

WOMEN AND NEGOTIATION: BEYOND THE MYTH THAT WOMEN DO NOT NEGOTIATE

RETREAT REINVENT RECHARGE





WOMEN & NEGOTIATION: BEYOND THE MYTH THAT WOMEN DON'T NEGOTIATE WELL

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A long-standing myth holds that women don't negotiate for higher salaries and promotions as effectively and often as men do. The popular and pervasive 'women don't ask' paradigm that suggests if women only asked, they would receive, contributes to this myth. And as a result, there have been a variety of efforts to empower women to negotiate. Yet, the common thinking surrounding this paradigm has recently become the subject of some degree of skepticism (Schneider, 2017). We will argue that the relationship between women and negotiation is more complex


and nuanced than previously believed, and that the lens used to view women and negotiation needs to widen. Today, women are called to advocate not only for their salaries, but their roles within the organization, their titles, their visibility, resources, and leadership, among other things. In this white paper, you will read about research that both contributes to and busts this myth of women being poor negotiators. We will then follow this discussion with strategic negotiation tips to support women's career advancement.

Let's begin by illustrating the costly economic implications of failing to negotiate. According to a study conducted by researchers from George Mason University and Temple University, a person who negotiates a \$55,000 starting salary as opposed to a \$50,000 starting salary would make \$634,198 more over a 40-year career, assuming a 5% pay raise each year (Marks & Harold, 2011). While \$5,000 might not seem to be a significant number, it can quickly add up over time. Because women leave and re-enter the workforce more frequently than men on average, negotiating starting salaries each time of entry can have a compounded effect on women's lifetime earnings and inadvertently contribute to the gender wage gap (Blau & Kahn, 2017). Yet encouraging women to negotiate must be balanced with caution. According to a survey conducted by Google, 66% of adults from the United States reported that women may lose from negotiating their salaries (Exley, Niederle & Vesterlund, 2018). These losses can come in many forms including financial, reputation, and collaborative power.

This fear of potential losses is reflected in a body of research indicating that women are less successful at negotiating, especially when doing so on their own behalf. A study led by a team from McCombs School of Business at University of Texas showed that when women and men went to the negotiating table with similar goals and desired outcomes, women were more likely to accept lower outcomes, and they conceded in the negotiation process sooner when negotiating for themselves. However, when women negotiated on behalf of someone else, they experienced far more favorable outcomes (Amanatullah & Morris, 2010). These researchers found that when women negotiated for themselves, many worried about being perceived as too pushy or bossy, and this created a hesitancy that negatively impacted their efforts.

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Women's concerns of being perceived as too assertive are justified. Across disciplines, research confirms that when women are assertive at the bargaining table, especially in environments where the stereotype of women focuses on them being collaborative and nurturing, they are seen as less likable and experience both financial and social backlash (Tinsley et al., 2009). Another study conducted by professors from Harvard Business School, Carnegie Mellon University and Tulane University, found that when women attempted to negotiate higher salaries, both men and women participants were less interested in working with them than they were with the men who engaged in similar salary negotiations (Shonk, 2021). However, on the flip side, if women appear too modest or not assertive enough, they may be seen as less capable for higher managerial and leadership roles.

The social costs associated with this double bind impact women's choices whether or not to negotiate at all. People typically engage in negotiation if they believe they will be successful, that the negotiation will be of benefit, and if the purpose of the negotiation is of value to them (Reif & Brodbeck, 2014). So, when the potential costs of asking for the greater title, promotion, or higher salary outweigh the benefits, many women concede, and this may explain why research shows that in general women are less likely to initiate negotiations than men (Kugler, Reif, Kaschner, & Brodbeck, 2018).



It is worth noting that much of the research indicating that women are less likely to negotiate does not take into consideration the factors of why people take the risk to negotiate in the first place. For example, one study looked at MBA graduates interviewing for their first positions post graduate school. It revealed that 57% of the men negotiated the salary for their first job, while only 7% of the women did so (Babcock and Laschever, 2003).

However, simply looking at the percentage of women vs. men who negotiated in these instances fails to show the whole picture. By not considering whether candidates had other job offers and how having multiple offers might impact negotiating behaviors, one can't assume the 'value' of negotiating would be equal for all participants. Such factors as having multiple offers may have impacted participants' beliefs as to whether they were in a position of strength to negotiate successfully or not.

As a result, we need to look more broadly at why and when women choose to negotiate, the value and costs associated with doing so, and why organizations need to give attention to this matter.

Kellogg School of Business professor and negotiation expert, Victoria Medvec suggests that women are less likely to negotiate workload than men. "Don't take on more work and keep doing more, and then quit in frustration," she advised. Instead, she suggested women learn to negotiate workload before they feel pressured to leave (Medvec, 2021). This reluctance to negotiate workload may directly play into the exodus of women from the labor market during the pandemic.

A Deloitte international survey of 5000 women showed that 77% of women experienced an increased workload since the start of the pandemic. 66% of these women also reported having the greatest responsibility at home for household tasks and childcare (Deloitte, 2021). And according to McKinsey & CO's Women in the Workplace 2021, twice as many women than men report significant burnout since the start of the pandemic. One in three of these women has considered leaving the workforce or scaling back their career, which is up from one in four in 2020 (McKinsey & CO, 2021).

The organizational cost of women resigning and stepping out of the talent pipeline is great. So, while the push may be for women to actively negotiate workloads, organizations must step up to the plate and be part of the solution as well.

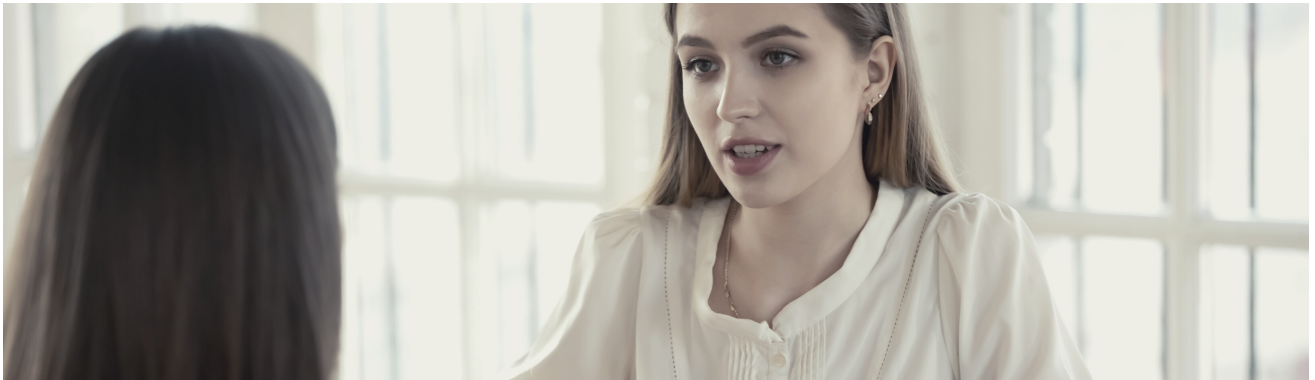
The context and setting of a negotiation impact the probability of success, and organizations committed to gender parity can play a crucial role here. Studies show that when a high level of ambiguity exists in terms of what are "acceptable" or "unacceptable" behaviors for women, men tend to be better negotiators. However, when there are greater levels of transparency, and clear markers as to what is acceptable with regards to negotiation behaviors, women negotiate as effectively and consistently as men (Reif et al. 2019). Job postings without clear salary ranges and transparency create high levels of ambiguity that can negatively impact women's negotiation efforts.

To address this, several states in the U.S. have recently adopted pay equity laws that require organizations to disclose wage ranges when posting jobs. Other U.S. states are expected to follow this trend.

Germany recently passed the Wage Transparency Act giving people the ability to research the average pay for employees. Iceland, who is close to achieving gender pay parity, requires organizations with 25 employees or more to have external audits verifying people are paid the same for doing the same work.

While legislative efforts seem to be positively impacting the gender pay gap, researchers conclude they must be accompanied by accountability and transparency guidelines, an action orientation, and enforcement measures to ensure organization compliance (Cowper-Coles et al., 2021).

Yet even with greater transparency and wage range disclosure, hidden organization norms still exist that impact women's negotiation experiences. Perhaps this explains why a close inner network has proven to be so valuable to women professionals (Yang et al., 2019). Through these close networks, women can discover unspoken norms around negotiation expectations, and thereby position themselves better at the bargaining table.



While we have been discussing research that reflects women's tendencies to negotiate less often and less effectively, other current research directly contradicts this notion that women don't negotiate. Instead of using controlled experiments to view negotiation behaviors, Benjamin Artz and his research team were the first to look at matched employer-employee data where employees were surveyed regarding their requests for promotions and salary raises. This quantitative study indicates that women were just as likely to ask for pay increases and promotions as men were, yet these women were 25% less likely to receive the raise or promotion (Artz et al., 2016). This research directly contradicts the 'women don't ask' paradigm that has infiltrated the thinking on this issue.

Another contradiction to this paradigm is the 'broken rung' phenomenon that highlights why women struggle climbing

the career ladder. Research shows that for every 100 men who seek and receive promotions to their first managerial roles, only 72 women receive the same promotions (McKinsey & CO, 2019). These results tell us that women's career advancement is not as much about women not seeking and negotiating promotions, as it is one of employer practices that stand in the way.

Such practices contribute to the 'sticky floor' concept, first introduced in 1992 by Catherine White Berheide, to describe discriminatory barriers that hold women down. It also aligns with research conducted by Australian labor economist, Lenore Risse, asserting that discrimination accounts for women's stagnant careers rather than female workers' confidence and assertiveness (Risse, 2020). While the focus of this paper is not discrimination in the workplace, it must be acknowledged as we challenge the myth that women are poor or reluctant negotiators.

One other perspective worth noting is that women may be more inclined to negotiate for things other than salary (Schneider, 2017). Flexibility in schedules, starting dates, titles, vacation time, tuition reimbursement, stretch assignments, and travel requirements are often factors that play into their negotiations, especially when they have significant care-taking responsibilities in addition to their professional roles.

Women also prove to be powerful when negotiating on behalf of someone else or for a collective cause. In fact, female executives outperformed male executives when negotiating salaries for mentees (Bowles et al., 2010).

So, while the research we have presented to this point can be contradictory, the more recent findings show that women do ask for salary increases and promotions (while not always successfully), they negotiate for different things and on behalf of others, and finally, they may go about the negotiation process differently, which we will now discuss.

As mentioned earlier, many of the studies on negotiation are done in laboratory settings where researchers looked for signs of assertiveness – the ability to boldly present and defend arguments - to track successful negotiating behaviors. However, Professor Andrea Schneider and her colleagues look beyond assertiveness as the primary negotiation behavior.

In their work, they have identified four other critical behaviors that also contribute to successful negotiation: empathy, flexibility, social intuition, and ethics (Schneider, 2012).

While men appear to be more assertive than women in these controlled studies, the ability to create an understanding with those who may disagree, and to be adaptable while working to create mutually beneficial solutions are skills that Schneider has found women and men share equally. The ability to read the social interaction and body language during negotiations, and to build social capital and long-standing relationships based on reputation and reliability are areas that Schneider's team has found women excel (Schneider, 2017). So, while women may resist being assertive in certain situations because of fear of backlash, they can rely upon these other powerful negotiating skills.

At Retreat Reinvent Recharge, we have had the privilege of working with hundreds of women navigating career transitions and career advancement. This topic of 'how do I negotiate' often surfaces in our classes and coaching calls. Women ask: When should I negotiate? What should I ask for? How should I approach it? How will I be perceived if I negotiate too aggressively or too passively? What will I leave on the table if I fail to negotiate?



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(Schneider, 2012)

To address these questions, we close this paper by offering strategies that go beyond flexing the assertive muscle, and instead, tap into other approaches to negotiation. We use our **Who/What/How** model to help you strategically consider who you will be at the negotiating table, what the viable points for negotiation should include, and how you can engage in a successful negotiation.

WHO

1) **Identify the distinctive strengths you bring to the table.** Make a list of all the

ways you potentially add value to an organization. Do you have relationships in the industry that are of value? Do you offer a fresh perspective from outside the industry? Do you have language skills or a track record of high-performing team skills? Do you have experiences that have contributed to interpersonal effectiveness, or do you have a strong sense of personal resilience?

2) **Tap into your empathy.** Sit in the seat of the people with whom you will negotiate. What are their most pressing pain points? What potential opportunities

can you help them realize? What do they need most, and what might they benefit from the most?

3) ***Make the conversation about them.***

When negotiating, limit the use of “I” and “me” as much as possible. Instead, find opportunities to talk about “we” and “us.” Frame the conversation in collaborative ways that highlight what you can accomplish together because of the skills and background you bring to the table. Make the focus less about why you want certain negotiation outcomes, and more about how you can strategically help them accomplish what is important to them.

WHAT

1) ***Clarify your negotiation goals.***

Break down your list into desirable outcomes, acceptable outcomes, and non-negotiables. This list will help you see where you can negotiate and how you can be strategic in your conversation.

2) ***Align your distinctive strengths to their most pressing needs and opportunities.*** Take time to connect the dots for how your distinctive strengths give them a competitive advantage. If an employer can understand and verbalize how you add value above and beyond other candidates, they will be more likely to offer you something without feeling that they have to offer the same things to others, which could create a costly precedent for them.

3) ***Consider priorities.*** Reflect on what is most critical to you, what might be most critical to them, what would be easy for you to concede, and what might be easy

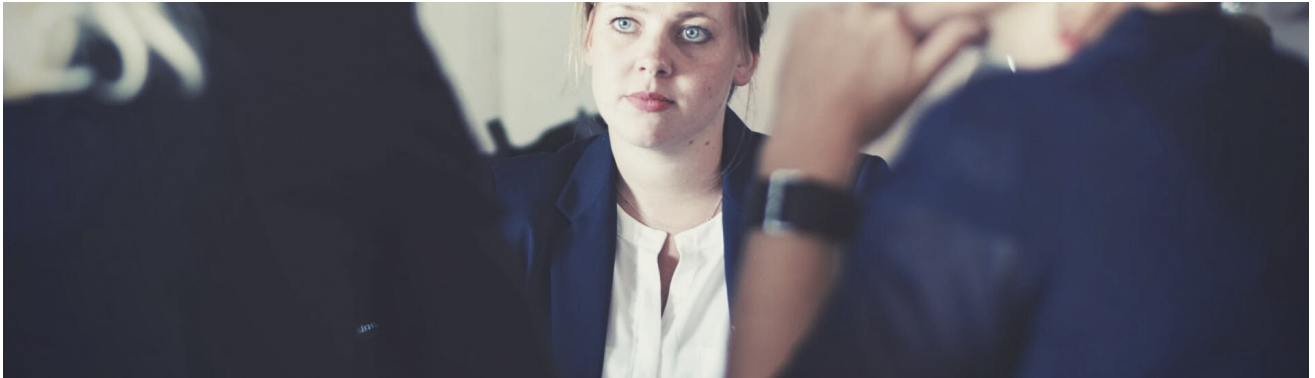
for them to concede. Understanding these priorities gives you options for how to proceed. What matters to you most – a salary, title, working environment, flexibility? What do you perceive matters most to them? What could you give up that is important to them? What might they be willing to negotiate that is of high importance to you? The goal is not to negotiate on every point. Instead, think about it in terms of playing a ‘hand of cards’ to give you more flexibility in creating a win-win outcome.

HOW

1) ***Invest in preparation.*** There is perhaps nothing that can help you more in negotiations than taking ample time to prepare. In terms of salary, explore the lower/upper limits in the industry and the organization, if possible. Utilize sites such as Salary.com or Glassdoor.com to learn about the market rates for various salaries. Also, tap into your inner network - with people ‘in the know’ whom you trust - to glean insights into an organization or potential hidden norms. Role play negotiation conversations with a trusted friend or advisor to help you fine-tune your approach. Finally, take time to sleep on an offer. Daniel Kahneman, author of the book *Thinking Fast and Slow*, suggests doing research to inform your instincts as opposed to simply trusting your instincts.

2) ***Create multiple offers to present.*** If asked early in the process about your salary requirements, you can keep the conversation open by saying that you are looking at the compensation package at large. This response gives you room to create options and to avoid getting backed into a corner based on salary alone.

If the conversation advances to a point where you've been presented with an offer and you are ready to counter, bring different acceptable outcomes to the table. Again, resist thinking about salary only, and consider benefits, title, bonuses, growth opportunities, and leadership roles, as part of your compensation package. Perhaps one potential outcome you design is rooted in a particular salary, one might be rooted in a title and flexibility, another might include opportunities for professional exposure and growth. According to Dr. Medvec, having multiple ways forward increases the sincerity effect, and helps the other side see you as genuinely working to achieve a mutually beneficial outcome (Medvec, 2021).



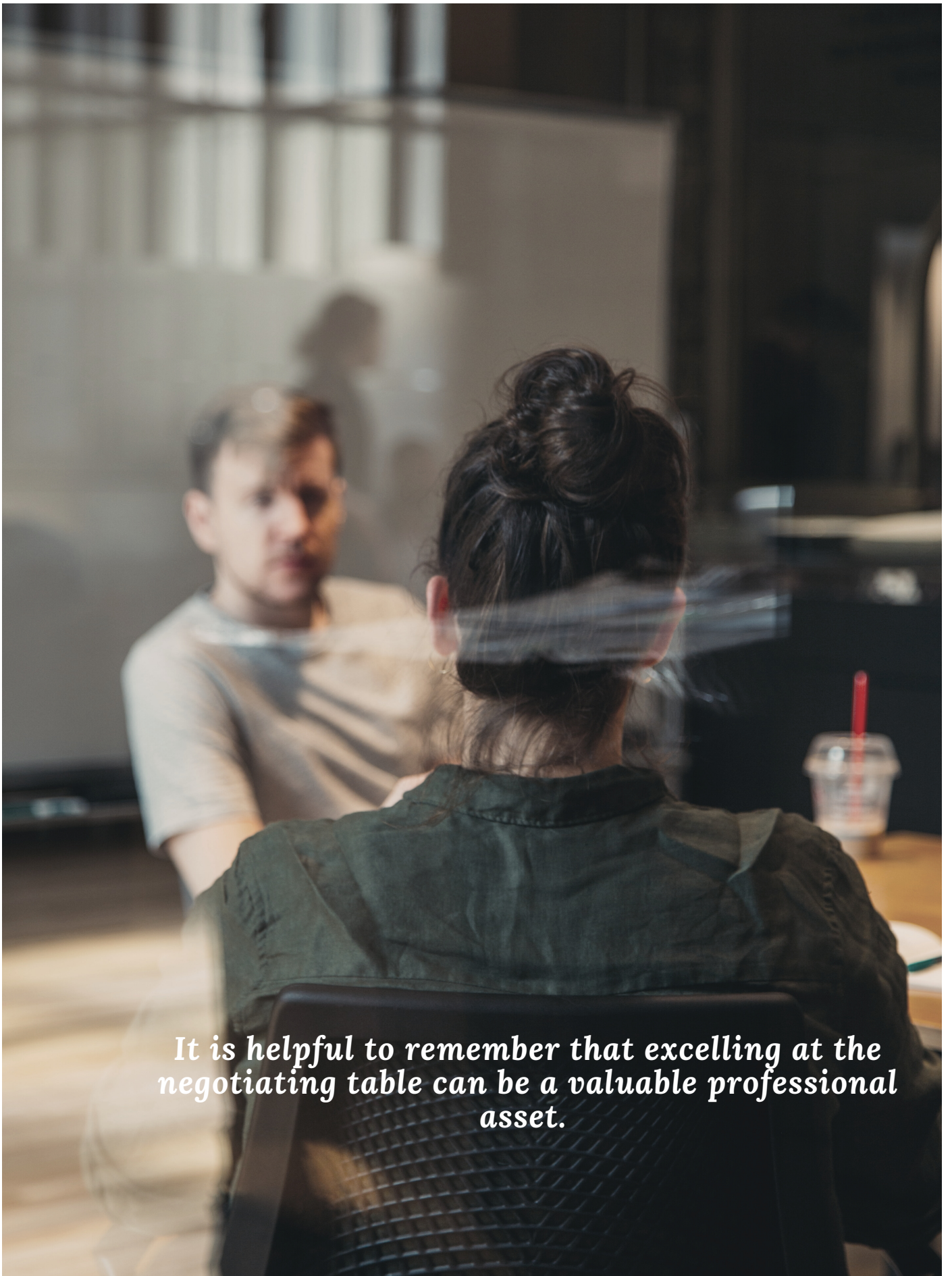
3) ***Negotiate in person if possible.*** You are better suited to read non-verbal cues, pick up on shifts of energy and tone, and intuitively interpret how the conversation is progressing when you negotiate face-to-face. This non-spoken data gives you the much-needed information to know where you can connect and collaborate, when you might push, or when you are hitting a wall and need to explore a different option.

Conclusion

At the heart of every negotiation lies an element of risk. It requires stepping into the unknown and asking for something you want. For many women, this process is uncomfortable, and justifiably so because of potential social costs. Yet there are personal financial and psychological costs of foregoing this risk. At Retreat Reinvent Recharge, we talk about strategies to take such risks whether you feel confident or not, in our white paper *Women's Career Advancement: It's not about confidence, it's about risk and support.*

It is helpful to remember that excelling at the negotiating table can be a valuable professional asset. When Sheryl Sandberg received an unsatisfactory offer to join FaceBook, she went back to the table and said, "This is the only time you and I will ever be on the opposite sides of the table." In doing so, she highlighted that she was negotiating for herself as she would ultimately be doing in her future role (Sandberg, 2013). When you successfully negotiate for yourself, you have an opportunity to demonstrate what you can do for the organization.

The working world is rapidly changing. In just a few short years, the #MeToo and Times Up movements, a global pandemic, and the Great Resignation have significantly impacted the workforce. How these events will influence women's relationship to negotiation remains to be seen. We hope a collective growth in the power of women's voices, along with the global push toward gender pay equity, will result in shattering this myth that women don't negotiate well for themselves.



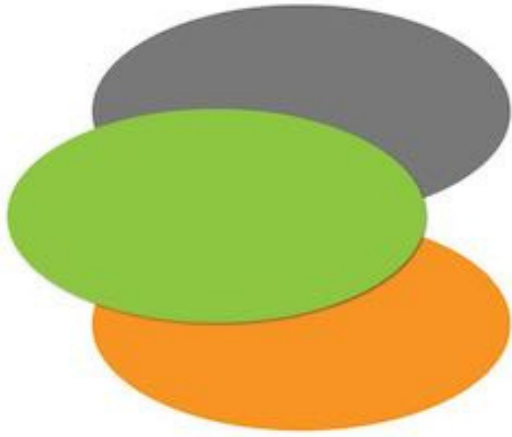
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