[1.] A. LANGOVIĆ-MILIĆEVIĆ, [2.] T. CVETKOVSKI, [3.] Z. LANGOVIĆ

NEGOTIATION AND GLOBALIZATION

[1-3.] GRADUATE SCHOOL OF BUSINESS STUDIES, MEGATREND UNIVERSITY, BELGRADE, SERBIA

ABSTRACT: The purpose of the paper is to highlight the importance of preparing managers to negotiate in the conditions of globalization. Today, the most important part is to be ready to face different culture and different rules in negotiations. Although the negotiations became generally present in almost all spheres of life, they are especially important in economic terms, both for the individual or company and the entire state.
KEYWORDS: manager, negotiation, culture

❖ INTRODUCTION

Although the negotiation can be considered one of the oldest human activities that today we use almost daily, in private or professional interactions with others, its research in academic fields began relatively late. The first works in this area appeared in the late 1960s. Since then and until today negotiations have been in the focus of scholars from different fields and orientations and its multiple aspects have been studied: social, behaviorist, communicative, ethical, legal, cultural, economic and others.

We live in the age of globalization, with everyday tendencies to put all in standards, even the very process of negotiation. In modern times, the negotiation is considered a universal process and as such is applicable in many different living conditions. However, it is emphasized that all people, and sometimes the state or business organizations, are reluctant or unwilling to negotiate.

First, according to many theorists and practitioners, the most important phase of any negotiation process is the preparation and planning. This stage is usually attributed 70% to 90% of the success in negotiation. The basic task of this phase is to identify and study the available sources of information and based on them to see your own needs, desires and possibilities. At this stage, one should take into account not only the organizational needs but also the individual characteristics and needs of persons participating in the negotiations. Motivational factors that affect negotiators, striving for "win-win" solution, consideration how much we can give for what we expect from the negotiations are all elements that make the process of preparing for negotiations. During preparation, one must consider different scenarios and alternatives of positive outcomes. It is important to consider negotiating teams, the number of team members, the place of negotiation, an environment in which negotiations take place and the schedule of negotiators.

Good preparation of managers contributes to security and self-esteem, and better coping with decision-making under various pressures inherent to negotiations. This paper aims to assist fast learning of new ways that managers use in negotiations and even quicker understanding why something works and something does not. Negotiation skills can be a key to your success. The general hypothesis of the research is: "The better the preparation of negotiations, the more likely to arrive at a satisfactory outcome, that is, the realization of goals (results)."

❖ THE RESEARCH PROCESS

Level 1: Initial research ideas
The initial idea for this research project arose because of the fact that in the global environment, where today most organizations exist, and negotiation is the most important "tool" for successful business operations at any meridian of the globe. Only organizations that realize how important it is that managers should be prepared for negotiations can expect positive results of negotiations and therefore the positive results in business on a global scale.

Level 2: Relationship between the initial idea and current knowledge
The initial idea of the importance of preparing managers for the negotiations has been monitored through the theoretical prism. The discussed idea of the importance of preparation of negotiations and implementation of negotiation strategies must be linked with what is already known in psychology, sociology, management, communication and diplomacy. The initial idea must be placed

in a theoretical context and when the work is done in this field of interest, it must be assessed. The importance of preparation of managers to negotiate in the contemporary world of business and the impact of preparation on the very outcome of the negotiations and the relations within the team-organization are pointed out in each chapter of this thesis.

Level 3: Definition of the problem and development of hypotheses

The team leader, if he has leadership qualities (knowledge, professionalism, ethics), will motivate employees easier.

The more accessible information to management (the Internet and its own, regularly updated database), the better the chances for thorough preparation of managers for the negotiations and therefore to reach the final, pre-defined goals.

If an organization realizes the necessity of permanent education of all managers in the team, it will be possible to request from them the maximum results.

The better mutual understanding of cultural diversity, it is the better approach in international negotiations.

The clearer and unambiguous communication between the partners, it is the easier and faster agreement.

Level 4: Research Design

At this level it is necessary to define the process of research and define how far to go with this research project, to obtain a sample for testing hypotheses and clearly establish the limitations of the research process. It is necessary to define how the survey was conducted. There are three main questions to be answered:

1) How far to go with this research project?
2) How to obtain a sample that will characterize the phenomenon that is researched?
3) What limits should be defined during the research?

The sample is obtained from several organizations in the Belgrade area, from different entrepreneurial and non-entrepreneurial activities that operate outside the Serbian market. For purposes of this research a natural sample was used.

Limitations of this research can be seen from the following questions: Is it possible to generalize data obtained from several companies in one city and one country? Besides, all companies operating out of our market were not covered. Do employees sincerely answer the questions? Do data collected from questionnaires with closed questions lead to a real conclusion, since this method of data collection does not allow for shades of opinion, expression and verbal expression?

Level 5: Collecting Data

Contacts were established with the responsible people in a few selected companies. Initially, the contact was established with top managers of given companies, who gave permission to conduct research. Then, we met other members of the company that made it possible to conduct this research. During our research we used the technique of the interview (with structural issues, closed type questionnaire to facilitate data processing). The research was conducted from September to November 2009, with the first phase of the research of motivation of managers to prepare negotiations and the second phase was after the completion of the negotiation process. Data were collected from normal procedures: using surveys and interviews with members of the negotiating team in the company and their management (team leaders). The demanding procedure was standardized. It was customary that after a few words of the explanation of the research objective, assistants distributed the questionnaire to the managers and explained how to answer questions.

The sample included 150 respondents of both sexes. Respondents were of different age and educational structure (higher education), different lengths of working experience (more than 3 and less than 20 years), with different professional status for a formal position in the organization. Some of them, in organizations in which the research was conducted, recognized their opportunity for advancement and professional development.

Level 6: Coding and Data Analysis

One of the best methods of data analysis is "content analysis" and it was used to include data from secondary sources. In contemporary studies of an institution it is necessary to analyze hundreds of questionnaires and interviews, and this can only be achieved if the researcher decides in advance what information is required and how it will be analyzed before collecting.

The questionnaires must be accompanied by such questions that clearly define the purposes of this analysis in accordance with the hypotheses and sub-hypotheses.

A group of questions was consistent with sub-hypotheses. Coding and marking for computer analysis were carried out after data collection. All data from questionnaires were entered into the computer as a file suitable for statistical analysis.

At the level of descriptive statistics, measures of central tendency (mean) and measures of variability (standard error) were used. At the level of inferential statistics to calculate statistically significant differences in the responses obtained chi-square test, Student t-test, ANOVA and post-hoc test by Tuckay-in were used. Different operating systems had different approaches, and Spearman's formula was used for assessing the degree of consistency in two variables supported by hypotheses.

During the processing of data the statistical program SPSS Data Editor was used.

Level 7: The state of results

At this level, initial hypotheses were again placed in accordance with the data collected for testing. Nearly all the survey results were used directly in line with theoretical work. The report shows all the research findings and is also closely associated with the final step of testing hypotheses.

Level 8: Testing hypotheses through experiment

The evidence included in this research indicated the main hypothesis, that is, the better the preparation for the negotiations, the more likely to arrive at a satisfactory outcome of negotiations. However, some doubts remain about the sincerity of responses in the surveys due to the possibility of subjectivity and suggesting by the other respondents-employees in the given companies. For these reasons, an experiment was made on the basis of continuous assessment and evaluation of results with other companies whose negotiating teams achieved outstanding results in the negotiation process. By monitoring the implementation, it was realized that the far better results were achieved in companies where managers were continuously leading their teams toward the goal and success, using appropriate strategies and tactics of negotiations. It is necessary to train teams on strategies and tactics and their adaptation to current situations and stages of negotiations.

Level 9: The theory and design of new theory revisited

At this level it is necessary to compare the findings with the conclusions of previously formulated theories. At this level, the circuit theory - research - theory is closed.

It must be taken into consideration that some new studies can complement the set theory and that postulates of the theory may be changed during the time. Surveys conducted in these organizations have increased the possibility of establishing new theories.

❖ BUSINESS NEGOTIATIONS IN INTERNATIONAL RELATIONS

In international business relations negotiations have always had a central place, especially in conditions of economic globalization, the impact of international media, the impact of world financial and trade institutions and other multilateral organizations and strong regional groupings. It is a way of resolving international commercial relations, according to the established international norms, mutual consent, in a peaceful manner, and is the core of business diplomacy.

Negotiation models are usually built on the normal case of interaction between the two sides, but when it comes to international business negotiation, given the complexity of the negotiations, they often involve multiple parties in different combinations: the third participant as intermediary, interested companies, various multilateral negotiations within or outside of international or regional organizations, etc. As the number of participants increases, the pace and complexity of the negotiation process change, so that classic, reduced models of mutual concessions between the two sides are not much helpful.

The international business negotiation has two closely connected aspects: negotiation with the other party and *internal negotiation*, which starts with preparation and harmonization of views on any settlement, compromise or concession. Internal negotiations are not usually simple at all and can, if you do not prepare well or underestimate them, significantly slow down or complicate the negotiation process. Therefore, the cohesion of the negotiating team in international business negotiations is necessary. In international business negotiations, there are monolithic and heterogeneous models of the negotiating teams.

The monolithic model of the negotiating team assumes that all team members act uniquely to provide the same interest and speak with one voice, whereas in the heterogeneous model it is different, and their views are often in conflict, which then requires internal compliance. In order to achieve success in negotiations, international negotiations should take place in stages, taking into account the wishes and interests of the opposing party. A typical sequence of stages is as follows: introduction - preparation – development; meeting, proposals and exchange-conclusion.

The concept of the positional negotiation, as defining the goals that can not be changed, should be changed into the concept adapted to the circumstances of a particular moment.

The international negotiation takes place with plans, processes, strategies and tactics relatively similar to those used in the negotiations within the same market that is the negotiations in the domestic market. In addition, these two types of negotiations will increasingly look like, as the level of globalization of markets and companies increases. However, the following characteristics should be considered in the international negotiations:

♣ *The parties operate in different laws and political frameworks*
▪ Laws, policies and financial systems almost never agree in different countries, and these issues can prolong, cause or stop the negotiation process;

♣ *It is more sensitive to unexpected and drastic changes to the state in the country:*
▪ New markets in which the "country risk" is high (political crises, revolutions, wars);

♣ *Various cultural factors:*
▪ Besides language, the different perception of values, skills, and business philosophy;

♣ *Currency risk in two forms:*
Fluctuations in foreign currency-from the moment of an agreement to payment, and

Transference risk, when the local currency should be changed into a strong currency (dollar or euro), in order to share the profit made in a foreign country;

♣ *Perception of certain topics on the behavior of the other side because it belongs to a particular nationality, ethnic group or culture:*

- This is called stereotyping, and it establishes a style and an initial strategy of negotiations, something that does not exist at national level, and
- Thinking about the different countries, or their representatives, influencing the style of the negotiation;

♣ *Companies that intend to sell or invest in another country, raise doubts, just because they are not from that country (that feeling is stronger in poor countries)*

- The rejection level of everything that comes from outside is proportionally opposite to the level of economic development.

In the international negotiations various elements of the culture of each country, and what to do to accommodate them, avoiding behaviors based on false beliefs or prejudices have to be considered. The main reason for the false understanding of other cultures, the so-called "ethnocentrism", is a belief of a social group that its way of behavior is the best possible. The transition to market economies in countries with a closed, protectionist or centralized economies affects that the collision model does not create about ideological issues, but about culture. Benefits from knowledge of other cultures are:

    it facilitates the relationship and communication with foreign clients.

    it is easier to understand the views of clients with whom you negotiate

    it helps to create cooperation with people from other cultures

    you avoid mistakes that could jeopardize the negotiation

    you get a particular identity, whether at personal or enterprise level

    workers are motivated to work in branches in foreign countries.

    Undeniably, the ability and skills of the negotiators must be numerous, and the adjustment to other cultures is closely related to human relationships, especially at the international level. It is necessary that a negotiator adapts her behavior to cultures of the people with whom they do business.

    The adjustment to other cultures first involves the introduction of negotiators with the facts that may be of importance. If the negotiator knows that she will cooperate with people who belong to another culture, she needs to study and gain some knowledge about the history, customs and habits of members of other cultures.

    For example, the way they greet one another, negotiate and express themselves, in general their attitude towards business and the way they react. Women do not have the same rights and roles in the business world, and it also has to be taken into account when cooperating with members of other cultures. Thus, it can be possibly avoided to offend business partners inadvertently or misunderstand something, which can take precious time.

    In real situations, it is remarkable how they behave differently and respond to members of different cultures, and the fact is that you cannot work in another country in the same way as you do in your country. It is generally known that different perceptions and attitudes to work differ from country to country and that there are big cultural differences that should be overcome to some extent in order to increase the quality of work.

    There are various ways of finding information about other cultures, such as different literature or conversation, while today the Internet has more important position in collecting this type of data. In many companies there are various forms of training.

    It means to understand the facts of history and religion, the social and political climate, business practices, economics, tourism and so on. Religion is important in everyday life, which is particularly manifested among humans in the Middle East, but in general among the members of the Islamic religion. With members of different cultures it is impolite to look a woman in the eye, and in some parts of the world shaking hands is not even acceptable way of greeting.

    When the negotiators face another culture, their work does not end there, because only then must they be prepared to accept these differences and act accordingly, if they go to a foreign country. So, they need to respect the norms, adapt to differences, but without losing their own identity. When work is taken into account, the negotiators may not fully succumb to the influence of other cultures, but from a business point of view, they must continue to represent their goals and objectives of their superiors on whose behalf they negotiate.

    Negotiating with a foreign culture means creating a favorable climate for work and negotiation, and relaxed atmosphere which lead to better business results and achieving goals. It is certain that a positive impression will be made if the person with whom you cooperate notices a great effort which has been made in getting to know the culture of his people. And this is one of the ways of developing a style of business negotiators, because one of the qualities that they should have is just the ability to adapt to other cultures. On the other hand, the negotiators need to be motivated in order to prepare themselves for a meeting with members of other cultures.

    One of the first authors who analyzed the impact of culture on international affairs was R.T. Hall. He started from the notion of "context", i.e. a set of information that is obtained during one meeting and that is closely related to the circumstances in which the meeting takes place. Based on the context in which negotiations take place, we can distinguish two cultures:

1. Cultures of "low context". These are the cultures that use clear and specific verbal and nonverbal forms, with co-flying grammatical expressions and few subjective judgments. The speaker usually just says what he wants to say. Members of these cultures value clear, direct and accurate information – the less ambiguity and confusion, the better. This type of communication is typical in the Western Anglo-Saxon countries such as USA, UK and Germany.
2. Cultures of "high context". In this type of culture information is vague and unclear, the behavior and circumstances are more important than the expression. A large part of the information is contained in the behavior of speakers, more than in verbal messages they give. This kind of communication centers on the person and her feelings and is typical of the culture such as ours, Arabic, Latin and Japanese.

The world is not divided into cultural blocks that can be clearly defined, nor that match the borders of countries. The largest number of international negotiators thinks of geographical regions rather than on specific states, especially if they are small. It is said: "I will try to do business in South America or Eastern Europe." The grouping styles of negotiations are most often associated with the negotiations for the six major geographic regions: Europe, North America, Latin America, Arab countries, Asia and Africa. The comparison of cultural models of negotiation styles is monitored by the following five aspects:

1. the use of time (the punctuality at meetings, orientation towards the past, present or future; the rhythm of negotiations)
2. personal / professional relationship
3. rules of communication (how messages are sent, whether it comes to verbal or non-verbal communication)
4. concessions and contracts (the moment of making the most important concessions is analyzed, and the manner in which agreements are made)
5. decision-making.

Based on the above findings, we conclude that the differences in business culture are evident and it is necessary to respect them in business negotiations. Cultural globalization is the encounter of different world cultures and customs. The flow of goods, capital and people across national borders brings with it the flow of habits, customs and cultures. This process with different people often provokes mixed reactions. Some consider the impact of a new culture as positive development that enriches the existing culture, while others see a new culture as a threat to personal or national values and rules.

❖ CONCLUSIONS

Although the negotiation is very old human and business activity that has existed as long as trade, in the course of history it has not been given too much space in research and professional papers. The study of the practice of negotiation as an interdisciplinary phenomenon began only in the 1960s. During this relatively short period, theorists have placed emphasis on different aspects of this kind of interpersonal and business communication. But regardless of the specific periods and changes in business environment that demanded different approaches to negotiation, all authors of papers and research as well as experienced practitioners agree that the negotiation process consists of a number of stages. For each phase, it is possible to identify and isolate specific elements of knowledge and practice which lead to a successful outcome. Negotiation skills are therefore no longer viewed as an innate talent, because, although welcome, in today's complex environment they are no longer sufficient. Successful negotiation behavior and treatment are increasingly dependent on knowledge of verified theory and best practices of negotiation. Negotiation should be regarded as one of the key business processes that add value to the company, but also for its customers and other business partners. Such an approach to negotiation is still in its infancy in Serbian companies.

In the survey we conducted, 85% of respondents (managers) at high positions in their companies are in negotiating teams, and some of them are leaders of these teams. They think that communication is the first thing they pay attention to in the recruitment of new managers for the negotiating teams. 71.2% of managers believe that they use the language that is clear to a speaker in the negotiation process. We mentioned in this paper how important it is that the two confronted sides understand each other in their views, wishes, goals and possible willingness to compromise. This understanding comes from communication, of course, but also from a clear and constructed attitude. That attitude has to be articulated in a language that both sides understand, without ambiguity. Such a situation, friendly and fair to both sides, as research results show, is built up by reading and following non-verbal communication of negotiators. Non-verbal communication helps in clarifying any doubt or suspicion. Even 69.1% of managers said they use non-verbal communication to express accurately their views and that it is necessary to monitor non-verbal signals of their speakers but also signals of their own team. A successful negotiator is one that reads well non-verbal signals of the other side and covers better his ones. All this confirms our initial hypothesis that the clearer and unambiguous communication between partners, the easier and faster agreement.

The goal of each negotiator when entering negotiation process is to succeed. Success comes when the team is well-prepared for negotiations. Good preparation requires knowledge of the "code" of

the other side at the negotiating table. 83.3% of managers surveyed told us that in preparation for the negotiation process it is inevitable to face and approach the culture, lifestyle and habits of your partner in negotiations. Managers surveyed say the better known each other's cultural differences, the better approach to international negotiations and a good approach gives results. All this confirms our theses.

When we examined the managers about team leaders, we got interesting answers. 90% of managers surveyed told us that they elected leaders of the teams only on the basis of the previous results. 72.4% of respondents said that education is the second in importance for someone who aspires to be the leader of the negotiating team. Further analysis of the survey concluded that nearly 88.2% of managers in the negotiation process address only the team leader of the opposite side of the table and that the other team members are neglected. All these data give us the fact that confirms our initial hypothesis that if the team leader has good leadership skills, it will help to motivate employees. Our respondents also confirmed that the team leader position is highly appreciated both from the perspective of team members that you lead and the party you negotiate with.

We got some interesting results from further discussion with managers. 66.5% of managers surveyed perceived negotiation as an integral part of the work. 86.3% of respondents considered necessary to prepare themselves for negotiations, 63.1% performed the preparation regularly and considered unthinkable to go unprepared to negotiation and 5% of respondents, despite the awareness of the necessity of preparing for negotiations never did that. 35% of respondents was unprepared during the negotiations at least once, made decisions impulsively and were carried away by emotions. These results confirm our starting hypothesis that the preparation for negotiations and the outcome of negotiations are in correlation.

There are no successful talks without thorough and sometimes long preparation. The preparation includes identifying issues and structure of the negotiation. Inexperienced negotiators tend to think that the success of negotiations lies in things like the ability to persuade someone, speed of response, intelligent upheavals during the negotiations, eloquence, and so on. Of course, these features help the side that has them, but the success of all negotiations lies in the preparation that precedes the interactive process between the parties in their preparations.

The largest number of managers seeks action rather than analysis and planning. Time constraints and everyday tasks make difficult the preparation, for many of them difficult and boring. Key issues for better negotiations are obtaining valuable information about the opposite side and its environment, limiting the topics that will be discussed, the way it will be negotiated and arguments that will be used. The preparation phase is even more important in international negotiations, because the ignorance and suspicion about the intentions of the other side are always greater than in national negotiations.

❖ **REFERENCES**

[1.] Bahram, Kevin, Oates, David,The International Manager, The Economist Book, Ltd. , London,1991.
[2.] Bowman, C.: The esence of Strategic management, McMillan Press, New York,2001.
[3.] Ćomić, Đ.: Globalna fuga, Đuro Salaj, Beograd,2001.
[4.] Janković, B.: Diplomatija, Naučna knjiga, Beograd,1988.
[5.] Kodelupi,V.: Tržišna komunikacija, Clio, Beograd,1995.
[6.] Kovačević, Z.: Međunarodno pregovaranje, Filip Višnjić, Beograd, 2004.
[7.] Marković, M.: Poslovna komunikacija,Clio, Beograd, 2003.
[8.] Petković, T.: Poslovna špijunaža i ekonomsko ratovanje, Public Triton, Beograd,2006.
[9.] Watkins, Michael, Rosegrant, Susan, Breakthrough International Negotiation, Jossey-Bass, San Francisco,CA,2001.
[10.] Ashcroft, S.: Commercial Negotiation Skills, Industrial and Commercial Training, 2004.
[11.] Babuley, P.: Negotiating, Hoodder & Stoughton Ltd., London, 2003.
[12.] Nierenberg, J., Ross, I. S.: The secrets of Successful Negotiation, Positive Business, Duncan Baird Publishers, London, 2003.
[13.] Tudor, G.: Kompletan pregovarač, Umijeće poslovnog pregovaranja, MEP Zagreb, 1992.
[14.] Ury, W., Getting past no, Negotiating with difficult people, Century Business, Kent, 1991
[15.] Vukmir, B.: Strategija i taktika pregovaranja, RRIF-plus, Zagreb, 2001.
[16.] Grandov, Z.: Pregovaranje u međunarodnom biznisu, BTO,2004.
[17.] Grandov,Z.: Spoljnotrgovinsko poslovanje u globalnom okruženju,BTO,2004.
[18.] Marković, M.: Poslovna komunikacija, Clio, 2003.
[19.] Petrović, P.: Savremena poslovna diplomatija, Institut za međunarodnu politiku i privredu, Beograd 2008.
[20.] Maslov,H. Abraham: Motivacija i ličnost, Nolit, Beograd,1982.
[21.] Eko, U.: Kultura, informacija, komunikacija, Nolit, Beograd, 1973.
[22.] Kodelupi, V.: Tržišna komunikacija, Clio, Beograd, 1995.
[23.] Lester,R. Bitel, Liderstvo, Clio, Beograd, 1997.
[24.] Lewicki R.J.: Negotiation, McGraw-Hill, 2003.
[25.] Ana Langović Milićević, Nataša Bogavac-Cvetković: Importance of preparing managers for the global environment, ИИИ Международная научно-практическая конференция: Мир и Россия: регионализм в условиях глобализации, Экономический факультет, Российский университет дружбы народов, Часть 1, 11-12 ноября, Москва, 2010, pg. 268-275, ISBN 978-5-209-03536-7; ББК 65.5
[26.] Ana Langović-Milićević, Mihailo Rabrenović: Priprema menadžera za pregovaranje u globalnom okruženju. XVI BUDVANSKI PRAVNIČKI DANI, Aktuelna pitanja savremenog zakonodavstva, Ybornik radova sa savetovanje pravnika, 7-11. juna 2010. Budva strana 415-424 ISBN 978-86-7542-081-1
[27.] Langović Milićević A., Cvetkovski T.: „Uspešno pregovaranje u međunarodnom poslovanju", Međunarodni naučni skup – „Unapređenje međunarodnog poslovanja preduzeća i privrede", Megatrend univerzitet, Beograd, 2006., str. 129-135, COBISS.SR-ID 136109836: ISBN 86-7747-241-X, Predsednik programskog odbora: prof. dr Momčilo Milisavljević, FPS. ($R_{54}=1$)