

November 2005

Negotiating salaries

Can you recall your last successful job interview? How did you fare when it came to the pay and benefits? Did you negotiate or did you accept the salary that was placed on the table?

According to the authors of a new book, more than half of us never bother to discuss the pay when we are offered a job, even if it is less than we expected. Why is this? Are we afraid of sounding greedy or of upsetting the feelings of our new employer?

Robin Pinkley and Gregory Northcraft, two US business academics, say that too often when we receive a job offer we either accept the terms and conditions that are put before us or we negotiate clumsily without considering the options.

Their book, *Get Paid What You're Worth**, suggests that when faced with a discussion on the terms attached to a job offer most of us feel inhibited by a whole list of fears relating to worries about causing a loss of face on either side or even losing the offer. It is as if we imagine ourselves as Oliver Twist in the orphanage asking for more.

None of these fears is justified, they say. In fact, the vast majority of headhunters and professional recruiters canvassed in their research said that the most impressive job candidate is one who can negotiate in a professional manner, not one who accepts the offer as soon as it has been made.

In the kind of jobs that normally enjoy annual percentage pay rises, the level of your starting salary is important because this could be the base for increments for years to come.

The book quotes a 1991 study in the *Journal of Applied Psychology: Determinants and Consequences of Salary Negotiations* by male and female MBA graduates. This study found that men who negotiated received 4.3 per cent higher salaries than men who did not. For women the difference was 2.7 per cent.

Mr Pinkley and Mr Northcraft believe the less successful negotiating results among women may reflect less assertive approaches. This could help to explain the stubbornly large gender pay gap in the UK, although it has narrowed recently to about 16 per cent in the government's annual survey of hours and earnings.

The percentage differences may look small but if you look at the compounding effect on a base salary of Pounds 50,000, say, over a 50-year career with eight changes of job, the results are staggering. Men who negotiate (assuming the 4.3 per cent improvement in the study findings above) will get Pounds 1.7m more over the course of their careers than those who do not. Women who negotiate would get just over Pounds 1m more than those who do not.

On these figures, a failure to negotiate doesn't make sense. So how should we go about it? I recall a past experience that resembled an H M Bateman cartoon when the manager who had offered me a job was aghast that I should question the salary.

When he got over his surprise he made a few hasty calculations on the back of a piece of paper that led to a substantially better offer. But suppose he had held firm?

What then? The authors make the point that this is unlikely, particularly if the recruiter has decided a candidate is right for the job.

Nine out of 10 of the recruiters canvassed by the authors said their initial offer to a candidate was less than they were prepared to pay and every one of them said they would expect a candidate to negotiate. That level of agreement looks a little on the high side for the European market and would depend, surely, on the size of the job. Negotiations in headhunting an FTSE 100 board director, for example, would be long and detailed.

Would we expect first-time recruits to be haggling? I would still not envisage a sophisticated level of negotiation in a European graduate recruitment exercise. But perhaps things are changing.

The American authors argue that everyone should negotiate, even if the offer appears non-negotiable. There was unanimous agreement with this among a panel of 12 recruitment and human resources experts assembled to give advice in the book.

The book recognised that people returning to their jobs after gaining an MBA may experience particular problems when trying to exploit the benefits of their business education. One adviser argued that to get any benefit from an MBA it would be best to change jobs because existing employers would be less likely to view the graduate in a new light.

Another issue, commonly experienced among MBA graduates, is dealing with requests to see a previous salary figure that might be well beneath current expectations. All the experts agree that previous job salaries should be irrelevant but most agree that recruiters sometimes want to take them in to account.

I am sure that most of us have heard an employer ask: "What were you earning in your last job?" The only possible reason for doing this is to make some kind of judgment about ability or experience that could be way off the mark. The way to counter this is to have a good knowledge of the pay levels in the area in which you are working. Two good questions to ask, they say, are: "why?" and "why not?" So you might ask: "Why this salary?" or "Why is there no resettlement package?"

As the authors point out, recruitment involves a transaction: "It is easy to lose sight of the fact that the real exchange is the exchange between what you bring to the job and what the company gives you in return." For this reason, they argue, it is important to stress the value that you can bring to the job, particularly anything you consider unique.

Each party, they note, will have a figure in their head. They gave recruiters a list of figures and included the response of a top candidate alongside each figure. The responses ranged from rejection of the lowest figure, satisfaction at the middle figure to "great pleasure" at the highest figure. About half the recruiters said they would offer the amount that led to a satisfied response, 40 per cent said they would offer a higher amount that would make the candidate happy, and 10 per cent would offer the amount that would secure a candidate who was, nevertheless, dissatisfied with the sum. But all of them said they would have paid more to get the candidate.

The evidence seems to support their argument that if you want something, you had better negotiate for it. But recognise that it takes practice. A relative of mine once began to haggle over a vase in an Arab souk and somehow ended up paying more

than the asking price.

Get Paid What You're Worth, The Expert Negotiators' Guide to Salary and Compensation, by Robin L. Pinkley and Gregory B. Northcraft, is published by St Martin's Press. Price \$23.95

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