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Human Capital Leadership

Insights

Graduate Cohort 2020
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Salary Negotiation – Myths Busted

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Don't be a Dilbert

Introduction

A negotiation expert and a compensation geek came together to answer some of the toughest salary negotiation questions from the Master of Human Capital Leadership (MHCL) 2020 graduate cohort. We hope that our combined experiences in this field would help shed some light on the complex world of salary negotiations.

Myths Busted

Q: How do I know what is a competitive salary for my role?

A: Research, Research, Research!

We recommend the following websites:

1. **Glassdoor.** The site gathered a rich global salary repository based on anonymous user contributions. Its popularity has been soaring in Asia and it's a great free source to start your research. Glassdoor indicates the "confidence" level for the average salary shown based on the number of data points they have for the job. From our experiences,

the salaries marked with “very high confidence” are good reference data to gauge whether you are paid competitively.

2. **Salary.sg**. This is an informative site on all salary related topics in Singapore. The vast number of threads in their forums might seem overwhelming at first but you will be able to find good salary insights on specific companies and roles if you look hard enough.

Finally, it is also beneficial to speak to headhunters to get a sense of what the market is paying for the role you are in.

Q: What's the best way to negotiate for a higher salary in a job interview?

A: There are three rules we ask people to follow when they are negotiating for a higher salary:

1. Ask for what you want but be realistic and polite.
2. Explain the logic behind your requests.
3. Understand the “interests” of the person across the table.

People often do not ask for a higher salary in a job interview because (a) they expect the recruiter to make a “fair” offer, and (b) they do not want to derail the recruitment process by appearing greedy. But it is important to note that what is “fair” to the recruiter may not be “fair” to you. If you truly believe that you deserve or need a higher salary, then you need to ask for it. If you don’t ask, you don’t get. It is important to make reasonable requests though. We have seen incidents in which folks have taken the idea of anchoring to such an extreme that recruiters have gotten infuriated and rescinded the offer made.

Also, our conversations with recruiters in multiple countries, including the US, India, and Singapore, underscored the fact that recruiters judge candidates based on what, and how, they negotiate. Candidates who negotiated assertively but politely and who provided logical explanations for their requests are more likely to be viewed positively than candidates who do not negotiate at all.

Finally, it is important to understand the “interests”, that is, the needs and constraints of the person with whom you are negotiating. For example, if you are negotiating with a HR manager, then this person is

likely to be interested in maintaining parity across all the hiring candidates and may be reluctant to bend any rules or policies for you. But if you are negotiating with your reporting manager, then this person may be more willing to go to bat for you. But you want to then make sure you do not bother them with petty matters.

Q: What's the best way to negotiate for a raise after I joined the company?

A: You need to first build credibility in the organization that you are a good (or at least solid) performer before asking for more money. It might also be beneficial to signal your willingness to diversify your work portfolio or to take up additional responsibilities.

The best time to broach the subject would be after a good performance review with your Line Manager. You should highlight any training or certification courses you took to upskill, your sustained good performance and the impactful projects you delivered in recent months. We also recommend that you raise this subject to your Line Manager if the company has not conducted a salary review for you in the last 2 years. There is typically an annual salary review process in larger-sized companies, but this might not be the case in small businesses where people processes are usually not as well defined.

Q: Are there gender differences in negotiation outcomes? And if “yes”, what are some ways to minimize these differences?

A: This question merits a typical MHCL response: It depends! A recent meta-analysis (Mazei, *et. al.*, 2015) found that men, on average, achieved better negotiation outcomes than women. However, gender differences depend both on the situation as well as on the persons involved. For example, gender differences favouring men can be reduced and potentially reversed when (a) negotiators have had prior negotiations experience, (b) information about the bargaining range was made available to negotiators, and (c) negotiators negotiated on behalf of others.

There are two findings in the literature on gender differences and negotiations that stand out for us (see Bowles, Babcock, & Lai, 2007; Kugler, Reif, Kaschner, & Brodbeck, 2018): Compared to men, women

are less likely to initiate negotiations and ask for higher salaries. However, when they do negotiate higher salaries, women incur more social costs than men do. Other employees view women who ask for higher salaries as less nice and too demanding and therefore express an unwillingness to work with them. Then what's the solution? What can women do to escape this salary negotiation dilemma - of asking for a higher salary without bearing the social costs?

The solution is two-fold. First, the meta-analysis noted above showed that women are likely to be more assertive in negotiations when they are negotiating on behalf of someone else rather than themselves. A direct implication of this finding is that women need to change their mindset from “negotiating for self” to “negotiating for family.” That is, every time they negotiate for a higher salary, women need to remind themselves that they are not doing it out of self-interest but for the benefit of the family who are dependent on them for a better way of life.

Second, women need to use “relational accounts” when they negotiate for higher salaries (Bowles & Babcock, 2013). Relational accounts are negotiation strategies that explain why the negotiating behavior is appropriate under the circumstances and that affirm concern for organizational relationships. Relational accounts thus have two parts: First, women need to explain to their negotiating counterparts why the counterparts should view women's negotiating to be legitimate. Second, women's script should communicate concern for organizational relationships. For instance, women can say something to the effect — “I am not sure how much of my job will involve negotiating for the company, but I am hopeful that you'll see my negotiation skills as something important that I can bring to my job.” It is important to note that women need to be authentic and use scripts that feel right for them. Some may believe that these strategies perpetrate gender stereotypes in society. However, we believe that these strategies will help women succeed in the current workplace while we, as a society, figure out ways to ensure gender parity at large.

Q: What is the ultimate “no-no” in salary negotiations?

There are several and we would like to call out the common ones we have seen:

1. **Poor Attitude.** It pays to be humble and polite even if you are a Rockstar in your field. We would like to reiterate that we have seen offers being revoked (rare but it's possible) when dealing with an arrogant jerk or a candidate with an unsatisfiable greed.
2. **Dishonesty.** There are no grey areas here. Recruiters must and do withdraw the offer if they find out that the candidate is dishonest about his / her previous employment data including salary, tenure, education, etc. Do note that it is very common for companies to conduct a background or reference check on candidates prior to making them job offers.
3. **Over-Emphasis on Job Titles.** We have seen candidates who became over-focused on job titles and neglected the bigger prize (i.e. salary) in the negotiation. Some companies have a well-established internal job levelling system which might explain their reluctance to budge on the job title as that can cause internal equity issues. Do try asking your Line Manager for the possibility of using an external title. The agreed external title should also be used on your name cards.

Key Takeaways

Overall, we ask you to keep these points in mind for salary negotiations:

1. Do your homework by figuring out what to ask, when to ask, whom to ask and how to ask.
2. And then ask!
3. But be polite, truthful, and authentic.
4. And adapt! While the principles of creating and claiming value generally hold, how to create and claim value may differ based on your gender, cultural context, industry, occupation, etc.

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