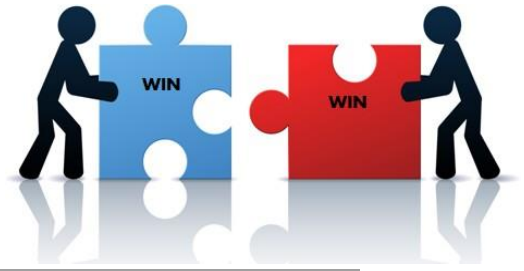

TO: Job Marketeers 2023/24
FROM: Claudia Goldin and Larry Katz
DATE: December 27, 2023
RE: Negotiating (should you want to and should you have the opportunity) and Exploding Offers



You will likely have questions about negotiating and about exploding offers at some point this job market season. We have put together the following information collected from Harvard students who accepted jobs at a variety of places last year. But we want to be clear: these are highly idiosyncratic topics. We can offer general rules but do not have any strict advice for specific situations.

Caveats and warnings: We don't know what fraction of people negotiate over anything. It is difficult, but not impossible, to negotiate if you have just one offer. Get what you need to go to a place and be a productive worker. But don't waste people's time and don't be a pest. Negotiating over public goods or research funds looks better and is often more productive than negotiating over your own salary.

(1) What to negotiate over

Here is a list, surely not exhaustive, of things we know people have negotiated for.

- Salary and summer salary
- Research budget and forms of research support (e.g., a funded RA for a summer)
- Teaching load and courses
- Ability to take a one-year post-doc before the position begins
- Joint appointments with another department or school or division
- Physical location of your office, or splitting time between locations
- Visa sponsorship and employment permits or job opportunity for partner

If you can, push hard on a few things you care most about and that would make you look good (e.g., research support especially if it helps graduate students as well; support for a workshop that is shared with others).

(2) How to negotiate

Bargaining is highly idiosyncratic; every candidate has different needs (e.g., money to run field experiments, a job for a partner, a parking spot, an office that permits dogs, an office that bans cats) and every school/institution has different constraints and different items to offer. There are no fixed rules. That said, we found a few basic principles helpful.

Find out who controls what at the school/institution and negotiate accordingly.

Schools and other institutions differ in how decision-making power is distributed. In some places the economics department or group in a business school or agency will have considerable autonomy and will directly control most of your contract parameters. Elsewhere, much of the power will reside with a higher authority, such as a dean or the Pope. This directly affects bargaining. For example, it will determine who must make sacrifices to grant you a concession (e.g., does your research budget come out of the economics department budget or the social sciences budget?).

Use (1) your own outside options, and (2) your concrete research plans as leverage.

You need to give your prospective employer a concrete reason to give you what you're asking for. The usual reason for employer A to improve a contract feature is to compete with an offer from employer B that does better on that dimension. This seems to be true even if A's offer is better than B's on several other dimensions, perhaps because you can always argue that a particular feature is really important to you. In cases where your offers are not directly commensurate you could try monetizing benefits, e.g., calculate what a summer of RA support costs.

It may also help to provide concrete details supporting your request. If you are asking for more research money you might provide a budget from your most recent project in the field and explain that conducting this kind of fieldwork is integral to your research agenda and would help others in the department, e.g., faculty in your area, graduate students.

If you have an offer and are using it as leverage but do not plan to accept, it is good form to conclude negotiations as soon as possible so the unlucky employer can resume its search.

(3) What not to do

Don't waste people's time and energy. Negotiating contract details takes time and, in some places, requires people to use their social capital on your behalf. Haggling over details with a school/institution whose offer you are unlikely to accept wastes these resources and can backfire if they end up feeling slighted. Feelings may also be hurt if people learn you are trying to get them to improve their offer simply to use it as a bargaining chip elsewhere. Remember that this is a repeated game; the people you are bargaining with may be your colleagues or referees in the future.

Don't be a pest. The person with whom you are negotiating (e.g., the department chair), has internal constraints and needs to negotiate with people in the university administration, such as the dean. That makes it important to state clearly which dimensions of the job offer are most important to you and what it would take for you to accept the job. Avoid a situation in which the chair uses up a lot of political capital to increase research funds only to find out that teaching was more important to you.

Don't expect an Economics Department to meet the salary and research budget offered by a Business School. Don't expect an applied economics group in a B-school to make you the same offer as the finance group in a different B-school. You can reveal to the former the terms from the latter but with the understanding that the former is offering you the

benefits of being in an Economics Department or possibly a better B-school (if that is what you want). To avoid these problems, some people give their top choice a “buyer’s option,” i.e. they provide the school with a list of requests and indicate that they will accept if those requests are met.

Most important is to remember that people want to negotiate with those they like and they don’t want to negotiate with people whom they have learned to dislike. It is as simple as that.

(4) What can we report about salary offers from last year?

We have limited information provided by a handful of your 2022 peers. We can report the obvious: base salary at Liberal Arts colleges < Economics and non-Business professional schools at universities, Federal US government, International agency < Business School, non-finance < Business School, finance, tech, consulting. The year before last year, the Econ, Federal US government range was around \$140K-\$150K, B-school non-finance was around \$200K, and tech ranged from \$160K-\$300K. Whether or not these were 12-month salaries and how summer support fit in is not clear. Research funds varied from \$5K to \$30K per year. All academic offers, except some at Liberal Arts colleges, had research support. We did not try to collect additional information from last year’s group, so this is a year old.

(5) Advice from a real expert

Deepak Malhotra of HBS has a one-hour video (with 1.5 million views!) on negotiating: https://www.youtube.com/watch?v=km2Hd_xgo9Q It is a decade old but still highly relevant. (Claudia just watched it and found it engaging and instructive.) Deepak’s guidance is filled with common sense and is remarkably similar to what we have advised (“people want to negotiate with those they like, not those they do not,” “don’t waste people’s time,” “don’t be a pest but get what you need to go to the place”). Some of his other advice is to make your requests clear (“Dimensions A and B are really important to me”) and to explain why a certain dimension was important and potentially also sensible for the department (“having an RA who can assist with data collection, cleaning, and analysis would directly help to make me be a more productive researcher for your department”). An HBR article by Deepak Malhotra that contains the essence of his sage advice is [here](#).

(6) Exploding offers

Exploding offers have, well, exploded in numbers. This helpful for the demand side and is creating problems for the supply side (you). The economics job market is adjusting and is not yet in a new equilibrium. Chances are that you will get an exploding offer and there is also a good chance that you will want more time to decide. Perhaps another employer told you that you would hear from them in a week, and you want to know their offer. You will probably have a good sense whether you can easily ask for more time. If you don’t, you should talk with one of your advisors, especially if your advisor knows the person with whom you are negotiating. But you should also realize that asking for a short extension is not considered bad behavior. The place that made you the offer doesn’t want you to accept and quickly regret it.