

## **THE SALARY NEGOTIATION STRATEGY**

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**ABSTRACT:** *The negotiation is an inherent process in any human activity primarily aimed at reaching a consensus between two or more participating parties. One of the main concerns of the employees of any company is motivation through the salary level. In this context, the paper proposes several strategies that can be used by employees to negotiate the first salary and increase salary in the current job. The paper also deals with several variants of negotiation techniques that an employee can employ.*

**KEY WORDS:** *negotiation, negotiator, negotiation strategies, salary, company, negotiation techniques.*

**JEL CLASSIFICATION:** *M29.*

### **1. INTRODUCTION**

The negotiation is a complex process that is carried out continuously and often unnoticed in the innumerable spheres of human activity.

In the literature, the notion of negotiation is considered to be a verbal or written action taken by two or more natural or legal persons in their relationship in order to obtain results of mutual interest. Negotiation can take part both in the public and private spheres, nationally or internationally.

The negotiation is a process by which two or more parties associate their conflicting interests with the common ones and which constitute the warp of commercial relations and of human society in general. Although individuals, groups and governments are caught up in this process all the time, they are not aware of it unless they give it a special name.

There seems to be no special term to broadly name this process. In some areas of activity, such as relations between states or relations between different economic units belonging to the same state or to different states, this process of harmonizing

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conflicting interests is of particular importance, beginning to distinguish itself as a particular stage in the development of these relations, receiving the name of the negotiation.

Defining the negotiation process as an aspect of human activity is a difficult task, for two reasons:

- the authors who have dealt with this issue define this process quite differently;
- because of the wide sphere of social relations where negotiations are taking place, it is hard to find a definition that covers all types of negotiations.

## 2. THE SALARY NEGOTIATION STRATEGIES

### 1. How do you negotiate your first salary

Human resources specialists have indicated that most candidates make some mistakes when it comes to negotiating wage conditions and draw attention to the following:

**Avoid discussing the salary issue with the future (possible) employer at the beginning of the recruitment process.**

Do not rush to discuss your salary expectations and never specify a fixed amount. Give yourself the impression that you are flexible and receptive to the employer's proposals. If you are recruited directly by the employer, answer this question by saying that you expect a salary to motivate you, that you know what the salaries are offered on the market for a similar position and that you want a competitive salary, but that you take consider the entire salary package.

#### **Initial salary is the cornerstone of future negotiations**

When you are in the beginning, you will also accept the minimum wage on the economy, only to be employed. But the initial salary is the basis from which you start in later negotiations: when you are looking for another job, the following employers will consider the salary they have had before.

**The arguments** that have the biggest weight in negotiating a salary can be found by analyzing what you can do to improve the company's business, how you can make it more profits and what skills you have in addition to other candidates.

If the employer claims that the salary is low because "the other employees are paid", you have to ask yourself, will they ever be able to pay you better?

If you are told that it is just a starting salary and there will be further negotiations, try to fix the date of the next negotiation. Over 2 months, over 3 months or over 6 months. At the same time, try to find out exactly what goals you have to achieve to get a salary increase. Do not forget that your expectations for the organization need to be discussed.

Also make sure to ask from the beginning for any other facilities you can offer: discounts on company products, assured meal, settled transport. Since these negotiations are often the second or third interview, you should have time to find someone from whom you can find out all of these things. It sometimes happens that new employees will not receive certain facilities simply because they did not ask for them.

Last but not at least, you should also keep in mind:

- the qualification, level and the complexity of the job you want to occupy;
- your level of skill and competence, which can be demonstrated, not only through qualifications or attestations, but also through the results of previous experiences. Even though these experiences have meant only student practice or own projects, as long as they can show that you are capable of delivering a particular job at the required level of performance, they are relevant enough;
- the type of organization you are going to work in. For this you need to know the financial strength of the organization, its position on the market and the point of its development;
- strategy and Human Resources Policy. For example, if they want to take inexperienced people to prepare and stay in the company for a long time, then they are probably ready to invest in you, either through courses or a motivating salary;
- labor market demand / offer ratio. How valuable are the knowledge and skills you own and how great the competition is. If the job you are applying for is among those with a shortage of specialists and many job offers, you can get negotiation more than satisfactory salary;
- the level of reward offered on the labor market for similar jobs.

### **3. RAISING THE SALARY AT WORK**

#### *Evaluate the situation correctly!*

- the degree of dependence of the firm on the work you are doing;
- the inflation rate;
- your primary costs related to housing/accomodation, transport, or other expenses that have occurred in the meantime;
- the company situation (increasing / decreasing / poor image / engaging / reducing staff);
- the company's willingness to offer a higher salary;
- the average salary on the market, in the same position as you are at that time;
- what does the company have in this respect - what were the salary increases?
- what value do you have for the boss and the company?
- what extra responsibilities could you take?
- are you willing to work harder to get a higher salary?
- what skills do you have so you can be resumed in another company with the same responsibilities, but having a higher salary?
- how does the boss see the problem of raising salary?
- what could still cause it to provide a magnification? Try to relate this to your personal goals within the company as well as to the company's goals;
- are there other people in your company through which your salary increase proposal would be more likely? To what extent do you have access to these people?
- finds the reason why it would be normal to grant you this increase: is there a salary budget, a certain wage policy? Would not it create a precedent that can not be supported by the firm? you are just one of hundreds of employees !!!

***The reasons why you would be offered a salary increase:***

1. Your recent achievements;
2. Your successes that did not appear in the job sheet (extras within the company);
3. Timely fulfillment of tasks;
4. Your proposals: have been taken over and proved to be the best;
5. The (informal) management you have practiced;
6. Global quantification of your achievements (per year preferred);
7. The qualifications you have gained lately;
8. The skills you have gained in recent times;
9. The new responsibilities / tasks you would be willing to assume;
10. Your Efficiency: Number of Tasks / Time (a graph showing that you are sitting well);
11. Wage increase would lead to an increase in the quality of life, which would obviously positively influence the quality of the work you are doing;
12. Because you ask her!

These reasons can be used as a questionnaire, a barometer of your chances of success before starting salary negotiation. If at 10 out of 12 points you can bring arguments, it means you have a great chance of getting a salary increase, you mean you deserve this salary increase!

***Wage negotiation techniques***

***Option I:*** *You have options - offers from another company, but you would prefer to stay in the current, with other conditions*

1. Do your job well, even with more assurance than ever before. It's good to have solid arguments in any case. If you leave, they will say, "Still we lost a man who worked a lot and really well." If you stay, you have an image capital that will be useful to you in the future.

2. Make sure that the moment of revealing that you thought about leaving is very well chosen. It is said that, once he thought of leaving the company, the employee is 50% off with the thought already outside the company, no longer interested in his situation. Maybe the answer to "I have other offers, I want to talk" is "Congratulations, tomorrow you can start working for them."

3. Such discussions only take place with superiors, colleagues must be less informed. It may not be all loyal to you, or I can follow you the way to "attack" the leadership, which you may not be very grateful for.

4. In terms of results, things are "cloudy": you earn, and raise your salary. You may have the surprise that when you do not expect to receive a restructuring notice. Peak, for the post they just allocated a magnification. Strange. Or I'm not raising it, but I remember you. Or do you all kinds of misery.

5. Analyze SWOT style situation. Analyze the strengths, weaknesses, opportunities and fears you have in the given situation. The truth is that since you are still in that company, it means that the amount of thanks is greater than that of grievances, even if you are not aware of it. As soon as the report changes, you will go safely and without conscientious processes.

6. Look at the investment / earnings ratio. Both in the current firm and in the potential. What and how much I have to give, what and how much I can win. Is the promised real gain or only a "morgana girl"?

**Option II: You play in bluff.**

1. As at any risk, you can not win. You will be forced to leave the company without options.

2. Squeeze pips of truth and prepare your bluff thoroughly. But keep in mind that it works only if you have a high degree of certainty that the current company wants to keep you. If not, they will feel like you're doing well.

3. Prepare: "confidential", "confident", "do not tell anybody", contacting recruiting firms, interviewing you, that you are tired of choosing between 2-3 variants salary offers, but anyway it was time to try something else, etc. Do not forget to mention clearly so that you are heard, you do not want to leave, you like it there, you feel connected with the team, the history of the company, you grew up with it, it contributed to your professional training, it was two families, etc. . He also makes a clear mention that if it were not about wages - you actually do not manage - you would not even think about leaving.

4. Make sure, as far as possible, that this bluff intervenes at a time when you have many projects on hand. When it is hard for the firm to replace you or to continue the projects. It also takes into account the possibility of being the first "victim" when the volume of activity decreases.

5. It's good to always be involved in team action, even being a leader. The bluff will succeed, as the team will take action and the bosses will not risk losing such an interface with people. If - but your team finds you have a bluff appeal, you have discredited yourself.

**Option III: Appeal to Logic.** Ask for evaluation. What results you had, how much you worked lately, etc. The evaluation can be formal - based on a coherent, measurable, employee-friendly or informal tool - a discussion with direct superiors, in which you demonstrate that you deserve it. If not the basic wage increase, at least the bonuses.

**Option IV: Appeal to Sentimentalism**

"I realize that there may not be a favorable moment, but I am also calling - for the first time, not to your reason (the boss), to the fact that you have always demonstrated a clear understanding of employees, derived from superior working techniques with people, etc. "

**Option V: Speculation of conjunctions**

1. Several companies left and you remained important. Important, meaning strategic for the company. Strategically, that is, hard or not at all replaceable. It's your moment: "Look, I'm not leaving, I'm loyal, but I think it's fair to be supportive - a salary increase would do me a great job." You force your hand, it's right, but that's it! Fidelity also pays.

2. New Chief. You urgently get into an image campaign and accumulate results, get ahead of it. Your colleagues can accuse you of lichenism, but you will not care if you count more money than before.

3. Attributions. There are projects or chores that no one wants. Either too much work, or there is a high chance of failure, etc. Make a quick analysis and make a decision: you invest time and energy, get some results and then say, "I did not think anymore that I would succeed, but I let you appreciate the results."

4. Notable results at the company or department level - make sure you are part of the results. Maybe it is not, but in the euphoria of appreciation it is good to count yourself among those who are comforted on the crown.

#### 4. CONCLUSIONS

In order to outline the general framework of the negotiation, a negotiator must be well acquainted with trade legislation and practices, trade policy regulations, financial and currency regulations and their incidence, market capacity and delineation of the market segment to which the products exported or from which they are intended imports, distribution possibilities, conditions for sales promotion, marketing, transport, etc.

There is also a need to document potential competition, both in terms of possible cooperation and to combat unfair competition.

In analyzing the specific framework of the negotiation, it is important to know the economic and financial status of the partner, his solvency and commercial reputation, to identify sources of financing, to establish as accurately as possible the negotiating position of the partner.

No less important is the study of the conditions and rules imposed in the respective negotiations, as the knowledge of these rules will allow the action during the negotiations in the desired sense, without the risk of canceling the results of the negotiations due to some procedural flaws. From the preparation of the negotiations it is necessary to set the own objectives and to anticipate the partners' objectives. In relation to its own goals, it is necessary for the negotiators not to be limited to general purposes, but to detail the business issues that are being pursued through negotiations.

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