

Salary Negotiation Notes

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Salary Negotiation Lecture

Why don't people negotiate salary?

The three most common reasons that people don't negotiate salary are the following:

- *Put too low of a price on skills*

Many people do not negotiate because they don't know how much they are worth or undervalue their skills. By doing some homework and preparing, you will know your value so you will feel confident negotiating for what you are worth.

- *Afraid of appearing greedy*

Most companies expect you to negotiate so they leave some room in the agreement to make the offer more attractive. You will not appear greedy by asking for compensation equivalent to your skill set. By gathering information prior to negotiation, you will know how much you are worth and what the company typically can and will negotiate.

- *Afraid of losing an offer*

It is extremely rare that a company will rescind an offer because you negotiated for a better package. However, you should only negotiate after you have received an offer because they have psychologically committed to you and will thus be more receptive to meeting your requests to make sure that you are satisfied and committed to them. An offer only tends to be rescinded when the job candidate is too demanding and not considerate of the employer's constraints and interests. Again, it is important to understand what the company typically can and will negotiate.

Salary negotiations are deemed to be the most difficult type of negotiation because people tend to closely tie it to their self-worth. To be an effective negotiator, it is important to try to separate your emotions from the objectives you hope to achieve. Emotions tend to cloud your thinking and cause you to lose focus of your goals and objectives. The following information will help you to prepare for your negotiation by showing you what you need to do

prior to negotiating, showing you what to expect in your negotiation and how to answer tough questions.

How to prepare

- *Determine your BATNA*

Your BATNA is your "best alternative to a negotiated agreement". This is what happens if you don't make a deal; your alternatives. The more alternatives you have, the more leverage you have in your present negotiation and the more confident you are to push toward your aspiration point (goal) in the negotiation. This is your greatest source of power in a negotiation.

- *Develop your BATNA*

You should always try to build your BATNA prior to negotiating. This may mean soliciting more than one job offer. Your BATNA increases your confidence in your negotiation and this will directly affect how well you do.

- *Revealing your BATNA*

You don't want to reveal your BATNA if it is poor. Sometimes the hiring manager will press you to reveal other offers. You never want to lie in a salary negotiation but you don't want to look desperate or undesirable. To deflect a poor BATNA you can say that you are "still talking with other companies" (which you should be doing) so it is a true statement. When you have a strong BATNA, you want to be careful that when it is revealed, it doesn't sound like a threat. For example, you could reveal your BATNA by saying "I am very interested in working for your company since it seems like a mutually good fit. However, I am having a difficult time reconciling the \$10,000 difference between your offer and the other offer I have. What can we do about this?" Your BATNA will have additional credibility if you give specific details about the other offer.

- *Determine the other's BATNA*

It is helpful to know your employer's BATNA. If your employer has a poor BATNA they will be more willing to meet your requests because they need and want you. If they have a strong BATNA, you they may not be as willing and flexible to meet your requests.

- *Set your resistance point.*

Your resistance point is your bottom line. This helps you to know when to walk away from the negotiation. You should always set this prior to negotiating when you are in a rational state of mind. Salary negotiations can become emotional. The resistance point helps prevent you from accepting an offer that you may later regret. Do not change your resistance point at the table. If you think you set it in error, step away from the table and conduct more research before adjusting it.

- *Uncover the other party's resistance point.*

It is helpful for you to try to uncover your employer's resistance point. You can gather this information by asking current and former employees with whom you have a friendly relationship what are typical salaries others in the company have for this type of position. Do not ask them directly what they make as this can make people very uncomfortable.

- *Avoid revealing your resistance point*

You want to avoid revealing your own bottom line unless you are planning to walk away because the other party will typically present an offer close to this number and it will make it much more difficult to negotiate a higher amount.

- *Set an aspiration point.*

This is ideally what you would like the compensation package to consist of. Those who set and believe in their aspiration point tend to create more value in their agreements. You should always have room between your aspiration and resistance points.

- *Know what you are worth (objective criteria) and how your offer compares to others*

It is extremely important to understand your value in the market place. There are many websites that allow you to compare your compensation against others in similar position within similar industries. These include:

Salary.com

Jobstar.org

Salaryexpert.com

Glassdoor.com

Wageweb.com

Career centers at universities can also provide

comparison information categorized by industry and position. You can also call competitor companies and inquire about their salary structure and ranges. This industry data can be referred to as objective criteria. Objective criteria is a publishable standard that is commonly accepted as credible. It gives the negotiator leverage because it is difficult to argue against a publishable standard. Human resources will compile a large amount of objective criteria to support their offer. Objective criteria, although very persuasive in a negotiation, can be quite subjective depending on the data bases used. It is important to always prepare your own objective criteria and not rely completely on the employers. Be sure to add extra value for special skills that may not be accounted for in these surveys but are relevant to the job (e.g., multilingual, cross cultural experience, other work experience, etc.) It is often helpful to make a list of your skills, abilities, experience, etc. Be prepared to show how your abilities can add value to their company. Salary should not be based on need or greed but on the value of your skills and performance.

- *Know what you want*

Once you determine your value, it is also important to know what you want. You may have interests other than salary such as location, vacation time, less travel, advancement opportunities, and more (*see the list of benefits that can be negotiated with your employer*). Keep in mind that when you request a benefit the company should be able to see how giving this to you brings them value as well. For example, you can request a laptop computer so that you can get work done while traveling. Once you determine your interests, you will want to prioritize the issues for how they best satisfy your interests. You may have to add issues that were not included in an original contract offer.

- *Determine the company's needs and constraints.*

It is important to research the company prior to negotiating. By doing this you will get information on what the company will and will not typically negotiate. You may also learn the company's attitude toward negotiating as well as the negotiation style of the person that you will be negotiating with. You can gather research about the company by locating former employees or even talking to people who currently work for the company.

- *Consider Logrolling (trading low priority for high priority items)*

You need to determine what compensation items are most important to you. Sometimes you cannot get everything you want so you may want to consider trading low priority items for high priority items.

This requires finding out what is important to the company and then giving them what they want in exchange for you getting something you want. For example, if keeping the salary structure is very important for the company, you can get a large bonus to compensate for not getting a higher salary. It is not unheard of to get a bonus as large as the starting salary. If you are not planning on staying with the company for a long time, this can be a very good deal. Remember to always consider the entire compensation package. It is helpful if you can translate the dollar value of each item so that you can more easily recognize and substitute different items within a package. Avoid creating false items (red herrings) to trade-off for more important items. For example, indicating the amount of travel is important when it is not in order to trade this for a higher bonus. This is considered a gambit (dirty tactic) which often backfires. For example, your boss gives you what you requested (less travel) in lieu of something more important to you or they find out about your deception which can destroy the relationship.

- *Consider the rapid review*

If you are changing industries or taking a job that challenges your skill set, you may want to consider a strategy called a rapid review. By doing this you agree to the salary offered with the provision that if you meet certain benchmarks, your salary will be raised to a higher level. A rapid review requests that you are reviewed earlier than the standard assessment period. Be sure to get this in writing as the manager you made the agreement with may leave the company.

Items to be Negotiated—prioritize your options

Job

- Job Description and Duties
- Reporting Relationship
- Number of Subordinates
- Start Date
- Location
- Performance Review (Rapid Review)

Compensation

- Base salary
- Commissions
- Profit Sharing
- Performance Bonus
- Signing Bonus
- Cost of Living Adjustments
- Overtime
- Incentives/ Incentive Structure

Health Benefits

- Medical Insurance Plan

- Dental Insurance Plan
- Vision Insurance Plan
- Accidental Death and Disability Insurance
- Life Insurance

Vacation/Time Off

- Vacation (Amount Paid/ Timing)
- Sick Days
- Personal Days
- Holidays
- Flex-Time/Telecommuting
- Compensatory Time
- Unpaid leave
- Family Leave

Retirement Benefits

- 401(k) and Other Pension Plans
- Stock Options
- Time Shares Vest
- Stock Purchase Plans
- Exit and Severance Benefits Package

Relocation Expenses

- Moving Expenses and Travel Costs
- Temporary Housing
- Low Cost Mortgage and Loans
- Closing Costs on House
- Realty Services

Other

- Tuition Reimbursement
- Professional Development Allowance
- Conferences/Professional Meetings
- Personal Computer or Laptop
- Cell Phone
- Company Car or Vehicle Allowance
- Expense Account
- Professional Membership Associations
- Athletic Club Memberships
- Transportation Allowance
- Number of Trips Out of Town per Year
- Job Sharing
- Home Office Equipment
- Technology and Patent Rights
- Overseas Allowance
- Overseas Return Trips Home
- Employment for Spouse
- Childcare services
- Frequent flier miles

What to Expect

- Who makes the first offer and how it is presented

Usually the company will make the first offer by mailing or emailing an employment contract.

Prospective employees often feel that they cannot negotiate once the salary and other benefits are in writing. It is common practice for the prospective employee to use this contract as a starting point for negotiations and build a new contract based on subsequent discussion

- **With whom you negotiate**

If you can, it is usually optimal to negotiate with your hiring manager because this person is committed to bringing you into the company and will try hard to accommodate your requests. More often than not, you will have to negotiate with a human resource manager. This is a much more difficult negotiation because human resource managers do not have any commitment to you and have salary and benefit guidelines that they must adhere to.

- **What kind of salary offer to expect**

Many companies will not start with their best offer. The reason for this is that they expect most people to negotiate. If they started with their best offer they would disappoint the prospective job candidate by not being able to increase the offer. This does not mean that all companies start at the lowest acceptable salary and that you should expect a large increase. The increases are usually small (\$2,000-\$8,000) but additional items of value are often added such as a signing bonus, a larger signing bonus or additional stock options. Offers made in contract form will include a vague description of additional company benefits such as a 401K plan and health benefits. It is important that you ask for details of these benefits because you may want to negotiate some of the items (i.e., such as when shares vest, educational reimbursements, etc.) Be sure to do your homework to have a good understanding of what the prospective employer is willing to negotiate. There are some employers who will not negotiate salary. Investment banking, consulting, accounting and other industries that make several hires right out of school, typically offer a standard package that is not negotiable.

- **When and how to make a counter-offer**

You will usually make a counter offer after having received the contract. Wait a couple of days after having received the contract to set up a time to discuss it. Waiting implies that you have carefully thought about and researched the offer. It also gives you time to collect your emotions if the offer is a lot lower than expected. When making the counter-offer, ask to set up a time to discuss the offer. It is best to negotiate in person because you receive valuable non-verbal feedback and it is more difficult for the employer to say no in person. Always reaffirm that you want to work for the company before expressing your concerns. Be sure to express your concerns as a

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problem to be solved and not a demand. For example, “I appreciate your offer and I look forward to working with you. However, I have some concerns about the offer that I would like to discuss with you.”

Once you have made your requests, you need to wait for the company to respond. A second offer may include all of the requests you have made or may fall short with little or no changes. Although it is tempting to continue to negotiate, it is a bad idea. After the employer has heard your request, they do their best to try to accommodate you. Continuing to push for something that they are not able or willing to give harms the relationship. Being unreasonably demanding may cause the offer to be rescinded.

- **Excuses the company is likely to make**

The company will often try to hold salaries down by telling the applicant that the salary requested would throw off their salary structure. This is the time to ask about their salary structure and where you fall within that structure. For example, “Is this salary at the high end, low end or midpoint of your compensation structure? What skills does it take to move to the next level?” You may have to negotiate a title change to get a higher salary. Some companies will not negotiate salary and you can find this out by doing research on the company. Remember, that just because they don’t negotiate salary doesn’t mean that they will not negotiate other benefits.

Most frequently asked questions

Q: What should I do if they ask me what salary I expect before I have an offer? Do I tell them?

A: The reason why your prospective employer will ask this is to determine whether your expectations are in line with what they are able to pay and they are also hoping that you will undervalue yourself so that they can save money when they make you an offer. You should always wait to negotiate salary until you have an offer. You have a lot of power in the negotiation once an offer has been made because they are now psychologically committed to you. If you overstate your salary requirements they may not further consider you for the position. If the employer insists on you giving a salary requirement prior to their offer you can do one of the following:

1. Delay. Tell them that you need to find out more about the job and your role in the company before you can give them a representative estimate. For example, you could say “I would like to learn more about the position and how I can contribute to your team before discussing salary” or “Before discussing

salary I need a better understanding of the job requirements.”

2. Ask for industry average. This is a safe response because you are not underpricing your skills or pricing yourself out of the market. You can later define to them what industry average is once they offer you the job. For example, you could say “I would be satisfied with the going market rate.”

3. Clarification. You would like to get an idea of your value to the company. You might say “Based upon my qualifications, where do you see me fitting within your range?”

4. Give a range. If they insist on a number response, give them a range where you know that the low number will fit into their range but the high number more closely resembles what you want. For example, you can say “Based upon my research for this market, I know that the range for similar positions in this industry tends to be X to Y, which is within my expectations.” When they do offer you the job they will most likely offer you the low number, but you can show them objective criteria that better supports your high number.

Q: What should I do if they ask what I made in my previous job? My current salary is lower than it should be.

A: The reason they ask you this is that they want to use it as a basis for your new salary. Your previous salary may be far below the industry average for your new position. The company may believe that if they pay you a nominal amount over your previous salary that this is enticing enough for you to accept. Companies do this to save money while making themselves appear generous. If they ask for this information on a form you can leave it blank or put in a number with total benefits package written next to it (which should increase the number). If they ask you for your previous salary during the interview you can state that your salary history is not really relevant since you have achieved new skills (especially after just receiving a new degree) and the salary isn’t representative of that. If they insist that you give a number, do so. After you have been offered the job you can negotiate the offer if it is below expectations.

Q: What should I do if the salary is much lower/higher than I expected?

A: Higher than expected: There is a temptation to accept a higher than expected offer immediately. However, whenever you receive an offer, whether it is higher or lower than expected, you should wait a

few days to accept it or make a counterproposal so they believe you have spent time fully considering the offer. If the offer is higher, you want to make sure that you did not underprice your worth when doing your research. Take the extra few days to do additional research to verify whether you may have underpriced your skills or the company is indeed offering you their highest. If you find that the salary is indeed high you may want to consider negotiating for other benefits rather than increasing an already generous salary. Beware of giving the employer the “winner’s curse,” which is the feeling of regret experienced when one’s initial offer is accepted too quickly.

Lower than expected: If the offer is lower than expected, you may want to do some additional research to determine whether your salary expectations were inappropriately high or whether this particular company tends to pay its employees a lower salary than comparable companies. Some companies offer many perks (free food, flexible hours, etc.) that are factored into the overall compensation. If the offer is lower than market rate, you may want to bring in some objective criteria of salaries for comparable positions (*see preparation*). It is wise to ask about their salary ranges and where your offer falls within the range. This gives you additional information for how they view your value. You may also want to consider negotiating for other benefits besides salary that hold value for you (*see list of other negotiable items*).

To start the conversation you can tell the employer that you are enthusiastic about the position but have some concerns about the offer. Explain why you believe the offer is below market value and show them the value that you will bring to the company. Ask them if they can do any better and wait to see if they make a counterproposal. If not, you have done your best and you will want to compare your offer to your resistance point.

Q: How do I know if they are willing to negotiate?

A: Most companies will not show eagerness to negotiate. After all, they may be hoping that you will accept their first offer. Research has shown that only 19% of MBAs attempt to negotiate their offer. You will need to watch for signals that the hiring manager is willing to negotiate. For example, many managers will say “Why don’t you look over the offer and call me if you have any questions”. It is acceptable to ask your manager whether parts of the contract are negotiable. The manager may not give a resounding “yes” but will ask you what you had in mind or state what isn’t negotiable; “We don’t negotiate salary.” It

is extremely rare that a company will not negotiate any part of your employment offer. If the company treats you poorly during the negotiation or refuses to negotiate, consider that this behavior foreshadows your treatment as an employee. You may want to consider your other offers at this point.

Q: What happens if I am currently making much more money than the new company can afford to pay me? Will I price myself out of a job?

A: If you are currently making more money than you know the new job can offer, you should tell the hiring manager that you are aware that your former profession/job paid significantly more and that you are not expecting the same type of compensation for this job. You want to clarify this so you don't price yourself out of your dream job.

Q: How do I know whether I am putting too low of a price on my skills?

A: You should find out what other people in a similar position in your industry are currently making. (*See preparation*). Also, make a list of all the skills and attributes that you have that bring you extra value. For example, do you speak another language? Do you have other areas of expertise that may be valued?

Q: What kind of questions should I be asking after the offer is made?

A: You should determine where your offer stands in the pay range for the position. What experience and qualifications do you need to reach the next level? Ask about the type of benefits offered and whether you can pick and choose (cafeteria plan). Does the company have a stock option program or other special benefits?

Q: How can I ask for more without looking greedy?

A: Show your potential employer a list of compensation benefits for comparable jobs in similar companies (*see preparation*). Always express enthusiasm for the job and express hesitancy only due to parts of the offer not meeting comparable standards. Be sure to avoid personal needs in the discussion. Your high mortgage or paying for your son's private school is not a reason for you to have a higher salary. Your only reasons should be based on the value you will bring to the company. Be sure that you can clearly articulate the value that you will bring the company.

Q: My new job is out of state. I heard that a person is at a disadvantage negotiating salary over the

phone. What should I do, fly out for the negotiation?

A: It is a disadvantage to negotiate over the phone, or even worse, over email. The reason the phone or email places you at a disadvantage is that you don't receive very important non-verbal cues in your communication. It is also much easier for a person to say "no" over the phone. The ability to say "no" easily is not a good thing when you are asking to negotiate your compensation. There is one advantage that you do have negotiating over the phone and that is it tends to minimize status differences. Thus, if you feel intimidated to negotiate in person, the phone tends to reduce intimidation factors. Using a visual communication medium such as Skype or Face-time is better than the phone or email because it allows for greater rapport building and a richer flow of communication.

Some tips for negotiating well over the phone include: (1) Set up an agreed upon time when you will negotiate over the phone. You don't want to be called when you are not prepared or the other person is not in the mood to discuss the offer. It is best if you call because you will be mentally prepared, but do ask if it is a good time to discuss the offer even if it is an agreed upon time. You don't want to negotiate such an important matter if the person is distracted or frustrated. (2) Always confirm your negotiated outcome with a follow-up letter or email to avoid misunderstandings. (3) Prepare for the negotiation like you would if you were to meet face to face. Research shows that your tone of voice and verbal fluency go down if you are too relaxed (say in your bathrobe and slippers). (4) Research also shows that if you visualize the person while talking on the phone it helps you to articulate your message better. (5) Be sure to eliminate distractions and noise (children or dogs) when you make your call so that you can concentrate.

Q: I have been offered a job at another company, should I use this offer to negotiate with my present employer for a raise?

A: Some companies will match a competing offer once. You need to find out what your present employer does in these situations. Most companies will let an employee go if they use an outside offer to increase a salary more than once. The reason why companies will not meet an outside offer is that they are trying to hold on to their salary structure. If they matched offers for all employees multiple times, salaries would greatly escalate. Many companies will rehire its former employees at a higher salary if they leave, adopt new skills, and then come back.

Quick Tips (Do's and don'ts for negotiating salary)

Things to do:

1. *Preserve the relationship by appearing accommodating or using problem solving*

A salary negotiation is very different from buying a car. The main difference is that you will have a long-term relationship with your employer so you want to make sure both sides are satisfied with the agreement. If you appear too demanding or unconcerned with your employer's needs, this can damage the relationship

2. *Prepare thoroughly and be realistic about your salary expectations*

You need to research the company (what are their salary ranges, what do they typically offer, what are they willing to negotiate), determine your own value and interests, find objective criteria (how does what I want compare with what others are earning), determine your alternatives and know when you will walk away in order to negotiate with confidence.

3. *Wait to negotiate salary until you have an offer*

You will have maximum leverage over the company to negotiate salary AFTER they have made you an offer because they are now committed to you. They have determined that you are the best candidate so they will try to accommodate your requests. If you try to negotiate salary BEFORE you have an offer they may think you only care about salary and not the company or if your requirements are too high, will not continue to consider you for employment.

4. *Get offer in writing*

Some hiring managers will make you a verbal offer. It is important that you get this in writing to reduce misunderstandings. It is also important to have a written document in case your hiring manager leaves and your new manager is not informed of the terms of your agreement.

5. *Know when to walk away*

If the company is treating you poorly during the negotiation, you should consider your alternatives since this treatment foreshadows your treatment as their employee.

6. *Think about the offer (at least 48 hours) before responding*

Regrets in negotiation occur when a suboptimal deal is readily accepted or an inappropriate counter offer is made. Waiting to respond allows the employer to know that you are not acting on impulse but have carefully thought through the offer. Waiting also

allows you more time to research the offer and compare it to other offers or benchmark data. Accepting the offer immediately may cause the employer to suffer from "the winner's curse"—regret that the offer was too generous.

7. *Consider the entire compensation package and not just the salary portion*

A common mistake made by negotiators is that they only consider the salary portion of the compensation package. There is a lot of value in other items (such as bonus, stock options, paid leave) that can be included in the package (*see other items to negotiate in a compensation offer*).

8. *Practice negotiating*

It is always a good idea to practice negotiating. This will make you more confident and smooth in delivery when you are with your future employer.

9. *Demonstrate enthusiasm for the job*

Always appear enthusiastic about the job and company. There are only a few contractual items standing in the way of you joining their company.

Things not to do:

1. *Issue ultimatums or hard bargain*

Issuing an ultimatum (i.e., unless you give me \$80,000 I will not accept your offer) or insisting on an item after the company has said 'no' causes your employer to harbor negative feelings toward you. You may ultimately get what you want but it will come at a high price, disrespect and unusually tough assignments.

2. *Lie, exaggerate or mislead*

Lying, exaggerating or misleading your future employer only has negative consequences. In the short term you may get what you want but these lies are often uncovered which can permanently damage your reputation with your employer and in the industry. You never need to lie to get what you want. Why take the risk?

3. *Appear desperate*

Your future employer wants to believe that you are a highly sought after candidate. If you appear desperate to join the company, the company may offer you the minimal acceptable salary, thinking you'll take anything or question why they have extended you an offer.

4. *Negotiate based on personal needs or perks*

Your children's private school or your need for a new car is not a reason you should command a large salary. Your salary and bonuses should be based on

the value you bring to the company and your performance. Requesting perks reflects negatively on your character.

5. *Squeeze the company (Know when to quit negotiating)*

You do not want to continue to negotiate after the company has made a counter to your offer. It is assumed that the company has tried its best to meet your needs in the last counter. By continuing to push for more, you may get it but it also strains the relationship and your boss will often place unrealistically high demands on you to prove your worth.

6. *Ask for "one more thing".*

It is tempting to request additional compensation items after having reached an agreement with your employer. The employer will often give in to your request, but will feel some hostility that you did not bring up your request sooner, especially if it was a deal breaker.

7. *Negotiate with a company to increase your leverage with another*

You are burning bridges with the company that you use as a negotiation decoy. You can use the other offers as leverage but don't try to increase the offers from companies you have no intention of joining. The companies who meet your "needs" with a new contract will expect you to sign. They will have a negative feeling towards you if you do not join them after they have exerted effort to increase your offer.

8. *Use job offers in unrelated fields as leverage*

Many feel that any alternative can serve as good leverage in a negotiation. However, job offers in an unrelated field can cause the hiring manager to question your sincerity that you know what career path you want to take. Offers in unrelated fields also can be easily dismissed as a good salary comparison.

9. *Make quick decisions because of deadlines*

The worse decision is one that is made quickly without considering all of the information at hand. Some companies will pressure you to make your career decision in three days. The reason they do this is because they want you to commit early before you get a more tantalizing offer. If your prospective employer gives you an unreasonable deadline, try to negotiate it. You can do so by saying that you "Need more time to consider all your alternatives to make the best decision for both of us". If the company will not extend your deadline then you may want to consider your alternatives (BATNA) and not commit to a company you have doubts about just because they have made you an exploding offer.

General Research Findings

Preparation

The most important source of power in a negotiation is a person's best alternative to a negotiated agreement, or BATNA. However, both parties must be aware that the other negotiator has an attractive BATNA for you to have power (Pinkley et al. 1999) *You want to be careful when you disclose your BATNA so that it doesn't sound like a threat. For example, it is acceptable to say "I really want to work for your company but your offer is significantly lower than my offer from Company X, what can we do about this?" but not acceptable to say "Company X is offering me a significantly higher package, if you don't raise your package I will have to join their firm". One's tone of voice is very important in conveying the message you want. Your tone of voice may be something that you want to practice with a friend.*

Though you may be tempted to skip the process, an integral part of any negotiations preparation is setting an aspiration point. In a series of studies of professional negotiations Huber and Neale, 1986, 1987) discovered that those who set a high but realistic aspiration point will do better in a negotiation than those who don't and result in great profit for both.

People often wonder whether men and women negotiate differently, especially when negotiating salary. Researchers have not been able to find gender differences in the acquisition of salary negotiation skills or actual outcomes received for high skilled workers. The only gender difference apparent is that women will tend to set lower aspirations than men or not initiate a negotiation (Babcock & Laschever, 2003).

Sometimes people are not sure at what point they will be willing to walk away. They think that they will know it when they see it. Researchers have found that those who don't assess their resistance point before negotiating tend to achieve worse outcomes than those who set their resistance point (Thompson, 1999).

Often times in negotiations we're tempted to "play poker" and reveal as little as possible to our negotiating counterpart. This temptation, however, is a false friend. A study by Thompson (1991) reveals that negotiators who ask the other party about preferences and shares his/her own priorities are more likely to reach mutually beneficial agreements than those who don't ask. Misrepresentation of common interests is more likely to backfire or lead to

lose-lose agreements than mutually beneficial agreements (O'Connor & Carnevale, 1999)

Mood Effects

Have you ever wondered when it is best to discuss a raise with your boss? Researchers have found that if the boss is in a good mood he/she will be more agreeable to your requests (Carnevale & Isen, 1986; Forgas & Moylan, 1996) and will be more likely to make sizeable concessions. (Baron, 1990)

Using an Agent

According to Bazerman et al. (1992), it is best to negotiate your compensation package directly with the hiring manager rather than to use some type of agent (e.g., headhunter) because agents decrease the value of the deal and increase the probability of no deal occurring (In addition, expectations of future interaction increases honesty and cooperation (Thompson, 1999)

What Recruiters Have to Say

Several recruiters were asked what they felt job candidates should avoid during the compensation negotiation process. The most common irritators for recruiters in a salary negotiation were the following: (1) The candidate focused on the base salary to the exclusion of other benefits in the package. They felt that by focusing only on salary these candidates are not particularly excited about the organization or are just plain greedy. (2) Trying to start a "bidding war" between companies. Recruiters felt that this signals that the candidates are more concerned about compensation than with their relationship with the company. (3) Making ultimatums. By giving an ultimatum, recruiters felt that this clearly signals that a candidate is inflexible and is focused on the issues other than relationships and opportunities at the company. (4) Using arguments that are not grounded in relevant facts. It is a mistake for a candidate to use irrelevant information, such as anecdotal evidence from their friends to justify a better compensation package. Recruiters felt that this shows that they have not done their homework in assessing their value. (5) Failing to share complete and honest information (about other offers) during the negotiation. Recruiters felt that concealing important information about career goals, timelines, and other offers communicates an unwillingness to negotiate and a lack of interest in the firm. It also limits the ability of the recruiter to problem solve to best satisfy the candidates interests. (Schroth, Anderson, Aquilino, Manuel and Stephens, 1999).