

Does gender impact negotiation styles and outcomes in salary negotiations?

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A range of studies have been conducted which consistently demonstrate that a pay differential exists, based on gender, which favours men (Frieze, Olsen & Good, 1990; Roman, 1990). While many potential justifications for this differential have been identified, including but not limited to education, college major, experience, tenure, and job performance, studies have shown that these factors can explain some of the disparity, but not all (Gerhart, 1990).

Several researchers have inferred the remaining differential can be attributed to the inability of studies to adequately identify, measure and control all aspects of employee performance variables within their studies, and discrimination against women in the marketplace (Gerhart, 1990). Women's perceived preference for pleasant working conditions over pay is another attributed cause (Daymont & Andrisiani, 1984).

The outcome of starting salary negotiations can have long lasting impacts on career earnings (Babcock & Lachever, 2003; Gerhart & Rynes, 1991; Martell, Lane, & Emrich, 1996). For example, it is common for salary and performance increases to be attributed as a percentage of base pay, extending the reach of the initial negotiated outcome far into the future (Gerhart & Rynes, 1991). One study showed that one-third of the salary discrepancies between men and women in a large, private firm could be traced back to the differential in the initial starting salary (Gerhart, 1990). Beyond the dollars themselves, studies have shown that initial starting salary has a significant effect on career advancement, having controlled for entry age, education and tenure (Rosenbaum, 1984).

As such, strong performance in the initial negotiation has the potential to significantly influence the extent of income disparity between genders both at the commencement of employment (starting salary) and for total career earnings. The ongoing impact of the starting salary negotiation is such that escaping the reach of a poor negotiation outcome may only be possible by changing jobs and employers (Babcock & Lachever, 2003). Therefore, the performance of women in starting salary negotiations becomes a critical factor in evaluating potential causes of pay disparity between genders.

Babcock conducted a study that considered potential gender impact on the starting salaries of students graduating with a Masters degree from Carnegie Mellon University (Babcock & Lachever, 2003). It revealed the gender differential in favour of men was 7.6 per cent, or almost \$4,000 on average (Babcock & Lachever, 2003). This supported the findings of a 1993 study which found men were more likely to negotiate a higher starting salary (Stevens, Bavetta & Gist, 1993).

Given the potential long-term career earnings consequences of starting salary negotiations it is important to determine why women are achieving poorer outcomes when negotiating starting salaries. Two clear potential contributors can be identified, being (a) the propensity to negotiate on salary, and (b) the payoffs to negotiations received when negotiations on salary are conducted.

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In seeking to identify the causes for the differential at Carnegie Mellon, Babcock identified that while 57% of the men had negotiated for a higher starting salary, only 7% of the female students had done so (Babcock & Lachever, 2003). This was despite the universities career services department strongly advising all graduates to negotiate their career offers. All the students who engaged in negotiations were able to improve their starting salary from the initial offer, by an average of 7.4 percent. This percentage closely mirrors the percentage of disparity between the starting salaries of male and females overall. These figures suggest that had all the female students engaged in negotiation for a higher starting salary, the salary disparity may have been significantly reduced if not eliminated (Babcock & Lachever, 2003), and therefore the failure to commence negotiations on the issue of salary (lower negotiation propensity) is a significant factor in salary disparity at commencement and beyond. These findings support frequently articulated theories that women have lower negotiation propensity than men regarding salary. However, they are in direct opposition to the findings of the Gerhart and Rynes study (1991) which found that the differential in negotiation propensity was not attributable to gender, but rather reflected the environmental or structural components established in bargaining theories, including but not limited to the attractiveness of the initial offer in combination with the existence, quantity and attractiveness of alternative offers (Gerhart & Rynes, 1991).

While it is possible that the distinct differential in the Babcock study (2003) may, upon further investigation, be attributable to the environmental and structural components as per the Gerhart and Rynes study (1991), what the Gerhart and Rynes study fails (1991) to adequately address is whether those environmental and structural differences to which the differential is attributed are themselves the product of gender factors.

Research suggests that gender differences can manifest in an individual's comfort level with negotiations, the approach they will take in negotiating, and their sense of entitlement and worth, and that these variations may lead to differences in negotiation behaviours and outcomes (Barron, 2003). In the context of negotiation propensity, this manifests itself in three key ways.

Research into negotiation and gender has established that women perceive and approach negotiations differently to men, adopting a more long-term relational strategy (Barron, 2003; Greenhalgh & Gilkey, 1986; Babcock & Lachever, 2003). As such, where women feel that making a counteroffer or re-anchoring salary negotiations will negatively impact long term relationship building, they are less likely to engage in salary negotiations.

There is a considerable amount of research that indicates women have a far lower perceived worth than men, resulting in lower perceptions regarding entitlement to pay (Jackson, Gardner & Sullivan, 1992; Barron, 2003). Women expect less pay than men, and view lower level pay offers as fair remuneration for their work (Barron, 2003). Jackson, Gardner & Sullivan (1992) found the differences of self-pay expectations could be dramatic, particularly in male-dominated fields such as engineering. This may be compounded by some women's tendencies to establish their salary expectations based on knowledge of other women's salaries, rather than non-gendered salaries for their role (Barron, 2003). This engendered belief, though reversible, is likely to manifest as a

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reduced propensity to negotiate, as women are more likely to accept an initial, below-average salary offer as fair (Major, McFarlin & Gaglon, 1984), and hence refrain from making a counteroffer. Women are also more likely to rationalise lower starting salaries as acceptable until such time as they prove themselves worthy of more (Barron, 2003).

Finally, and perhaps of greatest significance, a range of research has now been undertaken which supports that engaging in self-promotion and self-advocacy is a double-edged sword for women, and has as much potential to be detrimental to careers as it does to deliver positive outcomes (Rudman, 1998; Janoff-Bulman & Wade, 1996, Babcock & Lachever, 2003). Self-promotion presents a Catch-22 situation whereby women are penalised for failing to counteract gender stereotypes, while facing significant backlash should they attempt to disconfirm them.

Women can be excellent negotiators when advocating for others, but refrain from utilising such skills to advocate for themselves (Babcock & Lachever, 2003), despite the clear positive effects self-promotion delivers in terms of increasing perceptions of competence as well as visibility within organisations. This is due in part to the potential to make themselves vulnerable to social isolation and reprisals (Janoff-Bulman & Wade, 1996). In the context of salary negotiations, self-advocacy and self-promotion challenges the perceived social norm that women should be selfless (Rudman, 1998) and modest (Janoff-Bulman & Wade, 1996). As such, women may demonstrate a lower propensity to negotiate despite full knowledge this will lead to a sub-optimal result. The weight of this social norm is particularly prevalent when the other party to the negotiation is male, and will be a future supervisor or co-worker (Janoff-Bulman & Wade, 1996).

Despite there being some conjecture about whether gender is directly linked to negotiation propensity or whether the differential between the male and females engaging in negotiation can be attributed to structural and environmental factors, there is agreement that engaging in salary negotiations increases the potential to achieve higher starting salaries, that attaining a higher starting salary can result in significantly higher total career income, and that issues resulting in a lower propensity to negotiate need to be further studied, understood and addressed. Furthermore it is generally accepted that societal norms and stereotypes relating to gender, including relational attitudes, senses of value and entitlement, and pressures to comply with societal norms can impact on women's propensity to negotiate either directly or indirectly.

The second potential opportunity for gender to impact negotiations relates to the payoffs received when negotiations on salary are conducted. Research and studies are far more unified in their affirmation that gender does impact the payoffs extended to negotiators who negotiate on salary, in the favour of men. Supporters for these findings include Gerhart and Rynes (1991) whose study did not support gender as a factor in negotiation propensity. The Gerhart and Rynes study (1991) found that irrespective of whether gender influenced propensity to negotiate, women would still be disadvantaged as the payoff return to them for negotiating was less than delivered to men. While all participants who initiated negotiations achieved higher starting salaries than those initially offered, men achieved a 4.3% increase to initial offer, compared to only 2.7% for women who negotiated (Gerhart & Rynes, 1991).

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When allowing for the fact that initial offers to men were already 2.1% higher than those extended to equally qualified women, this heightened payoff increased the overall differential to 2.5%. As such the differential in payoff equates to approximately 16% of the men's starting salary advantage. While a seemingly small amount, the compounding nature of future pay rises and promotions means this small amount can become significant over the life of a career. In the scenario in the study, a \$742 initial differential, compounded by a 7% annual increase over 30 years equates to a 30-year career advantage of \$75,738 (Gerhart & Rynes, 1991).

There is a clear need for additional research to determine what the underlying causes of the gender-biased payoffs are, and how they might be addressed to ensure equity in negotiations. It may prove that men used more effective negotiation skills and tactics. However, it is possible, if not probable that these results support theories that societal norms and expectations about the behaviour of women influence the way they are perceived and responded to. It is highly plausible that the employees in the study reacted negatively to women who negotiated on salary, as they were displaying atypical, gender stereotype challenging behaviours.

Despite questions remaining regarding why women achieved lesser payoffs to their salary negotiations, it is clear that the payoffs received in salary negotiations are impacted on by gender. When combined with clear, though not unanimous support, that gender is a clear factor in determining negotiating propensity it becomes clear that gender plays a clear and significant role in salary negotiations. The significant and career-long impact of initial, starting salary negotiations is such that it warrants further study and investigation in order to gain increased clarity regarding the specific underlying factors causing the disparity, and more importantly, what can be done to remediate them in the immediate and long term future.

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