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# Playing hardball or playing nice...



By [Mrinalini Reddy](#)

**You’ve been offered your dream job but you are also unhappy with the contract terms. Negotiating for more might risk galling your future boss. But men still ask. Women traditionally don’t – simply because being “pushy” could result in negative social consequences, which, for women, tend to be about as important as the material benefits at stake, according to Linda Babcock, a professor of economics at Carnegie Mellon University**

Babcock’s research on female negotiation strategies found that asking amiably—and even apologetically—reaped only social benefits for women. Evaluators were more willing and happy to work with them but were still unwilling to grant their request. A particularly dismal finding: Women stand to lose as much as \$2 million over the course of their careers by not negotiating that initial salary.

“Women worry about the social consequences of their asking,” said Babcock in an interview with INSEAD Knowledge. “This is the reason women don’t ask. Sometimes it ends up that the costs of asking [or negotiating] are greater than the benefits.”

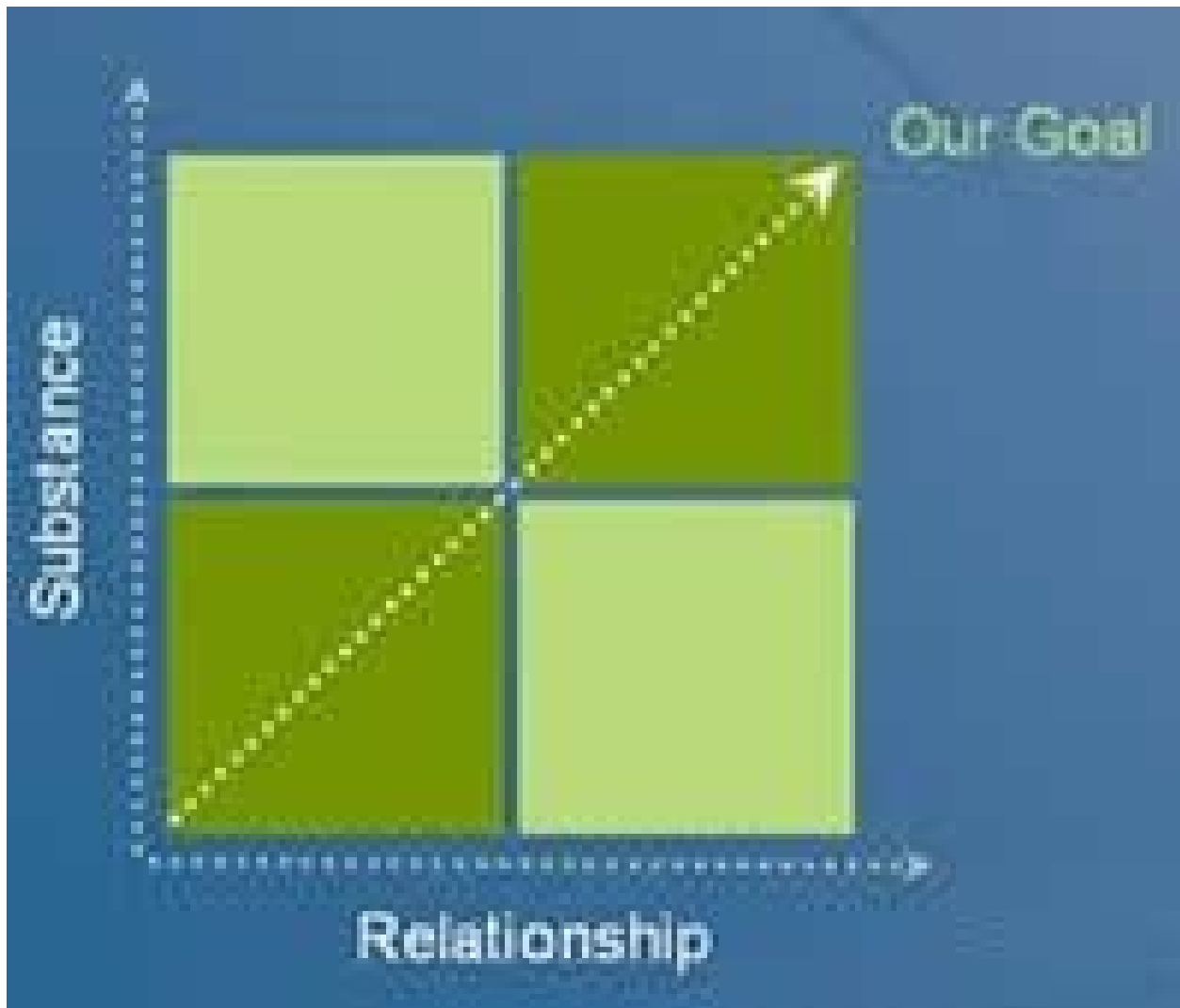
So are there situations where women can negotiate effectively, gaining both social and material outcomes?

The good news is, yes, when women are able to demonstrate the legitimacy for their compensation request. In a second study, Babcock tested evaluator responses when a female candidate justified her demands by highlighting appropriate skills that add value, and when she attributed the 'ask' to an encouraging mentor. These verifiable requests enhanced the evaluator's willingness to work with the female negotiator and to grant them the compensation request. A woman also stands to gain materially when she can leverage a second job offer, Babcock's research reveals, but in that situation playing nice or tough made little difference to the tangible outcomes.

Babcock's research methodologies involved a test group of 38-year olds, 70 percent with managerial experience. Participants watched video-taped interviews of female candidates in four different scenarios and evaluated social and material outcomes for each. In a first study, female candidates asked for higher compensation in a straightforward manner, with communal motives—being genial; with a second offer; and lastly with a second offer and communal motives. In a second study, scripts were revised to demonstrate the skills justification and mentor-urged rationale.

## **A battle of the sexes ?**

Extending the research findings to business settings, socialised traits in men and women impact negotiating processes, observes Peter Hiddema, a negotiation and conflict management expert, and a Visiting INSEAD Professor of Decision Sciences. Most individuals, men and women, experience a tension between getting what they want from the negotiation or the substance, and maintaining the relationship with the other party, he notes, and it's common for an individual to make concessions and compromise on the substance in the interest of fostering a healthy relationship. This notion is related to what Linda Babcock has been exploring in her research, notes Hiddema, where relationship refers to what Babcock calls social outcomes of the negotiation and substance refers to the material outcomes.



Stereotypically, men and women occupy different quadrants in the grid, Hiddema illustrates. From a socialization perspective, in many societies women are taught to be care-givers and collaborators, placing a greater emphasis on relationships. They thereby tend toward the lower right-hand quadrant, making concessions on the substance for the sake of the relationship. “This is what Linda Babcock found in her studies,” notes Hiddema. Men, on the other hand, are encouraged to compete and focus on ‘substance’ outcomes, even if it has a relationship cost, and thereby are more likely to occupy the upper left-hand quadrant. But, culture, personality traits, and context also have an impact, cautions Hiddema, so these generalisations do not always hold true.

“Not only is it an unattractive choice, it’s also a false choice—especially in an ongoing relationship,” says Hiddema. In one-off negotiations, you may ‘win’ in certain moments at the expense of the relationship or conversely ‘buy’

relationship points by conceding on selected issues. But if you keep doing this, your willingness – and ability – to produce good results over time erodes, and then you find yourself in a situation where you are generating terrible results and awful relationships.”

His ideal is a balance where the two variables – substance and relationship – are not traded off against each other. Hiddema proposes a strategy where both negotiators are hard on the problem yet respectful of the people while seeking joint gains. It entails collaborative strategies that claim value in a fair way - using benchmarks or comparables as a measure of legitimacy – while also focusing on creating value. “The goal is that we both do as well as possible instead of one party 'winning' at the expense of the other,” explains Hiddema. “It’s about acknowledging the fact that conflicting interests and shared interests are present in almost any negotiation, negotiating salary, for instance, which can be leveraged to make the situation better for both parties.” For example, in the situations Babcock studied, value could be created by including variable compensation (bonus or incentive pay) based on the individual’s performance, and leveraging specific skills or interests the employee has to both parties’ advantage.

So does it need to be a battle of the sexes when it comes to negotiations? Not at all, says Hiddema. But does it happen that way sometimes? “Absolutely.”

## **Women need to practice their negotiating skills**

Babcock’s past findings on gender negotiations have been particularly bleak for women. Men are four times more likely to negotiate and earn higher salaries, as a result. Just as affecting, when women did try to negotiate, they were penalized to a much greater degree than men, whether it leads to negative perceptions and evaluations or by simply earning a reputation for being too assertive.

Babcock concurs with a strategy of cooperative negotiation. For women, there’s more they ought to and can do. The first thing, she explains, is for women to recognize how much their colleagues are negotiating, what other

people are doing to advance themselves in the organization and be more aware of opportunities to negotiate. Women also need to practice.

"Negotiation is not a skill that you are born with but it's one that you hone with practice," she says. Even using everyday situations with merchants and family members or taking negotiating classes to practice your skills, are beneficial. Finally, women need to contend with the reality of negative attitudes toward women who do ask. "A woman needs to pay more attention to the style and impression that she is creating so she makes sure she doesn't come off as being too aggressive."

"The consequences of not asking are very grave," says Babcock. "Of course things are better in most societies of the world for women than they were 10 and 20 years ago. What's surprising in my research is that I find that this is an even contemporary phenomenon, that there are different judgements of what's acceptable for women to do and what's acceptable for men to do. I see [the improvements] as only a small bit in an otherwise very empty glass."

Linda Babcock delivered a global address on her research findings of gender negotiations from INSEAD's Fontainebleau campus in March, and Peter Hiddema delivered a keynote address on gender in negotiations at INSEAD's Singapore campus as part of INSEAD's celebration of International Women's Day.

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