GENDER DIFFERENCES IN SALARY NEGOTIATION: THE CRUCIAL ROLE OF POWER

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ABSTRACT

The large gender inequality in salary is partly due to differences in the propensity to negotiate. Drawing from the gender, negotiation, and power literatures, we argued that power underlies gender differences in salary negotiation. In three studies, we examined the mediating and moderating effects of power on gender differences in likelihood to negotiate and expected performance in a salary negotiation. In Study 1, we measured power in the negotiation and found that it mediates gender differences in likelihood to negotiate. In Studies 2 and 3, we primed power experientially and manipulated power structurally (with the presence vs. absence of an alternative job; BATNA), respectively. In both studies, in the neutral condition, women were less likely to negotiate than men, and in Study 3 women expected to perform less well than men, but these gender differences were eliminated with the power manipulations. Implications for research and practice are discussed.

Keywords: Gender, power, negotiation
Women earn 81% of what men earn in the United States on average (Bureau of Labor Statistics, 2010). Over the course of 15 years, women earn 62% less than men, the equivalent of a difference of $449,101 (Rose & Hartman, 2008). Negotiation behavior, particularly, initiation of salary negotiations, is an important explanation for gender inequality in earnings: women are less likely to initiate negotiations than men (Babcock, Gelfand, Small, & Stayn, 2006; Small, Gelfand, Babcock, & Gettman, 2007), and report lower pay expectations when entering a negotiation than men (Barron, 2003; Bowles, Babcock, & McGinn, 2005; Kaman & Hartel, 1994). Drawing from the gender and power literatures, we argue that social power — defined as asymmetrical control over valued resources (Keltner, Gruenfeld, & Anderson, 2003; Magee & Galinsky, 2008) — plays an important role in explaining gender differences in salary negotiation.

Theoretical Development

According to social role theory, gender is a socio-structural role stemming from and reinforced by a gendered division of labor and a gender-based hierarchy that creates descriptive and prescriptive expectations for behavior (Eagly, 1987). Whereas the male, breadwinner role affords power and entails masculine, agentic traits, such as assertiveness and competitiveness, the female, caretaking role, affords limited power and is associated with feminine, communal traits, such as deference and agreeableness (Bem, 1974; Eagly, Wood, & Diekman, 2000). Applying these ideas to the negotiation table, pioneering research has shown that in any negotiation diagnostic of the negotiators’ ability, the implicit activation of gender stereotypes favoring males (i.e., without mentioning gender) hurt women’s performance relative to men in the negotiation table (Kray, Thompson, & Galinsky, 2001), whereas the association of
stereotypically feminine skills with negotiation success led women to outperform men (Kray, Galinsky, & Thompson, 2002).

Wage negotiations—a context involving competitive resource allocation, which stereotypically favors masculine over feminine attributes,—is an important context in which gender stereotypes are likely to be naturally activated, since people typically have implicit stereotypes about what and who makes a good negotiator, which correspond quite directly with masculinity (Kray et. al., 2002). Given this implicit stereotype in society, we contend that women should feel especially less powerful relative to men in this situation since they are neither expected nor socialized to accrue resources in general, and in an agentic manner, in particular (Amanatullah & Morris, 2010; Bowles, Babcock, & Lai, 2007; Rudman & Fairchild, 2004).

Indeed, women who initiate negotiations about compensation for themselves are met with backlash (Bowles et. al., 2007), thereby reinforcing the power differential between men and women in the context of accruing financial resources. Reduced power, in turn, according to the approach/inhibition theory of power, is associated with inhibited, compliant behaviors, and inaction (Galinsky, Gruenfeld, & Magee, 2003; Keltner et al., 2003), and, consequently, with a reduced propensity to negotiate (Magee, Galinsky, & Gruenfeld, 2007).

However, previous research concerning the psychology of feeling powerful indicates that increasing women’s power may help to ameliorate the power gap inherent to wage negotiation. High power has been shown to make people less influenced by social information in their environment (Galinsky, Magee, Gruenfeld, Whitson & Liljenquist, 2008). For example, in negotiation specifically, high power negotiators are less likely to concede to an angry opponent than low power negotiators (Van Kleef, DeDreu, Pietroni, & Manstead, 2006), and are less likely to modify their own social value orientation based on the reputation of their opponent (Galinsky
et. al., 2008). Given that stereotypes are a form of social influence that exert a strong effect on the behavior of the powerless but not the powerful (Fiske, 1993), priming power should likewise reduce women’s susceptibility to these pervasive stereotypes concerning masculinity and successful negotiation. One recent study (Small et. al., 2007) supports this proposition – priming power led women to rate negotiation as less intimidating than without the power prime. Thus, if our theorizing of this underlying process is accurate, providing women with experiential or structural power should free women of implicit stereotypes, and consequently, help off-set the power gap and enable them to negotiate their wages on an equal footing to males.

Drawing on this rationale, we postulate that power underlies gender differences in salary negotiation. Specifically, we expect men to feel more powerful than women in negotiations about compensation, and, consequently, to be more likely to initiate a salary negotiation and to have higher performance expectations. Furthermore, we hypothesize that when the power dynamics between men and women are equalized, these gender effects should diminish.

Overview of Studies

We tested our account that power underlies gender differences in negotiation in two distinct ways affording both external and internal validity. In Study 1, we measured naturally occurring power in a salary negotiation and examined whether it mediates the effect of gender on the initiation of salary negotiation particularly in a context in which masculinity is heightened. In Studies 2 and 3, we experimentally manipulated power via priming and structural approaches (i.e., the presence vs. absence of another job; Best Alternative To a Negotiated Agreement; BATNA; Pinkley, Neale, & Bennett, 1994) and tested whether power would ameliorate gender differences in the propensity to negotiate wages and in performance expectations (a moderation-of-process design as per Spencer, Zanna, & Fong, 2005).
Study 1

In Study 1, drawing from Kray et al.'s (2002) paradigm we varied whether masculine versus feminine traits were associated with negotiation success, and reasoned that the implicitly masculine salary negotiation context should arouse differential senses of power between men and women, thereby influencing the lower likelihood of women relative to men to negotiate salary. In contrast, in a feminine context, we did not expect gender differences in power and, consequently, in the propensity to negotiate. Thus, we predicted that a sense of power would mediate the effects of gender differences in the masculine, but, not the feminine context.

Method

Participants

Two-hundred-twenty-five participants were recruited for pay from the Mechanical Turk system. Sixty-one participants were disqualified from the study because they failed the manipulation check question concerning the masculine versus feminine traits manipulation, and seven non-native English speakers were disqualified. The sample consisted of the remaining 157 participants (97 women and 60 men).

Design and Procedure

Study 1 was a 2 (participant gender: male, female) x 2 (negotiation context: masculine, feminine) design. Participants were instructed to imagine meeting with their potential future boss to discuss a job offer (they were also told that they were currently working). In the masculine condition, participants read: “...highly skilled negotiators typically: Display little emotion; Rely on rational analyses; Are indifferent to the other party in the negotiation; Are distant towards the other negotiator; Use a competitive approach.” In the feminine condition, the description was: “Show their emotions; Rely on intuition; Are sympathetic to the other party in the negotiation;
Are warm towards the other negotiator; Use a collaborative approach.” We based these descriptions on prior work using primed masculine and feminine negotiation traits. Participants subsequently answered questions about their likelihood to negotiate and sense of power in the negotiation.

Measures

**Negotiation likelihood.** Participants were asked, “How likely are you to negotiate for a higher salary than you were initially offered?” (Rated from 1=Extremely Unlikely to 7= Extremely Likely).

**Power in negotiation.** Participants indicated, “How much power would you have in the negotiation?” (Rated from 1 = Very Little to 7 = A Great Deal).

Results and Discussion

ANOVA results revealed that the gender by condition interaction on likelihood to negotiate was marginally significant ($F[3, 156] = 3.44, p < .07$), and the gender by condition interaction on power was trending toward significance ($F[3, 156] = 2.57, p = .11$). As expected, men were significantly more likely to negotiate ($M = 5.12, SD = 1.24$) than women ($M = 4.18, SD = 1.69; F[1, 153] = 7.88, p < .01$), and reported feeling significantly more powerful ($M = 4.15, SD = 1.12$) than women ($M = 3.40, SD = 1.21; F[1, 153] = 6.45, p = .01$) in the masculine context. In contrast, and as expected, in the feminine context, there was no difference between men ($M = 4.67, SD = 1.41$) and women ($M = 4.64, SD = 1.48; F[1, 153] = 0.01, NS$) in likelihood to negotiate or in power (men: $M = 3.78, SD = 1.50$, and women: $M = 3.72, SD = 1.44; F[1, 153] = 0.03, NS$).

We subsequently tested our prediction that power mediates the effect of gender on likelihood to negotiate in the masculine context (Baron & Kenny, 1986; Preacher & Hayes,
2008). As shown above, gender was a significant predictor of negotiation likelihood. Subsequently, negotiation likelihood was found to be linked to power ($\beta = .61, p < .0001$). Finally, gender and power were entered in the model simultaneously, and the effect of gender became non-significant ($\beta = -.12, NS$). A bootstrapping analysis further supported the hypothesized mediation with a significant, indirect negative effect for power (95% CI: -.96 to -.13).

In sum, measured power mediated the effect of gender on likelihood to negotiate in the masculine context, supporting our proposition that power underlies gender differences in salary negotiation. The next two studies expand on these findings by examining the moderating role of manipulated power. That is, given our postulate that power accounts for gender differences, we sought to provide experimental (rather than observational) evidence for the causal role of power by directly manipulating the proposed mechanism and showing its role in eliminating gender differences in salary negotiations.

Study 2

This study examines whether primed experiential power moderates gender effects on salary negotiation. We predicted that gender and power will interact, such that in the absence of an experiential power prime, men will be more likely to negotiate than women, but in its presence, there will be no gender difference. Additionally, we hypothesized that women will be significantly more likely to negotiate when primed with power compared to the condition without the power prime. Hypothesis re boost for women?
Method

Participants

Two-hundred-and-sixteen participants were recruited for pay from the Mechanical Turk system. Forty-four participants were disqualified from the study either because they failed the power recall (e.g., recalled feeling powerless rather than powerful), or failed a comprehension question. The sample consisted of the remaining 172 participants (94 women and 78 men).

Design and Procedure

Study 2 was a 2 (participant gender: male, female) x 2 (prime: power, neutral) design. In the power prime condition, participants recalled a situation in which they had power over another individual, and in the neutral condition, they recalled a recent experience at the supermarket (Galinsky et al., 2003). Subsequently, participants read the same negotiation scenario as in Study 1 (excluding the masculine/feminine traits). Participants then answered questions about likelihood to negotiate.

Measures

Negotiation likelihood. The negotiation measure consisted of a composite of 6 items (α = .91) related to likelihood and perceptions of negotiation (e.g., “How likely are you to negotiate for a higher salary than you were initially offered?” Rated from 1 = Extremely Unlikely to 7 = Extremely Likely; “How would you rate yourself as a negotiator in this situation?” Rated from 1 = Very Poor to 7 = Excellent).

Results and Discussion

ANOVA results revealed a gender by power condition interaction (F[3, 168] = 4.30, p < .05; see Figure 1). As expected, men were more likely to negotiate (M = 5.04, SD = 1.25) than women in the control condition (M = 4.14, SD = 1.57; F[1, 168] = 10.01, p < .01), but this
difference was not significant in the power prime condition. Within gender, women rated their likelihood to negotiate as higher in the power prime compared to the neutral condition ($M_{power\ prime} = 4.86, SD = 1.21$; $M_{control} = 4.14, SD = 1.57$; $F[1, 168] = 6.32, p = .01$), whereas the likelihood to negotiate for men was not different between conditions ($M_{power\ prime} = 4.87, SD = 1.45$; $M_{control} = 5.04, SD = 1.25$, NS). Overall, in a neutral condition men were more likely to negotiate than women, but a power prime removed this gender difference, supporting our contention that power underlies gender differences in salary negotiation.

**Study 3**

This study extends Study 2 by using a different type of power manipulation – structural power – through varying the existence of a BATNA. Again, we predicted a gender by structural power interaction such that men will be more likely to negotiate than women without a BATNA, but that this gender difference will be ameliorated with a BATNA. Likewise, we again hypothesized that women will be significantly more likely to negotiate in the condition with a BATNA compared to the condition without a BATNA. Women get a boost hypothesis? We also added a dependent variable – performance expectations.

**Method**

**Participants**

Two-hundred-and-fifty-three participants were recruited for pay from the Mechanical Turk system. Thirty participants were disqualified from the study because they failed comprehension questions. The final sample consisted of 223 participants (147 women and 76 men).
Design and Procedure

Study 3 had a 2 (participant gender: male, female) x 2 (BATNA: absent, present) design. Participants were randomly assigned to read about a negotiation with or without a potential BATNA[^3], which was purposely designed to appear likely but not definite to reflect the uncertainty that job seekers face. Participants were told that they were recent college graduates and had received a job offer. For the BATNA absent condition, they read: “You do not have any other offers at this time,” and for the BATNA present condition they read: “You also have interviewed…at a different company…You have been told that you are being considered for the position there, and that you will probably be invited back for a second interview. However, you have not heard back…at this time.”

Subsequently, participants answered questions about likelihood to negotiate, aspiration value, i.e., the maximum that they would negotiate for, and expectations for the final amount of the negotiation.

Measures

BATNA manipulation check. Participants indicated: “What was the likelihood that you would get another offer from a different company?”; “What was the likelihood that you would have other options with another company?”; $\alpha = .95$.

Negotiation likelihood. This measure was identical to Study 2 ($\alpha = .75$).

Negotiation performance expectation. We created a composite of 2 items (“What is the highest salary you will strive to get in this negotiation?” and “What do you anticipate will be the final salary agreed upon?”; $\alpha = .69$), with responses in annual dollar amounts.
Results and Discussion

As intended, participants rated the likelihood of receiving another offer as higher in the BATNA present ($M = 4.75, SD = .80$) versus the BATNA absent condition ($M = 3.54, SD = 1.37; t(221) = -7.66, p < .0001$).

An ANOVA revealed a gender by condition interaction on expected performance ($F[3, 219] = 8.88, p < .01$). As predicted, men’s expected performance ($M = 48,542.55, SD = 7290.80$) was higher than women’s expected performance ($M = 44,843.83, SD = 3977; F[1, 219] = 15.60, p < .0001$) in the BATNA absent condition, whereas in the BATNA present condition, men ($M = 46,775.86, SD = 4025.22$) did not differ from women ($M = 47,469.70, SD = 4882.37$). Women’s expected performance was higher in the BATNA present condition ($M = 47,469.70, SD = 4882.37$) compared to the BATNA absent condition ($M = 44,843.83, SD = 3977; F[1, 219] = 9.61, p < .01$), whereas there was no difference for men.

An ANOVA revealed a marginal gender by condition interaction on negotiation likelihood ($F[3, 219] = 2.93, p = .09$). As predicted, men ($M = 3.78, SD = 1.22$) were more likely than women ($M = 3.38, SD = 1.11; F[1, 219] = 3.63, p < .06$) to negotiate in the BATNA absent condition, whereas in the BATNA present condition, men ($M = 3.95, SD = 1.21$) did not differ from women ($M = 4.11, SD = 1.15$). Again, women were more likely to negotiate in the BATNA present condition ($M = 4.11, SD = 1.15$) compared to the BATNA absent condition ($M = 3.38, SD = 1.11; F[1, 219] = 14.49, p < .0001$), whereas there was no difference for men.

Similar to Study 2, men were more likely than women to negotiate in the absence of power, i.e., when no BATNA was present, but this gender difference disappeared when there was a BATNA. Expanding on Study 2, a similar pattern was also obtained for performance
expectations. In summary, Study 3 provides additional experimental support for our causal claim that power accounts for gender differences in salary negotiation.

General Discussion

Three studies demonstrated that power underlies gender differences in salary negotiation. Study 1, using an observational design and statistical mediation, showed that power perceptions mediate the effect of gender in a masculine context, and Studies 2 and 3 showed that manipulated experiential and structural power moderated the effects of gender (a moderation-as-process approach; Spencer et al., 2005), such that, when power is amplified, gender differences in wage negotiation are eliminated. These results are consistent theoretically with feminist theory that gender is a socio-structural role intertwined with power differences that influences men and women’s behavior.

These findings build on previous work in gender and negotiation by demonstrating power as a mechanism underlying the effect of gender on salary negotiation outcomes. Much of the previous research on gender and negotiation has primarily shown the main effect of gender on various outcomes, including propensity to initiate negotiation (Small et. al., 2007), negotiation performance (Stuhlmacher & Walters, 1999), and backlash (Bowles et. al., 2007), or has examined moderators of the effect of gender on negotiation, including situational ambiguity (Bowles et al., 2005), representation role (Bowles et al., 2005), type of stereotypes at the bargaining table (Kray et al., 2001, 2002), framing of the negotiation situation (Small et al., 2007), and the nature of negotiation topics (Bear & Babcock, 2012). However, very little research has examined the underlying mechanisms (Kray & Thompson, 2005; for a notable exception see Kray et. al., 2002). By showing that power mediates and moderates the effect of
gender on intention to negotiate and performance expectations, we help uncover an important mechanism underlying the effect of gender on salary negotiation.

These studies also have several limitations. First, we measured behavioral intentions. Future work should examine whether power explains gender differences in behavioral outcomes such as performance in negotiation simulations, as well as in negotiation processes, such as information sharing and reciprocation patterns. Likewise, the effect of power should also be investigated further to understand the micro-level mechanisms by which power influences salary negotiation behavior. Perhaps power leads women to feel more confident thereby increasing their likelihood to negotiate, or it could be that power reduces women’s anticipation of backlash, especially given that power has been shown to make people less inhibited (Galinsky et al., 2003; Keltner et al., 2003) and less vulnerable to social influence (Galinsky et al., 2008). Furthermore, given that negotiating for a higher salary has been shown to incur social penalties for women (Bowles et al., 2007), it could be that, though priming power increases the likelihood to negotiate and performance expectations for women, it is not enough to improve their outcomes. Perhaps it is necessary to prime power for both the negotiator who is asking for a higher salary and the negotiator who is responding to the request, in order to free both parties from the gender stereotypes inherent to the negotiation context, and thereby ameliorating the backlash effect for women who request higher salaries. Future research should also investigate this question.

Finally, we intentionally investigated our research questions solely in the context of salary negotiations, given that we based our hypotheses theoretically on gender as a socio-structural role with different implications for men and women in terms of acquisition of financial resources. However, future research should examine whether these results replicate in other negotiation contexts, such as non-salary or non-work contexts, especially since past work has
shown that gender differences in negotiation are less prevalent in non-work contexts (Babcock et al., 2006; Kray & Thompson, 2005).

Despite these limitations, the results of these studies have important practical implications, namely, that heightening one’s sense of power before a salary negotiation leads to a greater likelihood to negotiate and higher performance expectations for women. Given the persistent salary gap between men and women (Bureau of Labor Statistics, 2010), which accumulates tremendously into lost earnings over the course of many years (Rose & Hartman, 2008), the importance of these findings should not be underestimated. Therefore, it behooves women to recall experiences in which they felt powerful before entering a salary negotiation, as well as to cultivate a strong BATNA whenever possible before negotiating.
Footnotes

1 The manipulation check question, in which participants were asked “In the negotiation scenario I was told that highly skilled negotiators...: (Choose one)” was somewhat challenging in that multiple answers were correct, but our criterion required participants to select the option that included both correct answers, not just a single one. Given the large number of individuals who failed the manipulation check, we examined whether there were any systematic differences between the participants who passed and those who were disqualified. There were no significant differences for gender, age or work experience between the participants who were excluded and those who were included.

2 We pretested a sub-set of masculine and feminine traits drawn from Kray et al. (2002) in another sample (n=50).
References


Figure 1: Means for likelihood to negotiate as a function of gender and condition – Study 2

Bars show means +/- 1 Standard Error