

TECHNOLOGY

Hey ChatGPT, Can You Help Me Negotiate My Salary?

by Holly Schroth

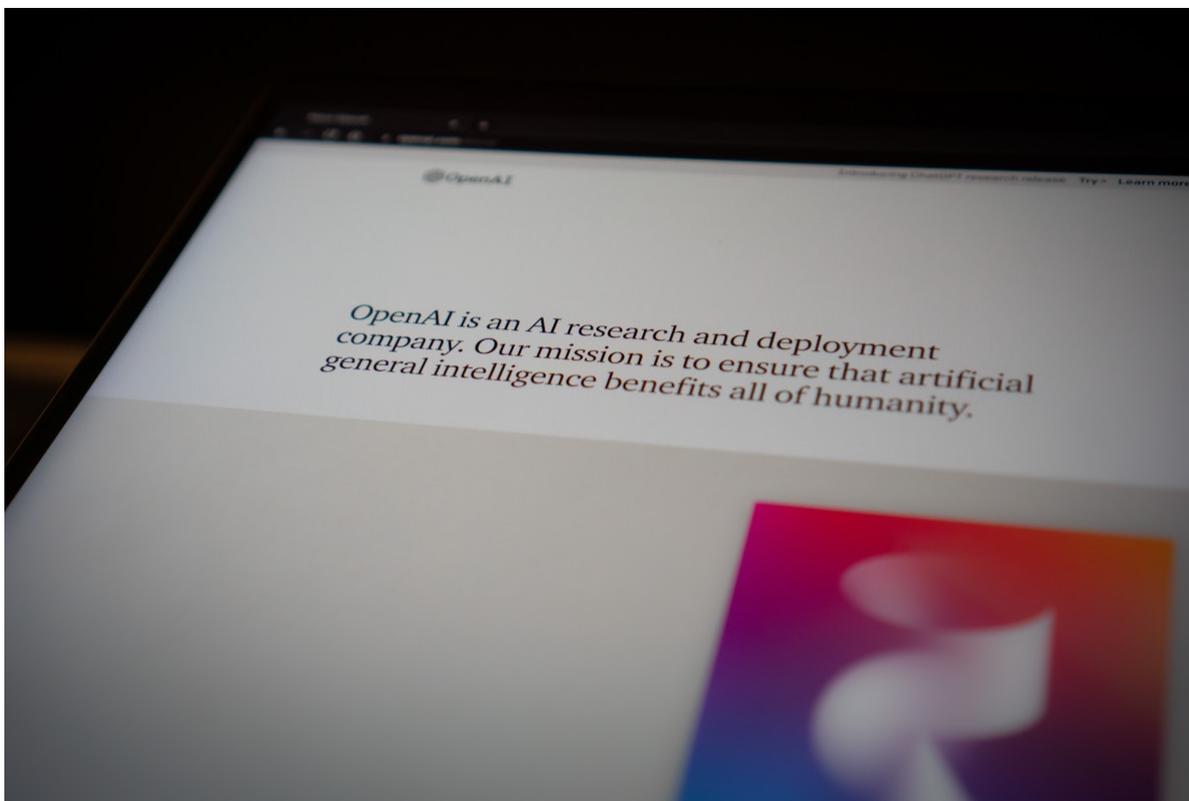


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Assessing the efficacy of ChatGPT in guiding users through the process of salary negotiation.

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Academics are growing apprehensive about student reliance on ChatGPT. Despite concerns over its impact on higher education, ChatGPT has the potential to be a useful learning resource for students and the general public seeking accurate information. People often turn to ChatGPT for information and advice on various topics, including salary negotiation. As a senior lecturer and distinguished teaching fellow at the Haas School of Business at UC Berkeley, I often teach salary negotiation preparation and strategy. Understanding the salary negotiation process can have a positive impact on both the employer and employee, promoting clear communication, setting realistic expectations, and creating mutually beneficial agreements. For employers, this understanding can lead to attracting and retaining top talent, reducing turnover, and promoting a positive company culture. For employees, it can help them communicate their value, gather market data to support their salary or benefits requests, and make informed career decisions. The article evaluates ChatGPT's effectiveness in helping users learn how to negotiate their salary and outlines best practices for using ChatGPT as a guide or study aid.

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Evaluation Criteria

The following criteria were used to assess the overall effectiveness of ChatGPT as a guide for salary negotiations:

- **Accuracy** – information supported by research and practitioners
- **Actionable** – specific and detailed enough to inform actionable behaviors
- **Relevancy** – information was relevant to the request

In addition, best practices for using ChatGPT as a salary negotiation guide were also assessed by systematically changing the format of the request by altering the following:

- **Specificity** – broad vs. specific questions (e.g., “How do I negotiate salary?” vs. “What are specific strategies for negotiating salary?”)
- **Singularity** – individual vs. compound question (e.g., “How do I set my bottom line?” vs. “How do I set my bottom line and when do I reveal it?”)
- **Terminology** – layman vs. expert terminology (e.g., bottom line vs. resistance point)
- **Thread** – questions on a new thread vs. the same thread

After typing in hundreds of questions using the methodology outlined, ChatGPT gave the most accurate, relevant, and actionable responses when asking a specific, individual question as part of a thread regardless of whether using layman or expert terms. Using these best practices for asking questions, I assessed the effectiveness of ChatGPT as a tool for salary negotiation preparation.

ChatGPT’s Performance as a Tool for Salary Negotiation Preparation

When starting a new thread on salary negotiations, ChatGPT will give a general response regardless of the specificity of the question. ChatGPT only gives slightly different responses when changing the word salary to raise or compensation. Below are 10 abbreviated suggestions that reflect the typical responses to questions addressing: “How do I negotiate my salary?”:

- Do your research (find average salary statistics)
- Be prepared (what you want, qualifications, accomplishments)
- Be confident (speak clearly and firmly)
- Be flexible (open to compromise)
- Listen actively (respect their perspective)
- Be professional (keep emotions in check and avoid defensiveness)
- Highlight your performance value (skills, qualifications, experience)
- Know what's important to you (flexible hours, remote work, etc.)
- Consider total compensation (benefits and perks)
- Consider timing (your request after success for raise or not too soon in discussion for a new job)

A targeted follow-up question, such as “How do I effectively communicate my performance value?” elicits an actionable, practical response from ChatGPT. The model was particularly insightful when answering questions about common mistakes in communicating performance value. Some examples include being too vague, being overly modest about one’s skills and qualifications, or failing to provide supporting data for performance claims.

When asked for guidance on phrasing a salary negotiation request, ChatGPT offers several script options that follow a general pattern: expressing gratitude or excitement for the offer, requesting a discussion about a specific topic (such as salary, performance goals, or career goals), highlighting one’s achievements, skills, and contributions while providing research and data to support these claims, and making the suggestion or request in a collaborative and non-threatening manner. As an example, ChatGPT might suggest the following script:

“I am grateful for the opportunity to work for this company and the challenges that come with my role. I would like to have a conversation about my salary. After reviewing industry standards and evaluating my accomplishments and contributions to the company, I believe that my current salary is below market value. I respectfully request a raise to [desired salary]. I am confident that my continued hard work and commitment will continue to benefit the company.”

These scripts serve as a solid foundation for practicing the conversation but should be adapted to suit one’s personality and speaking style for a more natural and authentic delivery.

ChatGPT has limitations in the depth of information it can provide when answering follow-up questions. When asked for a specific salary range for a job in a particular field, it offers a range, but with a disclaimer that these are “rough estimates.” The ranges provided are quite wide, typically spanning \$40,000, reflecting the data sourced from various websites and databases that ChatGPT accesses. The salary range provided for the University of California, Berkeley lecturers was accurate, likely due to the salary information being publicly available in a database that ChatGPT likely used. However, it is worth noting that ChatGPT did not consider the number of years of experience when providing salary ranges, even when it was explicitly included in the question.

Understanding what elements of a compensation package are negotiable is crucial in salary negotiation preparation. ChatGPT performed admirably in identifying the various items that can be negotiated. However, it is important to be aware of a company’s typical negotiation practices, which may vary based on the industry and level of experience. While ChatGPT listed a range of negotiable items, it failed to consider the company-specific norms or the candidate’s level of experience. Attempting to negotiate non-negotiable items can leave a negative impression on the employer. To ensure a successful negotiation, it is recommended to gather information from individuals who have worked at the target company to understand their compensation philosophy, specifically what is typically negotiable and non-negotiable. This information will also aid in defining your aspiration point (goal), resistance point (bottom line or walkaway point), and BATNA (best alternative to a negotiated agreement).

Determining your aspiration point, resistance point, and BATNA is crucial to successful salary negotiations. However, ChatGPT does not provide adequate guidance in this area. Before engaging in negotiations, it is essential to conduct research and understand both parties' priorities, interests, and constraints. This will help to determine a realistic aspiration point, which will allow for the attainment of greater value in the agreement. Unrealistic aspiration points can lead to conflict with the potential employer and may result in the offer being withdrawn. BATNA represents the most favorable outcome that you can expect if you walk away from the negotiation without reaching a deal. You need to understand the strength of your BATNA as well as the employer's BATNA when determining your resistance point. ChatGPT fails to warn the user to not change their resistance point at the table because accepting an agreement below that pre-set value often leads to later dissatisfaction with the agreement.

Negotiation Strategy Preparation

The question "What are your salary expectations?" can make candidates uneasy during a job interview. On the one hand, revealing expectations that are too low can anchor the eventual offer unfavorably for the candidate, while revealing expectations that are too high can lead the employer to discontinue the interview process. Employers ask this question to ensure candidates' expectations align with the position's salary range. ChatGPT suggests candidates respond by giving a range and being open to discussion, however, the answer should also be qualified by noting that the low number of the range should be a safe number to move forward with the interview process, while the higher number should more closely resemble what the candidate desires. Other strategies to consider, which ChatGPT did not mention, include requesting more information about the role and responsibilities before providing a number, seeking clarification on how their skills and qualifications fit into the company's salary ranges, or suggesting "industry average" and then defining that average with supporting statistics once a job is offered.

ChatGPT's initial response to the question, "should I use another offer as leverage during salary negotiations?" was to use present an alternative offer. However, this approach can be interpreted as a threat or lack of commitment to the company and is therefore dangerous for the employee. A few weeks later, when asked the same question, ChatGPT addressed the dangers of presenting a competing offer and provided excellent advice.

Instead of using another offer as leverage, candidates can discuss their qualifications, experience, and unique skills or how their contributions have positively impacted the company. In addition, the employee should consider timing as important in a salary increase discussion, and it is best to have the conversation when the company is doing well financially or right after you have made a significant contribution to the company.

ChatGPT outlined the salary negotiation process accurately, including that the employee can make a single counteroffer but not multiple counteroffers, and gave a detailed, accurate response for how to evaluate your offer including consideration for company culture, work-life balance, and professional opportunities. Although ChatGPT gave a list of Do's and Don'ts for negotiating salary it missed a few key pieces of advice listed below:

Do:

- **Wait at least 48 hours before negotiating your salary after receiving the offer in writing.** This allows time to research the offer and compare it to benchmark data, control emotions, and start the negotiation conversation with a clear head. Waiting also allows the employer to know that you are not acting on impulse but have carefully thought through the offer. Also, accepting an offer immediately may cause the employer to suffer from “the winner’s curse”—regret that the offer was too generous. Having a written document also ensures that any misunderstandings are mitigated and protects your agreement in case of management changes.
- **Know when to stop negotiating.** You do not want to continue to negotiate after the company has made a counter to your offer. It is assumed that the company has tried its best to meet your needs at the last counter. By pushing for more, you may get it but is likely to strain the relationship and your employer may place unrealistically high demands on you to prove your worth.
- **Understand deadlines.** It is a tough situation when an offer is made by a prospective employer before interviews are finished with other companies. It is acceptable to ask for an extension of the deadline by stating that you need more time to consider your

alternatives. Be aware that a company may offer a compensation package above standard rates to encourage rapid acceptance without negotiation because of the need to fill the position quickly.

Don't:

- **Use email to negotiate your salary.** You cannot control tone over email and research shows the receiver tends to make more negative attributions about your intentions when a message is delivered over email than in person. When you can, you will have your best results negotiating in person and the next best option is through video conferencing.
- **Negotiate with a company to increase your leverage with another.** You are burning bridges with the company that you use as a negotiation decoy. You can use the other offers as a reference point but don't negotiate offers from companies you have no intention of joining. The companies who meet your "needs" with a new contract will expect you to sign. They will feel deceived if you do not join them after they have exerted effort to increase your offer. Also, don't use job offers in unrelated fields as leverage. This can be seen as an inappropriate comparison and raise questions about your career interests.
- **Appear desperate, as it may make the company question your value and rescind the offer.** Your future employer wants to believe that you are a highly sought-after candidate.
- **Negotiate based on personal needs or perks.** Your student loans or your need for a new car is not a reason you should command a large salary. Your salary and bonuses should be based on the value you bring to the company and your performance. Requesting perks reflects negatively on your character.

ChatGPT Keeps Getting Better Every Day

ChatGPT is constantly learning and improving its responses. A previous search for salary negotiation strategies suggested using the “Anchoring Technique,” making the first offer with “wiggle room.” In non-salary negotiations, making the first offer can be advantageous as it sets a psychological anchor for the other party to adjust from. Research shows there is an 84% correlation between the opening offer and the final outcome. However, this strategy requires having good information to avoid offending the other party by asking for too much or asking for too little and leaving value on the table. The employer is aiming to provide a salary that is commensurate with your skill set so that you are not overpaid or underpaid. There is an exception, however, when negotiating with a company that does not have a clear compensation philosophy, and salaries are not directly tied to skills-sets, such as at start-up companies. In this type of company, it is advantageous to anchor first supported with objective criteria and other researched standards because the employer will use that information as an anchor in which to start the salary negotiation. ChatGPT now answers that it depends on the situation and discusses the advantages and disadvantages of making the first offer.

In summary, the best way to utilize ChatGPT is by asking clear and specific questions within an established thread or by seeking clarification on general responses. The analysis of ChatGPT’s performance in answering salary negotiation questions showcases its versatility and value as a tool for guidance or study. ChatGPT provided relevant, accurate, and actionable answers, although at times it missed some details or left out important information altogether. ChatGPT is continuously learning and improving with each weekly update, and its answer quality is constantly advancing in providing nuance and detail. ChatGPT is helpful for both employees and employers because it helps manage expectations about the salary negotiation process and how to prepare effectively, which benefits both sides. Consider ChatGPT as a knowledgeable companion for salary negotiation preparation, providing confidence and peace of mind.



Holly Schroth

Holly Schroth, Ph.D. is a Senior Lecturer and Distinguished Teaching Fellow at UC Berkeley's Haas School of Business. She has won several teaching awards and is a trainer, consultant and keynote speaker on negotiation. She has published several articles on negotiation and is a leading author of negotiation exercise materials.