

Negotiation Theory and Research: Gender & Race

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Negotiation: Definitions

- ◆ Lay: Any time you cannot reach your goals without the cooperation of someone else, you are negotiating
- ◆ Research: Interdependent parties make mutual decisions about the allocation of scarce resources
- ◆ *Mixed-motive situation*
 - Cooperate: to create mutual agreement
 - Compete: to claim your share of the resources



Negotiation: *A Mixed-Motive Enterprise*



Distributive
Negotiations
(*claiming value*)



Integrative
Negotiations
(*creating value*)



Distributive Negotiation Skills: *How to Claim Value*

- ◆ The key question: “*What are you going to do if you do not make a deal with this person?*”
- ◆ Answer: determine your **BATNA** (Best-Alternative-To-a-Negotiated Agreement)
- ◆ Defines most you will pay (buyer) & least you will accept (seller)
- ◆ Key source of power: Ability to walk away
- ◆ Never reveal your BATNA*



Distributive Negotiation Skills: *How to Claim Value*

- ◆ Your **aspiration** or **target point** represents your most ideal negotiation outcome
- ◆ Your **opening offer** is a behavioral manifestation of your aspiration point because this represents the most you can (usually) hope to get
- ◆ Your opening offer is a powerful anchor in the negotiation
 - Negotiators' final outcomes can be reliably predicted by their first offers¹
- ◆ The ideal opening offer should be on/near the other party's Batna/reservation point
 - Such offers are maximally aggressive
 - But not insulting



Distributive Negotiation

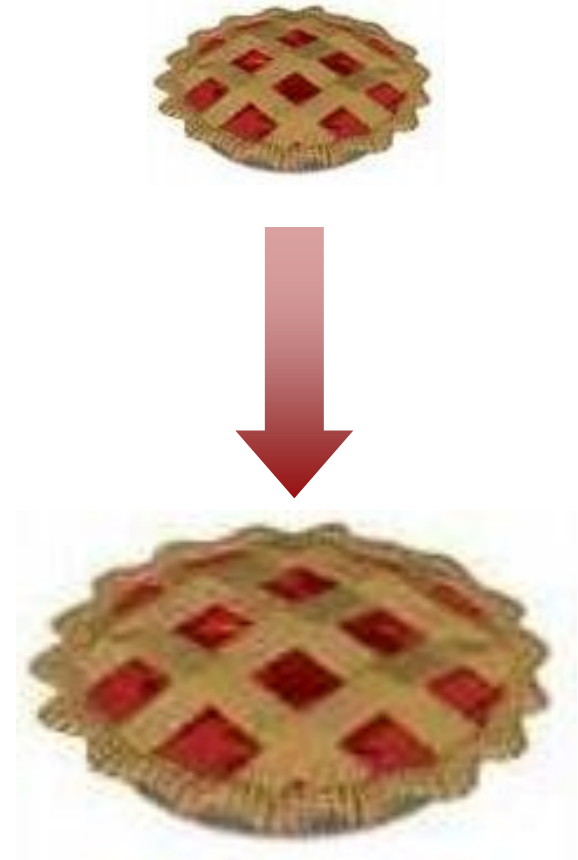
- ◆ Open first: Negotiators who open first have advantage
- ◆ If other party opens first, immediately counter-offer
- ◆ But, do not do this in a “positional” fashion
- ◆ Rather, do this in an “interest-based” fashion

“Thanks for sharing your ideas with me. I’ve also spent some time preparing a set of terms that would work for me. I will warn you that my terms are dramatically different from the ones you’ve sketched. But, in the spirit of recognizing the value of your time and beginning our discussion, I’d like to share them with you. Here they are...”



Integrative Negotiation Skills: *Creating Value*

- ◆ **Separate positions from interests**
- ◆ **Reveal some information about preferences & priorities**
- ◆ **Package issues; avoid sequential bargaining**
- ◆ **Make multiple offers simultaneously**
- ◆ **Search for “post-settlement” settlements**
- ◆ **Leverage differences via contingency contracts**

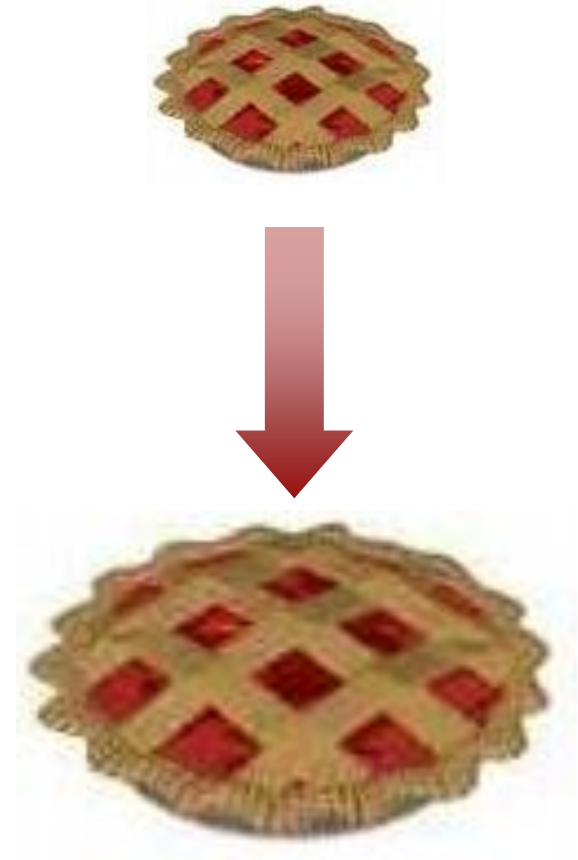


Integrative Negotiation: *Positions vs. Interests*



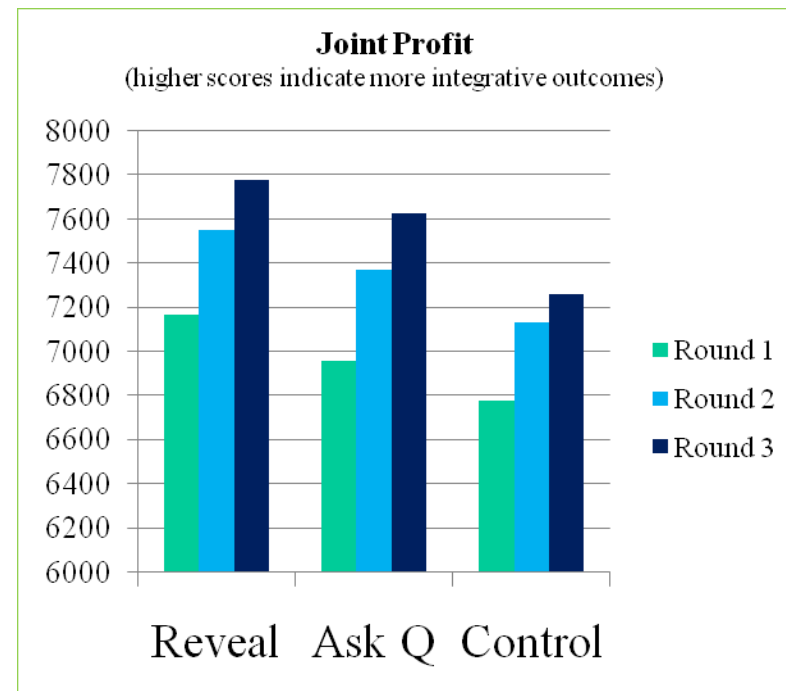
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Reveal your Interests

- ◆ Negotiators who provide information about their interests and priorities to the other party improve their own outcomes by an average of 10%
- ◆ Yet, most people are reluctant to share any information
- ◆ By sharing your interests you double the likelihood that the other party will reveal their interests (reciprocity effect)
- ◆ Examples:
 - “Issue X is more important to me than issue Y, but I care about both”
 - “A 10% increase on issue X would be more valuable to me than a 10% increase on issue Y”



Our Research Studies

- ◆ Focus on salary negotiations
- ◆ Pay gap among graduates of elite business schools widening: female grads earn 93c for every \$1 earned by men (10 years ago, 98c vs. \$1)
- ◆ Salary negotiations determine trajectory of earnings throughout a career
- ◆ Lifetime earnings substantially higher for employees who negotiate favorable starting salaries
 - Assuming 5% annual raises, employee offered \$50,000 will earn \$634,198 more over a 40 year career if he/she negotiates a 10% salary increase (Marks and Harold, 2011)



Negotiation Research: *Gender*

◆ Behavioral differences:

- Women set less aggressive goals (Kray, Thompson, Galinsky, 2001)
- Women don't perform as well as men in terms of value claiming (they don't ask for as much)
- They don't choose to negotiate in situations where men do

◆ Why?

- Women believe that assertive behavior will elicit a negative response
- “Women who ask” not perceived as positively (as compared to men who ask)
 - Male evaluators penalize female candidates more than male candidates for initiating negotiations (female evaluators penalize all candidates for asking [Bowles, Babcock and Lai, 2006])
 - Women who ask seen as less “nice” and more “demanding”
 - Women less inclined to negotiate with male evaluator because they are more nervous



Interventions

- ◆ *Structural ambiguity*: Is the situation one in which most people are expected to negotiate? (e.g., car deal, house buying, versus job offer context)
 - Women do better when the situation is unambiguous (i.e., scripted) versus ambiguous (Bowles, Babcock & McGinn, 2005)
- ◆ *Advocacy*: Is the negotiator self-advocating or negotiating on behalf of others?
 - Women who negotiate on behalf of themselves evoke negative attributions in others and are more likely to “hedge”
 - Women do better when negotiating on behalf of constituency (versus on behalf of just themselves; Bowles, Babcock and McGinn, 2005)
 - Women who self-advocate experience a “backlash” effect (Amanatullah and Morris, 2010)
- ◆ *Stereotype Salience*: is negotiation a male or female domain?



The Gorilla Effect

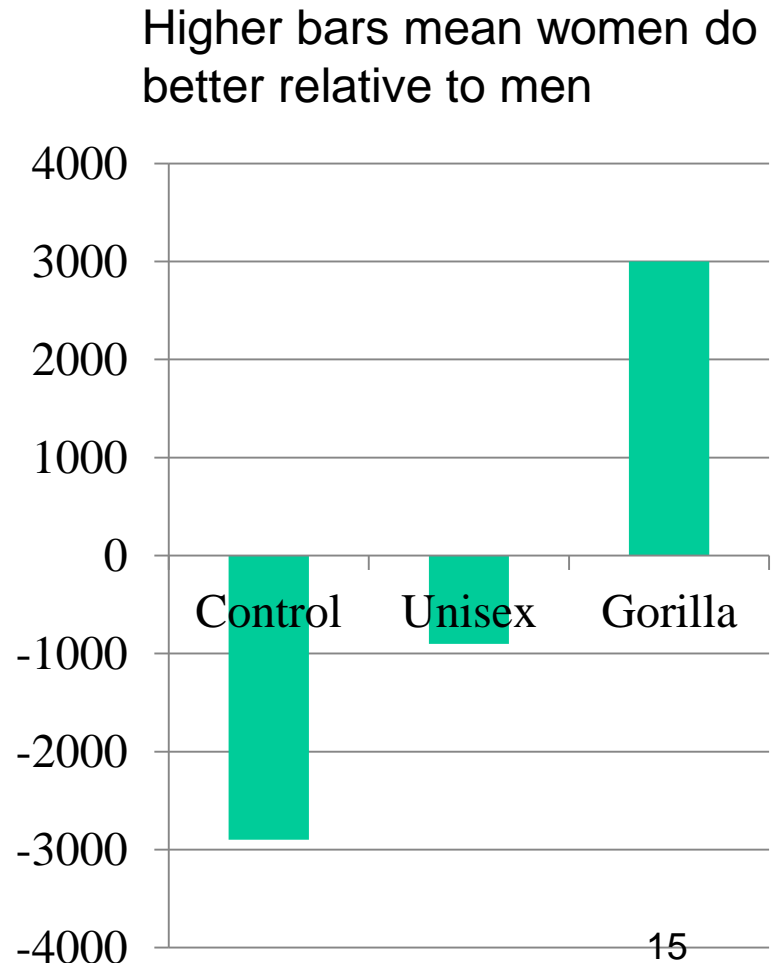


Theory: men and women confirm gender stereotypes when they are activated implicitly, but when explicitly activated, people exhibit stereotype reactance, or the tendency to behave in a manner inconsistent with the stereotype

The **Gorilla Effect** refers to the observation that women do significantly better in negotiations when they and others acknowledge that cultural stereotypes about women's ability to negotiate exist...

The Gorilla Effect

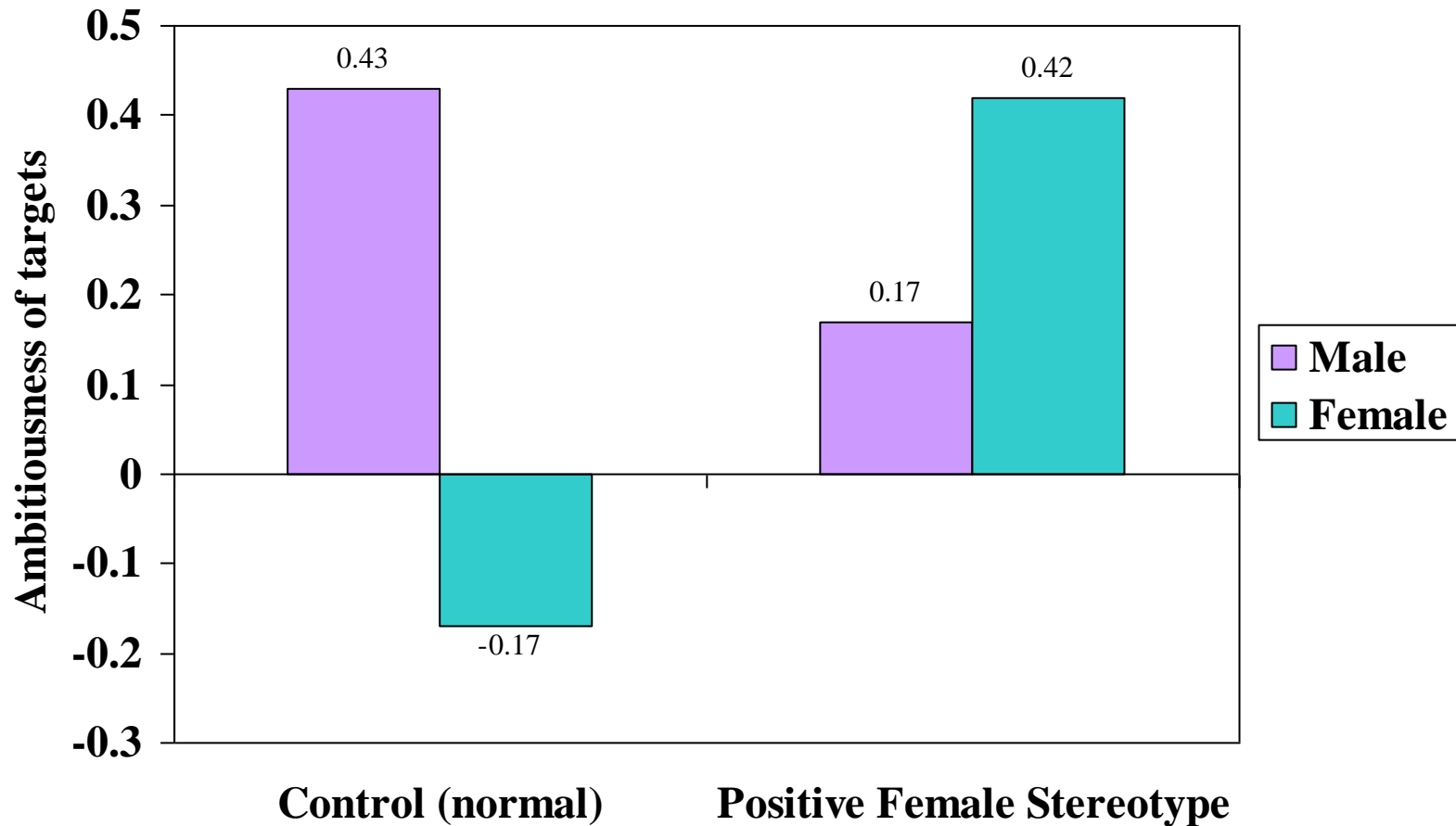
- Control group: nothing mentioned about stereotypes
- Unisex group: negotiation described as a “unisex” skill, requiring education, and academic experience
- Gorilla group: negotiation described as a domain in which there are clear sex differences



Kray, L., Thompson, L., & Galinsky, A. (2001). Battle of the sexes: Gender Stereotype activation and reactance in negotiations. *Journal of Personality and Social*

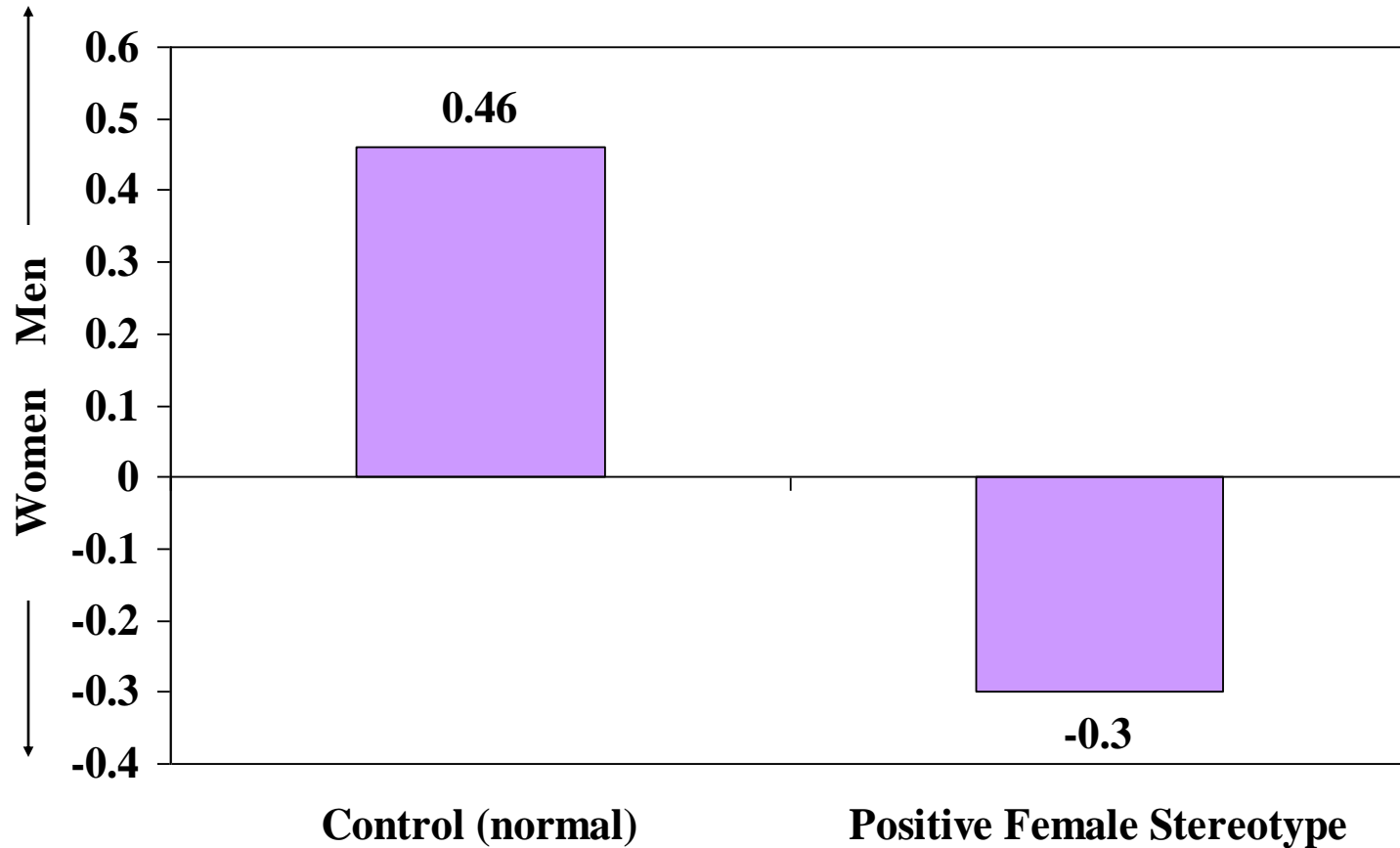
Psychology, 80 (6), 942-958.

Setting ambitious targets



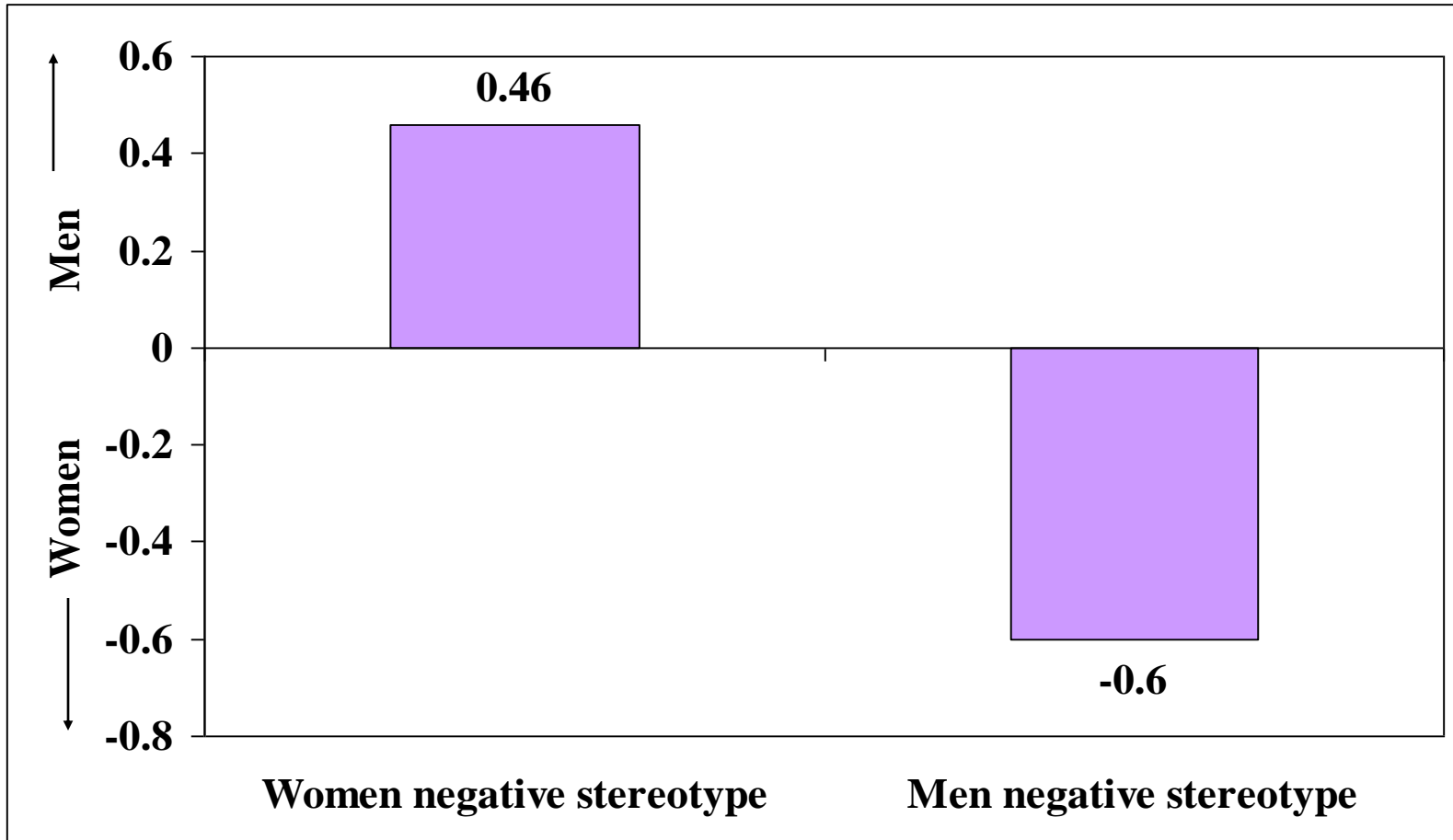
Kray, L.J., Galinsky, A. & Thompson, L. (2002). Reversing the gender gap in negotiations: An exploration of stereotype regeneration. *Organizational Behavior and Human Decision Processes*, 87 (2), 386-409.

Negotiation Performance



Note: Higher values indicate better performance for men relative to women

Negotiation Performance



Note: Higher values indicate better performance for men relative to women

Best Practices for Women

- ◆ Plan your opening offer & carry it off
- ◆ Never ask, “*is this negotiable*”; always negotiate
- ◆ Imagine yourself as negotiating on behalf of someone else (*e.g., your department, your children (conceived or not!), your retired self...*)
- ◆ Women who negotiate on-line for cars get better price quotes (than when in person)
- ◆ Think of negotiation as a female skill (*not a male's domain*)

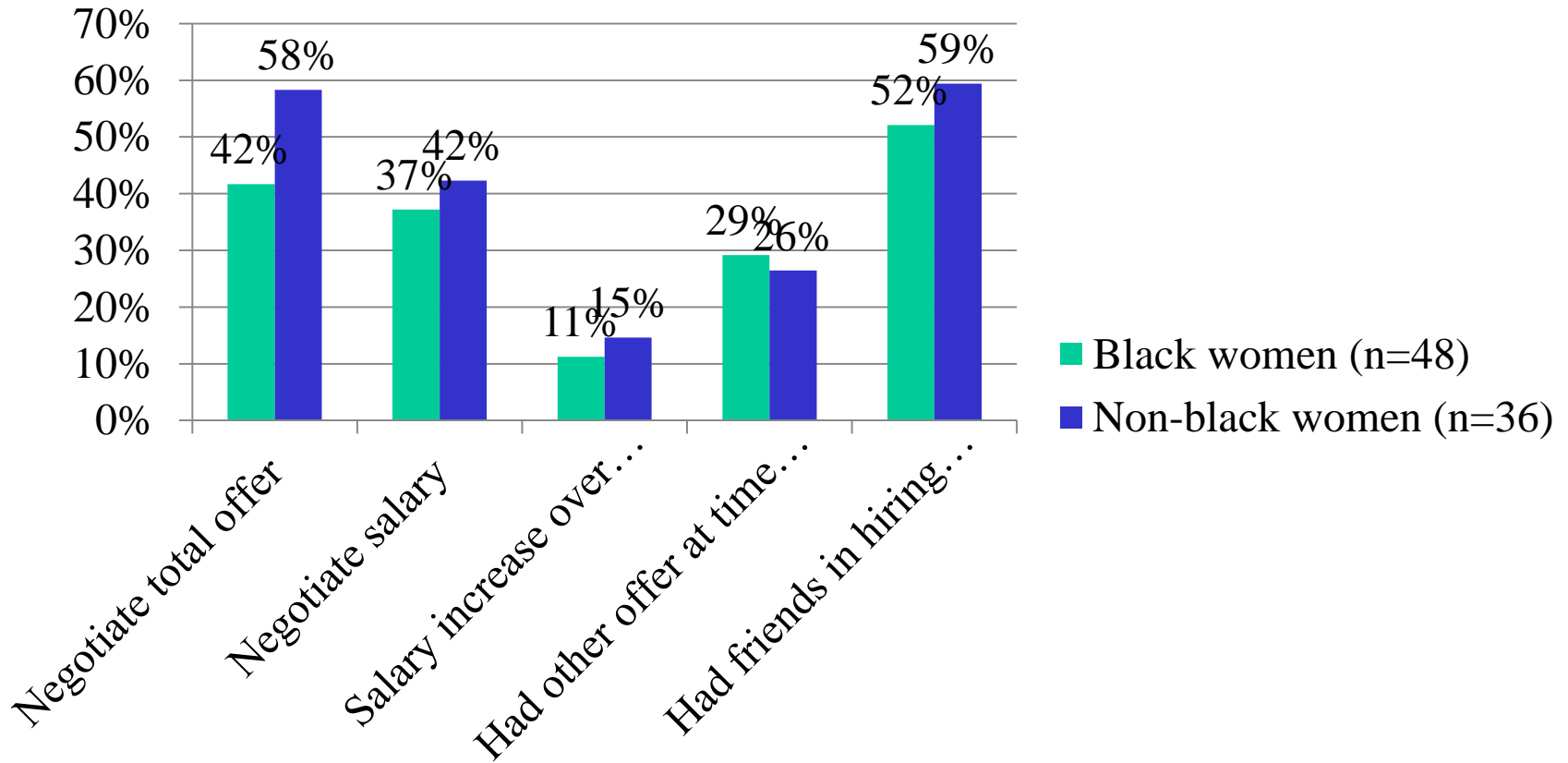


Negotiation Research & Race

- ◆ Black professionals negotiate less beneficial agreements than whites (Seidel, Polzer and Stewart, 2000)
- ◆ Negotiation behavior/outcomes may be function of:
 - Discrimination (Ayres and Siegelman, 1995)
 - Assertiveness (Babcock, Gelfand, Small, and Stayn, 2006; Babcock and Lashever, 2003)
 - Pay expectations (Gasser, Fint and Tan, 2000; Avery, 2003)
 - Access to information/norms (Seidel et al. 2000)



Study 1: Professional Women



Hall, E., Apfelbaum, E. and Thompson, L. (2013). Seeing Racism and Forecasting Worth: Perceived Prejudice Decreases Blacks' Propensity to Negotiate.

Concerns about Prejudice vs. Ethnic Identity

- ◆ Perceptions of prejudice significantly correlated with black women's choice to not negotiate offer ($r = -.4, p = .006$), but not non-black women ($r = .17, p = .32$)
- ◆ For each one-point increase on 7-point perceptions of prejudice, the odds doubled that black women would NOT negotiate ($B = -.61, p = .016, \text{odds ratio} = .547$)

- ◆ For each one-point increase on the ethnic identity scale, the odds doubled that black women would negotiate ($B = .73, p = .053$)
 - *“In general, my ethnicity is important to my self image”*
 - *“I have a strong sense of belonging to people from my ethnicity”*²²

Study 2:

Does perceived Prejudice Dampen Tendency to Negotiate?

- ◆ Thesis: Black professionals forecast what they are worth in eyes of potential employers
- ◆ Hypothesis: Perceptions of self-worth decrease when employers perceived to be prejudiced/devalues employee
- ◆ Participants: Professionals (annual salaries > \$50K)



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	White	Black	
Men	29	25	54
Women	26	21	47
	55	46	101

Procedure

Setting: Job Scenario

Method: All participants take perspective of “Mike”, candidate for professional sales position

All participants told they were same race as Mike

“Catherine, the HR manager for HKM Inc., meets with her last applicant of the day to try and fill a sales position. When Mike first walks in for the interview, Catherine skims Mike’s application, before sighing and uttering, “Well, let’s get started.” Throughout the interview, she seldom looks Mike in the eye. After a few questions, Catherine meets Mike’s glance to tell him that she will be in touch in a few days regarding any updates on the position. Mike really needs this particular position to progress in his career, however, he did not feel that things went well.”

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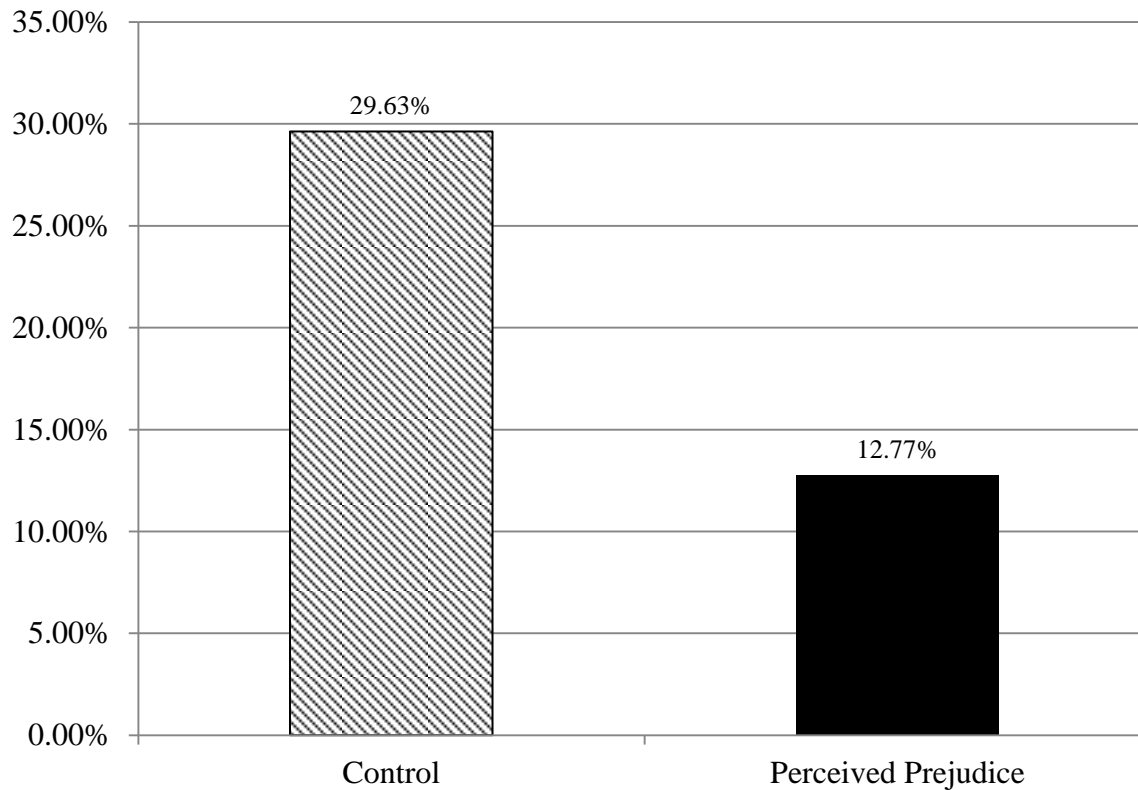
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In the control condition, the paragraph concluded with *“Mike quickly got the feeling that the hiring manager was in a rush to get off work.”* **In the prejudiced condition**, the paragraph concluded with *“Mike quickly got the feeling that the hiring manager might be prejudiced toward people like him.”*

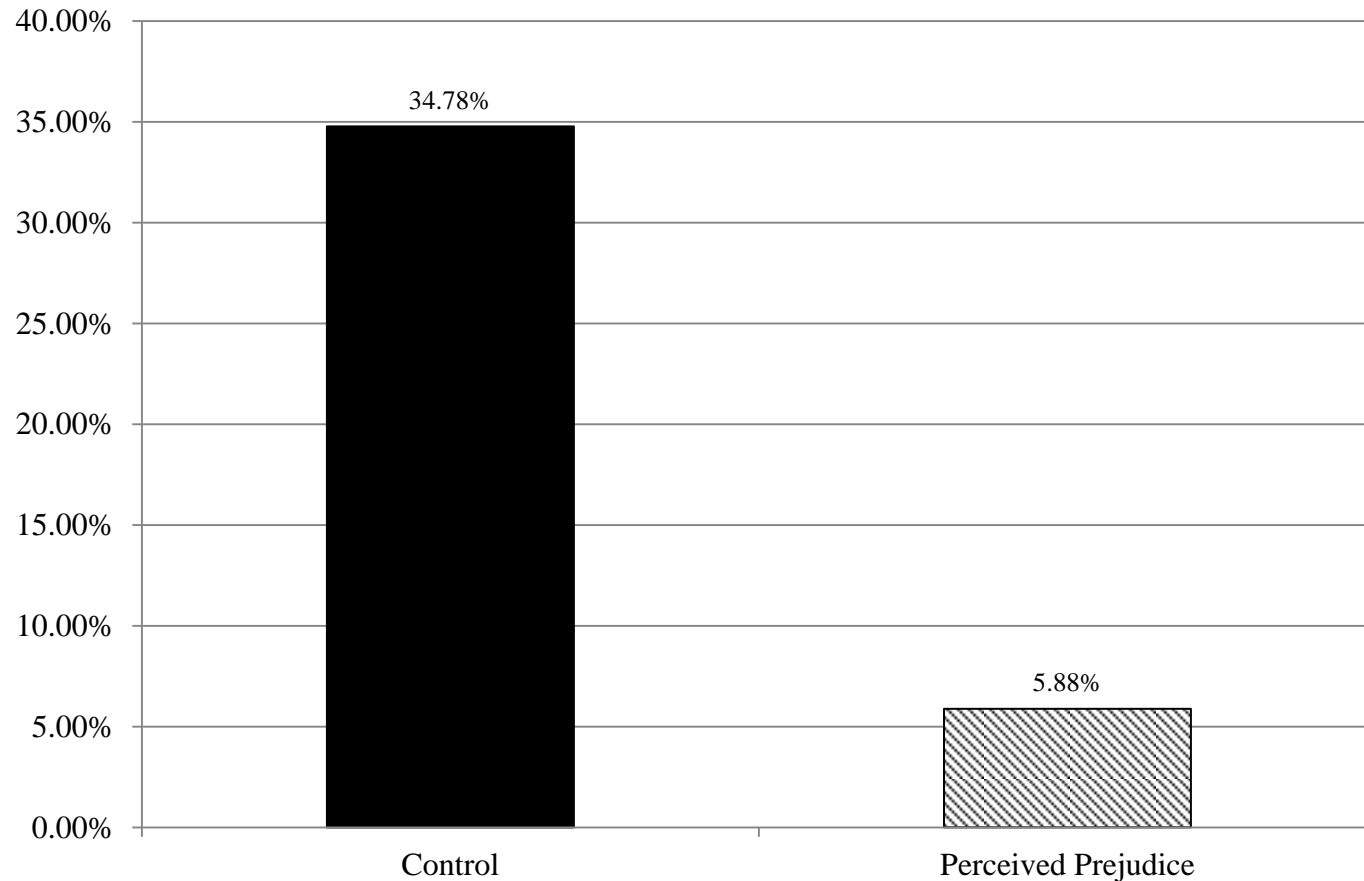
After reading the scenario, respondents learn that Mike did indeed get a job offer. While still taking Mike’s perspective, participants are asked what they would do...

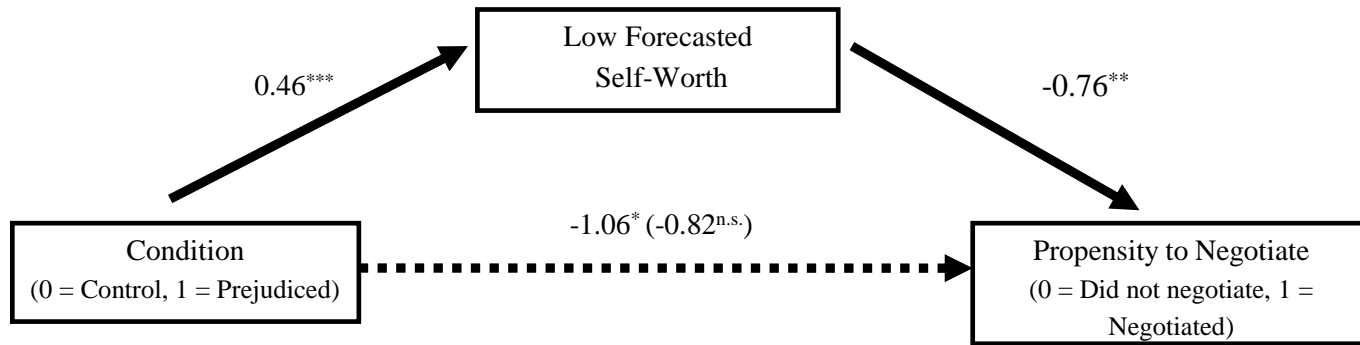
Respondents who negotiated salary offer



$\chi^2(1) = 4.194, p = .041$

Black respondents who negotiated salary offer when the negotiation was viewed as interracial





What now?

- ◆ First, get the bird in the hand (*never negotiate until you've got the written offer*)
- ◆ Think about your interests...
- ◆ Research your facts
- ◆ After that, practice conversational entry points...
- ◆ If necessary, suggest contingencies based on productivity and performance