UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

GENERATION Y STEREOTYPES AND THEIR IMPACT ON CONFLICT MANAGEMENT IN INTERNATIONAL BUSINESS: THE CASE OF SLOVENIA AND SERBIA

Ljubljana, February 2016   MILANA MAJKIĆ

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INTRODUCTION

Globalization and the expansion of multinational companies have led to an increase in cross-national business interactions in which people are clearly labeled by their nationality and/or country of origin (Katz, 1995). Coming from different countries and cultures, people are willing to make conclusions about each other, which are quite often based on stereotypes, and/or lack of actual experience. In this regard, I refer to stereotypes in a broad sense as generalizations about a group of people (Brigham & Zaidmand, 2000). There are different types of stereotypes corresponding to different bases for such generalizations. Most of the research on stereotyping in the organizational contexts has focused on gender (women) and various minority groups (ethnicity). However, stereotypes can also be present among work colleagues and business partners of the same gender (Zaidmand, 2000). In the international business field, stereotypes also play an important role, since, as Hofstede (1994, p. 1) puts it: "the business of international business is culture".

So-called Generation Y (born in the 1980s and 1990s) has been labeled as a generation of multimedia and multitasking people (Reinsenwitz & Iyer, 2009). Barnikel (2005, in Reinsenwitz & Iyer, 2009) noted that Generation Y is the first generation in which internet consumption exceed television consumption. Generation Y demonstrates very positive views on cultural diversity and social issues, which is driven by their higher levels of education and greater opportunities to migrate and work in global markets. This generation is generally more optimistic, confident and team-oriented (Leask et al., 2014). It is also a generation of future leaders and businessmen/businesswomen. Thus, it is important to understand them. According to this, research of Generation Y's stereotypes and the assessment of their impact on conflict management in international business is very important for internationally-oriented companies, since business at the end of the day is done people to people. Studying national stereotypes of Generation Y is particularly interesting and relevant for the case of countries of Ex-Yugoslavia (i.e. Serbia and Slovenia), because representatives of Generation Y have little or no experience of living in Yugoslavia (or remember living in Yugoslavia). Thus, the stereotypes they hold about other Ex-Yugoslav nations are even more important and may play a crucial role in their business interactions with other nations from Ex-Yugoslavia. At the same time, these markets display high levels of inter-country trading and business (Udovič & Rašković, 2010).

The Balkans is a very specific territory when talking about cross-cultural comparisons, stereotyping and conflicts. This originates from the ancient times. As I had mentioned, Serbia and Slovenia were states of the same country, called Yugoslavia. Yugoslavia has been described as "one country with two alphabets (Cyrillic and Latin), three religions (Catholic West, the Greek Orthodox East and the Muslim South), four languages, five nations and six federal states called republics" (Horvat, 1971, p.71). In terms of economic organization, we may refer to the capitalist West, the centrally planned East and the undeveloped South. All these influences can be felt in the Balkans, leading to a turbulent life in a country with such a location and with all these characteristics (Horvat, 1971). Great cultural diversity of the former Yugoslavia countries was known for years and it is a general belief that the disintegration of Yugoslavia caused greater culture divergence in the region (Rašković & Svetličič, 2011). McSweeney (2002) was the first to show that cultural typologies, e.g. Hofstede's, greatly underestimated the cultural diversity within former

Yugoslavia states. Nowadays, Serbia and Slovenia are living independent lives, but still contain close economic cooperation and socio-political ties. This is why looking at national stereotypes of Generation Y between these two countries is still very much relevant, particularly because of the regionally focused nature of international business in the Western Balkans (Udovič & Rašković, 2010).

Bodenhausen and Wyer (1985, in Katz, 1995) pointed out that people use stereotypes to infer reasons for behavior and those inferences can be important determinants of judgments. They also claimed that if relevant information is provided, stereotype bias should be reduced. National stereotypes are present in different public segments (Rašković & Svetličič, 2011). Zaidmand (2000) highlights the large impact of stereotypes, particularly in the initial stages of business relations. Forbes (1997, in Bercovitch & Chalfin, 2010) argued that interactions between conflict groups and individuals reinforce stereotypical roles of superiority and subordination. Stereotypical role of superiority and subordination can be connected with resource power equality of the parties in the conflict management and business interactions. Resource power includes population size, gross national product (GNP), GNP per capita, military spending and territory of each group (Bercovitch & Chalfin, 2010). Bercovitch and Chalfin (2010) showed that the past political system similarities of participants in conflict situation positively affect relationship improvements after the conflict begins to be addressed and managed. Additionally, the so-called psychic distance paradox plays an important role in stereotyping, conflict management and business interactions. It refers to the perceived low level of socio-cultural and psychological differences between two environments, which can be very dangerous, due to underestimation or generalizations. This can lead to unadjusted operations in these markets stemming from underestimating cultural differences and socio-cultural specificities (Rašković & Svetličič, 2011).

"Conflict is so vital and complex an issue that it invites disagreement" (Tjosvold, 1998). It is a phenomenon which can be present in an organization and can be stem from a diversified workforce. It can occur from harsh words, disagreement in opinions or different actions taken to achieve organization's goals. Tjosvold (2008) said that working in organization automatically means being in conflict. But also, by his words, conflicts can be highly constructive and therefore essential for teamwork and organizational effectiveness (Tjosvold, 2008). This is why conflict management is becoming an important part of every organization, but especially an international one (Ma et al., 2012). When conflict is well-managed it can promote vital organizational outcomes. A lot of authors claim that business partners who are able to manage conflict strengthened their relationships, improved product quality and reduced costs. In addition, top management teams who can manage their conflicts cooperatively develop their company's strategic advantage (Tjosvold, 2008).Values and norms of different cultures can also affect the choice of conflict management style (Ma et al., 2012).

The main purpose of my master thesis is to understand the link between national stereotypes and conflict management/resolution in future international business interactions among Generation Y representatives in Slovenia and Serbia. Having said this, the key goals of my master thesis are as follows:

• To see what kind of national stereotypes representatives of Generation Y from Slovenia and Serbia hold about each other.

- To see how these national stereotypes impact potential future business dealings with representatives of each other nations.

- To understand what role national stereotypes can play as sources of potential conflicts in international business dealings, as well as to understand the propensity to resolve such conflicts among the representatives of Generation Y from Slovenia and Serbia.

- To provide some recommendations to multinational companies regarding how national stereotypes can impact international business dealing between Slovenia and Serbia, as well as ways to successfully resolve conflicts arising from national culture differences and stereotypes.

Based on the outlined purpose and main goals, my master thesis focuses on addressing three key research questions:

1. What kind of national stereotypes does Generation Y from Serbia and Slovenia hold about the other nation?

2. How do such national stereotypes impact the propensity and willingness to do (international) business?

3. How willing is Generation Y to cause and resolve conflicts based on their stereotypes in potential international business dealings with representatives of the other nation?

Other more specific research questions further include: How do stereotypes affect trust and commitment in international business relationships? How do they influence the beginning of business relations formations? Does geographical proximity and past common history of these two countries have impact on conflict management and resolution?

For answering these research questions and testing the underlying hypotheses behind them, I employ a quantitative method of analysis. I carry out a survey among students in Slovenia and Serbia (as representatives of Generation Y) based on a semi-structured questionnaire. My sample consists of over 300 members of generation Y in Serbia and Slovenia. I employ a so-called matched sampling approach, because my target groups are going to be students from Economic Faculties in Slovenia and Serbia with a similar age and educational background. I conduct mostly descriptive statistical analysis, complemented by confirmatory analysis and hypotheses testing. All data in the empirical part of the thesis is analyzed within the software package SPSS.

My master thesis consists of eight parts. In the first chapter, I provide a theoretical overview of the concept of culture. I address levels and elements of culture, as well as review different models and cultural typologies to be used in cross-cultural comparisons in the business and management literature. I also describe Serbian and Slovenian national culture in this part. In the second part, I focus on conflicts and their management in international business, as well as various management styles, sources of conflicts and ways of managing conflicts in international business. In the third chapter, my focus is on stereotypes, mainly their definition and the overview of various types of stereotypes. The forth part focuses on the specifics of Generation Y relative to other population groups. I

particularly address the specifics of Generation Y from the perspective of workers and managers. In the fifth part I present my research questions and underlying research hypothesis, as well as the methodology behind my analysis. The sixth part presents the main research findings and survey results. In the seventh part, I outline the main theoretical and managerial implications of my research, as well as provide some recommendation for multinational companies based on previous theoretical and empirical findings and my research. The eighth part presents research limitations of my research and recommendations for further research. This is followed by a conclusion.

1 CULTURE

1.1 Definitions of culture

One of the major factors when it comes to international business relations is for sure culture. Before the first business contact with members of other cultures, it is important to have as much vital information about their country, norms, traditions, rules. Knowledge of cultural differences and business practices is becoming an important competitive advantage in business nowadays. Because of that, the first step in dealing with people from other cultures is to become aware of what culture actually means.

In French language, the word "culture" in 19th century dictionary was defined as "cultivation farming activity". The abstract meaning of the word "culture" probably originated from Germany, from the 18th century, where this word refers to civilization (Usuiner & Lee 2005, p. 4).

Culture as a concept cannot be expressed by one single definition. Because of the complexity, multidimensionality and multi-level nature of the concept, various definitions and understanding of culture exist in the international business literature. Due to the large number of definitions of culture, I will introduce some of those which are relevant for my further research.

For Hofstede (1980, p.13), culture is understood as a sort of: "collective programming of the mind which distinguishes the members of one human group from another. Includes system of values; and values are among the building blocks of culture." Gudykunst and Kim (1992, p.12) defined culture differently as: "systems of knowledge, shared by a relatively large group of people". They identified groups in terms of political borders between countries. Some authors, like Chaney & Martin (2007) saw culture as a hierarchy, with a national-level and dominant macroculture as an umbrella over many subcultures. Hecht, Collier, and Ribeau (1993 in Jameson 2007, p. 204) saw culture, "whether national, ethnic, professional, organizational, or gender based" as patterns of perception and interaction that a group of people share.

Anthropologist Edward Hall (1990) studied the role of communication across cultures and described culture as a powerful force (glue) that keeps everyone together. He said that "Culture is not an exotic notion studied by a select group of anthropologists in the South Seas. It is a mold in which we all are cast, and it controls our daily lives in many unsuspected ways" (Hall 1990, p. 29).

One more definition of culture is given by Triandis (1972 in Hunter & Tan, 2006, p. 33): "culture is defined as an individual's characteristic way of perceiving the man-made part of one's environment. It involves the perception of rules, norms, roles, and values, is influenced by various levels of culture such as language, gender, race, religion, place of residence, and occupation, and it influences interpersonal behavior."

From the many sets of definitions of culture, Hrastelj (2008, p. 19) highlighted the following four key elements:

- Culture is a social explanation of reality.
- Culture is the rest of what we have learned, but completely forgotten.
- Culture is the "software" of the mind.
- Culture is the transfer of information, knowledge, values, etc., between generations by imitation and learning, which affects behavior of people.

1.2 Elements and levels of culture

Within individual countries, several subcultures can be present. Each culture may also extend beyond national borders and individual culture can spill across several countries (Hrastelj 2001). In addition to national culture, Hrastelj (2001, p.27) speaks about professional culture, organizational culture and individual culture, as well. Hofstede (1991 in Hunter and Tan, 2006, p. 33) talks about several layers of culture. These layers of culture consist of national, religious/linguistic/regional/ethnic, gender, generation, social class and organizational cultures. By Zagoršek (2007 in Makovec Brenčič et al., 2009) there are six levels of culture shown in Table 1.

Table 1. Levels of culture

Levels of culture	Explanation
Transnational culture	Culture that transcends national borders of each country. This is the so-called transnational concept of culture that can unite people all over the world.
National culture	Cultural occurrence of a nation. This culture refers to the nationality and not on geographical boundaries of a country.
Branch culture	Culture that is typical for a branch (eg. Banking and financial industry, construction). This concept of culture is broader than the concept of professional culture, as within each branch operates several different types of professions.
Professional culture	Specific culture, which is typical for a particular profession (like doctors, lawyers etc.).
Organization culture	Formed at the level of individual organizations (companies).
Subcultures	Discussed in a relation to particular social groups that are not part of the dominant culture.

Source*: Personal representation of levels of culture, adopted by* M. Makovec Brenčič et al., *Mednarodno poslovanje,* 2009.

The basic elements of culture and their interaction affect the local environment and are the same time affected by it, as well. According to Griffin and Pustay (1999, p.327) these elements are: social structure, language, communication, religion, values and attitudes. Hrastelj (2001, p.29) says that the components of culture, which influence the international business the most, are mainly social organizations and institutions, values and norms, religions, languages, educational systems, aesthetics, material culture and living conditions. For Usuiner and Lee (2005), the major significant elements of culture are: language, institutions, material productions and symbolic productions.

Anthropologist Edward T. Hall (1976) explained culture as an iceberg, there are things in cultures we can see and describe easily but there are also things that are hidden and deeply rooted. He said that people think that everything they see, numerous observable characteristics of a group (their behaviors and customs), is culture. In reality, this is what is above the "water line", as can be seen on the Figure 1; just external manifestations of culture. Below are culture's core values and their interpretations, which are not observable. These core values of culture are learned patterns of what is considered god or bad, right or wrong, acceptable or unacceptable etc. Core values can not be changed easily and were created and defined for a long time by formative factors as religion, history, the media etc.

Figure 1. Hall's iceberg model of culture

Behaviors & Customs

Words and actions which are apparent to the observer

Observable

Not Observable

Interpretations

How we feel the
core values should
be reflected in
specific situations

Core Values

Learned ideas of what is considered
good or bad
right or wrong
desirable or undesirable
acceptable or unacceptable
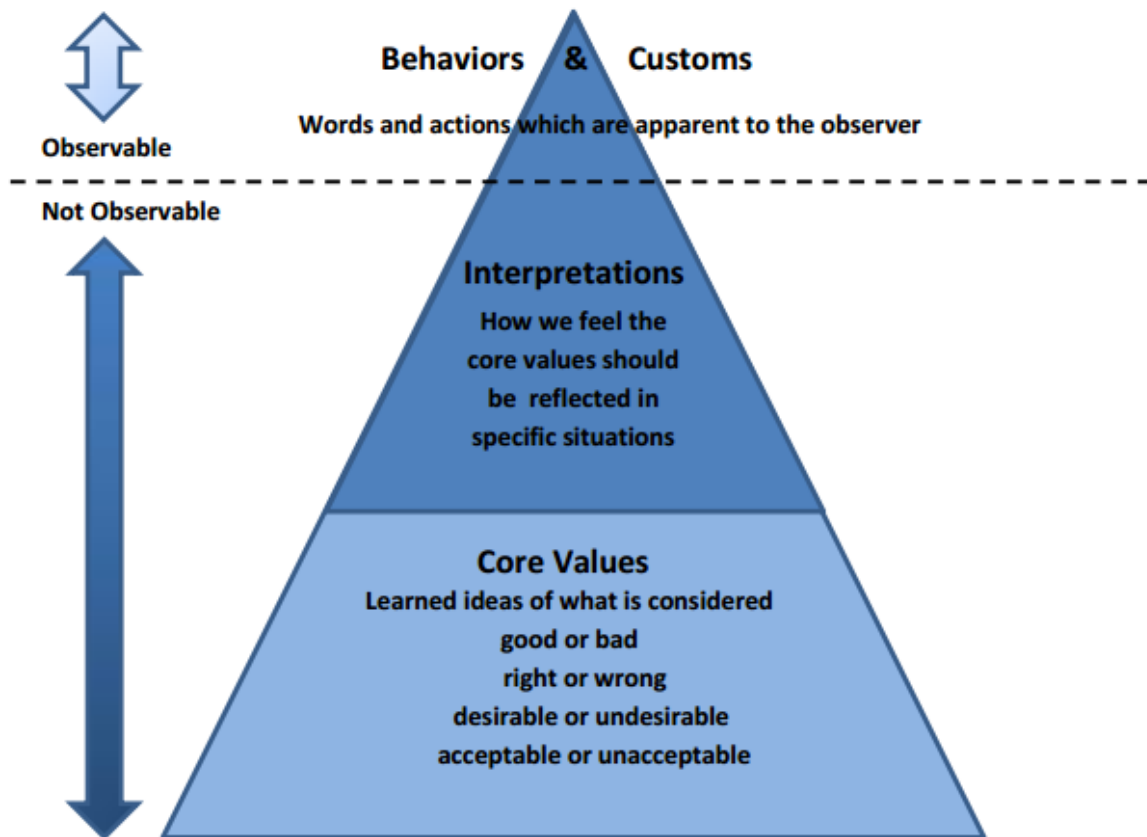
Source*: Adopted by* E. T. Hall*, Beyond Culture,* 1976.

Trompenaars (1996) gave similar explanation of the culture and its elements. He compared culture with layers of an onion (Figure 2). The outer layer of an onion, cultural artifact, symbols and products, is what people immediately associate with culture, what is apparent and accessible. The middle layer presents norms and values of a community, what is right or wrong, good or bad. The core of an onion is what is the most important when it comes to understanding of the culture. This core consists of basics assumptions and behaviors, rules and methods which one society built to face and deal with problems.

Figure 2. Onion model of culture
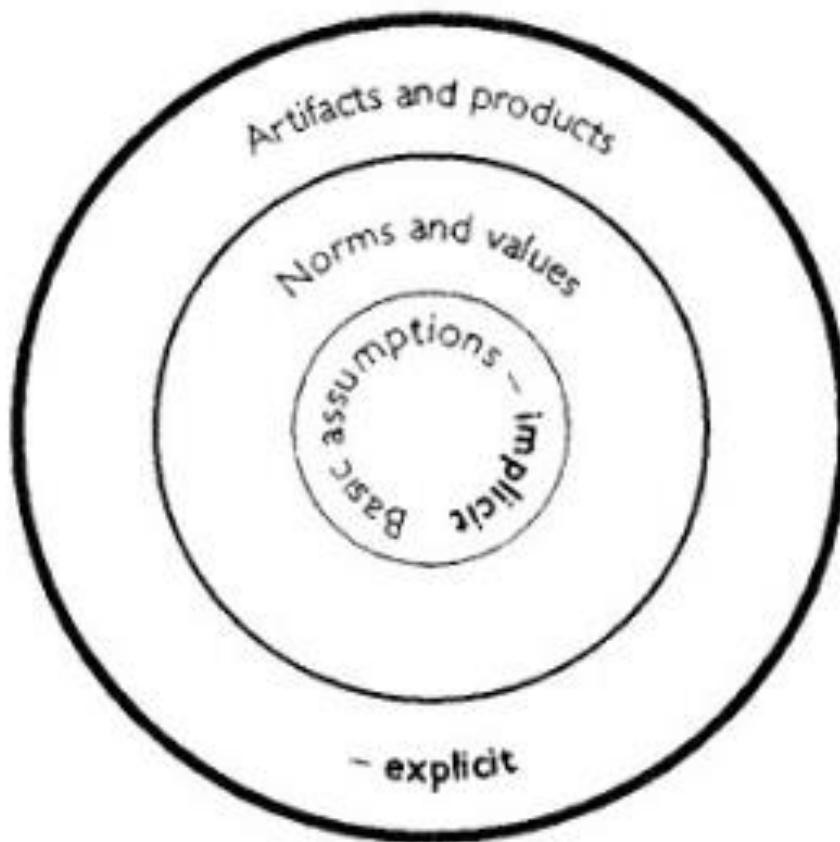
Source: F. Trompenaars, *Resolving International Conflict: Culture and Business Strategy,* 1996.

1.2.1 Social structure

The base of every society is its social structure. This is an overall framework that determines the roles of individuals in the society. Social structure stratifies the society and individual's mobility within the social context (Griffin & Pustay, 1999, p. 327). Societies differ in the way how family is defined and how important it is in the individual's role within groups. Social attitudes towards family reflect the importance of the family in business. In some countries family ties are very important for the business (i.e. China, Arabia) while in some others not that much (i.e. Unites States). Social stratification reflects ways in which one society is divided into classes, based on birth, occupation, education achievements, and/or other attributes. Social mobility, on the other hand, is the ability of individuals to move from one stratum of society to another and it is higher in less stratified societies (Griffin & Pustay, 1999, p. 329).

Granovetter (2005) said that social networks are very important part of social structures today and that they can affects economic outcomes like hiring, prices, productivity and innovation. By his words, social networks affect the flow and the quality of information, they can be an important source of reward and punishment and the context in which the trust appears and emerges.

1.2.2 Language

Language is a primary channel through which culture is conveyed. Through language, we express cultural ideas, concepts and practices (Raja, 2013). It is an important instrument, which one society's members use to communicate with each other. Language defines cultural groups and is the most frequently used symbolic system related to culture (Jameson, 2007).

Countries with multiple language groups tend to be more heterogeneous. In this case, language is an important resource by which cultural differences can be identified within the country, and which are often linked to ethnicity or religion. This was also the case of Former Yugoslavia (Horvat, 1971). However, the presence of different linguistic groups within a county can also lead to a political conflict, which should be an alert to international business people when the stability of a firm's investments is considered. Unfortunately, this was the case in the former Yugoslavia (Griffin & Pustay, 1999, p. 332).

Researchers have showed that countries that share a language are often similar, although not identical. Because cultural similarities ease the task of doing business, domestic firm's initial efforts are to expand abroad in countries that speak the firm's home language (Griffin & Pustay, 1999, p. 333). This is also in-line with the so-called Uppsala theory of internationalization, where firms start to internationalize to neighboring and culturally similar markets first.

1.2.3 Communication

Communication is the process of conveying information between two or more people. In this process, the main actors are sender and receiver of the communication message. Sender sends a message, codes it, and chooses a channel of communication. Receiver must be able to decode the message, which means to understand it, and usually gives feedback. In most cases, communication is dependent on its context: who says it and when and where it is said. These contextual factors may twist what actually seems to be said literally. They are also very often related to culture, how information is interpreted. The role of context in communication derives from Edward T. Hall (Usunier & Lee, 2005).

Communication across cultural boundaries is a very important skill for international managers as well as a very important element of culture. It can be verbal or nonverbal, both of which are very important. It can also be more or less explicit (Hall, 1990). In some countries, nonverbal communication is even more important than the verbal one. Such cultures were defined by Hall (1990) as so-called high-context cultures. Nonverbal communication includes facial expressions and hand gestures, intonation, body positioning, eye contact etc. Most members of the society can easily understand nonverbal forms of communication in their society, but outsiders can have difficulties. Communication among members of the same culture may be unmatched but chances of failure to communicate adequately increase between people from different cultural backgrounds (Griffin & Pustay, 1999, p. 333-337). In such cases, the importance of using cultural filters is big and the context in which a discussion occurs is also very significant.

1.2.4 Religion

Religion is very important aspect of every culture, as may be the lack of religion (i.e. Japan). Knowledge and understanding of the religious orientation of the society in which we plan to do business, it is very important for business success. Religions are treated differently in different countries and can justify activities of their followers. Griffin and Pustay (1999, p. 341) said that religion shapes people's attitudes toward work, consumption, individual responsibility and planning for the future, where we can also recognize its role in business world. It defines cultural groups that go beyond nationality and ethnicity (Jameson, 2007). Religion can be linked to values and norms, as well as the fundamental beliefs and expectations, which form the most implicit layer of culture within Triandis' (1993) culture as onion concept (Makovec Brenčič et al., 2009).

Shcwartz (1995) pointed out that religions influence value system of their followers through socialization. He said that value priorities can influence individuals' commitment to the religion they profess because religions provide opportunities or make barriers to the attainment of value goals.

Saroglou (2008, p. 1) assumes that "religions as large sets combining cognitions and beliefs, ethics and specific rules, ritual and practices, communities and specific experiences have an impact on the importance attributed to various types of values by some people as a consequence of their religious affiliation or identity, internalization of religious discourse, emotional religious experiences, or identification with specific religious and spiritual models."

1.2.5 Values and attitudes

Values determine what is important to members of a particular culture. I would say that values are standards and principles that are accepted by members of one society. "Values are cognitive representations of people's important goals or motivations, phrased in socially acceptable language useful for coordinating action" (Schwartz et al. 2000). Attitudes are feelings, thoughts and actions arising from those values. Cultural values often come from settled beliefs about the position of the individual in relation to his/her family, social hierarchies, etc. (Griffin & Pustay, 1999, p. 344). Hrastelj (2001, p. 30) believes that values as norms form the starting point for the advantages exhibited by customers or clients.

1.2.6 Norms

Norms are shared awareness in groups about what is right and what is wrong. Cultures differ in their norms, or, in other words, expectations and standards for behavior. Norms are usually divided into two groups: formal and informal norms. Formal norms are rules and laws, which are standards of behavior in a society and are very important. Informal norms are mostly customs, not that important as formal norms but very significant when we are talking about culture differences. Norms in general shape the behavior of people in one society/culture (Usunier & Lee, 2005).

1.3 Overview of cultural typologies and models

1.3.1 Hofstede's cultural dimensions

Hofstede is an influential anthropologist who was and is exploring multiculturalism for a long time. His model of national cultures is the result of extensive empirical research, which included employees of IBM branch from 50 countries. The survey was conducted in two time periods, for the first time in 1968 and the second in 1972 (Shi & Wang, 2011).

Hofstede's work initially derived from national and regional cultural differences which originally appeared as a set of four dimensions. Later on, he extended his research and started collaborating with other scientists. Therefore, his model gradually reached six dimensions. These cultural dimensions are: power distance index (PDI), individualism (IDV) vs. collectivism, masculinity (MAS) vs. femininity, uncertainty avoidance index (UAI), long-term orientation (LTO) vs. short term orientation, indulgence (IND) vs. restraint. For international marketing studies until recent times, first five dimensions were crucial (Dimitrov, 2014). This model allows international comparison between countries, putting together national scores. I will explain cultural dimensions and make a comparison between Serbia and Slovenia.

Power distance index (PDI): "This dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally" (Geert-Hofstede.com). The main issue of this dimension is how society handles inequalities among people (Makovec et al., 2006). Higher the index the society has more power distance (The Hofstede Center, 2014).

Individualism (IDV): This dimension shows the degree to which individuals of one society are integrated into groups (Makovec et al., 2006). In individualistic societies, people usually stand up and care only for themselves and their immediate families. On the other hand, in collectivistic societies, individuals are part of a cohesive group or an organization and act in accordance with that. This kind of society fosters strong relationships between the members of the groups, where everyone takes responsibilities for each other. "A society's position on this dimension is reflected in whether people's self-image is defined in terms of "I" or "we" (The Hofstede Center, 2014).

Masculinity (MAS): Masculinity vs. femininity refers to the distribution of emotional roles between the genders in one society (Makovec et al. 2006). Masculinity in society means intransigence, unlike the femininity, which means modesty and preference for agreement. Masculinity is inherent in societies in which the emotional role of men and women are strictly separated and relentless "male" behavior is more appreciated than soft feminine approaches. Moderate behavior, consensus decision making, soft values and permissiveness are considered as qualities of femininity in society. In societies where femininity is predominant (such as the Scandinavian countries), well-being and the common good is desirable. In societies dominated by masculinity, the most valued is success and achievements (The Hofstede Center, 2014).

Uncertainty avoidance index (UAI): Uncertainty avoidance index reflects the degree to which the members of a society are tolerant for uncertainty and ambiguity. The question

here is how people deal with the fact that the future is unpredictable. Weak UAI index means that society is more relaxed (Hofstede, 1980).

Long-term orientation (LTO): This is a dimension which describes societies' long-term or short-term orientation to the future. For people in long-term oriented societies future is very important (Makovec et al. 2006). They believe that truth depends very much on situation, context and time. Short-term orientated societies generally have a strong concern with establishing the absolute truth. They are normative in their thinking. They have a relatively small affinity to save for the future; they show great respect for traditions, and they usually focus on achieving quick results (The Hofstede Center, 2014).

Indulgence (IND): Is the newest dimension added in 2010 by Bulgarian sociologist Minkov. Indulgent cultures will tend to focus more on individual happiness. Leisure time is more important and there is greater freedom and personal control. This is in contrast with restrained cultures where positive emotions are expressed less freely. Happiness, freedom and leisure are not that important. Indulgence societies tend to allow relatively free gratification of natural human desires like enjoying life and having fun, whereas Restraint societies are more likely to believe that such gratification needs to be regulated by norms (The Hofstede Center, 2014).

Assessment of countries by Hofstede's six dimensions is linked with some other information about these countries. So, for example, power distance is correlated with presence of the violence in domestic politics and with the existing inequalities in the country. Individualism is correlated with national wealth and well-being and the possibility of mobility between social classes from one generation to another. Masculinity is negatively correlated with the percentage of women present in the democratically elected governments. Long-term orientation is associated with school results, and the indulgence is correlated with sexual freedom and a call for human rights, such as freedom of speech and expression of opinions (The Hofstede Center, 2014). The Hofstede's Model distinguishes cultures according to the mentioned dimensions and this model provides scales from 0 to 120 for each dimension. Each country has its position on each scale or index (Shi & Wang, 2011).

We can see from Figure 3 that the most different dimension when comparing Serbia and Slovenia is the dimension of masculinity / femininity (MAS). Although these two countries have low index values (Serbia 43, Slovenia 19) are the values of femininity in Slovenia bigger in comparison to masculinity culture of Serbia. Serbia on the other hand has higher power distance index (86), which suggests more hierarchical relations in Serbian society and its greater stratification. In the view of the uncertainty avoidance (UAI) Slovenia and Serbia are less inclined to take risks and uncertainties (Serbia's index is 92, Slovenia's 88). Comparing the level of individualism / collectivism (IND), both countries are highly collectivist cultures with scores around 26 on the scale, however, Serbian culture expresses more collectivism than Slovenian (The Hofstede Center, 2014).

Figure 3. Comparison of Hofstede's scores for Slovenian and Serbia.
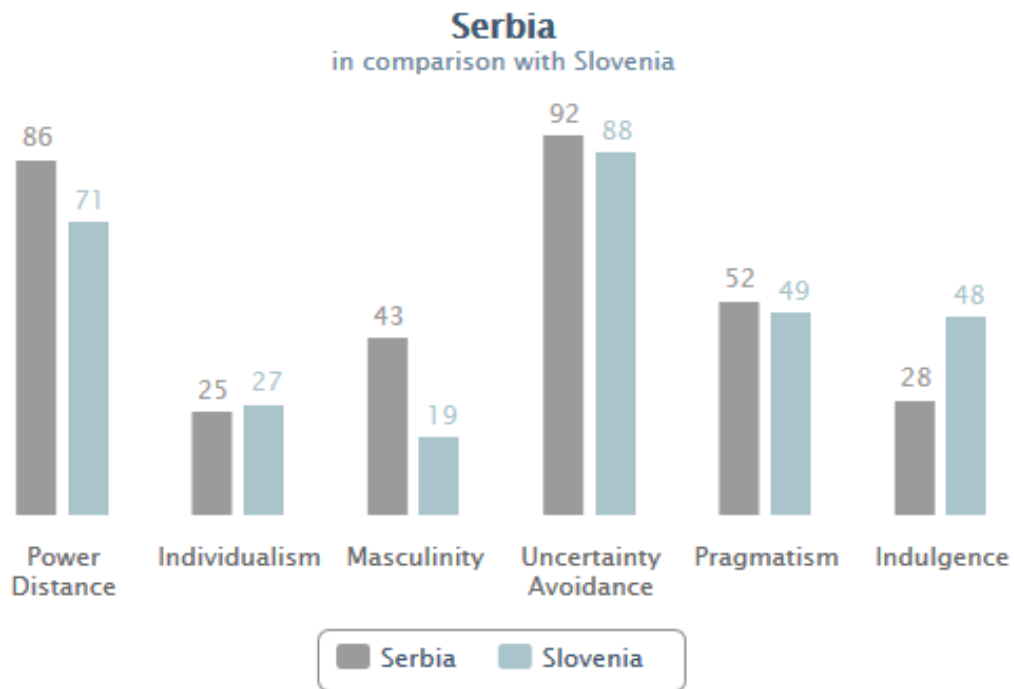
Source: *Country Comparison,* 2014.

1.3.2 The GLOBE project

Abbreviation GLOBE is for "Global Leadership and Organizational Behavior Effectiveness". This is the name of a cross-cultural research project of Robert J. House and coauthors. Their research results are based on empirical surveys carried out among middle managers of 61 countries (Pučko & Čater 2011). The study included thousands of middle managers from the industry of food processing, finance, and telecommunications in these countries and this project compares their cultures and attributes of effective leadership (House et al. 2002).

The main objective of the GLOBE project was to develop national and organizational measures for cultures and leadership that can be relevant in cross-cultural interactions. Researchers of the GLOBE project measured culture at different levels with both practices (the way things are) and values (the way things should be) which existed at the levels of industry (financial services, food processing, telecommunications), organization (several in each industry), and society (61 cultures) (Shi & Wang 2011).

The main question of the GLOBE project researchers was which measurement standards can be used so that they could help with determination of the similarities and differences among various societal and organizational cultures. The team of researchers at the end identified nine "cultural dimensions" (House et al. 2002), which we can see in Table 2.

Table 2. Nine cultural dimensions of the GLOBE research project

Performance orientation	The degree to which a collective encourages and rewards group members for performance improvement.
Uncertainty avoidance	The extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate unpredictability of future events.
Humane orientation	The degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others.
Institutional collectivism	The degree to which organizational and societal institutional practices encourage and reward the collective distribution of resources and collective action.
In-group collectivism	The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.
Assertiveness	The degree to which individuals are assertive, confrontational, and aggressive in their relationships with others.
Gender egalitarianism	The degree to which a collective minimizes gender inequality.
Future orientation	The degree to which a collective encourages and rewards future-oriented behaviors such as planning and delaying gratification.
Power distance	The degree to which members of a collective expect power to be distributed equally.

Source: *Personal representation of cultural dimensions, adopted by* R. House et al*., Understanding cultures and implicit leadership theories across the globe: an introduction to project GLOBE,* 2002.

Table 3 represents the scores for Slovenia and Serbia within the GLOBE project.

Table 3. GLOBE scores* for Slovenia and Serbia

	Practices		Values	
	Slovenia	Serbia	Slovenia	Serbia
Performance Orientation	3.66	3.94	6.41	6.11
Future Orientation	3.59	4.31	5.42	5.99
Egalitarianism	3.96	2.93	4.83	4.80
Assertiveness	4.00	3.77	4.59	2.86
Institutional Collectivism	4.13	3.82	4.38	4.65
In-Group Collectivism	5.43	4.56	5.71	5.61
Power Distance	5.33	4.80	2.57	3.13
Human Orientation	3.79	4.22	5.25	5.50
Uncertainty Avoidance	3.78	3.80	4.99	5.21

Note: *Scores measured on 7-point ordinal scales.

Source: *Personal representation of absolute scores for Slovenia and Serbia, adopted by* M. Makovec Brenčič et al., *Mednarodno poslovanje,* 2009 *and* O. Hadžić & M. Nedeljković, *The Relationship between GLOBE Organizational Culture Values and The Emotional Intelligence of Employees in Serbian Organizations,* 2014.

As can be seen from the data, from Table 3, for Slovenian culture, according to the researchers of the project GLOBE there is a big difference between the practices and values, in particular in the dimensions: (1) performance orientation, (2) uncertainty avoidance, (3) future orientation, and (4) assertiveness. In all these cases, the reported values are higher than the actual value of practices. On the other hand, in the case of dimensions: (1) power distance (2) institutional and (3) in-group collectivism, practical values are higher than actual values (Makovec Brenčič et al., 2009). The data for Serbian culture indicates that the Power Distance practices have the greatest value in respect to the other dimension, which can be interpreted as an indicator of a high bureaucratic management structure in Serbian organizations. On the other hand values of this dimension have very low value (3.20) which can indicate a strong need for organizational changes. This need also exists with respect to the dimensions: (1) egalitarianism (2) assertiveness and (3) performance orientation (Hadžić & Nedeljković, 2014).

1.3.3 Hall's model

Edward T. Hall presented a cultural framework in which he showed that all cultures can be situated in relation to one another through the styles in which they communicate (Würtz, 2005). He said that "we must learn to understand "out-of-awareness" aspects of communication" (Hall, 1990, p. 29). For him, "context" is the information that surrounds an event. The elements that are combined to produce a given meaning, events and contexts, are in different proportion depending on the culture (Hall, 1987, p.7). He identified two

polar types of cultures, high-context and low-context cultures and said that it is possible to order all the cultures of the world on a continuum from high to low context (Hall, 1987, p. 7).

In low-context cultures (like German or North American), the most important thing is what has been written in contractual form and approved by lawyers on both sides. The social context in which agreement was concluded has no legal standing and does not count. We can say that in low-context cultures information are explicit, relationships are formal, negotiations are short and content, negotiation parties feel like competing, arrangements are written and hierarchy of the relations is not obvious (Makovec Brenčič et al., 2009). The reverse situation is with high-context cultures (like Chinese or Arab). These cultures are oral cultures. That means that what a person says in writing is less important than who that person is (his/her status, rank in a society, general reputation). The social context in which agreement has been conducted counts more than the written agreement (Dulek et al., 1991). For this type of culture we can say that information are implicit, relationships are informal, negotiations are long and friendly, negotiation parties feel like they friendly bargaining, arrangements are oral or written and hierarchy is clear and obvious (Makovec Brenčič et al., 2009). Some characteristic of both low and high cultures are presented in Table 4.

Table 4. Comparison of selected characteristics of low-context and high-context cultures

Characteristics	Low-context culture	High-context culture
Nature of the information	Explicit	Implicit
Relations	Formal, short time	Friendly, long time
Space and environment	Neutral space, privacy	Intertwining of business and private
Time attitude	Time is money	As much time needed
Negotiations	Short, content	Long, friendly
Types of agreements	Written	Oral or written
Hierarchy	Is not evident	Very clear
Group	Members within the group are not easily separated	Members within the group can easily separate
Importance of lawyers	Major	Minor

Source: *Personal representation of comparison of selected characteristics of low-context and high-context cultures, adopted by* M. Makovec Brenčič et al.*, Mednarodno poslovanje,* 2009.

Knowing some characteristic of Slovenian and Serbian culture, we can say that Slovenian culture is low-context culture and Serbia is more high-context culture. Consequently, a lot of effort should be made in negotiation processes between these two different cultures. Within each culture, of course, there are specific individual differences depending on the contexts. Anyway, it is helpful to know does the culture of a particular country fall on the high or on the low side of the scale, for a better understanding (Hall, 1987, p. 8).

1.3.4 Schwartz's values model

Shalom Schwartz, an Israel psychologist, has developed an alternative approach for determining cultural dimensions, based on the individuals' values connected to work. While the previous mentioned typologies capture culture at the organizational level, Schwartz captures it at the individual's level (De Mooji 2005, p. 55). With the specific methodological tool (Schwartz Values Survey), which consisted of list of 56 different values, Schwartz came with the typology of seven different fundamental national values, which differ significantly among different cultures (Makovec et al., 2009). These values are: conservatism, intellectual autonomy, affective autonomy, hierarchy, mastery, egalitarian commitment and harmony (Schwartz 1994 in Gouveria & Ros, 2000).The seven cultural value types are then structured in two bipolar dimensions of superior order: autonomy versus conservation, which are similar to the Hofstede's individualism-collectivism dimensions, and hierarchy and competency versus egalitarian compromise and harmony (Gouveria & Ros, 2000).

Schwartz (2008 in Rašković & Svetličič, 2011) draws attention to the undervaluation of cultural diversity of the former Yugoslavian territory. He said that the Balkans can not simply be tackled with a common regiocentric business strategy because there are significant cultural differences between countries in this area.

Figure 4. Schwartz's values model
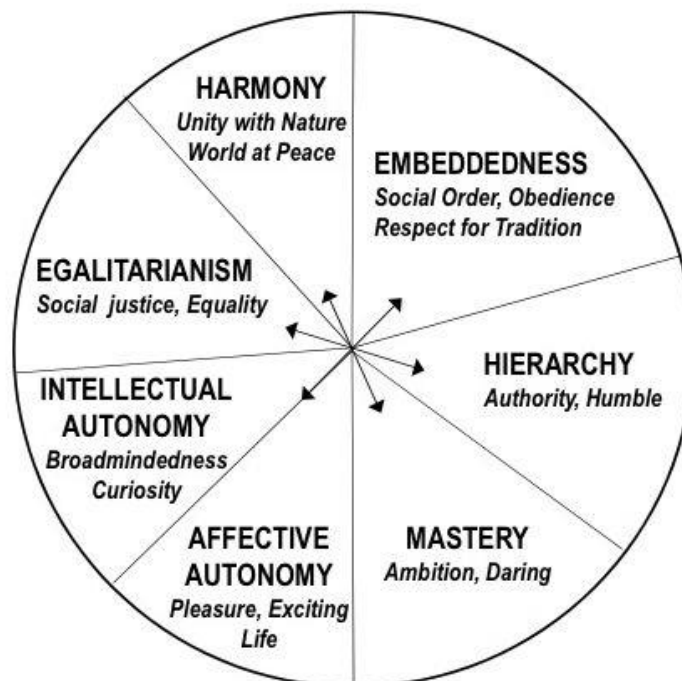
Source: S. H. Schwartz & S. Huismans, *Value Priorities and Religiosity in Four Western Religions,* 1995.

1.3.5 National character survey

National character survey is a survey conducted on the people from different nationalities, based on the NEO-PI-R psychological personality test which basically measures the dimension of five-factor model (FFM) of personality, which are: neuroticism versus emotional stability, extraversion, openness to experience, agreeableness and conscientiousness. All this dimensions account for the co-variation of most personality traits (Terracciano et al. 2005). Meaning of national character is to present a socio-cultural 'identity' of each nation. The study involved 4170 respondents from 49 countries. Samples of the countries are small and not very representative because they mostly involve young respondents, mostly women. Terraciano et al. (2005) employed a so-called matched sample technique which I will also use, and which is usually employed in such cross-country comparisons to limit the impact of specific demographic variables. Some studies have shown strong correlation between the features of the national character and personality traits of individuals, on the other hand numerous other empirical studies have shown that understanding of national character can not accurately predict the behavior of individuals or institutional policies within a country (Rašković & Svetličič, 2011). Table 5 shows the National Character Study scores for Slovenia and Serbia.

Table 5. NCS scores for Slovenia and Serbia

Dimension	Slovenia	Serbia
Neuroticism	54,7	52,0
Extroversion	41,4	56,8
Openness	44,2	47,1
Agreeableness	46,9	45,5
Conscientiousness	55,6	44,7

Source: A. Terracciano et al., *National character does not reflect mean personality traits levels in 49 countries,* 2005.

When comparing the dimensions of national character of Serbia and Slovenia, differences are present. As we can see in the Table 4 national characters of the dimension neuroticism are similar but when we compare dimension extraversion we can see difference between Serbia and Slovenia. Serbian national character has a higher score of the dimension extraversion, which means that people are warm, sociable, active, and have and express emotions that are more positive. While national characters of these two countries are again similar in dimensions of openness to experience and agreeableness, Slovenian national character indicates on average higher degree of conscientiousness, which is linked to a greater need for structure and order.

1.3.6 The Lewis model

This is the model of cross-cultural communication and cultural awareness. Lewis categorized culture into three main headings: linear active, multi-active and reactive (Lewis, 2006).

Table 6. The Lewis model of cultural differences

Linear active	Multi active	Reactive
Talks less of the time	Talks most of the time	Listens most of the time
Does one thing at a time	Does more things at once	React to partner's action
Plans ahead	Only grand outline plans	Rely on general principles
Polite, direct	Emotional	Polite, indirect
Partly conceals feelings	Displays feelings	Conceals feelings
Job oriented	People oriented	Very people oriented
Uses mainly facts	Feelings before facts	Statements are promises
Truth before diplomacy	Flexible truth	Diplomacy over truth
Sometimes inpatient	Impatient	Patient
Limited body language	Unlimited body language	Subtle body language

Source: *Personal representation of cultural differences by Lewis model, adopted by* R. D. Lewis*, When cultures collide: Leading across cultures,* 2006.

People in linear active cultures tend to be highly organized and task-oriented. Members of this kind of cultures prefer direct and straightforward discussions, based on reliable data and relying on logic, rather than emotions. Germans and Swiss are in this group, Slovenians also (Lewis, 2006). Multi-active cultures members are emotional and impulsive. They give great importance to the family, people, relationships and feelings. They are multi-taskers but not very good in following agendas. Italians, Arabs and Latin Americans are in this group, also Serbs (Lewis, 2006). Reactive cultures members are listeners. They usually are not initiators of action or discussion; they rather listen and try to establish other person's position and then react on it, formulating their own opinion. These people are very people-oriented and respect-oriented. Chinese, Japanese and Finns are representatives of this group (Lewis, 2006, p. 30).

According to the Lewis model, Slovenians like plans and data, like order, are very punctual, organized, direct and truthful. They divide work and private life and they are not very tactile people. On the other hand, Serbs are very personal and tactile, not very punctual, but outspoken and open people, with a lot of charisma. They can be very generous but sometimes impulsive and unpredictable (Lewis, 2006, pp. 302-316).

Figure 5. The Lewis cultural types model
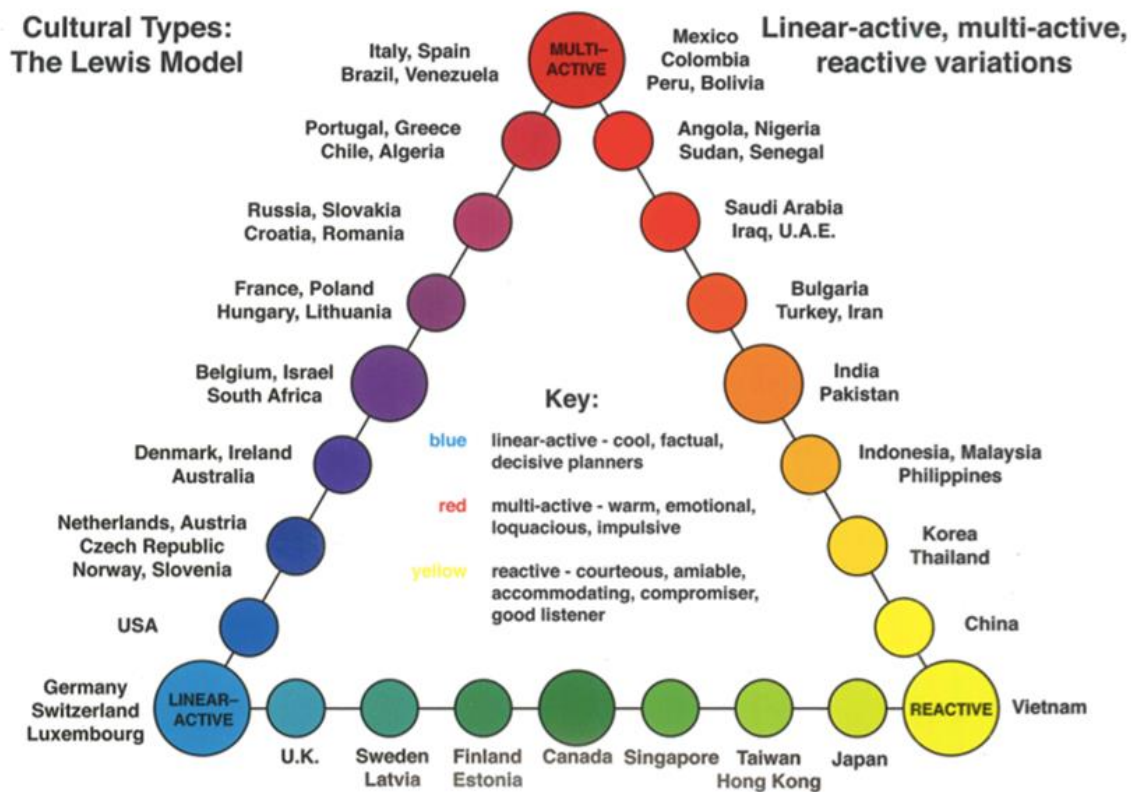
Source: R. D. Lewis, *When cultures collide: Leading across cultures,* 2006, p. 42.

2 CONFLICTS IN INTERNATIONAL BUSINESS

2.1 Definition of conflicts

Conflict is awareness on the part of the involved parties of discrepancies, irreconcilable desires and incompatible wishes (Boulding, 1963 in Jehn & Mannix, 2001). Conflict involves the independence of at least two parties. It arises when one party blocks, interferes, frustrates, obstructs or makes the behavior of the other less effective (Bradford & Weitz, 2009). According to Pondy (1967) conflict behavior refers to an activity of disagreement by written and/or oral expressions. In conflict, the action of one party usually has the potential to undermine the ability of other parties to achieve its goals. It is a dynamic process consisting of a latent, perceived, affective, manifest, and aftermath stages (Pondy, 1967).

The latent conflict stage encompasses potential sources of conflict behavior. Perceived conflict is a (cognitive) stage where an individual becomes aware of being in a conflict. Anxiety, stress, tension and hostility characterize affective conflict and manifest conflict is the activity dimension of such conflict (Pondy, 1967). At this point, we should say that emotions and feelings are very important elements of conflicts because they define

individual's interpretation of reality and reactions to different situations (Thomas, 1992 in Jehn, 1997).

According to different studies, conflict has been viewed as a multidimensional construct. One of the researchers in that field, a specialist in negotiation and conflict management, Karen Jehn (1997) made a distinction between task (cognitive) and emotional (relational, affective) conflict. Task or substantive conflict is conflict involving the group's tasks and affective conflict refers to conflict in interpersonal relationships (Jehn, 1997). In her's research (1992) she has found that members of a group distinguish between task-focused and relationship-focused conflicts and that these two types of conflict differently affect group outcomes in work (Jehn, 1997). Task conflict within the group can improve decision-making outcomes and group productivity by increasing decision quality through constructive criticism, while relationship conflict mostly cause negative emotions and decrease goodwill and mutual understanding (Jehn, 1997). Among others, Tjosvold (2008) also argued that conflicts can be highly constructive and essential for organizational effectiveness. He also claimed that conflict management promotes team performance and citizenship behavior. By his words, when coworkers discuss their views openly and constructively, they are improving quality and reducing costs; for entrepreneurs conflict management is constructive because it helps them to strengthen networks and develop their business.

Fisher (2000) was talking about different levels of conflict. He said that conflict can occur on different levels of human functioning. In respect to that, there are, by his words, (1) interpersonal conflict (conflict between two people who have incompatible needs, goals, or approaches in their relationship), (2) role conflict (conflict based on real differences in role definitions, responsibilities or expectations between individuals who are interdependent in a social system), (3) intergroup conflict (occurs between collections of people such as ethnic, national or racial groups, departments or levels of decision making in the same organization, and management and union), (4) multi-party conflict (occurs in societies when different interest groups and organizations have varying priorities over policy development and resource management) and (5) international conflict (occurs between countries at the global level).

2.2 Sources of conflicts in international business

International business encompasses all business activities, transactions and processes, which occur beyond the borders of the home country and its business environment (Makovec et al., 2006). International project, business and communication can be defined as a project or business in foreign countries which include multinational participants from different political, legal, cultural and/or economic backgrounds (Al-Sibaie et al., 2014).

Until now, the literature has largely emphasized the importance of home country environmental factors when talking about doing business (Fainshmidt et al., 2014). Griffin and Pustay (1999, p. 326) said that business is conducted within the context of the society and that society's culture determines the rules that are going to be used to make business and operate in that society.

Cultural differences can be a challenge for one-time formal negotiating but the problem of cultural differences in even bigger in multinational organizations where managers have to

deal with everyday conflicts that can occur between coworkers or employees form different cultures (Morris et al., 1998). Different cultures have different signaling languages. While negotiating with the parties from different cultures and backgrounds, negotiators can be faced with misunderstanding of signals or transferring unintended messages, which can result with a conflict (Morris et al. 1998). Conflict in organizations between coworkers can occur when they have different opinions, use rough words or take different actions to achieve organizational goals (Ma et al., 2012).

Legal rules and regulations of one country can be another source of conflict when doing business internationally. In international conflict situation legal distance, as the dissimilarity between rule of law of two countries, may intensify conflicts and provoke difficulties in resolving conflicts because different levels of rule of law may entail unfamiliar prescriptions as to what legitimate action is in a foreign environment (Denk et al., 2012; Oxley & Yeung, 2001; White et al., 2013 in Fainshmidt et al., 2014).

Differences between home and host country cognitive structures and social knowledge shared by people in one country may also result in ineffective communication and conflict (Fainshmidt et al., 2014). These differences can be called 'cognitive distance' and they are defined as differences in education, workforce skills, and exposure to new technologies and societal contexts across countries (Estrin et al., 2009 in Fainshmidt et al., 2014).

Katz (1965), as one of the first theorists of conflict, noted that there are three main sources of conflict. These sources are: economic, value and power. (1) Economic conflict includes competing motives to attain scarce resources. Each party wants to get the most of it and maximizes its gain. Union and management conflict often contains, among others, uncommon goals and disagreement of how to slice up the "economic pie". (2) Value conflict covers incompatibilities in ways of life. This also includes ideologies like preferences, practices and principles that people believe in. international conflicts often have a strong value component. (3) Power conflict includes desires of parties involved to maximize or maintain the amount of influence they have in the relationship or social setting. It is impossible for one party to be stronger without other party being weaker. Power conflict can be present between individuals, groups or between nations, whenever one or both parties choose to use this approach to relationships (Fisher, 2000).

2.3 Ways of managing conflicts

Tjosvold (2008) said that a "conflict-free" work environment does not exist and is unreal, and that working with others and managing conflicts are inseparable. I would say that conflicts are usually results of our relationship with other people and thus are a natural part of our life. The major question is how to learn to manage them. The best and the most professional way of solving conflict in business is the usage of conflict management styles and tactics (Ma et al., 2012). There are different approaches which are used to deal with incompatibilities that exist. From them depend if the conflict is going to result in destructive outcomes of creative ones (Fisher, 2000).

Conflict management is the practice through which person becomes capable of identifying and handling conflicts efficiently and effectively. Conflict management is defined by Lakis (2012, in Peleckis, 2014) as forming and using social, economic, organizational and/or moral factors for the benefit of solving problems. Conflict resolution techniques can

change depending on the culture of the country (Peleckis, 2014). Among factors that strongly affect the way people manage conflicts are also their values and norms which tend to be very stable, and that are also part of the culture (Triandis, 1995; Hofstede, 2001 in Ma et al., 2012).

Thomas (1992, in Jehn, 1997) considered a number of conflict resolution tactics and interventions designed to eliminate conflicts before they occurred or during their early phases. He found that productive forms of conflict (like task conflict) can lead to positive and advantageous effects, such as enhanced decision making.

Thomas and Kilmann (1974) identified five styles of conflict management, which include: (1) competing, (2) collaborating, (3) compromising, (4) avoiding, and/or (5) accommodating. By their words, in conflict situations we can describe individual's behavior along two basic dimensions: assertiveness and cooperativeness. Assertiveness is the stage in which person attempts to satisfy his/her own needs and cooperativeness is the stage in which individual want to satisfy other person's need (Shell, 2001). These two dimensions are used to explain and define five methods of conflict resolutions (Shell, 2001). These methods are presented in Table 7.

Table 7. Five methods of conflict resolutions

Competing	Assertive and uncooperative and a power-orientated mode. An individual fights for his/hers own concerns, using whatever power seems appropriate to win.
Collaborating	Both assertive and cooperative method. When collaborating, person tries to work with other person with the aim of finding solutions that satisfy the concerns of both sides.
Compromising	Assertiveness and cooperativeness on medium level. When compromising person has an intention to find mutually acceptable solution.
Avoiding	Unassertive and uncooperative style. An individual does not address the conflict. This is kind of postponing and issue until a better time, or just avoiding threatening situation.
Accommodating	Unassertive and cooperative. This is the opposite style of competing. Using this style an individual neglect his or her own concern to please the concern of others. This mode contains the elements of self-sacrifice.

Source: *Personal representation of five methods of conflict resolutions, adopted by* G. R. Shell, *Bargaining styles and negotiation: The Thomas-Kilmann conflict mode instrument in negotiation training,* 2001.

According to Hrastelj (2003 in Makovec et al., 2009) negotiations are an integral part of every business and are related to ways of resolving conflicts between at least two parties with an intention to reach a mutually acceptable solution. As a way of preventing a conflict, as a significant number of modern business negotiations are international, it is proposed by Peleckis (2014) to use a mediator in negotiations of another culture. This

should be an individual who has 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 (Peleckis, 2014).

Another way of resolving and preventing conflict is communication between the conflict partners (Myers & Larson, 2005). The key theoretical ideas of how contact can improve inter-group relationships tend to be based on the assumption that bringing individuals who are in conflict in contact with each other, rather than keeping them apart, is a necessary step towards reducing personal hostility and bias, and moving the conflict in a positive direction (Lederach, 1995 in Bercovitch & Chalfin, 2011).

Fisher (1972) mentioned one also very useful way of managing conflict and this is a so-called "third party consultation". Third party consultant is "helping antagonists to understand and constructively deal with the negative aspects of their conflict" (Fisher, 2000, p. 67). He is usually using different methods of diplomacy and is trying to strike a bargaining, rather than consultation in face-to-face problem-solving confrontation.

3 STEREOTYPES

3.1 Definition of stereotypes

We can define stereotypes from different perspectives. From a cultural perspective, stereotypes are social constructions of a society and some sort of public information about social groups that is shared among individuals of one culture. From a psychological perspective, stereotypes are understood as cognitive processes in which people form and construct patterns which they use to categorize people and entities. From an individual approach stereotypes are developed as individual perceptions of a person's environment (Zaidmand, 2000).

Bar-Tal (1997) defined stereotypes as stored beliefs about the characteristics of a group of people and claimed that stereotypes are formed, maintained, held and changed by individuals. According to him, essential meaning and implication of stereotypes arise only in the context of group membership because, by his words, "individuals' aggregation into groups serves as a basis for stereotyping" (p. 492). Individuals usually consider themselves as members of some groups and also perceive other people in this way. Consequently, individuals constantly classify others into social categories and evaluate them on this basis. This classification is seen as an elementary process of stereotyping and making prejudice (Bar-Tal, 1997). Forbes (1997) also said that individual behavior is deeply affected by identification with groups and conformity to group's norms.

Akerlof and Kranton (2000) emphasized the benefits associated with the behavior and perception of others, which can directly apply also to stereotypes, which means that self-esteem or identity also affects the stereotypes of others. Thus, a more positive self-image also affects the more positive stereotypes of others. They pointed out that the functional explanation of identity derives from social cognition theory: "stereotypes summarize information and compensate for human beings' limited cognitive abilities" (Akerlof & Kranton, 2000, p. 749). In their research, Rašković and Svetličič (2011) confirmed this

view. They found that positive perception of individual's own identity is strongly associated with positive stereotypes about others and vice versa.

According to Madon and others (2001) stereotypes shape social perception. They can bias impressions of individuals. They can also produce self-fulfilling prophecies and lead to harassment and discrimination.

Research on prejudice showed that most people are aware about the content of cultural stereotypes, but high-prejudice people personally have more of those belief than low-prejudice people do (Devine, 1989; Lepore & Brown, 1997 in Madon et al., 2001). Some researchers have also suggested that stereotypes are a product of different learning processes, such as cultural transmission, acculturation, and socialization (Zaidmand, 2000).

Schwatrz (2008) connected the cultural diversity and the existence of stereotypes, because, by his words, stereotypes can also be represented as the perception of the central cultural tendencies and characteristics of individuals from a certain culture (Rašković & Svetličič, 2011).

3.2 Ethnic and national stereotypes

According to Usunier and Lee (2005, p. 390) "stereotypes are often used to capture the silent traits of a "foreign" national character." Some studies have shown that stereotypes tend to reflect national policy and historical events (Brigham, 1971 in Zaidmand, 2000).

"An ethnic stereotype is a generalization made about an ethnic group, concerning a trait attribution, which is considered to be unjustified by an observer" (Birgham, 1971 in Greenwald & Banaji, 1995, p.15). National and ethnic stereotypes are cultural stereotypes which characterize group perception (e.g. nation). In this case, members of a group share stereotypical content which is manifested through different societal channels (Poppe, 2001). This is a group of stereotypes that is related to the members of a particular country (Rašković & Svetličič, 2011). Research has shown that the content of national and ethnic stereotypes is sensitive to social context and because of that may change over time and across generations (Poppe, 2001). Rašković and Svetličić (2011) indicated that national stereotypes are present in different public segments (economic, political) and are some kind of visible manifestation of the public opinion. Many studies suggested that the content of stereotypes changes when the political and economic relationships between groups change, also when stereotypes are faced with changing external situations (Poppe, 2001; Zaidmand, 2000).

If we want to understand the origin of stereotypical content, we should not only consider present relations but we should also be aware of the history of these relations. Present nature of relations is just one part of the content of stereotypes, while history of the relations presents a big part of it and is reflected also in the present. Socio-political factors are also very important when talking about national and ethnic stereotypes content. Among them are norms of tolerance, social cohesion, the openness of the society, possibilities of mobility and hierarchical structure (Poppe, 2001).

3.3 Stereotypes in international business

The expansion of multinational companies has increased cross-national business interactions in which people are labeled by their nationality (Katz, 1995). Some authors are worried that some managers could discount creative input from managers of countries with negative stereotypes (Lane & DiStefano, 1992, in Katz. 1995). Others claim that people do stereotype national groups but their impact on business is not that critical (Diehl & Jonas 1991, Darley & Gross, 1983, in Katz, 1995).

Zaidmand (2000) highlighted the importance and impact of stereotypes in the early phase of business interactions. He said that negative stereotypes can affect negatively on trust and commitment in relationships. His opinion is also shared by Carr (2002, in Rašković & Svetličič, 2011) who said that stereotypes are present especially in the early stages of business relationships and may hinder the further development of the relationship.

For business people an important implication of stereotypes can be a tendency for greater sensitivity and detection of information and evaluation of behavior that is consistent with stereotypes (Adler, 1991, in Rašković & Svetličič, 2011). Such individuals often overestimate consequences and results of someone's behavior if it is consistent with their stereotypes about some phenomenon (Slusher & Anderson, 1987 in Rašković & Svetličič, 2011). They can also underestimate, especially when life at the beginning does not endorse expectations. According to Rašković and Svetličič (2011) geographic proximity often leads to underestimation of the abilities and expectations related to economic cooperation. They also argued that the frequency of negative stereotypes is the highest among neighbors, although the data suggests that this does not have a decisive influence on economic relations.

Stereotypes that also exist among international managers can, as stated before, potentially influence their judgments when undertaking business decisions and interacting with people. A significant number of common elements found in stereotypes present among managers from different cultures indicate the existence of a common cultural code among them. These common elements found in stereotypes can originate from the assumption that managers come from countries with similar level of industrialization, market conditions, and organizational structure. In the reverse case similarities in work-related values and attitudes, also a common experience international businesspeople share can explain this phenomenon. In some cases, when there are different elements in stereotype construction, it can be due to the fact that stereotypes of international managers are transmitted through indirect sources of information, such as the family, media and school system (Zaidmand, 2000).

According to Katz (1995) stereotypes in international business relations may simply act as a default which is used when other information are unavailable. He said that since management activities are often ambiguous and difficult to assess, managers might use stereotype-based expectations during judgments. But when more diagnostic information are available, the impact of stereotypes may be less or it does not exist at all.

3.4 Stereotypes and conflict management

Allport (1954, in Bercovitch & Chalfin, 2010) presumed that people typically have a favorable and positive view of their in-group and tend to display bias toward it. On the other hand, they support stereotypes that are more negative and have negative prejudices toward out-groups, planting the seeds for inter-group hostility and conflict.

Some authors recognized the importance of direct contact in conflict. But if the conflict is a result of stereotyping and prejudice, contact alone is not sufficient for improving intergroup relations and managing conflict (Allport, 1954, in Bercovitch & Chalfin, 2010). There are some conditions that are necessary for inter-group contact to be effective: members of the conflicting groups should have the opportunity to meet each other on a personal level; contact should take place in cooperative environment; the contact should be sanctioned by the authority and there should be an equal status between groups during the contact situation (Allport,1954, in Bercovitch & Chalfin, 2010).

When talking about equal status, Forbes (1997, in Bercovitch & Chalfin, 2010) claimed that the equal status between groups with a long history of conflict and inequality is impossible to reach and that interactions between conflicting individuals and groups reinforce stereotypical roles of superiority and subordination. According to Allport (1954 in Bercovitch & Chalfin, 2010) these stereotypical roles are connected with the resource power equality of the parties involved. Resource power equality is equality or inequality that comes from the influence a party has outside the conflict management and this influence has an impact on status of the parties during the conflict management interactions. Resource power include GDP, GDP per capita, population size, military spending and territory of each group (Bercovitch & Chalfin, 2010) and is also connected with the individual's self-esteem and identity mentioned above. As the resource power is bigger, or was big in the past, national identity is higher and individuals have more positive image about themselves. This is concluded by Akerlof and Kranton (2000) work, where they explained that people belonging to poor and socially excluded groups and communities would bring into question their identity.

4   GENERATION Y

4.1 Theory of generations

A generation is defined as group of individuals who are born in the same period. They can have common geographical area and similar culture (Palese et al., 2006 in Jain & Pant, 2012). They develop characteristic behavior from their experience (Kupperschmidt, 2000 in Jain & Pant, 2012). According to Noble and Schewe (2003 in Urbain et al., 2013) generation is defined as group of individuals who experienced similar external events during their formative years. Some neurological studies have also shown that the brains react to a stimuli and experience on very similar way within a generation as they experience the same sociocultural situations (Greenberg & Tobach,1997 in Jain & Pant, 2012). Researchers have categorized the generations as, for example: Traditionalists, Baby

Boomers, Generation X and Generation Y (Esiner, 2005 in Jain & Pant, 2012). The dating of generations begins from 1922 (Beekman, 2011 in Jain & Pant, 2012).

Traditionalists are people who were born from 1922 till 1945. They have high work commitment and they appreciate very much job opportunities. They usually respect authority and they mainly work very well in formal hierarchies at the workplace. They prefer working alone than in a team. When talking about communication they like formal, direct and professional communication (Jain & Pant, 2012). This generation grew up in hard conditions, marked by the Second World War (Ramovš, 2013).

Baby Boomers are individuals born between the years 1946 to 1964, thus in the so-called post WWII era. They want their work to be interesting and they like to work in team-oriented environments but with individualistic approach (Jain & Pant, 2012). This generation has already lived in economic abundance, which is offered by their parents' generation with the desire to have a better and better life than they had themselves. This generation is characterized by egocentrism, love to compete and strive for continuous change (Ramovš, 2013). They were brought up on television but they read books to gather information about the world and do not rely on the technology for it (Jain & Pant, 2012).

The individuals who belong to generation X were born from 1965 to 1980. In general, this generation is characterized by the people who spend more time watching television but they are skeptical and self-conscious of media and advertising and are critical of its effect on them. This generation uses email rather than Facebook or other forms of social media (Struttonet al., 2011 in Jain & Pant, 2012). Considering Serbia and Slovenia, this is the generation which lived in Yugoslavia and was faced with its turbulent disintegration. In Serbia this generation is explained like a generation of young people who in the early 1990s were on their way to become independent, to define their goals in life, but then they were faced with a decade of wars, during which they lost orientation and become unmotivated (Antić, 2013).

4.2 Definition and characteristics of Generation Y

Generation Y consist of individuals born in the 1980s and 1990s. They grew up in the era of globalization and technological revolution (Ramovš, 2013). This is a generation of young adults who are "global" in their identities and are the "forefront of globalization" (Strizhakova et al. 2012, p. 43). They are believed to be, so-called, global citizens, more cosmopolitan, more hedonistic, share a common (consumer) culture and have more universal tastes (Rašković et al., 2014). That is why some people call them global generation, digital generation or millennials (Dorsey, 2015).

They are exposed to globalized world mostly through the Internet, which they use for information and entertainment. There are discussions about the great diversity among members of generation Y but one this is fairly unique and this thing is adaptation and use of digital media (Leask et al., 2014). Members of generation Y are interconnected with different forms of information and communication technology with essential tools such as social network. The explosion of social media extended their physical contact and communication to virtual one. All of this leads to very positive views on cultural diversity and social issues among the members of this generation (Leask et al., 2014). They don't

like to read and when they do it, they use electronic platforms. That is why they prefer image-oriented communication, which is dynamic and very different compared to traditional black and white textual information (Jain & Pant, 2012).

Compared with other generational cohorts, Howe (2006, in Leask et al., 2014) suggests that Generation Y is different in that they have been "sheltered" and "watch over", in the other words overprotected by their parents more than any other generation. Maybe this is the reason that the influence of family and friends regarding opinions and advices is very significant. Studies conducted by Bush et al. (2004, in Leask et al., 2014) and Martin and Bush (2000, in Leask et al., 2014) found that although a lot of different role models of "celebrity culture" exert significant influence over Generation Y, the strongest influences still tend to come from direct role models such as parents, other family members and friends.

Members of this generation are positively oriented and have an optimistic view of the world (Ramovš, 2013). They are very autonomous, like to act independently of the others, but when talking about work environment they like working in teams. They like work and tasks that offer them growth opportunities. They are also very impatient and want to achieve goals very fast and with instant feedback (Jain & Pant, 2012).

Members of this generation like to spend money (Ramovš, 2013). According to Martin and Turley (2004 in Leask et al., 2014) generation Y prefers to spend earned money on a variety of personal services, goods and experiences rather than to save. This is also consistent with the hedonic nature of young-adult consumers emphasized by Cardoso and Pinto (2010).

5 DATA AND METHODOLOGY

5.1 Overview of research hypotheses

The first research hypothesis is based on the work of Akerlof and Kranton (2000) who, as previously mentioned in the theoretical framework, posited that a more positive image about oneself (so-called self-identity) will result also in more positive stereotypes about others. This assumption has also been supported by Rašković and Svetličič (2011) in their examination of stereotypes among Ex-Yugoslav nations, where they classified open-end top-of-mind associations (stereotypes) about into their own nation and "other" nations in Ex-Yugoslavia into positive and negative, and tested for possible associations. Therefore, I have formulated the following research hypothesis:

Research hypothesis 1: Negative stereotypes about the "other side" are also connected with more negative stereotypes about oneself (auto-stereotypes).

The second research hypothesis is based mainly on the work of Zaidmand (2000) who claims that negative stereotypes affect negatively the levels of trust and commitment in a relationship, particularly in an international business setting. This impact is particularly important in the early phases of business interactions, where trust is especially vital. Therefore, I have formulated the following research hypothesis:

Research hypothesis 2: Negative stereotypes will have stronger negative impact on business relationship formation in the initial stages of business.

The background of the third research hypothesis comes from the link between stereotypes and conflict management. As I have already pointed out in my theoretical framework, a positive self-image, which is also connected with the so-called resource power equality, also positively affects stereotypes about "others". Positive stereotypes can be good for initial stages of business relationships, so I suppose that if it comes to a conflict situation in this case, both sides will be more willing to make a compromise, or some kind of agreement (i.e. they will be both assertive and cooperative). Therefore, I have formulated the following research hypothesis:

Research hypothesis 3: Positive stereotypes will have a stronger impact on willingness to compromise and collaborate, as methods of solving conflicts.

As I already previously mentioned, Generation Y representatives from Serbia and Slovenia have little or no experience of living in Yugoslavia (or remember living in Yugoslavia), as well as fairly limited interaction with each other. Thus, the stereotypes they hold about other Ex-Yugoslav nations are even more important, since they are not based on actual experiences, but nonetheless play a crucial role in their business interactions with each other in the absence of actual experience. In Ex-Yugoslavia, Slovenia was always known as the most economically developed among all the states, and was often referred to as the "engine" of Yugoslavia. Slovenian brands in Serbia are even today considered as high quality and valuable brands, reflecting a positive country of origin effect (Rašković & Svetličič, 2011). Therefore, I have formulated the following research hypothesis:

Research hypothesis 4: Serbian representatives of Generation Y display more positive stereotypes about Slovenian peers, than vice versa.

5.2 Data and methodology

To obtain data on Generation Y's stereotypes and their impact on conflict management I employed an on-line survey based on a matched sampling approach, which I explain later on. I designed the questionnaire within the www.1ka.si on-line platform. As I researched the Slovenian and Serbian Generation Y, I made two identical questionnaires in Serbian and Slovenian language. I used mostly closed-type questions in the questionnaire (see Appendix A), except the one about the year of birth. In some questions I decided to use 5-point Likert-type ordinal scales, where the respondents could express their agreement/disagreement with the claims (1-agree least, 5-agree most).

I pre-tested the questionnaire on March 5, 2015 on a sample of twenty people (ten from Serbia and ten from Slovenia). I asked them to assess the clarity of the questions and the corresponding instructions. I did not get specific comments indicating misunderstanding or problems with solving the questionnaire, so I proceeded with data collection.

In terms of sampling method, I used a so-called matched sampling approach, because my target groups were students from Economic Faculties in Slovenia and Serbia who are about the same age and education background, since age and education level are the most important characteristics in such cross-cultural research. Such a sampling approach is quite

typical for cross-cultural comparisons in the international business literature; particularly in the case of convenience-based student samples (Peterson, & Merunka, 2014). I used my Facebook profile and email to get to the respondents. I obtained a sample of 126 respondents in Slovenia and 114 respondents in Serbia. I could use 101 questionnaires from Slovenia (n=101) and 102 from Serbia (n=102), since a total of 37 questionnaires were only partially completed, or contained apparent errors. Slovenian and Serbian versions of the surveys were active from March 10, 2015 until May 13, 2015.

5.3 Methodology

In order to answer my research questions and test my four research hypotheses, I employed a quantitative method of analyses. To analyze the obtained data I conducted mostly descriptive statistical analysis, complemented by mean-based hypotheses testing between different groups. I also used Pearson's correlation coefficient and t-test for independent variables. All data in the empirical part of the thesis were analyzed within the statistical software package SPSS.

6 SURVEY RESULTS AND KEY FINDINGS

6.1 Sample

In terms of gender structures, the Slovenian sample included 45.5% male and 54.5% female respondents, while the Serbian sample contained 48% male and 53% female respondents. Thus, we can see that the two samples were not only fairly balanced in terms of gender structure, but also matched.

Most of the respondents from Serbia were born in 1988 and most of the respondents from Slovenia were born in 1989. Considering the education level most of the respondents from Slovenia and from Serbia are undergraduate and master's students, as can be seen from Table 8.

Table 8. The structure of the two country samples by level of education

Ethnicity	Undergraduate	Master's	PhD	Total
Slovenians (n=101)	54 53.5%	46 45.5%	1 1.0%	101 100.0%
Serbs (n=102)	49 48.1%	45 44.1%	8 7.8%	102 100.0%

6.2 Descriptive statistics

According to the frequency distribution the majority of Slovenian respondents (55%) have been relatively often (6 to 11 times a year, or once a month and more) in touch with the

people from Serbia over the past 5 years. This number is among Serbian respondents considerably lower. In fact, 41% of respondents from Serbia had very rare (less than once a year) contact with people from Slovenia, and 25% of respondents had no contact at all over the past 5 years.Thus, my initial assumption of relatively low level of interaction between Slovenian and Serbian Generation Y holds only partially in the case of Serbian respondents.

These data can be connected with the observation that 38% of respondents in Slovenia have close relatives in Serbia, while this percentage among the Serbian respondents is significantly lower and amounted to only 11%. Also, many more Slovenian students have studied and lived abroad for at least three months, more precisely 46.5% (compared to 39% of Serbian respondents). Considering the frequency of traveling and visiting foreign countries, most of Slovene (50%) and Serbian (44%) respondents travel about 3-4 times a year.Thus, I can say that both samples displayed sufficient international exposure and experience, which can be considered as proxy for their "cosmopolitanism", which may have an impact on stereotypes and even auto-stereotypes through identity.

When asked about the level of acceptable personal contact with representatives from the "other" nation (measured by the so-called ethnic distance social scale), the vast majority of Slovenian respondents (65%) said that this contact could be at the highest possible level(i.e. would be willing to have somebody from Serbia as a family member/spouse, mean=5.4on a 6-point ordinal scale, std. deviation= 1.2). On the other hand, fewer Serbian respondents (52%) indicated this level when it came to Slovenians (mean=5.1, std. deviation= 1.28). Thus, we can say that Slovenians in general display a slightly lower ethnic distance towards the Serbs than vice versa, although the level of ethnic distance between respondents from both countries can be generally considered as relatively low in both directions. In any case, the mean differences are not statistically significant based on the independent samples t-test at α< .05.

In the second and the third questions respondents were asked to give their opinion about listed characteristics relating to their nationality (so-called auto-stereotypes) and the "other" nation(stereotypes).They were given a series of listed attributes (stereotypes) which they had to rate/indicated their level of agreement on 5-point Likert-type ordinal scales (1-completely disagree to 5-strongly agree). The listed attributes are shown in Table 9.

Table 9. Descriptive statistics about Slovenians stereotypes towards Serbs and Slovenians auto-stereotypes (5-point Liker-type ordinal scales)

Slovenians about Slovenians	Mean (1-5)	Std. Deviation	1-Strongly disagree (in %)	2-Somewhat disagree (in %)	3-Nither, nor (in %)	4-Somewhat agree (in %)	5-Strongly agree (in %)
Hardworking	4.3	0.9	1	4	10	34	51
Reserved	3.8	0.8	0	9	18	57	16
Reliable	3.8	0.8	2	3	24	53	18
Hospitable	3.8	1.0	1	11	21	37	30
Sociable	3.7	0.7	1	4	25	61	9
Proud	3.2	0.9	2	20	37	35	6
Honest	3.2	0.8	1	14	51	30	4
Open	3.0	0.9	2	31	35	29	3
Nationalists	3.0	1.0	5	30	34	26	5
Temperamental	2.5	0.9	9	39	42	7	3
Lazy	2.2	1.1	32	31	25	7	5
Slovenians about Serbs	Mean (1-5)	Std. Deviation	1-Strongly disagree (in %)	2-Somewhat disagree (in %)	3-Nither, nor (in %)	4-Somewhat agree (in %)	5-Strongly agree (in %)
Hospitable	4.7	0.6	0	1	2	26	71
Proud	4.6	0.6	0	1	2	30	67
Sociable	4.5	0.5	0	0	1	44	55
Temperamental	4.4	0.8	1	2	5	38	54
Open	4.3	0.7	0	1	13	38	48
Honest	3.9	0.9	3	3	25	40	29
Nationalists	3.8	0.9	3	5	21	51	20
Hardworking	3.7	0.8	0	6	39	35	20
Reliable	3.5	0.8	3	3	43	39	12
Lazy	2.6	1.0	19	19	48	12	2
Reserved	1.9	0.9	36	45	13	4	2

Note: Highlighted areas represent particularly skewed answer distributions

According to the arithmetic means, Slovenians think for themselves that they are *very hardworking (4.3), hospitable (3.8), reserved (3.8), reliable (3.8)* and *sociable (3.7)*. They think that they are *not lazy (2.2), not very temperamental (2.5) and are not nationalists (3.0)*. They also believe they are *somewhat honest (3.2)* and *proud (3.2)*.The data in the table shows that Slovenians have quite a positive opinion about the Serbs. According to the mean values I can conclude that Slovenians generally think that the Serbs are *hospitable (4.7),proud (4.6), sociable (4.5), temperamental (4.4), open (4.3), honest(3.9),hardworking*

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(3.7) and reliable (3.5). They also think Serbs are *nationalists (3.8)* and *not reserved (1.9)*. Table 10 shows descriptive statistics from Serbian respondents.

Table 10. Descriptive statistics about Serbian auto-stereotypes and Serbian stereotypes towards Slovenians (5-point Liker-type ordinal scales)

Serbs about Serbs	Mean (1-5)	Std. Deviation	1-Strongly disagree (in %)	2-Somewhat disagree (in %)	3-Nither, nor (in %)	4-Somewhat agree (in %)	5-Strongly agree (in %)
Hospitable	4.5	1.0	5	1	1	26	67
Sociable	4.5	0.8	2	1	5	32	60
Proud	4.3	0.7	1	1	8	49	41
Temperamental	4.3	0.9	3	1	6	42	48
Open	3.7	0.9	1	10	28	42	19
Nationalists	3.6	1.0	6	11	16	50	17
Honest	3.3	1.0	4	16	32	37	11
Lazy	3.3	1.1	6	20	26	34	14
Reliable	3.0	1.0	11	14	41	31	3
Hardworking	3.0	1.0	8	21	40	27	4
Reserved	2.4	0.9	14	42	31	13	0
Serbs about Slovenians	Mean (1-5)	Std. Deviation	1-Strongly disagree (in %)	2-Somewhat disagree (in %)	3-Nither, nor (in %)	4-Somewhat agree (in %)	5-Strongly agree (in %)
Hardworking	4.2	0.8	1	3	13	39	44
Reserved	3.7	0.8	1	8	28	49	14
Reliable	3.7	0.8	0	5	32	46	17
Hospitable	3.6	0.9	1	11	26	47	14
Sociable	3.5	0.9	0	16	35	33	16
Proud	3.3	0.8	1	11	51	29	8
Open	3.2	0.9	1	22	45	22	10
Honest	3.2	0.7	3	6	62	24	5
Nationalists	2.9	0.9	6	28	43	18	5
Temperamental	2.6	1.0	14	34	35	14	3
Lazy	2.1	0.9	28	38	26	7	1

Note: Highlighted areas represent particularly skewed answer distributions.

Descriptive statistics from Serbian respondents indicate that Serbs think for themselves that they are *hospitable (4.5), very sociable (4.5), temperamental (4.3), proud (4.3)* and *open (3.7).* They also think that they are *somewhat nationalists (3.6)* and *lazy (3.3)*, but *not reserved (2.4).* On the other hand, Serbian respondents almost completely agree that the Slovenians are *hardworking (4.2), reliable (3.7)* and *hospitable (3.6),* and that they are also *quite reserved (3.7)* but *not lazy* at all *(2.1).*

In the fourth question, I wanted to see the attitude of Slovenian/Serbian members of Generation Y towards foreign people, who they don't know personally and are coming from foreign countries. I offered them a number of statements and gave them the opportunity to indicate their level of agreement on a five-point ordinal Likert-type scale. Table 11 shows the results.

Table 11. Descriptive statistics about Slovenian/Serbian respondents' attitude towards foreign people (5-point Liker-type ordinal scales).

SLOVENIA	Mean (1-5)	Std. Deviation
I would be willing to do business with a person from Serbia.	4.6	0.6
I generally like to work with people from different cultures.	4.5	0.7
I like to see and make conclusions by myself about the values and characteristics of other people, without believing in stereotypes.	4.3	0.9
I generally like to work with people from Serbia.	4.1	1.0
I need to know a lot about the other person before I start cooperating with him/her.	3.4	1.0
The opinions I have of the people of my nationality affect my perception of other nationalities.	2.6	1.3
Prejudices of people in my environment about people from different countries affect the image I create of those people.	2.4	1.2
SERBIA	Mean (1-5)	Std. Deviation
I like to see and make conclusions by myself about the values and characteristics of other people, without believing in stereotypes.	4.5	0.8
I would be willing to do business with a person from Slovenia.	4.3	0.9
I generally like to work with people from different cultures.	4.3	1.0
I generally like to work with people from Slovenia.	3.6	0.9
I need to know a lot about the other person before I start cooperating with him/her.	3.4	1.1
The opinions I have of the people of my nationality affect my perception of other nationalities.	2.3	1.2
Prejudices of people in my environment about people from different countries affect the image I create of those people.	1.9	1,1

From the descriptive statistics in Table 11 we can see that most of Slovenian respondents agreed with the statement "*I would be willing to do business with a person from Serbia*" (mean score of 4.6) and the statement *"I generally like to work with people from different cultures"* (4.5). The Slovenian respondents at least agree with the claim *"Prejudices of people in my environment about people from different countries affect the image I create of those people"* (4.5). Serbian respondents provided almost the same answers. They also most agreed with the statement "*I like to see and make conclusions by myself about the values and characteristics of other people, without believing in stereotypes*" and statement *"I generally like to work with people from different cultures"* and *"I would be willing to do business with a person from Slovenia"* (4.3). As Slovenian respondents, they at least agree with the statement *"Prejudices of people in my environment about people from different countries affect the image I create of those people"* (2.4).

To find out about the attitudes regarding resolving conflicts which arise during business interactions I again offered them a number of statements and gave them the opportunity to indicate their level of agreement on the five-point Likert-type ordinal scale. Table 12 shows the results.

Table 12. Descriptive statistics about Slovenian/Serbian respondents attitude towards methods of resolving conflicts during business interactions (5-point Liker-type ordinal scales).

SLOVENIA	Mean (1-5)	Std. Deviation
I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values.	4.2	0.7
I think it would be easier to establish a long-term business relationship with someone from Serbia.	3.2	0.9
I would be more willing to find a compromise for a problem with someone from Serbia than people from other countries.	2.6	1.1
I would negotiate harder with a person from Serbia/Slovenia than people from other countries.	2.0	1.1
I do not trust people from Serbia in doing business.	1.7	0.9
SERBIA	Mean (1-5)	Std. Deviation
I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values.	3.9	1.0
I think it would be easier to establish a long-term business relationship with someone from Slovenia.	3.8	0.9
I would be more willing to find a compromise for a problem with someone from Serbia/Slovenia than people from other countries.	2.8	1.1
I would negotiate harder with a person from Slovenia than people from other countries.	1.7	10.
I do not trust people from Slovenia in doing business.	1.6	0.8

The vast majority of Slovenian and Serbian respondents agree with the statement *"I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values"* (mean score of 4.2 for Slovenian respondents and mean score of 3.9 for Serbian respondents). Most of Slovenian and Serbian respondents do not agree with the statement *"I do not trust people from Serbia/Slovenia in doing business"*(mean score of 1.7 for Slovenian respondents and mean score of 1.6 for Serbian respondents). What is interesting is that most of the Serbian respondents agreed with the statement *"I think it would be easier to establish a long-term business relationship with someone from Slovenia"*(3.8), and slightly less Slovenian respondents agreed with the statement *"I think it would be easier to establish a long-term business relationship with someone from Serbia"*(3.2).

6.3 Hypotheses testing

The first research hypothesis *"Negative stereotypes about the "other side" are also connected with more negative stereotypes about oneself (auto-stereotypes)"*is based on the assumption that a more positive image about oneself (so-called self-identity) will result also in more positive stereotypes about others. The next few tables show correlation between stereotypes and auto-stereotypes.

Table 13. Correlations between negative auto-stereotypes and stereotypes about Serbs among Slovenian respondents
(Pearson's pair-wise correlations from 5-point Likert-type ordinal scales)

Negative Auto-stereotypes/Stereotypes about Serbs	Nationalists	Reserved	Lazy
Nationalists	**r** -0 .051 **p** 0.613	- 0.080 0.426	-0.248 0.013*
Reserved	**r** 0.008 **p** 0.938	0.014 0.891	0.189 0.059
Lazy	**r** - 0.023 **p** 0.822	0.147 0.141	-0.069 0.494

df=101; *p<0.05;

Table 13 shows the correlation of negative auto-stereotypes and negative stereotypes for the sample of respondents from Slovenia. A statistically significant correlation was established in the case of "*nationalists*" in relation to the item "*lazy*" (r= -0.248, at p=0.013). The correlation has a negative sign, which means that a stronger "*nationalist*" auto-stereotype the lower the stereotype of "*lazy*". A correlation coefficient close to the level of significance (but not statistically significant) was also obtained on the auto-stereotype "*reserved*" in relation to the stereotype "*lazy*"(r= 0.189; p =0.059). If we assume a single-tail statistical testing, this correlation becomes statistically significant at p<0.05.

Table 14. Correlations between negative auto-stereotypes and stereotypes among Serbian respondents (Pearson's pair-wise correlations from 5-point Likert-type ordinal scales)

Negative Auto-stereotypes/Stereotypes about Slovenians	Nationalists	Reserved	Lazy
Nationalists	**r** 0 .089 **p** 0 .372	0.071 0.477	0.051 0.613
Reserved	**r** 0 .096 **p** 0 .338	0.077 0.444	-0.057 0.572
Lazy	**r** 0.188 **p** 0.058	0.230 0.020*	0.242 0.014*

df=102; *p<0.05;

Table 14 shows the correlation of negative auto-stereotypes and negative stereotypes for the sample of respondents from Serbia. Statistically significant differences were noticed between auto-stereotype "*lazy*" in relation to the stereotype "*reserved*" (r= 0.230; p= 0.020) and at the auto-stereotype of "*lazy*" in relation to the stereotype of "*lazy*" (r= 0.242; p= 0.014). Correlations have a positive direction, which means that more intensive auto-stereotype "*lazy*" results in more intensive stereotype "*reserved*" and "*lazy*". Correlation close to the level of significance (but not statistically significant) was also obtained on the auto-stereotype "*lazy*" in relation to the stereotype "*nationalists*"(p=0,058). Thus, the first hypothesis was only **partially confirmed**. A statistically significant correlation of negative auto-stereotypes and stereotypes was obtained for the auto-stereotype "*nationalists*" and the stereotype "*lazy*" on the sub-sample of respondents from Slovenia, as well as for auto-stereotype "*lazy*" and stereotypes "*lazy*" and "*reserved*" on the sub-sample of respondents from Serbia. For other couples of negative auto-stereotypes and stereotypes, no statistically significant correlations were established.

Next, Table 15 shows the results of negative stereotypes correlations with the initial stages of business relationships formations among Slovenians respondents.

Table 15. Correlations of negative stereotypes with the initial stages of business relationships formations among Slovenians respondents (from 5-point Likert-type ordinal scales)

Negative stereotypes	I need to know a lot about the other person before I start cooperating with him/her.	I generally like to work with people from different cultures.	I generally like to work with people from Serbia.	I would be willing to do business with a person from Serbia.
Nationalists	**r** -0.121 **p** 0 .085	0.011 0.880	-0.002 0.975	0.002 0.980
Reserved	**r** 0 .191 **p** 0 .006**	-0.046 0.517	-0.041 0.563	-0.024 0.730
Lazy	**r** -0.009 **p** 0 .895	-0.006 0.938	-0.182 0.009**	-0.138 0.050*

df=101; **p<0.01; *p<0.05;

Table 15 shows the correlations between negative stereotypes and their connection with the initial phase of business relationships formations among the respondents from Slovenia. A statistically significant negative correlation was obtained between negative stereotype "*lazy*" and the statement "*I generally like to work with people from Serbia*"(r= -0.182;p=0.009) and the statement "*I would be willing to do business with a person from Serbia*"(r= -0.138;p= 0.050). Both correlations have negative sign, which means that the bigger negative stereotype "*lazy*" is, it has bigger negative correlation with the initial stages of business relationships formations. More precisely, the bigger negative stereotype "*lazy*" is, the desire of Slovenian people to work with Serbs is lower. There is also one positive correlation between negative stereotype "*reserved*" and the statement "*I need to know a lot about the other person before I start cooperating with him/her*" (r= 0.191;p= 0.006). The positive direction of this correlation means that more intensive stereotype reserved is, Slovenians want to know more about the other person before they start cooperating with him/her. Table 16 shows results of negative stereotypes correlations in the initial stages of business relationships formations among Serbian respondents.

Table 16. Correlations of negative stereotypes with the initial stages of business relationships formations among Serbian respondents (from 5-point Likert-type ordinal scales)

Negative stereotypes	I need to know a lot about the other person before I start cooperating with him/her.	I generally like to work with people from different cultures.	I generally like to work with people from Slovenia.	I would be willing to do business with a person from Slovenia.
Nationalists	**r** 0.139 **p** 0.164	0.091 0.365	-0.001 0.991	0.125 0.212
Reserved	**r** 0 .015 **p** 0.882	0.353 0.000**	0.237 0.016*	0.244 0.013*
Lazy	**r** 0.135 **p** 0 .175	0.069 0.493	-0.097 0.335	-0.081 0.420

df=102; **p<0.01; *p<0.05;

Table 16 shows the correlation of negative stereotypes and statements related to the initial stages of business relationships formations among the respondents from Serbia. Statistically significant correlations were obtained for the negative stereotype "*reserved*" and the statement "*I generally like to work with people from different cultures*"(r = 0.353; p= 0.000), then for the negative stereotype "*reserved*" and the statement "*I generally like to work with people from Slovenia*"(r = 0.237;p= 0.016), as well as for the negative stereotype "*reserved*" and the statement "*I would be willing to do business with a person from Slovenia*" (r= 0.244; p= 0.013). All obtained correlations have a positive direction which means that greater negative stereotype "*reserved*" is, the greater is the desire of Serbs to work with people from different cultures and from Slovenia. On the other pairs of negative stereotypes and statements related to the initial phases of business relationships formations there are no statistically significant correlations.

Second hypothesis was thus also **only partially confirmed.** The negative correlations between negative stereotypes and claims related to the initial stages of business relationships formations obtained in patients from Slovenia showed that negative stereotypes have negative correlations with the initial stages of business relationships formations. More precisely negative stereotype "*lazy*" has negative correlation. In addition, among the respondents from Slovenia there was a positive correlation of negative stereotype "*reserved*" and statement "*I need to know a lot about the other person before I start cooperating with him/her*", which also supports second hypothesis. On the other hand respondents from Serbia have obtained positive correlations of negative stereotype "*reserved*" compared to statements "*I generally like to work with people from different cultures*", "*I generally like to work with people from Slovenia*" and statement "*I would be willing to do business with a person from Slovenia*", which don't confirm the second hypothesis.

Table 17 shows the results of positive stereotypes correlation with the compromise and collaborative methods of resolving conflicts among the Slovenians.

Table 17. Correlations of positive stereotypes with the compromise and collaborative methods of resolving conflicts among the Slovenians (from 5-point Likert-type ordinal scales)

Positive stereotypes	I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values.	I would be more willing to find a compromise for a problem with someone from Serbia than people from other countries.	I think it would be easier to establish a long-term business relationship with someone from Serbia.
Honest	r 0 .225 p 0 .001**	0.080 0.258	0.019 0.783
Temperamental	r 0 .104 p 0 .138	0.026 0.714	0.113 0.108
Hospitable	r 0.175 p 0.012*	-0.131 0.063	0.187 0.008**
Hardworking	r 0 .121 p 0.084	0.007 0.925	-0.012 0.867
Open	r 0.218 p 0.002**	0.032 0.650	0.158 0.024*
Proud	r 0.164 p 0.019*	-0.005 0.949	0.049 0.487
Sociable	r 0.281 p 0 .000**	-0.152 0.031*	0.223 0.001**
Reliable	r 0.072 p 0.307	0.099 0.160	0.113 0.109

df=101; **p<0.01; *p<0.05;

Table 17 shows positive stereotypes correlations with the compromise and collaborative methods of resolving conflicts among the Slovenians. Statistically significant correlations were obtained in the statement "*I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values*" in respect to the positive stereotype "*honest*" (r = 0.225, p= 0.001), then to the positive stereotype "*hospitable*" (r= 0.175; p= 0.012), then in relation to the positive stereotype "*open*" (r= 0.218; p= 0.002) as well as with positive stereotype "*proud*" (r= 0.164, p= 0.019) and positive stereotype "*sociable*" (r= 0.281, p= 0.000). A statistically significant correlation was also obtained on the statement "*I think it would be easier to establish a long-term business relationship with someone from Serbia*" in relation to the positive stereotype "*hospitable*" (r= 0.187; p= 0.008), "*open*" (r= 0.158;p= 0.024), as well as the positive stereotype "*sociable*" (r = 0.223, p= 0.001). All correlations have positive direction, which means that positive stereotypes have strong positive connection with compromise and collaborative methods of resolving conflicts. In addition, the statement "*I would be more willing to find a compromise for a problem with someone from Serbia than people from other countries*", has negative correlation with positive stereotype "*sociable*" (r= -0.152; p= 0.031).

Table 18 shows results of positive stereotypes correlations with the compromise and collaborative methods of resolving conflicts among the Serbs.

Table 18. Correlations of positive stereotypes with the compromise and collaborative methods of resolving conflicts among the Serbs (from 5-point Likert-type ordinal scales)

Positive stereotypes	I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values.	I would be more willing to find a compromise for a problem with someone from Slovenia than people from other countries.	I think it would be easier to establish a long-term business relationship with someone from Slovenia.
Honest	**r** 0.103 **p** 0 .303	0.161 0.106	0.087 0.386
Temperamental	**r** 0.077 **p** 0 .439	-0.002 0.987	0.205 0.039*
Hospitable	**r** 0.129 **p** 0.198	-0.205 0.039*	0.346 0.000**
Hardworking	**r** -0.022 **p** 0.827	-0.067 0.504	0.100 0.316
Open	**r** 0.207 **p** 0.037*	0.038 0.702	0.325 0.001**
Proud	**r** 0.126 **p** 0.207	0.100 0.319	0.232 0.019*
Sociable	**r** 0.324 **p** 0.001**	-0.340 0.000**	0.283 0.004**
Reliable	**r** 0.033 p 0.743	0.085 0.393	0.183 0.066

df=102; **p<0.01; *p<0.05;

Table 18 shows positive stereotypes correlations with the compromise and collaborative methods of resolving conflicts among Serbian respondents. Statement "*I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values*" is statistically significantly associated with positive stereotype "*open*" (r= 0.207; p= 0.037) and with the stereotype "*sociable*" (r= 0.324, p= 0.001). The statement "*I think it would be easier to establish a long-term business relationship with someone from Slovenia*" was statistically significantly associated with almost all positive stereotypes except stereotypes "*honest*", "*hardworking*" and "*reliable*". With all mentioned positive stereotypes this item correlates significantly (r= 0.346, p= 0.000 for Hospitable; r= 0.325, p= 0.001 for Open; r= 0.283, p= 0.004 for Sociable; r= 0.232, p= 0.019 for Proud and r= 0.205, p= 0.039 for Temperamental). All of the mentioned correlations have a positive direction, which means that listed positive stereotypes have positive connection with compromise and collaborative methods of resolving conflicts.

In addition, there were negative correlations between the statement "*I would be more willing to find a compromise for a problem with someone from Serbia than people from other countries*" and positive stereotype "*hospitable*" (r= -0.205; p= 0.039) and positive stereotype "*sociable*" (r= -0.340; p= 0.000). Negative correlations indicate that more

intensive positive stereotypes "hospitable" and "sociable" are, the lower their connection with compromise and collaborative methods of resolving conflicts is.

Third hypothesis was thus only **partially confirmed.** As can be seen from the tables and results above the third hypothesis is partially proven because the most of the positive stereotypes have positive correlation with claims that are in favor of compromise and collaborative methods of solving conflicts. But few of them ("*sociable*" within Slovenian and Serbian respondents and stereotype "*hospitable*" within Serbian respondents) have negative correlation with the statement "*I would be more willing to find a compromise for a problem with someone from Slovenia/Serbia than people from other countries*". This is why third hypothesis is not completely confirmed. Table 19 shows differences of positive stereotypes between Serbian and Slovenian respondents.

Table 19. Significant differences of positive stereotypes between Serbian and Slovenian respondents (independent samples t-tests based on 5-point Likert-type ordinal scales)

Positive stereotypes		Mean	Std. Deviation	t-test	Sig. (p)
Honest	Slovenians about Serbs	3.89	0.958	5.496	0.000**
	Serbs about Slovenians	3.23	0.757		
Temperamental	Slovenians about Serbs	4.43	0.766	14.863	0.000**
	Serbs about Slovenians	2.58	0.989		
Hospitable	Slovenians about Serbs	4.67	0.568	9.809	0.000**
	Serbs about Slovenians	3.64	0.899		
Hardworking	Slovenians about Serbs	3.68	0.859	-4.507	0.000**
	Serbs about Slovenians	4.23	0.855		
Open	Slovenians about Serbs	4.34	0.739	9.819	0.000**
	Serbs about Slovenians	3.19	0.920		
Proud	Slovenians about Serbs	4.63	0.578	13.247	0.000**
	Serbs about Slovenians	3.32	0.810		
Sociable	Slovenians about Serbs	4.54	0.520	9.864	0.000**
	Serbs about Slovenians	3.49	0.941		
Reliable	Slovenians about Serbs	3.54	0.855	-1.734	0.084
	Serbs about Slovenians	3.75	0.792		

df=203; **p<0.01; *p<0.05;

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Table 19 shows the significant difference in the degree of positive stereotypes Slovenes have towards Serbs in relation to the positive stereotypes that Serbs have towards Slovenians. A statistically significant difference was observed for all positive stereotypes, except the stereotype "*reliable*". Respondents from Serbia had a significantly more pronounced positive stereotype of "*hardworking*" for Slovenians than Slovenians did for Serbs. Among other positive stereotypes, (honest, temperamental, hospitable, open, proud and sociable) statistically significant differences were in favor of the respondents from Serbia.

Thus, hypothesis 4 **could not be confirmed.** The only significant difference in favor of the respondents from Slovenia was obtained regarding the stereotype "hardworking". In all other cases Slovenians have better or higher opinion about Serbs than vice versa. This result might be due to the fact that in my sample of respondents, Slovenians have more contact with Serbs, have more family members in Serbia and travel more often than Serbian respondents.

Table 20 is a summary table, where all four hypotheses are showed and if they are confirmed or rejected, or partially confirmed or rejected. As can be seen, three of four hypotheses were partially confirmed and just one of them rejected.

Table 20. Summary table related to hypotheses testing

Research hypothesis	Confirmed/rejected; partially confirmed/rejected
1. Negative stereotypes about the "other side" are also connected with more negative stereotypes about oneself (auto-stereotypes).	Partially confirmed
2. Negative stereotypes will have stronger negative impact on business relationship formation in the initial stages of business.	Partially confirmed
3. Positive stereotypes will have a stronger impact on willingness to compromise and collaborate, as methods of solving conflicts.	Partially confirmed
4. Serbian representatives of Generation Y display more positive stereotypes about Slovenian peers, than vice versa.	Rejected

7 IMPLICATIONS AND RECOMMENDATIONS

7.1 Theoretical implications

A number of different theoretical approaches and scientists from various fields are trying to explain prevalent stereotypes and prejudices in social environment during the twentieth century, as well as their impact on human interaction and relationships, also in business. Different approaches seemed to have emerged in response to specific historical circumstances further emphasizing particular questions about the nature or causation of stereotypes. Analyzing the secondary and primary data, I wanted to indicate the importance of stereotypes in the Western Balkans, an area with a rich history, and their impact in business relations in particular.

As stereotypes can be defined from different perspectives, they can be understood from different perspectives - cultural, psychological, and individual. Hofstede (1980) identified dominant cultural profile for each country, but not every citizen of that country has the same culture profile. Based on Bodenhausen and Wyer (1985, in Katz, 1995) people use stereotypes to make conclusions about the reasons for someone's behavior and those conclusions can be important determinants of judgments. Bar-Tal (1997) defined stereotypes as stored beliefs about characteristic of a group of people. Akerlof and Kranton (2000) emphasized the benefits associated with the behavior and perception of others, which can be directly applied also to stereotypes, which means that self-esteem or identity also affects the stereotypes of others. Thus, a more positive self-image also affects the more positive stereotypes of others. According to Allport (1954 in Bercovitch & Chalfin, 2010) stereotypical roles are connected to the resource power equality of the parties involved. Resource power include GDP, population size, military spending and territory of each group (Bercovitch & Chalfin, 2010) and is also connected with the individual's self-esteem and identity. As the resource power is bigger, or was big in the past, national identity is higher and individuals have more positive image about themselves.

Based on my research people belonging to Generation Y from Slovenia perceive themselves as *very hardworking, hospitable, sociable* and *reliable*; they also have very good opinion about Serbs. They think Serbs are *honest, temperamental, hospitable, hardworking, open, proud, social* and *reliable*. Serbian people belonging to Generation Y, think for themselves that they are *temperamental, hospitable, open, proud* and *very sociable*, on the other hand, they have a bit lower but still very good opinion about Slovenians, more precisely they think they are *hospitable, hardworking* and *reliable*. As can be seen from the research I partially confirmed the fact that positive auto-stereotypes infect positively on opinion and stereotypes of others but as Slovenians have a bit lower self-image, even though they have bigger resource power than Serbs. Assumption about that can be explained by big resource power of Serbia in past.

To understand the origin of stereotypical content, present relations should not only be considered but also the history of these relations (Poppe, 2001). The present nature of the relations is just one part of the stereotype contention; history of the relations presents a big part of it and it is also reflected in the present. Cross-cultural comparisons, negative stereotyping and conflicts are something that was present in the history of the Balkans, territory where Serbia and Slovenia are. As mentioned before representatives of Generation Y from Serbia and Slovenia have little or no experience of living in Yugoslavia (or remember living in Yugoslavia). Thus, the stereotypes they hold about other Ex-Yugoslav

nations are still very important and may play a crucial role in their business interactions with each other.

My research showed that new generations in Balkans brought some new trends. I can conclude that people from Slovenia and Serbia have many positive stereotypes about each other and that they are very willing to do business and cooperate with each other. It can also be seen from the research that Slovenian representatives of Generation Y display more positive stereotypes about Serbian peers, than vice versa. This is very interesting and not expected conclusion, knowing the past and history of these two countries, where Slovenia was always known as the most economically developed country of all the states of the former Yugoslavia (Rašković & Svetličič, 2011) and Slovenian people underestimation of people from the "south".

Zaidmand (2000) highlighted the importance and impact of stereotypes in the early phase of business interactions. This importance I also tried to examine in my research. I found out that some negative stereotypes (lazy and reserved) can really influence negatively on the initial stages of business relationship formation. They can also influence on how conflict situations are overcome. I partially confirmed the assumption that positive stereotypes will have a stronger impact on willingness of people to compromise and collaborate, as methods of solving conflicts. So I can conclude that differences between home and host country cognitive structures and social knowledge shared by people in one country can result in ineffective communication and conflict when doing business, but when positive stereotypes or opinion are present these ineffective communication and conflict can be overcome.

7.2 Managerial implications and recommendations to multinational companies

The impact of culture on the entry strategies of foreign companies was linked, by many authors, to aspects of risk management as one of the basic dimensions of the decisions on entry strategies in foreign markets, as well as a greater need for coordination and information for decision-making. In principle, greater the cultural distance (reflecting greater cultural differences) means a higher degree of risk. These risk levels may be related to the knowledge of the characteristics of the market and consumers, their values and norms, purchase patterns, consumption patterns, etc. (Makovec et al., 2009).

Marketing mix, consisting of 4Ps (product, price, place and promotion) is considered one of the key areas of standardization and. adaptation of local specifics and cultural specificities. Although most international companies striving to adaptation of only those elements of the marketing mix and business processes that are truly necessary, within the international business differences within the culture are most common reason for these adjustments. The most common sources for cultural diversity are: religion, language, values and norms and humor (Makovec et al., 2009).

Companies that are doing business in this part of the Europe should know the history of this environment and cultures. As previously mentioned, the Western Balkans is very specific territory. Serbia and Slovenia in the past were states of the same country, Yugoslavia, which means that they have common history. Economic, political, cultural and

religious issues led to a turbulent life of Yugoslavia, but this was mostly connected to neighboring states. Slovenia and Serbia were never neighbors, which might explain my results.

Intercultural business communication is closely related to the concept of culture context as it relates to the degree of explicitness of the information provided in the communication. The most significant differences and problems are mainly in communications between the representatives of the high-context culture on the one hand and representatives of low-context culture on the other side (Makovec et al., 2009). Knowing some characteristic of Slovenian and Serbian culture, we can say that they are a bit different. As previously mentioned in theoretical part, Slovenian culture belongs to low-context cultures and Serbian culture more to high-context cultures, which means that for Slovenians the most important thing is what has been written in contractual form and approved by lawyers on both sides, and for Serbs oral agreement is more important, the social context in which agreement has been conducted counts more than the written agreement. According to the Lewis model, Slovenian people in general like plans and data, like order; they are very punctual, organized, direct and truthful. They divide work and private life and they are not very tactile people. On the other hand, Serbian people are very personal and tactile, not very punctual, but outspoken and open people. They can be very generous but sometimes impulsive and unpredictable (Lewis, 2005, pp. 302-316).

Negotiation processes models can be made and complement with the Hofstede's cultural typology. Some authors highlighted the impact of the power distance in the negotiation process, and the fact that the negotiations took place between the negotiators who have similar social status and position and are equivalent. Some of them, on the other hand, linked uncertainty avoidance with the importance of trust and more personal relationships which have a significant impact on the interaction within the negotiating process. Degree of collectivism is connected to the nature of the negotiation process, the number of negotiators involved as well as internal systems of negotiating decisions. The degree of masculinity in culture of negotiator is connected with the values that can have a significant impact on the way, the interaction and tactics of the negotiation process (Makovec et al., 2009). As previously mentioned in theoretical part, the most different Hofstede's dimension, when comparing Serbia and Slovenia, is the dimension of masculinity. Values of femininity in Slovenia are bigger in comparison to masculinity culture of Serbia. Serbia on the other hand has higher power distance index. In the view of the uncertainty avoidance Slovenia and Serbia are less inclined to take risks and uncertainties. Comparing the level of individualism, both countries are highly collectivist cultures, however, Serbian culture expresses more collectivism than Slovenian (The Hofstede Center, 2014).

I can conclude that Slovenian culture belongs to monochronic cultures, which in terms of negotiation means that Slovenian people prefer accurate beginnings and endings of meetings and scheduled breaks; they see lateness as disrespect; they prefer to deal with one agenda item at a time; they use specific, detailed, and explicit communication and they prefer to talk in sequence. In contrast, Serbian culture belongs to polychronic cultures, so when it comes to negotiation Serbian people are willing to start and end meetings at flexible times, take breaks when it seems appropriate; they are comfortable with a high flow of information; they expect to read each other's thoughts, sometimes overlap talk; they do not take lateness personally (LeBaron, 2003).

Cultural awareness is very important item when talking about marketing across different countries and it covers language, the lifestyle and the behavioral patterns of the people in the country of interest. It should be applied in all aspect of marketing, like advertising, label-printing, promotion of products, selling (Cateora et al., 2011). In terms of marketing strategies used in these two countries, I think that cultural awareness and other differences should be taken into account. Some research shown that low-context cultures are those in which is required that everything is told upfront, little is left up to the context of the situation, the time, or the location. In high-context cultures everything is about the situation, and people belonging to these cultures respond much better to ambiguity. For marketing activities, it is good to know that low-context cultures prefer more words (to a certain extent), on the other hand high-context cultures prefer more images. In more individualistic countries, where Slovenia belongs, purchasing decisions are based on people's personal preferences. In other, collectivistic countries, people usually make purchasing decisions based on the welfare of a group, such as the family (Cateoraet al., 2011).

As previously mentioned, Rašković and Svetličič (2011) claimed that geographic proximity often leads to underestimation of the abilities and expectations related to economic cooperation and that the frequency of negative stereotypes is the highest among neighbors. My research showed different results indicating that people from Generation Y from both of these countries have nice opinion about each other and a lot of positive stereotypes. When asked about the level of acceptable personal contact with representatives from the "other" nation (measured by the so-called ethnic distance social scale), the vast majority of Slovenian and Serbian respondents said that this contact could be at the highest possible level.

7.3 Research limitations and recommendations for further research

Even though my research was carefully prepared, I am still aware of its limitations and shortcomings. First of all, the matched sampling approach still suffers from all the limitations of convenience samples, thus my results cannot be seen as representative for whole populations. This being said, since my focus was specifically on Generation Y, I do not see using student samples as a significant limitation of my research.

Next, because of the time limitations, this research was conducted on a smaller size of population than I expected. If I had more time, like time period of about a year, I think I could have more respondents and maybe more representative data. Thirdly, due to low response to forwarded surveys and a lot of incomplete surveys, tested sample size was small. In addition, I think I could implement more questions about methods of solving conflicts, with which I could get more precise answers about this subject. Lastly, my statistical analyses were limited to simple descriptive statistics, mean t-tests and simple pair-wise correlations. Concerning the latter, no inferences can be made regarding causality. In order to test for this, I would have to use more elaborate statistical methods (regression analysis).

CONCLUSION

The purpose of my Master's thesis was to understand the link between national stereotypes and conflict management/resolution in future international business interactions among Generation Y representatives in Slovenia and Serbia. Through the theoretical and empirical research, I have managed to accomplish the main goals of my master thesis. To see what kind of national stereotypes representatives of Generation Y from Slovenia and Serbia hold about each other and how these national stereotypes influence potential future business dealings with representatives of each other nations. To understand what role can national stereotypes play as sources of potential conflicts in international business dealings and to provide some recommendations to multinational companies regarding how national stereotypes can affect international business dealing between Slovenia and Serbia.

As a responce to the main research questions, based on my hypothesis testing, I can say that members of Generation Y from Serbia and Slovenia hold very positive stereotypes about each other. More precisely Slovenian representatives of Generation Y display more positive stereotypes about Serbian peers, than vice versa. Geographic proximity in this case does not lead to underestimation of the abilities and expectations related to economic cooperation but just the opposite, and the frequency of negative stereotypes is very low. Respondents of my research travel quite often, have contact with people from different countries. I can also conclude that negative stereotypes can have negative impact on international business relations formation. As conflicts are inevitable and integral part of every relationship, including also business relationships, I manage to see what can affect their positive solving. I came with the results that the more positive stereotypes will have a stronger impact on willingness to compromise and collaborate, as methods of solving conflicts. This means that persons involved in conflict situation try to work with each other with the aim of finding solutions that satisfies the concerns of both sides and have intentions to find mutually acceptable solution.

I might also conclude that for successful international business communication and relations is very important to know different cultures and their characteristics. Differences between cultures created invisible barriers that can be overcome only with the knowledge and willingness to accept people such as they are. With knowledge and understanding of cultural differences can be understood why members of other cultures behave on the way they do and what is important to them. This leads us to respect other traditions. Taking into account the cultural characteristics and business practices of other countries is an important factor for business success and competitiveness.

I will agree with Katz (1995) who said that stereotypes in international business relations may simply act as a default which is used when other information are unavailable. Information represent one of the most important tools and features in international business and marketing, and consequently reduce numerous types of risk (Makovec et al., 2009). Therefore, if more relevant information are available to us, if we have more knowledge and understanding about other person's culture, behavior etc., the impact of stereotypes may be very small or it does not exist at all, even in the case of the Balkans.

Overall, I might say that the memories of previous events and the whole history of relations between the former Yugoslavian states slowly began to fade, that young people are interested to have different relationships, including business interactions, with people from other countries and cultures. In addition, they are oriented in solving possible conflict

situations in business by finding a mutually acceptable solution that satisfies the concerns of both sides. These methods of solving conflict are called collaborative and compromising methods, and are, according to my research, also often used when both sides in conflict situation have positive opinion about each other. As Hall (1990, p.1) said in his book "Silent language", time talks and can speak more than words.

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APPENDIXES

Appendix A:

The questionnaire on Generation Y stereotypes and their impact on conflict management

My name is Milana Majkić and I am a student of the International Business Master's Programme at the Faculty of Economics, University of Ljubljana in Slovenia. For the purpose of my master thesis research, I am conducting a survey on Generation Y stereotypes and their impact on conflict management in international business between Slovenia and Serbia. The questionnaire takes about 7-10 minutes to complete and is completely anonymous. The results are confidential and will be used only for the purpose of my master thesis research and its dissemination. If you have any additional questions regarding the questionnaire, please do not hesitate to contact me at:milana1204@gmail.com.

Thank you for your participation in advance!

1. Please indicate how much contact have you had with people from Slovenia/Serbia within the last 5 years.

1) No contact at all.
2) Very rare contact (less than once a year).
3) Occasional contact (2 to 5 times per year).
4) Frequent contact (6 to 11 times per year).
5) Very frequent contact (once a month or more).

2. What is your opinion about Serbs? Indicate your level of agreement with the listed attributes on a 5-point scale corresponding to: 1-strongly disagree, 2-somewhat disagree, 3 -neither disagree, nor agree, 4-somewhat agree, 5-strongly agree.

I think Serbs are:

Honest	1-Strongly disagree	2	3	4	5-Strongly agree
Nationalists	1-Strongly disagree	2	3	4	5-Strongly agree
Temperamental	1-Strongly disagree	2	3	4	5-Strongly agree
Hospitable	1-Strongly disagree	2	3	4	5-Strongly agree
Hardworking	1-Strongly disagree	2	3	4	5-Strongly agree
Open	1-Strongly disagree	2	3	4	5-Strongly agree
Proud	1-Strongly disagree	2	3	4	5-Strongly agree

Reserved	1-Strongly disagree	2	3	4	5-Strongly agree
Sociable	1-Strongly disagree	2	3	4	5-Strongly agree
Lazy	1-Strongly disagree	2	3	4	5-Strongly agree
Reliable	1-Strongly disagree	2	3	4	5-Strongly agree

3. What is your opinion about Slovenians? Indicate your level of agreement with the listed attributes on a 5-point scale corresponding to: 1-strongly disagree, 2-somewhat disagree, 3 -neither disagree, nor agree, 4-somewhat agree, 5-strongly agree.

I think Slovenians are:

Honest	1-Strongly disagree	2	3	4	5-Strongly agree
Nationalists	1-Strongly disagree	2	3	4	5-Strongly agree
Temperamental	1-Strongly disagree	2	3	4	5-Strongly agree
Hospitable	1-Strongly disagree	2	3	4	5-Strongly agree
Hardworking	1-Strongly disagree	2	3	4	5-Strongly agree
Open	1-Strongly disagree	2	3	4	5-Strongly agree
Proud	1-Strongly disagree	2	3	4	5-Strongly agree
Reserved	1-Strongly disagree	2	3	4	5-Strongly agree
Sociable	1-Strongly disagree	2	3	4	5-Strongly agree
Lazy	1-Strongly disagree	2	3	4	5-Strongly agree
Reliable	1-Strongly disagree	2	3	4	5-Strongly agree

4. What is your attitude towards foreign people, who you do not know personally? Indicate your level of agreement with the listed predications on a 5-point scale corresponding to: 1-strongly disagree, 2-somewhat disagree, 3 -neither disagree, nor agree, 4-somewhat agree, 5-strongly agree.

Prejudices of people in my environment about people from different countries affect the image	1-Strongly	2	3	4	5-Strongly

I create of those people.	disagree				agree
The opinions I have of the people of my nationality affect my perception of other nationalities.	1- Strongly disagree	2	3	4	5- Strongly agree
I need to know a lot about the other person before I start cooperating with him/her.	1- Strongly disagree	2	3	4	5- Strongly agree
I like to see and make conclusions by myself about the values and characteristics of other people, without believing in stereotypes.	1- Strongly disagree	2	3	4	5- Strongly agree
I generally like to work with people from different cultures.	1- Strongly disagree	2	3	4	5- Strongly agree
I generally like to work with people from Serbia/Slovenia.	1- Strongly disagree	2	3	4	5- Strongly agree
I would be willing to do business with a person from Serbia/Slovenia.	1- Strongly disagree	2	3	4	5- Strongly agree

5. What is your attitude towards ways of solving conflict incurred during the business interactions? Indicate your level of agreement with the listed attributes on a 5-point scale corresponding to: 1-strongly disagree, 2-somewhat disagree, 3 -neither disagree, nor agree, 4-somewhat agree, 5-strongly agree.

I have different and more open way of solving conflicts with the people that are generally presented as good and with positive values.	1- Strongly disagree	2	3	4	5- Strongly agree
I would negotiate harder with a person from Serbia/Slovenia than people from other countries.	1- Strongly disagree	2	3	4	5- Strongly agree
I would be more willing to find a compromise for a problem with someone from Serbia/Slovenia than people from other countries.	1- Strongly disagree	2	3	4	5- Strongly agree
I think it would be easier to establish a long-term business relationship with someone from Serbia/Slovenia.	1- Strongly disagree	2	3	4	5- Strongly agree
I do not trust people from Serbia/Slovenia in doing business.	1- Strongly disagree	2	3	4	5- Strongly agree

6. Please indicate the level of personal contact you would be willing to have with people from Serbia/Slovenia. Answers are presented in a hierarchical manner, each level indicating a higher degree of personal contact. You can only choose one answer.

1)Would be willing to live in the same country with somebody from Serbia/Slovenia.
2)Would be willing to live in the same city with somebody from Serbia/Slovenia.
3)Would be willing to have somebody from Slovenia/Serbia as a business colleague/partner.
4)Would be willing to have somebody from Slovenia/Serbia as a neighbor.
5)Would be willing to have somebody from Slovenia/Serbia as a friend.
6)Would be willing to have somebody from Slovenia/Serbia as a family member/spouse.

7.   I have close relatives in Serbia/Slovenia. 1) Yes 2) No

8.   I am/was studying/living abroad (spent at least three months abroad)? 1)Yes 2)No

9.   Please indicate how often do you travel and visit foreign countries:
1) I don't travel abroad at all.
2) I travel rarely (once or twice a year for up to a week).
3) Occasionally (3-4 times per year).
4) Frequently (5 to 6 times per year).

5)Very frequently (more than 6 times per year).

10.   Gender: 1)Male 2)Female

11.   Year of birth 19____.

12.   Level of education pursued currently:
1)   Undergraduate student
2)   Master's student
3)   PhD student