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Reddit CEO Ellen Pao, feminist hero, eliminates salary negotiations for new employees



IMAGE: ERIC RISBERG/ASSOCIATED PRESS

BY SETH FIEGERMAN 6 HOURS AGO

Ellen Pao, the interim CEO of Reddit, has seen women struggle with salary negotiations. So she's eliminating money talk from the company's hiring process.

In her first interview since <u>losing</u> the landmark Silicon Valley trial, Pao <u>told The Wall Street Journal</u> that she has eliminated salary negotiations from the hiring process at Reddit, where she currently serves as interim CEO.

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The reason, according to Pao, is that women often can't win salary talks.

" Men negotiate harder than women do and sometimes women get penalized when they do negotiate. So as part of our recruiting process, we don't negotiate with candidates," Pao said in the interview. "We come up with an offer that we think is fair. If you want more equity, we'll let you swap a little bit of your cash salary for equity, but we aren't going to reward people who are better negotiators with more compensation."

Study after study in recent years backs up Pao's assertion. In 2007, one group of researchers <u>found</u> that women are less likely than men to negotiate salaries; another <u>study</u> that same year found women were more likely to be penalized for starting negotiations than men.

"The research evidence is overwhelming that men tend to negotiate more aggressively than women," says Adam Grant, a professor at Wharton who has partnered with Facebook COO Sheryl Sandberg on her Lean In campaign to help women in the workplace. "The data are also clear that when women negotiate assertively, they are often penalized for violating communal gender stereotypes."

"In light of this catch-22," he added, "I think eliminating salary negotiations may be a promising step toward greater fairness in the workplace."

Not everyone is a fan of the idea.

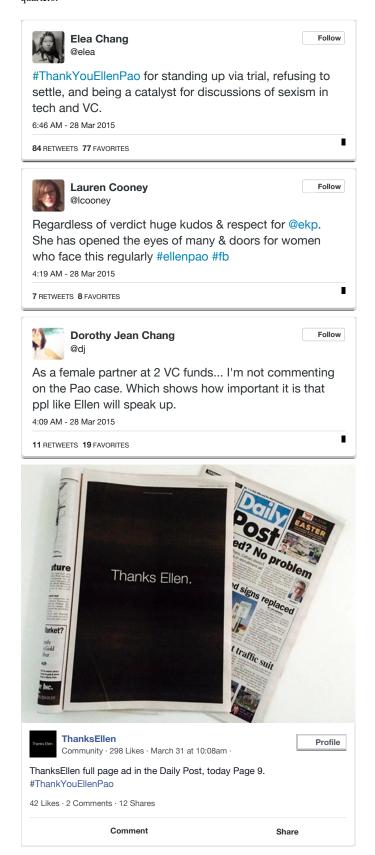
"I think this is a bad move. It's true that women don't fare as well in salary negotiations, but the fact is, they don't fare as well with compensation generally as men, and this won't solve the age-old problem of unconscious bias," says Alexandra Levit, who writes frequently on workplace issues and is the author of *Blind Spots*.

Even those who generally support the policy say it could carry unintended negative consequences. Matthew Bidwell, a Wharton professor, says a firm ban on salary negotiations could make it harder for Reddit to poach employees. Grant adds that it could "frustrate" certain employees who feel a "lack of opportunity to exercise influence over their own salaries."

Under Pao's leadership, Reddit has also begun asking candidates to talk about their thoughts on diversity. Pao told *The Journal* that Reddit "did weed people out" based on their answers.

In 2012, Pao sued Kleiner Perkins, the well-known venture capital firm where she worked as a junior investment partner, alleging that she was not promoted because of her gender and that she was ultimately retaliated against for speaking up about the issue prior to filing the lawsuit. Nearly three years later, her case made it to court, shocking many industry watchers.

Last week, Pao ultimately lost her case on all counts, but not before the case aired some of Silicon Valley's dirty laundry and reignited a conversation around gender discrimination issues. She has since been lauded as a feminist icon in some quarters



Reddit hired Pao to oversee its strategic partnerships in 2013, one year after she first filed her lawsuit against Kleiner Perkins. She was named interim CEO of Reddit last November after her predecessor, Yishan Wong, resigned abruptly from the role citing a disagreement with the company's board over office space.

Reps for Reddit did not immediately respond to our request for comment.

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