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Running head: FACTORS IMPACTING THE PROPENSITY TO INITIATE NEGOTIATION

Ask For It: The Impact of Self-Esteem, Situational Characterization, and Gender on the Propensity to Initiate Negotiation

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Abstract

This study analyzes the impact of self-esteem (high vs. low), situational characterization ("negotiate" vs. "ask"), and gender (men vs. women) on the likelihood an individual initiates negotiation (n = 140). Self-esteem was primed with a prompt and the participants were told they could either "negotiate" or "ask" for more money after completing two tasks. A main effect of situational characterization was found such that negotiation was more likely in the "negotiate" condition than in the "ask" condition. Neither self-esteem nor gender produced significant results. A significant interaction showed that men were more likely to negotiate in the "ask" condition, but there were no gender differences in the "negotiate" condition. Finally, gender differences in anticipated future earnings were found. Men held considerably higher expectations for average salary 5 years after graduating from college than women. These results have important implications for training students to negotiate for the salaries they deserve and moving closer to closing the gender wage gap.

Ask For It: The Impact of Self-Esteem, Situational Characterization, and Gender on the Propensity to Initiate Negotiation

Fresh out of college with a diploma in one hand and résumé in the other, recent graduates face an immense challenge to break into the workforce. After countless applications and interviews, when that first job offer comes, most people are so grateful for the opportunity and excited by the prospect of a steady income that it does not even occur to them to negotiate that offer. Few people realize or appreciate that their starting salary sets the trajectory for the rest of their career. Most often future salaries, bonuses, raises, and other compensation are based on their initial salary at their first job. The failure to negotiate initially, even for a small increase, can have a huge impact when factored over a lifetime. For example, take two 22-year-old recent college graduates with the same qualifications offered the same job for the same salary: $25,000. One of them takes the offer, but the other initiates a negotiation and increases her starting salary to $30,000. If that person takes the $5,000 and deposits it in a low-interest account, continues to earn higher raises and bonuses based on the higher starting salary, then by the time she retires at age 65, she will have made $784,192 more than the first person simply because she negotiated that one time (Babcock & Laschever, 2008). If she puts the money in a higher-yielding account and continues to negotiate throughout her career, her gains would be even higher. Thus, the failure to negotiate early in one's career can be extremely costly.

Despite the financial benefits of negotiation, overall few people in the United States initiate negotiations (Small, Gelfand, Babcock, & Gettman, 2007). One reason so many people fail to negotiate their compensation and other benefits, specifically in their first job, could be that they simply do not know that negotiation is an option. In the United States, negotiation is not a common practice in everyday life, so it is quite possible that the opportunity to negotiate is not

even on people's minds, especially for young adults at the start of their career. Unaware of the possibility and potential pay-offs of initiating a negotiation about compensation, people take what they are offered. However, this does not explain the surprisingly low numbers of MBA graduates who negotiate their own contracts—people who should understand the importance of compounding interest and salary increases. One study showed that only 30 percent of individuals graduating with a master's in business administration—a degree that often includes classes in how to negotiate—actually negotiate their own starting salaries (Small, et al., 2007). This prompts the question: What factors influence an individual's likelihood to initiate negotiation?

The majority of research conducted on negotiation has centered on the actual process. However, this information is not helpful unless an individual actually comes to the bargaining table. Unfortunately, little is known about who initiates negotiations, who does not, and the factors affecting this decision. Linda Babcock of Carnegie Mellon University is a leading researcher in the field of initiating negotiations. As a professor who taught a class on negotiation to MBA students, she was shocked to discover how few of her students negotiated their compensation after graduation and of those who did negotiate, virtually all were men (Babcock & Laschever, 2003).

Gender differences in negotiation have since become a popular research topic primarily because it offers another explanation of and possible solution to the persistent wage gap in the United States and around the world. According to the report "Behind the Pay Gap" released by the American Association of University Women (AAUW) in 2007, on average women still only earn 80 percent of what men earn. This holds true even when only college graduates are considered. Many explanations for the gender wage gap have been offered including the time

women take off to raise children, the concentration of women in lower-paying fields, women's general preference for flexible hours that force them into lower-level positions across industries, and gender discrimination. With the exception of discrimination, none of these reasons explain why within the first year after graduation from college, women working full time earn only 80 percent as much as their male colleagues earn (Dey & Hill, 2007). Given the legislation requiring equal pay and the growing negative social attitudes toward gender discrimination in the 21st century, there may be reasons other than discrimination for this gap, such as women's failure to negotiate. Several studies have been conducted in the past decade to determine whether there are gender differences in the propensity to initiate negotiations and the possible causes of these differences.

It has been well established that men initiate negotiations far more often than women (Bowles, Babcock, & Lai, 2006; Bowles, Babcock, & McGinn, 2005; Small, et al., 2007). Several studies have suggested different reasons for this trend. Rudman (1998) argued that the gender norms prescribing "appropriate" behavior for women prevent them from behaving in stereotypically masculine ways, such as initiating negotiations. The social costs of self-promotion are too high for women. Self-confident women who promote themselves, act aggressively, and do what it takes to be successful professionally are viewed more negatively than men who behave the same way because they violate the gender prescriptions to be modest. As Rudman (1998) explains, "The situation represents a Catch-22 in which women may be discriminated against for failing to counteract gender stereotypes (i.e., for acting 'as a woman') and discriminated against for counteracting gender stereotypes (i.e., for not acting 'as a woman should')" (p. 643). Another study (Bowles, et al., 2006) replicated Rudman's results confirming that it does hurt women socially to initiate negotiations. Women seen breaking out of their

gender role are considered less "feminine" and are often socially isolated as a result. Negotiation is a very gendered behavior. Women were most reticent to negotiate with a male boss, indicating social expectations regarding "feminine" behavior play a role.

Another study proposed that the effects of gender on initiating negotiations are situationally bound (Bowles, et al., 2005). Situational ambiguity—the degree to which it is made clear in a given situation that negotiation is acceptable—affects the influence of gender. Reducing situational ambiguity constrains the influence of gender on negotiation. In other words, if women feel that negotiation is acceptable in a given situation, they will be more likely to initiate it. Bowles, et al. (2005) also showed that gender triggers in a situation activate gender stereotypes and discourage women from engaging in negotiation for fear of social costs, as previously mentioned. According to these authors, situational factors are the primary cause of gender differences in initiating negotiations.

Taking these explanations for gendered behaviors a step farther, Small, et al. (2007) argued that the anxiety women feel about starting a negotiation stems from the way the situation is characterized. According to these researchers, the word "negotiate" is gendered as masculine implying aggressive, selfish behavior. Women are intimidated by this thought, do not engage in negotiation as a result, and ultimately lose out. However, when the situation was characterized as an opportunity to "ask," gender differences diminished drastically. It seems that women were not threatened by the thought of merely "asking." Surprised by the impact that one word had on participants' behavior, the authors theorized that the underlying driver behind the results was situational power. Feelings of power—associated with perceived freedom, control, and influence—increase the propensity to initiate negotiation (Magee, Galinsky, & Gruenfeld, 2007). In American society, women hold less power than men making them less likely to negotiate.

Small et al. (2007) primed power in male and female participants with a prompt asking them to recall and describe a situation in which they had power over another individual. Men and women experienced equal levels of power, making negotiation seem less intimidating, and found that gender differences in negotiation behavior disappeared. Another study, which also manipulated power with the same prime coding level of power on a 7-point scale, found that high-power individuals displayed a greater propensity to initiate a negotiation than did low-power individuals (Magee, et al., 2007). Situational power has a large influence over an individual's decision to negotiate.

Given the low numbers of individuals overall—men and women—who initiate negotiations in the United States, one aim of this current study is to take the research beyond gender differences to address the role of personality factors, specifically self-esteem. Self-esteem, while ubiquitous in the social psychology literature, is a little understood but a potentially significant contributor to success in the workplace. Rosenberg (1979) wrote the seminal work on self-esteem. He defined an individual with high self-esteem as someone with "self-respect, considers himself a person of worth. Appreciating his own merits, he nonetheless recognizes his faults. . . .'Low self-esteem' means that the individual lacks respect for himself, considers himself unworthy, inadequate, or otherwise seriously deficient as a person" (p. 54). Rosenberg's global self-esteem tends to remain constant over time. However, people experience ups and downs in self-esteem along with the successes and failures of everyday life. These temporary fluctuations in individuals' self-esteem can be measured by the State Self-Esteem Scale (SSES; Heatherton & Polivy, 1991), which has three correlated factors: performance, social, and appearance self-esteem. It appears that self-perceived competence with respect to

performance is crucial to the changes people experience in their self-esteem, especially in the workplace (Schwalbe, 1988).

Self-perceived competence becomes extremely important when individuals values their work—a crucial driver to initiating negotiations. Someone with high self-esteem would expect her compensation to reflect her high level of self-worth, and thus would negotiate for more compensation than was offered. The majority of entitlement research has centered on gender differences in how men and women value their work. It has been consistently shown that when women are asked to pay themselves for a task, they pay themselves less than men do for the same work (Desmarais & Curtis, 1997; Hogue, Yoder, & Singleton, 2007; Major, 1989; Major, McFarlin, & Gagnon, 1984; Pelham & Hetts, 2001; Smith & Powell, 1990). Outside the laboratory, female college students reported deserving significantly less income than male college students in their first job after graduation, and their responses were strongly tied to the students' future income expectations (Desmarais & Curtis, 1997). Major (1989) also found a similar trend among business school students—women expected to earn less at career-entry and at career-peak than did comparably qualified men in the same specialty areas, and once in the workforce, women did earn less than men as expected.

"Feelings of personal entitlement are an important determinant of gender differences in reward allocation and reward satisfaction" (Major, et al., 1984, p. 1400). If women do not feel that they are entitled to as much compensation as men, then they are unlikely to negotiate their salaries, and ultimately end up earning less than men. This only serves to reaffirm their lack of self-perceived competence—a self-fulfilling prophecy. People's behaviors mirror their beliefs, so underpaying oneself for work can serve to reinforce gender stereotypes and future behavior and beliefs about work and pay (Pelham & Hetts, 2001).

Various studies tried to explain the gender wage gap by suggesting that a number of factors influenced men and women's entitlement differently, including past income experiences, cognitive dissonance between actual pay and perceived pay entitlement (Desmarais & Curtis, 1997), gender differences in reward values (Major, et al., 1984), and stereotype threat (Kray, Reb, Galinsky, & Thompson, 2004). When determining self-pay, women used their evaluation of their performance on the task as the primary indicator while men based their level of self-pay on feelings of self-esteem (Pelham & Hetts, 2001).

Given the emphasis on gender-related differences in entitlement, it can be very easy to lose sight of the possibility that other factors may play a role in how an individual values her work. A recent study found that internalized status, not gender, determined an individuals' entitlement and thus self-pay (Hogue, et al., 2007). "There was no connection between gender ideology and either self-competence or self-pay. . . .On the other hand, attitudes toward entitlement, a construct that specifically captures status beliefs, was connected to reports of both self-competence and self-pay" (Hogue, et al., 2007, p. 577). For the first time, these data show support for the idea that internalized status, rather than status as it relates to gender, guides wage perceptions. The study went on to show that women's wage entitlement could be increased by experimentally elevating their status. Once women believed themselves to be more valuable, their self-pay also increased.

Findings about the effect of self-worth on wage entitlement prompt additional questions. By manipulating an individual's sense of self-worth, researchers were able to impact the participants' amount of self-pay. So the question remains whether it is possible to not only trigger high wage entitlement in participants but also drive them to negotiate by temporarily altering their self-esteem with a prime. A prime is a cue or task that activates a feeling

unobtrusively in a person in one context to influence what comes next without the person's awareness of this influence. Over the past several decades, priming effects have become ubiquitous in social psychological research. The idea of creating a residual activation of a mental representation has been used to trigger social norms, achievement goals, emotions, stereotypes, and social behavior (Bargh, 2006). Some primes have been shown to continue to affect behavior up to several weeks and even months after being implemented (Cohen, Garcia, Apfel, & Master, 2006). This study will attempt to uncover whether or not priming high and low self-esteem in individuals affects their likelihood to initiate negotiation. Clearly self-esteem is an important indicator of how an individual values her work, but it remains unclear if it is a primary motivator for initiating negotiation, in both men and women. Thus, this research will test the following hypotheses:

1. Self-esteem will vary with the prime (test of the effectiveness of the manipulation).
2. Priming high self-esteem rather than low self-esteem will increase the likelihood that an individual will initiate negotiation.

In addition to testing the affects of primed self-esteem on the propensity to initiate negotiation, the recent research on the impact of situational characterization on negotiation will be extended beyond gender. Small et al. (2007) proposed that the simple words used to characterize the situation of negotiation to individuals can have a powerful impact on how the situation is approached. They argued that the term "negotiation" can be very intimidating while "asking" is very non-threatening and reduces feelings of anxiety. Their study focused on gender differences with respect to the situational characterization; however it is possible that the term "negotiation" can be very intimidating to men as well as women, especially college students preparing to enter the work force for the first time. If the situational characterization is equally

as important to men as to women in determining negotiating behavior, then the results would be very helpful in advising and training all college students and employees in the workforce on how to negotiate. The following hypotheses with respect to situational characterization will be tested:

3. Characterizing a situation as an opportunity to "ask" rather than "negotiate" for more compensation will increase the likelihood that individuals will initiate negotiation.
4. Individuals with high self-esteem will be more likely to initiate negotiation than those with low self-esteem when the situation is characterized as an opportunity to "negotiate," but there will be no differences between high and low self-esteem individuals when the situation is characterized as an opportunity to "ask" because asking is less intimidating.

In the interest of further testing the current research on gender differences, the following hypotheses will be tested:

5. Men will be more likely than women to initiate negotiation because it is more congruent with male sex roles.
6. Men will be more likely than women to initiate negotiation when the situation is characterized as an opportunity to "negotiate," but there will be no gender differences when the situation is characterized as an opportunity to "ask" because it is perceived as less threatening and more socially acceptable for women.

Finally, this current research will asses the entitlement literature by testing gender differences in perceived performance on the cognitive tasks as well as anticipated future salaries. These hypotheses address two very important factors influencing the gender wage gap:

7. Men will rate their performance on the cognitive tasks to be higher than their peers (regardless of gender) on average than women.

8. Men will have higher expectations for average annual salary 5 years after graduating from college than women.

By developing a clearer understanding of the factors that affect an individual's propensity to initiate negotiation and possible gender differences in the evaluation of one's work will allow career counselors and professors to initiate programs to effectively train people to negotiate for the compensation they deserve and potentially get one step closer to closing the gender wage gap between men and women.

Method

Participants

The participants were undergraduate students enrolled in a highly-selective liberal arts college in California during the Fall 2008 and Spring 2009 semesters. Participants were recruited from undergraduate psychology classes, advertisements posted around campus, and email advertisements. A total of 140 students participated in this study including 51 men and 89 women. This sample was large enough to produce a power of .80 with a medium effect size. Participants ranged in age from 18 to 23 and primarily (89%) grew up in the United States.

Procedure

Participants responded to this study described as "an evaluation of one's attitudes about cognitive abilities," not negotiation behavior to prevent informing the participants that negotiation was being studied, and thus possibly altering their performance. A 2 (prime—high self-esteem/low self-esteem) x 2 ("negotiate"/"ask") x 2 (men/women) experimental design was used. Participants were randomly assigned to one of the four experimental conditions. The researcher was blind to the experimental condition for each participant to minimize the risk of experimenter expectancy effects.

After being assigned to a condition, all participants were given a packet of information. The packet included the informed consent, two cognitive tasks, and instructions about compensation. Participants were given 10 minutes to complete the same two tasks—an identical pictures task and a copying task. In the identical pictures task, participants were asked to identify the two identical pictures in each row as accurately and quickly as possible. In the copying task, participants were asked to replicate the line-image provided as accurately and quickly as possible. Participants were notified that their performance would be scored upon completion. The tasks were unrelated to the hypotheses about negotiation but necessary to convince participants they were participating in a study of "attitudes about cognitive abilities." After completing the tasks, participants in the high self-esteem prime condition were asked to respond to the statement: "Please describe in three paragraphs one of your greatest accomplishments. Be specific." Participants in the low self-esteem prime condition were asked to respond to the statement: "Please describe in three paragraphs one of your greatest failures. Be specific." The prime was administered after the task but before the opportunity to request additional money to remove any possibility that priming self-esteem would affect performance on the tasks and confound the results. Also, it was important that the prime occurred as close to the measure of the dependent variable as possible to maximize the likelihood that change in self-esteem would affect negotiation behavior.

Following the response to the prime, the instructions in the packet notified participants: "You have now finished the tasks and you will receive between $1 and $5. Please tell the experimenter you are finished so that she can score your work. Then you will be compensated." For participants in the "negotiate" frame condition, the instructions then stated, "You may

negotiate for more money if you so choose." For participants in the "ask" frame condition, the instructions then said, "You may ask for more money if you so choose."

After the experimenter scored the work, each participant went into a private room with the experimenter. The experimenter first told each participant that he/she did well on the task and then offered the participant, regardless of performance or condition, $1 using these words: "Here is $1, is that okay?" If participants explicitly requested more, they got the amount they request up to $5. For example, responses that warranted additional payment include: "May I have more than $1?" and "I feel that I did well on the tasks. Can I have at least $3?" But if participants just accepted the offered money or only complained and did not explicitly request more, they received only the $1 that was offered. Examples of responses that did not warrant additional credit include: "I think I deserve more than that," and "I thought I got all the answers on the tasks correct." Participants then completed a 29-item survey with demographic items, a one-item measure of self-evaluation of performance on the tasks, and the State Self-Esteem Scale. Finally, the experimenter told all participants that they would receive a debriefing, which would be sent out to them via email upon the completion of data collection.

Manipulation Check

The State Self-Esteem Scale (SSES) served as the manipulation check for the self-esteem primes. According to the hypotheses, if the prime of high self-esteem is effective, then the average SSES scores for this group should be higher than for participants who were primed for low self-esteem across frame and gender.

Measures

Demographics. Participants were asked about their gender, age, class standing, primary major, and the country in which they grew up.

Task Performance. A one-item measure of self-evaluation of performance on the task was included: "Relative to your peers, how well do you think you did on the tasks today?" It was scored on a 5-point Likert scale from *much worse* (1) to *much better* (5).

State Self-Esteem Scale (α = .78). Students' state self-esteem was measured using the 20-item State Self-Esteem Scale (Heatherton & Polivy, 1991) measured on a 7-point Likert Scale from *disagree very strongly (1)* to *agree very strongly (7)*. The SSES is a measure of temporary changes in individual self-esteem. The SSES is composed of three correlated factors, however the performance component of this scale is the only part affected by the manipulation, so only those 10 items were included. There were 4 positively-worded items such as "I feel confident about my abilities," and 6 negatively-worded items including "I feel that I have less scholastic ability right now than others."

Results

Manipulation Check

A manipulation check using the State Self-Esteem Scale was performed to confirm the effectiveness of the high and low primes of self-esteem. The 6 negatively-worded items were reverse coded and an average SSES score was calculated. Lower numbers indicated lower levels of self-esteem and higher numbers indicated higher levels of self-esteem. As expected, a t-test for independent means showed that high-prime participants ($M = 5.42$, $SD = .58$) reported higher average SSES scores than participants who received the low-prime for self-esteem ($M = 4.20$, $SD = .76$), $t\ (138) = -10.68$, $p < .001$.

Negotiation Behavior

Sixty-four percent ($n = 89$) of the 140 participants accepted the offer of $1. Responses from participants who accepted the $1 included: "Oh, $1! Thank you!", "Sweet. Money is

money," and "Yeah, that's fine. I saw it said you could negotiate. That's cute." One participant in particular said, "Are there people who said $1 isn't okay? I don't want to be one of those people." Thirty-six percent of the sample requested more than $1. The responses from participants who initiated negotiation generally tried to justify the amount of money for which they were asking. For example, responses included: "I don't think I did exceptionally well so I don't deserve the $5, but can I have $4?"; "Can I have $5? I wrote more on that paper that I've written all day;" and "I'm not a greedy person but I think I did well. I want $5." Very few participants requested more money without giving an explanation. Of those who requested more than $1, 75% ($n$ = 38) requested the maximum of $5. Overall, 33% ($n$ = 29) of women and 43% (n = 22) of men initiated negotiation for more than $1. Within the sample of participants who were primed for high self-esteem, 43% (n = 30) negotiated compared with 30% (n = 21) of the participants who were primed for low self-esteem. By comparison, 47% (n = 33) of participants who were told that they could "negotiate" requested more money, whereas 26% (n = 18) of participants who were told they could "ask" for more money actually did.

The researcher hypothesized a main effect of self-esteem in negotiation behavior such that priming high self-esteem rather than low self-esteem would increase the likelihood that an individual would initiate negotiation. A chi-square test for independence failed to show a statistically significant difference between the high and low-prime conditions in negotiation behavior, χ^2 (1, n = 140) = 2.50, $p > .05$, $\varphi = .13$ (Figure 1).

It was also proposed that characterizing a situation as an opportunity to "ask" rather than "negotiate" for more compensation would increase the probability that individuals would request more than the $1 offered. A chi-square test for independence confirmed that situational characterization did significantly affect negotiation behavior, but in the opposite direction from

what was hypothesized, χ^2 (1, n = 140) = 6.94, p < .01, φ = -.22 (Figure 2). Participants in the "negotiate" condition were more likely to request additional money than those in the "ask" condition. To test whether there was a difference in the amount of money requested between participants in the "negotiate" and "ask" conditions, a Mann-Whitney U test was performed. The distribution of the dependent variable, amount of money requested, was bimodal, with most responses at $1 and $5. As a result, a rank-order transformation was performed on the dependent variable prior to running the Mann-Whitney U test. The results revealed a statistically significant difference in the amount of money requested in dollars by participants in the "negotiate" (M = 2.68, n = 70) and "ask" (M = 1.94, n = 70) conditions, U = 1942, z = -2.49, p < .01, r = -.21. Taken together, these two analyses show that participants in the "negotiate" condition were not only more likely to initiate negotiation, but when they did, they requested more money than participants in the "ask" condition.

An interaction between the prime for high and low self-esteem and situational characterization was hypothesized, such that individuals with high self-esteem would be more likely to initiate negotiation when the situation was characterized as an opportunity to "negotiate," but differences between high and low self-esteem individuals would not be found when the situation was characterized as an opportunity to "ask." A logistic regression with self-esteem, situational characterization, and their interaction entered into the first step together failed to show a statistically significant interaction between these two variables, χ^2 (1, n = 140) = .61, p > .05 (Figure 3) indicating that the model was not able to distinguish between participants who did negotiate from those who did not. The model explained between 7.1% (Cox and Snell R square) and 9.7% (Nagelkerke R square) of the variance in the dependent variable. The results of a Wald test (Table 1) show that in this model, the only factor that contributed significantly to

negotiation behavior was situational characterization (Wald = 5.22, p < .01), confirming the results above. Neither the prime for self-esteem (Wald = .52, $p > .05$) nor the interaction of the prime with situational characterization (Wald = .60, $p > .05$) contributed significantly to the model.

A third main effect was hypothesized such that men would be more likely than women to initiate negotiation. A chi-square test for independence revealed that, despite a large body of research supporting this hypothesis, there was no significant difference between men and women in negotiation behavior in this sample, χ^2 (1, $n = 140$) = 1.56, $p > .05$, $\varphi = -.11$ (Figure 4).

A second interaction between gender and situational characterization was hypothesized such that men would be more likely to initiate negotiation when the situation was characterized as an opportunity to "negotiate," but gender differences would not be found when the situation was characterized as an opportunity to "ask." A logistic regression with gender, situational characterization, and the interaction all entered in the first step did not show a statistically significant interaction between these two variables, χ^2 (1, n = 140) = 1.05, p > .05 (Figure 5) indicating that the model was not able to distinguish between participants who did negotiate from those who did not. The model as a whole explained between 6.9% (Cox and Snell R square) and 9.5% (Nagelkerke R square) of the variance in the dependent variable. The results of a Wald test (Table 2) showed that in this model with three factors considered simultaneously, no single factor contributed significantly to negotiation behavior. Neither gender (Wald = .12, p > .05), situational characterization (Wald = .87, p > .05), nor the interaction of gender with situational characterization (Wald = 1.05, p > .05) contributed significantly to the model. However, it should be noted that when the interaction between gender and situational characterization was entered in the first step of the model alone, a logistic regression showed a statistically significant

interaction between these two variables, χ^2 (1, n = 140) = 9.10, p < .01. The interaction between gender and situational characterization alone was able to distinguish between individuals willing to initiate negotiation from those who were not. Men in the "ask" condition were more likely to negotiate than women, however there were virtually no gender differences in the "negotiate" condition. This model with only the interaction term explained between 6.3% (Cox and Snell R square) and 8.6% (Nagelkerke R square) of the variance in the dependent variable. The results of a Wald test (Table 3) using only the interaction variable showed that in this model, the interaction between gender and situational characterization contributed significantly to negotiation behavior (Wald = 7.98, p < .01).

Gender differences in perception of task performance relative to one's peers were also tested. It was hypothesized that men would rate their performance on the cognitive tasks higher than their peers on average than women. A t-test for independent means failed to show a statistically significant relationship between men (M = 5.29, SD = 1.01) and women (M = 5.02, SD = .95) on ratings of task performance (t (138) = 1.59, p > .05). There were no differences between the way men and women rated their perceived performance on the tasks relative to their peers.

Finally, it was hypothesized that men would have higher expectations for average annual earnings 5 years after graduating from college than women. The results of a t-test for independent means supported this hypothesis that men (M = 4.35, SD = 1.68) anticipated making more money than women (M = 3.27, SD = 1.46) 5 years after graduating from college (t (138) = 3.99, p < .001). On the 7-point Likert scale, men anticipated making between $76,000 and $100,000 on average 5 years after graduating from college. Women, on the other hand, anticipated earning between $51,000 and $75,000 on average 5 years after graduating from

college. On average, women reported that they planned to work in traditionally female-dominated fields including nursing, non-profits, social work, and teaching. Men reported that they planned to work in traditionally male-dominated fields such as engineering, law, business, and government. It is important to note that of the women who reported that they anticipated working in male-dominated occupations said they expected to earn less money than men in their field. Of the 140 participants, 24 (10 men and 14 women) wrote that they were undecided about their future career yet they still recorded their anticipated future earnings 5 years after graduating from college. These undecided men (M = 4.0) expected to earn between $76,000 and $100,000 without a specific career in mind. Women (M = 3.0) reported that they anticipated earning between $51,000 and $75,000 on average 5 years after graduating from college, regardless of occupation type.

Discussion

The results of this study explore the factors that affect the likelihood an individual will initiate negotiation for compensation. Initiating negotiation is a difficult task for most people. This is evidenced by the fact that only 36% of participants were willing to request more money, even though they were all explicitly told it was acceptable. Other studies have shown that even fewer people (12%) are willing to negotiate for more money when no cues are provided indicating negotiation is allowed (Small, et al., 2007). Clearly, awareness of the acceptability of negotiation matters. Nevertheless, even under these conditions a minority of people overall are willing to request more money when given the opportunity. This study tested several factors that potentially separate people who are willing to initiate negotiation from those who are not.

Contrary to expectations, priming self-esteem did not significantly influence participants' willingness to negotiate. Personality factors including self-esteem have previously not been

considered as a potential moderator of negotiation behavior. Additional studies need to be conducted to clarify the relationship between self-esteem and initiating negotiation, possibly by priming self-esteem in a different way or by measuring individuals and calculating self-esteem with the Rosenberg Self-Esteem Scale (Rosenberg, 1965), a more general measure of self-esteem. If self-esteem is not directly related to initiating negotiation, then other personality factors may need to be considered.

The results of this study confirm that situational characterization is a significant factor influencing an individual's propensity to request more money. However, the trend was in the opposite direction from what was hypothesized. Participants were more willing to request additional money when they were told they could "negotiate" rather than "ask." It appears as though the term "negotiate" is clearly associated with money whereas the term "ask" is more ambiguous. In addition, this sample was not intimidated or threatened by the term "negotiation." For example, after successfully requesting the maximum of $5, one participant said, "Cool! I'm negotiating!" as if this was a desirable behavior. The data also showed that when participants were told they could "negotiate," not only were they more willing to do so, but when they did, they requested more money than participants in the "ask" condition. Those willing to "negotiate" more often requested the maximum of $5. Perhaps the term "ask" implies more of a compromise. Situational characterization with respect to negotiation has only been studied in one previous study (Small, et al., 2007). Researchers found that more people requested more money in the "ask" condition rather than the "negotiate" condition, suggesting that asking is less threatening than the thought of negotiating. The current study did not replicate these findings. This suggests that the terminology used to characterize the situation may affect different populations in different ways. Additional research is needed to clarify this effect.

An interaction between self-esteem and situational characterization was hypothesized, but the results fail to support this effect. There does not appear to be a significant connection between participants' level of self-esteem and their willingness to request more money within the "negotiate" and "ask" conditions. It is possible that self-esteem is a significant factor in one' propensity to initiate negotiation but priming might not be an effective way to test this hypothesis. Sorting participants by current self-esteem levels and then testing negotiation behavior may be another way to measure this effect.

Contrary to expectations, no gender difference in negotiation behavior was found. This was a surprising result because a large body of research has established that men initiate negotiations far more often than women (Bowles, et al., 2006; Bowles, et al., 2005; Small, et al., 2007). The nature of the sample used in this study could explain this finding. In colleges across the country, women outperform men in the classroom and defy the social norms to be modest and quiet, on average (Lewin, 2006). Bowles, et al. (2006) showed that women were only more reluctant than men to initiate negotiation when there was a high social risk. If the women in this study did not perceive a social risk to requesting more money, then this could explain the lack of a gender difference in negotiation behavior.

A second interaction between gender and situational characterization produced interesting results. When the interaction effect was considered along with the individual variables of gender and situational characterization, it was not significant. This suggests that the interaction effect was not strong enough to predict negotiation behavior over and above the two main effects. However, when the interaction effect was considered alone, it produced a significant effect indicating that men are more likely to initiate negotiation when the situation is characterized as an opportunity to "ask," but there are no gender differences when the situation is

characterized as an opportunity to "negotiate." It seems that men are more likely to "ask" for additional money because it is more socially acceptable for men to appear demanding and less acceptable for women to appear greedy or be dissatisfied with what they are given. However, the term "negotiation" signifies an official interaction about money and the men and women in this sample dealt with the situation similarly, on average. Finally, it should be noted that it is important to consider interaction effects with respect to the individual main effects, so the first nonsignificant result cannot be overlooked. The results of this study are promising, but additional research needs to be carried out on a more diverse sample to develop a better understanding of the impact this interaction between gender and situational characterization has on negotiation behavior more broadly.

In addition to studying the impact of gender directly on one's likelihood of initiating negotiation, this research also evaluated gender differences in people's perceptions of their performance on the cognitive tasks relative to their peers. The results failed to show a significant difference between men and women in their perceptions of task performance. In this sample, both men and women believed that they had performed better than their peers on the cognitive tasks. This result may be explained by the sample. The male and female college students that made up this sample may be more confident individuals than the general public on average. The high GPA and SAT scores required of both men and women who attend this school might lead students to believe that they perform above-average on cognitive tests.

Finally, this research addressed gender differences in evaluating the worth of one's work by measuring anticipated future earnings of male and female participants. Consistent with the hypothesis, men held considerably higher expectations for average annual salary 5 years after graduating from college than women. Men anticipated making between $76,000 and $100,000

on average 5 years post-graduation whereas women only anticipated earning between $51,000 and $75,000. These results reproduce prior research conducted on both undergraduate and graduate students (Heckert, et al., 2002; Hojat, et al., 2000). While the amount of money participants anticipated earning 5 years after earning their degree is not necessarily realistic, it is the difference between men and women's expectations that is important.

Theoretical and Practical Implications

This research makes several contributions to the literature. Research on negotiation has primarily focused on the actual process of negotiation, however little work has been done on who actually comes to the bargaining table. Without having an understanding of who is willing to engage in negotiation, studying the process itself is of limited usefulness. This study not only broadens the negotiation literature, but it also takes the recent work on gender effects in initiating negotiation a step farther to include other factors, specifically self-esteem and situational characterization. There has been no prior research on the impact of personality factors on initiating negotiation, and this study provides a promising new area for future research. It also extends the work by Small, et al., (2007), which was the only other known study to suggest that the terminology used to characterize a situation may affect negotiation behavior. The significant but differing results of situational characterization obtained in this study raises the question of how sample and individual interpretation of the words used ultimately determine one's willingness to request more money. Also, requiring participants to actually engage in the behavior of interest rather than simply report on what they *would* do provides significant insight. It is easy for people to say that given the opportunity they would negotiate, however when faced with the actual prospect of doing it, there are often very different results. Sitting across the table from the experimenter and initiating a negotiation for more money was an intimidating and

challenging task for most participants, such that 64% of people simply avoided it all together. Forcing people to engage in the behavior is the only effective way to study negotiation.

In addition to extending the work on the factors that affect the propensity to initiate negotiation, this research also contributes to the literature on gender differences in the elevated entitlement effect as well as future income expectations. The lack of a gender difference found in this study suggests that improvements towards gender equality in entitlement are being made among the highly-educated. Although trends point to men perceiving their performance to be better than their peers more often than women, this study failed to find statistically-significant differences between men and women. It remains unclear whether women devalue their work and men have a more realistic evaluation of their work or whether women in fact have very realistic evaluations of their work while men overvalue their work. Either way these differences did not appear in this sample. This result has important implications for the gender wage gap. If women evaluate their work at the same level as men, then they may be more likely to negotiate their salaries to bring their income in line with that of men. Openness about salaries is important to making this possible because when women are paid less than men for the same work, they are often unaware of the inequality. In the past, salary information was a closely-held secret and rarely if ever shared with others. However, today it is far more common to share salary information with friends and colleagues (Belkin, 2008; Williams, 2008).

The results on future income expectations are also relevant to the discussion of the gender wage gap. In this study, gender differences in anticipated future earnings are clear with men far outpacing women. Participants' expectations are likely to have a strong impact on future negotiation behavior to bring their actual salaries in line with what they feel they deserve. In this research, not only did women report that they anticipate working in more traditional female-

dominated, lower-paying fields (nursing, non-profits, social work, teaching, etc.), but when they reported working in more male-dominated, higher-paying fields (engineering, law, business, medicine, etc.), women still anticipated earning less than men. This result may indicate an awareness of the current gender pay gap, or it could reflect socially-constructed norms that women's work is worth less than men's work. Either way, elevating women's wage entitlement, even among the highly-educated, is crucial to getting us closer to closing the gender wage gap.

Limitations

Although an effort was made to recreate a workplace setting in the experiment with desks and cash payments with which to negotiate, caution still must be taken when applying the results of laboratory research to other settings, such as the workplace. Also, the sample drawn from the population of college students limits the generalizability of these results. These participants are not representative of the general population in the United States. They attend one of the top-rated colleges in the country and primarily come from middle-upper class families, for whom $5 is a relatively small sum of money. Also, given that they are currently in college, few have ever worked in a professional setting before or have had the opportunity to negotiate for money. Despite the limits that this sample places on the ability to generalize these results, this sample was appropriate. This group of people will be entering the workforce for the first time in the next few years and, with their starting salaries at their first jobs, will be setting their income trajectory for the rest of their careers. These highly-educated, confident, pragmatic individuals are in just about the best position possible of any group of people to negotiate their initial salaries. With only 36% of the sample negotiating, clearly training is needed to encourage these students to make the most of their skills.

Another potential limitation is the sample size. Even though the 140 people that participated in this study provided sufficient power overall to ensure finding significant results if in fact they existed, the gender balance was not equal. A total of 89 women but only 51 men participated. This unequal number of men and women limited the power of the study to find gender differences. It proved to be extremely difficult to get men to voluntarily participate in this study. Although it was clear that everyone would get paid up to $5 for their participation and cookies would be provided, it required coming to a lab on campus for 30 minutes. Despite all efforts to get men to participate, including recruiting in male-dominated classes, advertising to male sports teams, and encouraging women to bring their male friends when they came to participate, ultimately only 36% of the sample was male. It is possible that with a more even gender balance, the results may have been different and more in line with previous research.

It was important that every participant come to the study seeking the money so that there was an underlying motivation to request more than the $1 offered. If people came to the study for reasons other than the money, then that would adversely affect the likelihood of initiating negotiation outside the variables being manipulated. A trial of 18 individuals was run prior to officially beginning data collection to test potential factors that might conflict with the participants' motivations. For example, when participants were offered both research credit for their psychology classes as well as money, not a single person negotiated because they were motivated by the research credit and not by the money. As an added control, the experimenter notified every participant that a research grant supporting the study allowed for cash payment to participants. When this was not said, no participants in the trial asked for more money because they may have thought that they were taking the personal money of a fellow student. Finally, it appears that some people may have participated to help a fellow student and not for the money,

making them less likely to negotiate. This possibility became clear when a few students said they did not need the money and said to keep it. Controlling for participants' motivations was not possible and does limit the results, but a concerted effort was made to reduce the likelihood people would come for any other reason than the money.

A final limitation concerns the use of only a female researcher. Previous studies have shown that people interact with a woman differently than a man in negotiation (Bowles, et al., 2007) so it is important to use both male and female researchers in studies on negotiation to control for this difference. This study should be replicated on this population of students using a male researcher to see if the results turn out differently.

Future Research

The results suggest new avenues for future research. The factors tested here should be studied using both male and female researchers in other settings, possibly large state colleges and professional offices. Also, a better gender balance should be sought out when testing gender differences. A future study could analyze the different tactics men and women use when initiating negotiation. Are men more direct? Do women feel the need to justify requesting more? Given the lack of gender differences in this study, it would be very interesting to see if activating sex stereotypes in participants would change this result. Priming traditional vs. non-traditional sex roles in both men and women might clarify the impact of gender on negotiation behavior.

Additional research should also investigate other possible factors that might affect the likelihood someone initiates negotiation including perceived power within the situation (prime high situational power in one group and low situational power in another), the impact of task performance on negotiation behavior (tell one group they did well, another they did poorly, and

tell a control nothing), and perceptions of greediness coupled with the social stigma related to negotiation in the United States. Prior research has shown that women are judged more harshly than men if they request additional money. However, there is also the potential for immense economic benefits, even though it may be hard to see because negotiated amounts are generally small but compound over time. Studies could explore how individuals weigh these social costs and economic benefits and test ways of mitigating the costs in an effort to encourage negotiation.

Finally, another area warranting future research is the importance of awareness of the financial benefits of negotiation to people's willingness to go outside their comfort zones and initiate negotiation. Few people understand the long term financial impact negotiation or the lack there of can have on lifetime earnings, especially early in their careers. If people are made aware of these benefits, would it encourage them to act? This research would help inform training programs for students and employees on the importance of negotiation and the practical aspects of initiating negotiation. Raising awareness could increase negotiations for compensation, specifically among women, and get us closer to closing the gender wage gap once and for all.

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Appendix

Author Note

Anna Beninger, student in the Department of Psychology, Claremont McKenna College.

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Table 1

Logistic Regression Variables in the Equation table for the interaction between prime of self-esteem and situational characterization (N = 140).

	B	**S.E.**	**Wald**	**df**	***p***	**Odds Ratio**
Prime S-E	.35	.48	.52	1	.47	1.41
Situational Characterization	-1.29	.56	5.22	1	.02	.28
Prime S-E * Situational Characterization (Interaction)	.58	.75	.60	1	.44	1.79

Table 2

Logistic Regression Variables in the Equation table for the interaction between gender and situational characterization (N = 140).

	B	**S.E.**	**Wald**	**df**	***p***	**Odds Ratio**
Gender	-.17	.50	.12	1	.73	.84
Situational Characterization	-.53	.57	.87	1	.35	.59
Gender * Situational Characterization (Interaction)	-.77	.75	1.05	1	.31	.46

Table 3

Logistic Regression Variables in the Equation table for the interaction between gender and situational characterization with the interaction entered alone in the first step (N = 140).

	B	**S.E.**	**Wald**	**df**	***p***	**Odds Ratio**
Gender * Situational Characterization (Interaction)	-1.25	.44	7.97	1	.01	.29

Figure Captions

Figure 1. Number of participants that requested more than the $1 offered organized by prime of self-esteem (p = .11).

Figure 2. Number of participants that requested more than the $1 offered organized by situational characterization (p = .11).

Figure 3. Interaction between Prime of Self-Esteem and Situational Characterization (p = .28).

Figure 4. Number of participants that requested more than the $1 offered organized by gender (p = .11).

Figure 5. Interaction between Gender and Situational Characterization (p = .27).

Figure 1

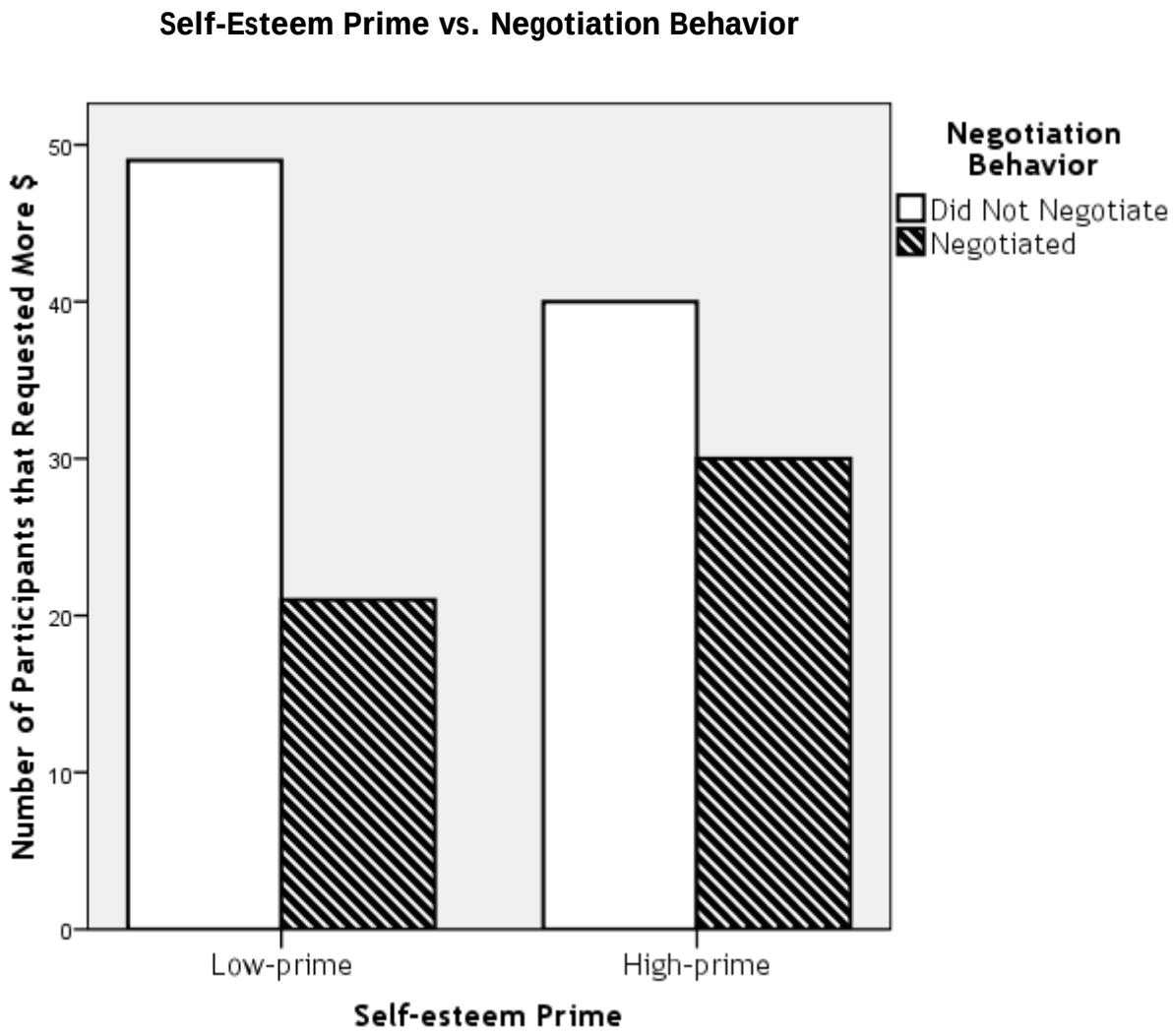

Self-Esteem Prime vs. Negotiation Behavior
Number of Participants that Requested More $
50
40
30
20
10
0
Low-prime
High-prime
Self-esteem Prime
Negotiation Behavior
Did Not Negotiate
Negotiated

Figure 2

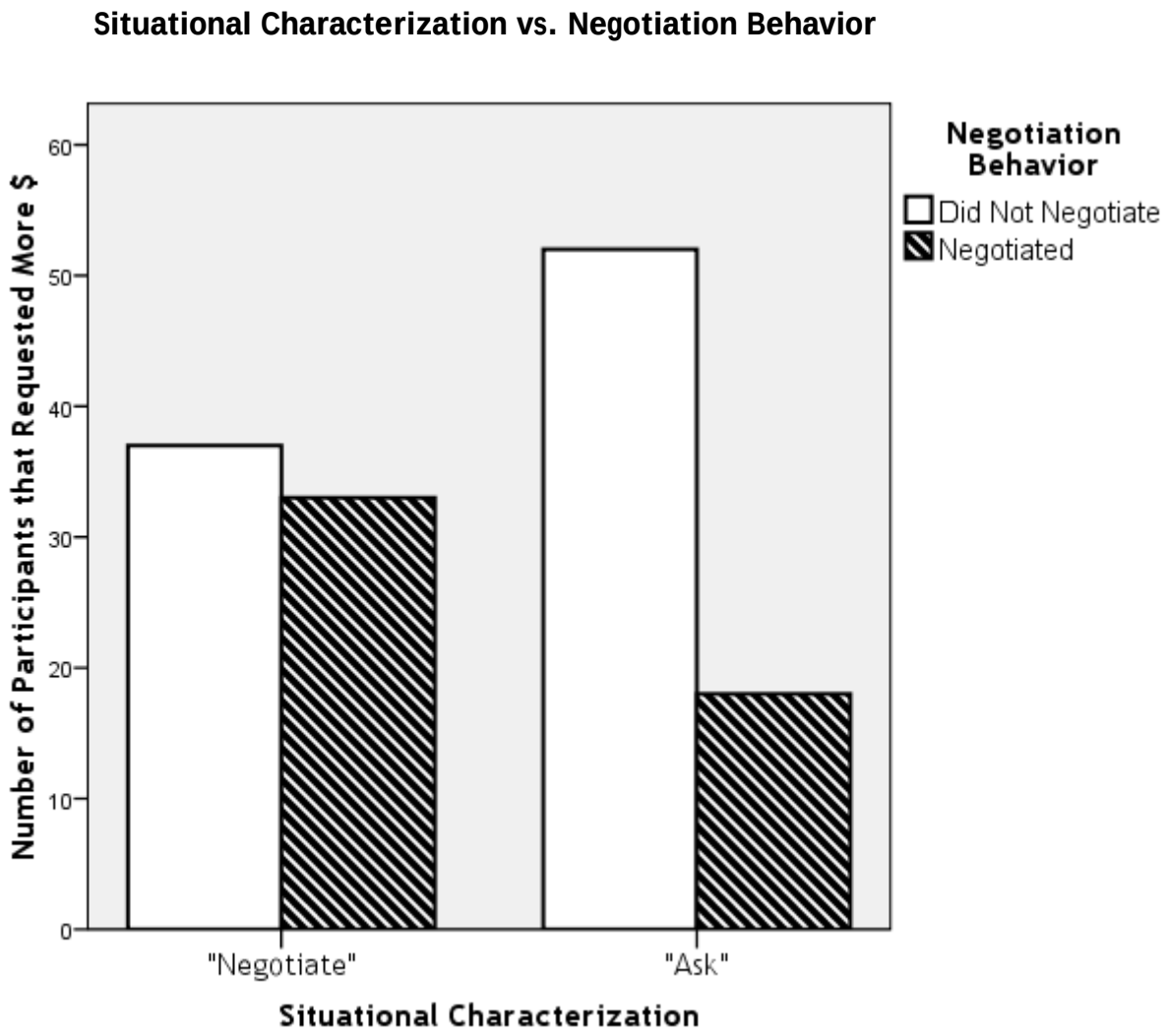

Situational Characterization vs. Negotiation Behavior
Number of Participants that Requested More $
60
50
40
30
20
10
0
"Negotiate"
"Ask"
Situational Characterization
Negotiation Behavior
Did Not Negotiate
Negotiated

Figure 3

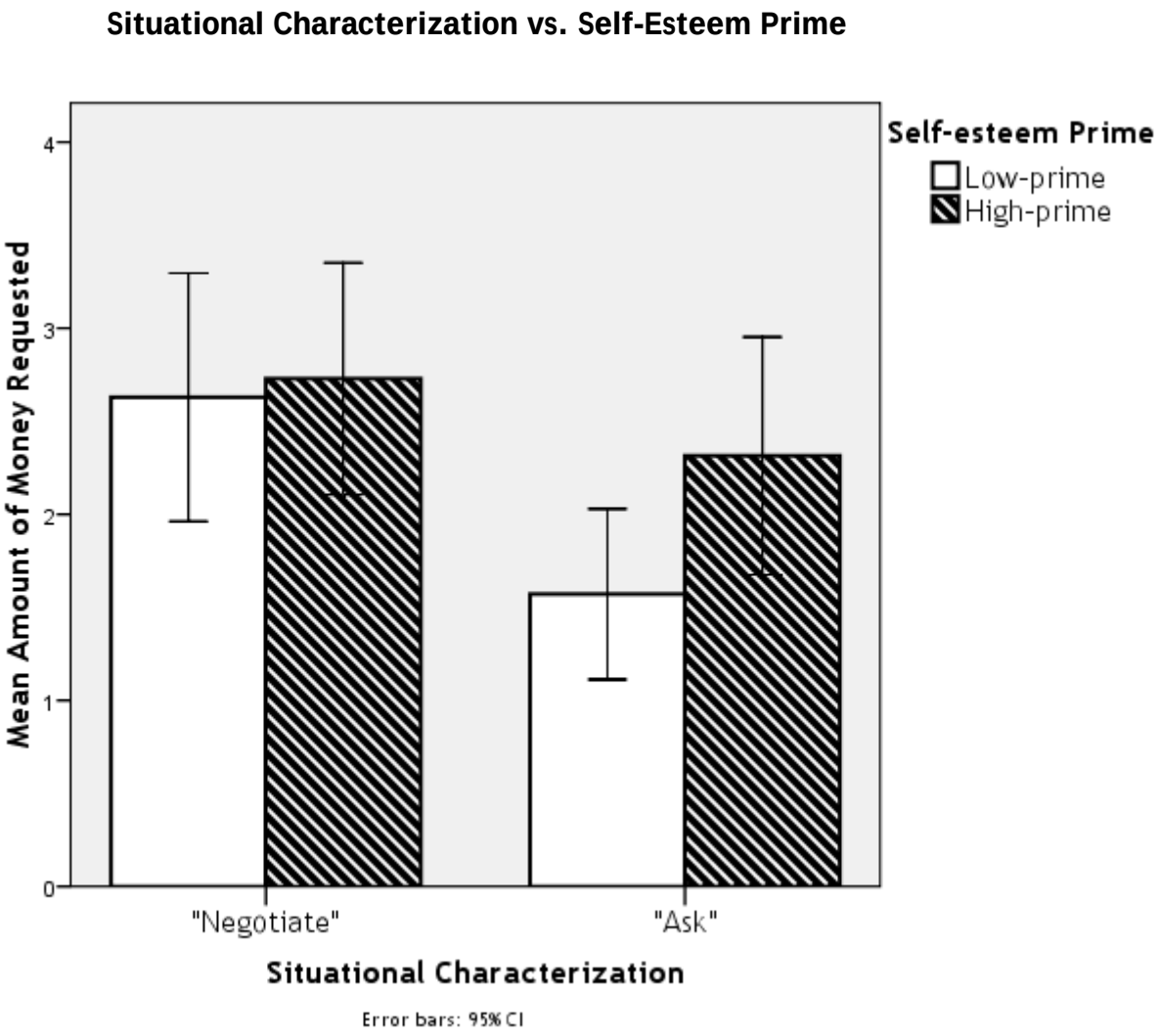

Situational Characterization vs. Self-Esteem Prime
Self-esteem Prime
Low-prime
High-prime
Mean Amount of Money Requested
0
1
2
3
4
"Negotiate"
"Ask"
Situational Characterization
Error bars: 95% CI

Figure 4

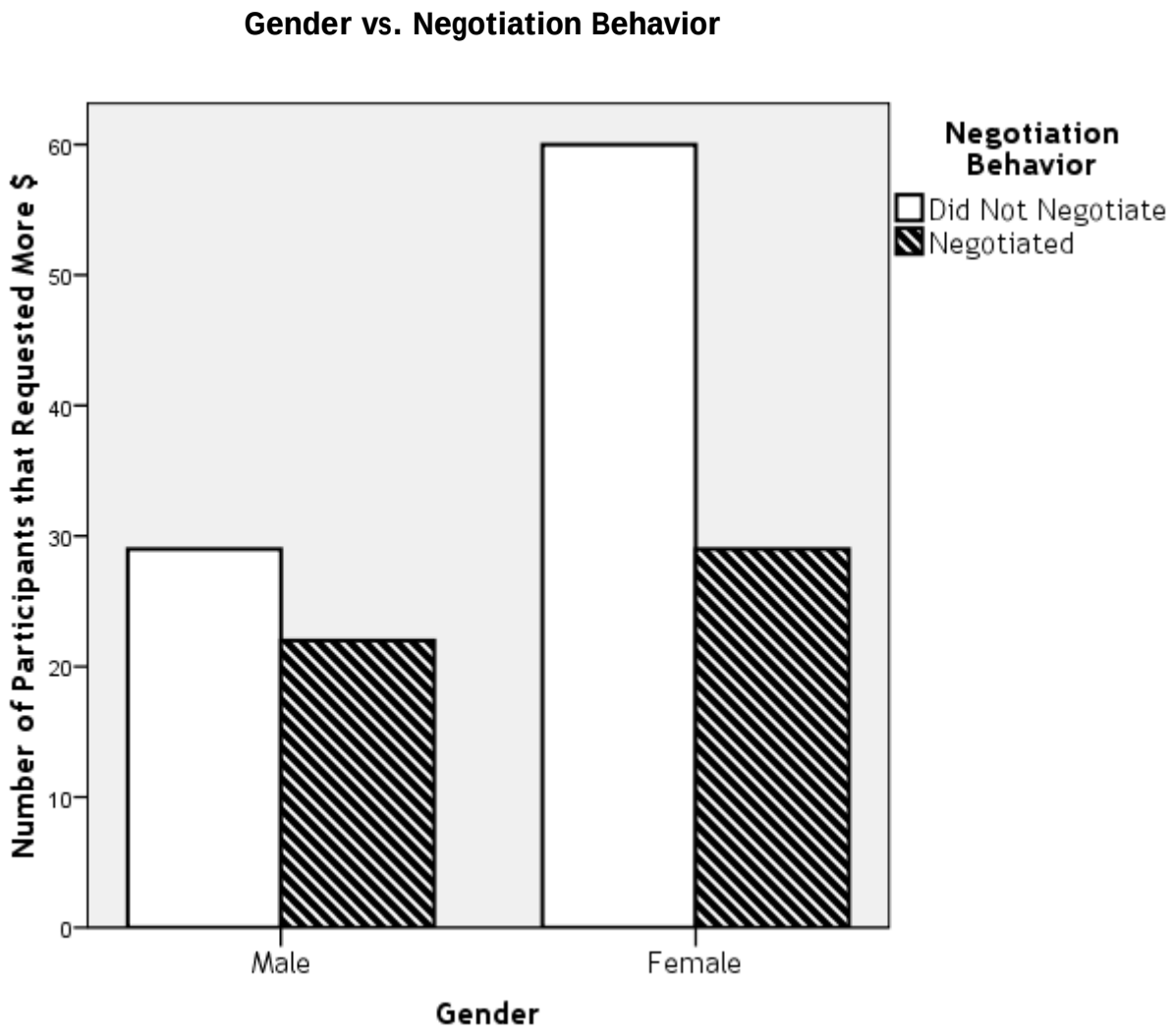
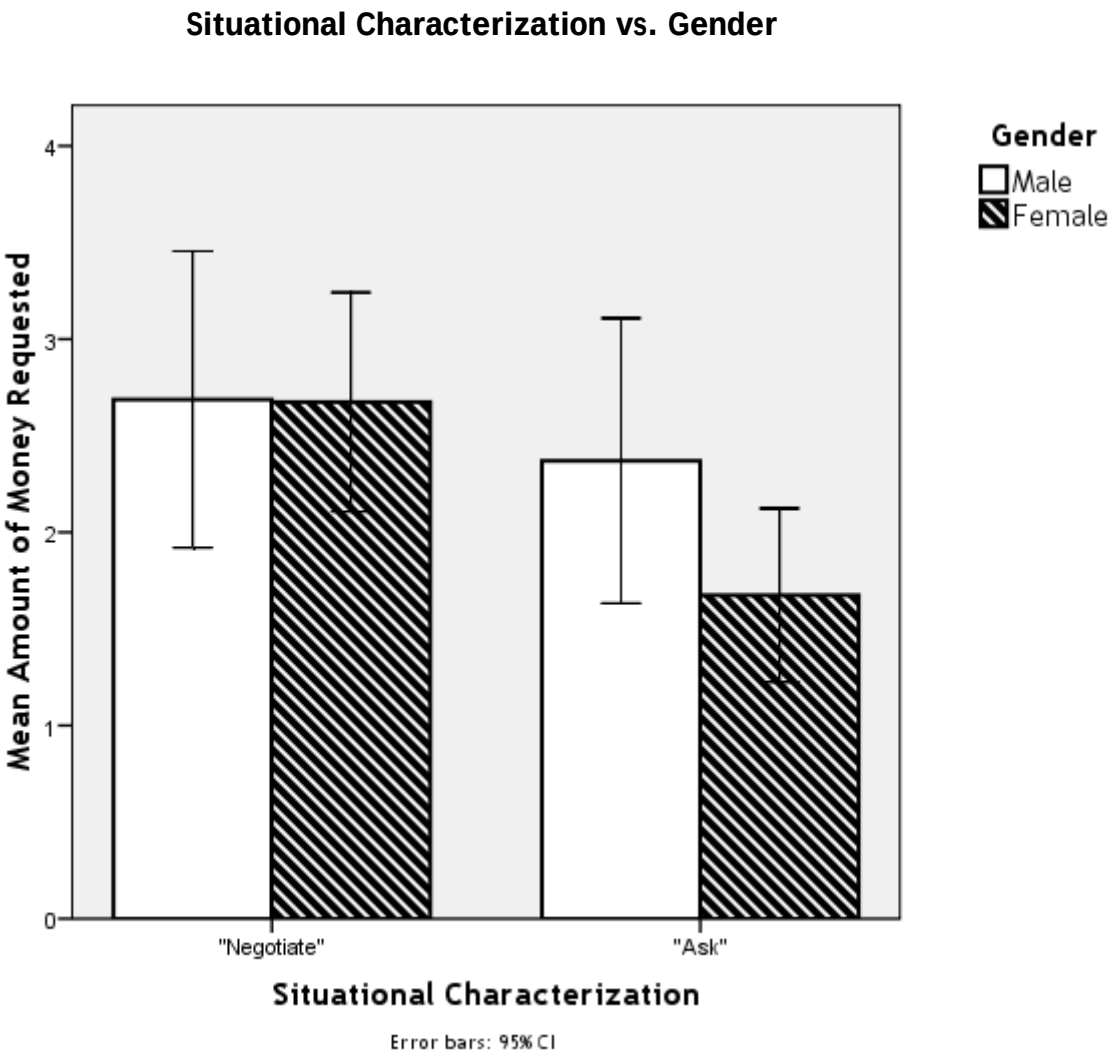

Gender vs. Negotiation Behavior
Number of Participants that Requested More $
60
50
40
30
20
10
0
Male
Female
Gender
Negotiation Behavior
Did Not Negotiate
Negotiated

Figure 5


Situational Characterization vs. Gender
Gender
Male
Female
Mean Amount of Money Requested
0
1
2
3
4
"Negotiate"
"Ask"
Situational Characterization
Error bars: 95% CI