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Equity in Nonprofit Compensation Negotiation: Uncovering Influential Biases and Patterns

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Equity in Nonprofit Compensation Negotiation:
Uncovering Influential Biases and Patterns

by
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San Francisco, California
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Abstract

Any nonprofit organization's most valuable asset is their staff. Compensation can be used to show value and appreciation to employees and making sure this is equitable is of utmost importance. The purpose of this research is to examine nonprofit executive compensation negotiations and the influential factors it may face. Specifically, the research explores the influence of gender or ethnicity in the result of a compensation negotiation and explores how to remove implicit bias from all recruitment strategies. Through an analysis of existing literature and conduction of interviews with current and past nonprofit executives, this research concludes with recommendations for HR executives, hiring managers, and prospective employees.

Keywords: Recruitment, negotiation, compensation, nonprofit, equity, implicit bias
Acknowledgments

There is no doubt this program has challenged me in ways I never knew possible. To everyone who stood by my side during this time, I thank you.

Thank you to the incredible cohort that I’ve had the pleasure of studying with these past two years. Without our conversations and your motivation, this experience would not have been the same.

Thank you to my supportive family for always being a shoulder to lean on when I needed it most.

Finally, thank you to the faculty of USF’s MNA program. Without your consistent mentoring and encouragement I would not be the professional I am today.
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Section 1. Introduction
This report is designed to examine negotiations within nonprofit organizations surrounding executive compensation. It will specifically look at the implicit biases that may influence salary and benefits including gender and ethnicity. This will be measured by examining current research and common themes through expert interviews. Through a literature review and five nonprofit expert interviews, the following research questions will be answered; to what extent does gender or ethnicity play a role in an executive compensation negotiation within the nonprofit sector; how does one effectively reduce implicit bias from the recruitment process? This research will not only examine the issue but will provide solutions. The project will culminate with a set of best practices that can be disseminated among nonprofit professionals that will teach how to remove implicit bias from an organization, especially in hiring and compensation decisions.

All fields within the nonprofit sector are welcome to participate and learn from this research, although interviews will be with nonprofit leaders in the Bay Area. This research does not only pertain to one field, it is transferable among all. The amount of research proving that women and minorities traditionally earn less than their male or majority counterparts is abundant. Since this issue of biases has been exposed and is widely known, there is an urgent need for teaching nonprofit leaders to take meaningful steps toward equality in their organizations. By putting this powerful information into the hands of influential nonprofit executives, they can become empowered to remove implicit bias from their own organizations. The community will benefit from this by being able to interact with a truly equal nonprofit who values and is inclusive of their people.

This report begins with a comprehensive literature review, explores the method used to conduct research including five expert interviews, provides a data analysis, presents implications and recommendations based on the findings, and finally mentions the limitations of the study and summarizes with a conclusion.
Section 2: Literature Review

Introduction to Negotiation

Understanding negotiation and all that entails it is essential in understanding how nonprofit executive compensation is determined. When an organization is interested in hiring a new executive, those responsible will compose an offer letter and present it to the individual. Once the potential hire views the offer and returns to the organizations with additional requests or accommodations the negotiation conversation begins. In this section, we break down a common compensation negotiation to further understand the process.

It is important to first recognize that a majority of people will encounter a negotiation within their careers, and this is not something to be afraid of or nervous about. Negotiation should not be characterized as a stressful event. Instead, it should be looked at as a positive opportunity to demonstrate one's worth and be recognized for it. Sometimes, our lack of understanding of negotiation techniques can make us uncomfortable, embarrassed, or intimidated. This uncertainty can lead to rushing through the process and missing out on growth opportunities. In his book titled *Negotiations: How to Craft Agreements that Give Everyone More*, Gavin Presman wrote that the most effective negotiators “believe that doing a deal and using the resources of both parties creatively will benefit both parties more than not doing a deal” (Presman, 2016). For the purposes of outlining a beneficial negotiation, this research will examine Presman’s book and follow it as a rule.

**Structuring.**

The most preliminary step in this process is first building out a plan. Many negotiations will skip important steps in a traditional negotiation plan and reach the end prematurely, resulting in missed opportunities. By spelling out the exact structure of the process, a person can navigate more confidently and be sure that both parties are in the best position to get what they need out of the deal. Presman presented the following seven steps as the best method to reach effective, collaborative negotiation.

1. Prepare yourself mentally
2. Prepare a plan
3. Prepare to collaborate
4. Discuss
5. Propose
6. Bargain
7. Agree

By following these steps, a person will be able to form an agreement that is mutually beneficial for all of those involved. It will also fight against the pushing or accepting of agreements that do not work for both parties. A proper negotiation is one where both parties are satisfied with the end result.

**Prepare Yourself Mentally.**

The first of Presman’s seven steps is to have an honest conversation with yourself about one’s vision going into the negotiation. One should reframe their thinking to believe that not only should you benefit from this interaction, but the party you are interacting with should as well. In the case of a compensation negotiation, it is critical for both the organization and the potential new employee to feel respect and trust through this process. Starting a new job is similar to starting a new long-term relationship and incorporating your values throughout is important to establishing an honest and respectful beginning to employment.

**Prepare a Plan.**

Once the mindset for the negotiation is settled, you must then take steps toward the actual preparation. Presman suggests you first identify main variables that may come up during the conversation and consider whether they add value to yourself or the other party. You also should consider the variables to ask from the other party that are important to you but will not cost them too much. For example, if paid time off is very important to you and the organization doesn’t value this as much as an increased salary, this might be the perfect variable to go after. While preparing your plan, Presman suggested identifying your wants, intentions, and needs. These are also considered your top, middle, and bottom lines. Once these are identified, you can make clear a “Red Line” which should be the “lowest point you can go to in order to conclude an agreement” (Presman, 2016). During preparation, the last outcome to consider is the event that the negotiation does not end in a deal. Is this something you could accept?

**Prepare to Collaborate.**

Collaboration is the final stage of preparation and, in some cases, the most powerful. Presman wrote, “only when you really understand where the other person is coming from can you genuinely craft an agreement that works for both parties” (Presman, 2016). When preparing to collaborate, you should go through steps one and two again but from the mindset of the person or entity that you will be negotiating with. In the case of a compensation negotiation, it is important to do research about the organization in order to understand how it may react during the conversation. Just as you did for yourself, you must identify the organizations top, middle, bottom, and red lines.

**Discuss.**
This is the step where the actual negotiation begins and the preparation work is complete. It begins by sitting down with the person/entity you are negotiating with and discussing all of the issues frankly. Presman argued that “two skills are critical to any discussion - questioning and listening - and a collaborative attitude underpins them both” (Presman, 2016).

**Propose.**

This is the step where the proposal is on the table. Despite common belief, playing a negotiation like a game of cards will prolong the interaction, decrease rapport, and unfortunately lead to a win-lose ending. Ideally, a proposal is introduced with confidence that it will be accepted. This is often the case when research is properly done, but, since nothing is guaranteed, one should allow for flexibility within their proposal that will still likely lead the negotiation to end in an agreement. Presman reminds us that “the important thing to remember is that all you are creating here is a ‘proposal’ for agreement, not a final deal. Knowing that this is a proposal that will go through a stage of bargaining will enable you to include a level of flexibility in your approach” (Presman, 2016).

When proposing a job offer, organizations expect that the candidate will take time to sit with it and reflect. One should use a third party (ex. colleague, confidant) while considering the offer to get outside opinions and advice. Once the candidate is confident in their response, they can return with a counter that may change the proposal a bit. The two negotiating parties should understand that there will be some time bargaining before coming to an agreement that will ultimately benefit everyone involved.

**Bargain.**

Presman states that “the most important lesson you can ever learn about bargaining is to use the phrase: ‘if you…, then I…” (Presman, 2016). By remembering this phrase, we can easily remember the true heart of negotiation- achieving agreement. During this time, it is of the utmost importance to practice active listening and feel comfortable in silence, knowing it will help lead you to an agreement. You should listen carefully while not saying too much. “Giving the other person time to process your proposal not only demonstrates your confidence that agreement is the logical next step, it also allows them the chance to process that agreement for themselves” (Presman, 2016).

This is a very critical part of the negotiation, ensuring that both the organization and the candidate are going to be happy in their new long-term relationship. Moving slowly and taking small steps is important. Both parties should be prepared and ready to call a time-out to get advice if need be. Lastly, everyone involved needs to have bought-in to a completely collaborative mindset. Being invested in this way sets a foundation built for success.
Agree.

Finally, coming to an agreement is the final step of a negotiation. This agreement should be very clearly written out and accepted by both parties. In a compensation negotiation, this step is usually complete once an offer letter on organization letterhead is signed by the other party. It is usually important to have a lawyer review a negotiation agreement, but an employer does not necessarily do this for each offer. They may consult an employment lawyer in the case of a peculiar agreement with high stakes, most definitely in the case of a new executive joining the team.

Introduction to Implicit Bias

Now that we have walked through exactly what a proper and successful negotiation looks like, we can start to examine common influences on executive compensation negotiations in nonprofits. The first factor to address is any explicit biases. Thurber writes about how with full awareness, all people favor certain things over other things, but there is a difference between preferences and biases. Biases have a much more negative connotation and more strongly correlates with prejudice. Thurber writes, “while some explicit biases are more harmful than others, and many are challenging to change, they are all possible to modify because they are all in our awareness” (Thurber, 2017).

Not only are explicit biases influential, there are many implicit biases that either parties hold onto as well. To define implicit bias, the Kirwan Institute says, “…the attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner. These biases, which encompass both favorable and unfavorable assessments, are activated involuntarily and without an individual’s awareness or intentional control” (Kirwan, 2015). Simply put, Thurber describes implicit bias as, “attitudes about others that unconsciously shape their interpersonal behavior.” The concept touches something difficult to confront deep within human hearts and brains, which can impose an intense reaction. Thurber writes, “defensiveness is a natural reaction to a phenomenon that seems quite unnatural. It’s threatening to have someone suggest that you behave in ways that are both socially unacceptable and beyond your control” (Thurber, 2017).

Psychology Professor Anthony Greenwald and his colleagues developed the Implicit Attitudes Test which measures a person's reaction time to assess the nature of a series of words (Greenwald, 2011). There are many different versions of the test to take, including gender-career, disabled-abled, gay-straight, and black-white. The test asks the test taker to categorize items into groups as quickly as possible. Figure 1 shows the categories and items used with the gender-career Implicit Association Test as an example.
**Figure 1: Implicit Association Test Example**

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Ben, Paul, Daniel, John, Jeffrey</td>
</tr>
<tr>
<td>Female</td>
<td>Rebecca, Michelle, Emily, Julia, Anna</td>
</tr>
<tr>
<td>Career</td>
<td>Career, Corporation, Salary, Office,</td>
</tr>
<tr>
<td></td>
<td>Professional, Management, Business</td>
</tr>
<tr>
<td>Family</td>
<td>Wedding, Marriage, Parents, Relatives,</td>
</tr>
<tr>
<td></td>
<td>Family, Home, Children</td>
</tr>
</tbody>
</table>

Source: Greenwald, 2011

Taking the test on a computer and having the subjects answer questions quickly will help identify implicit biases within the test taker. Although someone may see themselves as being a completely unbiased individual, this test will allow them to look at how they act instinctually. It can open one's eyes to biases that they hold onto, sometimes surprising to the test taker.

**Figure 2: Implicit Bias Breakdown**
Figure 2 exemplifies the fundamental importance of recognizing implicit bias prior to it affecting our judgements. It shows just how influential our first reactions can be in the total decision making process by visually displaying up to 95% of our thinking is made up of first reactions. Humans immediately make subconscious, snap judgements when they hear someone's name or see their face. These implicit biases certainly play a factor during a negotiation, especially when related to compensation, which we will examine next. By educating ourselves on the subject and the detrimental effects it causes, we can begin to remove it from our nonprofit organizations.

**Proof of Implicit Bias in Compensation**

The 2018 GuideStar Nonprofit Compensation Report pulled data from more than 112,600 nonprofit organizations for the 2016 fiscal year. It concluded that, although more women headed nonprofits, the gender gap in CEO compensation persists (Coffman, 2018). It specifies that the percentage of organizations led by women increased from 2005 to 2016. Also, women are more likely to lead smaller organizations than larger ones. While looking at the gender gap in CEO compensation, it was consistent with all sizes of organizations ranging from 4-20%. This is not a positive statistic; however, it is an improvement while looking at the gap in 2005 ranging from 17-25% (Coffman, 2018). This is especially interesting considering the fact that there are more women than men in the social sector as a whole. Organizations that have a gap in compensation while looking
at gender are not exhibiting inclusiveness, and this could harm the sustainability of the organization.

While determining fair compensation within a nonprofit organization, it is extremely important to first understand the trends and demographics of the whole sector in comparison to overall employment in the U.S. In their book titled “Nonprofit Compensation and Benefits Practices”, Barbeito and Bowman state that the nonprofit sector workforce is largely female. They write, “in 1994, women comprised 68.2% of paid employees” (Barbeito, C., Bowman, J., 1998). When we understand who makes up our workforce, we can begin to write compensation programs to attract more diverse talent and promote equity among the staff we already employ.

Barbeito and Bowman go into detail about building an inclusive reward system. They highlight three cross-sector components that need to be taken into consideration: economic, social, and psychological. Nonprofit organizations are known to pay less than the for-profit world; however, they have a heavy influence in the social and psychological realm. People are interested in working with nonprofit organizations because of the positive social impact that their work will potentially create in the community. Employees also are attracted to the idea of being able to solve some sort of psychological struggle they may have by contributing something valuable with their organization.

Barbeito and Bowman mention the importance of market pricing of jobs as a solution. This promotes inclusivity by rewarding similar compensation across all sectors. Barbeito and Bowman write, “this method of determining compensation helps an organization to ensure that its salary structure is competitive with other businesses. The best companies establish policies calculated to position their compensation competitively” (Barbeito, C., Bowman, J., 1998). Alice Jordan agreed with this position during an interview when she stated that she’s seen organizations place too heavily a focus on the cost of living when they really should place their main focus on aligning their compensation plan with the labor market (Jordan, A., personal communication, May 8, 2019). By focusing on market competitiveness, a nonprofit organization can stay current and attract more qualified employees.

Examining Negotiation as a Masculine Strength

A case study highlighting gender differences in hospital CEO’s compensation presented the idea that women do not negotiate enough for a higher salary while their male counterparts do so willingly (Song, 2018). Chapter 6 of the book “Theorizing Women and Leadership” is titled, “Embracing Context in Leadership Theory: Lessons from
Negotiation Research” by Keegin, Stuhlmacher, and Cotton. This section takes a deep look into another reason why women’s advancement in leadership can be so difficult. By examining the reasons why women are not on an even playing field with men while negotiating, we can work within our organizations to combat this unproductive notion.

There is no doubt that women face a more difficult challenge while in leadership positions than men do. The chapter references a study that found “women’s likability, an important factor in establishing power as a leader, depended on the gender composition of their work groups. They found that women who were appointed as leader of an entirely male work group received the highest likability ratings when they were formally trained and legitimated by a credible male. Comparatively, token women leaders who were not endorsed by a male colleague (or were endorsed by a colleague whose credibility has yet to be established) received lower likeability ratings” (Keegin, Stuhlmacher, Cotton, 2017). This shows that, in just the most basic leadership situation, men are more likely to like a woman leader only if she has been approved by a credible male.

Similar to leadership, negotiation is thought of as a masculine trait. This largely has to do with the assertiveness necessary in a negotiation situation. Interestingly, women perform better when “negotiating on another’s behalf rather than solely for themselves” (Keegin, Stuhlmacher, Cotton, 2017). Relating back to the case study, Keegin, Stuhlmacher, and Cotton write, “women’s reluctance to initiate negotiations on their own behalf may stem from the real concern that they will be perceived negatively and face backlash” (Keegin, Stuhlmacher, Cotton, 2017). By becoming aware of tendencies that contribute toward a lack of diversity in leadership, we can work to eliminate a scenario where a woman could be taken advantage of. It is said best in the reading that, “the inclusion of constituent-related factors can improve our understanding of when and why women leaders may face challenges that are not present for men” (Keegin, Stuhlmacher, Cotton, 2017).

When looking specifically at compensation negotiations, there is no doubt all of the findings above apply. One solution presented to reduce the influence a candidate has in a negotiation is by banning salary negotiation as a whole. The company Reddit did this as an attempt to reevaluate what really determines pay (Keegin, Stuhlmacher, Cotton, 2017). This also leaves less of the hiring process up to interpretation and streamlines HR tactics. Banning salary negotiations has the possibility of standardizing compensation between all demographics. Although this does seem like an effective tool to promote inclusion, something to consider is an organization running into trouble when a more qualified candidate will not accept the position without being compensated higher than a less qualified candidate, regardless of their diversity.
These issues bring up an interesting part of the power behind gender differences. By taking the knowledge of how women and men behave and are perceived in negotiation situations, we can work to stimulate new efforts in advancing women leaders in the workplace.

Elements of an Effective Training

Disseminating an implicit bias training within an organization is extremely important, especially in all recruiting processes. In order to successfully attract a diverse workforce, an organization must be employing inclusive practices in their recruitment efforts. This, of course, needs to be taught during salary negotiation and interviewing training.

It can be surprising to learn that many diversity programs do not actually increase diversity. Studies have shown that forcing managers to learn about diversity actually increases rebellion against rules and encourages them to become more autonomous. Organizations tend to see better results when diversity training is voluntary, rather than forced. The Harvard Business Review wrote, “It’s more effective to engage managers in solving the problem, increase their on-the-job contact with female and minority workers, and promote social accountability- the desire to look fair-minded. That’s why interventions such as targeted college recruitment, mentoring programs, self managed teams, and task forces have boosted diversity in business” (Dobbin, Kalev, Williams, Thomas, Harvard Business Review, 2016). From this, we learn that when presenting a diversity or implicit bias training to managers, they must buy-in ahead of time. The only way the message will fully be delivered is if attendees are first open to learning and contributing.

Many diversity and implicit bias trainings are conducted without using evidence revealing what will realistically and measurably solve the issue. The American Sociological Review released a study finding that training is the most popular initiative to increase diversity in the workplace, although training had “no positive effects in the average workplace” (Dobbin, Kalev, Kelly, 2007). Prior to an organization launching a new program or service, they will test it under many conditions while collecting measurable data. Launching a new diversity or implicit bias training should be conducted in the same manner. A nonprofit should identify exactly how and where their organization is lacking understanding of diversity prior to disseminating a training. By doing this, a nonprofit could more effectively locate and minimize bias.

Section 3: Methods and Approaches

As a Human Resource professional, I have seen implicit bias play a role in the recruiting and compensation conversations at nonprofit organizations. I have read many research articles highlighting the compensation gap between men and women and was intrigued to
learn the “why” about this result. This curiosity inspired this research paper and will present solid answers to the following research question: to what extent does gender or ethnicity play a role in an executive compensation negotiation within the nonprofit sector?

Primary data was collected through five nonprofit expert interviews which were transcribed and coded around common emerging themes. I interviewed an array of nonprofit professionals with employment histories as an HR executive, Chief of Staff, Board Member, Graduate School Instructor, Diversity & Inclusion Expert, Chief Operating Officer, and more.

Secondary data included publications from books, peer-reviewed journal articles, and articles from credible organizations in the field of human resources—such as SHRM. Interviews were coded based on common themes and conclusions the conversations drew.

**Expert Interviews**

I spoke with five experts in the nonprofit field about their experiences and views on implicit bias as it relates to recruiting and compensation conversations. Interviews were semi-structured and included open-ended questions. Figure 2.1 lists the interviewees and Figure 2.2 shows the list of interview questions. The interview questions were in place to lead a discussion rather than a strictly defined question-and-answer format. Since the interview is surrounding the sensitive subject of implicit bias a semi-structured format was chosen. Barribal and While wrote that collecting data using a semi-structured interview format is “well suited for the exploration of the perceptions and opinions of respondents regarding complex and sometimes sensitive issues” (Barriball, While, 1994). As explained, implicit bias is a difficult thing to identify within oneself or an organization and this format allowed myself the ability to ask probing and clarifying questions as appropriate. The interviews ranged from 20-45 minutes and were conducted via video calls. Interviews were transcribed and coded to reveal common themes.

Each individual spoken to is a nonprofit executive and has been working in the sector for variable lengths. Experts were chosen because of their varying professional backgrounds but similar values-based working perspective. Some of the interviewees have professional experience in the for-profit sector and provide a perspective on the comparison between the two however, their most recent experience is with nonprofit. By looking specifically at only recent female nonprofit executives, this paper provided a somewhat narrower scope into how this sector interacts in a negotiation.

*Figure 3.1 Interviewee Biographies*
<table>
<thead>
<tr>
<th>Name</th>
<th>Organizational Affiliations and Past Experience</th>
</tr>
</thead>
</table>
| Alicia Burt, MNA         | • Chief of Staff - All Raise  
                          • Member of Board of Directors - Edgewood Center for Children and Families  
                          • Chief of Staff and Diversity & Inclusion Lead - Square |
| Alice Jordan, SPHR, SHRM-CP | • Senior VP of People Development & Education - San Francisco SPCA  
                           • Director of HR - Save the Redwoods League  
                           • Director of HR - Project Open Hand |
| Cynthia Kopec, MBA       | • Chief Operating Officer - San Francisco SPCA  
                          • Senior VP - Universal Savings Bank  
                          • VP Marketing - Property Capital |
| Dr. Mary Wardell Ghirarduzzi | • Vice Provost & Chief Diversity Officer - University of San Francisco  
                        • Preside - San Francisco Public Library Commission  
                        • Dean of Student Affairs - Otis College of Art and Design |
| Louise Carroll, MNA      | • Executive Director - Tax-Aid  
                          • Director - Palo Alto Art Center Foundation  
                          • Adjunct Professor - University of San Francisco |

*Figure 3.2 Expert Interview Questions*

<table>
<thead>
<tr>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Please provide a brief introduction to your professional experience and areas of interest/expertise.</td>
</tr>
<tr>
<td>2. Recall a time you began with a new organization and negotiated your salary and benefits with a new employer.</td>
</tr>
<tr>
<td>a. How did you prepare for this negotiation?</td>
</tr>
<tr>
<td>b. Did the organization respond as you thought they would?</td>
</tr>
</tbody>
</table>
c. Did the organization do anything that surprised you during this conversation?

d. What were the most influential factors that played into the final agreement?

3. Recall a time you were in the position of negotiating with a new hire about their salary and benefits on behalf of your organization.

   a. How did you prepare for this negotiation?
   b. Did the candidate respond as you thought they would?
   c. Did the candidate do anything that surprised you during this conversation?
   d. What were the most influential factors that played into the final agreement?

4. Recall a time you were in the position of interviewing candidates to fulfill an open position with your organization.

   a. Have you seen implicit bias affecting the interviewing process? In what way?

5. When teaching individuals how to best avoid implicit bias affecting their judgement in compensation decisions, what do you think is the most effective method? Ex. handbook, case studies, corporate training, etc.

6. Are there any other major contributing factors or biases that may come into consideration during a compensation negotiation and the final agreement?

7. Do you have any additional thoughts on the subject?

Secondary Data

A comprehensive literature review was conducted prior to the expert interviews and referenced through the analysis of interview responses. Literature referenced consists of research articles, studies, and data analyses acquired through the USF library database, Google Scholar, and some professional organizations. Common themes analyzed in interviews were emphasized, confirmed, or commented on in relation to the literature findings. This data provides a more thorough analysis of the identified research question by complimenting, and sometimes questioning the data found in expert interviews.

Major themes and recommendations that emerged from the expert interviews included preparing an ethical negotiation, where to find implicit bias, examining negotiation from diverse lenses, emphasizing a need for training, encouraging this to be a life-long learning commitment, and additional best practices. Each heading in the Data Results and Analysis section expands on these categories further. These themes, in combination with information found in reputable research articles, help conclude with best practices for conducting a compensation negotiation from all perspectives.
Section 4. Data Analysis

Despite the varying professional backgrounds of the interviewees, they were each asked the same questions. Results from the interviews uncovered many components of a compensation negotiation. Overlapping themes that emerged through the interviews and literature review include commenting on negotiation preparation, implicit bias in organizations being hidden in the phrase “culture fit,” a simple lack of awareness of implicit bias in nonprofits and a need for training, and a need to always keep learning, adapting, and keeping up with the most recent evolvements in implicit bias. In an effort to explore answers to the research questions, “to what extent does gender or ethnicity play a role in an executive compensation negotiation within the nonprofit sector,” and “how does one effectively reduce implicit bias from the recruitment process” this following analysis will explore the mentioned themes through this perspective.

Ethical Negotiation Preparation

In his book titled Negotiations: How to Craft Agreements that Give Everyone More, Gavin Presman outlines a total of seven steps in a proper negotiation, the first three of which all describe the preparation. These steps include, “prepare yourself mentally, prepare a plan, and prepare to collaborate” The nonprofit professionals interviewed each commented on their experiences and opinions on preparation for negotiation both from the perspective as a new employee and as a hiring manager.

While being interviewed, Dr. Mary Wardell-Ghirarduzzi consistently mentioned the theme of respect. She regularly answered interview questions in the form of how she would complete the task rather than specifically what she would do. This emphasized a very important perspective that when visualizing any type of negotiation, by integrating a value as strong as respect into every aspect, one is bound to receive a result that they will be fond of. When asked how she would prepare for a compensation negotiation, Dr. Wardell-Ghiraduzzi said, “the compensation process is not around the dollar figure but about how the dollar figure and anything else in a benefits package communicates that you value that individual” (Wardell-Ghiraduzzi, M., personal interview, April 29, 2020). By preparing herself with this values-based mindset, Dr. Wardell-Ghiraduzzi is not only thinking how she would benefit from the negotiation, but also how the other party will. Presman lists “prepare yourself mentally” as the first step in a successful negotiation. Practicing mental strength and patient preparation is exemplified through this step and should be considered a positive and common practice for nonprofit executives. Presman also highlights the importance of preparing to collaborate. He wrote, “only when you really understand where the other person is coming from can you genuinely craft an agreement that works for both parties” (Presman, 2016). Dr. Wardell-Ghiraduzzi spoke
about how she has had few employers throughout the years partly because she solely works for values based organizations.

While preparing for a salary discussion as a new hire, Alicia Burt recalls researching salaries at similarly sized and similarly funded nonprofits in the Bay Area. By looking solely at the size and funding of the organization, Burt was able to begin her negotiation from a place of quantitative research and confidence. When asked how they prepare for negotiations, not only did Burt mention cross-examining salaries at similarly-sized organizations, but so did Alice Jordan, and Louise Carroll. As a Human Resource professional for over 25 years with rising leadership roles, Jordan has extensive experience hiring at an executive level. She mentions that when negotiating her own salary in the past she has had the advantage of having access to salary surveys and has access to extensive HR resources in the Bay Area. When she coached other executives around creating a compensation package for a new executive she always presented a market analysis of the job. Sometimes the organization she was with would go as far as to hire a compensation consultant company to assist with finding the most equitable salary and benefits for an unfamiliar or new position. Jordan emphasized many times in her interview that the “market is the biggest influencer when it comes to setting salary and benefits” (Jordan, A., personal interview, April 23, 2020). Carroll recalled that she looked at other similar nonprofits 990 forms when accepting a position. She told a story of a time she was hired as Executive Director for an organization that had never had this position in the past. In this scenario she was not able to view the past salary for this position so was forced to predict what a reasonable salary would be by comparing to other similarly sized organizations (Carroll, L., personal interview, April 28, 2020).

Presented in figure 3 is a visual representation of the top three negotiation preparation strategies presented in the literature review and the frequency of them being mentioned in the expert interviews.

Table 1: Negotiation Preparation Patterns

<table>
<thead>
<tr>
<th>Presented in Literature Review as:</th>
<th>Further Explanation:</th>
<th>Number of Interviewees that employ this in their Professional Life:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing yourself Mentally</td>
<td>Decide what your vision is going into the negotiation in order to end with both parties benefitting</td>
<td>5</td>
</tr>
<tr>
<td>Preparing a Plan</td>
<td>Identify main variables that</td>
<td>2</td>
</tr>
</tbody>
</table>
Implicit Bias: Hidden in Plain Sight

The nonprofit executives interviewed were all well-aware of implicit bias and knew exactly where they’ve seen it in their professional lives. While many mentioned they did not see it often, the frequency of where bias was seen proved interesting. To some it may seem like the most obvious place to find implicit bias in a nonprofit organization is within levels of compensation. Interestingly, bias was only mentioned as having been seen by three of five interviewees.

Eva Derous and Ann Marie Ryan write, “Saint George's Hospital Medical School of South-London was found guilty of discrimination in its admission policy because their automated resume reader used non-job-related criteria (like misspellings), which were correlated with applicants' ethnic group membership” (Derous & Ryan, 2018). Related, two separate interviewees shared they were not proud to admit they had allowed their implicit bias to affect the recruitment process by having too strict of standards when examining resumes. These people both said at one time they would not continue the hiring process if they found typos in a resume or cover letter but have since reconsidered this strategy to give these people a better chance, especially if they have relevant experience.

Cynthia Kopec mentions that in her career she has seen implicit bias covered up as saying that someone would not be an ideal cultural fit. An organization that she worked with in her career favored people with “sharp and not sensitive” character traits (Kopec, C., personal interview, April 24, 2020). By presenting these character traits as a need for an organization, they are losing possible employees that would’ve possibly helped the organization out greatly. Additionally, the company could be presenting a bias against women by specifically rejecting candidates with less aggressive, more feminine characteristics. Since this experience, Kopec said she “kept an ear out for the idea of cultural fit (hiding as implicit bias) and would challenge people to provide concrete examples of their interview responses that led them to come to that conclusion” (Kopec, C., personal interview, April 24, 2020). Alice Jordan also mentioned having seen implicit bias used against someone but communicated as not fitting the organization's culture. Alice responded with “I challenge this assumption whenever I can. My response is that if
everyone fits the culture then we will all look exactly alike, talk exactly alike, and have the same education” (Jordan, A., personal interview, April 23, 2020).

Negotiation from a Gender and Ethnicity Lens

Hutchinson reports that “approximately 80% of leadership positions in nonprofits and foundations are held by white people, despite candidates of color having the same credentials” and “according to the 2018 Guidestar Nonprofit Compensation report, female CEOs of nonprofits earn 4% to 20% less than their male counterparts” (Addressing Implicit Bias in the Social-Impact Sector, 2020). By training nonprofit hiring managers and executives, an organization can begin to remove implicit bias from their recruiting practices including compensation negotiation. Alice Jordan reflected on her hiring experience and generalized, “men in senior positions that I’ve hired have been much more ruthless in their negotiating skills than women. This is indicative of why men would be paid more.” She reflected on an example with an organization she worked with. “we had Co-Presidents made up of one male and one female who were paid the exact same. He was a very aggressive negotiator and the female was a softer negotiator. If there was only one President, I feel very strongly the male would’ve been paid more than the female based on his negotiation skills” (Jordan, A., personal interview, April 23, 2020). Pon Staff validates this argument by writing, “When women negotiate for higher salaries, they must behave contrary to deeply ingrained societal gender roles of women as passive, helpful and accommodating. As a result, their requests often face a backlash: relative to men who ask for more, women are penalized financially, are considered less hirable and less likable, and are less likely to be promoted. Men, by contrast, generally can negotiate for higher pay without fearing a backlash because such behavior is consistent with the stereotype of men as assertive, bold, and self-interested” (Counteracting Racial and Gender Bias in Job Negotiations, 2018).

Morela Hernandez and Derek R. Avery conducted three studies that found inequalities in compensation related to gender and ethnicity, many times because a female or person of color is interviewing and negotiating with a person who is not similar to themself. They found, “given that Black job seekers are disproportionately more likely to find themselves negotiating with dissimilar others, the misalignment in how they and others perceive job negotiations is highly likely to work to their disadvantage. We believe that this misalignment affects their financial outcomes- and their fairness perceptions, job satisfaction, and turnover intention- throughout their careers. More broadly, it contributes to the persistent economic divide between employees of different races” (Hernandez, Avery, 2016). By becoming aware of tendencies that contribute toward a lack of diversity in leadership, we can work to eliminate a scenario where a more diverse person could be looked over.
Figure 4 comes from the article titled *The State of Diversity in the Nonprofit Sector* written by Idalia Fernandez and Allison Brown in 2015. This visual aid shows how an organization with less diversity can discourage diversity. This goes back to the idea of people wanting to work with people similar to themselves and can be dispelled by promoting implicit bias training within recruitment efforts. By keeping implicit bias apart of the conversation and keeping the concept at the forefront of hiring managers minds, we can encourage diversity within our organizations and executive teams.

**Figure 4: Self-reinforcing cycle causing majority white staff**

In controlled study of a job opening in a University setting, white participants recommended the black candidate significantly less often than the white candidate with exactly the same credentials\(^1\)

In controlled study of job openings across industries\(^2\), applicants with white-sounding names are 50% more likely to get an interview than those with African-American-sounding names\(^3\)

Over 80% of nonprofit staff leverage personal and professional networks, which are consistently ranked most popular and most effective recruitment channels\(^4\)

75% of white Americans have social networks “without any minority presence.” \(^5\)

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\(^3\) The study included both private sector companies specializing in manufacturing, and financial and business services, and social sector organizations working in health, education, and other direct service delivery.

\(^4\) Booth School of Business. *Are Emily and Brendan more employable than Lakisha and Jamal?*. 2002.

\(^5\) The Nonprofit Quarterly. *“Color blind or just plain blind?” The pernicious nature of contemporary racism*. 2014.

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**A Need for Training**

Lakshmi Hutchinson defines implicit bias as “unconscious bias- unintentional stereotypes, assumptions, or generalizations that influence our actions and judgement. Like explicit bias, implicit bias can be favorable or unfavorable. In the workplace, implicit bias can affect hiring, decision making, and interactions with coworkers” (Addressing Implicit Bias in the Social-Impact Sector, 2020). It is widely understood that implicit bias comes into fruition unintentionally and must be proactively taught in order to avoid the disastrous results it can create.
Although all interviewees are well informed about implicit bias and have read articles on the topic, only 3 of 5 have attended a training put on by their employer. Louise Carroll’s professional experience is made up of small organizations and she communicated that smaller nonprofits don’t typically tend to do implicit bias training often, partly due to them not hiring very often (Carroll, L., personal interview, April 28, 2020). Cynthia Kopec, while working with a larger nonprofit said, “all of my training around implicit bias I did on my own by reading articles and books, listening to podcasts, and participating in webinars” (Kopec, C., personal interview, April 24, 2020). We can conclude from the interviews that the size of an organization is not necessarily the most important element when determining if an implicit bias training is required for new or existing hiring managers at a nonprofit.

Sometimes the most important element of teaching implicit bias is simply communicating that it exists. When asked what the best method of training would be, Jordan responded “awareness training. It should be formatted in such a way that it allows someone to explore their own implicit bias in a safe setting. Some people are just oblivious to its existence” (Jordan, A., personal interview, April 23, 2020). Dr. Wardell-Ghiraduzzi agreed with Jordan when asked the same question. She said, “the best way to do implicit bias training is to help people understand where they have learned things in society that has taught them unconscious discriminatory patterns of thinking and behavior. Bringing that to the surface is important” (Wardell-Ghiraduzzi, M., personal interview, April 29, 2020).

### Always Learning and Adapting

Learning about new developments and adapting to change is important in nearly every field in order to be cutting edge and informed. Keeping up to date on the latest developments in hiring practices and learning to address implicit biases is included in this. Kopec was adamant to emphasize this point in her interview. She pointed out that one of the largest lessons learned around encouraging diversity is that this is a societal battle that both nonprofits and larger for-profit organizations should be fighting together. She emphasized the point that the sectors need to be working toward the same goal in order for real change to be made (Kopec, C., personal interview, April 24, 2020).

In today’s world, we are in the midst of learning to adjust to a new reality while recognizing the serious complications of COVID-19. In her interview, Carroll said, “there is always more to learn, more to know. Every year it should be something people are looking at again because there isn’t just one way to do things.” She continued with, “next year we may have to have training on not making judgements about people who might’ve been exposed to COVID-19. For example, people might think first responders and health...
care workers are most likely to cover the virus so someone could be biased about having any interaction with those people” (Carroll, L., personal interview, April 28, 2020).

**Additional Best Practices**

Creating a bottom line during a negotiation was mentioned many times in both the interviews and the literature review. Burt mentioned the importance of having had an honest conversation with herself about her needs and ultimately creating a bottom line to what she would accept. She mentioned that having the strength to walk away if your bottom line is not met is a key part of negotiation preparation (Burt, A., personal interview, April 7, 2020). Presman identifies this as a best practice while preparing. He suggests first identifying your wants, intentions, and needs. From here, one should then identify the “lowest point you could go in order to conclude an agreement” (Presman, 2016). He finally makes the point of asking yourself “what will happen if the negotiation does not end in a deal. Is this something you could accept?” Going into a negotiation uncertain or unconfident could bring in the possibility of biased opinions on the other. By asking yourself these questions prior to a negotiation, both as a hiring manager and a prospective employee, you will be able to eliminate uncertainty from your negotiation. Cynthia Kopec also mentioned that when preparing for her most recent salary negotiation, “I had a bottom number where anything below that wasn’t going to be worth getting out of bed in the morning” (Kopec, C., personal interview, April 24, 2020). In the position of a hiring manager, Kopec readily mentioned her bottom line, meaning the absolute highest she could make the salary. Kopec said, “Having that conversation upfront was sometimes uncomfortable and sometimes felt like jumping the gun but I think it saved everybody from wasting time and by knowing exactly what was on the table” (Kopec, C., personal interview, April 24, 2020). By being completely transparent about salary expectations to every candidate in the beginning, Kopec was able to eliminate possible disappointment in the future.

When working to remove implicit bias from a hiring decision, Kopec advises to evaluate and focus on numbers as often as possible. From the perspective of a hiring manager, she suggested, “the more you can be quantitative in your analysis of candidates, the more you can get rid of implicit bias” (Kopec, C., personal interview, April 24, 2020). The idea of presenting a structured interview and avoiding an unstructured one is reinforced by Iris Bohnet in her book *What Works: Gender Equality by Design*. She found that unstructured interviews are proven to be bad at predicting employee performance and managers can make more rational hiring decisions by asking all candidates identical, predetermined questions in the same order, scoring during the interview, and finally comparing and weighing answers on a scoring system (Bohnet, 2018). Based on these findings we can conclude that by being as structured and objective in the interview and negotiation process, we can potentially eliminate more bias from the interaction.
Section 5: Implications, Recommendations, and Limitations

Since compensation negotiation is most regularly found at the executive level in the nonprofit sector, research was conducted from this perspective. The information found in the literature review and through the expert interview indicated that implicit bias does indeed have an influence over executive compensation. It was also found that implicit bias is a factor in the negotiation component of hiring practices and the recruitment process as a whole. It was found that this issue is not specific to any one type of organization and not just the nonprofit sector either. This is a societal issue that is ingrained into our culture and needs to be fought from all levels. The following implications and subsequent recommendations were determined around the literature findings and responses from interviewees.

Implications

The path to racial equity in compensation practices is seen as a huge issue that is impossible to tackle but in actuality, is a solvable issue that begins with the individual. Assumptions and choices made can greatly influence a hiring decision and can create a very positive or negative outcome. Many conclusions can be drawn from the data analysis, of which are displayed and explained in the figure below. This figure shows our research questions in the white bars with gray circles highlighting common themes.
The first research question that we seek to answer is, to what extent does gender or ethnicity play a role in an executive compensation negotiation within the nonprofit sector? As identified through the literature review and expert interviews, gender and ethnicity did have a significant influence in the outcome of a compensation negotiation. There are many factors that make this true including negotiation being seen as a male strength, the unjust negative perception of a woman or person of color who negotiates.
aggressively, implicit bias controlling a negotiation because the person in power is uninformed, and more.

The second research question we seek to answer is, how does one effectively reduce implicit bias from the recruitment process? Again, from the literature and expert interviews, we are able to conclude there are many steps to reducing implicit bias in a recruitment scenario but it is completely possible and absolutely should be worked toward in every possible situation. The research teaches that by doing a thorough mental preparation for a negotiation, using the market as an indicator for salary levels and not negotiation skills, teaching implicit bias regularly, not allowing gender or ethnicity biases affect interpretation of negotiation tactics, and being as quantitative as possible while hiring, we can greatly reduce the influence of implicit bias.

**Recommendations**

For HR Nonprofit Executives:

1. *Teach about implicit bias* when teaching executives about the recruitment process at your organization. It is proven that by simply introducing the concept of implicit bias, individuals can begin to remove it from their psyche. Research showed that sometimes awareness training can be one of the most powerful tools to get this message across. In order for your organization to reduce bias and ensure a completely equitable compensation negotiation process, interview and recruitment training must include the concept of implicit bias. Every HR Executive should be coaching their Executive team on this concept in order to bring in a diverse workforce in a respectful manner. Once implicit bias is reduced in the recruitment process, negotiations will become more fair and compensation levels will become more

2. *Train* hiring managers how to interview in a quantitative manner. By focusing strictly on if a candidate hit specific requirements for the job that were predetermined before meeting them, a hiring manager is able to view someone much more objectively. This will remove the “like” factor from interviewing. If two people get along because their personalities and backgrounds are similar, this doesn't mean it is the right person for the job.

For Hiring Managers:

1. *Stay informed* and never stop learning. There are always new developments and findings when looking to have a fair recruitment process. This includes conducting a fair and equitable compensation negotiation. By continuously training and reminding oneself of their own biases compared to equitable
recruitment processes, we can work to create an objective and fair compensation structure within our nonprofits.

2. **Practice** ethical recruitment strategies. As a hiring manager, you have a great load of power in determining a new employee’s compensation. Be sure it is equitable and fair.

For Prospective Employees:

1. **Mentally prepare** for your compensation negotiation. Taking time to allow yourself to get into the right mindset is key when negotiating on behalf of yourself. Being prepared to collaborate and listen to the other party can help even the playing field and ultimately conclude with a respectful result.

2. **Research** market salaries for the size organization you are interviewing with and a correlating salary. Presenting a fair and realistic price point when advocating for yourself shows knowledge and instills confidence in yourself and the organization you are interviewing with.

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**Section 6: Conclusions**

This report was designed to examine negotiations within nonprofit organizations surrounding executive compensation. It specifically looked at the effect of implicit biases that may influence salary and benefits including gender and ethnicity. Two research questions were examined including “to what extent does gender or ethnicity play a role in an executive compensation negotiation within the nonprofit sector?” and “how does one effectively reduce implicit bias from the recruitment process?” The report began with a comprehensive literature review, explored the method used to conduct research including five expert interviews, provided a data analysis, presented implications and recommendations based on the findings, and finally mentioned the limitations of the study.

In order to answer these questions and follow the objectives, I first conducted a comprehensive literature review. This was done prior to the expert interviews and was referenced through the analysis of interview responses. Literature referenced consisted of research articles, studies, and data analyses acquired through the USF library database, Google Scholar, and various professional organizations. The literature review covered an
introduction to negotiation, an introduction to implicit bias, explored implicit bias in compensation, examined negotiation and how it acts as a masculine strength, and finally explored elements of an effective implicit bias training to integrate into recruitment programs within nonprofits.

Next five nonprofit expert interviews were conducted, transcribed and coded around common emerging themes. I interviewed an array of nonprofit professionals with employment histories as an HR executive, Chief of Staff, Board Member, Graduate School Instructor, Diversity & Inclusion Expert, Chief Operating Officer, and more. Common themes analyzed in interviews were emphasized, confirmed, or commented on in relation to the literature findings. This data provided a more thorough analysis of the identified research question by complimenting, and sometimes questioning the data found in expert interviews. The methods culminated in findings of best practices to ensure equitable compensation negotiations.

As identified through the literature review and expert interviews we found that gender and ethnicity did have a significant influence in the outcome of a compensation negotiation. There are many factors that make this true including negotiation being seen as a male strength, the unjust negative perception of a woman or person of color who negotiates aggressively, implicit bias controlling a negotiation because the person in power is uninformed, and more.

Addressing the second research question, how does one effectively reduce implicit bias from the recruitment process, we are able to conclude there are many steps to reducing implicit bias in a recruitment scenario but it is completely possible and absolutely should be worked toward in every possible situation. The research teaches that by doing a thorough mental preparation for a negotiation, using the market as an indicator for salary levels and not negotiation skills, teaching implicit bias regularly, not allowing gender or ethnicity biases to affect interpretation of negotiation tactics, and being as quantitative as possible while hiring, we can greatly reduce the influence of implicit bias.

Based on these findings, we are able to pull out recommendations for three specific stakeholders. For HR Nonprofit Executives I recommend they teach about implicit bias when training executives about the recruitment process at their organization and train hiring managers how to interview in a quantitative manner. For Hiring Managers, I recommend to Stay informed and never stop learning and that they practice ethical recruitment strategies. Finally, for Prospective Employees, I recommend mentally preparing for your compensation negotiation and to *research* market salaries for the size organization they are interviewing with.
Limitations

This research project lacks a quantitative component because it is meant to focus on best strategies and advice provided by experienced professionals. It’s purpose is not to count the frequency of common negotiation tactics in a quantifiable manner but to examine the recommendations of leaders in the field and comment on their recommendations. The research also highlights selections from reputable literature and identifies best practices as supported by these resources.

By looking specifically at only female nonprofit executives, this paper provided a somewhat narrower scope into how this sector interacts in a negotiation. Another limitation that this research confronted is being conducted at the beginning of the COVID-19 pandemic. Due to the entire world and nonprofit sector changing drastically, additional interviews were difficult to conduct and less people were willing to participate. For additional studies or if interested in expanding this research, I suggest integrating a quantitative survey to be disseminated to nonprofit executives. The survey would need to have a high level of participation and with more time, this could definitely be achieved.
List of References


The Ohio State University. Available at: http://kirwaninstitute.osu.edu/research/understandingimplicit-bias/.


Author’s Bio

Shannon Czarnik is a dedicated human resources professional with a passion for all living beings. In 2016 she graduated from Western Michigan University with a BA in Organizational Communications and subsequently took time to find a career path she is passionate about while working professionally in human service roles in the nonprofit and for-profit sectors. While working as an intern with Farm Sanctuary, her passion for doing mission-based work was solidified. A short time after moving to the Bay Area, Shannon began her career with the San Francisco SPCA as HR Assistant. Motivated to further her career she returned to school and graduated in May, 2020 from the University of San Francisco School of Management with a Master of Nonprofit Administration. After graduating with her MNA, Shannon was inducted into the international honors society, Nu Lambda Mu, as a recognition of her hard work and academic achievement. In the two years it took to pursue this degree, she has been promoted within her department after only one year. With the SF SPCA, she has experienced multiple leadership changes, project managed many programs including safety, workers compensation and overall organizational onboarding, and worked collaboratively with executive staff members. Shannon is currently working toward becoming certified as a Professional of Human Resources (PHR), and is motivated to further her career in the nonprofit sector while focusing on HR.