



Tool 6 TOOL FOR INDIVIDUAL NEGOTIATION OF PAY

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Checklist

When being hired for a job:

1. There is no such thing as a 'fair wage'. It is a question of negotiation power.
2. Always prepare yourself before the wage negotiation. Try to find out what the general rate is for your type of position.
3. The easiest way to find out about the general wage level is by asking someone who already works for the company.
4. Try to make the employer make the first move. And remember that the employer's first offer is rarely the last offer
5. If the offer is less than you would like, and you have the nerve, then repeat the offer in a noncommittal way and let the silence speak for itself.
6. Be assertive when making your request
7. Always ask for 10% more than you originally intended.
8. Inquire into the possibility of fringe benefits
9. And finally, make the L'Oreal slogan yours: "Because I'm worth it!"

When negotiating for a raise:

10. Do not count on your employers automatically giving you a raise when they realise how good you are
11. You cannot know your market value without testing it
12. Find out what others in your position are being paid, but do not use the information as an argument in itself for a raise
13. Avoid comparisons to named colleagues
14. Do not make references to your outstanding performance (unless it is well known to be truly extraordinary). After all, everyone is supposed to perform well.
15. No empty threats! Do not threaten to quit unless you are prepared to do so.
16. It is not enough to mumble something about wanting a raise. State a specific and realistic figure.
17. Do not let it get too personal. Practice being able to handle a 'no'.
18. If asking for a substantial raise, you will be better off explaining that an unexpected situation has put you in dire need of money rather than pointing out that you have been underpaid for ages.



As anyone who has worked with the gender pay gap will know, there is not *one* single factor explaining the origin and nature of the pay gap. The pay gap is a many-headed monster. There is a multitude of explanatory factors. Important factors are the sex segregation of the labour market and the undervaluation of women's work and women's occupations. Other factors are women's lack of bargaining power, be that collective or individual, and women's attitudes towards money.

Women as breadwinners – and negotiators

In most households all across Europe the dual breadwinner model is becoming the norm. And in many households headed by a single parent, women are the sole breadwinners. However, in most dual breadwinner families women are not the main but rather the secondary breadwinner. This affects to some extent their bargaining power.

In broad terms, and speaking very generally, women, on the whole, tend not to be as comfortable as men when it comes to discussing money. At least when the money concerned is their salary. They tend not to keep track of their current value on the open market with the same assiduity that men do. And they often are not as assertive in negotiating for raises as men are. They also tend to be less sensitive to wage increases than men, in the sense that a man will be more willing than a woman to change jobs solely in order to gain a modest salary increase.

One may stop to ponder what kind of world we would have if everyone was solely concerned with the amount of money a certain job would bring. But one may also stop to ponder why only women should be allowed the luxury of having a more holistic approach to their work life.

For the gender pay gap to disappear, all that has to change. We have to accept that this is part of the explanation of the pay gap and that we may have to change women's attitude to money in order for them to become hard-edged negotiators of their own pay. This is not so much a question of being a talented negotiator as a question of changing the underlying attitude and expectations.

Other reasons why women come off with a worse result than their male counterpart when negotiating their own wage could have to do with a fear of confrontation and a fear of rejection when asking for a raise. It is very difficult not to take a rejection personally. To many women that fear of rejection is deterrence.

One may be tempted to ask: Do women know how to negotiate? The evidence, which admittedly is mostly of an anecdotal nature, seems to suggest, that women in general are as capable to negotiate as men are – not better, but not worse either – when negotiating on behalf of others.



Thus the question remaining is: If women are able negotiators when they negotiate on behalf of others, then why are women less apt to negotiate convincingly on their own behalf? There doesn't seem to be a satisfactory answer to this question.

This tool addresses the issues and concerns a woman will have to consider when she has to negotiate her own individual pay. *After* she has made up her mind to achieve a good pay in accordance with her market value. The women who have to negotiate their own pay will most often be working in the private sector, but also at some top end public sector jobs an individual pay is negotiated. Furthermore, in both private and public sector there is a trend across Europe to decentralise part of the wage negotiation, so that the final wage determination is a mix of collective bargaining at the central level and individual negotiation at the local level. All in all, more and more women face the challenge of having to negotiate their own individual pay.

How is individual pay determined?

The first thing you have to do is forget any notion you may cherish about pay and fairness having anything to do with one another. Pay is determined on the basis of many factors, but fairness is not one of them. The worst jobs are often the worst paid. The very same job may be paid very differently across industries and countries. Customs, traditions, historic market conditions and cultural values all play a part in wage determination, which makes it anything but a rational exercise.

The range within which an employee's individual pay is determined may also vary widely. In some cases there is only a small range within which the pay can be negotiated, while the majority of the wage is determined by some sort of pay scale, possibly a so-called shadow scale, i.e. it is not an official scale, based on some kind of collective bargaining, but rather a scale whose origin is unclear, but still very rigid. In other cases there may be a very wide range, and pay differences between individuals doing more or less the same jobs may be quite substantial.

This will vary from one country to another, from one industry to another, and from one company to another.



The main influencing factors on individual pay can be placed in four categories:

1. **The job:** Type of position, degree of responsibility, market situation (present and historic), hours worked
2. **The work place:** Sector, industry, type of company, tradition, competition situation, company values, other types of benefits offered to employees, family-friendliness
3. **Individual qualifications:** Formal education, training, work experience, degree of social and emotional intelligence, bargaining ability
4. **Personal performance:** efficiency, flexibility, enthusiasm and personal drive, decision making abilities, team spirit, strategic capability

The first three categories can be said to come into play at the time of being hired for a new job, whereas the fourth category is relevant when a raise is negotiated.

In general, there will be three different types of situations, where your pay is bargained:

- at the job interview
- at the annual pay talk
- when asking for a significant raise

All three are important, but your approach and your method of bargaining should vary according to the situation. The same arguments will not fit in any situation.

Getting off at the right level

The importance of starting at the right level cannot be overstated. If for some reason you get off on too low a pay level from the start, it will be very difficult to remedy this at a later stage. Even when changing jobs the past may haunt you, because potential new employers will often ask what your current salary is. And if this is low, you will have a hard time convincing them that you deserve a much higher pay now. First of all, your pay is seen as a signal of your productivity. In other words, if you can quote a high current salary, a future employer will see you as a very productive employee. The assumption being that otherwise your current employer wouldn't be paying you so much. Whether this happens to be true or not doesn't really matter. And second, no one likes a greedy person. And for some odd reason we perceive the wish to increase a low pay with a substantial amount as being related to greed, whereas if you already have a high salary it will not be perceived as greedy to want to keep your current high level – and even to increase it somewhat. In short, the best argument for giving you a high salary is that you already have one!



What to do if your current pay is low? It would not be sound advice to tell you to lie about it. Not only is it unethical, but also you may be found out, and that will most definitely put you at a serious disadvantage. However, there is no need for you to short-change yourself. Have you included the cash value of every kind of benefit in your current job? People tend to overlook the value of their pension scheme, the value of extra holidays, not to mention the fact that the hours worked may differ in your current and your future job. All these factors should be included in the equation when you calculate your current pay. If you are facing a raise, that has not yet materialised, you may also want to include that in your current pay, since it will be unlikely that you will get a raise in a new job for the first year.

But even though asking for a high wage is a signal that you are a highly productive employee, there is also the danger of asking for so much that you effectively put yourself out of the game. If you ask for a salary that exceeds that of your future superior, chances are you will not be considered an attractive prospective candidate. You will have priced yourself out of the market. This is quite all right if your asking price is your absolute minimum. But if it is only your opening gambit, then it can be considered quite a misstep. In other words, you need to find out about the general wage rate in your future industry and your future position. You also need to find out about the general wage rate at your future company.

The general wage rate will usually be available from national and industry statistics. If you are a member of a union or a professional association, they may also be able to provide you with relevant information. But the kind of information you will get through these channels will most likely be of a quite aggregate nature. Preferably, you should also try to get information pertaining to the specific company and the particular type of position you are applying for. You may be able to call the personnel department and ask what the realistic level for the job in question is. If you know someone or know someone who knows someone who works for that company to ask, you will most likely be able to ask about the general wage level. Do not pry into your contact's own pay, unless he or she is a very close friend, but rather ask about the general wage level. Is it known to be leading in its field? Or perhaps quite the opposite? You may also ask your contact for advice as to what you should ask for. Be sure to add something to that amount, however, since most people will suggest you ask for something well below their own wage. Depending, of course, on their specific type of job.



How to prepare for the job interview

Before you go to the job interview it is important that you have done your homework. Part of the homework is finding out about the general wage level at the company, as described above. Another part of your homework is deciding what your threshold wage is, in other words: What is the absolute minimum you will be willing to accept? If their final offer should be lower than your threshold, then you should be prepared to leave immediately. If it isn't their final offer after all, this will give them a chance to reconsider and make you a new offer. And if it really is their final offer, there isn't much point in continuing the conversation, anyway.

As has been mentioned above, you should also realise that demanding a high pay is seen as a signal of productivity. It shows high self-esteem and that you are confident in your abilities and qualifications. Many women are repulsed at the thought of asking what they consider to be an outrageous amount, but asking for a low salary is not really a sign of being modest and showing humility – it is more often seen as a sign of insecurity. So you will be wise to reconsider your thoughts on humility and wages. Some women insist that being slightly underpaid makes them less stressful, because then they know that they are always worth more than they are actually being paid. But in most cases they are probably just earning not only less money, but also less respect.

You also have to consider that there is a trade-off between pay and social benefits. If your future employer offers outstanding social benefits, such as paid leave for family reasons, extra holidays, and in general is considered a family-friendly workplace, then this will most likely mean that the wage level is somewhat below average. Unless the company in question is in a very unique market situation, then the employment costs of an employer will have to match those of its competitors for competitive reasons. Only in very rare circumstances will you be able to expect excellent family-friendly policies and an above average wage at the same time. And if you do choose family-friendliness over a high pay, as many women do, you should be aware that this will in turn affect all your salary-dependent future benefits, such as your pension benefits. The lower your current pay, the lower your future pension.

At the job interview

After you have been offered the job, you now have to settle on a salary. This is where it gets tricky. The interviewer will most likely ask you about your expectations to your future pay. As has been described above, you want to avoid both shooting too high or too low. The best thing is to get the employer to make the first move. You may ask if they could give you a general idea of the possible pay range of that job. Or you may ask what others in similar positions are earning in the company. It is a perfectly valid argument that you would not want your pay



to be too much below that of your future colleagues. If you do manage to get the employer to make the first move, then remember that the employer's first offer is rarely his or her last offer. This is what the employer considers an absolute minimum. So if the offer is less than you would like, and you have the nerve, then repeat the offer in a noncommittal way and let the silence speak for itself. This is an almost sure-fire way of making the employer improve the offer.

If you do have to start out with making your request, then be assertive when stating it. Do not sound unsure. And always ask for 10% more than you originally intended. Based on anecdotal evidence, women tend to ask for 10 to 30% less than men when applying for the exact same jobs.

Also remember to inquire into the possibility of fringe benefits. Sometimes fringe benefits such as a free car or a free telephone are only made available to those who ask for it. So remember to ask for it! Fringe benefits may also be a way of getting the pay you wanted. If for some reason they have problems with meeting your request in cash they may have the possibility of offering you something else with the same cash value, so that your total pay adds up to the requested amount.

How to prepare for your pay talk

In most work places where individually negotiated pay is the norm there will be annual pay talks. The right to an annual pay talk will either be written explicitly in your contract or it will be the custom at the company. Sometimes these pay talks do not really qualify to be called 'talks' but are better described as unilateral statements. That is, the employer simply informs you what your raise this year will be without conducting even a semblance of negotiation. This is clearly an unsatisfactory situation, and most likely you have the legal right to insist upon a proper negotiation. However, there is absolutely no guarantee that the end result will be any different.

Even if you do have a proper negotiation, in most cases the annual pay talk only results in minor raises so as to keep up with inflation and the general flow of the market. The case of asking for a serious raise is further described below.

But even if you only have to prepare for a 'normal' pay talk, there are still things to consider. Especially if you want your raise to be in the high end of the awarded raises.

First of all you have to accept that the annual pay talk can get very emotional, because pay is a sign of status and appreciation within the company. If you do not get a raise, or only get an absolute minimum, then you will feel under appreciated and maybe even unhappy.



You have to understand that pay negotiation is an all year on-going negotiation. In other words, in order to make your superior really understand the value of your input, you have to make him or her notice your contribution during the year. Many women tend to be rather self-effacing at work and do not always claim praise for their work. When their male colleagues keep drawing attention to themselves and their outstanding performance, women tend to find this rather ridiculous. However, it works. Superiors are not mind readers. They don't know exactly who contributed what to which project. They have to be told. But telling them at the annual pay talk is a bit late. You have to do this during the year.

Before the pay talk you should also list your qualifications, competencies and responsibilities – how have you improved since last year? Have you had new responsibilities added to your workload? If you have completed some sort of training during the year, then remember that while training and competence development is always a good thing for you, then your employer may not be willing to reward your new qualifications unless you can argue that you actually put them to use in your current job. To an employer, training and education are only valuable if used in the company's interest.

Are you getting the right pay?

You may have a nagging suspicion that you are being underpaid in your current job. But how do you go about finding out if this is true or not?

First, you may ask yourself: Whom do you compare yourself to – other women in undervalued and underpaid jobs? If you are a professional you will most likely be better paid than the average woman who works in a typical woman's occupation. And compared to this average woman you might consider your pay to be quite satisfactory. But this is not the right comparison. Most women's occupation, all across Europe, tend to be undervalued and underpaid, when compared to typical men's occupation with the same degree of education, training, responsibility, work conditions, etc. One may wonder why it is that it is considered more valuable to look after houses than to look after children, but this is nonetheless the case. In other words you should make your comparison to men in your profession. Or, if you work in a profession with a majority of women, then this profession may also tend to suffer from being undervalued, and then you will be better off comparing yourself to a men's profession with similar educational background etc. General pay statistics will usually be available from unions, professional associations or your national statistics bureau.

But it isn't just your profession – it is also your job. When looking at your job – whom can you compare yourself to? Every job is supposed to have an ISCO-code. If you can find out what the ISCO-code for your job is, then you will be able to check the national statistics on what people in that same ISCO-code earn,



regardless of title. Titles will very often be misleading. The tradition of handing out impressive sounding titles varies from one industry to another, and similar titles are often applied to jobs with very different job content. This is why the ISCO codes are more reliable, as these are based on the actual content of the job.

Some companies have job evaluation schemes, and in that case you will know exactly how your job is ranked in the company hierarchy. But even if your company does not have a job evaluation plan you may want to assess your own job. Your job may have a job profile, but most often this does not really say much about your actual job content. In order to make an assessment of your job you should start with listing all the various functions you spend your work day doing and also note the amount of time spent on each thing. Do this for a week – or two, if your work is more varied – and you should then have a good idea of what your job entails. Perhaps you have more responsibility than your title or pay implies. Having it documented is the first step towards having your job re-categorised or your pay increased.

In many companies with individually negotiated pay there is a tradition for also being secretive about pay, i.e. employees are encouraged not to discuss their wages among themselves. The reason for this is that the existence of unexplained wage differentials is a sure way to breed malcontent. Pay has both an absolute and a relative value. In *absolute* terms we use our pay to pay our bills. In *relative* terms we use our pay to compare ourselves to others. You may be perfectly happy with your pay – until you realise that your dim-witted colleague earns more than you! Depending on temper, your reaction will either be to immediately ask for a substantial raise, or to become de-motivated and sulk and be much less productive. Neither of these reactions is what your employer will want. So an employer who is not able to explain and substantiate pay differentials will clearly prefer everyone's pay to be kept secret. To counteract this, the best thing is to be open about your own and everyone else's pay. But be aware that it does open a possible Pandora's box of negative feelings!

When asking for a significant raise

At some point in your career you may reach the point where you want a considerable raise. This may be based on your realising that others in positions similar to yours are being paid more, it could be because you have done an extraordinary effort that has saved the company a lot of money, or you may have realised that you didn't get the right salary to start with. Whatever the reason, the first thing to remember is that you have to be able to live with a no. Unless you are prepared to leave your job if your request is refused.



You also have to convince your employer that you are serious. This does not mean making empty threats. But it means being very assertive when you state your request. You also have to state a specific amount – do not just ask for a 'raise'. The amount has to be realistic but you may want to exaggerate a bit so you have something to give.

One reason that the importance of being convincingly serious should be emphasised is that you may not automatically be taken serious in the same way that a man would be. Employers do not always see women as breadwinners. Whether consciously or unconsciously, the typical employer will expect a man to attach much more importance to his pay.

When you make your request, you should consider what kind of argument will work on your superior. Some like rational arguments. Others fall for humorous arguments (that may in effect be veiled threats of leaving). There really are no general guidelines. What will work with one, will not work with another. However, do not fall victim to 'argument illusion'. This means that you should not start piling one argument on top of another. Sometimes the best argument is simply that you want it. And that you mean it seriously. If your pay really is inadequate and your employer values your work, then this should be enough as an argument.

You may want to refer to changes in your private circumstances as a reason for asking for a raise. This is obviously not a relevant reason to give you a raise, but it serves three purposes:

1. It draws attention to your being an actual breadwinner. Your pay is vital to your family's household income and it is not just 'pin money'.
2. It gives you a reason for bringing the issue of a raise up at this specific time. It can be very difficult to base your request for a raise on the fact that you have been underpaid for years.
3. It gives you both an escape hatch in that your employer can refuse you a raise with reference to your personal circumstances rather than with a reference to your poor work results. This will make it easier for both of you afterwards.

Referring to statistics may be a bit like shooting yourself in the foot. It opens up for counter arguments in the category of: Those are not comparable jobs; These are figures for big city companies, etc. And worst of all: Then go get one of those jobs where they pay so well! Statistics should be used as a tool for you to find out what the relevant range is, not as an argument in and of itself.

If your request for a substantial raise is unsuccessful, then be sure to ask what would be required in order for you to be able to achieve it. That way you will know what to do, and it will be difficult to refuse you next year.