Power and negotiation between different cultures

Presenting a Decision-Making Tool

by

Omer Granot

Submitted to the System Design and Management Program
in Partial Fulfillment of the Requirements for the Degree of

Master of Science in Engineering and Management
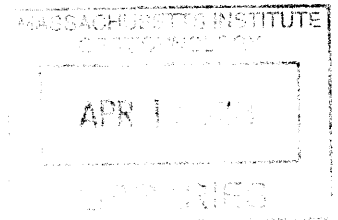
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1 Abstract

The first step in negotiation is the information gathering and investigation, very often the investigation stage is not done properly, the negotiator has to decide about the goals, which information he can share, need to determine the *BATNA* (Best Alternative To a Negotiated Agreement), learn about the person/team he will be negotiation with. In additional there are also differences in how people from different cultures use information and communicate during the negotiation, ignoring the culture differences can be major mistake.

This research evaluate the option of using decision-making negotiation tool for the investigation stage and for negotiation process, the thesis provides design and features set for tool based on research done and feedback from potential users, the paper illustrate the negotiation culture differences between American and Israelis, and how it should be embedded in tool.

Survey and interviews concluded to collect feedback from people in different industries, on culture differences between American and Israelis and on how negotiators are interested in tool for negotiation. Finally, results analyzed to determine future actions, consider culture differences and user's need for negotiation tool.

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2 Acknowledge

I would like to thank Asst. Professor Ofer Sharone, my advisor, for encouraging me to work on the research, and for knowing when to advise and when to show the direction. Most of research done remotely from Israel, thanks for being passion and responsive any time I asked for advice or help.

I also would like to thanks Pat Hale, Director of system Design and Management (SDM), SDM staff for giving me the opportunity to learn, Thanks for being supportive while I was in Israel in last year, I was inspired by the program and I am looking forward to elaborate all the things I learn at SDM in my new company.

Thanks for my colleague from current and previous work, friends, family for sharing their negotiation experience in Interviews, thanks for all the people that answer the survey, also thanks for my close family that gave me the time to spend in weekends and early mornings to work on research.

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3 Introduction:

Negotiations can be very complex, with many details and many stakeholders, it can be very hard for negotiators to remember and track all the options. In some cases, managers may not be able to participate in all discussions related to a negotiation, and the people reporting to the managers need to be able to negotiate on their behalf and update them with the results. The decision-making negotiation tool presented in this paper will provide different tactical and strategic options for negotiators, and, considering the options that the opponent might choose, clarify the best options for each step. From the first day of negotiations, the tool will be able to predict the options that will ultimately be available, and the negotiator will be able to follow the steps laid out to select the optimal final option. The recommended options will be based on inputs from user: priority and rating for parameters, data from previous negotiation in same area, same people and cultures differences. The tool will have an algorithm that will calculate the next steps recommended.

Research into decision-making negotiation tools should include attention to several topics:

- Defining user needs
- Selection of high-level tool design
- Supporting alternatives in the negotiation processes to suit different industries in all sectors, including manufacturing, services, and agriculture
- Making sure the tool stacks up against other decision-making products in the market, and, from a design perspective, learning from other products in the market
- Collecting feedback from potential users about the tool

There are differences in negotiation styles between cultures: the present research illustrates these differences, as they appear between Americans and Israelis, so that, with reference to the results. Americans and Israelis can develop a better understanding of how to negotiate with each other and come to better and more solid agreements, while also building trust to better exploit future opportunities.

The decision-making negotiation tool presented here will be able to improve negotiation results, provide recommendations for next steps, and save time and effort; it is a unique, pioneering tool for people carrying out negotiations across cultures.

4 Part 1: Decision-Making Negotiation Tool

4.1 Potential Users of the negotiation Tool

Managers of people doing negotiations usually these managers are very busy, and the people reporting to them are in different locations and cannot participate in all of the negotiations at the same time; on the other hand, the managers do not want to lose the opportunity to close deals. Managers have to guide their people how to negotiate, encourage them and trust their negotiation skills, evaluate and feel confident in what they are offering, what they are willing to give away, and most importantly, what they are prepared to agree to at the end of the negotiation.

Usually, managers prefer either to postpone a final agreement until after a thorough review or to be part of the negotiation discussions themselves and make sure that it is going the way they want. The decision-making tool presented here will be able to illustrate the options for negotiation outcomes in advance; managers will be able to review their final options ahead of time and guide their people toward the preferred outcomes. In this regard, the tool can help in several ways (although it is not the only means to achieve the goals below):

i. The tool can save managers time: they do not have to be present at all the negotiations in which their people are involved.

ii. The tool can improve the manager's satisfaction with the end results of the negotiation; the manager will guide his or her people regarding (un)acceptable negotiation outcomes.

iii. The tool will help speed up negotiations; the negotiator will be aware of the desired outcome before the negotiation and will be able to close the deal without close supervision.

iv. In some negotiations, it is very important to close the deal at the time; if one side has to wait for managerial approval, the opponent may withdraw the offer. Using the tool ahead of time will increase negotiators' ability to make decisions themselves, as outlined above, and this will help address this problem.

v. The tool will be able to track the history and performance of negotiators, and managers will be able to review this information and use it in selecting personnel for future negotiations.

vi. Managers will be able to use negotiation data from previous discussions for similar negotiations in similar areas.

vii. Managers will be able to review the steps have been taken in the negotiation after it is done, and learn for next negotiation, point the strength and the weakness of previous negotiation

viii. Managers can add to the tool methodology which they want their people to follow and track it with approval mechanism provided by the tool

Users engaged in complex negotiations: With a lot of parties and many details, it is hard to remember everything and negotiate the best solution. People tend not to agree in these situations. The tool can be used to address this issue, as follows:

I. The tool can track all the negotiation parameters from all parties, calculate the different outcome options, and present them to the users, the user will have several options and he/she can negotiate the final agreement with all the parameters.

II. The tool can retain data from previous similar negotiations (for example, in acquisition negotiations, previous acquisitions); this will help the user recall previous outcomes, and he or she will also be able to modify parameters as needed.

III. The tool should be able to track the history of the parties from previous negotiation, share the information with user and recommend on next negotiation steps based on experience with parties.

Novice negotiators, not familiar with the negotiation area, will be able to download from the tool's archives examples of negotiations in the relevant field, with information about parameters, values, and possible outcomes. These users will be able to modify and add

parameters and model different negotiation outcomes. The tool will save time and reduce uncertainty for new negotiators.

Users from different culture: the tool should consider the differences of culture approaches, users of the tool will be able to state their background and culture and estimate the opponent culture, the tool should be able to recommend on next steps and take into consideration the cultures differences from existing data.

4.2 Users' Needs That the Tool Should Address

Various criteria are needed to define the parameters of successful negotiation.

Timeline: This can be critical for the success of the negotiation. Very often, negotiators define the timeline for the negotiation; the tool needs to be able to set a timeline for the entire negotiation session, giving each step room to breathe in order to build trust between negotiators and meet deadlines for each step in the negotiation.

Satisfaction: It is important to satisfy as many parties as possible, and the tool should be able to provide a mechanism for sharing feedback on satisfactions between parties. For example, if one of the parties is not satisfied with the response from his or her opponent, he or she can share this sentiment and request changes; or, if he or she is satisfied, the negotiation can move forward. The tool should track issues so that parties can go back and try to resolve open issues later.

Simplicity/neutrality: The tool should be simple and neutral enough that users from different backgrounds will be able to understand and use it. For instance, the user interface should present only essential information, and complex features should be enabled only if the user feels that he or she will potentially use them. Steps of the negotiation should follow a similar process as much as possible, as instance: cycle of approval should be similar for each step in negotiation, and basic functionality should be similar to that of common programs like Microsoft Word or web browsers.

Preparation of teaching and training materials: Training materials can save time and build trust in the tool among new users of various backgrounds by summarizing its functionality in

clear steps. This can be done in several ways, such as a user guidelines/readme file, – Clear User guideline should be provided with the tool, either section inside the tool that guide users how to use the tool or separate doc that summaries the steps involved in using the tool. b) Internet media – Record video clip that explain how to use the tool, download the clip to popular website like YouTube, so Users will be able to search and find the training clip from anyplace with internet access.   c) Provide online training classes where users can ask questions, also the training classes should include practice sessions, to build the trust, and make sure users are able to use the tool

Reflection of a variety of negotiation styles: People have different negotiation styles that result from differences in characteristics like culture, education, age, and sex. The tool should be able to store this user data. Based on research into cultural differences, like that presented for Israeli–American differences below in this research, the tool should consider style differences and recommend to users how to communicate with their opposite numbers and what next steps they should take. The negotiation tool should store data from each session, remember the user's background and behavior, and update the algorithm that recommends next steps accordingly. For example: for an American using the tool and negotiating with Israelis, the tool might recommend that the American contact the Israeli negotiators on Sunday and not on Friday, because the majority of Israelis prefer not to work on Friday, but Sunday is a work day in Israel; if the information proves not to be correct for this particular group of negotiators, the tool will update the algorithm automatically.

User feedback: Receiving feedback from users is very useful to improve the tool, and it should include a mechanism for receiving feedback. The tool should support mechanism that users can update with recommendation for improvement during and after negotiation session. At the end of each negotiation session the user will be able to update with recommendation for improvements, and submit the feedback, also during the session if user has inputs that he want to change, he will be able to submit the requests

User reputation mechanism: The system should collect and store information on the reputations of the various negotiators based on satisfaction feedback from user and inputs from the tool. The user will score the opponents on factors such as willingness to collaborate, level of trust, satisfaction with the final agreement, adherence to timeline, the degree to which expectations were met, and so on. The reputation mechanism will be private, the ratings will be visible to the user and to the people defined in the tool that they have access to the information. He reputation mechanism

will provide a platform for negotiators to report on each other's performance and how they are doing compared to expectations; on this basis, they can improve their approach in future negotiations and come to know their weaknesses and strengths.

Flexibility: The tool should be able to change parameters during the negotiation, which would affect actions recommended for each party at any given time, when the negotiation terminates, and what the structure of the resulting agreements looks like.

- *Support methodology* – In case organizations are interested to follow methodologies during negotiation, the tool should support methodology mechanism to make sure users following organization methodologies with approval and tracking mechanism.

4.3 Market Research

The several studies carried out in the last two decades to improve the negotiation process and automate negotiations have elaborated on various areas of this issue. The research results below presents several points that can be usefully considered by the automated negotiation tool.

1. **Automated Negotiation and Decision Making in Multi agent Environments**

    Prof Sarit Kraus Dept. of Mathematics and Computer Science

    Bar-Ilan University, Institute for Advanced Computer Studies

    Mainly done for multi agents negotiation environments, improve the communication between parties over the internet.

    Description of the research: "The research done mainly between reaching agreements in multi-agent environments. It discusses game-theory and economics based techniques: strategic

negotiation, auctions, coalition formation, market-oriented programming and contracting. It also presents logical based mechanisms for argumentations...several mechanisms for cooperative agents who need to resolve conflicts that arise from conflicting beliefs about different aspects of their environment are also mentioned....we present some of the properties of the approaches using our own previous work." http://www.umiacs.umd.edu/users/sarit/

1. Negotiation Via the World Wide Web: A Cross-Cultural Study of Decision Making

Gregory Kersten and Sunil Noronha

This research, done at eight universities in 1996-1997, assessed cross-cultural differences in decision-making and the use of computer support in negotiation.

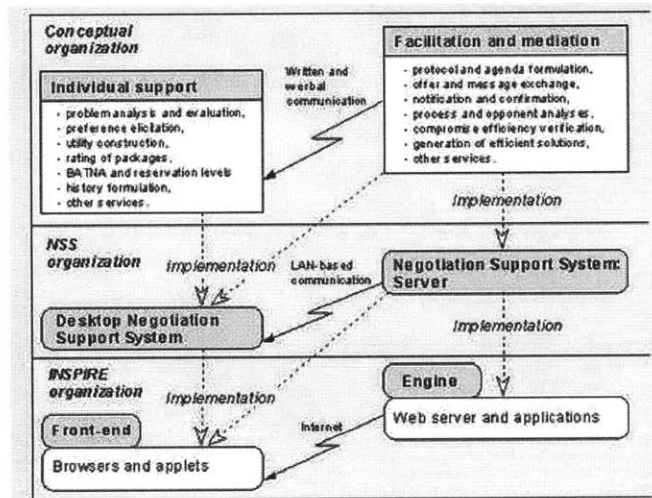Figure 1: Design of tool for cross-cultural tool

http://www.iiasa.ac.at

Description of the research: "of the this research is the first of its kind in the sense that for the first time a Web-based negotiation support system has been developed and used by many

people, and from many countries, who have engaged in bilateral negotiations. We are interested in the cultural differences" http://www.iiasa.ac.at/Research/DAS/interneg/research/misc/inc91.html

2. Automated Negotiation: Prospects, Methods and Challenges

N. R. Jennings1, P. Faratin2, A. R. Lomuscio3, S. Parsons4, C. Sierra5 and M. Wooldridge - Group decision and negotiation, Kluwer Academic Publishers.

The research mainly assessed multi-agent negotiation environments, and defined a frame to support multi-agent negotiation

Description of the research" argued that automated negotiation is a central concern for multi-agent systems research. To this end, a generic framework for classifying and viewing automated negotiations has been developed. This framework was then used to discuss and analyses the three main methods of approach that have been adapted to automated negotiation; namely, game theoretic, heuristic and argumentation-based approaches." http://eprints.soton.ac.uk/254231/1/gdn01.pdf

3. A Software Framework for Automated Negotiation

Claudio Bartolini1, Chris Preist2, and Nicholas R. Jennings3,

HP Laboratories.

There are several standards software negotiation interfaces, the research done mainly to specify the protocols between parties for negotiation

Research description: "we propose a modular approach to negotiation mechanisms: a generalized interaction protocol which can be specialized with declarative rules. We provide taxonomy of such rules and a software framework that implements this approach and give examples of rules for various negotiation mechanisms. The aim of our framework is to go beyond

what is currently offered by the existing standards, to provide a flexible approach to defining negotiation protocols enforcing the rules of the negotiation without having to adopt a fully-fledged coordination mechanism à la LGI [25]. We believe that our framework covers a wide variety of negotiation mechanisms of which we give a flavor in section 4 - and gives a mechanism designer the possibility of easily creating new combination of negotiation rules." http://eprints.soton.ac.uk/260807/1/selmas04.pdf

4. Determination of paths to vendor market efficiency using parallel coordinates representation: a negotiation tool for buyers

Charles A. Weber and Anand Desai, Institute for Defense Analyses, [b] School of Public Policy and Management, Ohio State University,

The research done mainly to measure vendor performance and efficiency, assist with negotiation between firm and supplier based on supplier efficiency.

Research description: "A novel approach has been developed for measuring vendor performance and efficiency. The approach uses parallel coordinates and data envelopment analysis to determine and illustrate the efficiency on multiple criteria for vendors and identify the benchmark values on these criteria for negotiating with inefficient vendors. The applicability of the proposed approach is illustrated by evaluating the negotiations between a firm and its supplier operating in a just-in-time inventory system."

5. Innovations in Agent-Based Complex Automated Negotiations

Ito, T.; Zhang, M.; Robu, V.; Fatima, S.; Matsuo, T.; Yamaki, H. (Eds.)

Innovations in Agent-Based Complex Automated Negotiations

The research done mainly to address complex negotiation, improve multi-agent negotiation issues in the internet

Research description: "Complex Automated Negotiations have been widely studied and are becoming an important, emerging area in the field of Autonomous Agents and Multi-Agent Systems. In general, automated negotiations can be complex, since there are many factors that characterize such negotiations. These factors include the number of issues, dependency between issues, representation of utility, negotiation protocol, negotiation form (bilateral or multi-party), time constraints, etc. Software agents can support automation or simulation of such complex negotiations on the behalf of their owners, and can provide them with adequate bargaining strategies. In many multi-issue bargaining settings, negotiation becomes more than a zero-sum game, so bargaining agents have an incentive to cooperate in order to achieve efficient win-win agreements. Also, in a complex negotiation, there could be multiple issues that are interdependent. Thus, agent's utility will become more complex than simple utility functions. Further, negotiation forms and protocols could be different between bilateral situations and multi-party situations. To realize such a complex automated negotiation, we have to incorporate advanced Artificial Intelligence technologies includes search, CSP, graphical utility models, Bays nets, auctions, utility graphs, predicting and learning methods. Applications could include e-commerce tools, decision making support tools, negotiation support tools, collaboration tools, etc."

6. The First Automated Negotiating Agents Competition (ANAC 2010)

Tim Baarslag, Koen Hindriks, Catholijn Jonker, Sarit Kraus and Raz Lin

I contact in person Raz lin and we discussed how to incorporate our idea to the open platform called Genius

Research description: "We have developed a negotiation environment that implements an open architecture for heterogeneous negotiating agents. It provides the basis for an implementation of a test bed for negotiating agents that includes a set of negotiation problems for benchmarking agents, a library of negotiation strategies, and analytical tools to evaluate an agent's performance and their strategies allows user. "

There are several researches and teams that thought about negotiation tools, the uniqueness of the automated negotiation tool in this research, is the fact that it focus on the preparation before

the negotiation, the tool should be able to predict the final solution for complex negotiation with many parameters, the tool will be able to provide the steps so managers and negotiators will be able to review the different outcome options of the negotiation, finally the tool will be able to store the negotiations from the past and define improvements for next negotiations sessions.

4.4 Design of the Tool

There are several conceivable options for the tool's design, each with advantages and disadvantages:

Using Genius 3.1 platform as baseline: the platform is actively and developed by academic research, the platform is open source code running on the PC in Java environment, the spec includes interfaces to the product, and it is possible to add your own features and components and to adjust the platform to your need

Info about the product

"We have developed a negotiation environment that implements an open architecture for heterogeneous negotiating agents. It provides the basis for an implementation of a testbed for negotiating agents that includes a set of negotiation problems for benchmarking agents, a library of negotiation strategies, and analytical tools to evaluate an agent's performance and their strategies allows user."
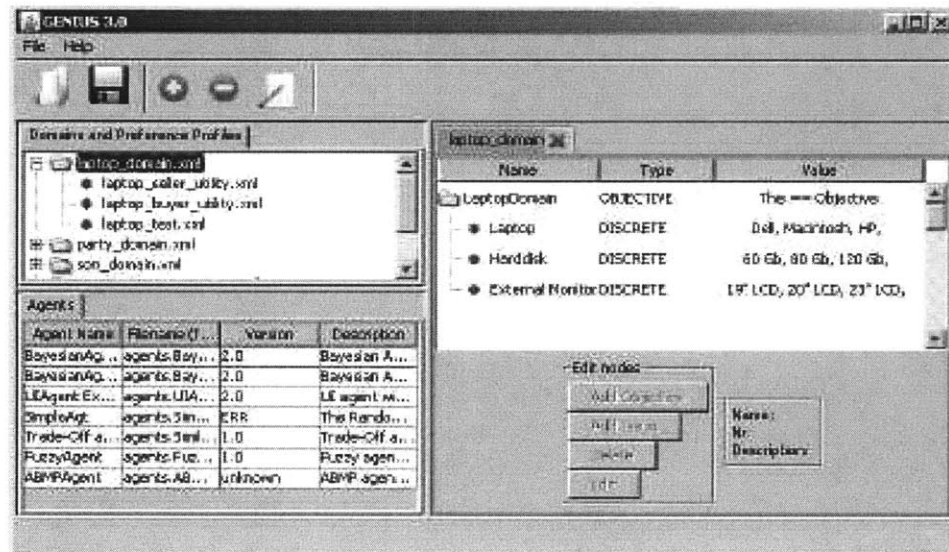
Figure 2: The negosimulator

(Reference "http://mmi.tudelft.nl/negotiation/index.php/Genius)

Using the Genius 3.1 as platform to our negotiation tool, has few disadvantages and advantages

Disadvantages:

- Complexity – the Genius platform has many features and not in the scope of our research, also users can add more features and add complexity to the platform as overall
- Each time genius 3.1 will update the platform, it required update of the negotiation tool, required additional development, for old users , Users will have to upgrade the new platform as well, usually more effort and risky
- Less Flexibility - Genius platform will serve several products, the negotiation tool will be one of many products that using the platform,

to add new features that are unique to the negotiation tool will take more time and sometime can't be done due to platform limitations

- Performance – usually generic product that are not unique for specific goal, can impact the performance of the user experience, few actions can take more time

Advantages:

- Security issue – the Genius platform is local client, less data transfer over the network, security is less risky
- Benefit from other developer/users – as an open source code platform, other developers adding more features, fixing bugs , the open source code encourage innovation and improve the quality of the product, users can modify the product and improve the scale of the product features
- Customer satisfaction – since customer can modify the product, it can be advantage and more customers might be satisfy
- Cost saving – using the platform can save time of development and can save cost of new product

Web based product: The client is web based, using http protocol to communicate between the database and the client

Advantages:

- Flexibility – By using the web for the client , the user will be to access the system from any place
- Simplicity – The design is web based, it is easy to implement and we can use standards technology that can make the development less complex with many components that are already developed, like user interface, print, other

- Easy to use - for user it is very easy to use client running on internet, they don't have to install the client, the open the browser like every other website
- Upgrade: No need to support upgrade for users, once the users upload the client using the web, the client will be uploaded with new version

Disadvantages:

- Security issue - the product is open to the network, the data and information about the negotiation strategy saved in remote location, it is less secure than local data
- Dependencies - the client is running on personal computers with different operation systems and different computer resources like memory, CPU, the application running on the web should support variety of environments, required effort and time.

Proprietary product with client running on local computer, it is different from product that running on web, the client is implemented as separate application, user has to install the application

Disadvantages:

- User has to install the client on his local machine, not convenience for users
- Developing client from scratch with exciting components that are ready , take more time and cost much more to develop

Advantages:

- Security issue - The data base will run the product is open to the web, Data and information about the negotiation strategy saved in remote location

Compare between the tool design options, each parameter has score; the "final scores" calculate the parameters score together

Design Solution/ parameters	Rate	Genius 3.1 platform client	Web based client	Propriety client
Simplicity	Complex- value 0 Simple – value 10	7	9	5
Security	Low – value 0 High - value 10	9	7	8
Maintanance	Max effort - value 0 Min effort – value 10	6	9	7
Flexability	Low - value 0 High - value 10	5	10	6
Performcne	Slow - value 0 Fast - value 10	8	9	7
Cost	High - value 0 Low - value 10	7	10	5
Final scores		42	54	38

Figure 3: Compare between design options

With current technology in market, the web based solution selected as best design for negotiation tool, it is the most flexible solution comparing to other alternatives, flexible both for users and also flexible in long term development, it will cost less to develop, and will be easy to maintain, no real obstacles that should prevent from selecting the web based solution

General ideas for the tool

In additional to the customer need and based on market research, there are several features that might improve the users experience

- Support different languages, the user can select different languages and both content and tool component will support the language, also translation from language id needed, in case other users added content with different language.

- Make the interface drag-and-droppable, user can modify the user interface, and the tool should store the changes for next session

- User will be able to assign tasks with recommendation to other users , and the tool will track the status of the tasks open/progress/done

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5 Part 2: Negotiation Between Americans and Israelis

Israeli culture in brief: The majority of Israelis arrived in the country in the twentieth century, from six continents and with diverse cultural backgrounds; further influences come from Muslim and Christian cultures of the Middle East, and the security situation in Israel and the broader Middle East has affected the nation's culture. Israelis tend to be direct, informal, and sometimes impolite, and we can see these qualities in Israeli negotiation style as well. In the recent years, more Israelis have begun to do business all over the world, gain exposure to different cultures, live outside of the country for a few years, and embrace other cultures' behaviors.

American culture in brief: Originally, the culture of the United States was derived from hat of Europe; the US remains a Western culture. America is a diverse country of immigrants from many nations, with many regional cultures. Overall, American culture places great emphasis on national holidays, the military tradition, innovation, uniquely American sports, and gives a very strong sense of price to the population.

5.1 Comparing Characteristic Israeli and American Approaches to Negotiation

Many similarities and differences are evident between Israeli and American approaches to negotiation, influenced by similarities and differences in their cultures. The research on this topic that is presented in this paper is structured in three phases:

> ➢ Phase 1: Define the general impact of culture on negotiations in terms of factors, and for each factor, compare Israelis and Americans based on a survey of the literature and on interviews with people from both backgrounds. The factors identified are as follows:
>> i.   Goal: Contract <-> Relationship
>> ii.   Attitudes: Win/Lose <-> Win/Win
>> iii.   Personal styles: Informal <-> Formal
>> iv.   Communication: Direct <-> Indirect
>> v.   Time Sensitivity: High <-> Low
>> vi.   Expression of emotional : High <-> Low
>> vii.   Preferred Type of Agreement: Specific <-> General
>> viii. Team Organization: One Leader <-> Consensus
>> ix.   Risk-Taking: High <-> Low

Source: Ivey Business Journal

> ➢ Phase 2: On the basis of the factor data, survey people from different countries in various industries (industries and sectors surveyed included high tech, real estate, finance, general retail, diamonds, show business, academic, scientific research, and law). The survey collected data on cultural differences between Israelis and Americans and their impact on the negotiation process,
> Also from the survey feedback we learned on how people are willing to use negotiation tool in order to improve their negotiation outcome.

> ➢ Phase 3: Using the prototype, monitor the similarities and differences between Americans and Israelis in approaches to commercial negotiation.
> The prototype is new website www.cancelon.com, a worldwide marketplace where users can buy and sell unused hotel reservations

5.2 General factors emerging from culture that impact negotiations

- *Attitudes—Win/Lose <-> Win/Win:* The research identifies few differences between the two cultures. In Israel, everything is negotiable, and Israelis are educated since birth to make sure they do not lose out or give up. This can be characterized as a "win/lose" attitude. Americans tend to negotiate less in daily life. When Americans and Israelis negotiate, the Israelis tend to be more flexible with the Americans than they would with other Israelis, moving to more of a "win/win" attitude because of the cultural and language differences, which inspire the Israelis to try to be more polite and flexible. Israelis respect American culture, and thus are willing to be more flexible when they approach Americans in particular. Americans tend to have a more win/win attitude than Israelis, and this influences Israelis during negotiation with Americans.

- *Personal styles—informal <-> Formal:* Negotiators engaging with people of foreign cultures must respect the appropriate formalities. Compared to many other peoples, both Americans and Israelis are considered to have informal cultures. Compared to Americans, Israelis are less formal in discussions and negotiation; they tend to do many tasks at the same time, and during negotiations, for example, they may answer unrelated phone calls, since for Israelis it is important to do more than one thing at the same time. Americans would consider this impolite. The informal atmosphere of Israeli business combined with the importance of relationships makes negotiation with Israelis less formal overall, with more opportunities for inadvertent rudeness when negotiating with Americans.

- *Communications—Direct <-> Indirect:* Similar to the case with personal styles, compared to other cultures, both Americans and Israelis are considered very direct and prefer to get things done quickly. However, Israelis can be very direct and personal; they may interrupt their opponents during discussion or express their opinion from the beginning of the negotiation. This is often taken as irreverent by Americans; on the other hand, Israelis may consider the American negotiation style to be unclear.

- *Time Sensitivity—High <-> Low*: Both Americans and Israelis are sensitive to time; for both cultures, time is money, and both prefer to get things done quickly. This is in contrast to cultures such as Latin America, which are not sensitive to time in negotiations and use this time to build trust between the parties. However, Americans often tend to rush to the deal-making phase, while Israelis tend to give more time and effort to discussions at the beginning of the negotiation. Although Israelis sometimes tend to be late in casual situations, punctuality is favored by both cultures, and in formal business negotiations, people from both cultures are usually on time.

- *Expression of emotion High <-> Low*: In general, personal and business conversation between Israelis is more emotional than between Americans. Personal relationships at work play a central role in Israel—in fact, the workplace is often considered a second family. Israeli conversation is more open than among Americans; Israelis have more emotional reactions, talk more loudly, and it is more common in Israel to interrupt one's conversation partner; In general Americans are more polite, and try to distinguish between private and business affairs. In negotiation between Americans and Israelis, both sides should seek to learn the rules around displaying emotions during negotiation and try to adjust. Israelis can be more polite and not interrupt during conversation; this will help build good relationships with Americans. For their part, Americans can be more open and share their feelings or seek help from Israelis, since Israelis like to help part of their open conversation; this will improve the negotiation results.

- *Preferred Type of Agreement—Specific <-> General*: Both Americans and Israelis prefer specific, detailed contracts that cover and anticipate all possible scenarios and circumstances. The contract is the main outcome of the negotiation, and both sides of the negotiation will refer to the contact in future situations.

- *Team Organization—One leader <-> Consensus*: Israelis tend to express their opinion, no matter their position in the organization. This creates an open

negotiation environment. Americans, in contrast, are unlikely to share their opinion if it is not in an area where they have some responsibility, unless they are responding to a direct question. American negotiators tend to follow a team leader who has complete authority to make decisions for the team, while Israelis prefer to share their opinion but will expect the person in charge to make the final call. In general, Americans are more organized before the negotiation, whereas Israelis use creative thinking to make many spur-of-the-moment decisions during the negotiation.

- *Risk-Taking—High <-> Low*: Americans consider themselves to be risk-takers; Israelis live in a situation of conflict and insecurity, and they tend to think in the short rather than the long term, and take risks as well. In global context, then, both are high-risk cultures.

The Impact of Culture on Negotiation		
Negotiation Factors		
Goal	Contract ⟷	Relationship
Attitudes	Win/Lose ⟷	Win/Win
Personal Styles	Informal ⟷	Formal
Communications	Direct ⟷	Indirect
Time Sensitivity	High ⟷	Low
Emotionalism	High ⟷	Low
Agreement Form	Specific ⟷	General
Agreement Building	Bottom Up ⟷	Top Down
Team Organization	One Leader ⟷	Consensus
Risk Taking	High ⟷	Low

Ivey Business Journal September/October 2004

Figure 4: The impact of Culture on negotiation

5.3 Report from interviews and survey data

The purpose of the survey and interviews conducted for the present study was to learn about the different negotiation styles that Israelis and Americans employ, and to collect feedback on how people from these groups hope to use the online negotiation tool. The survey included 33 responses from Israelis and Americans with different professional backgrounds, including lawyers, tech workers, retail workers, real estate agents, academics, and military personnel. The majority of these people had participated in negotiations between Israelis and Americans. This paper includes interviews with more than 15 people with negotiation experience, the Participants were selected based on their backgrounds in negotiation and culture negotiation, they have a lot of experience in negotiations with Americans, Israelis and other cultures.

1. Have you been involved in negotiations with Israelis as part of your work?		Create Chart ⬇ Download	
		Response Percent	Response Count
Yes		93.5%	29
No		6.5%	2
		answered question	31
		skipped question	2

2. Have you been involved in negotiations with Americans as part of your work?		Create Chart ⬇ Download	
		Response Percent	Response Count
Yes		90.3%	28
No		9.7%	3
		answered question	31
		skipped question	2

Figure 5: Survey responses
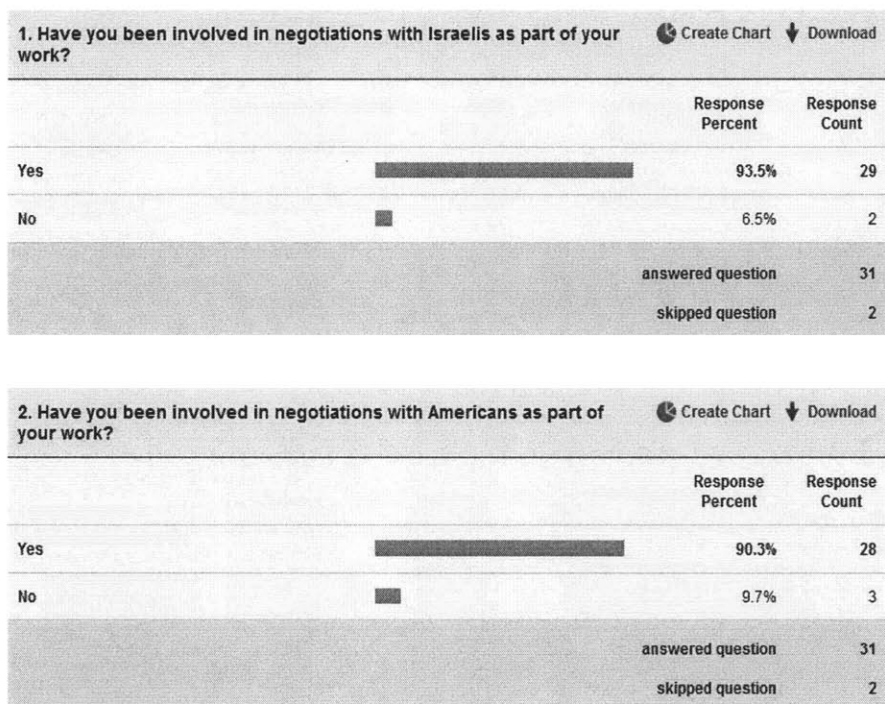
We can learn a few things from the survey. The majority of American respondents tend to rate Israelis either very low or very high both for trust and for focus on common ground, possibly because they tend to think that Israelis communicate aggressively, are not polite, and dicker over every item in a negotiation, making it difficult to communicate and find common ground on which to

base an agreement. Few Americans appreciate Israelis for the open and informal atmosphere they foster in negotiations, even though this should make it easier for the Americans to get to the point quickly and build trust for future negotiations.

For their part, Israelis tend to rate Americans high on level of trust—they appreciate the American approach to negotiation and how organized the American teams are, However, some Israelis think that Americans do not share their feelings or encourage open conversation from Israelis looking for a more personal relationship with their business partners. In other words, they rate Americans low on seeking common ground. It was interesting to find that Israelis rate Israelis very similar the way Americans rate Americans. To achieve better results when negotiating with Americans, Israelis must respect the appropriate formalities. It is safer to assume a formal posture and move to an informal style if the situation warrants it; Few Israelis mentioned it in the High tech industry where they are doing negotiation with American on daily basis and they saw the change of the years, they have better results in negotiations with Americans.

7. Level of trust						Create Chart	Download
	very low	low	mid	high	very high	Rating Average	Response Count
With American partners	6.5% (2)	12.9% (4)	16.1% (5)	45.2% (14)	19.4% (6)	3.97	31
With Israelis partners	0.0% (0)	23.3% (7)	26.7% (8)	40.0% (12)	10.0% (3)	4.07	30
					answered question		31
					skipped question		2

8. Negotiation focus						Create Chart	Download
	Focus on common ground				Focus on differences	Rating Average	Response Count
American partners focus	12.9% (4)	54.8% (17)	22.6% (7)	6.5% (2)	3.2% (1)	2.32	31
Israeli partners focus	10.0% (3)	10.0% (3)	43.3% (13)	33.3% (10)	3.3% (1)	3.10	30
					answered question		31
					skipped question		2

Figure 6: Survey results

Following are a few points mentioned in the majority of the interviews conducted after the survey. (These reflect the views of the participants rather than statistical evidence.)

a) Americans tend to feel less comfortable presenting unrealistic offers, even if it will help them in dealing with their Israeli counterparts; the majority of Israelis have no difficulty making unrealistic offers.

b) The Israelis mentioned that Americans do not show emotions during negotiation, instead taking a "business as usual" approach.

c) For some Israelis, negotiation with native Israelis is typically much easier than negotiation with recent eastern European immigrants; in other words, there are culture differences among Israelis, just as in the immigrant American culture.

d) Israelis are more emotional, and tend to create highly charged emotional situations at every step of a negotiation, whether happy, sad, or otherwise.

e) Israelis are willing to take more risks; Americans prefer to play it safe.

f) Israelis are more direct;

g) Americans are less likely to stay in touch than Israelis are.

h) It is easier to take shortcuts with Israelis.

i) Israelis do not always prepare before the negotiation.

j) Israelis try to keep as many issues open as possible, so they have as much scope of action (to insist on an outcome or to capitulate) as possible.

The survey revealed significant differences between Israelis and Americans in terms of their willingness to use the online negotiation tool: the majority of the Americans surveyed are willing to consider the tool, while most of the Israelis do not find it to be an appropriate solution. There are several plausible reasons for these differences; first, Americans tend to be more organized in negotiation, follow a process, and do more preparation beforehand. They believe in or at least are open to the idea that the tool can save them time and effort and improve their negotiation position. In contrast, Israelis tend to rely on personal relationships in negotiation and adjust their approach as they go, making the tool less appropriate. A second reason may be that Americans are often early adaptors of new Internet solutions, and use the Internet in many more ways than Israelis. Thus, the Internet-based aspect of the proposed model may appeal to them.

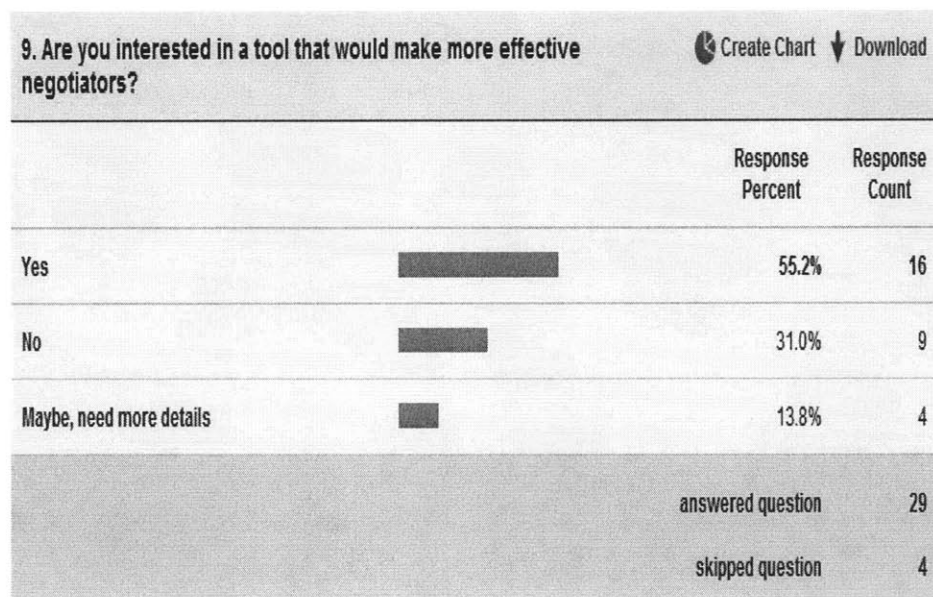| 9. Are you interested in a tool that would make more effective negotiators?		Response Percent	Response Count
Yes		55.2%	16
No		31.0%	9
Maybe, need more details		13.8%	4
		answered question	29
		skipped question	4

Figure 7: Survey negotiation tool result

5.4 Online Negotiation Prototype

Recently, I launched a new website, a worldwide marketplace where users can buy and sell unused hotel reservations, and travelers who need to cancel a reservation for any reason and are unable to do so due to provider policies can post and sell it. The name of the portal is Cancelon (www.cancelon.com). The website has been live since November 2011, and users from all over the world are selling and buying unused hotel reservations.

I observed 170 users registered on the website—Americans, Israelis, and others—trying to sell and buy hotel reservations, 110 reservations posted in the website, we close few deals, noted the following points:

- **Sellers** need to decide the price at which they want to sell the reservation. They can change the price anytime. They are not able to see how many people have viewed their listing.

- *Buyers* cannot change the cost of the reservation, but can make a request on the site and give an amount they are willing to pay, since the website is new the buyers are taking a risk buying the reservation from this unfamiliar site, so it is most likely that will not buy unless the price is attractive .

Figure 8: Negotiation prototype portal

I saw several trends in users behavior: users offer high prices initially even though they will lose all their money if they do not sell the reservation. In the first month, the original price was not visible to the buyer, once we changed it, and the original price was visible, the seller will try to sell

the reservation for less. Sellers very often provide details about their reason for not going on the trip, trying to build trust with buyers.

Cancelon is a mediator between the parties; the sellers and buyers do not interact directly. Many of the differences that we can anticipate in direct negotiation between different cultures (Israelis, Americans, and others), we do not see when communication is mediated; instead, people behave similarly in terms of how they set the price, how they change the price, and their comfort with the process. I should note that more of the portal users are Americans than Israelis, which is to be expected, since Americans trust new online tools more than Israelis. We saw the same reaction in the survey on the online decision tool. Another reason for the differences is related to the differences in the travel industry between the two countries: the majority of Americans tend to make travel reservations online, while the majority of Israelis tend to make reservations with travel agent

6 Conclusions and Future work

This paper surveys the differences in negotiation between Israeli and American cultures, this thesis also looks at how negotiators are willing to use automatic negotiation tool that will improve their results in negotiation, negotiators can be managers, Users engaged in complex negotiations, novice negotiators. Then using this knowledge, this thesis innovates by introducing design for a tool with set of features and algorithm that will improve negotiation result, the tool framework can assist large target audience.

The idea of evaluation needs for automated negotiation tool is already done in few universities in the recent decade, however, cultures differences between Israelis to Americans and the tool with unique goal is the main contribution of the research. Many new concepts and tools had large audience in the internet age, this research is targeting the potential users that doing negotiation worldwide and are early adapter to use new web based tool for negotiation. Besides applying these culture differences and set of features for the tool, this paper aimed for an easy and cost effective way to do so. Instead of using complex similar platform, the design of the tool is relative simple to implement and to use by future users.

This thesis does not prove that implementing of the tool improves bottom line results of negotiation. Ideally, after implementing of the tool with set of features and algorithm that takes into consideration the culture differences, the paper should revisit the users and check the impact on negotiation with the tool and without the tool, however, it is unlikely to happened that companies are fine to be measured in the negotiation area by scientific study.

The research done in this paper is applicable to other cultures cases as well, the differences are not the same like American and Israelis, it could be benefit to use the same parameters to compare between the cultures and use the tool for other cultures as well.

While it is true that every company may benefit from the negotiation tool, it is not always suitable to use the negotiation tool in companies that people resist new technology. It would be interesting to implement the tool for in companies in different area and see how users are willing to use the tool and automate some of the negotiation process.

One aspect that was not fully taken into consideration is the execution of the tool distribution among users. How we should reach early adapter users? In order to fully assess who are the early adapter users, one option will be to implement the tool with very limited functionalities and offer potential users to use the tool, collect feedback, either change the target audience or improve the tool. Another option will be to implement the tool with more functionality, and target large audience from day one, in the second option, it is more likely to find the target audience once the tool is ready, it takes more time to reach first users. Personally, I prefer the first option, implement the basic functionality and contact users to use the tool as early as possible.

I was not able to collect a deep feedback from potential users, the survey feedback responses where limited, more than 30 people update with feedback, but they skip many questions, the interviews helped to collect more inputs.

A possible direction for expanding this tool, will be the implementation of the tool for smartphone. Smartphone application that negotiators and managers will be able to use to communicate between them during the negotiation, share tactic steps, also negotiator will be able to receive alerts from the application if something going wrong.

Having clear goal result for negotiation is key for success, during the preparation for negotiation, negotiators should use automated tool, the technology can support very valuable tool. It will improve significantly the results of the negotiation with less effort.

Appendix

Survey concluded for the research

1. Have you been involved in negotiations with Israelis as part of your work?

○ Yes

○ No

2. Have you been involved in negotiations with Americans as part of your work?

○ Yes

○ No

3. Have you spent time in US, how long?

[   ]

4. Have you spent time in Israel, how long?

[   ]

5. Please write a brief description of negotiation with Israeli and American, what was your role, which country you worked at that time?

If you negotiate only with American / Israeli, please comment in answer

With American?	[ ]
With Israelis?	[ ]

6. Can you identify differences between American partners and Israeli partners during negotiation

How the negotiation started?	[ ]
How the negotiation finished? (Win/Win)?	[ ]
Which negotiator was more willing to offer solutions? What?	[ ]
Communication style	[ ]
How conflicts are resolved	[ ]
Other	[ ]

7. Level of trust

	very low	low	mid	high	very high
With American partners	○	○	○	○	○
With Israelis partners	○	○	○	○	○

8. Negotiation focus

	Focus on common ground				Focus on differences
American partners focus	○	○	○	○	○
Israeli partners focus	○	○	○	○	○

Some of the negotiations are complex with many details and many stakeholders, in other cases managers are interested to guide their people how to negotiate. The decision-making negotiation tool will provide options for negotiators on the different tactics and strategic they can implement in the negotiation, also provide them options that the opponent might choose in the negotiation and offer few best alternatives to choose in each step

9. Are you interested in a tool that would make more effective negotiators?

○ Yes
○ No
○ Maybe, need more details

10. Are you willing to chat with me by phone about such a tool (less than 15 min), is yes please write your email, thanks

[_____]

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