

Cornhusker Economics

Salary Negotiation and Graduates from the Department of Agricultural Economics

Market Report	Year Ago	4 Wks Ago	6-27-18
Livestock and Products,			
Weekly Average			
Nebraska Slaughter Steers, 35-65 percent Choice, Live Weight.	*	*	109.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	201.17	*	187.76
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	NA	*	154.39
Choice Boxed Beef, 600-750 lb. Carcass.	244.90	229.34	218.65
Western Corn Belt Base Hog Price Carcass, Negotiated	87.05	66.06	77.79
Pork Carcass Cutout, 185 lb. Carcass 51-52 percent Lean.	99.56	74.44	84.53
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	186.54	152.25	162.41
National Carcass Lamb Cutout FOB.	429.92	381.03	374.39
Crops,			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	3.63	4.92	4.20
Corn, No. 2, Yellow Columbus, bu.	3.30	3.76	3.38
Soybeans, No. 1, Yellow Columbus, bu.	8.31	9.55	8.06
Grain Sorghum, No.2, Yellow Dorchester, cwt.	5.52	5.89	5.10
Oats, No. 2, Heavy Minneapolis, Mn, bu.	2.86	2.92	2.89
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	135.00	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	*	107.50
Grass Hay, Large Rounds, Good Nebraska, ton.	*	100.00	105.00
Dried Distillers Grains, 10 percent Moisture Nebraska Average.	98.50	155.00	115.00
Wet Distillers Grains, 65-70 percent Moisture Nebraska Average.	40.00	47.50	38.50
* No Market			

To better serve our students, one skill set that we as a department have considered incorporating more amply in our curriculum is negotiation skills. Negotiation can be defined as, “[a] give and take process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict.” (<http://www.businessdictionary.com/definition/negotiation.html>) One of the first opportunities our students have to experience the negotiation process is in obtaining their first employment out of college and negotiating a fair market wage.

As part of a 2012 survey of 2,899 of our alumni, we asked several questions regarding the salary negotiation that occurred with their first employer and with their current employer if they had changed employment. From the survey, we had 523 useable responses for the questions regarding salary negotiation. The median respondent’s age was 48, with 18 percent being female and 82 percent male.

Many of our alumni have had opportunities to utilize their salary negotiation skills as the majority of our graduates changed jobs at least twice during their employment career. The typical respondent from our survey indicated having changed jobs twice while entertaining four job offers after their first job. Of alumni graduating since 1980, 33 percent have not changed jobs, 56 percent have changed jobs one to four times, and 11 percent have changed jobs more than four times. Additionally,

the average number of jobs occupied by the 108 alumni in our total survey who had already retired averaged 2.8 jobs per respondent.

As part of our survey, we asked alumni if their employer invited them to discuss salary needs before presenting a salary number during negotiations for their first job out of college, and for their current job if they had changed jobs. When negotiating their first job, the majority (76.5 percent) of respondents indicated their employer did not invite them to discuss their salary needs (see Figure 1). Employers, though, were more apt to invite potential employees to discuss salary needs when they were looking at changing jobs later in their careers. Referring to their current job, 43 percent of respondents indicated their employer invited them to discuss salary needs.

To gain further insight as to what extent salary negotiation took place, we asked alumni what best described the degree of salary/benefit negotiation that occurred before accepting the job offer for their first job out of college and for their current job. Just over 90 percent of respondents indicated they accepted the offer provided by their first employer, while nearly 76 percent of those responding accepted the first offer proposed by their current employer (see Figure 2). Of those not accepting the initial offer from their first employer out of college, 8.8 percent stated they made a counter offer, 0.9 percent indicated they made two or more counter offers, and 0.2 percent stated they turned the job down and the employer came back with a counter offer. Of those who negotiated with the employer in a subsequent job, 20.5 percent stated they made a counter offer, 2.8 percent indicated they made two or more counter offers, and 1.1 percent stated they turned the job down and the employer came back with a counter offer.

We asked alumni to share what their first offered salary was and what their salary was after negotiation. Just over 22 percent of respondents who negotiated their first salary shared their salary numbers and approximately 50 percent of respondents who negotiated their current salary shared their salary numbers. For those sharing their salary numbers, those who made one counter offer during negotiation with their first employer indicated they received an average 6.2 percent increase in salary (range of 0 percent to 27 percent increase) (see Figure 3). Those who made two or more counter offers negotiated a 14.8 percent increase in salary (range of 0 percent to

25 percent). Those who negotiated when accepting their job with their subsequent employer received a 6.8 percent increase with one counter offer (range 0 percent to 50 percent increase), a 20.5 percent increase when making two or more counter offers (range 0 percent to 71 percent increase) and a 8.3 percent increase when turning the job down and having their employer come back with a counter offer (range 0 percent to 25 percent increase).

A recent survey by Salary.com (<https://www.salary.com/articles/>), indicates that 37 percent of people always negotiate their salary, which is more than the roughly 25 percent of our alumni who negotiated the salary for their current job. They also indicate that the number one reason for not negotiating salary is fear. Fear is a response that can be lessened as students and others are taught proper negotiating skills.

One concept to remember when negotiating salary is that all benefits should be weighted in the process, as benefits can make up 30 percent to 50 percent of the total compensation package. Thus, salary alone does not tell the full story.

There are also many other factors that are important when accepting employment. Respondents indicated that type of work, location and working conditions played a larger role in the respondent's job choice than did salary. The prospect for advancement also played an important role for respondents in selecting their current occupation. Being near family also played a more important role in changing jobs than it did for those considering their first employment after college.

Larry Van Tassell, Department Head
Department of Agricultural Economics
University of Nebraska-Lincoln
lvantassell2@unl.edu

Figure 1. Did your employer invite you to discuss your salary needs before offering a salary for your first job out of college and your current job?

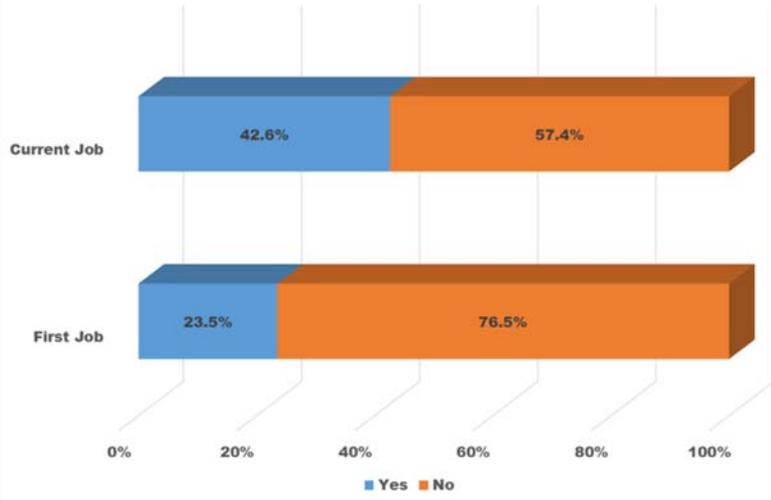


Figure 2. What best describes the degree of salary/benefit negotiation before accepting the job offer for your first job out of college and our current job?

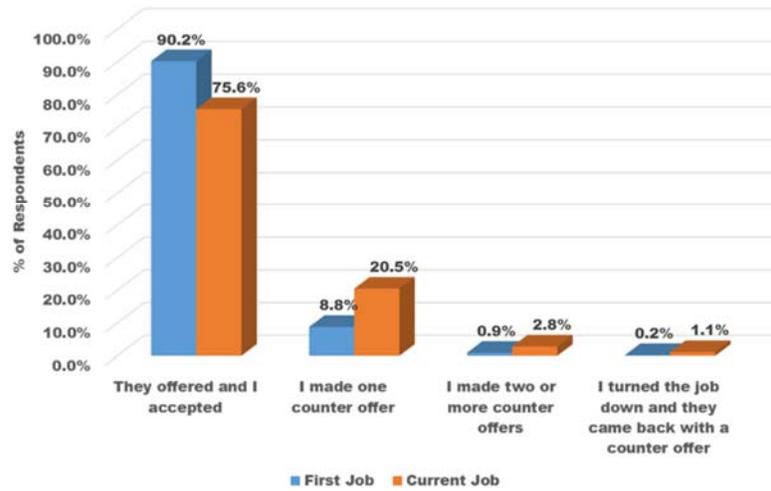


Figure 3. Percentage change in starting salary after negotiation for your first job out of college and your current job.

