the relationship between the reduced information asymmetry and effectiveness of negotiation. The results show that in both subgroups (one with reduced information asymmetry as well as full information asymmetry) there is no significant difference in the duration of the negotiations (Schwarz et al., 2010). It should be noted that Schwarz et al. (2010) carried out the negotiations experimentally and negotiations have been simpler than in practice. Information asymmetry can affect the effectiveness of some negotiation situations by reducing the complexity of the negotiation tasks (Hakansson, Wootz, 1975). Schwarz et al. (2010) results can confirm the relationship between efficiency and effectiveness and satisfaction as in study of Voeth et al. (2006). The results showed that satisfaction is dependent on the negotiator's preferences and information asymmetry situation. When negotiating side is cost-oriented the individual result has the greater influence to satisfaction of the negotiations than achieved integrative result (Schwarz et al., 2010).

This case is characterized by information asymmetry when negotiator does not reveal his real wishes. Integrative result has a strong influence to satisfaction of negotiations if the negotiating parties are based on non-economic aspirations until information asymmetry will be reduced. Results show that in negotiations it is important to get as much information as possible (Brodt, 1994). Information about the opponent's goals and preferences is of great importance (Thompson, 2008). Negotiating strategy is planned considering the exchange of information (Cross, 1969). It should be noted that the pursuit and sharing of information are associated with costs.

Buyer-seller relationships in the industry are often long-term, but despite the economic factors non-economic factors are crucial (and Voeth Herbst, 2008). Economic systems such as game theory has been proposed as the economic outcome of the negotiations, but not as non-economic aspects (Thompson, 1990). It is argued that the negotiators are motivated by their own interests and the interest to the other side. This can be illustrated with a variety of definitions of the negotiations (Williams, 1993, Schwarz et al., 2010):

- The negotiations where both sides are satisfied.
- The negotiations, which gives satisfaction.
- The negotiations, which gives the most money.
- Negotiations, where almost is entrenched the other side.

In order to seek a mutually satisfactory agreement is needed cooperation between the negotiating parties (Thompson, 2008). If the buyer and seller are in conflict with regard to their objectives in negotiations, it is possible to reach an agreement that would be optimal for both sides (Raiffe, 1982). The negotiations between the buyer and seller with strong non-economic factors are effective when the fulfillment of individual requests is maximized according to the preferences of the opponent. At this point, non-economic expectations seem less important and effective negotiation is defined as the fulfillment of personal requests without considering the opponent's requests (Schwarz et al., 2010). Certainly in order to achieve general agreement it is not an easy task (Schwarz et al., 2010). This is due to the fact that the negotiations have information asymmetry: the buyer and seller do not know each other's preferences. This leads to the potential uncertainty (Thompson, 1995). In order to circumvent such uncertainty situation and in order to achieve



mutual satisfaction with the agreement, the exchange of information is of great importance (Putnam, Roloff, 1992). In this context, we can see that the exchange of information between two parties of negotiation is a key criterion (Schwarz *et al.*, 2010). Schoop *et al.* (2008) found that communication interaction is the basic factor influencing the negotiations. In this context, negotiation is defined as quantitatively rating the efficiency and effectiveness of (Neely *et al.*, 1995).

Due to the increasing competition sellers and buyers are forced to seek streamlined negotiation (Schwarz et al., 2010). In this context, the negotiation efficiency can be described as an indicator of the objectives and preferences (Butler, 1999, Purdy et al., 2000; Drucker, 1974). Agreement in negotiations should increase the benefits of negotiating parties. The kind of negotiated preferences depends on situation and conditions of the relationships, for example: in case of long-term buyer-seller relations, for both economic and non-economic requirements (such as relationships) are usually important. The effectiveness of negotiation can be understood as the ratio between the information exchange efforts and negotiating production (Drucker, 1974; Schwarz et al., 2010). Effective negotiation requires economic activities for obtaining and transmission of information Effective (Schwarz et al., 2010), such range should occur before the cost-benefit analysis. In operating costs case information exchange is comparable against the benefits for obtaining such access (Schwarz et al., 2010, Stigler, 1961).

From the overview of the researched literature we see a significant contribution of recent years scientists (Schwarz et al., 2010; Thompson, 2008; Sharland, 2001; Purdy et al., 2000; Herbst Voeth, 2008) in examining the exchange of information and its impact on negotiations gives for conflict prevention. However, these studies are missing elements of the overall study of streamlined negotiations. Because till now the investigations were made only on separate or few items (for example: the exchange of information and satisfaction, negotiation efficiency and satisfaction, uncertainty of information, the exchange of information and long-term cooperation). Although it is not easy to perform but the real negotiations are assessed by the other side not only on a few elements but as a whole. It should be built on advice of H. Mintzberg do not perform experiments, investigations of separate elements, but investigate certain life processes - real negotiations, their communication, because it is the only way to avoid errors due to the reliability of experiments. Next will be analyzed management of expectations and their impact on negotiations and conflict prevention.

3. Management of expectations in conflict prevention system

Dealing with expectations in negotiations occurs when future negotiating teams are formed, individual negotiators roles in team, preparation for future negotiations with the other part of the negotiations, during negotiations or by analyzing satisfaction with current results of all negotiating parts.

Understanding the expectations of other negotiating side can influence on the outcome of the current negotiations, further cooperation or potential conflicts. In order to manage the expectations of another side is necessary to find out the values of partner in preparing for negotiations and to managed information in such style, that enable understanding the values of the other side together with the context of negotiations, that we can develop useful for us expectations of another side, which will help to protect against further conflicts in negotiations.

The management of expectations is a key factor trying to survive in a complex world of competition (Mittilä and Järvelin, 2001). Participants of business constantly are assessing relationships in existing situations of business. Evaluation criteria may be different from the existing criteria of relationship in order to deal with a new partner (Mittilä and Järvelin, 2001). Comparison of standards has a crucial role in the assessment of current situation, which reflects the expectations and perceived efficiency. Often the evaluation of future relations comes from past experience. Management of relationship can be addressed to management of the existing situations, existing needs and wishes of the other side. Business relationships tend to be long-term in their nature, and management of relationships should be concentrated on the future of relations (Mittilä and Järvelin, 2001). Management of expectations is one way to manage future business relationships. Business participants, who are seeking to survive in conditions of high competition, management of expectations is the essential thing. The aim of this paper is to develop strategies and tactics of expectations management in business environment (Mittilä and Järvelin, 2001).



Alderson and Martin (1965) wrote that expectations arise from the values and information (Mittilä and Järvelin, 2001). Today values and information are in spotlight of scientific researches. Business mainly consists from the evaluation of the future today, for example evaluation of expectations. According Ojasalo (1999) the nature of expectations may be uncertain, unclear, ambiguous, realistic or unrealistic. The customers who have clear expectations, have a clear, conscious view about their desires on the further cooperation. The customers who have not clear expectations, they do not think actively about all aspects of future cooperation (Mittilä and Järvelin, 2001). Clients with a clear expectation know when their expectations are met and when are not (Mittilä and Järvelin, 2001), unclear expectations are revealed then, when they were not met. In case of miscellaneous expectations customers expect something, but they are not sure about that something. If expectations of such customers are not met, they are unhappy, but they do not know what is wrong. Realistic expectations are reducing unrealistic expectations (Ojasalo, 1999; Mittilä and Järvelin, 2001). Expectations are a driving force in business (Mittilä and Järvelin, 2001). Different stakeholders have different expectations: clear or obscure, directed toward the organization. The interested individuals often tend to seek high returns from their investments, employees - a long-term job opportunities and higher wages, customers are looking for high quality products at a competitive prices (sometimes low), problem solving and so on, as the public has expectations for the company, which is in the market (Mittilä and Järvelin, 2001). The company in order to survive must set, prioritize and manage different expectations. Expectations can be formal or informal. Official expectations are based on the objectives and strategies that are expressed clearly or unclearly in the company. Informal expectations are associated with the evaluator's individual desires or aspirations even (Järvelin, 2001). Expectations always focus on the two different aspects: the content and level. Expectations of the content can be related to the technical, economic and social aspects of the relationships between the manufacturer and the customer. These aspects can be linked with the existing relations of operations, or may be focused on their future (Holmlund, 1997; Järvelin, 2001; Mittilä and Järvelin, 2001). Informal and formal nature of the relationship and their content may be used for identifying the sources of expectations (Mittilä and Järvelin, 2001). Expectations are related in part to official sources, such as technical, economic, social and political that are related to the relationship and context, partly stems from the personal, informal evaluator's expectations. Sources of expectations can play a critical role in the management of expectations, because developements of expectations can arise due to the changes in their sources (Mittilä and Järvelin, 2001).

Expectations are associated with technical aspects, they can vary due to the quality standards of quality modifications, or proposed new business models on Internet. Expectations are related to the economic aspects can vary due to general economic fluctuations. Expectations that are associated with the political aspects may change due to new laws on industrial mergers or acquisitions. Expectations that are associated with social aspects may vary due to organizational changes in the companies of partners, depend on organizational culture, relationships, where participants have different roles (Mittilä, 2000; Järvelin 2001; Mittilä and Järvelin, 2001).

Processional information is best acquired through the company's employee understanding and interaction with the clients, with whom they are communicating. Espionage is not acceptable, but it is an effective way to obtain valuable and delicate details. In order to manage successfully expectations companies have to follow even the smallest changes in the client's and be able to spread the use of this information in their enterprise (Mittilä and Järvelin, 2001). In the management of expectations it is important to understand the context of the negotiations. In international negotiations, it is not so easy to do this, because of the language, distance and cultural barriers, which may lead to potential conflicts of interests in negotiations. Examining the expectations of partners is necessary to identify the sources, which influence the decisions of the other side, understanding of the agreement and appearance of potential conflicts. Therefore, organizations often have customer's databases in which are recorded their history. Such database can reduce the preparation time for negotiations and after changes in negotiating team remains as part of the information. In the management of expectations important is the communication model, how another side of the negotiations tends to communicate and exchange information. It can depend on national culture of negotiating side, organizational culture and its experience of negotiating. Further research should explore in more detail the process of managing expectations during negotiating. The next section will analyze intercultural business communication and its relationship with the prevention of conflicts in the negotiations.



4. Intercultural communication features assessment in conflict prevention

In the negotiations can occur various misunderstandings or conflicts among negotiating parties of the same culture. In the case of cross-cultural negotiations is need to know the key elements of incompatibility of the negotiating parties. In the international business communication can take place misunderstanding of different cultural symbols. Since negotiation process is not available without communication, therefore cultural impact to international business negotiations is significant. Culture is an important variable influencing the international negotiations and performance. Values and norms that are part of the culture can influence negotiations stronger or weaker (Christopher et al., 2005). Some authors (Liu et al., 2012) argue that culture, accountability and group membership can determine not only approach in relationship of negotiations and after it (negotiated rates), but also may affect the results of negotiation, for example, a zero-sum perception of negotiation and total benefits. Culture, accountability and belonging to the group may influence the negotiation process, possible outcomes, and approach focusing on the relationship continuity can mediate between culture, accountability, and results of the negotiation group (Liu et al., 2012). The intercultural negotiation is a complex process of interaction between two or more companies, organizations, or their compounds, originating from various nations and seeks to define their mutual dependence (Rao and Schmidt, 1998).

These authors note that the negotiators' tactics are influenced by several important factors: the negotiators trust owning alternatives, conflict background, time available, social harmony, ethics, etiquette, political affiliation, and cultural distance. Luo and Shenkarb (2002) wrote that the national negotiating teams express negotiating behavior and style, arising from geography, history, religion, and political forms. Conflicts between the negotiation partners frequently arise due to differences in perception, preferences, behavioral styles and objectives. The risk of transaction failure arises due to each country's opportunistic behavior and private initiatives (Buckley and Casson, 1988). Differences in culture, legal pluralism, monetary factors, ideological diversity, and greater uncertainty separate international business negotiations from one culture negotiations (Luo and Shenkarb, 2002). Culture and expectations between them affect all business transactions, and is a factor including business ethics (Pitta et al., 1999). It is noted (Pitta et al., 1999) that corporate culture is based on the time-tested and traditional practices, prevailing business practices and ways of thinking for a long period, which lasted for hundreds or even thousands of years in which the business and culture developed in relevant country. Christopher and Cousin (2005) found that cultural values create differences in negotiating norms, so it is useful to identify and understand the relationship between another country's culture and negotiation strategies. The negotiator's behavior is perceived in dependence on the other negotiator's focused attention to behavior of the other side, the ability to know him, to understand and to conduct the assessment. Therefore, if only in one of these circuit elements occurs an error, you can expect failure or misunderstanding.

The practice of international negotiations increasingly highlights the structure of arising conflicts and disputes. The international negotiations are becoming more universal (Kremenyuk, 1988) than ever before and are able to integrate formal and informal conflict resolution procedures. Modern participants in the negotiations become increasingly interested not only in their self-interests, but also seek to meet their partners' interests (Kremenyuk, 1988). Brett represents cultural impact on the negotiations (Brett, 2001) schematically as follows: culture influences negotiators' interests and priorities that influence the potential of an integrated agreement, and this one influences the types of agreements. Also negotiators culture influences on the negotiation strategies, and interaction model, which ultimately affects selection of the agreement type. In some cultures, bargaining is acceptable and even required. In other cultures, bargaining might be considered impolite or even offensive (Larson and Seym, 2010, Khalil, 2011).

When analyzing incompatibilities of different cultures it is possible to use analysis of Hofstede's cultural dimensions. This can be extremely useful in design of international business negotiations. When negotiating at international level, it is essential to collect and systemize information, not only about the other side of the negotiation, but also about the context of the negotiations. This may be the impact of other entities that affect changes in the legal, political processes, and many other important factors in a particular negotiation situation. Intercultural communication is an integral part of such factors as the negotiation's environment, culture, ideology, bureaucracy, law, stability and other. All these factors influence the process of negotiations. Therefore, the essential influencing factors must be taken into account when creating strategies



of negotiation. The atmosphere of communication in international negotiations in terms of outcome can be: positive, neutral and negative. In the first case, negotiators show solidarity, assess the status of each other, help each other, in negotiations prevail slack positive social-emotional atmosphere, when exist joking, is shown satisfaction. In the second case social-emotional factors are less responsive for negotiating parties, they are changing opinions, perform analysis and are changing with the results of analyzes, calculations, conveys or asking about mutual desires, feelings, exchange tips, directing requests in the right direction, provide operational autonomy. In the third case prevail intense negative socio-emotional atmosphere, negotiating parties may indicate dissatisfaction, passive dissent of proceed only formally, in the negotiations tension is felt. Displayed hostility, degraded status or argued angrily. One of the most important parts of the international negotiations is the ability to understand the structure of the negotiations and to create an atmosphere of trust. This can be achieved by clarifying status of participants, recognizing them, showing solidarity with another part of the negotiations and helping each other.

In order to ensure efficiency of communication negotiating parties frequently require repeated approval of information by partial changing direction of the negotiations or providing new information. In the international communication exist situation assessment problem also when the negotiators need opinion of another side, calculations, analysis, rendering the wishes and feelings in order to assess properly situation. In order successfully control the process, the negotiators should be able to direct properly the other negotiating party, to provide advice, and provide operational autonomy. Each side hopes to give efficient solutions while for this is necessary to see if another side of the negotiations shows consent, understanding, or otherwise supports the opponent's position. In international negotiations can prevail tension between the negotiating parties, which can be neutralized or reduced by showing satisfaction with jokes, offering a range of support and so other. The biggest problem in intercultural negotiation is language. In international trade negotiations are very important cross-cultural communication, understanding and evaluation of cultural, ethical, emotional, and other differences (Suvanto, 2000). Misunderstandings in communicating can affect objectives of business relations and successful negotiations are based not only on knowledge of the business but also on cultural and economic bases of the other party (Suvanto, 2000). The author points out that both sides can understand the business terminology, concept and purpose of the transaction, but some words, or even nonverbal communication can lead to misunderstandings between the parties, which may affect the outcome of the negotiations. The assessment of impact takes into account the particular case and reasonable decision, and thus perception of the negotiators themselves as, for instance the concept of negotiation atmosphere can mean different things to different people and can be dependent on the negotiating environment (Dee, 2011). Business includes negotiations and negotiating (Pitta et al., 1999), different cultures have different thinking patterns and ways of how to solve problem, culture forms the basis for ethical behavior and determines what is ethical and what is considered unethical. Special literature says that the negotiating strategy and tactics are actions or communication between the two parties (and runs around them) influencing on the results. If the negotiation strategy is aimed to achieve long-term goals and is based on mutually acceptable values, then tactics used in negotiation process must be ethical and moral. Successful international negotiations require the appropriate intercultural understanding, be able to communicate successfully and understand cultural and ethical perspectives and needs of another party, the participants should prepare for negotiations responsibly, that is to know in detail the other side of negotiations, will determine whether the negotiators will be competing strongly or will tend to cooperate (Suvanto, 2000). Lincke (2003) proposes to consider the language of the negotiator, understanding it as a summary of the negotiators psychology. The author shows that the negotiator's psychology influences his speech, which is reflected in his behavior. Van Aswegen (1983) identified cultural factors that affect communication, intercultural communication and negotiation. These factors are: perception, philosophy, values, religion, attitudes (stereotypes, prejudice and ethnocentrism), roles, time factor, language, non-verbal communication. In the negotiation information is greatly appreciated and style of communication plays significant role in intercultural communication (Christopher et al., 2005). When communication with potential customers is distant it is important to remote communication technique. The primary goal of remote communication is to arrange a meeting in which negotiator should have more negotiating powers than remotely.

Nonverbal communication can perfectly illustrate the differences of transferable values between different cultures. Intercultural negotiations are influenced by power of negotiator status, inequality, also works negotiators approaches affecting the perception, behavior and communication. Trust between negotiating parties can also be cross-cultural problem, depending on what cultures people negotiate. The symbols are



only one communication phase and has a direct influence on the content of the message, which negotiator transmits by communicating and when the other side accepts it. A positive outcome of negotiations depends on the message content and common values. Significance of signs and symbols can be determined only in communicating. Intercultural communication directly affects negotiations. Negotiations are impossible without communication. Because the existence of intercultural differences between cultural dimensions of negotiations may occur the inevitable incompatibility: understanding of symbols differences, language barriers, different behaviors, gestures, and so on. For obvious reasons of cost the negotiations frequently are organized by remote interactive way. There are various technical means in remote negotiations: email, phone, mail, video conferencing, chat boards, text messages, bargaining and other online media. With the help of video conferencing in the international negotiations is possible to use more negotiating powers than for example by phone, e-mail, text messages, etc. These all technical measures differ from one another in response speed. In some cases, it is better to communicate by e-mail, mail or telephone as having more time to prepare an answer or proposal. For example video conference solutions must be accepted more operatively. Therefore it is difficult to use a variety of negotiation support systems. From the literature reviewed, we see that cross-cultural communication in business negotiations are facing new challenges in the context of the rapid changes in media of communications, the globalization changes, changes of the values in different cultures. This assessment is important for prevention of conflicts in intercultural business negotiations, which can help to achieve smoother interactions between participants and results.

Conclusions

The cross-cultural communication in business negotiations are facing new challenges in the context of the rapid changes in media of communication, changes of globalization, changes of the values in different cultures. This assessment is significant for prevention of conflicts in intercultural business negotiations, which can help to achieve smoother interactions between participants and results of negotiation.

From the overview of the researched literature we see a significant contribution of the recent year scientists in examining the exchange of information and conflict prevention in negotiations. However, these studies are missing elements of the overall study of streamlined talks. Because until now investigations been only on separate or few items. Although it is not easy to perform but the real negotiations are assessed by the other side not only on a few elements but as a whole. It should be based on the advice of H. Mintzberg, do not perform experiments, investigations of separate elements, but to do investigations of certain life processes - real negotiations, their communication, because it is the only way to avoid errors due to the reliability of experiments.

In the management of expectations it is important to understand the context of the negotiations. In the international negotiations, it is not so easy because of the language, distance and cultural barriers. Examining the partners expectations we need to identify their sources, which influence the decisions of the other side of the negotiation and understanding of the transactions. Therefore, organizations often have customer's information databases in which are recorded their history. Such a database can reduce the preparation time for negotiations and after the changes in the negotiating team remains as part of the information. It can depend on national culture of negotiating side, on the organizational culture and its experience in negotiating. Further research should explore in more detail the process of managing expectations during negotiating.

When analyzing incompatibilities of different cultures it is possible to use analysis of Hofstede's cultural dimensions. This can be extremely useful in the design of international business negotiations. When negotiating at international level, it is essential to collect and systemize information, not only about the other side of the negotiation, but also on the context of the negotiations. This may be impact of other entities that affect, changes in the legal, political processes, and many other important factors in a particular negotiation situation. Intercultural communication is an integral part of such factors as the negotiation environment, culture, ideology, bureaucracy, law, stability and other. All these factors influence the process of negotiations. Therefore, the essential influencing factors must be taken into account when creating strategies of negotiation.



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