

Women and Negotiations: Unveiling Some Secrets to Success

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Abstract

Effective leaders are decision makers, strategic planners, calculated risk-takers, and highly skilled negotiators. Interestingly, the critical skill of negotiating is not one that most women naturally demonstrate. Because the majority of women in the workplace do not negotiate, they often do not advance as quickly as they should, nor do their salaries increase as rapidly as those of their male counterparts. In this article, the authors will talk about some of the “secrets of negotiating success” that have been used for decades by those who have reached the top of their career ladders. These “secrets” include three critical attitudes and 15 strategies that may help to position women for success in the bargaining arena. In addition, the authors challenge leadership educators to develop experiences, courses, and modules for women to enhance their negotiating skills.

Introduction

In today’s competitive job market the race for leadership positions has already begun before many women get to the starting gate. While the number of women in the labor force increased from 43% to 60% from 1970 to 2002 and the percentage of women in managerial and professional positions increased from 22% to 34% from 1983 to 2002, professional women’s salaries still represent only 75% of men’s salaries (U.S. Department of Labor, 2004). While *some* of this inequity can be explained by the types of jobs that women enter – more stereotypically “female” occupations with lower salaries – much of the disparity can be explained by the fact that women simply do not negotiate very well (or at all) for what they deserve in terms of salary, bonuses, fringe benefits, and

perquisites on the job. As Rose and Danner (1998) noted, women are “underbenefitted,” particularly in terms of salary.

In fact, Babcock and Laschever (2003) found that only 7% of female master’s degree graduates, compared with 57% of male master’s graduates, negotiated for a higher salary than was originally offered by the employer. The male graduates were able to successfully negotiate 7% higher salaries than the female graduates, translating into a lifetime of reduced earnings for the females. Thus, the effects of “not negotiating” surface immediately in the workplace and are compounded daily throughout a woman’s career. In this article, we define the term *negotiations* and look at some of the particular problems and issues faced by women as they enter the negotiating arena. Further, we discuss three attitudes that are critical to women’s ability to negotiate effectively, followed by an overview of the “essentials” involved in the negotiating process itself.

Negotiations Defined

Negotiations has been defined as “all cases in which two or more parties are communicating, each for influencing the other’s decision” (Fischer, 1983, p.183). It “permeates the interactions of almost everyone in groups and organizations” (Robbins, 1998, p. 449). In fact, according to Wyatt (1999), “the ability to negotiate plays a key role in one’s professional and personal life” (p. 22).

We cannot escape it. Negotiation is inevitable and a constant. We negotiate with our partners or spouses over what to eat or what television program to watch. We negotiate with our children over the amount of their allowance. We negotiate with co-workers over the schedule for vacation days. However, when it comes to negotiating our own salaries and benefits, something goes awry. Women bristle at the thought of “fighting” for what they deserve and are often willing to settle for what is offered to them at the outset (Miller & Miller, 2002). This is frequently quite a bit less than the employer is willing to pay. In fact, “women may unduly penalize themselves by failing to engage in negotiations when such action would be in their best interests” (Wyatt, 1999, p. 22).

Problems and Issues Women Face in Negotiations

Women hold a number of beliefs that prevent them from engaging effectively in negotiations. Not the least of which is anxiety about the process itself (Babcock & Laschever, 2003). Women tend to undervalue themselves, suffer from a low sense of personal entitlement (Babcock & Laschever, 2003; Bierema, 1999; Rose and Danner, 1998), expect less for themselves, and do not believe they deserve any more than they are offered (Babcock & Laschever, 2003; Whitacker & Austin, 2001). In Bierema’s (1999) study of women executives, one woman talked about the “grateful” factor. Women so devalue their talents that they are grateful to have been “given” a job which they often attribute to sheer luck. With regard to this “gratitude attitude,” Miller and Miller (2002) indicated that women “tend to be

flattered by the mere offer of employment and are afraid to do anything that might jeopardize it. Often, this rules out the possibility of asking for anything else” (p. 167). In essence, when women ask for too little, they reduce their worth in their superiors’ eyes (Heim, 1993). In fact, “employers may think less of you if you do not negotiate” (Miller & Miller, 2002, p. 168). Whitaker and Austin (2001) put it this way, “Your perceived value goes up if you show your new employers you’re prepared to negotiate” (p. 78).

To make matters worse, women are typically unaware of their value in the marketplace (Babcock & Laschever, 2003; Rose & Danner, 1998) and may be unsure of what kind of counter proposals to make when an initial offer is “on the table.” What happens then, is that when they do ask for more, “they ask for too little” (Miller & Miller, 2002, p. 167). Furthermore, when women take the time to conduct market research and make comparisons, many compare themselves only with other women who are also undervalued (Rose & Danner, 1998; Tannen, 1994; Walsh, 1997). This compounds the negotiating problem even more. The outcome of not starting at the highest salary level possible is a lifetime of net income loss that is compounded each year (Miller & Miller, 2002).

In Western society “money is related to status and success” (Heim, 1993, p. 232). It stands to reason, then, that in the workplace, employers view candidates with higher compensation histories as being more capable employees (Babcock & Laschever, 2003; Rose & Danner, 1998) whether this perception has any basis in reality. Historically, women have firmly believed that if they are nice, work hard, and follow the rules, advancement and salary increases will follow (Bierema, 1999). Therefore, they wait to be noticed, rather than ask for what they want because they feel that their meritorious work will ultimately be rewarded (Babcock & Laschever, 2003). Yet, in the workplace the “squeaky wheel usually gets the grease.” So employers promote men to higher positions, increase their salaries, and give them bonuses or other perks because they ask and because they do not want to lose valuable male leadership talent to other companies (Babcock & Laschever, 2003).

One of the biggest problems women have to overcome as they negotiate is their fear of harming or destroying their relationship with the person with whom they are negotiating (Babcock & Laschever, 2003). From childhood women are socialized to believe that relationships are important, even personally defining, and are to be cherished. So, as negotiators, women are extremely concerned about maintaining their personal and professional relationships, being assertive but not too aggressive, and yet getting the job done through “hard-nosed” focused bargaining (Babcock & Laschever, 2003). Miller and Miller (2002) added that women use a “relational” style of negotiation, and that men negotiate using a “competitive” style. They concluded that women consider it rude to jump right into negotiation without first engaging in social conversation, while men want simply to build their credibility, followed immediately by the negotiation.

Unquestionably women must be aware that negotiation is an essential aspect of being an effective leader. They need to recognize the advantages and disadvantages of using different negotiating styles. In addition, women must be equipped with the tools and skills to negotiate effectively. Based on current trends and research, a women's lack of competitiveness in the negotiating arena continues to be problematic. Consequently, we must communicate essential negotiating skills and attitudes to women leadership students as a means of ensuring their ability to move into progressively more responsible positions in their organizations and to do so with the resources they need to be successful.

Essential Attitudes for Negotiations

Identified below are three absolutely critical attitudes that women must internalize if they are to become successful negotiators and leaders. These attitudes form a solid foundation for personal and professional negotiations.

- *You must want, but not need the job.* This attitude is the most important and over-riding one that women must take into a negotiating session. If she needs the job for any reason (e.g., financial, positional authority, prestige, etc.), she will likely accept less in terms of salary, benefits, perquisites, and other perks (Mcgrath, 1988). Then she will feel badly about herself and her relationship with the organization from the outset; moreover, she will likely make poor decisions in order to keep the position. If she “wants” the job (e.g., to make a difference), she can negotiate more objectively. She can also reject the offer if it is not in line with her expectations.
- *Always be honest and true to yourself.* Also keep in mind that employers usually start their salary negotiations at the low end of the salary range (Miller & Miller, 2002) so there is room to ask for more money. Research the market from time-to-time to see what you are worth and use that information when asking for a salary increase (Miller & Miller, 2002). Remember, however, that if you suggest you have a job offer from a competing institution, you must be ready to accept it because your current employer may be delighted to see you go. Remember that you always lose credibility when you bluff.
- *You are in charge; Act like it.* Remember that you are in the best position to negotiate what you want and are worth *before* you sign on the dotted line, not after.

The Negotiating Process

Once women adopt the appropriate attitude, they can and should enter the negotiations arena prepared for a collaborative discussion. In fact, according to Babcock and Laschever (2003), in order to avoid the anxiety typically associated

with negotiations, women should view the process as an opportunity to problem solve with the opposite side. With that said, here are some of the strategies women should use as they negotiate:

- *Research the organization comprehensively* (Rose & Danner, 1998). In fact, she should know more about the institution than those who are employed there. Here are just a few of the issues about which she should be thoroughly familiar.
 1. Salaries –
 - What are the salaries of people in comparable positions?
 - How do salaries “fit” within national, state, and regional norms?
 - What is the impact of state/local income tax and the cost of living on your take-home pay?
 2. Fringe Benefits –
 - What does the benefit package include?
 - How much of base salary (percentage-wise) is the benefit package?
 - How much does the organization contribute to retirement, health coverage, etc.? What will you be expected to contribute?
 3. Policies on Promotion –
 - Can you negotiate early review toward promotion?
 - What are criteria against which you will be judged?
 4. Moving Expenses –
 - Are moving expenses covered?
 5. Signing Bonus –
 - Is a signing bonus feasible?
 6. Salary Increases –
 - How are salary increases determined? Merit? Across-the-board? Combination?
 - What perks are available for peak performers?
 7. Typical “Golden Parachute” or Exit Conditions –
 - When you are ready to leave the institution, what conditions will prevail? If possible, negotiate your exit from the position when you accept it (i.e., when nobody is frustrated or angry).
- *Complete an accurate, comprehensive assessment of your skills based on the organization’s needs.* An objective overview of her strengths and weaknesses will enable her to articulate for her prospective and current employer why she is worth the salary, benefits, promotional opportunity, etc. she is requesting (Moore, 2000; Rose & Danner, 1998; Whitaker & Austin, 2001).
- *Do absolutely NO negotiations until you are the candidate-of-choice.* Her first effort is to make the employer want her to join the organization. She should work hard to demonstrate that she is the right person for the job and that the organization will not be able to reach maximum potential without her involvement. Do not talk about salary expectations until a finalist (Rose & Danner, 1998).

- *Practice and use a coach.* Practice answers to questions, particularly those about salary and the need for additional resources, with a coach. In other words, write and rehearse a script (Whitaker & Austin, 2001) so that the language needed to use in negotiations becomes part of one's repertoire. Project an air of confidence and knowledge presenting self to the prospective employer.
- *Throughout the process, emphasize your interest in the position and your "fit" with the organization.* Be enthusiastic about working in the organization and do not badmouth former employers. Employers want people who feel good about the organization to work there (Babcock & Laschever, 2003).
- *Salary is the most critical factor in your negotiations.*
 1. List expected salary as "negotiable" on applications and during the interview.
 2. Negotiate salary first because it is the critical variable. You can waste valuable time on incidentals and then not reach agreement because the institution will not pay what one expects or deserves.
 3. Base your salary negotiations on market value and not on your current salary (Miller & Miller, 2002). "Knowledge is power" (Babcock & Laschever, 2003, p. 59). So make sure that you have adequately researched the market and know the market value of the position you are negotiating, not just for women in similar positions, but for both men and women (Babcock & Laschever, 2003; Moore, 2000; Whitaker & Austin, 2001). Use every available resource to research the market so that you know and understand the compensation packages for others in your field. Use your research skills such as the internet, search consultants, professional organizations, trade bureaus, and networks to determine current market value (Babcock & Laschever, 2003; Heim, 1993; Moore, 2000).
 4. Do not be the first to give a salary figure because you set a baseline for the remainder of the negotiations (Heim, 1993; Moore, 2000; Whitaker & Austin, 2001). Instead, respond with, "I am sure we will be able to work out an appropriate salary package," or ask what the hiring authority was contemplating as an appropriate salary.
 5. If the hiring authority is concerned that your salary will be higher than others (particularly women) in the organization, respond that you realize salary differentials are sensitive, but you can deal with any concerns through excellent performance. Basically, you should help others recognize that if your salary is high, an opportunity is created to improve the salaries of others in the organization. Remember you can always negotiate a salary offer down but *never* up.
 6. Ask for an early performance review, tied to a salary increase, as a means of moving your salary higher.
 7. Never lose a penny of your existing salary. You should not consider taking a job making less total compensation than you earn now.

- *Know what resources you need to be successful in the position* (Rose & Danner, 1998). Know what resources are already available. Ask staff members what they need to perform more effectively and efficiently. Negotiate and secure at least one or two new needed workplace accoutrements that will make life easier for your staff (e.g., travel money, office equipment, laptop or desktop replacement computers, specialized software, additional secretarial or technical support). Make sure that the people with whom you work recognize that you can and will bring resources back for them, too.
- *Do not make demands or present lists.* Talk calmly and confidently about what you need and briefly why (Rose & Danner, 1998). Always be professional, yet firm. Additionally, never burn bridges because the person with whom you are negotiating may surface again later in your professional life.
- *Never accept a job on the spot.* You need time to review the offer (Whitaker & Austin, 2001). However, you should not request time to talk with a spouse or partner because such an appeal will make you look weak and indecisive. Appear very appreciative of the offer and indicate that you will think carefully and respond to the hiring official by a particular time (e.g., 48 hours). Then, respond in a timely manner with a counter offer and always make one.
- *Ask for a final visit to talk with key staff in the organization and make sure the “fit” is right. Also, complete your final negotiations in person, if possible.* These person-to-person visits are critical to establishing solid future working relationships. Moreover, while you are negotiating, other candidates are either waiting or accepting other job offers. Thus, as time passes, the field of candidates may get smaller, giving you a distinct advantage.
- *Never resign your current position until every detail is in writing.* Make sure that you confirm and accept the position and attach lists of all variables you have negotiated. Make sure that the employing official signs the confirmation (i.e., acceptance letter) and keep a copy in your files because you may need to refer to it (or demonstrate that agreement was reached). Having an officially signed document will be particularly important if you negotiate with someone who then leaves the organization. Remember, “It’s not an agreement until it’s written and signed” (Whitaker & Austin, 2002, p. 84).
- *When you assume your position, produce – produce – produce.* Make the individuals who hired you happy that they did.
- *Make and keep an up-to-date “wish list” of resources that you and staff in your unit need to be successful.* Once you achieve initial success, you will likely have the opportunity to ask for additional resources, so always have some items in mind (Miller & Miller, 2002).

After having demonstrated your productivity within the organization, some of the individual perks you may be able to negotiate instead of money include the following: (a) Better title (e.g., from assistant-to-the vice president to assistant vice president), (b) extra vacation time, (c) flexible working hours, (d) early performance review, (e) leased car, (f) assigned parking space, (g) living allowance, (h) entertainment budget, (i) travel allowance, and (j) professional memberships. In terms of unit resources, use your creativity, but consider ideas such as one-time bonuses for extraordinary individual or team performance, loaned executives, exchange programs, supplemental travel funds for high performers, awards for creative leadership, etc.

Conclusion

Women need to understand that nothing is impossible and that “negotiations are inescapable. Learning something about the negotiation process is a must” (Moore, 2000, p. 122). While styles differ and how we negotiate reflects who we are as leaders and as individuals, everyone negotiates. *Failure to negotiate* makes women appear weak, ignorant, and clueless albeit grateful and well behaved in the workplace.

Traditionally, educational programs have not emphasized gender differences in negotiations, so most women have muddled along *without* thinking they were being disenfranchised in the workplace. With the mere suggestion that if they asked, they might receive, some pioneering women have broken the mold and negotiated quite successfully.

What does all of this information this mean for the future? As leadership educators we must now develop courses for women in negotiations. We must create modules in courses focused on helping women understand gender issues and barriers to negotiations. We must provide opportunities for women to practice negotiating. And, at a minimum, we must foster discussions throughout campuses among women students regarding strategies for negotiating successfully. Imagine what the workplace will be like when everyone is on the same playing field playing with skill and confidence when we negotiate! A pipe dream? We think not.

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