
“Take it or Leave it”: What Message Are You Really Sending?



By [Horacio Falcao](#) , INSEAD Senior Affiliate Professor of Decision Sciences

Most negotiators believe that without power they will be unable to secure the best deal; but translating power into value is not a given or even an easy task.

Internet firms are renowned for valuing diversity, inclusion and out-of-the-box thinking. Ironically though, some have started adopting rather conventional power postures in their hiring processes; the old **“[take-it-or-leave-it](#)” job offer**, with fixed salaries and no room for negotiation. Firms such as Reddit, [Magoosh](#) Inc. and Jet.com claim to have taken this step for the sake of transparency and fairness, as pay negotiations typically put women at a disadvantage because men negotiate harder.

This seems to be a trend among coveted employers and it is questionable if just about any company can adopt this strategy or even if they should. I would argue that this approach could create unintended and undesirable consequences which harm the hiring process in two ways.

First, the advice “don’t even try it” can have a strong hint that communicates the intention to develop a relationship based on the use of

power with the applicant. It tells them they're not valuable even to the point of not being heard if they have different beliefs, their individual contribution or diversity is potentially not important and this is the kind of organisation where you should follow the rules strictly and "not even try" to think outside of the box.

Secondly, it could be fostering a demotivated workforce, creating a pattern between employee and company of "don't even try it", especially if your firm is highly sought after. [Research](#) by my colleague Neil Bearden shows that "exploding job offers" – or offers that must be accepted by a deadline – sow disengagement later on because employees don't want to go the extra mile for a firm that didn't go the extra mile for them.

My way or the highway

As I note in my book [Value Negotiation: How to Finally Get the Win-Win Right](#), every time we negotiate there is more than one negotiation going on. It's important to be aware of this, so that we can influence or lead these negotiations. Lemuel Boulware, who was responsible for labour relations at General Electric (GE) in the 1950s was ignorant of that fact.

He was frustrated by the process of bargaining with labour and devised a negotiation strategy, which became known as Boulwarism, in which he reconciled his understanding of the parties' needs with advanced data analysis of the maximum GE could pay. Then he would present unions with his "first, last and best offer" on a "take-it-or-leave-it basis". Some argued that the offers were fair and among the best in the industry, while others accused him of manipulating data and trying to bypass unions. But all agreed that Boulwarism was a rigid, take-it-or-leave-it power play. His approach led to some long strikes and in 1965, US courts declared GE guilty of refusing to engage in collective bargaining.

Another way?

Boulware failed to engage in what I call "the three negotiations"; relationship, substance and communication. While both parties in our hiring cases are engaged in the substance part, which is the salary negotiation, our employers are missing out on the relationship and communication aspects to ensure a win-win process and the enhanced potential for a mutually beneficial and higher value outcome. They too are in control of the information and are adopting a somewhat unfair power position.

Fairness after all can be treating different people differently and thus the refusal to communicate can send the opposite message. The manner in which it is communicated may leave candidates believing there is no room for dialogue.

To improve these aspects, these firms could still offer a non-negotiable fixed base salary to ensure fairness, but with a variable component that would be made available to a candidate that delivers additional value once inside the company or accommodate different needs if relevant and fair. This makes the employer fair in overall treatment, but allows people to pursue their own goals and feel valued for their contribution.

There would be no additional pressure from the employer on new employees to perform beyond the level of which they have been hired, but there should be rewards in place for those who do.

This would have to be bolstered by concrete performance parameters to ensure performance is met with reward, since more concrete performance parameters have been seen to give women more equal promotion opportunities to men as opposed to subjective performance criteria. The result would ensure merit-based compensation for both men and women, which still keeps men from out-negotiating their female peers and ensuring that diversity in all its forms, not only gender-based, is valued by the organisation.

*This article is an outgrowth of one of Horacio's recent blog posts to his **Negotiations group on Yammer**, where he follows trends in negotiations and shares his views with the student community for discussion and debate.*

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