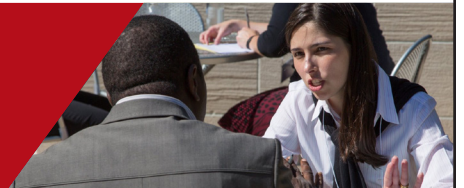




SALARY NEGOTIATION

FREE REPORT



**HOW TO NEGOTIATE SALARY: LEARN
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MANAGE THE MOST DIFFICULT SALARY
NEGOTIATIONS AND WHAT YOU NEED
TO KNOW WHEN ASKING FOR A RAISE**



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Beyond salary: Negotiating for job satisfaction and success

MOST PEOPLE ENTER EMPLOYMENT NEGOTIATIONS assuming that compensation and benefits are the only issues on the table, according to *Negotiation* editorial board member David Lax. By contrast, enlightened job seekers realize these concerns are only part of the picture. In addition to negotiating financial terms, you must learn to negotiate for the tools you need to become a fulfilled and well-compensated person over time.

Negotiate for your happiness. Lax has observed that many people overlook the broader point of employment: satisfaction. It's true that a well-padded paycheck will put a bounce in your step, but unless the job brings intrinsic pleasure, the glow will inevitably wear off.

Early in our careers, it sometimes makes sense to accept jobs we don't expect to enjoy. A recent college graduate might sign on for a few grueling years as an entry-level analyst at an investment bank in exchange for long-term knowledge and contacts. An aspiring chef who can't afford culinary school will pay his dues as a dishwasher. Later in our careers, however, most of us abandon such extreme tradeoffs—as we should, given the amount of time we devote to our jobs.

When interviewing for a position, how can you negotiate for your satisfaction? First, probe to understand your job responsibilities. How would you be spending your day? How many people would be working for you? Who would your superiors be? Continue probing until you have a strong sense of your likely work process.

Next, negotiate the “fit.” A prospective office manager with an engaging personality might ask whether an administrative assistant could take over

bookkeeping duties to free him up for more interactive work. If a prospective employer is reluctant to relieve you of tasks you would not enjoy, this knowledge will help you avoid accepting a job you'd hate. Remember that wise employers recognize that employees perform best at tasks they enjoy.

In addition, encourage your interviewers to be candid about any concerns they may have about your qualifications and skills. This type of feedback may identify the need for other adjustments to your job description, write Deborah M. Kolb, Judith Williams, and Carol Frohlinger in their book *Her Place at the Table* (Jossey-Bass, 2004).

Finally, ask questions aimed at assessing the organization's political environment.

What happened to your predecessor? Was she let go, and if so, why? If she quit, why? If you discern that you'd be walking into a political minefield, you might want to consider other opportunities.

Negotiate for your long-term success. “The job you're applying for isn't your final job,” says Lax. “Rather, it's setting you up for the next job.” When you make this shift in mindset, you'll begin to notice opportunities to build the expertise you will need in your next job and the one beyond that. Now you can negotiate for the tools you need to grow and thrive, such as resources, a strong support staff, and a title that will set you up for a future career goal.

One tax lawyer in the fundraising arm of a nonprofit negotiated her responsibilities to ensure that she remained up-to-date on changes in tax laws for charitable giving. The organization agreed to send her to industry conferences on the topic, a long-term benefit for the attorney that also added value to the organization.

When short-term salary is not the point

Paradoxically, when you focus on your long-term financial goals, you may find yourself passing up chances to haggle over your immediate salary.

Consider David Lax's story of an executive who was interviewing for a position as the CEO of a nonprofit organization that had suffered substantial and increasing losses over a number of years. Although he was offered an attractive salary, the executive justifiably could have asked for more, given his experience and industry compensation standards. However, he decided that such a request would have been inappropriate given the organization's finances. In fact, the executive decided not to negotiate his salary at all. Instead, he decided to negotiate for his future.

“What are the tools I need to be a success three years from now?” the executive asked himself. The question led him to make up a wish list of organizational changes that he believed were necessary to turn the nonprofit around—and to build his own reputation for success. One of the items? A request to cut the nonprofit's board of directors by more than half to improve organizational decision making and increase his authority. Impressed by this long-term vision, the hiring committee green-lighted the deal terms and made an offer, which the executive accepted.

It wasn't easy, but partway through his three-year contract, the CEO had reversed the organization's fortunes and even created a budget surplus. When his contract was up for renewal, the board preemptively offered him a significant raise to discourage him from thinking about leaving.

In general, employers should be indifferent about spending their money on your salary or on benefits you might value more. If added schooling would enhance your on-the-job skills, your employer may be willing to pay your tuition with pretax dollars at a lower cost than you would pay out of pocket.

How far into the future should you look? Choose time horizons based on your age and experience. Until they find their dream career, recent college graduates and MBA students may want to plan only one or two years ahead. For more established professionals, five-year benchmarks might make more sense.

Tailor your strategy to the organization. Suppose you've negotiated creatively for career satisfaction and success, and you think you want the position. Now it's finally time to tackle the nuts and bolts of compensation and benefits.

You'll be well ahead of the curve if you match your negotiating strategy to the organization's expectations and characteristics. Consider that large, established companies such as Coca-Cola and IBM measure job candidates against well-defined job categories with a set range of salaries. In addition, you may negotiate compensation with recruiters or human-resources personnel rather than with your future boss.

In this environment, unless you're a senior executive, it wouldn't make sense to ask for stock options. Instead, try to figure out what pay category someone with your education and experience would receive, then build a case for a salary at the high end of that range.

If an interviewer asks you to name your price, how should you respond? In their book *3-D Negotiation* (Harvard Business School Press, 2006), Lax and James Sebenius recommend making a "non-offer offer," or a statement that could anchor the discussion in your favor without seeming extreme. Suppose your research suggests that you would mostly likely fall into the \$70,000 to \$80,000 pay range, but the next-highest category seems within reach. Rather than saying, "I think I deserve \$80,000," consider saying, "Correct me if I'm wrong, but I've heard that people like me typically earn \$80,000 to \$90,000." Notice that this statement is not a demand. Yet due to the powerful impact of the \$80,000-to-\$90,000 "anchor"—a reference point that may or may not be relevant to the discussion—it could very well steer the numbers toward your upper goal.

Now consider how you might adjust your negotiating strategy to a very different hiring organization: a start-up that is recruiting you to become its third employee. You obviously won't be shuttled off to the HR department, nor will your salary be determined by existing pay scales. In this case, you may have more latitude to structure a creative package that includes stock options.

In sum, you can and should negotiate for a number of immediate concerns during job interviews, including enjoyment, status, compensation, and benefits. Yet it's just as important to brainstorm creative ways to gain marketable expertise. When it comes to deciding what you want most, the expert advice ends and the soul-searching begins.

First published in the November 2007 issue of *Negotiation Briefings*.

In job negotiations, set yourself up for long-term success

Status concerns, insecurity, and inattentiveness to our bargaining power can prevent us from negotiating for a position that will be satisfying over time

WHEN YOU ENTER A JOB NEGOTIATION, what goals are foremost on your mind? If you're like most people, you are primarily preoccupied with making a great impression and winning the job. Acing the interviews can seem like the only thing that matters, especially if you've been out of work or desperate to escape a miserable job.

But consider the results of a 2013 Gallup survey of 230,000 employees in 142 countries, which found that only 13% of respondents felt engaged by their jobs. This statistic suggests that many people are capable of getting a job, but not necessarily one that they will find enjoyable and fulfilling in the long run.

To negotiate for employment that we find more than just tolerable, we must overcome three common traps: (1) miscalculating what we will truly value in life; (2) holding ourselves back in job negotiations; and (3) failing to recognize our relative bargaining position.

1. We overlook what we truly value. Harvard Business School professor Max H. Bazerman notes that during recruiting season on the school's campus each

spring, he overhears lots of discussions in the student center about interviews and job offers. Students might share information about starting salaries, the name of the firm, the city where the job is located, their work responsibilities, the amount of travel involved, and so on.

What type of information do you think is most likely to travel through the MBA grapevine? According to Bazerman, data that conveys the most prestige, such as a high salary or an offer from a top consulting firm, will probably get the most attention. The impressed reactions of one's peers to a job's high-status attributes will enhance its appeal to the job candidate. Meanwhile, less flashy characteristics of the job, such as the freedom to pursue one's interests or the length of one's commute, may recede into the background.

Because of their close focus on status, according to Bazerman, many Harvard MBA students end up accepting high-paying jobs with prestigious firms—only to quit soon after and take jobs that are more rewarding on levels that ultimately matter more to them, such as a shorter commute or more interesting responsibilities.

It's not just newly minted MBAs who fall prey to the so-called vividness bias, or the tendency to focus too closely on vivid information and overlook dull but equally valuable information. As Bazerman writes in his book *The Power of Noticing: What the Best Leaders See* (Simon & Schuster, 2014), we are all susceptible to overlooking key information that would improve our satisfaction with the outcome of our negotiations.

How can you get a better sense of what you value? By creating a scoring system. A scoring system allows you to weigh different issues, determine how much you value each one, and compare them more accurately. A good scoring system is complete (it identifies all the important issues), measurable (it provides a common metric for comparing qualitatively different issues), and useful (it offers a shorthand for understanding what's at stake and what you value), according to Professor Don A. Moore of the University of California at Berkeley.

To develop your scoring system, begin by listing each issue relevant to a given job offer on a spreadsheet, such as salary, health insurance, location, and so on. You can add issues to your scoring system as talks unfold. Next, list the

possible options within each issue, such as two, three, and four weeks of vacation. Finally, establish a point system that can help you determine how much you value various issues. For example, you might assign 50 points to two weeks of vacation, 75 to three weeks, and 100 to four weeks. If you receive multiple job offers, follow this process for each one, then add up the points and think about whether the outcome reflects your true desires.

Avoid sharing details about your job prospects with others until after you have used a scoring system to determine what matters most to you, Bazerman advises. When you do get feedback from someone, consider whether the reaction tells you anything new. If not, you can feel satisfied with your decision.

2. We get in our own way. We also have a somewhat self-destructive tendency to hold ourselves back in job negotiations. Consider the recent salary negotiations of Ira Glass, the creator and host of the long-running public-radio show *This American Life*. In 2013, the board of WBEZ, the show's producer, raised Glass's salary from \$170,000 to \$278,000 to reward his achievements. Glass felt "weird" about the big bump in pay, he told Cara Buckley of the *New York Times*—so weird that he asked the board to lower his salary to \$146,000 (less than the starting point of the negotiation), and later asked them to lower it again. Though Glass says he still earns "a lot of money," he has been booking speaking engagements around the edges of his 60- to 70-hour workweek to help cover his and his wife's living expenses in New York City. Why would Glass negotiate his salary down rather than up? He apparently felt self-conscious about earning a high salary from a not-for-profit organization funded by grants and listener donations.

Negotiation is difficult enough without creating extra roadblocks for ourselves. But as this anecdote suggests, that's exactly what many of us do. This tendency can be particularly strong in hiring negotiations, where we often feel vulnerable and insecure about our worth.

To negotiate more effectively, we have to recognize how we "get in our own way," write Simmons School of Management professor emerita Deborah M. Kolb and Jessica L. Porter in their new book *Negotiating at Work: Turn Small Wins Into Big Gains* (Jossey-Bass, 2015). Pitfalls include failing to recognize opportunities to negotiate, focusing on our own weaknesses, and making the first concessions

in our own heads, before we have even given other parties a chance to voice their positions. That's what Glass did: He bargained with himself without giving WBEZ a voice.

Bargaining ourselves down starts with self-doubt about our value to the hiring organization. Before a job negotiation begins, we consider what we want, what we think we can get, and whether we're willing to fight for it. We think that the employer has all the cards—that they are in the driver's seat and our only choices are to acquiesce or reject an offer outright. These internal dialogues are where the first concessions in the negotiation are made, write Kolb and Porter. We might decide that we won't ask for plum assignments for fear of seeming pushy. Or we might decide in advance not to negotiate salary because we want to negotiate hard on another issue, rather than looking for ways to negotiate about multiple issues that are important to us.

When we fail to recognize our own value, we are vulnerable to accepting less than we're entitled to and even to giving back what the organization believes we deserve, as Glass did. It's important to be fair to your employer, but you also need to be fair to yourself.

In addition, our beliefs about what will satisfy someone are not necessarily correct. Glass's employer, for example, might have preferred that he accept a raise that would enable him to focus fully on his work without the need to overtax himself with side jobs.

Kolb and Porter suggest ways that you can position yourself to be a more effective self-advocate. Begin by gathering information so that you will feel that what you are asking for is defensible. Prepare to explain the value you would bring to the organization. Develop alternatives to the current negotiation to increase your flexibility at the table, and remember that the other party's alternatives may be less attractive than yours. In addition, examine your vulnerabilities and plan ahead to compensate for them. For example, if you are insecure about a gap in your work history, think about the important things you were doing during that time and prepare to share them with enthusiasm.

3. We fail to recognize our relative bargaining power. Job seekers, and women in particular, recently have been so inundated with the message that they fail to

negotiate forcefully for themselves that they face the risk of overcompensating. Take the now-infamous story, related on the blog *Philosophy Smoker* in 2014, of an anonymous academic who said she had received an offer for a tenure-track position as a philosophy professor from a small liberal-arts college after a round of interviews. The woman responded to the offer by e-mail, sending a list of numerous requests—for a salary increase, a semester of maternity leave, a pre-tenure sabbatical, and so on. Rather than continuing the negotiation, the college revoked the job offer, saying it appeared the candidate was looking to work for a research university rather than a teaching-focused college.

The woman was dismayed and confused by her negotiation failure. But her principal mistake was an obvious one: She failed to recognize the strength of her bargaining position relative to that of the college, says Kolb. In the job market for philosophy professors, a hiring college is clearly in the better bargaining position. It likely has received applications from hundreds of qualified candidates. Meanwhile, the average job candidate might be lucky to get even one interview. Consequently, a job candidate who presents a list of requests or demands is giving the hiring college a good reason to end the negotiation and turn to other candidates.

The philosophy candidate's list was also risky because it had a common theme—requests for time off from teaching—that may have given the impression she wouldn't be a hardworking teacher. Negotiating via e-mail is also usually a mistake in such situations, as it tends to be less collaborative.

Savvy job seekers remember to treat the negotiation as the beginning of a long-term relationship. You can get that relationship off on the right foot by looking for opportunities to give the employer what it wants even as you seek to get what you want.

Begin by using your network to gather information, advises Kolb. The philosophy job candidate, for example, could have consulted with her fellow graduate students or an online group about how much leeway she might have in negotiating her job offer. Then, rather than e-mailing a list of requests, she should have called her contact at the college (or, if possible, met in person) and started asking questions, advises Kolb. For example, she might have asked about the college's early-career sabbatical policy. What criteria do they use to award

it? Then she could have looked for ways to make an early sabbatical palatable to the college, again by asking questions. She could have asked if she could teach extra courses before taking the leave, for example, or give undergraduate students opportunities to get involved with her research while on sabbatical.

Prioritizing is key, as well. Referring back to your scoring system, think about the issues that matter most to you. Focus on two or three of them during your negotiations rather than overwhelming the other side with a list of demands. Less important issues can wait until after you've been on the job for a while and proven your value to the organization.

First published in the December 2014 issue of *Negotiation Briefings*.

3. Dear Negotiation Coach: When a job offer is “nonnegotiable”

Question:

I am in my final year of business school and starting to prepare for job interviews. I have heard many of the organizations that recruit on campus are not open to negotiating specific terms of employment. Rather, they offer everyone roughly the same deal terms. To what extent should I respect such conventions versus trying to negotiate better terms for myself?

Answer:

As you've heard, firms that hire a large number of college or professional-school graduates into entry-level positions tend to offer standard packages and avoid negotiating with new recruits. If a firm hires more than four or five people each cycle and has hired “classes” of new employees with similar qualifications for years, you may have little room to negotiate your offer.

In fact, negotiating aggressively in the face of a standard package could cause the employer to sour on you and retract the offer. If you are still hired, any gains that you negotiate could come at the expense of future pay increases, bonuses, or other perks.

Although negotiation isn't encouraged in such situations, it isn't forbidden. Here are a few tips to help you get a better offer:

1. Probe for signs of flexibility. Often, by doing some research, you can uncover areas where potential employers may be flexible. For example, if a company wants to stagger the start dates of a group of new hires, management might be willing to accommodate your preference for a certain start date. If you have special expertise or experience, you could ask your interviewers if you might qualify for a more senior position. You might also find that volunteering for a particular role or agreeing to move to a less popular location could qualify you for a customized package.

2. Take a long-term perspective. Ideally, you will face the task of comparing job offers from multiple organizations. When doing so, most candidates focus on salary, bonus potential, and other “year one” items, such as a signing bonus. But what happens after year one?

With a little research—such as calling alums from your school who have worked for the firm for several years, or asking your interviewers directly—you can get more information on trend lines. For example, Company A's \$80,000 salary might sound better than Company B's offer of \$70,000. But if you learn that Company A provides only cost-of-living raises, and Company B offers much more generous pay increases, the salary issue may level out or even reverse.

3. Create a scoring system. The number of factors at stake in a job decision can be overwhelming: role, location, department, pay package, amount of travel required, and so on. Job candidates often find that they can effectively determine which issues matter most to them by creating a scoring system by which they can compare the various issues at stake. After weighing all the known elements of a job and likely trend lines, you might decide to negotiate the one or two issues that are most important to you.

4. Demonstrate flexibility. Because organizations are often hamstrung by policies and procedures, your interviewers are likely to appreciate some flexibility from you regarding how they meet your interests. You might explain that it matters little to you how the total dollars that you earn your first year on the job are divided up—among base salary, signing bonus, year-end bonus, and educational-loan repayment, for example.

In addition, think about how you might deliver more value to your employer. If you had hoped for a break between school and work, but they need someone to start right away, you might agree to start immediately in return for an extra two weeks off after the busy season. Such relatively minor concessions could inspire employers to reciprocate with flexibility on issues that matter more to you.

By Kevin P. Mohan, Senior Lecturer, Harvard Business School.
First published in the December 2013 issue of *Negotiation Briefings*.

For a higher salary, choose the right strategy

BOTH EMPLOYERS AND APPLICANTS ALIKE tend to recognize that it pays to bring a variety of issues to the table during a job negotiation, such as vacation time, location, and growth opportunities. Yet there's one factor that looms largest over such talks: salary, and with good reason. For a new employee, negotiating a salary offer up by \$5,000 could make a huge difference over the course of a career. A 25-year-old employee who enters the job market at \$55,000 will earn about \$634,000 more over the course of a 40-year career (assuming annual 5% raises) than an employee who starts out at \$50,000.

But not everyone negotiates for higher pay when offered a job, and some who do are dissatisfied with the final outcome. As it turns out, individual differences—such as gender, negotiating style, and tolerance for risk—determine how we approach starting salary negotiations and what we achieve, Michelle Marks of George Mason University and Crystal Harold of Temple University found in a recent study.

Surveying salary. The researchers surveyed 149 professional employees who had been hired in the previous three years—specifically, tenure-track faculty at a university and part-time MBA students—about their negotiations for their current position. The participants were questioned about their attitudes toward negotiation and risk, their negotiation strategies and outcomes, and their level of satisfaction with the process of negotiating for their jobs. In addition, their degree of power in the negotiation was measured based on their work experience, other job offers, and knowledge of the organization's past salary offers.

The researchers identified five types of negotiating strategies: collaborating (engaging in problem solving to reach the best possible outcome for both sides); competing (trying to maximize one's own outcomes with little concern for others); accommodating (putting the other party's concerns first); compromising (trying to reach middle ground); and avoiding (dodging negotiation altogether).

Collaborating and competing: Winning strategies. Independent of the power the applicants had at the table, choice of negotiation strategy turned out to be the critical factor in determining the size of the salary increase that participants negotiated. In the study, those who chose to negotiate salary, rather than avoiding negotiation and accepting the offer on the table, increased their starting pay by an average of \$5,000, primarily by using competing and collaborating strategies. Those who behaved competitively did better than those who focused on collaboration, but collaborators were more satisfied than competitive bargainers with the negotiation process.

By contrast, compromising and accommodating strategies were not linked to salary gains. Participants who were risk averse were less likely to negotiate salary, and when they did, they had an accommodating style that left them feeling dissatisfied with their results.

The role of gender and beyond. In contrast to research by Carnegie Mellon University professor Linda Babcock and others showing that women are less likely than men to negotiate for their career success, female participants in Marks' and Harold's study were no less likely than male participants to negotiate their salaries; however, the men negotiated higher salaries than the women did. Interestingly, among participants who faced a competitive opponent, women responded more competitively than did men, suggesting that women may be more likely to adapt to their counterparts' negotiating style.

Based on their results, the study's authors conclude that it pays to negotiate assertively for a salary increase upon being offered a job. They also encourage employers to recognize that giving employees wiggle room to bargain up their starting pay could help create a more satisfied, productive workforce. We add the caveat that if you don't have a competing job offer, you should negotiate with caution, since there's always a chance bargaining may cause the employer to

revoke the offer that's on the table.

Resource: "Who Asks and Who Receives in Salary Negotiation," by Michelle Marks and Crystal Harold. Journal of Organizational Behavior, 2009.

First published in the December 2010 issue of *Negotiation Briefings*.

“So, how much do *you* make?”

Why a new openness about wages may be affecting job negotiations

HAVE YOU EVER REVEALED how much you earn to a coworker? Your answer to that question may depend on your age.

Comparing salaries has long been a social taboo in the United States, but members of the Millennial generation—people born in the 1980s and 1990s—are changing that, according to Kevin Hallock, director of Cornell University's Institute for Compensation Studies.

When 25-year-old Dustin Zick was preparing to leave his job with an online retailer, he compared salaries with five or six coworkers, write Lauren Weber and Rachel Emma Silverman in the *Wall Street Journal*. Several of the coworkers strategized about salaries they hoped to attain and how they might negotiate for them. The discussions helped Zick meet his target salary at his next job.

Accustomed to sharing minute details of their lives on Facebook and Twitter, Millennials appear to be carrying that penchant for self-disclosure into their work lives. Websites such as Glassdoor.com, where people can post their salaries and other information about their jobs, are spurring this trend. That may be bad news for employers, who see value in encouraging employees to keep mum about their salaries.

What's fair? Employers have long believed that open discussion of salaries can create problems in the workplace. Knowledge of pay differences can reduce morale and productivity, researchers have found. To take just one example, the smaller the salary gap between the highest- and lowest-paid players within Major League Baseball teams, the better the team's performance, Craig Depken of the University of North Carolina found. When we feel unfairly compensated by our organizations relative to others, we may not work as hard as we would otherwise.

Human beings have a strong desire for fairness. Yet our interpretation of what constitutes a fair salary is strongly skewed by our perspective. If you learn that a colleague who has the same job earns more than you do, you may overlook the fact that she has more experience or greater responsibilities. Our perceptions of unfairness, whether factual or not, can breed envy and discontent and lower productivity.

Moreover, we tend to be highly driven by status concerns—that is, we care a great deal about how we measure up to others. Finding out that someone you consider to be a peer is earning more than you do could cause you to be less satisfied with your own accomplishments and also more displeased with your organization.

Negotiating in a more open workplace. If salary disclosure is, indeed, a growing trend, how can managers and employees alike engage in salary negotiations that satisfy both parties' interests?

For employees, it's important to move beyond your own perspective to consider possible explanations for pay discrepancies that you might have overlooked, such as whether similar-seeming colleagues have stronger credentials, greater seniority, or longer work hours. Consult others in your field, or review objective industry standards before making demands that could offend or annoy your employer. If you do find solid evidence that you are underpaid, present your employer with the facts as you see them, being careful to stress that you believe any discrepancy is unintentional.

As for employers, many rely on elaborate job grade systems that divide employees into levels with set salaries. Such clear guidelines may seem rigid, yet they can improve the odds that employees will feel fairly treated relative to others at their level. Some employers are throwing the old rules about salary sharing out the window and striving for complete transparency. New York data analytics company SumAll, for example, reveals pay scales and individual salaries companywide. SumAll believes its employees are more efficient when they aren't trying to guess how much others are earning, according to the Journal.

First published in the September 2013 issue of *Negotiation Briefings*.



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