

## Scared to negotiate job offers? Study suggests you should do it anyway

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Getting a job offer can be a joyful experience. Often, however, the elation quickly gives way to a state of anxiety, as candidates agonize over whether to accept the terms on the table, or negotiate for better ones. After all, it's commonly believed that job candidates who negotiate risk losing the opportunity.



Einav Hart, assistant professor of management at the Donald G. Costello College of Business at George Mason University, challenges that assumption in a <u>recent research paper</u> published in *Organizational Behavior and Human Decision Processes*. Her findings suggest that the expected <u>worst-case scenario</u>—having a job offer rescinded—may be a much more remote possibility than most job candidates believe.

The paper was co-authored by Julia Bear of Stony Brook University and Zhiying (Bella) Ren of University of Pennsylvania.

The researchers conducted seven studies involving more than 3,000 participants. To start with, they surveyed job candidates, hiring managers, and experienced professionals. These surveys showed that job candidates thought it highly likely that negotiating would lose them the job offer, while managers took a more flexible view. The hiring managers reported extending an average of 26.9 job offers during their careers, only 1.73 of which were withdrawn after a candidate negotiated.

In subsequent studies using in-person and online negotiations, Hart and her co-authors found that even taking on an imaginary role changes how one views the <u>negotiation</u> and its risks. They randomly assigned participants to play either a "job candidate" or a "hiring manager," with real money at stake based on any agreed-upon job offer.

The researchers found that two psychological mechanisms were particularly relevant to explain job candidates' exaggerated risk estimation: zero-sum perceptions, or the idea that parties in a negotiation are fighting over a fixed and finite resource, and power perceptions, i.e., how much candidates felt they had the ability to influence the hiring manager. Moreover, because of their concern about losing the deal, nearly half the candidates chose to accept the offer as is and not to negotiate.



All else being equal, candidates tended to take a much more competitive (i.e., zero-sum) view of negotiations and a less optimistic view of their power than did the "managers." This may help explain why so many of us shy away from bargaining for better job offers, to our own detriment.

Hart says that "negotiating is not just zero-sum. Besides negotiating salary, maybe you care more about teleworking than a small signing bonus. The hiring manager might really appreciate the savings and be flexible about how often you come into the office. Thus, this negotiation (and many others) can have a win-win, mutually beneficial solution."

Indeed, candidates primed to consider negotiation as a potential win-win interaction (as opposed to zero-sum) were less likely to fear losing the deal entirely, and by extension to forgo negotiations. Likewise, candidates primed to have higher power perception were less concerned about jeopardizing a deal and less likely to forgo negotiation. However, even with low zero-sum or power perceptions, candidates still overestimated their risk of losing the deal.

At the same time, Hart's prior work suggests that negotiation is a decision that should be made carefully by each party. A previous paper introduced the concept of "Economic Relevance of Relational Outcomes" (ERRO), which points to the fact that there is often a long-term financial advantage in preserving <u>strong relationships</u>, over and above incremental gains to be won in any one negotiation.

Hart says, "Consider negotiating for a babysitter's rate. What use is negotiating for a great deal on the rate if the babysitter feels bullied in the negotiation and is not excited to take care of your kids?"

Negotiating a job offer is tough and there is a legitimate risk that negotiating can jeopardize the <u>deal</u>. However, Hart's research suggests that job candidates overestimate this risk and can often obtain better



outcomes through negotiating a job offer—at least if they preserve a good relationship.

**More information:** Einav Hart et al, But what if I lose the offer? Negotiators' inflated perception of their likelihood of jeopardizing a deal, *Organizational Behavior and Human Decision Processes* (2024). DOI: 10.1016/j.obhdp.2024.104319

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