LIMITATIONS OF INTERCULTURAL MANAGEMENT IN THE DEVELOPMENT OF TRADE RELATIONS BETWEEN COUNTRIES

Dalibor Misirača[1]
Dragan Gnjatić[2]

Abstract: *With the internationalization of business and the fact that many organizations are expanding into multiple different countries, it is important that managers understand the impact of national culture on businesses. National culture determines the rules that determine how businesses operate in a social context. There are different cultures in the world today, so, from the point of view of international management it is very important to understand their influence on thinking, beliefs, behaviors, perceptions, managers' attitudes, their stereotypes, ideology, approach to strategy formulation, decision making, attitude towards risk, attitude towards cooperation and competition, orientation towards stability or innovation, and tendency towards change. The primary role of intercultural management is based on the creation of patterns that will follow the flow of national specificity in the field of international business. The aim of this scientific discipline is based on achieving better integration of different peoples and raising the level of tolerance in international business. The commonly used foreign trade analysis indicators in international business rely on import-export components and their volume. The purpose of this paper is to show, in addition to basic indicators of trade, the extent to which the multicultural effect has contributed to the development of trade relations of individual countries and to determine the possibility of creating conditions for optimal business in the globalization world. The methodology of work will be based on research of customer orientation and their preferences for individual products in accordance with primary indicators and indicators based on intercultural bases.*

Keywords: *Intercultural, Management, Trade, Globalization.*

1, INTRODUCTION

Globalization, as the new name for the idea of conquering the world, is a phenomenon that is as old as the civilization itself. This idea has historically emerged through „the influence of world religions, imperial conquests, expansion of trade networks", and it only kept changing its „forms, directions and intensities from one epoch to another or from one stage of social development to another." (Grgušević, 2010)

Electronic global village, multinational corporations, satellite information transmission, digitization, transnational media conglomerates, information industry, entertainment industry, increasing interconnectivity, world system are just some of the direct associations to the phenomenon, formerly known as Americanization, increasingly referred to as mundialization or globalization, or a global cosmopolitan society (Zubanović & Roca, 2010).

Globalization, as a process that has been present for several decades, has led to many changes in all segments of life. The most significant consequences of the globalization process are the integration of countries, the formation of a global market, global companies, global brands,

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[1]   University of Travnik, Bosnia and Hercegovina
[2]   University of Travnik, Bosnia and Hercegovina

global culture and even global consumers. Globalism is a process that affects business systems, their organizational structure and all available resources with the aim of perceiving the world as one market (Žikić & Koščec, 2012).

In a time marked by so many changes, innovations, advancements in technology, telecommunication facilities, complicating and accelerating the business process, the average customer fails to manage at all (Zakić & Milutinović, 2013). The world of modern times is characterized by strong development of information, capital, service products and people with a tendency to erase national borders; the globalization is being perceived as a world without borders, and the development of the Internet and advanced communication technologies enable virtual access, immediate availability of information and involvement in business processes that occur in all parts of the world (Bedeković & Golub, 2011). With so much information coming from all over the world, the contemporary customer doesn't get time to think of how is it that a product comes to his or her let us say European country from Vietnam, Thailand or let's say Argentina. Customers like to use different products and they buy them without thinking about how these products came to them, how contracts were made in order to have those sold in their country, and certainly they are not thinking about what (cultural) specifics the business people from their home country encountered in order to make a deal with some other foreign business people. Someone will say that they don't even have to think about it if they just want to buy. But is that really the case? It should be emphasized that the globalized world is full of things and achievements that were not possible until just a year ago, and this is certainly a success of the modern age. On the other hand, situations that have been known for centuries and are not good, such as cultural conflicts, still exist and unfortunately do not show a tendency to calm down. Therefore, it is not surprising that the number of scientific papers, books and articles dealing with the conflict of human existence is at a very high level. It is precisely from all of the above that one concludes that it is a good idea to have a scientific discipline developed in the field of economics, more precisely management, which can help us understand other nations and nations, and thereby reduce the level of potential cultural conflicts while increasing the level of tolerance. Intercultural (cross-cultural or comparative, depending on how it gets translated) management as a relatively young scientific discipline is primarily tasked with promoting business results at the organizational level of companies. Namely, multinational companies generally have a highly diversified national employee structure, which can cause great problems for the company if employees are not understood because they do not come from the same environment, and the ways of communication, titling and addressing them are completely different. At the next level, this discipline aims to prepare business people for specifics in the process of negotiating with people from other cultures and climates. In order to achieve this, it is necessary to combine knowledge in the field of culture (history, tradition, customs, religions) with knowledge in the field of economics (economic systems of the country, the way organizations work, the system of economic legislation, human resources management), politics (political organization of the country and the way the Government operates), including even sociology (basic social norms, stratification of society, needs and motivation of the population). Thus, the multidimensionality and stratification of this discipline enable understanding of the system of work with other peoples and nations, thereby leading to greater awareness of the cultures of other nations and creating greater tolerance in international business (Zakić & Milutinović, 2013).

2.   BASIC NOTIONS

In order to understand the concept of business culture, and in relation to that the scientific discipline that deals with it, and that is the intercultural management, it is necessary to define the notion of *culture* in advance. The word culture derives from the Latin verb *colere*, which in

translation means *to cultivate*, *refine* or *nurture*. There are many definitions and meanings of *culture*, and the word is used in anthropology, sociology, philosophy, art, as well as in the fields of economics and agriculture. The notion of culture was among the first studied by anthropologists. Thus, the anthropologist Edward Tylor states: "Culture or civilization is such a complex entity that encompasses: knowledge, belief, art, law, morals, customs and all other abilities and habits acquired by a man as a member of society" (Mojić, 2007).

The definition of culture provided by Kroeber and Kluckhohn in their monograph *Culture: A Critical Review of Concepts and Definitions* states: "Culture consists of patterns of behavior, explicit and implicit, acquired and transmitted through symbols, representing a distinct achievement of human groups, including their embodiment in artifacts; the core of the culture is made up of traditional (i.e. historically derived and selected) ideas and in particular their associated values; on the one hand, cultural systems can be considered as products of action and, on the other, a precondition for further action" (Mojić, 2007). According to anthropologist Clifford Geertz, culture signifies a historically transmitted pattern of meaning based on symbols, a system of inherited conceptions expressed in symbolic forms, through which people communicate, renew and develop their knowledge of life and attitudes toward it (Zakić & Milutinović, 2013). Sociologist Ralph Linton believes that: "The culture of a society is the way of life of its members; a collection of ideas and habits they learn, share and transmit from generation to generation" (Haralambos & Holborn, 2002). „Culture is a pattern of behavior transmitted to members of a group by the previous generation of that same group," reads one of the reflections by a sociologist Stuart Hall (Zakić & Milutinović, 2013). The Dutch sociologist Geert Hofstede states that: „culture is a collective programming of the mind that distinguishes members of one group from others" (Zakić & Milutinović, 2013). The development of management as a scientific discipline during the 1970s caused management to no longer be approached as a process consisting only of planning, organizing, motivating and controlling (Jovanović, 2009), but also to be looked at as he knew dimension of management that will take into account the influence of national culture on the management system. According to Nancy Adler, one of the leading authors in the field of organizational behavior: the "cross-cultural management is a study of the behavior of people in organizations in different cultures and nations of the world. This discipline focuses on describing organizational behavior within countries and cultures, on comparing organizational behavior between countries and cultures, and, perhaps most importantly, on the interaction of people from different countries working in the same organization or within the same work environment" (Mojić, 2007). Authors Mića Jovanović and Ana Langović Milićević believe that: "Intercultural management is a process of imposing, mixing, accepting and mutually preserving cultural values between different civilizations for the purpose of business globalization" (Jovanović & Langović Milićević, Interkulturni izazovi globalizacije, 2006).

The notion of globalization and the economic aspect of this notion must be defined here.

The notion *globalization* is derived from the word „*global*" which means totality, and *globalism* is a way of looking at what is happening globally. Globalization would thus imply a social process that strives for the inclusiveness and uniqueness of the world (Lončar, 2005).

Globalization is a set of complex social processes that characterize the modern world system. In the sense most commonly attributed to it today, globalization implies a trend, potentially general, of overtaking the important political, economic and cultural features of Western civilization by other constructors of the world system. Although the term „globalization" has been used fre-

quently in the academic world over the last two decades, the opinion motivated by the growing awareness of the ever-decreasing influence of physical distance on actors in social processes is as old as the development of the first fast transport technologies, such as rail. A well-known sociologist Anthony Giddens gives the following definition of globalization: „Globalization can thus be defined as the intensification of social relations on the world plane, which connects distant places in such a way that local events are shaped by events that have taken place miles away" (Giddens, 1998).

The key idea behind globalization is free market capitalism, while the fundamental element of globalization is the expansion of the world trade through the elimination or reduction of trade barriers, like import duties. According to the World Bank, at the peak of the Cold War in 1975, only 8% of countries around the world had liberal free capital market regimes, with foreign direct investment at the time being only USD 23 billion. By 1997, the number of countries with a liberal economic regime equaled 28% and foreign investment equaled USD 644 billion, while today most open economy countries are involved in the world trade (Mahmutović & Talović, 2014). The erosion of customs and other safeguards were the most striking events since the end of World War II that have led to consistent growth in the world trade (Kirkbirde, 2001). The establishment of the GATT, or more recently the WTO, has especially contributed to the abolition of various trade barriers, resulting in revolutionary economic trends in the growth of world trade and GDP (Kurtović, Pušara, & Hadžović, 2003). In addition, creation and opening of markets with the globalization process also brought about changes in certain sectors which underwent structural transformation with more or less success, and were affected or gained in importance along with this globalization process (Hadžiahmetović, 2011). A very important component of globalization is the international movement of capital, which is facilitated by its liberalization. According to Mašić, „the liberalization of capital movements by most industrialized countries has been the most significant factor in the process of financial globalization" (Mašić, 2010). Das considers that the liberalization and deregulation of the domestic financial sector, together with the liberalization of the capital account, represent the key determinants of financial globalization (Das, 2004). A similar view is taken by Čaušević discussing financial globalization as a consequence of financial deregulation or liberalization (Čaušević, 2005). Liberalization has led to integration in the capital market and, as Masson points out, has become another important feature of globalization (in addition to trade liberalization) that has expanded in recent years (Masson, 2001).

3. CONSUMER ATTITUDES AND PREFERENCES

Consumers have numerous attitudes towards products, services, etc. Whenever consumers are asked whether they like or dislike a product, service, particular store, or ad topic, they are asked to express their attitudes. Attitude describes one's relatively ongoing evaluations, feelings, and preferences for a product, service, object, person, or idea. Although manifested in relation to concrete things, an attitude is general in nature, and that determines the ways in which one perceives, feels and reacts. It is conditioned by the content of the whole personality, especially its unconscious part, it is determined by the impact of the past, the present and the imagined future of the given personality. Attitudes differ from other patterns of beliefs, desires, opinions, and behaviors by some general criteria. An important feature is their durability, though they are not conclusive and invariable over time. They are just resistant to change for months and years and in that they are different from a set of appropriate moods and other patterns. An important feature of attitudes is their affective component, which distinguishes them from many rational patterns (Krstić, 1996). A person with a negative attitude towards something, refuses to receive

information that speaks against her or his attitude, and if such information still comes, she or he will censor it.

Attitudes are formed by one's own experience or by others' experience. This means that the attitudes, which are relevant for purchase, shaped as a result of personal product experience, oral information received from others (reference groups, especially family and friends), or as a result of exposure to mass media advertising, the Internet, and other forms of promotion. It is important to point out that while attitudes can be derived from behavior, they are not the same thing as behavior is. As learned preferences, attitudes have a motivational quality, in other words, they can direct the consumer towards a particular behavior or distract him or her from a certain behavior. Therefore, it is not surprising why the attitude problem is among the most important and commonly researched problems in consumer research. Attitude is an acquired, relatively lasting and stable organization of emotions, evaluations and reactions to a process, product/service or element of a marketing strategy. Despite consistency, attitudes are not necessarily persistent, they can change. Take for example a consumer who has a greater propensity for German cars than Japanese cars. We would expect her or him to buy the German car brand at the next purchase, which would be in line with her or his views. However, circumstances often preclude a harmony between attitude and behavior. In the case of consumers from the example, the problem of financial opportunities may arise and he or she may conclude that a particular Japanese car is a more realistic choice than a German one. Therefore, we need to consider possible situational influences on consumer attitudes and behavior. By a situation we mean events or circumstances that at some point in time affect the relationship between attitude and behavior. Attitudes are always directed toward a goal – an object. If there is a change in attitude, there is a change in the lifestyle of the consumer. Attitudes also differ in whether they reflect hedonistic or useful properties in consumption. Numerous studies have been undertaken to determine the degree of interdependence of consumer attitudes and behavior. The general conclusion is that the degree to which an attitude influences behavior depends to a large extent on the way in which the attitude is formed. Attitudes formed on direct experience have a much stronger influence on behavior than indirect ones (family, friends, media, the Internet…).

Psychological theories explain two types of attitudes that differently influence people's behavior, namely the extraverted and the introverted attitudes.

The *extraverted attitudes* orient the person towards the outside world and are easier to be recognized and influenced on.

The *introverted attitudes* orient the person towards the inner world and can sometimes lead to unpredictable behavior of the consumer.

The extraverted consumers are willing to communicate with professionals about their products or services, while introverted consumers prefer to make their own purchasing decisions. Attitudes are always aimed at a goal. If there is a change in attitude, then there is a change in the lifestyle of the consumer.

Psychologists, being guided by a desire to understand the relationship between attitude and behavior, have focused on defining attitude structure, to better explain or predict consumer behavior. According to the three-component attitude model, attitudes consist of a *cognitive*, *affective*, and *conative* component.

The cognitive component is made up of knowledge, experience, expectations and beliefs towards the object of inquiry to which one has an attitude. The cognitive or learning component is information that a person has about the object of observation. This information includes knowledge of the object, beliefs about the properties of the object, and judgments about the relative meaning of each of those properties. For example, people may recall the names of several ski resorts such as *Aspen*, *Alta* or *Snowmass* without being reminded. This is called familiarity without being reminded. The names of other ski resorts are likely to be remembered when a travel agency official mentions them, which is referred to as familiarity after being reminded. However, knowledge of ski resorts is not limited to familiarity. Based on the experience of one's friends, brochures, magazines and other sources, one forms views on the properties of each of these centers.

The affective or *emotional component* is expressed through degrees of affection or aversion to the object and is expressed through desire, curiosity, longing and admiration for the product/ service. A liking or affective component is an overview of a person's feelings about a particular object, situation, or person on a scale from I like – I dislike, or favorable – unfavorable, i.e. positive-negative. When choosing from several alternatives, liking is perceived as a preference for one over other options. Some people may like all the features of a ski resort except the location because it takes a long time to get there.

The conative component means the consumer's willingness to approach or distance herself or himself from the object and is expressed through the intention to buy, loyalty to the product, product preference, etc. Intentions (an action component) usually relate to a specific period of time that depends on one's buying habits and the time that is being planned. A great advantage in terms of intentions is that they include information about the consumer's ability or willingness to pay for something or take some other action. One may prefer Aspen over all other ski resorts, but because of the price he or she does not intend to go there next year.

Within psychology, various instruments for measuring attitudes have been developed. Some of them are widely used for market research purposes. Attitude research presents one of the most important issues of importance for understanding consumer behavior (Živković, 2011).

We have known and studied consumer attitudes for over 60 years, but we do not yet have a complex method to investigate them. Instead, different, essentially partial methods are still used today, most often investigating individual components and dimensions of consumer attitudes (Gutić & Sadrić, 2011).

3.1. Measuring Attitudes

Marketing managers are particularly interested in consumers' attitudes in terms of what their beliefs are about particular products/services and brands. If some beliefs are wrong and prevent buying, experts will want to launch a campaign to correct those beliefs.

Attitude measurement primarily means looking at the likelihood of consumer action (Topalović, 2010). A distinction is made between intention and attitude. Success in measuring consumer attitude depends on the specificity of the goal. In exploring facts, cognition, knowledge, and beliefs, we in fact attempt to explore only the cognitive component of attitudes. If, however, we examine the feelings, opinions, desires, or expectations of a product/service, we only examine the affective component of attitudes. Consumer actions, plans, activities and intentions direct us to only a

conative component of attitudes. By exploring all these categories together (integrated), we can realistically reach consumers' attitudes and their dimensions. There are also different methods of testing each of these categories. This fact alone poses a serious dilemma when choosing a method or multiple methods (combining them mutually) when examining consumer attitudes.

Most of the questions in the surveys used in marketing research are formulated to measure attitudes. Answering questions helps decision makers to formulate products or services to fit the needs of different segments. What management really wants to understand and precisely affect is the behavior.

From the point of view of diagnostic explanatory capabilities, attitude measurement has a huge advantage over behavioral measurement. Attitude measurement can help to understand what features of a new product concept are acceptable or unacceptable to the consumers, as well as what their perception of the advantages and disadvantages of competing alternatives is.

Assessment scales are the most commonly used instrument for measuring consumer attitudes. They are Likert, Thurstone, Gutmann, Stapel scales, multidimensional scales, and attitude batteries. In addition, attitudes can be measured by in-depth interview techniques and projective techniques. Given that consumers' attitudes are extremely complex mental structures influenced by many known and unknown factors, it is not possible to investigate effectively the determinants and all the complexities of attitudes and their manifestation using one technique (i.e. any of these techniques). Depending on the type and structure of the attitudes, as well as their role in specific behavior towards the product/service or brand, testing and measurement should be undertaken using and combining multiple methods.

3.2. Consumers' attitudes

The easiest way to show consumer behavior is through these three steps:
1. defining consumer preferences or preferences, that is, finding practical descriptions of why people prefer one another over another;
2. defining budget constraints that are reflected in incomes that limit the amount of goods that consumers can buy;
3. defining the choice of consumers who, with the given preferences and limited incomes, buy the combination of goods that maximize their satisfaction, that is, their well-being.

For the combination of goods that a consumer buy we use the term market basket or commodity bundle. It is, in fact, a list of certain quantities of one or more goods, and may refer to the quantities of food, clothing, and footwear, or rent that the consumer buys each month.

The question is how consumers choose market baskets, that is, how they decide how much food they will buy each month, how much clothing, and how much they will spend on housing. Consumers generally choose the market baskets which put them in the best possible position.

Consumer behavior theory is based on three basic assumptions about people's preferences, i.e. preferences for one market basket over another, which apply to most people in most situations:
- totality – the preferences are considered to be total, that is, consumers can compare and rank all possible baskets, but may also be indifferent to them, which means that they are equally satisfied with any basket;

- transitivity – preferences are transitive which means that if the consumer likes more basket A than basket B, and basket B than basket C, then she or he will also prefer basket A over basket C.

More is better than less – consumers are always more inclined towards better than less, and even when less is good, these assumptions do not explain consumers' preferences, but give them a degree of rationality, and by using indifference curves, consumer preferences may be graphically shown. The indifference curve shows all combinations of market baskets that give a person the same level of satisfaction, so a person is indifferent towards all baskets that are on the same curve, and with earlier assumptions about the consumer preferences, we know that the consumer can always show greater preference for one market basket over another, or be indifferent to both.

4. CONTRIBUTION OF INTERCULTURAL MANAGEMENT TO THE DEVELOPMENT OF TRADE RELATIONS BETWEEN COUNTRIES

It is very important for managers who manage international business to understand the impact of culture on decision-making style and process. Culture influences decision-making through the wider context of national culture that produces collective patterns of decision-making, as well as through a culturally based value system that acts on the individual perception of the decision-maker or on the personal interpretation of the situation. However, the extent to which managerial decision making is influenced by culture varies from country to country. Thus, for example, the empirical research conducted by M. Hitt, B. Tyler, and D. Park indicated that there is a greater cultural homogenizing influence on the cognitive models of Korean managers than on American managers, whose individualistic tendencies lead to different decision-making patterns. The way culture influences managerial decision-making in international business is studied through variables involved in each stage of the rational decision-making process: defining problems, gathering and analyzing relevant information, considering alternative solutions, making best decisions and putting them into practice. One of the most significant cultural variables is related to adopting an objective or subjective approach. While the Western approach is rational based (managers interpret the situation and consider alternative solutions based on objective information), this is not common throughout the world. Many, such as Latinos, are more subjective and largely base their decision-making process on emotions (Ivanović, Arsenović, & Pajkić, 2010).

Although we can talk about the existence of multicultural societies, multicultural societies are no longer the exception, but the rule. Such a multicultural social situation shatters all boundaries and opens people's doors to something different. The removal of these borders has been greatly contributed by globalization, which brings the world together in very unusual ways. Apart from visible physical differences, culture is very important in the life of each individual. Through culture we identify with the society in which we live, but also, we find ourselves through culture. Given the multitude of cultures that surround us, it is essential to create a dialogue among the different ones (Nešković, 2012).

Intercultural processes, as much as they may be necessary, being that in today's global environment one cannot do business unless other cultures and behaviors are understood, they are at the same time inevitable, given that they cannot be stopped. Whether we like it or not, there are foreign companies present in every country that employ people of different nationalities, thus creating an environment where it is necessary to accept those people and at the same time understand

them so that the company can function. Therefore, it is necessary to understand that intercultural management as a new scientific discipline can greatly contribute to understanding the diversity of other people and contribute to their better understanding. In the field of management or marketing, there are many examples of the types of misunderstandings that can arise if one does not take into account the specificities of particular cultures (Zakić & Milutinović, 2013). Thus, for example, in Japan, the bargaining system is such that business partners first get to know each other at a first meeting and only slowly agree on a deal at a later date. A manager who is unfamiliar with such a bargaining system could probably think after the first meeting that the deal has not been closed and that the negotiations are over (Jovanović, Interkulturni menadžment, 2004). Or, for example, white in Europe signifies purity, innocence – and in Asian countries it is a symbol of death, so when choosing a particular product to a particular market, great care must be taken in choosing the color. Most Asian nations have a cult of keeping someone else's good name in check, so in having an interlocutor with whom they are about to close a deal or already do business, one must take care not to offend or humiliate the interlocutor, because then the deal is off. It is therefore necessary to take into account their cultural characteristics, which was particularly evident from previous intercultural research in order to produce the desired results. Given that globalization inevitably leads to intercultural conflicts, there is a need for public scrutiny and understanding of both our own culture and other peoples' cultures. In today's world, tolerance is highly needed, perhaps more than ever. Countries inhabited by a large number of nations, such as the US and the EU, have shown that understanding diversity is the key to success for the modern state, i.e. community (Zakić & Milutinović, 2013). Would America be the same country as we know it today if it were not inhabited by so many members of different peoples, races, and religions who are very different from the dominant Anglo-Saxons, such as: Italians, Jews, Hispanics, African-Americans, Japanese, and Chinese? Together, these nations have created a state that is today the only global superpower and have shown that despite all the conflicts that inevitably exist within such a multinational state, tolerance and acceptance of others and different ones can be achieved. The history of conflict between different races and nations in this country is quite long and this is not only the specificity of America, but a characteristic of any modern state that exists. But one of the basic tasks of every state would have to be to create such legal frameworks and norms that would facilitate the processes of adjustment and inclusion of citizens of other than the major nationality in the life and work of that state. It would be logical to assume that this right is granted to everyone through the constitutions and laws of different states, but unfortunately the situation is often different in practice. This is why various conflicts occur, resulting in increased racial and national intolerance. Probably, in an ideal world, there would never be any conflicts or wars, in which culture would be one of the reasons for reflection and conflict, but unfortunately there still are such conflicts, and it is necessary to explain them and see what they have to do with intercultural management.

The word conflict has a Latin origin (*conflictus*) and it denotes: a conflict, collision, fight, quarrel, dispute ... Contemporary theory has given a great number of papers and definitions on the topic of conflict. According to one of them, by Boulding, an American sociologist and economist – author of Conflict and Defence: A General Theory, "a conflict can be defined as a state of competition in which the parties are aware of the incompatibility of the potential of future positions and in which each party wishes to occupy a position that is incompatible with the wishes of the other party". (Zakić & Milutinović, 2013) " A conflict is a social state in which at least two parties (individuals, groups, states) participate: having completely different starting points, seemingly irreconcilable, and pursuing different goals, which can only be achieved by one of the parties and/or using completely different means to achieve a specific goal." (Zakić & Milutinović, 2013) cites Ulrike C. Wasmuth. (Gugel, 2006)

Looking at the global changes that are just happening, one cannot but conclude that it will take a long time for the world to get used to the fact that the changes are happening minute by minute, and that the life we know from twenty or thirty years ago no longer exists. The conflicts that occur on this occasion require people to have a high level of awareness of what the negative resolution of such conflicts will bring about. There are many texts, discussions and conclusions in the literature on how these problems can be addressed. We will begin with theory and then see how theory and practice work in this case, and how they can be applied in intercultural management. When we talk about how conflicts arise, what their dynamics are and how we can resolve them, then we are talking about the very stages of conflict. According to Günter Gugel, there are three basic stages of conflict development: the first is the initial phase, then the escalation phase, and finally the resolution phase. In the first phase there are latent or manifest conflicts according to this author, which do not have to have a negative effect in themselves, and which escalate in the escalation phase. During the next phase, conflicts are resolved and some compromise is sought, in order to help to overcome the conflict. Conflicts in the cultural field cannot be solved quickly and easily, and as a result, scientists have tried to give their vision of bridging them, in order to reduce them overall and subsequently have the business results improved. According to Andrea Williams, there are three possible ways of resolving cultural conflicts, which are being applied in contemporary training and courses in international business and intercultural management (Zakić & Milutinović, 2013).

Nowadays, companies are increasingly encountering new contacts, people and companies from other countries. In order to achieve desirable positive relationships and successful communication and cooperation in all these diverse situations, leading to the closure of business contracts and the realization of successful sales, it is necessary to know the specifics of negotiation and principles of communication with members of other cultures. Knowledge of the characteristics of business culture and how to negotiate is an essential prerequisite for successful cooperation. Only in this way it is possible to always have successful business cooperation everywhere, without the appearance of any misunderstandings and bad emotions that can affect the negative outcome of the negotiations. Good intercultural communication ensures the expansion and development of business and generation of higher levels of profit (Ivanović, Arsenović, & Pajkić, 2010).

In showing interest in the cultural dimension of the problem – each of the parties to the conflict must understand that the conflict has a cultural dimension in itself. Also, there must be a will on both sides of the conflict to resolve all levels of a particular conflict, including the one concerning culture. In order to resolve the conflict appropriately, the conflict resolution process must go through four stages. In the first phase, it is necessary that the opposing parties tell each other what specifically bothers them about the other party's behavior. During the second phase, the opposing parties should learn the cultural characteristics of the other. In the third phase, each party tells the other how the same situation would be resolved within their culture and what solution would be reached. The final, fourth stage is characterized by the resolution of cultural conflict.

By learning about other cultures – people can avoid intercultural conflicts if they learn about other people's cultures that they come into contact with, or interact with. This knowledge can be gained through various types of training related to cultures of other nations, reading books on other cultures and learning from their previous experience. One of the more important ways to embrace other cultures is to know and study one's own culture. By developing cultural awareness with adopting other people's cultural habits and customs, it is possible to break the cultural stereotypes we have about other nations and their cultures. Modifying an organizational struc-

ture within a company in which there are cultural conflicts often shows that the organizational structure of a company follows the cultural values of only one (ruling or dominant) culture and thus causes dissatisfaction with members of other cultures. In such situations, it is necessary to change the organizational structure in a way that will more respect the values of members of other cultural communities.

It can be said that knowing what cultural conflicts are, how they arise and how to overcome them can certainly lead to improved understanding among business associates from different countries working in the same companies, as well as to better deals. All initial research conducted for the purpose of understanding other cultures, and which have emerged as an aid to a better understanding of the business systems of other countries (such as the researches by Hofstein, Schwartz, and the GLOBE project, as explained in this paper) have contributed to understanding the importance of the other people's culture, traditions and history in today's globalized world, and giving them much greater importance in contemporary business than it was the case before.

5. CONCLUSION

The contemporary development of management in the world is characterized by the expansion of the areas of application, the introduction of new methods and techniques and the increased use of information technologies, the strengthening of the role of managers, project managers and teamwork, and the development of modern approaches and specialized management disciplines. The international management must take into account cultural risks at macro levels, which are as real as political risks. Therefore, competency and flexibility in the domain of culture is essential when designing a particular international business strategy. As mentioned above, the primary role of intercultural management is based on the creation of patterns that will follow the flow of national specificities in the field of international business.

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