

New research shows that asking for a precise number during negotiations can give you the upper hand

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With so much on the line for job seekers in this difficult economic climate, a lot of new hires might be wondering how—or whether at all—to negotiate salary when offered a new position. A recently published study on the art of negotiation by two professors at Columbia Business School could help these new hires—and all negotiators—seal a stronger deal than before.

Research conducted by Professors Malia Mason and Daniel Ames and doctoral students Alice Lee and Elizabeth Wiley finds that asking for a specific and precise dollar amount versus a rounded-off dollar amount can give you the upper hand during any negotiation over a quantity.

"What we discovered is there is a big difference in what most people think is a good strategy when negotiating and what research shows is a good strategy," said Professor Mason. "Negotiators should remember that in this case, zero's really do add nothing to the bargaining table."

The research, forthcoming in the *Journal of Experimental Social Psychology*, looks at the two-way flow of communication between 1,254 fictitious negotiators.

The [negotiators](#) were placed in everyday scenarios such as buying jewelry or negotiating the sale of a used car. Some people were asked to make an opening offer using a rounded-off dollar amount, while other

people were asked to use a precise dollar amount; let's say for example \$5,000 vs. \$5,015.

The results showed that overall, people making an offer using a precise dollar amount such as \$5,015 versus a rounded-off dollar amount such as \$5,000 were perceived to be more informed about the true value of the offer being negotiated. This perception, in turn, led precise-offer recipients to concede more value to their counterpart.

In their negotiation scenarios, the professors concluded the person making a precise offer is successfully giving the illusion they have done their homework. When perceived as better informed, the person on the opposite end believes there is less room to negotiate.

To determine whether people make round offers more often than not, the researchers looked at the real estate market. Research done on Zillow, the online real estate marketplace, showed the overwhelming majority of displayed prices were rounded numbers, and that only two percent of people listed their homes with precise dollar amounts.

"The practical application of these findings – signaling that you are informed and using a precise number – can be used in any negotiation situation to imply you've done your homework," Mason concluded.

Provided by Columbia Business School

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