



# Negotiations: Strategy, Culture and Gender

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# Objectives

- Learn about the different strategies for negotiations and when to use them
- Participate in a negotiation exercise to settle a commercial dispute
- Discuss how gender and cultural differences influence our approach to, and success in, negotiations

## Seven basic tools of negotiations

- First, be dispassionate; emotion destroys negotiations. You must force yourself to be calm.
- Second, prepare, even for five seconds.
- Third, find the decision-maker.
- Fourth, focus on your goals, not on who is right.
- Fifth, make human contact. People are almost everything in a negotiation.
- Sixth, acknowledge the other party's position and power, valuing them. If you do, they will often use their authority to help you achieve your goals.
- Finally, be patient. Negotiations often take more time than expected.

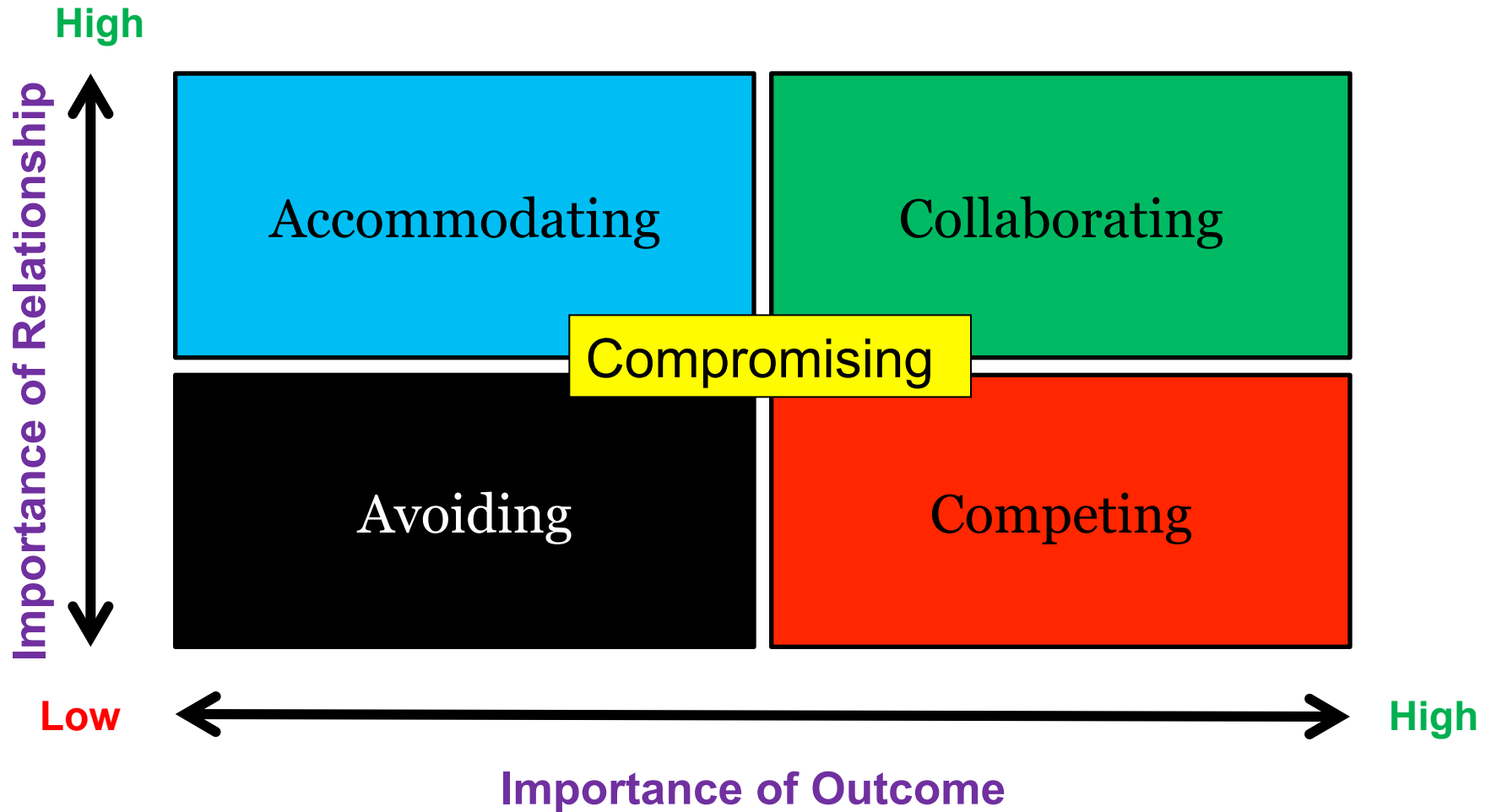
Diamond, Stuart (2010-12-28). *Getting More: How You Can Negotiate to Succeed in Work and Life* (p. 2). Random House, Inc.

# Selecting a negotiating strategy

To determine the most effective negotiation strategy, answer two questions

1. How determined am I in my efforts to achieve my desired outcomes in the negotiations?
2. How much concern do I have for the current and future quality of the relationship with the other party?

# The Dual Concerns Model of Strategic Negotiations



## The Dual Concerns Model of Negotiation

- **Compromise:** Split the difference
- **Avoidance:** Don't negotiate
- **Accommodation:** I let you win, enhance relationship
- **Competition:** I gain, ignore relationship
- **Collaboration:** I gain, you gain, enhance relationship

## The Dual Concerns Model of Negotiation

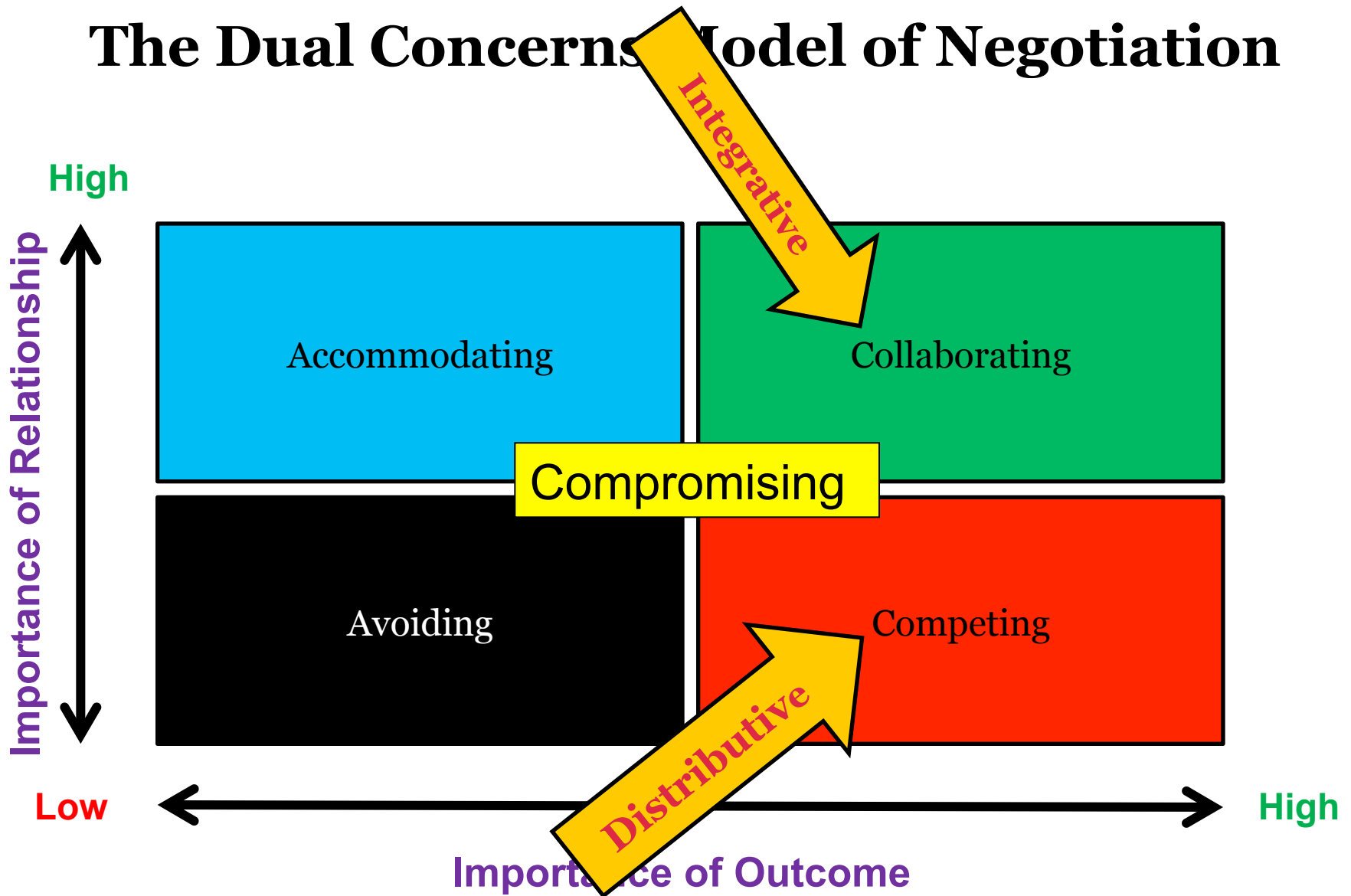
- Poor and/or inexperienced negotiators practice only one or possibly two of the five approaches
- Negotiations require situational agility – being able to identify and adapt the right approach to the particular relationship/outcome situation that you are confronted with

# Value Claiming and Value Creation

- Opportunities to “win” or share resources
  - **Distributive Bargaining** -- *Claiming* value: result of zero-sum or distributive situations where the object is to gain largest piece of resource
  - **Integrative Bargaining** -- *Creating* and claiming value: result of non-zero-sum or integrative situation where the objective is to have both parties do well

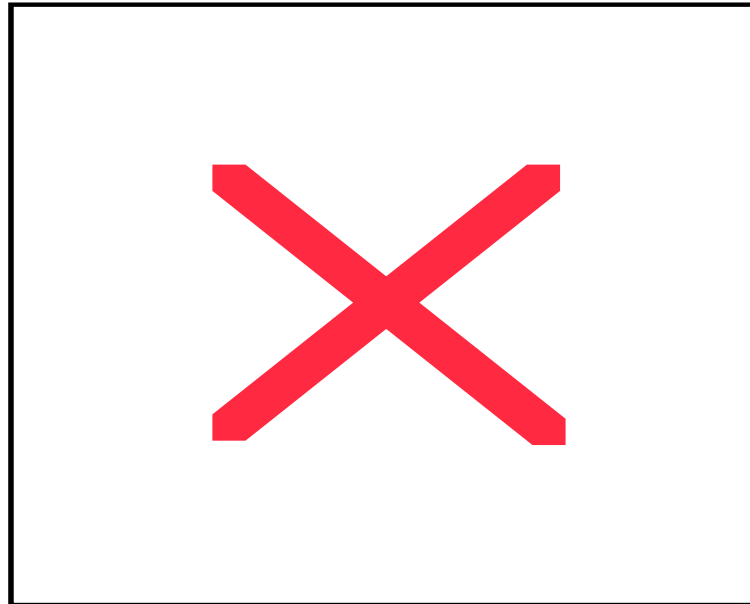


# The Dual Concerns Model of Negotiation



# Creating value through trades

- One way to create value is through trades
- Each party trades off something of low value to them in exchange for something of high value



## Creating value through trades

- Two collectors of rare books, Helen and John, are entering a negotiation.
- Helen is interested in purchasing a first-edition Hemingway novel from John to complete her collection.
- During their negotiation, John mentions that he is looking for a specific William Prescott book that is quite rare, which Helen happens to own and is willing to part with.
- In the end, John sells Helen the Hemingway book, completing her collection, for \$100 plus her copy of the rare Prescott book.
- Both parties are satisfied. The goods exchanged had only modest value to their original holders, but exceptional value to their new owners.

## BATNA: Best Alternative To a Negotiated Agreement

- What is the best alternative available to you if the negotiation you are about to enter into fails?
- It is your “fallback” position or “plan B”

# Interests

- The things that are truly important to a negotiator
- They underlie positions

## Easy's Garage

- Work in pairs
- Read the fact pattern
- Negotiate a settlement deal
- Be prepared to report out on your results



# Cultural and gender differences in negotiations

## Cultural and gender differences in negotiations

- Just because you are dealing with someone different from you don't assume that disagreement is based on culture or gender
- If experiencing problems look for patterns of disagreement and analyze them together
- Educate yourself about your bargaining partner's culture. Do differences support suspicion that differences are in fact based on culture/gender?
- Consider coopting someone from your bargaining partner's culture or gender to act as negotiation spokesperson or as chief advisor



## Gender differences in negotiations

- Women continue to earn less, on average, for the same performance, and they remain underrepresented in top jobs
- both conscious and subconscious biases contribute to this problem
- another, subtler source of inequality: Women often don't get what they want and deserve because they don't ask for it
- in three separate studies, the authors found that men are more likely than women to negotiate for what they want

Source: “Nice Girls Don’t Ask” Linda Babcock, Sara Laschever, Michele Gelfand, and Deborah Small

## Gender differences in negotiations

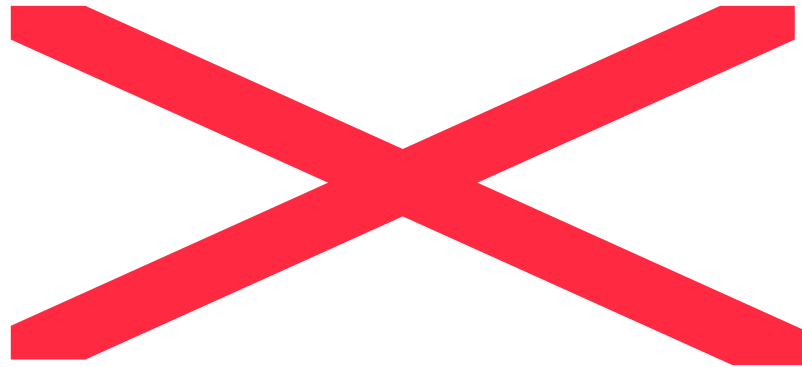
- The first study found that the starting salaries of male MBAs who had recently graduated from Carnegie Mellon were 7.6%, or almost \$4,000, higher on average than those of female MBAs from the same program.
- That's because most of the women had simply accepted the employer's initial salary offer; in fact, only 7% had attempted to negotiate.
- But 57% of their male counterparts—or eight times as many men as women—had asked for more.

Source: “Nice Girls Don’t Ask” Linda Babcock, Sara Laschever, Michele Gelfand, and Deborah Small

## Gender differences in negotiations

- Another study tested this gender difference in the lab. Subjects were told that they would be observed playing a word game and that they would be paid between \$3 and \$10 for playing.
- After each subject completed the task, an experimenter thanked the participant and said, “Here’s \$3. Is \$3 OK?”
- For the men, it was not OK, and they said so.
- Their requests for more money exceeded the women’s by nine to one.

Source: “Nice Girls Don’t Ask” Linda Babcock, Sara Laschever, Michele Gelfand, and Deborah Small



## The high cost of avoiding negotiation

- More than 50% of people (women AND men) will accept their next job offer without the benefit of negotiation.
- They will receive lower salaries and fewer benefits than the employer was willing to pay.
- Many people (*especially women*) think they need to choose between a good offer and a good relationship.
  - In fact, you can negotiate and maintain or even improve a relationship with effective negotiation.

## The high cost of avoiding negotiation

- One study of MBA graduates (Gerhart and Rynes, 1991) found that on average, when people negotiate:
  - Women receive 2.7% higher salaries
  - Men receive 4.3% higher salaries
- What does this mean over the course of 50 years? (*yes, you're going to be working for a long time!*)

## The high cost of avoiding negotiation

- Assume:
- Base salary of \$50,000
- 50-year career
- Mean annual pay increase of 3 to 4%
- Changing jobs once every 8 years
- A 2.7% salary increase for women who negotiate a first offer
- A 4.3% salary increase for men who negotiate a first offer

## The high cost of avoiding negotiation

### RESULTS:

If you negotiate once at the beginning of your career and you are:

- A woman. You will earn \$1,040,917 MORE in the course of your career than a friend who's afraid to negotiate.
- A man. You will earn \$1,714,779 MORE in the course of your career than a friend who doesn't like to negotiate.



## Fear of asking

- Researchers have consistently shown that women have more anxiety around negotiation than men.
  - Words and expressions women use to describe negotiation:
    - *Scary*
    - *Going to the dentist*
  - Words and expressions men use to describe negotiation:
    - *Exciting, fun*
    - *Winning a ballgame, a wrestling match*

# Consider requesting negotiations over:

- Vacation time
- Sick leave
- Personal leave
  - Bereavement leave
  - Maternity/Parental leave
- Developmental or executive training
- Retirement plans (e.g. 401K)
- Unpaid leave
- Severance pay (termination)
- Tuition assistance
- A “title promotion”
- Stock options
- Company vehicle
- Commuting reimbursement
- Higher 401k match
- A more desirable office
- Professional development funds
  - Professional membership dues
  - Costs of attending conferences
- Technology or special equipment (e.g. tablets, computers, etc.)
- Child care
- Relocation expenses
- Leadership role within the organization
- Procedures for reporting to others
- Stock options
- Cost of living adjustments
- Work remotely
- Alternate work hours (4x10, Tuesday-Saturday)

# Closing thoughts

- Be situationally agile – match your negotiation style to the situation
  - Importance of relationship
  - Importance of outcome
- Negotiate your job offer
  - Employers expect that you will
- The world is a very negotiable place
  - There's a lot more to a job offer than just salary