
Exploring Employee Attitudes on Fairness of Idiosyncratic Deals

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Abstract: Research on idiosyncratic deals (i-deals) studies non-standard work arrangements negotiated between individual employees and employer agents, such as supervisors or HR managers. I-deals manifest in customized work tasks, learning and development opportunities, personalized work schedules or workload adjustments. Unlike dysfunctional preferential treatment of favouritism or cronyism, i-deals are based on procedural justice and promise benefits for both workers and organizations. Extending previous research, which has focused on the negotiating individuals, we investigate employee attitudes regarding the fairness of i-deals as a management practice. Surprisingly, social acceptance and legitimacy of i-deals have not been examined before. We report survey data of N=102 employed persons, analysed using pairwise t-tests and multiple regressions. Corresponding to our theorizing, developmental i-deals were generally perceived as fairer than those on working time flexibility. Overall, i-deals were deemed fairer when distributive justice in the current employment was low and personalized arrangements were common. A significant interaction indicated that fairness was evaluated particularly positive when both commonness of i-deals and procedural justice were high. Separate analyses produced weaker results for development i-deals and additional predictors for fairness of flexibility i-deals, specifically, a positive effect of procedural justice and a negative interaction of own negotiation and procedural justice. This study provides first results on employee attitudes regarding the fairness of i-deals. Findings are discussed with reference to study limitations and implications for research and management practice.

Keywords: *Idiosyncratic deals, fairness, organizational justice, development, flexibility.*

Introduction

Widespread transitioning from standardized and stable to more heterogeneous and flexible employment is a double-edged sword for workers. Organizational flexibility often translates into job insecurity and work intensification, yet “informalization” and “destandardization” also broaden opportunities to align employment with personal and professional interests and goals (Burchell et al., 2002; Höge & Hornung, 2015). Research on idiosyncratic deals (i-deals) has focused on these positive aspects, postulating that employees increasingly bargain for themselves to improve their work experience (Liao et al., 2016; Rousseau, 2001). Related to proactive behaviour, i-deals refer to non-standard work and employment conditions, negotiated between individual employees and employer agents, typically supervisors or HR managers. I-deals provide personally valued resources, such as special opportunities for learning, personalized job content, customized work schedules, or workload adjustments. In contrast to dysfunctional preferential treatment, such as favouritism or cronyism, i-deals are

assumed to benefit both employee and employer, implementing principles of procedural justice by taking into account the personal circumstances, individual needs, and broader contributions of workers (Rousseau et al., 2006). Research has established relationships of i-deals with increased work motivation, job engagement, and affective commitment, as well as decreased work stress and strain (Liao et al., 2016). Focusing on the negotiating employee, however, most studies have neglected the perspective of co-workers. The present article makes a novel contribution by investigating generalized employee attitudes regarding the fairness of i-deals. Surprisingly, the social acceptance of i-deals, advocated as an innovative HR instrument, has not been examined. We expected that fairness perceptions are influenced by a) the resources exchanged; b) organizational justice; and c) personal experiences with i-deals.

Fairness of I-deals

Employee attitudes regarding the legitimacy and fairness of i-deals in general have not been investigated before. Whereas most research has focused on antecedents and consequences at the individual level, Lai et al. (2009) have examined fairness perceptions regarding the specific i-deals of peers. Subjective fairness increased when the employment relationship and the interpersonal relationship with the recipient had a positive quality and employees believed that similar arrangements would also be available for themselves in comparable situations. This highlights the importance of positive work relationships and procedural justice. However, i-deals may also create tensions and aggravate inequalities among employees (Hornung et al., 2011). Studying employee perceptions on the fairness of i-deals allow inferences on whether, in practice, such arrangements live up to their positive conceptualization.

Negotiated Resources

Previous research has drawn on theories of resource exchange to explain differential effects of i-deals, depending on their content and negotiation timing (Rousseau et al., 2006). Resources negotiated through i-deals have been described along the dimensions of concrete and universal versus abstract and particular. I-deals, it has been argued, are most suitable for abstract and intangible resources carrying particular value and meaning to the negotiating employee, such as work activities and personal development. I-deals on concrete and universally valued aspects, such as pay or working hours, are more problematic, as they may deprive others of “fixed-pie” resources. In a study by Rousseau et al. (2009), i-deals on paid work hours contributed to a narrower framing of employment as economic exchange, whereas development i-deals related to social exchange. This study adopts the distinction between development i-deals, comprising personalized work tasks as well as customized opportunities for learning and professional advancement, and flexibility i-deals, customizing temporal aspects of work hours (Hornung et al., 2011). Resources obtained through development i-deals are regarded as more abstract and particular (e.g., depending on personal interests), whereas i-deals on work hours affect the more concrete and universal aspects of employment as an economic exchange (e.g., time input and take-home pay). Hence, fairness perceptions likely vary depending on i-deal content. Specifically, we hypothesized that development i-deals will generally be perceived as fairer than flexibility i-deals (H1).

Organizational Justice

Fairness of i-deals is embedded in broader beliefs in organizational justice. The most salient reference, we focused on the present employment, distinguishing between distributive and procedural justice (Colquitt, 2001). Distributive justice refers to the appraisal of work outcomes (e.g., pay, benefits, and status) relative to inputs (e.g., time, effort, and skills) and

comparison groups (e.g., co-workers or other organizations). Procedural justice emphasizes transparent, consistent, considered, and unbiased processes to determine outcomes. Distributive justice relates to the more narrow and calculative logic of economic exchange. Considering specific situations, needs, and relationships of involved parties, procedural justice characterizes social exchange. Whereas standardization in HR practices is geared towards distributive justice (e.g., same pay for similar work), i-deals capitalize on procedural justice. Procedural justice thus should facilitate positive attitudes on i-deals, connected to higher trust and expectations of fair treatment. The relationship between distributive justice and i-deals is more complex. Seeking out personalized arrangements can be a response to offset imbalances, improving or restoring negative distributive justice appraisals. Under conditions of low distributive justice, when individual inputs and outcomes are only loosely connected, personalized arrangements may be more legitimate than when the allocation of resources is balanced. Thus, converse influences of procedural and distributive justice were hypothesized, such that procedural justice will relate positively (H2a) and distributive justice negatively (H2b) to perceived fairness of i-deals.

Personal Experience

Assuming that i-deals are a functional practice, personal experience with such non-standard arrangements should positively influence attitudes regarding their fairness in general (Rousseau, 2001). Personal experience comprised: a) own negotiation of ideals; and b) commonness of i-deals in the present organization. Having successfully negotiated i-deals was expected to positively influence fairness perceptions. Legitimate i-deals are not exceptional arrangements, granted only to few “star” employees, but convey procedural justice through consideration, consistency, transparency, and predictability. Thus, i-deals have been advocated as an additional layer of employee-oriented flexibility in HR practices. The third hypothesis, therefore, posits that own negotiation of i-deals (H3a) and commonness of i-deals (H3b) in the present organization will relate positively to perceived fairness of i-deals.

Interactive Effects

The impact of personal experience with i-deals on beliefs regarding their fairness is likely not independent from broader evaluations of organizational justice. As an additional research question, we explored interactive effects of procedural and distributive justice in conjunction with own negotiation and commonness of i-deals on fairness beliefs.

Methods

Sample

Using personal contacts and snowball sampling, N=102 employed persons from Austria, Germany, and Switzerland participated in an online survey; 55 (53.9%) were women; mean age was $M=33.53$ ($SD=10.89$) and organizational tenure $M=6.66$ years ($SD=8.32$); contractual weekly working hours averaged $M=34.66$ ($SD = 9.46$); 61 (59.8%) held a college or university degree and 18 (17.6%) a management position; 74 (72.5%) worked in the service sector; 48 (47.1%) in large, 15 (14.7%) in medium-sized, 26 (25.5%) in small, and 13 (12.7%) in micro-sized organizations. Occupations included engineers, technicians, clerks, consultants, healthcare workers, line-managers and frontline employees in production, services, and sales.

Measures

Organizational Justice

Based on Colquitt (2001), we used four items on procedural (e.g., “To what extent were you allowed to show your viewpoints and perceptions during the last performance evaluation with your superior?”; $\alpha=.86$); and four on distributive justice (e.g., “How adequate are your rewards and all your other incentives related to the effort you’ve put into your work?”; $\alpha=.95$). Response format was a 5-point-scale (1=not at all; 5=entirely).

Negotiation of I-deals

Based on previous research (Hornung et al., 2011; Rousseau et al., 2009), respondents were instructed to indicate whether they had “asked for and successfully negotiated” personalized work arrangements in their present employment (6-point-scale: 1=not at all; 6=to a very great extent). Four items referred to development i-deals (e.g., “work tasks corresponding with individual strengths and talents”; development opportunities corresponding with personal career goals”; $\alpha=.83$); another four items captured flexibility i-deals (e.g., “personal flexibility in starting and ending the workday”; “an individually customized working time arrangement”; $\alpha=.76$). Internal consistency of the composite scale was $\alpha=.82$.

Commonness of I-deals

Respondents were asked how common personalized agreements are in their present organization (6-point-scale: 1=never happens; 6=very common). Included were the same eight items as in i-deals negotiation (development: $\alpha=.86$; flexibility: $\alpha=.70$; composite: $\alpha=.83$).

Fairness of I-deals

Participants were instructed to indicate their personal opinion regarding the fairness of the i-deals described in the eight items in the measures above (5-point-scale: 1=completely unfair; 5=completely fair; development: $\alpha=.90$; flexibility: $\alpha=.84$; composite: $\alpha=.90$).

Control Variables

Age was reported in years; dichotomous items assessed gender (0=male, 1=female) and position (0=rank-and-file; 1=management).

Results

Exploratory factor analyses established the distinctness of scales and subscales. Pairwise t-tests indicated that procedural ($M=3.88$; $SD=0.91$) was rated higher than distributive justice ($M=3.34$; $SD=1.05$; $t(101)=5.02$; $p<.01$). Development i-deals were more prevalent among participants ($M=3.63$; $SD=1.24$) and regarded as more common ($M=3.41$; $SD=1.03$), compared to flexibility i-deals ($M=2.99$; $SD=1.36$ and $M=3.12$; $SD=0.96$; $t(101)=4.79$; $p<.01$ and $t(101)=2.93$; $p<.01$). Confirming H1, development i-deals ($M=4.13$; $SD=0.72$) were perceived as more fair than flexibility i-deals ($M=3.90$; $SD=0.77$; $t(101)=3.64$; $p<.01$).

Hypotheses 2 and 3 involved stepwise multiple regressions with fairness of i-deals as the dependent variable. Control variables, gender, age, and position, were entered in the first step, followed by predictor variables, procedural and distributive justice and negotiation and commonness of i-deals. The last step included four interaction terms, combining dimensions of justice and i-deals. Regressions were initially run with composite i-deals scales, aggregating development and flexibility (Model 1), and repeated with indicators of either only development (Model 2) or flexibility (Model 3). Results are shown in Table 1. Challenging H2a, procedural justice was unrelated to i-deal fairness ($\beta=.17$, ns); confirming

H2b, distributive justice had a negative effect ($\beta=-.31$, $p<.01$). Partially supporting H3, commonness of i-deals in the organization ($\beta=.46$, $p<.01$), but not own negotiation ($\beta=-.11$, ns), predicted fairness. One significant interaction was found, such that fairness evaluations were especially positive when both commonness of i-deals and procedural justice were high ($\beta=.34$, $p<.05$). Figure 1 depicts this result as an accentuating moderation of the positive relationship between commonness and fairness of i-deals by procedural justice.

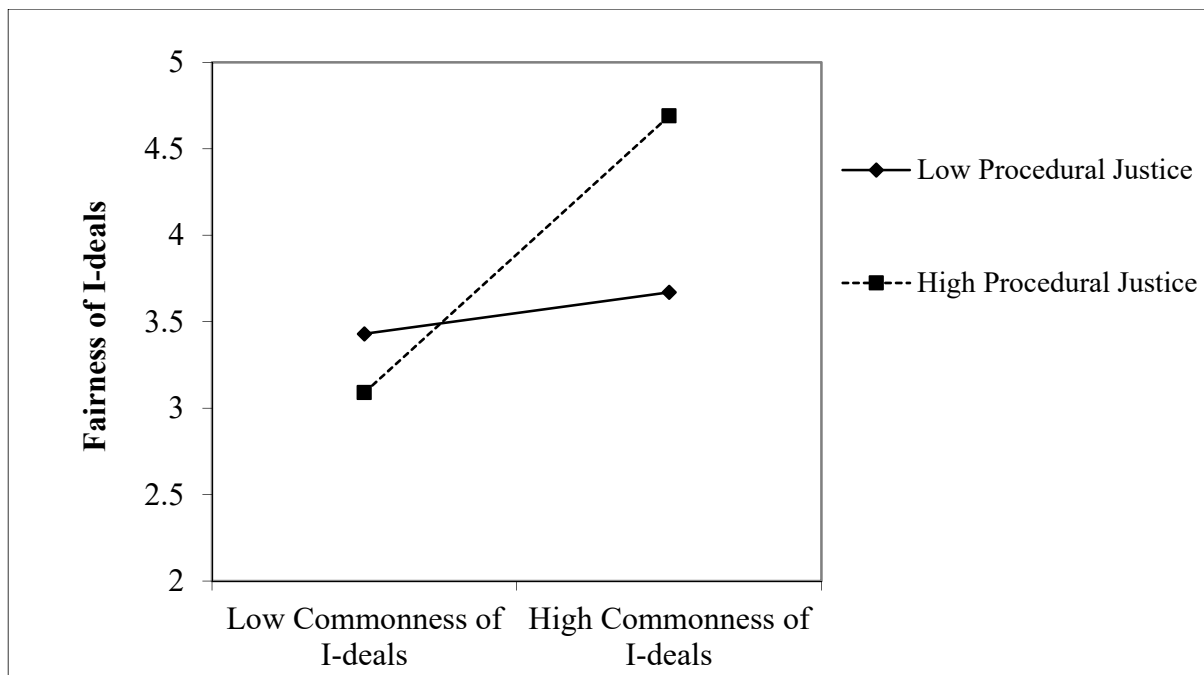
For development i-deals, results were weaker with a marginally significant negative influence of distributive justice ($\beta=-.22$, $p<.07$) and a positive effect of i-deal commonness ($\beta=.35$, $p<.05$). A clearer pattern was obtained for flexibility i-deals, where, in addition to a negative effect of distributive justice ($\beta=-.28$, $p<.01$), the hypothesized positive relationship between procedural justice and perceived fairness ($\beta=.20$, $p<.05$) surfaced. Again, commonness of i-deals had a positive main ($\beta=.43$, $p<.01$), as well as an interactive effect in conjunction with procedural justice ($\beta=.30$, $p<.05$). An additional converse interaction indicated that the fairness of flexibility i-deals was perceived as lower ($\beta=-.26$, $p<.05$), when both own negotiation of flexibility arrangements and procedural justice were high.

Table 1: Regression analyses predicting perceived fairness of i-deals.

	<i>Model 1</i>		<i>Model 2</i>		<i>Model 3</i>	
	β	t	β	t	β	t
Gender	-.06	-0.62	-.05	-0.51	-.09	-0.87
Age	.13	1.23	.13	1.23	.10	1.02
Position	.05	0.49	.03	0.23	.05	0.48
Procedural justice	.17	1.47	.12	0.91	.20*	1.97
Distributive justice	-.31**	-2.90	-.22(*)	-1.86	-.28**	-2.74
Negotiation of i-deals	-.11	-0.85	-.04	-0.24	-.06	-0.49
Commonness of i-deals	.46**	3.11	.35*	2.11	.43**	3.38
Negotiation x procedural	-.21	-1.31	-.04	-0.19	-.26*	-1.96
Negotiation x distributive	.16	0.93	.23	1.23	.00	0.00
Commonness x procedural	.34*	2.04	.17	0.73	.30*	2.20
Commonness x distributive	-.11	-0.59	-.07	-0.33	-.00	-0.03
R ² (adjusted R ²)	.24	(.15)	.18	(.08)	.28	(.19)
F (df1, df2)	2.63**	(11, 90)	1.81(*)	(11, 90)	3.17**	(11, 90)

*Note: N=102; Model 1: Composite i-deals scales; Model 2: Development i-deals; Model 3: Flexibility i-deals; ** $p<.01$; * $p<.05$; (*) $p<.07$.*

Figure 1: Interactive effect of commonness of i-deals and procedural justice in the current employment on perceived fairness of i-deals in Model 1



Discussion

This study provides first results on the social acceptance and legitimacy of i-deals as a management practice. Reflecting higher particularity and uniqueness, developmental i-deals were perceived as more fair than those on working time flexibility. I-deals were generally deemed more acceptable when distributive justice in the current employment was low and personalized arrangements commonplace. Possibly attributable to the “normative power of the factual”, this reflects tendencies towards “informalization” and “destandardization” in contemporary organizations. Own negotiation of i-deals significantly predicted fairness only when their commonness in the current employment was not included in the regression, indicating a suppressor effect due to relative lower importance; a positive effect of procedural justice was observed only for flexibility i-deals. Thus, while support for our hypotheses varied, all predictors possessed some relevance, including interactive effects. In general, and for flexibility i-deals, fairness was evaluated especially positive when both commonness of i-deals and procedural justice were high. Procedural justice thus indeed becomes increasingly important as work arrangements become more idiosyncratic. For flexibility i-deals, an additional converse interaction effect indicated that perceived fairness was lower when procedural justice was high and participants themselves had negotiated flexibility arrangements. The positive effect of procedural justice found for this type, thus, was attenuated by own flexibility i-deals, hinting at possible negative side-effects of working time-related i-deals. Previous research has attributed such counter-theoretical negative implications to limited applicability of i-deals to universally valued resources that directly affect economic aspects of employment (Rousseau et al., 2009).

Overall, results support assumptions on i-deals as an employee-oriented management practice, rather than illegitimate preferential treatment or instrument of economic rationalization. Employee attitudes regarding the fairness of i-deals are subject to a multitude of individual, organizational, and societal influences going beyond the scope of this study, which explored a narrower set of relevant factors. Results are preliminary and should be interpreted cautiously, considering the modest and non-representative sample, featuring, for instance, a disproportionately high level of formal education.

The fairness of i-deals rests on the idea that nearly unlimited features of employment can be designed or modified to accommodate different needs and preferences arising from personal situations, aspirations, and lifestyles of individuals. As employees place different value on

certain working conditions (e.g., work schedule, job content, and career paths), i-deals are not based on fixed-pie transactions, but capitalize on synergies through the customization of job features to diverse individual interests and goals. Such an idealistic conceptualization clashes with rather harsh conditions in contemporary workplaces, driven by economic pressure and market dynamics. In this context, misuse of i-deals could involve workforce differentiation strategies, systematically depriving peripheral workforce segments of employment benefits, which are increasingly restricted to a shrinking core workforce.

The humanistic goal of i-deals is to make workplaces better suited to the needs of all workers in ways such that idiosyncratic job features of one employee support rather than constrain opportunities of other members to renegotiate their work arrangements to better resemble their own “ideal” jobs. Scholars and management practitioners are reminded that the ideal of a more socially effective allocation of resources according to individual needs constantly runs the risk of being “high-jacked” by inherent tendencies to increase the cost-efficiency of employment. Whereas few positive effects can be expected from deals that are predominantly based on a market logic, arrangements made in good faith to accommodate particular needs and situations of individual employees, may be a step towards developing more human-centred organizations.

Conclusion

Employee attitudes on i-deal fairness are vital for their acceptance as a management practice. Overall, perceived fairness was high, in particular for developmental arrangements, and influenced by organizational justice and exposure to i-deals in the current employment. Results largely support a positive role of i-deals in creating more flexible and responsive HR practices.

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