

# Asians Don't Ask? Relational Concerns, Negotiation Propensity, and Starting Salaries

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In the U.S., Asians are commonly viewed as the “model minority” because of their economic prosperity. We challenge this rosy view by revealing that certain Asian groups may be susceptible to lower starting salaries. In Study 1, we analyzed 19 class years of MBAs who accepted full-time job offers in the U.S. At first glance, Asians appeared to have starting salaries similarly high as Whites’. However, a striking gap emerged once we distinguished between East Asians (e.g., ethnic Chinese), Southeast Asians (e.g., ethnic Vietnamese), and South Asians (e.g., ethnic Indians): Whereas South Asians started with the highest salaries of all ethnicities, East/Southeast Asians were near the bottom. This salary gap was mediated by East/Southeast Asians’ propensity to not negotiate due to higher relational concerns. Importantly, negotiation predicted higher salary for *each* of the three groups (East/Southeast Asians, South Asians, and Whites). In further support of negotiation propensity as a mechanism, we identified industry as a boundary condition: The salary gap was not observed for consulting jobs, where MBA starting salaries are typically standard and non-negotiable. The non-consulting salary gap between East/Southeast and South Asians was estimated to be \$4,002/year, a sizable difference that can compound over career life. Study 2 found similar results in a non-MBA sample while further accounting for individuals’ bargaining power (e.g., the number of alternative offers, the highest alternative offer). In revealing the differences between East/Southeast and South Asians, this research moves beyond the predominant West-versus-East paradigm and reveals a more complex reality underneath Asian prosperity.

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In the U.S., Asians are often called the “model minority” because of their overall economic prosperity. On average, Asians have the highest median income of all ethnic groups in the U.S. In 2019, the median annual household income for Asians was \$98,174, compared with \$76,057 for Whites, \$45,438 for Blacks, and \$56,113 for Hispanics (U.S. Census Bureau, 2020). Because Asians are perceived as “doing just fine” economically, scholars and practitioners have paid limited attention to their challenges. As Cheng (1997) noted, “the general public, including most Asian Americans, believe that Asian Americans are too successful to be considered a disadvantaged minority group” (p. 278).

We challenge this rosy belief by revealing that certain Asian groups may be susceptible to lower starting salaries. To investigate the scope, mechanism, and boundary condition of this phenomenon, we conducted two field studies of employees who accepted full-time job offers in the U.S. Regarding the *scope*, whereas organizational statistics tend to lump all Asians together, we distinguish culturally between the three largest Asian subgroups in the U.S.: East Asians (e.g., ethnic Chinese), Southeast Asians (e.g., ethnic Vietnamese),

and South Asians (e.g., ethnic Indians). Across both studies, East/Southeast Asians started with significantly lower salaries than South Asians and Whites. Regarding the *mechanism* of this salary gap, we demonstrate that East/Southeast Asians started with lower salaries partly because they were less likely to negotiate. Notably, this ethnic difference applied to both internationals and Americans, suggesting that it was not merely driven by English proficiency. In further support of negotiation propensity as a mechanism, we identify industry as a *boundary condition*, such that the salary gap was not observed for consulting jobs, where starting salaries are usually standard and non-negotiable.

The present research offers important theoretical contributions and practical implications. First, we contribute to the literature on pay disparity. Whereas there are extensive statistics about *average* salary at the societal level, there is less research on *starting* salary at the individual level. Studying starting salary is essential because it is often the basis for future salary increases and other types of compensation (e.g., pensions; Gerhart, 1990; Gerhart & Rynes, 1991). Although Asians have the highest average salary in American society,

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this is largely a function of their high educational attainment (U.S. Census Bureau, 2021). By examining ethnic differences in *starting* salary (after accounting for factors like education), we reveal that certain Asian groups may start with lower salaries than they could have—because of their low negotiation propensity.

Second, we contribute to the literature on cross-cultural management. A prevalent problem in this literature is that many studies treat East Asians, Southeast Asians, and South Asians as a monolithic “Asian” group despite their cultural differences (Lu, in press; Lu et al., 2020, 2022). By revealing their differences in relational concerns, negotiation propensity, and starting salary, our research highlights the importance of distinguishing between the Asian subgroups theoretically and empirically.

Third, we contribute to the negotiation literature. As reviewed below, past research has focused on *gender* differences in negotiation propensity (Babcock & Laschever, 2003; Kugler et al., 2018). By contrast, the current research is among the first to explore the role of culture in negotiation propensity. Whereas past studies on negotiation propensity were mostly conducted with negotiation simulations in the laboratory (cf. Gerhart & Rynes, 1991; Marks & Harold, 2011), our field studies have high ecological validity because we examined the negotiation propensity and outcomes of actual employees. Moreover, our 19-year MBA data set is among the first to reveal how negotiation propensity is influenced by industry negotiation norm (consulting industry vs. non-consulting industries), which remains understudied in the literature.

### Theory and Hypotheses

“You don’t get what you deserve, you get what you negotiate” is a well-known adage in negotiations, as evidenced by its many parallels (“You don’t get what you don’t ask for”; “You miss 100% of the shots you don’t take”; “If you don’t ask, the answer is always no”). Consistent with this adage, much research has documented the economic benefits of negotiation (Marks & Harold, 2011; O’Shea & Bush, 2002). For example, a study of MBA graduates found that 56% of those who negotiated obtained higher salaries as a result (Gerhart & Rynes, 1991). Another study of new employees found that “those who chose to negotiate increased their starting salaries by an average of \$5000” (Marks & Harold, 2011, p. 371).

Given the economic benefits of negotiation, researchers have sought to understand the determinants of individuals’ propensity to negotiate. Compared to negotiation processes, strategies, and outcomes, negotiation *propensity* is less studied (Reif & Brodbeck, 2014). Negotiation propensity is a function of structural and personal factors (Gerhart & Rynes, 1991). *Structural* factors refer to “factors that influence a potential negotiator’s power and dependence vis-à-vis the other party” (Gerhart & Rynes, 1991, p. 256). Structural factors include the (prenegotiation) initial offer, the number of alternative offers, and the difference between the highest alternative offer and the initial offer. For instance, individuals are more likely to negotiate when they have alternative offers from other organizations and when the difference between the highest alternative offer and the initial offer is more positive (Gerhart & Rynes, 1991; Reif & Brodbeck, 2017). *Personal* factors influencing negotiation propensity refer to a person’s intrinsic characteristics, including age, gender, and ethnocultural background.

Building on the emerging literature on negotiation propensity (Gerhart & Rynes, 1991; Reif & Brodbeck, 2014), our studies

explore the role of ethnocultural background in negotiation propensity while accounting for other personal factors (e.g., gender, age) and structural factors (e.g., the initial offer, the number of alternative offers).

### Gender Differences in Negotiation Propensity

Before delving into our theorization about cultural differences in negotiation propensity, it is informative to briefly review the literature on gender differences in negotiation propensity, because gender is the most widely studied personal factor of negotiation propensity. As exemplified by the book *Women Don’t Ask: Negotiation and the Gender Divide* (Babcock & Laschever, 2003), extensive research indicates that women are less likely to negotiate salaries and, as a result, experience worse economic outcomes (Babcock et al., 2003; Barron, 2003; Kugler et al., 2018; Mazei et al., 2015). For example, Leibbrandt and List (2015) found that when it is unclear whether salaries are negotiable, women negotiate less and receive lower salaries than men. Another study of MBAs found that “only 7% of female students attempted to negotiate their initial compensation as compared to 57% of men. Those who negotiated gained on average 7.4% over their initial offers” (Bowles et al., 2007, p. 85).

Women’s lower propensity to negotiate salary has been partly attributed to their higher relational concerns (Gelfand et al., 2006). As a distributive negotiation, salary negotiation can conflict with women’s relational orientation. That is, women are less likely to negotiate salaries partly because they are more concerned about damaging the social relationship with their employers. When women do negotiate, they benefit *economically* but sometimes face *social* backlash (Amanatullah & Morris, 2010; Amanatullah & Tinsley, 2013)—an important point that we return to in the General Discussion section.

### Cultural Differences in Negotiation Propensity

In contrast to the wealth of research on *gender* differences in negotiation propensity, surprisingly little research has examined *cultural* differences in negotiation propensity. In a recent review, Ramirez-Marin et al. (2019) “only found one study that reported cultural influences on the decision to negotiate” (p. 149). In a survey of 40 Brazilians and 37 Americans, Volkema and Fleck (2012) found that Americans with high-risk propensity indicated a greater intention to initiate negotiations than Brazilians with low-risk propensity. A limitation of this study is that it measured *self-reported intention* to negotiate rather than actual negotiation behavior. To extend this nascent literature on the role of culture in negotiation propensity, we theorize whether, why, and when East Asians (EAs) and Southeast Asians (SEAs) are less likely than South Asians (SAs) and Whites to negotiate and, as a result, start with lower salaries.

Much research suggests that mainstream American culture values assertiveness, as evidenced by the American proverb “The squeaky wheel gets the grease” (Lu et al., 2020). In mainstream American culture, individuals derive their self-worth from personal values, goals, and achievements; asserting one’s interests and concerns (e.g., salary negotiation) is a natural means to attain self-worth (Markus & Kitayama, 1991). Importantly, while this emphasis on

assertiveness may be congruent with ethnic SA cultures, it may be at odds with ethnic EA/SEA cultures.

Three recent articles directly compared the assertiveness of ethnic EAs, SAs, and Whites. Chavez (2021) studied 1,082 job candidates who are ethnic Chinese, Indians, or Whites. As visualized in Chavez (2021, Figure 5), ethnic Chinese were less assertive than ethnic Indians and Whites. Importantly, these ethnic differences existed not only for foreign-raised individuals but also for U.S.-raised individuals, such that both foreign-raised Chinese and U.S.-raised Chinese were less assertive than their Indian and White counterparts. Similarly, Lu et al. (2020) and Lu (in press) conducted a series of studies that included a broader sample of ethnic EAs and SAs (i.e., not just ethnic Chinese and Indians), and found that EAs were less assertive than SAs and Whites, whereas SAs were as assertive as Whites—even after accounting for a host of control variables (e.g., birth country, English proficiency, education, socioeconomic status). Together, these findings suggest that EAs' low assertiveness is not merely an issue of English proficiency, but rather an issue deeply rooted in culture: Although EA Americans are native English speakers, their family upbringings (e.g., everyday communication with their EA parents) can still imprint low assertiveness.

The difference in assertiveness between ethnic SA and EA/SEA cultures has been explained in the theoretical framework of *honor* versus *face* cultures (Leung & Cohen, 2011; Yao et al., 2017). In a measurement study, Yao et al. (2017) demonstrated that India and Pakistan (i.e., SA cultures) represent honor cultures, whereas China, Japan, South Korea, Indonesia, Singapore, and Vietnam (i.e., EA and SEA cultures) represent face cultures. As Kim and Cohen (2010) summarized, “Face cultures—in contrast to collectivistic Honor cultures—tend to emphasize harmony over conflict, humility over assertiveness, and acceptance rather than defiance” (p. 540).

As honor cultures, SA cultures encourage assertiveness (Brett, 2018; Yao et al., 2017). Honor cultures tend to arise from a history of anarchic, unstable, and heterogeneous environments, “where a weak (or nonexistent) state is unable to enforce contracts, protect individuals from predation, or punish the guilty” (Leung & Cohen, 2011, p. 510). As elaborated in Nobel Laureate Amartya Sen's (2005) book *The Argumentative Indian*, SA cultures have a long history of instability and heterodoxy, such that Hindus, Buddhists, Jains, Jews, Christians, Muslims, Parsees, Sikhs, Baha'is, and others hold disparate beliefs about the world. Assertiveness is advantageous in honor cultures because it helps individuals protect and advance their own interests and those of their ingroups (Leung & Cohen, 2011). Honor cultures encourage individuals to act assertively to maintain self-worth and gain honor (Aslani et al., 2013).

By contrast, as face cultures, EA and SEA cultures discourage assertiveness because of high relational concerns (Brett, 2018; Yao et al., 2017). Face refers to an individual's claimed sense of positive image in the context of social interaction (Oetzel & Ting-Toomey, 2003). EAs and SEAs tend to avoid assertiveness because they are concerned about “losing face” in social relationships (Leung & Cohen, 2011; Liu et al., 2005). The three hallmarks of face cultures are harmony, humility, and hierarchy (Leung & Cohen, 2011, p. 510). As an act of assertiveness, salary negotiation represents the antithesis of these three hallmarks. First, salary negotiation can jeopardize relational *harmony*: It is a distributive negotiation with conflicting interests, as a higher salary for the employee means more expenditure for the employer (Hart & Schweitzer, 2020). EAs and

SEAs may therefore be more concerned that salary negotiation will damage the long-term relationship with their employers. Relatedly, they may worry more about “losing face” if their requested salary increase is denied (Curhan et al., 2006; Miles, 2010). Second, salary negotiation can violate the value of *humility*. Salary negotiation signals that one feels entitled to ask for more than what has been offered. EAs and SEAs may hesitate to negotiate because they are taught to be humble and let their work speak for itself (Lu et al., 2020). Third, salary negotiation can upset the relational *hierarchy*. Job candidates typically negotiate with higher status individuals (e.g., prospective managers), to whom they are supposed to defer. EAs and SEAs may be concerned that asking for a higher salary will offend the hierarchical relationship.

In light of these reasons about relational concerns, we propose that EAs and SEAs may be less likely than SAs and Whites to negotiate starting salaries (an act of assertiveness). Given the economic benefits of negotiation (Gerhart & Rynes, 1991; Marks & Harold, 2011), EAs and SEAs may thus have lower starting salaries (net of other factors such as education level).

### Industry Negotiation Norm as a Boundary Condition

In support of negotiation propensity as a mechanism, we further theorize that industry negotiation norm will be a boundary condition for the proposed ethnocultural differences in negotiation propensity and starting salary. It is widely known that, unlike firms in other industries, consulting firms offer standard, non-negotiable starting salaries. For example, the popular website *Management Consulted* notes:

When you go through the MBA full-time process, or MBA internships, there is no comp discussion . . . you may have had this many years of previous experience, and this many years of this, but we [consulting firms] are hiring you out of an MBA program and everybody gets paid the same. We are transparent about it. (Management Consulted, n.d.)

Indeed, in a given consulting firm in a given year, most MBA graduates start with the same salary. For example, in the U.S., the post-MBA base salary of the “Big Three” consulting firms—Bain, Boston Consulting Group, and McKinsey—was uniformly \$165,000 in 2019 (Poets & Quants, 2019). This is partly because most MBA graduates start with the same title in a given company (e.g., “Consultant” at Bain, “Consultant” at Boston Consulting Group, “Associate” at McKinsey). Given such standard compensation packages and the non-negotiation norm, we predicted that, for consulting jobs, EAs/SEAs would be equally likely as other ethnicities to *not* negotiate and thus would *not* start with lower salaries. Consistent with our prediction, the gender literature has found that in consulting, “where salary bands are relatively standardized, in which men and women were equally likely to negotiate salaries,” there was little gender difference in starting salaries (Johnson, 2016, p. 136).

Given the non-negotiation norm of the consulting industry, we formalize the following hypotheses only for *non-consulting jobs*:

*Hypothesis 1:* For non-consulting jobs, net of other factors, East/Southeast Asians have lower starting salaries than South Asians and Whites.

*Hypothesis 2:* For non-consulting jobs, net of other factors, East/Southeast Asians are less likely to negotiate starting salaries than South Asians and Whites.

*Hypothesis 3:* For non-consulting jobs, net of other factors, East/Southeast Asians' propensity to not negotiate mediates their lower starting salaries.

As detailed below, results were substantively similar when we treated consulting-versus-not as a moderator instead.

## Overview of Studies

To test our hypotheses, we conducted two complementary field studies. In Study 1, we analyzed 19 class years of MBA students from a U.S. business school who accepted full-time job offers. This unique data set allowed us to examine ethnic differences in starting salary, negotiation propensity, and relational concerns, while accounting for potential confounding factors (e.g., American/international status, English proficiency, academic performance). This field study also enabled us to test industry negotiation norm (consulting vs. non-consulting) as a boundary condition.

Study 2 complemented Study 1 in two major ways. First, we tested the generalizability of our theoretical perspective in a non-MBA sample. Second, Study 2 accounted for other determinants of negotiation propensity, including (a) the (prenegotiation) initial offer, (b) the number of alternative offers from other organizations, and (c) the difference between the highest alternative offer and the initial offer (Gerhart & Rynes, 1991). Controlling for these factors accounts for the possibility that EAs/SEAs are less likely to negotiate starting salaries because they have less bargaining power.

This research was approved by the Institutional Review Board of the Massachusetts Institute of Technology (Study 1: Protocol #1794 "Understanding MBA Student Performance"; Study 2: Protocol #3273 "Salary Negotiation Survey").

## Study 1

In Study 1, we analyzed a large data set of MBA students who accepted full-time job offers in the U.S. First, we tested whether EAs/SEAs started with lower non-consulting salaries than SAs and Whites. Second, we tested whether this difference was mediated by EAs/SEAs' lower negotiation propensity. Third, we explored whether EAs/SEAs were more likely to cite relational concerns as a reason for not negotiating non-consulting salaries. Fourth, we tested whether these ethnic differences applied to both internationals and Americans. Fifth, in light of the non-negotiation norm of the consulting industry, we tested whether these ethnic differences disappeared in consulting jobs.

## Transparency and Openness

We described our sampling plan, data exclusions, and all measures in the study and adhered to the *Journal of Applied Psychology* methodological checklist. Data are not available due to their proprietary nature, but analysis code is available on Open Science Framework (<https://osf.io/2np59/>). Data were analyzed using *R* (Version 4.0.2; R Core Team, 2022) and packages *AER* (Version 1.2-9; Kleiber & Zeileis, 2020), *BayesFactor* (Version 0.9.12-4.3; Morey & Rouder, 2021), *ggplot2* (Version 3.3.5; Wickham et al., 2021), *interactions* (Version 1.1.5; Long, 2021), *mediation* (Version 4.5.0; Tingley et al., 2019), and *texreg* (Version 1.38.5; Leifeld, 2022). We preregistered exclusion criteria and analyses at [https://aspredicted.org/BTU\\_AKZ](https://aspredicted.org/BTU_AKZ).

## Sample

Our sample involved 19 consecutive cohorts (class years) of full-time MBA students ( $N = 7,343$ ) of a top business school in the U.S. Around graduation each year, the business school's career development office invited all MBA students to complete an employment survey. The MBA program followed the reporting standards of the MBA Career Services & Employer Alliance ([www.mbacsea.org](http://www.mbacsea.org)) to record the employment status of each student upon graduation. Of the 7,343 students, 5,975 became full-time company employees, 655 were obligated by contract to return to the companies that sponsored their MBA degree, 381 started or continued their own businesses, and 68 were other categories (e.g., continuing education, health issues, deceased). Employment information was missing for a small percentage of students (3.6%). As preregistered, the present research focused on the 5,975 students who became regular company employees (81.4%) because the other employment categories might be substantively different.

Of the students who became regular company employees, 5,004 completed the survey (84% response rate). As preregistered, we further limited data analysis to the 4,242 students who accepted jobs in the U.S., for two reasons. First, salary levels differed considerably in different countries (even for similar jobs), which made it unfeasible to standardize salaries across all countries and years. Second, students who accepted jobs in other countries might differ substantively from students who accepted jobs in the U.S.

Of these 4,242 students (35% female;  $M_{\text{age in graduation year}} = 30.0$  years,  $SD = 2.5$ ), 589 were EA, 119 SEA, 476 SA, 2,124 White, 495 Latino, 183 Middle Eastern, 171 Black, and the rest belonged to other categories. About 33% of the students were international, representing 93 foreign countries. The industry composition was as follows: 29.3% consulting, 31.6% technology, 20.7% finance, 9.0% manufacturing, 4.9% retail, and 4.5% other.

## Measures

### Starting Salary

We accounted for inflation and adjusted all salaries to year 2019 U.S. dollars. To mitigate self-report biases, the survey assured respondents that their answers would be strictly confidential. As evidence for the reliability of self-reported starting salaries, almost all respondents who accepted offers from a given consulting company in a given year reported the same starting salary.

### Negotiated Versus Not

Respondents indicated whether or not they had negotiated after receiving the initial offer (1 = yes, 0 = no). Due to technical issues, this variable was not collected for one of the 19 years ( $N = 189$ ).

### Reasons for Not Negotiating

Respondents who had not negotiated were asked: "What was your reason for not negotiating? Check all that apply": (a) "It did not occur to me to negotiate"; (b) "I did not want to damage the relationship"; (c) "In this case, compensation packages are 'standard'; the norm is not to negotiate"; (d) "The market or the economy did not afford me the leverage or power to negotiate"; (e) "I was already satisfied with what was being offered to me";

(f) “There was not sufficient time to negotiate”; and (g) “I don’t like to negotiate.”

Based on our theory, we predicted that for non-consulting job offers, EAs/SEAs would be more likely than SAs and Whites to choose “I did not want to damage the relationship” (i.e., relational concerns) as a reason for not negotiating. Moreover, we predicted that consultants would be more likely than non-consultants to choose “In this case, compensation packages are ‘standard’; the norm is not to negotiate” as a reason for not negotiating.

### Control Variables

We considered a variety of control variables to rule out alternative explanations. First, we controlled for grade point average (GPA) because academic performance could be a confounding variable correlated with both ethnicity and starting salary (Harrell et al., 1977). Students with higher GPAs are likely to receive better offers and have higher starting salaries, especially because this business school does not have grade nondisclosure policies, which means that recruiters can ask students about their GPAs. We procured GPA data from the business school’s educational services office, which uses the following scale:  $A = 5$ ,  $B = 4$ ,  $C = 3$ ,  $D = 2$ ,  $F = 0$ .

Second, we controlled for Quantitative and Verbal scores of the required MBA admissions exam: the Graduate Management Admission Test (GMAT) or the Graduate Record Examinations (GRE). GMAT/GRE Verbal score is a reliable indicator of English proficiency.<sup>1</sup> About 90% of the students took the GMAT and 10% took the GRE. To standardize across the two exams in different years, we followed the official GMAT and GRE guidelines to convert all scores to percentiles. GMAT/GRE data were available for 11 of the 19 class years.

Third, we controlled for whether a student took the negotiation elective (1 = yes, 0 = no), because (a) there might be ethnic differences in academic interests and (b) students who took this negotiation elective might be more likely to negotiate starting salaries. We procured this variable from the educational services office; about 39% of the sample took the negotiation elective.

Fourth, we controlled for whether a student is international or American because international and American students might differ in substantive ways (e.g., professional qualifications, work permit restrictions). This variable also helped control for English proficiency.

Fifth, we controlled for job industry fixed effects because there might be ethnic differences in industry preferences, which might correlate with starting salary (e.g., the technology industry tends to pay more than other industries).

Sixth, we controlled for year fixed effects to account for unobserved time-varying effects (e.g., trends, macroeconomic conditions).

Finally, we controlled for age and gender.

By analyzing MBAs graduating from the same program, we implicitly controlled for many unobserved characteristics (e.g., education, the type of employers hiring top-school MBAs).

## Results

### Analytical Considerations

All independent-samples  $t$  tests allowed for variance heterogeneity and all regressions used heteroskedasticity-robust standard errors. The regression results presented below accounted for the controls; all results were robust without the controls.

To identify potential outliers, we computed Cook’s distance statistics (Lu et al., in press). There was no outlier that had Cook’s distance statistics higher than the threshold (computed by  $4/N$ , where  $N$  is the number of observations).

As preregistered, we grouped EAs and SEAs together for two reasons. First, research suggests that EA and SEA cultures both represent face cultures (Yao et al., 2017). Second, whether for consulting or non-consulting jobs, EAs and SEAs did not differ significantly in any of the focal variables: (a) starting salary, (b) propensity to negotiate, and (c) propensity to cite relational concerns as a reason for not negotiating (all  $ps > .25$ ).

**Consultants Versus Non-Consultants.** In line with our theoretical perspective, we first explain why it is necessary to present separate analyses for consultants and non-consultants. There are two important reasons. First, consistent with the aforementioned differences in industry negotiation norm, consultants were much less likely to negotiate (22%) than non-consultants (56%;  $\chi^2 = 354.45$ ,  $p < .001$ ). Among the individuals who had not negotiated, consultants (89%) were much more likely than non-consultants (62%) to cite “compensation packages are ‘standard’; the norm is not to negotiate” as a reason for not negotiating ( $\chi^2 = 143.72$ ,  $p < .001$ ). Indeed, for a given consulting firm in a given year, almost all MBAs had the same starting salary.

Second, the mean salary of consultants ( $M = 147365.20$ ,  $SD = 13215.52$ ) was about 15% higher than that of non-consultants ( $M = 128241.88$ ,  $SD = 19683.95$ ;  $t = 36.47$ ,  $p < .001$ , 95% CI [18095.26, 20151.39]).<sup>2</sup> Thus, analyzing consultants and non-consultants together might confound the differential effects within each group. For example, without separating consultants and non-consultants, the overall correlation between negotiation propensity and starting salary would be *spuriously negative* ( $r = -.12$ ,  $p < .001$ ) because consultants had both (a) higher salaries and (b) lower propensity to negotiate. However, the correlation between negotiation propensity and salary was actually *positive* among non-consultants—consistent with the well-documented economic benefits of negotiation (Marks & Harold, 2011; O’Shea & Bush, 2002).

For these two reasons, we present separate analyses for non-consultants and consultants. Importantly, results were substantively similar when we treated consulting-versus-not as a moderator: Although EAs/SEAs had a lower mean salary than SAs on average ( $B = -4767.21$ ,  $SE = 1129.41$ ,  $p < .001$ ), this main effect was qualified by a significant interaction with consulting-versus-not ( $B = 6787.39$ ,  $SE = 1886.09$ ,  $p < .001$ ). Similarly, although EAs/SEAs had a lower mean salary than Whites on average ( $B = -2690.91$ ,  $SE = 892.37$ ,  $p = .003$ ), this main effect was qualified by a significant interaction with consulting-versus-not ( $B = 4376.22$ ,  $SE = 1324.43$ ,  $p < .001$ ). These significant interactions underscore the need to present two separate sections of analyses: one for non-consultants and one for consultants.

<sup>1</sup> Research found that for nonnative English speakers who took both GRE Verbal and TOEFL (Test of English as a Foreign Language), the two scores were highly correlated at  $r = .82$  (Pesta et al., 2019).

<sup>2</sup> Thanks to a reviewer’s astute comment, we examined the possibility that consultants were less likely to negotiate because their salary was already high. Analyses revealed that only 16% of the consultants chose “I was already satisfied with what was being offered to me” as a reason for not negotiating, whereas 89% of them chose “compensation packages are ‘standard’; the norm is not to negotiate.” These results suggest that the non-negotiation norm is the more prevalent reason why consultants tended to not negotiate.

Descriptive statistics and bivariate correlations are displayed in Table S1 (non-consultants) and Table S2 (consultants).

### Section 1: Analyses for Non-Consultants

**EAs/SEAs Started With Lower Non-Consulting Salaries (Hypothesis 1).** Like most American organizations, we first conducted analyses for non-consultants by lumping EAs/SEAs and SAs together. This larger “Asian” group ( $M = 127769.75$ ) did not differ significantly from Whites in non-consulting salary ( $M = 129180.31$ ;  $B = -1809.07$ ,  $SE = 1167.60$ ,  $p = .12$ ).

However, striking salary gaps emerged once we distinguished between EAs/SEAs and SAs: Whereas SAs started with the highest non-consulting salaries of all ethnicities, EAs/SEAs were near the bottom (Figure 1a left panel and Table 1). Consistent with Hypothesis 1, EAs/SEAs started with significantly lower non-consulting salaries than both SAs (Table 2 Models 1–3, all  $ps < .01$ ) and Whites (Table 3 Models 1–3, all  $ps < .05$ ). By contrast, SAs and Whites did not differ significantly in non-consulting salary ( $B = -117.66$ ,  $SE = 1468.10$ ,  $p = .94$ ).

**EAs/SEAs Were Less Likely to Negotiate Non-Consulting Salaries (Hypothesis 2).** As shown in Figure 1b left panel,

**Table 1**

*Study 1. Mean Starting Salary (in Year 2019 Dollars) by Consulting-Versus-Not and Ethnicity*

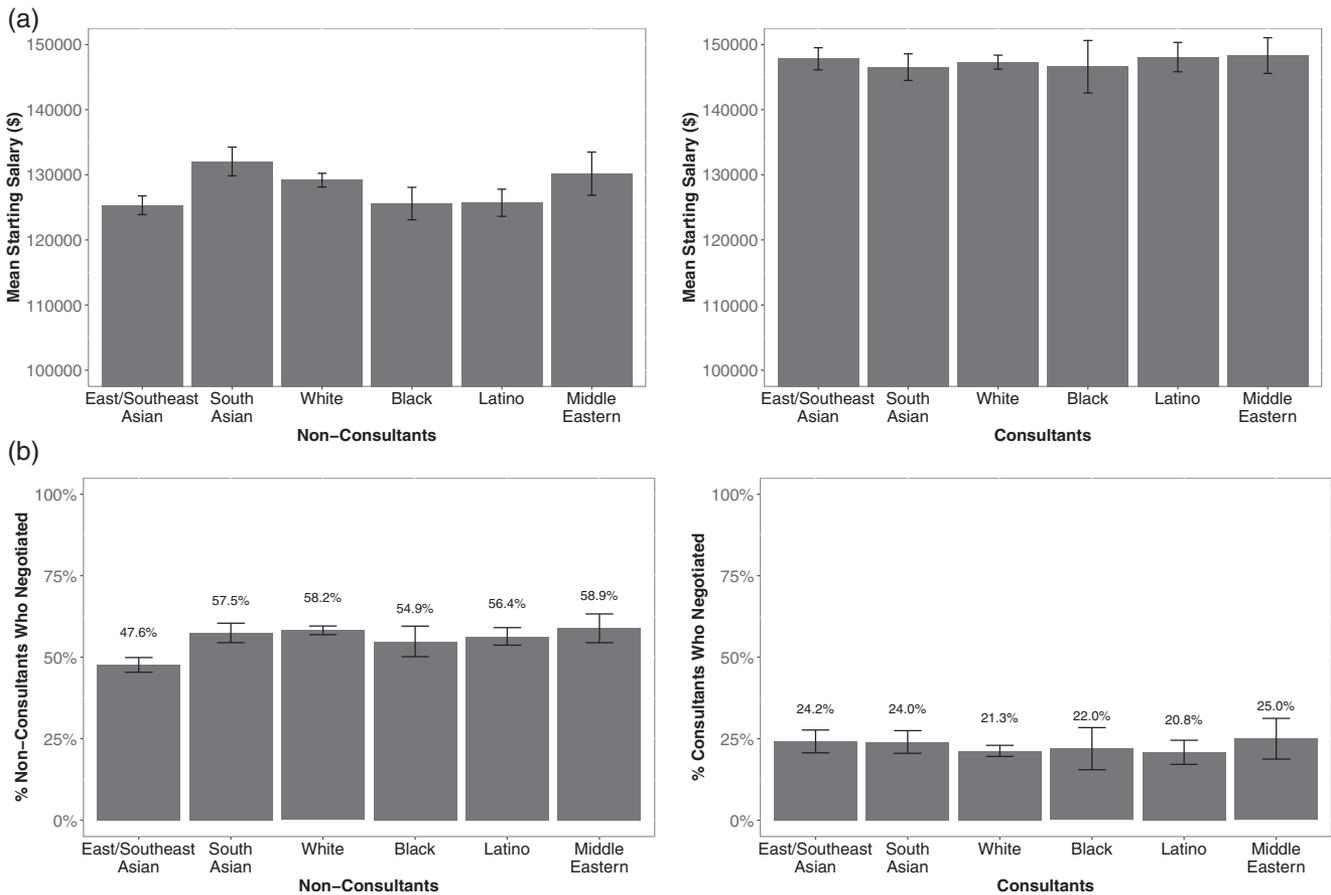
Ethnic Group	Non-Consultants	Consultants
All Asians	127769.75 (628.58)	147183.36 (671.78)
East/Southeast Asians	125325.76 (730.54)	147814.20 (860.59)
South Asians	132056.75 (1124.24)	146545.13 (1033.87)
Whites	129180.31 (538.97)	147300.36 (543.71)
Blacks	125584.83 (1257.87)	146602.18 (2002.64)
Latinos	125712.67 (1059.32)	148067.45 (1140.50)
Middle Easterners	130176.99 (1678.00)	148315.05 (1364.63)

*Note.* Standard errors in parentheses. Had we not distinguished between EAs/SEAs and SAs, this larger “Asian” group would have appeared to have high non-consulting salaries ( $M = 127769.75$ ). However, once we distinguished between EAs/SEAs and SAs, it became clear that EAs/SEAs had low non-consulting salaries ( $M = 125325.76$ ), whereas SAs were at the top ( $M = 132056.75$ ). Together, these results highlight the importance of examining differences within the “Asian” umbrella.

EAs/SEAs were the least likely to negotiate non-consulting salaries among all ethnicities. Consistent with Hypothesis 2, EAs/SEAs (47.6%) were significantly less likely to negotiate

**Figure 1**

*Study 1. Mean Starting Salaries (in Year 2019 Dollars) and Negotiation Propensity by Consulting-Versus-Not and Ethnicity*



*Note.* Error bars indicate standard errors.

**Table 2**

*Study 1. East/Southeast Asians Versus South Asians: Linear Regressions Predicting Starting Salary (in Year 2019 Dollars) of Non-Consultants*

Variable	Model 1	Model 2	Model 3
Intercept	126263.54*** (2566.00)	63361.09*** (18111.46)	38545.37† (20350.71)
East/Southeast Asian (vs. South Asian)	-6273.42*** (1351.20)	-4554.96*** (1323.44)	-4001.97** (1493.29)
International (1 = yes, 0 = no)		749.98 (1401.13)	-66.86 (1404.38)
Age		710.73* (352.61)	1025.05** (355.01)
Gender (1 = male, 0 = female)		3177.91* (1244.58)	811.21 (1326.19)
Negotiation elective (1 = taken, 0 = no)		924.82 (1270.54)	239.15 (1352.03)
GPA		7793.48** (2370.66)	10538.19*** (3020.67)
Other industry (industry reference group)			
Finance		1505.37 (5153.13)	7265.95† (4213.01)
Manufacturing		4694.63 (5619.43)	12799.10* (5046.82)
Retail		-854.19 (5517.38)	8007.29† (4836.53)
Technology		8371.70† (5078.94)	15713.02*** (4108.73)
GMAT/GRE Quantitative percentile			90.96 (65.14)
GMAT/GRE Verbal percentile			-112.63 (77.12)
Year fixed effects	Yes	Yes	Yes
$R^2$	0.08	0.14	0.24
Adj. $R^2$	0.05	0.11	0.19
$N$	840	808	510

*Note.* GMAT = Graduate Management Admission Test; GRE = Graduate Record Examinations; GPA = grade point average. Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Because GMAT/GRE Quantitative and Verbal data were available for only 11 of the 19 class years, we added them as controls in the last model (Model 3).

†  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

non-consulting salaries than both SAs (57.5%; Table 4 Models 1–3, all  $ps < .01$ ) and Whites (58.2%; Table 5 Models 1–3, all  $ps < .001$ ). By contrast, SAs and Whites did not differ significantly in the propensity to negotiate non-consulting salaries ( $\chi^2 = .06, p = .81$ ).

**Negotiation Predicted Higher Non-Consulting Salary (for Each Focal Group).** In a linear regression with the controls, non-consultants who had negotiated started with significantly higher mean salary than non-consultants who had not negotiated ( $B = 3097.69, SE = 843.16, p < .001$ ). That is, non-consultants who negotiated increased their starting salaries by an average of \$3,097.69.

Importantly, negotiation positively and significantly predicted non-consulting salary for *each* of the three groups: EAs/SEAs ( $B = 4884.98, SE = 1658.33, p = .003$ ), SAs ( $B = 6426.44, SE = 2895.28, p = .027$ ), Whites ( $B = 3260.47, SE = 1236.67, p = .008$ ). In other words, EAs/SEAs also benefited economically from negotiating—consistent with the adage, “You don’t get what you deserve, you get what you negotiate.”

**Mediation Analyses (Hypothesis 3).** Consistent with Hypothesis 3, negotiation (vs. not) mediated the effect of EA/SEA versus SA on non-consulting salary (indirect effect =  $-869.90, p = .028$ , bootstrapped 95% CI [ $-1242.25, -61.64$ ], total effect =  $-8079.81$ , proportion of total effect mediated = 11%). Similarly, negotiation (vs. not) mediated the effect of EA/SEA versus White on non-consulting salary (indirect effect =  $-460.89, p < .001$ , bootstrapped 95% CI [ $-635.27, -119.50$ ], total effect =  $-4855.41$ , proportion of total effect mediated = 10%). These mediation results suggest that EAs/SEAs started with lower non-consulting salaries than SAs and Whites partly because EAs/SEAs were less likely to negotiate.

**EAs/SEAs Had Higher Relational Concerns.** Among the non-consultants who had *not* negotiated, EAs/SEAs were more likely to cite relational concerns (“I did not want to damage the relationship”) as a reason for not negotiating. Specifically, EAs/SEAs (26%) were higher on relational concerns than both SAs (13%;  $B = 1.02, SE = .37, Wald z = 2.76, p = .006$ ) and Whites (19%;  $B = .53, SE = .24, Wald z = 2.25, p = .024$ ) in logistic regressions.

**Table 3**

*Study 1. East/Southeast Asians Versus Whites: Linear Regressions Predicting Starting Salary (in Year 2019 Dollars) of Non-Consultants*

Variable	Model 1	Model 2	Model 3
Intercept	129706.45*** (2105.88)	41189.89** (13088.98)	41260.57* (16868.49)
East/Southeast Asian (vs. White)	-3903.89*** (897.73)	-3532.15*** (1008.29)	-3099.66* (1430.63)
International (1 = yes, 0 = no)		1804.37 (1146.92)	2218.55 (1558.11)
Age		1315.25*** (236.84)	1095.63*** (308.13)
Gender (1 = male, 0 = female)		4273.82*** (886.20)	4179.74*** (1202.21)
Negotiation elective (1 = taken, 0 = no)		1018.06 (917.32)	1671.21 (1220.33)
GPA		8481.68*** (2233.60)	13125.48*** (2954.55)
Other industry (industry reference group)			
Finance		6314.00* (2594.72)	5802.27 (4028.85)
Manufacturing		5454.14† (2785.63)	6190.86 (4175.06)
Retail		854.39 (2892.11)	-56.94 (4286.36)
Technology		8852.97*** (2553.86)	7843.31* (3926.79)
GMAT/GRE Quantitative percentile			-2.72 (61.20)
GMAT/GRE Verbal percentile			-98.35 (64.93)
Year fixed effects	Yes	Yes	Yes
$R^2$	0.04	0.12	0.14
Adj. $R^2$	0.03	0.11	0.11
$N$	2012	1865	1123

*Note.* GMAT = Graduate Management Admission Test; GRE = Graduate Record Examinations; GPA = grade point average. Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Because GMAT/GRE Quantitative and Verbal data were available for only 11 of the 19 class years, we added them as controls in the last model (Model 3).

†  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

EA/SEA, SA, and White non-consultants did not differ significantly in any of the other reasons for not negotiating (all  $ps > .05$ ); these nonsignificant results were corroborated by Bayesian chi-square tests (all Bayes Factors  $B_{10} < .001$ , thus strong evidence for the null).

Notably, we were unable to test a serial mediation model (EAs/SEAs → higher relational concerns → lower propensity to negotiate → lower non-consulting starting salary) because only individuals who had not negotiated answered the question about why they had not negotiated (i.e., individuals who had negotiated did not answer this question).

**Robustness Checks.** One methodological strength of Study 1 is that its large sample size enabled us to examine whether the hypothesized ethnic differences applied to both (a) the subset of *American* non-consultants and (b) the subset of *international* non-consultants.

**American Non-Consultants Only.** We repeated the analyses for American non-consultants (who accepted job offers in the U.S.) to rule out potential confounds (e.g., English proficiency, work permit restrictions). Results further supported our hypotheses: First,

EA/SEA Americans started with significantly lower non-consulting salaries than both SA Americans ( $B = -6067.43$ ,  $SE = 1798.02$ ,  $p < .001$ ) and White Americans ( $B = -4158.39$ ,  $SE = 1099.02$ ,  $p < .001$ ). Second, EA/SEA Americans (48.7%) were significantly less likely to negotiate non-consulting salaries than SA Americans (60.3%;  $B = -.47$ ,  $SE = .22$ , Wald  $z = -2.15$ ,  $p = .032$ ) and White Americans (58.6%;  $B = -.40$ ,  $SE = .14$ , Wald  $z = -2.93$ ,  $p = .003$ ). Third, negotiation (vs. not) was a significant mediator for the ethnic differences in non-consulting salary: EA/SEA American versus SA American (indirect effect =  $-750.31$ ,  $p = .028$ , bootstrapped 95% CI  $[-1564.42, -91.50]$ , total effect =  $-7825.13$ , proportion of total effect mediated = 10%); EA/SEA American versus White American (indirect effect =  $-399.44$ ,  $p = .028$ , bootstrapped 95% CI  $[-589.98, -31.40]$ , total effect =  $-5274.18$ , proportion of total effect mediated = 8%).

**International Non-Consultants Only.** We also repeated the analyses for international non-consultants (who accepted job offers in the U.S.), though this subset was smaller (255 EAs/SEAs, 167 SAs, and 181 Whites). Results further supported our hypotheses: First, EA/SEA internationals started with significantly lower

**Table 4**

*Study 1. East/Southeast Asians Versus South Asians: Logistic Regressions Predicting Whether a Non-Consultant Negotiated (1 = Yes, 0 = No)*

Variable	Model 1	Model 2	Model 3
Intercept	-0.09 (0.09)	-1.60 (1.79)	-1.11 (2.53)
East/Southeast Asian (vs. South Asian)	-0.39** (0.15)	-0.45** (0.17)	-0.70** (0.21)
International (1 = yes, 0 = no)		-0.05 (0.16)	-0.10 (0.21)
Age		0.08* (0.03)	0.09 <sup>†</sup> (0.05)
Gender (1 = male, 0 = female)		-0.02 (0.16)	-0.15 (0.22)
Negotiation elective (1 = taken, 0 = no)		0.31* (0.16)	0.11 (0.20)
GPA		-0.12 (0.33)	-0.01 (0.42)
Other industry (industry reference group)			
Finance		-1.19*** (0.36)	-1.07* (0.50)
Manufacturing		-0.26 (0.46)	-0.41 (0.59)
Retail		-0.34 (0.45)	-0.50 (0.61)
Technology		-0.12 (0.34)	-0.24 (0.47)
GMAT/GRE Quantitative percentile			0.00 (0.01)
GMAT/GRE Verbal percentile			-0.02 <sup>†</sup> (0.01)
Year fixed effects	Yes	Yes	Yes
Akaike information criterion	1055.91	977.72	619.59
Bayesian information criterion	1065.19	1028.29	673.01
Log likelihood	-525.96	-477.86	-296.79
N	764	733	450

*Note.* GMAT = Graduate Management Admission Test; GRE = Graduate Record Examinations; GPA = grade point average. Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Because GMAT/GRE Quantitative and Verbal data were available for only 11 of the 19 class years, we added them as controls in the last model (Model 3).

<sup>†</sup>  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

non-consulting salaries than both SA internationals ( $B = -7016.93$ ,  $SE = 1960.39$ ,  $p < .001$ ) and White internationals ( $B = -7533.70$ ,  $SE = 1997.87$ ,  $p < .001$ ). Second, EA/SEA internationals (46.5%) were marginally less likely to negotiate non-consulting salaries than SA internationals (55.0%;  $B = -.34$ ,  $SE = .21$ , Wald  $z = -1.62$ ,  $p = .10$ ) and White internationals (55.6%;  $B = -.37$ ,  $SE = .20$ , Wald  $z = -1.80$ ,  $p = .07$ ). Third, negotiation (vs. not) was a marginally significant mediator for the ethnic differences in non-consulting salary: EA/SEA international versus SA international (indirect effect =  $-765.00$ ,  $p = .088$ , bootstrapped 95% CI  $[-2233.16, -38.20]$ , total effect =  $-6150.01$ , proportion of total effect mediated = 12%); EA/SEA international versus White international (indirect effect =  $-878.62$ ,  $p = .092$ , bootstrapped 95% CI  $[-1510.59, 132.48]$ , total effect =  $-9034.64$ , proportion of total effect mediated = 10%). The relatively small sample size of *international* non-consultants might explain why some of the results were only marginally significant.

Together, these results suggest that our theoretical perspective may apply to both American non-consultants and international

non-consultants, further demonstrating that EAs/SEAs are susceptible to lower non-consulting salaries because of their low negotiation propensity.

### Section 2: Analyses for Consultants

A one-way analysis of variance (ANOVA) found that, among consultants, the ethnic groups did not differ significantly in starting salary ( $F = .33$ ,  $p = .89$ ; Figure 1a right panel and Table 1). In particular, EAs/SEAs, SAs, and Whites did not differ significantly ( $F = .40$ ,  $p = .67$ ).

Among consultants, the ethnic groups did not differ significantly in negotiation propensity ( $\chi^2 = 1.25$ ,  $p = .94$ ; Figure 1b right panel). In particular, EAs/SEAs (24.2%), SAs (24.0%), and Whites (21.3%) did not differ significantly ( $\chi^2 = .89$ ,  $p = .64$ ).

Within the subset of consultants who had not negotiated, there was no significant ethnic difference in the likelihood to cite relational concerns as a reason for not negotiating consulting salaries ( $\chi^2 = 6.51$ ,  $p = .26$ ; Bayes Factor  $B_{10} < .001$ ). This is unsurprising because consistent with the well-known industry norm that consulting

**Table 5**

*Study 1. East/Southeast Asians Versus Whites: Logistic Regressions Predicting Whether a Non-Consultant Negotiated (1 = Yes, 0 = No)*

Variable	Model 1	Model 2	Model 3
Intercept	-0.09 (0.09)	-1.48 (1.28)	-1.24 (1.74)
East/Southeast Asian (vs. White)	-0.43*** (0.11)	-0.42*** (0.13)	-0.66*** (0.17)
International (1 = yes, 0 = no)		-0.02 (0.13)	0.12 (0.17)
Age		0.05* (0.02)	0.04 (0.03)
Gender (1 = male, 0 = female)		0.18 <sup>†</sup> (0.11)	0.07 (0.14)
Negotiation elective (1 = taken, 0 = no)		0.19 <sup>†</sup> (0.10)	0.06 (0.13)
GPA		0.03 (0.23)	0.07 (0.31)
Other industry (industry reference group)			
Finance		-1.24*** (0.22)	-1.22*** (0.32)
Manufacturing		-0.43 <sup>†</sup> (0.25)	-0.49 (0.34)
Retail		-0.35 (0.27)	-0.53 (0.37)
Technology		-0.34 (0.22)	-0.48 (0.31)
GMAT/GRE Quantitative percentile			0.00 (0.01)
GMAT/GRE Verbal percentile			-0.00 (0.01)
Year fixed effects	Yes	Yes	Yes
Akaike information criterion	2545.41	2288.77	1358.12
Bayesian information criterion	2556.47	2348.73	1421.92
Log likelihood	-1270.71	-1133.38	-666.06
N	1861	1722	1000

*Note.* GMAT = Graduate Management Admission Test; GRE = Graduate Record Examinations; GPA = grade point average; Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Because GMAT/GRE Quantitative and Verbal data were available for only 11 of the 19 class years, we added them as controls in the last model (Model 3).

<sup>†</sup>  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

job offers are standard and non-negotiable, the majority (89%) cited “compensation packages are ‘standard’; the norm is not to negotiate” as a reason for not negotiating consulting salaries. There was no significant ethnic difference in this “norm” explanation ( $\chi^2 = 2.56$ ,  $p = .77$ ; Bayes Factor  $B_{10} < .001$ ).

**Robustness Checks.** These null results were robust when we conducted separate analyses for (a) the subset of American consultants and (b) the subset of international consultants.

## Discussion

The 19-year MBA data set provided real-world evidence for our theoretical perspective. When we lumped EAs/SEAs and SAs together, this larger “Asian” group appeared to start with non-consulting salaries similarly high as Whites’. However, a notable gap emerged once we distinguished between the Asian subgroups: Whereas SAs started with the highest non-consulting salaries of all ethnicities, EAs/SEAs were near the bottom. Based on the regression model with full controls (Table 2 Model 3), the starting

salary gap between EA/SEA and SA non-consultants was estimated to be \$4,002/year, a sizable difference that can compound over career life. This salary gap was mediated by EAs/SEAs’ propensity to not negotiate. Among non-consultants who had not negotiated, EAs/SEAs were more likely than SAs and Whites to cite relational concerns as a reason for not negotiating.

Importantly, negotiation significantly predicted higher non-consulting salary for *each* of the three groups (EAs/SEAs, SAs, and Whites), which highlights the economic benefits of negotiation. These results suggest that EAs/SEAs also benefitted economically from negotiating.

The ethnic differences in non-consulting salary, negotiation propensity, and relational concerns applied to not only the internationals but also the Americans, demonstrating that these ethnic differences were not merely driven by English proficiency.

In further support of negotiation propensity as a mechanism, we identified industry as a boundary condition: The salary gap was not observed for consulting jobs, where MBA starting salaries are typically standard and non-negotiable.

## Study 2

Study 2 had three aims. First, we examined whether the differences in relational concerns, negotiation propensity, and salary outcomes among EAs/SEAs, SAs, and Whites would generalize to a non-MBA sample. Second, a limitation of Study 1 is that we only knew the final starting salary, but not (a) the (prenegotiation) initial offer, (b) the number of alternative offers from other organizations, or (c) the difference between the highest alternative offer and the initial offer. Study 2 addressed this limitation by directly measuring these factors, so as to account for the possibility that EAs/SEAs are less likely to negotiate because they have less bargaining power (Gerhart & Rynes, 1991). Third, Study 2 also controlled for subjective socioeconomic status (SES) as another potential determinant of negotiation propensity, because individuals who perceive themselves as having higher SES may be more likely to negotiate (Twenge & Campbell, 2002). This study was preregistered at [https://aspredicted.org/RJX\\_XYW](https://aspredicted.org/RJX_XYW).

### Sample

We recruited participants via CloudResearch (Chandler et al., 2019). Participants were eligible only if they met the following criteria: First, to minimize potential confounds, we only recruited native English speakers born in the U.S. Second, we only recruited full-time employees currently working in the U.S. Third, because our hypotheses focused on comparing EAs/SEAs, SAs, and Whites, we only recruited participants of these ethnicities. We used G\*Power to determine the sample size for a small-sized effect: 139 participants from each of the three groups were required for the study to be powered at 80%. To exceed this requirement, we aimed to recruit at least 150 participants for each group.

A total of 692 qualified employees participated in Study 2. Based on Cook's distance statistics, we excluded three outliers who (mis)reported their initial salary offers as \$3.89 million, \$1.5 million, and \$1 million, respectively. Of the remaining 689 participants (38% female;  $M_{\text{age}} = 36.2$  years,  $SD = 10.3$ ), 206 were EA/SEA, 166 SA, and 317 White. Their education backgrounds were as follows: 4% high school or less, 14% some college, 56% bachelor's degree, 26% master's degree or above.

### Industry

Because consulting firms tend to be highly selective and idiosyncratic (e.g., requiring an MBA degree), we expected that, unlike Study 1's MBA graduates, most CloudResearch subjects would not be working in consulting firms. Thus, we had preregistered that we would not test consulting industry as a boundary condition in Study 2.

The industry composition of Study 2 was 4% consulting, 16% consumer products/services, 16% education/government/nonprofit, 10% finance/accounting, 10% health care, 13% manufacturing/transportation, 21% technology/media/telecommunications, and 10% other. As preregistered, we excluded consultants (only 4% of the sample) from analyses to be conservative; results were similar when we included them.

### Measures

To mitigate self-report biases, we assured participants that their answers would be strictly anonymous and confidential. As in Study

1, we accounted for inflation and adjusted all salary-related values (the initial offer, the highest alternative offer, salary increase after negotiation) to year 2019 U.S. dollars.

### Initial Salary Offer

Participants were asked: "In which year did you start your current full-time job?" and "What was the initial annual salary offered to you by the organization?"

As specified in our preregistration, we chose to not predict a priori which of the three groups would have the highest mean (prenegotiation) initial offer because it is determined by numerous factors (e.g., company size, job location, individual aptitude). Thus, instead of initial salary offer, Study 2 focused on salary *increase* as a result of negotiation.

### Negotiated Versus Not

Next, participants were asked: "Did you negotiate after receiving the initial salary offer?" (1 = yes, 0 = no).

### Salary Increase

Participants who had negotiated were then asked: "How much did your annual salary increase because of your negotiation?" This value was set to zero for participants who had not negotiated. We predicted that EAs/SEAs would have a smaller mean salary increase than SAs and Whites because EAs/SEAs were less likely to negotiate.

### Reasons for Not Negotiating

As in Study 1, participants who had not negotiated then selected why they had not negotiated from a preset drop-down list (check all that apply): (a) "It did not occur to me to negotiate"; (b) "I did not want to damage the relationship with my organization/employer"; (c) "In this case, compensation packages are 'standard'; the norm is not to negotiate"; (d) "The market or the economy did not afford me the leverage or power to negotiate"; (e) "I was already satisfied with what was being offered to me"; (f) "There was not sufficient time to negotiate"; and (g) "I don't like to negotiate." The display order of these choices was randomized.

Based on our theory, we predicted that EAs/SEAs would be more likely than SAs and Whites to choose relational concerns (i.e., "I did not want to damage the relationship with my organization/employer") as a reason for not negotiating.

### Control Variables

First, we controlled for the (prenegotiation) initial salary offer because individuals who received lower initial offers might be more motivated to negotiate for salary increases (Gerhart & Rynes, 1991); thus, a high initial offer might *negatively* predict negotiation propensity and salary increase. On the other hand, jobs that offer lower initial salaries might be the types of jobs that are less likely to permit negotiation; if so, a high initial offer might *positively* predict negotiation propensity and salary increase.

Second, we controlled for the number of alternative offers from other organizations; results were robust when we used a binary

variable indicating whether an individual had any alternative offers (1 = yes, 0 = no).

Third, we controlled for the difference between the highest alternative offer and the initial offer (henceforth “the highest alternative offer *difference*”). Following Gerhart and Rynes (1991), “in cases where there were no alternative offers, the value of the highest alternative offer was set equal to the initial salary offer” (p. 258); that is, when there was no alternative offer, the highest alternative offer difference was set to zero.

Controlling for these three potential determinants of negotiation propensity accounts for the possibility that EAs/SEAs were less likely than SAs and Whites to negotiate because EAs/SEAs had less bargaining power.

Fourth, we controlled for subjective SES as another potential determinant of negotiation propensity. We measured subjective SES with the widely used “ladder question” (Adler et al., 2000), which featured a drawing of a ten-rung ladder representing all of the people in the United States and asked participants to place themselves on the ladder in terms of SES (1 = lowest SES, 10 = highest SES).

Fifth, we controlled for job industry fixed effects because EAs/SEAs, SAs, and Whites might have different industry preferences, which might correlate with salaries.

Finally, we controlled for age, gender, and education level (1 = high school or less, 2 = some college, 3 = bachelor’s degree, 4 = master’s degree or above).

## Results

Descriptive statistics and bivariate correlations are displayed in Table S3. All regressions used heteroskedasticity-robust standard errors. The regression results presented below accounted for the controls; all results were robust without the controls.

### *EAs/SEAs Were Less Likely to Negotiate Starting Salaries*

Consistent with Hypothesis 2, EAs/SEAs (18.5%) were significantly less likely to negotiate starting salaries than both SAs (37.0%; Table 6) and Whites (26.1%; Table 7) in logistic regressions. By contrast, SAs and Whites did not differ significantly in negotiation propensity ( $B = .21$ ,  $SE = .27$ , Wald  $z = .80$ ,  $p = .42$ ).

### *Negotiation Predicted Salary Increase*

In a linear regression with the controls, negotiation predicted a significant increase in starting salary ( $B = 4060.71$ ,  $SE = 366.46$ ,  $p < .001$ ). That is, employees who negotiated increased their starting salaries by an average of \$4,060.71.

Importantly, negotiation predicted a significant increase in starting salary for *each* of the three groups: EAs/SEAs ( $B = 3214.84$ ,  $SE = 418.21$ ,  $p < .001$ ), SAs ( $B = 4533.96$ ,  $SE = 1178.29$ ,  $p < .001$ ), Whites ( $B = 4320.93$ ,  $SE = 436.25$ ,  $p < .001$ ). In other words, EAs/SEAs also benefited economically from negotiating.

### *EAs/SEAs Had Lower Salary Increase*

As discussed above, we chose to not predict a priori which of the three groups would have the highest mean (prenegotiation) initial offer because it is determined by numerous factors. In Study 2’s

sample, EAs/SEAs, SAs, and Whites happened to not differ significantly in the initial salary offer (one-way ANOVA:  $F = .88$ ,  $p = .41$ ).

More importantly, mean salary increase was significantly lower for EAs/SEAs than for SAs (Table 8 Model 2:  $B = -1559.99$ ,  $SE = 591.76$ ,  $p < .01$ ) and Whites (Table 9 Model 2:  $B = -764.07$ ,  $SE = 271.31$ ,  $p < .01$ ). By contrast, SAs and Whites did not differ significantly in mean salary increase ( $B = 382.99$ ,  $SE = 534.94$ ,  $p = .47$ ).

The final starting salary is the sum of the initial salary offer and salary increase. Thus, once we included the same controls, the ethnic differences in the final starting salary were of the same magnitude as the ethnic differences in salary increase: EAs/SEAs were significantly lower than SAs ( $B = -1559.99$ ,  $SE = 591.76$ ,  $p < .01$ ) and Whites ( $B = -764.07$ ,  $SE = 271.31$ ,  $p < .01$ ).

### *Mediation Analyses (With Controls)*

Consistent with Hypothesis 3, negotiation (vs. not) mediated the effect of ethnicity on salary increase (EA/SEA vs. SA: indirect effect =  $-614.41$ ,  $p < .01$ , bootstrapped 95% CI [ $-1118.08$ ,  $-115.47$ ]; EA/SEA vs. White: indirect effect =  $-284.86$ ,  $p < .05$ , bootstrapped 95% CI [ $-638.77$ ,  $-23.32$ ]).

### *EAs/SEAs Had Higher Relational Concerns*

Among the individuals who had *not* negotiated, EAs/SEAs (22%) were (marginally) more likely to cite relational concerns (“I did not want to damage the relationship”) as a reason for not negotiating than both SAs (13%;  $\chi^2 = 3.00$ ,  $p = .08$ ) and Whites (13%;  $\chi^2 = 5.92$ ,  $p < .05$ ).

EAs/SEAs, SAs, and Whites did not differ significantly in any of the other reasons for not negotiating (all  $ps > .15$ ); these nonsignificant results were corroborated by Bayesian chi-square tests (all Bayes Factors  $B_{10} < .001$ , thus strong evidence for the null).

As in Study 1, we were unable to test a serial mediation model (EAs/SEAs → higher relational concerns → lower propensity to negotiate → lower salary increase) because only individuals who had not negotiated answered the question about why they had not negotiated (i.e., individuals who had negotiated did not answer this question).

### *Additional Analyses*

Consistent with Gerhart and Rynes’s (1991) findings, negotiation propensity was positively predicted by the number of alternative offers ( $B = .39$ ,  $SE = .07$ , Wald  $z = 5.23$ ,  $p < .001$ ) and positively predicted by the highest alternative offer difference ( $B = .12$ ,  $SE = .05$ , Wald  $z = 2.40$ ,  $p < .05$ )<sup>3</sup> in logistic regressions with controls.

## Discussion

By examining a non-MBA sample of American employees who are native English speakers, Study 2 provided further support for our theoretical perspective. Compared to SAs and Whites, EAs/SEAs had lower salary increases and thus lower final starting salaries because they were less likely to negotiate. Among individuals who

<sup>3</sup> Following Gerhart and Rynes (1991) Table 1, we multiplied the unstandardized coefficient and standard error for “the highest alternative offer difference” by 10,000.

**Table 6**

*Study 2. East/Southeast Asian Americans Versus South Asian Americans: Logistic Regressions Predicting Whether a Non-Consultant Negotiated Starting Salary (1 = Yes, 0 = No)*

Variable	Model 1	Model 2
Intercept	-1.97*** (0.26)	-1.69 (1.04)
East/Southeast Asian (vs. South Asian)	-0.77** (0.27)	-0.69* (0.29)
Initial salary offer (\$10,000)	0.06* (0.03)	0.04 (0.03)
Number of alternative offers	0.23* (0.09)	0.23* (0.09)
Highest alternative offer difference (\$10,000)	0.10 (0.07)	0.10 (0.08)
Age		-0.02 (0.02)
Gender (1 = male, 0 = female)		0.12 (0.28)
Education		0.12 (0.23)
Subjective socioeconomic status		0.12 <sup>†</sup> (0.08)
Other industry (industry reference group)		
Consumer products/Services		-0.96 <sup>†</sup> (0.56)
Education/Government/Nonprofit		-1.48* (0.58)
Finance/Accounting		-0.57 (0.52)
Health care		-0.81 (0.56)
Manufacturing/Transportation		-0.36 (0.51)
Technology/Telecommunications/Media		-0.72 (0.46)
Akaike information criterion	393.17	399.99
Bayesian information criterion	412.51	458.03
Log likelihood	-191.58	-184.99
N	354	354

Note. Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Highest alternative offer difference = the highest alternative salary offer – the initial salary offer. <sup>†</sup>  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

had not negotiated, EAs/SEAs were more likely to cite relational concerns as a reason for not negotiating. Consistent with Study 1's results, negotiation significantly predicted higher non-consulting salary for each of the three groups (EAs/SEAs, SAs, and Whites), suggesting that EAs/SEAs also benefitted economically from negotiating.

As discussed earlier, a methodological strength of Study 1 is that we were able to analyze MBAs graduating from the same program, such that many unobserved characteristics were implicitly accounted for. In comparison, a limitation of Study 2 is that there might be nonequivalence in unobserved characteristics (e.g., labor market factors) among the EA/SEA, SA, and White employees in the non-MBA sample.

### General Discussion

The two complementary studies supported our theoretical perspective. By analyzing a large data set of MBA students who

**Table 7**

*Study 2. East/Southeast Asian Americans Versus White Americans: Logistic Regressions Predicting Whether a Non-Consultant Negotiated Starting Salary (1 = Yes, 0 = No)*

Variable	Model 1	Model 2
Intercept	-2.99*** (0.31)	-3.46*** (0.82)
East/Southeast Asian (vs. White)	-0.54* (0.24)	-0.60* (0.26)
Initial salary offer (\$10,000)	0.20*** (0.03)	0.16*** (0.04)
Number of alternative offers	0.53*** (0.10)	0.56*** (0.12)
Highest alternative offer difference (\$10,000)	0.13 (0.10)	0.15 (0.10)
Age		0.01 (0.01)
Gender (1 = male, 0 = female)		-0.18 (0.25)
Education		0.25 (0.18)
Subjective socioeconomic status		0.06 (0.08)
Other industry (industry reference group)		
Consumer products/Services		-0.44 (0.43)
Education/Government/Nonprofit		-1.33** (0.46)
Finance/Accounting		-1.32* (0.51)
Health care		-0.85 <sup>†</sup> (0.49)
Manufacturing/Transportation		-0.48 (0.46)
Technology/Telecommunications/Media		-0.06 (0.39)
Akaike information criterion	480.15	481.59
Bayesian information criterion	501.29	545.02
Log likelihood	-235.07	-225.80
N	507	507

Note. Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Highest alternative offer difference = the highest alternative salary offer – the initial salary offer. <sup>†</sup>  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

accepted full-time job offers in the U.S., Study 1 found that EAs/SEAs started with lower non-consulting salaries than SAs and Whites. This salary gap was mediated by EAs/SEAs' propensity to not negotiate. Among individuals who had not negotiated, EAs/SEAs were more likely to cite relational concerns as a reason for not negotiating. In further support of negotiation propensity as a mechanism, the salary gap was not observed for consulting jobs, where MBA starting salaries are typically standard and non-negotiable. These results were robust after we controlled for potential confounds such as American/international status, English proficiency, academic performance, and negotiation class enrollment. Importantly, these ethnic differences existed not only among EA/SEA, SA, and White *internationals*, but also among EA/SEA, SA, and White *Americans*. Study 2 not only replicated these findings in a non-MBA sample of American employees, but also accounted for additional determinants of an individual's negotiation propensity: the (pre-negotiation) initial offer, the number of alternative offers from other

**Table 8**

*Study 2. East/Southeast Asian Americans Versus South Asian Americans: Linear Regressions Predicting Salary Increase (in Year 2019 Dollars)*

Variable	Model 1	Model 2
Intercept	-1725.05*** (504.05)	-649.98 (2035.51)
East/Southeast Asian (vs. South Asian)	-1345.73* (555.31)	-1559.99** (591.76)
Initial salary offer	0.04*** (0.01)	0.05*** (0.01)
Number of alternative offers	136.00 (200.85)	155.44 (205.46)
Highest alternative offer difference	0.05*** (0.01)	0.05*** (0.01)
Age		51.66 (32.05)
Gender (1 = male, 0 = female)		-252.76 (545.31)
Education		-699.39 (441.00)
Subjective socioeconomic status		-77.85 (153.94)
Other industry (industry reference group)		
Consumer products/Services		-268.61 (1120.63)
Education/Government/Nonprofit		-350.38 (1075.30)
Finance/Accounting		-775.76 (1115.61)
Health care		20.43 (1140.31)
Manufacturing/Transportation		497.20 (1109.55)
Technology/Telecommunications/Media		-704.32 (986.24)
$R^2$	0.12	0.14
Adj. $R^2$	0.11	0.11
$N$	354	354

*Note.* Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Highest alternative offer difference = the highest alternative salary offer – the initial salary offer. †  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

organizations, the difference between the highest alternative offer and the initial offer, and subjective SES. Together, these results suggest that EAs/SEAs—but not SAs—are susceptible to lower starting salaries because of their lower negotiation propensity.

### Theoretical Contributions

The present research offers important theoretical contributions. First, we contribute to the literature on pay disparity by uncovering ethnic differences in *starting* salary. Compared to other ethnic minorities, Asians remain understudied partly because they are perceived as the “model minority” in the U.S. We challenge this rosy perception by revealing that EAs and SEAs may actually have lower *starting* salaries. When people think of pay disparity in the U.S., Asians are often the last to come to mind, as they have the highest *average* salary in American society. However, their prosperity is largely a function of their high educational attainment

**Table 9**

*Study 2. East/Southeast Asian Americans Versus White Americans: Linear Regressions Predicting Salary Increase (in Year 2019 Dollars)*

Variable	Model 1	Model 2
Intercept	-1762.92*** (285.20)	-575.08 (856.16)
East/Southeast Asian (vs. White)	-860.74*** (259.97)	-764.07** (271.31)
Initial salary offer	0.04*** (0.00)	0.04*** (0.00)
Number of alternative offers	295.87** (109.21)	328.66** (111.51)
Highest alternative offer difference	0.12*** (0.01)	0.13*** (0.01)
Age		7.34 (12.87)
Gender (1 = male, 0 = female)		-55.28 (267.18)
Education		-307.88 (185.39)
Subjective socioeconomic status		-16.27 (81.97)
Other industry (industry reference group)		
Consumer products/Services		-330.13 (478.31)
Education/Government/Nonprofit		-481.15 (471.69)
Finance/Accounting		-904.91† (527.69)
Health care		-766.40 (527.34)
Manufacturing/Transportation		-1087.36* (523.07)
Technology/Telecommunications/Media		162.28 (463.66)
$R^2$	0.32	0.34
Adj. $R^2$	0.31	0.32
$N$	507	507

*Note.* Unstandardized regression coefficients are displayed, with heteroskedasticity-robust standard errors in parentheses. Highest alternative offer difference = the highest alternative salary offer – the initial salary offer. †  $p < .10$ . \*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

(U.S. Census Bureau, 2021). Our research suggests that once factors like education have been accounted for (e.g., when comparing MBA graduates from the same business school), EAs/SEAs’ relative disadvantage in starting salary may surface.

Second, we contribute to cross-cultural management research by moving beyond the predominant West-versus-East paradigm (Gelfand & Denison, 2020). Whereas past research has mostly contrasted Westerners with Asians (Chen et al., 2009; Friedman et al., 2006; Lu et al., 2019; Markus & Kitayama, 1991), our research highlights the importance of examining the differences *within* the “Asian” umbrella. Drawing on the contrast between face and honor cultures (Leung & Cohen, 2011), we reveal important differences between ethnic EAs/SEAs and SAs. As our research showed, when lumped together as a single group, Asians appeared to start with non-consulting salaries similarly high as Whites’, which could reinforce the perception that Asians are “doing just fine.” However, a striking salary gap emerged once we distinguished between EAs/SEAs and SAs: The “Bamboo Ceiling” in starting salary is an issue of cultural

incongruence in negotiation propensity unique to EAs/SEAs. Where possible, future studies involving Asians should theoretically and empirically distinguish between the Asian subgroups (e.g., when collecting demographic information).

Third, we contribute to the negotiation literature. Whereas past research has mostly examined gender differences in negotiation propensity (Babcock & Laschever, 2003; Kugler et al., 2018), the current research is among the first to explore the role of culture in negotiation propensity. In doing so, we advance research on the determinants of negotiation propensity (Reif & Brodbeck, 2014). Consistent with our theorization about face versus honor culture, we provide suggestive evidence that cultural differences in relational concerns explain why EAs and SEAs are less likely to negotiate starting salaries than SAs and Whites. By leveraging a unique 19-year data set of MBAs, we also identified industry negotiation norm as a novel determinant of negotiation propensity, such that ethnic differences in negotiation propensity were not observed in consulting jobs. Furthermore, we augment the negotiation literature by providing real-world evidence that negotiation significantly predicted higher salary for *each* of the ethnic groups—including EAs/SEAs—which highlights the economic benefits of negotiation.

### Methodological Strengths

Our research features notable methodological strengths. First, the two complementary studies (across both MBA and non-MBA samples) provide converging evidence for our theoretical perspective. Second, both studies have high ecological validity because they examined salary negotiations of actual full-time employees (instead of negotiation simulations in the laboratory). To our knowledge, Study 1 is the largest investigation to date of MBA salary negotiations and outcomes. This empirical contribution is important because MBA students' negotiation propensity and outcomes remain understudied even though the MBA is the most common postgraduate degree in the U.S. (Poets & Quants, 2014). Third, our studies accounted for a large set of personal and structural confounds (e.g., American/international status, English proficiency, academic performance, negotiation class enrollment, the initial offer, the number of alternative offers, the highest alternative offer). Together, these methodological strengths underscore the reliability of our findings.

### Practical Implications

This research offers meaningful practical implications for society, organizations, and individuals.

### Implications for Society

To foster inclusiveness, we need to understand the different challenges experienced by different ethnic groups in American society. Because Asians are commonly viewed as the “model minority,” their challenges have received limited attention. Rather than assuming that Asians are always successful, we should be cognizant of EAs/SEAs' potential “Bamboo Ceiling” in starting salary. Three factors might have contributed to the prior neglect of this phenomenon. First, people (including EAs/SEAs themselves) might have overlooked EAs/SEAs' challenge in starting salary precisely because Asians have the highest average income in

American society (U.S. Census Bureau, 2020). Second, most governmental and organizational statistics lump all Asians together as one group, which can obscure meaningful differences among the Asian subgroups. Third, job salaries are usually private. Because it is taboo in the U.S. to discuss personal salaries, it is difficult to notice the potential challenge for EAs/SEAs in starting salary.

### Implications for Organizations

EAs/SEAs may experience further economic challenges if they enter a company with lower salaries than they might have earned through negotiation, because job salary is usually the basis for future salary increases and other types of compensation (e.g., pensions; Gerhart, 1990; Gerhart & Rynes, 1991). Moreover, job salary may be used as a cue for employee competence and experience. For example, if a new manager joins a company, the manager may naturally assume that employees with higher salaries are more competent, qualified, and experienced. Consequently, this manager may allocate more responsibilities and opportunities to these employees. Similarly, EAs/SEAs may be disadvantaged when applying for new jobs that inquire about their salary history (where this practice is not prohibited), because new employers can afford to pay them less than they deserve. In other words, the initial gap in starting salary could be the beginning of a vicious cycle.

### Implications for Individuals

Because Asians tend to have high educational achievements and professional qualifications, it may be comparatively easy for them to secure a job in American society. Consequently, EAs/SEAs may be oblivious to the possibility that they are starting with lower salaries than they could have. Our research suggests that EAs/SEAs need to beware of their potential challenge in starting salary. In Study 1, the starting salary gap between EA/SEA and SA non-consultants was as high as \$4,002/year, a large difference that can compound over career life (Gerhart & Rynes, 1991). To take a simplified example (without considering inflation), if an EA/SEA started at \$125,000 whereas a SA started at \$129,000 upon MBA graduation, a 3% annual salary increase would result in a cumulative difference of about \$240,000 over a 35-year career. Therefore, EAs/SEAs may benefit from assertiveness training that empowers them to speak up about their interests when appropriate (Lu et al., 2020, 2022).

### Limitations and Future Directions

Our studies have several limitations which provide opportunities for future research. First, while the present research has centered on the *economic* outcomes of salary negotiation, future research should also examine *social* outcomes. The gender literature has found that although women can receive better economic outcomes when they negotiate, they often face a social backlash for being “too assertive” (Amanatullah & Morris, 2010; Amanatullah & Tinsley, 2013; Kray & Thompson, 2004; Tinsley et al., 2009; Wallen et al., 2017). In a similar vein, although EAs/SEAs may receive higher starting salaries when they negotiate, they may face a social backlash from their prospective employers (Berdahl & Min, 2012; Hernandez et al., 2019). If so, future studies could draw on the gender literature (Bear & Babcock, 2017; Bowles & Babcock, 2013) to explore

strategies that help EAs/SEAs avoid this social backlash. For example, Bowles and Babcock (2013) found that when women explained why a compensation request is legitimate in relational terms, both their social and economic outcomes improved.

Second, while our research focuses on negotiation propensity as the mediator, other mechanisms may also be at work. For example, whether the individual has a strong social tie to the organization could contribute to the observed ethnic differences in starting salary (Seidel et al., 2000). Moreover, our studies were unable to capture *recruiters'* attitudes and behaviors, which may also play an important role in salary negotiations. Such questions await future research.

Third, while our theoretical perspective builds on past theories and findings on ethnocultural differences in assertiveness (Chavez, 2021; Lu et al., 2020, 2022), we cannot be certain that the observed differences in our studies were definitely because of cultural differences among EAs/SEAs, SAs, and Whites, as we cannot experimentally manipulate a person's ethnic culture. To mitigate this issue, we directly measured relational concerns and negotiation propensity, and found that both international and American EAs/SEAs were higher in relational concerns and lower in non-consulting negotiation propensity than other ethnic groups. While these results provide suggestive evidence for the influence of ethnic culture, future research should use standardized measures to directly assess cultural values.

Fourth, it is noteworthy that salary negotiation represents a *long-term* relationship context. Our studies demonstrate that EAs and SEAs are less likely than other ethnicities to negotiate starting salaries partly because they are more concerned that negotiating with future employers would damage the relationship. However, EAs and SEAs may be equally or more likely to negotiate in *short-term* relationship contexts because of cultural norms (Lee, 2000). Whereas retail prices are typically preset by sellers and thus non-negotiable in Western cultures, it is normative in some EA and SEA cultures to negotiate in certain retail contexts, such as shopping at farmers markets and tourist attractions (Wall Street Journal, 2007). Future studies could explore cultural differences in such one-shot negotiations.

## Conclusion

Whereas Asians are commonly believed to be economically successful in the U.S., the present research reveals a more complex reality underneath Asian prosperity. Our field studies revealed that East and Southeast Asians started with lower salaries than South Asians and Whites in non-consulting jobs, partly because East and Southeast Asians were less likely to negotiate. That is, East and Southeast Asians are susceptible to lower starting salaries partly because they "don't ask."

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