

# *The Idiosyncratic Deal:* Flexibility versus Fairness?

DENISE M. ROUSSEAU

In Arlie Russell Hochschild's book *Time Bind*, a manager at Amerco, Vicky King, discovers some "half hidden" practices that indicate just how differently individual workers are often treated.

Two "high potential" men had asked their supervisor for a year off to travel around the world and do underwater photography of coral reefs. "I want them back," their supervisor had explained sheepishly, "so we gave them an 'educational' leave" (p. 79).

This discovery led Vicky to begin collecting other exceptions, which she referred to as "coral reefs." She turned up a worker who cleared his calendar from 11 a.m. until 1 p.m. to do real estate deals. (He didn't ask his boss, who knew, but didn't complain because of the volume of work accomplished during the remainder of the day.) As the list of exceptions grew, Vicky positioned herself to begin negotiating more flexibility in the work schedules she and other Amerco staff adhered to.

This incident reveals two important aspects of the dynamics of typical employment arrangements. Different "deals" exist for different people, even though they do compa-

rable work. Moreover, workers themselves are seeking out (and often getting) greater flexibility, negotiating arrangements that better meet their personal needs while contributing effectively to the firm.

This article deals with an increasingly significant organizational practice, "the idiosyncratic deal." This individualized arrangement between valued workers and their employers is the product of a negotiation. It results from three intersecting trends. The demand for knowledge workers with distinctive competencies in a hypercompetitive market place means *workers have greater power* to negotiate employment conditions suited to their tastes and preferences. The weakening, if not demise, of the job security-based model of organizational careers, once supported by unionism and/or legal requirements, leads to *less standardized conditions of employment*. Lastly, expanded choices that people have in the market place have led to ever-greater diversified products and services, creating *rising expectations for customization* that extend to the workplace.

This article describes how idiosyncratic deals arise, their potential benefits and the challenges they pose to trust and fairness in employment. It addresses the question of how an organization can have both flexibility and fairness in relations with its workforce.

---

*Thanks to Carole McCoy for word processing and to Cathy Senderling for editing this manuscript. Tai Gyu Kim provided helpful comments on an earlier draft of this article.*



**Denise M. Rousseau** is the H. J. Heinz II Professor of Organizational Behavior and Public Policy at Carnegie Mellon University's Heinz School of Public Policy and the Graduate School of Industrial Administration. Her research focuses on the changing employment relationship and psychological contracts at work. She has authored over 90 articles and books. Her 1995 book *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements* won the Academy of Management's best book award. As the mother of identical twin daughters, her first-hand experience with trying to manage idiosyncratic deals has alerted her to the challenges of being both flexible and fair.

## THE IDIOSYNCRATIC DEAL: WHAT IT IS AND WHY NOW

Idiosyncratic deals are manifest in the different ways an employer treats one worker compared with others. These idiosyncratic deals are related to, yet distinct from, the "psychological contract" each worker has with his or her employer. A psychological contract refers to individual beliefs regarding the exchange relationship between themselves and the organization. Because each individual has his or her own subjective experience of the employment relationship, two people doing ostensibly the same job can still have somewhat different perspectives on it. One worker might think she owes eight hours a day, period. But her counterpart might think staying a little later now and then is also reasonable if work needs to be conducted. Each worker has her own psychological contract. Yet this difference in understanding doesn't mean that an idiosyncratic deal exists, because their employer might still treat both workers the same. An idiosyncratic deal refers to those features of employment that the individual worker receives that differ from what workers in similar roles receive. In our example, if the worker who occasionally stayed later came to be more trusted and relied upon by her boss, and was given greater latitude and flexibility when she requested, an idiosyncratic deal is in the making. It's the difference in treatment, not the difference in perception, which defines the idiosyncratic deal. Idiosyncratic deals arise when workers negotiate different treatment from their employers than that received by comparable others. Two engineers in their twenties each describe how their special treatment came about:

I received an opportunity to go to the field . . . high profile . . . includes extra allowances and travel, not available to everyone. I asked for it, and hinted that I might not stay if I didn't get it.

I was a skilled employee very ambi-



**TABLE 1    EXAMPLES OF IDIOSYNCRATIC DEALS**

**TRADITIONAL**

Veterans have more choice in their job duties than newer workers

Pay Secrecy: Salary compression for earlier hires making less than recruits hired on tight labor market

*Motive: seniority perk, market-driven*

**CONTEMPORARY**

Designer negotiates educational leave

Manager shifts to work from home two days a week after birth of child

Stockbroker spends each afternoon on own trades with employer's blessing

Accountant reduces hours from 40 to 24 to increase volunteer activities

*Motive: to retain valuable worker*

tious and sought recognition and reward for my accomplishments. Most other employees were either not as ambitious, more quiet, or not as skilled.

Over time, such arrangements can lead to widely divergent psychological contracts among workers in a firm. Unless idiosyncratic deals are managed properly, their proliferation can undermine trust and cooperation at work.

Idiosyncrasy can be as objective as different pay for the same work, or as subjective as the support and flexibility one supervisor provides some workers and not others. A well-known example is the salary compression that occurs when people hired during a tight labor market are paid more than others hired the year before. Salary compression often results in pay secrecy, where differences in compensation might rouse anger and resentment if they were made public.

Idiosyncrasy can also mean that people in ostensibly the same role evolve very different duties and responsibilities. When I was a young industrial psychologist working at Pacific Gas & Electric, I was responsible for analyzing job analyses conducted on line and repair crews. One of the first things I learned was not to rely on the job analysis data from veteran workers (20 years or more on the job). Veterans tended to have unique combinations of activities (some worked

more with a clipboard and seldom climbed a pole or went down a manhole). In contrast, workers on the job 5 to 10 years tended to perform a similar set of tasks. Veterans tended to do what they liked or were good at, whereas others performed a more representative set of tasks required by the job. Although such a deal was probably acceptable in an organization where lifetime employment promised that younger people would eventually get the same perks as did veterans, it is a question whether such a practice would have the same response today.

One distinction between the idiosyncratic practices of the past and what we observe today (Table 1) is motive. Traditionally, idiosyncratic deals were directly attributable to long-standing relationships with an employer—seniority's perks—or to fluctuations in compensation because of market factors affecting entire cohorts. Such arrangements tended to apply to groups of people sharing a common feature: time on job or date of hire. More recent idiosyncratic deals are often person-specific and encompass features of employment beyond pay and duties to include hours, location, travel, skill development, and mobility. The phenomenon this article addresses encompasses more widespread and divergent arrangements across many individuals. It creates a new source of flexibility and innovation in the workplace, while raising concerns regarding fairness and consistency.

### **An Important Distinction: Idiosyncratic Deals Aren't Politics**

At one level, the notion of "different strokes for different folks" smacks of politics and favoritism. Indeed, in traditional bureaucratic organizations of strong unions and detailed rules governing pay and promotion, the only way people could access different employment conditions tended to be through relationships. The cronyism widely seen to dominate Asian countries such as Indonesia and China had its counterparts in western business culture, as in the General Motors Corp. of the 1960s and '70s. John DeLorean in his book *On a Clear Day You Can See General Motors* describes the politicking behind GM's practice of "nonobvious promotion." Here, a senior executive would promote a junior person several levels down the hierarchy to be his (typically male) subordinate. In bypassing more senior and experienced people, the executive's new subordinate became indebted to him because of the nonearned promotion. Such political arrangements are *not* the idiosyncratic deal described here. Our focus is on the terms of employment initiated because of particular qualities of the worker rather than the political needs of employers.

Unlike political acts serving one person's self-interest, idiosyncratic contracts have legitimacy derived from fulfilling the functional needs of workers and the firm. One striking feature of this rise in idiosyncratic deals through worker power is that it seems to be less biased by traditional sources of political power in firms, such as gender and race. In their systematic and detailed survey of participation by the U.S. workforce, Freeman and Rogers (1999) found that gender and race were far less important in shaping individual clout and opportunities for negotiation on the job than was a person's occupation (p. 19).

Although widespread, the idiosyncratic arrangement is often like an iceberg, most of which is invisible below the waterline. Its existence is seldom made public and reflects local arrangements between workers and

managers. As in many cases of pay secrecy, the idiosyncratic deal arises out of legitimate need to recruit in a competitive marketplace, yet risks creating a sense of inequity among those receiving less. With ever-greater pressures toward customization, companies will need to become savvier in creating flexible arrangements.

### **THE DYNAMICS BEHIND IDIOSYNCRATIC DEALS**

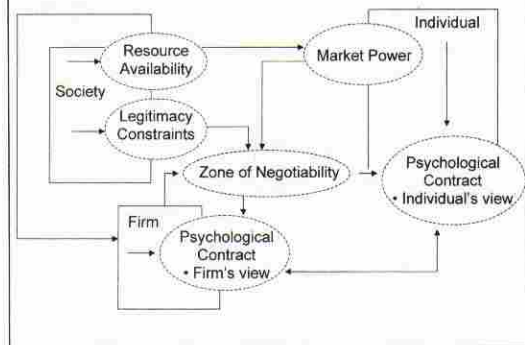
#### **The Zone of Negotiability**

The key mechanism driving idiosyncratic deals is the increasing negotiability of terms of employment. More and more conditions of employment are subject to a bargaining process. Relative to other nations, few conditions of employment are specified *a priori* in the United States. The dearth of prespecified conditions of employment has arisen for several reasons: the erosion of job security among blue collar and white collar workers since the 1980s, the decline of unionization, and the relative absence of legally guaranteed conditions of employment. (For instance, mandatory social security exists for many in the United States, but not health insurance or job property rights, unlike France or Belgium.) Such trends are also evident in other first world nations (e.g., United Kingdom and New Zealand).

In a recent book *Psychological Contracts in Employment: Cross-National Perspectives*, my colleagues and I examined the employment practices of 13 democratic nations. We observed that one of the most fundamental differences among them was the extent to which terms and conditions are negotiable (see Figure 1). Countries with a high degree of negotiability in employment, such as the United States, New Zealand and United Kingdom, had relatively few labor statutes specifying conditions of employment, leaving more up to individual workers and employers to determine. In contrast, countries such as France and Belgium had more prespecified conditions and less individual flex-



**FIGURE 1 FRAMEWORK FOR SOCIETY, FIRM, AND INDIVIDUAL EFFECTS ON PSYCHOLOGICAL CONTRACT**



ibility. Countries such as India, Australia, Israel, Hong Kong, Netherlands, Singapore, and Mexico are somewhere in between. We labeled this difference the "zone of negotiability."

Zone of negotiability refers to the conditions of employment available for negotiation by workers and their employer. Every country and every company sets a zone of negotiability through the constraints and guarantees it has, which establish certain conditions of employment (e.g., wage rates, retirement benefits, termination practices) or customs (e.g., strict separation between work and nonwork time characteristic of many European countries). The zone of negotiability is shaped by a number of factors. Government regulation is perhaps the most powerful. In many countries with traditional industrial relations systems involving collective bargaining, the vast majority of employment terms are virtually identical for workers in the same job type or occupational family. Moreover, not everyone tries to negotiate. The leverage individuals have to make their own idiosyncratic deals is based on predisposition (i.e., willingness to negotiate), credentials, occupation, status, and marketability. Whether employers are willing to provide unique or varied employment conditions to individual workers is a function of such factors as industry norms, corporate

culture, and strategic choices. For instance, an arts organization might be more inclined to be flexible than a heavy manufacturing firm is.

Societal factors play a role in whether individuals are likely to negotiate. One particularly important factor is societal tolerance for unequal outcomes. The Japanese saying "the nail that sticks up gets hit" essentially is an injunction to adhere to group norms and avoid behaving in ways that would create differences between one's self and one's peers. Some deviant behavior is tolerated in Australia, but *not* the "tall poppy" who is paid considerably more than others. Similarly, Dutch society values "being normal," meaning that a high performer works hard without demanding particular attention or special compensation. These cultural differences often are reinforced by law, mandating highly standardized employment arrangements in countries such as Australia, Belgium, Netherlands, and France.

Mergers and acquisitions often make the idiosyncratic treatment of individuals particularly salient, when one organization with a more standardized or egalitarian system joins forces (and administrative structures) with a firm that is less so. Notable differences in how American and top German executives were compensated created front-page news in the acquisition of the American Chrysler by Germany's Daimler-Benz. Jurgen Hubbert, head of the Mercedes unit of the newly merged firm, stated that he wouldn't want to be paid as highly as an American manager is in Detroit because of the social repercussions back in Germany. "In the small town where I live... after someone had said I made \$20 million... they'd destroy my house" (quoted in Jenkins, 1999, *Wall Street Journal*, p. A23). Tolerance for highly disparate treatment of people within firms is linked to both a broader zone of negotiability and greater idiosyncrasy in employment arrangements.

It's also not just about pay. Sensitivity regarding visible differences in treatment is one reason why employers often underpay high performers relative to their contribution

**TABLE 2 IDIOSYNCRATIC  
DEALS ARE MORE  
COMMONPLACE FOR:**

- Highly marketable workers
- Workers willing to negotiate
- Workers with business and market knowledge
- Small firms and start-ups
- Knowledge-oriented firms

and overpay low performers. Giving senior executives perks such as cars, houses, or club memberships is a means of rewarding high contributors without ostensibly widening the pay gap. Such practices alert us to the importance of examining the entire bundle of inducements and compensations that workers receive if we want to understand not only the nature of their employment compensation but also how differential rewards are allocated.

### **Worker and Firm Factors Contributing to Idiosyncratic Deals**

Qualities associated with both individual workers and particular firms make idiosyncratic deals more commonplace (Table 2). The changing nature of firms and workers has altered to some extent the balance of power between the two.

### **Greater Contribution of Workers to Value of Business**

With the rise of knowledge work, the value of nonhuman assets as factors of production has declined. Although control over nonhuman assets (e.g., the physical plant of a factory, the patents and client lists of technology or service-oriented firms) can give an employer power, other valuable assets can reside in the unique capabilities of members' collective skills—which are difficult for employers to control. The manager in a consulting practice who quits to take a job with a rival firm—and brings a majority of the firm's employees with him—illustrates the difficulty of controlling residual assets where

a firm's central production function involves knowledge work. Accommodating a valued worker's preferences is easier to justify when his or her contributions are readily apparent.

### **Greater Sharing of Business and Financial Information**

Workers are in a better position to create idiosyncratic deals when they have access to financial information regarding the firm and the competence to know how to use that information. Dissemination of financial information is increasingly commonplace in the knowledge economy, as firms seek to align worker motivation with the financial goals of the firm. Putting more financial information into the hands of workers also enhances the bargaining position of valued performers.

### **Mobility**

Knowledge workers increasingly see themselves as an asset in which they and their employers invest to reap tangible benefits in the marketplace. This perspective has increasing legitimacy to both workers and employers as market forces erode many traditional employment practices. Seniority-based practices make jobs more valuable to workers over time. They motivate workers to contribute more than the present value of their compensation in anticipation of higher wages over time. Without the traditional guarantee seniority systems provided, workers who are making contributions to the firm's long-term performance and success have less reason to believe they will benefit from that contribution. They are more likely to demand a reward *now*. The declining value of a job because of erosion of seniority practices is amplified by the disadvantage that long-term employment in a single firm can have for some workers, where "too-long-a-stay" in a single firm signals lack of up-to-date skills and marketability ("dead wood"). Mobility also pressures workers to differentiate themselves from each other in terms of developing distinctive competencies and



generating options for themselves to pursue personal and career goals.

Efforts to negotiate customized arrangements occur both at the time of hire (*ex ante*) as well as on the job over time (*ex post*), particularly among highly mobile workers. In recent interviews with high technology firms in Pittsburgh, I have found that those workers who held sizeable proportions of ownership in the firm were typically those whom their employer referred to as "critical workers." Critical workers often include senior executives responsible for growing the business, but also sales people and designers making significant bottom-line contributions. While senior executives might bargain for an ownership share at hire, sales and technology people tend to access ownership after they are hired, when the organization's dependence on their contribution for financial success becomes apparent: "One sales person here is responsible for 30% of last year's revenue—giving him stock helps keep him."

### **Diversity and the Democratization of Taste**

The global marketplace is one of expanded choices and mass customization, with room for self-expression in ideas and tastes. Just as people exercise individual tastes and preferences in buying behavior and in their non-work life generally, parallel expectations exist that individuals should be able to express themselves in their work life and in conditions of employment. Preference for flexibility is evident in the popularity of expanded choice in cafeteria-style benefits, flexible schedules, geographically distributed work, and customized career development plans. Firms offering such an array of choices are as diverse as Coca-Cola Co., Bankers Trust Corp., Cap Gemini, and Carnegie Mellon University.

### **When the Job or the Organization is New**

Newness is another force motivating idiosyncratic arrangements. Start-ups have

fewer rules and established practices than older firms do. Similarly, new jobs in an existing firm have fewer specific requirements or constraints than do established positions. Idiosyncratic deals are characteristic of new situations because there are fewer standard practices in place and more latitude for individuals to shape the situations in which they find themselves. The first person in a job often defines its scope. A newly hired programmer in a high tech firm saw that there were no training manuals to help recruits learn the system. Volunteering to write one, he became a programmer/training manager for this start up, shaping the kinds of expectations his replacement faced down the road. The growth of start-ups and reorganizations creates the prototypical environment for idiosyncratic deals.

The start-up explosion of dot.com companies in 1999 through 2000 created a host of idiosyncratic jobs among new hires—and changed the demands of labor force participants along the way. Even the hiring and retention practices in established firms were affected. To recruit against dot.com companies in the early months of 2000, Microsoft Corp. boosted its incentive packages and perks. In the words of one recruit, the company "really did pay attention to what I wanted to work on" (R. Buckman, "Trying to Stay 'Cool' in the Eyes of Recruits," *Wall Street Journal*, 5 April 2000, p. B1). This customization is the basis of idiosyncratic deals.

### **CHALLENGES FOR HR: FLEXIBILITY VERSUS FAIRNESS**

The proliferation of idiosyncratic arrangements creates opportunities and challenges for both line managers and human resource (HR) professionals. Idiosyncratic arrangements give individual managers greater latitude in motivating their employees. Managers, in particular founders of small firms, often prefer to retain control over conditions of employment. Nonetheless, as organizations increase in size, widespread inconsistency in HR practices erodes trust and moti-

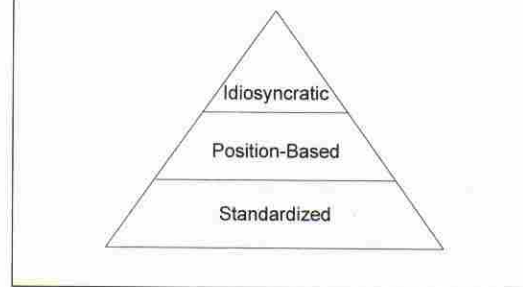
vation. The field of human resource management has emerged in the last 70 years in large part out of recognition that systematic and consistent treatment of the workforce is critical to promote fairness, cooperation, and efficiency. The dilemma is that while consistency creates a sense of procedural justice, some degree of local flexibility is needed to adapt in changing circumstances. When local managers are free to choose from a broad repertoire of means to motivate their workers they do more successfully than if they are overburdened by rules. This tension between consistency and flexibility is not a problem to solve but a fact to be managed.

### Practices Promoting Effective Idiosyncratic Deals

**Reward contribution, not mobility.** To create fairness in achieving both consistency and flexibility, it is important that there be clear criteria for allocating benefits and inducements. Consistent research evidence indicates that mobility-based rewards are seen as less fair than performance-based rewards. Although mobility is highly correlated with competence, many equally competent people are less likely to leave because they are more committed to the firm or have dual career constraints. Employers who provide special retention inducements to those who threaten to leave need to factor in 1) the mobile worker's performance relative to co-workers, and 2) the impact of any special treatment on peers. A performance appraisal system that people trust is critical to making this work. (In the process of making an idiosyncratic deal, don't forget the shy/quiet/less demanding people who may be good performers but haven't asked for special treatment. Are there ways to improve their experiences at work that are overlooked because no one has asked or complained?)

**Identify up front the standardized and position-based features of the employment package.** Most employment relationships contain a mix of features (Fig. 2). First, certain fea-

**FIGURE 2 FEATURES OF THE EMPLOYMENT EXCHANGE**



tures may be offered to all workers (*standardized*, e.g., health care benefits). Second, some are available only to certain groups of workers (*position-based*, e.g., wage rates for unionized workers or professionals). Third, some features are unique to particular individuals (*idiosyncratic*). Moreover, some features are off the table and cannot be negotiated because they are required by the nature of the work (e.g., security clearance for certain jobs), organizational culture (e.g., performing as team players and not individual contributors), or law (e.g., contributions to government-required pension fund). While each feature can be stipulated to some extent *ex ante*, idiosyncratic features often proliferate once people are on the job, build trust relationships with managers and become valued performers. (Note that all features can change, although of course the process of revising the terms of an existing employment exchange is complicated.) Not only is it important to address the dynamics associated with idiosyncratic arrangements, but attention should also be given to the *relative mix* among the three features employers provide to workers.

The ratios among these three sets of inducements provide important messages to workers regarding the type of employer they work for and its motivations toward them. If everything is subject to a bargaining process, it signals that the employment relationship is more a transaction, merely an economic exchange, and undermines the sense of relationship and identification. When employers



and workers play "Let's make a deal" on a regular basis, any idiosyncratic arrangement is more political than functional. It is frustrating for both employers and workers when the only way to get a raise, a new computer, or time off—basic features in employment—is bargain with the boss. A key prescription is to ensure that important inducements and supports are automatically provided by the firm as a means of attracting and retaining quality people and of signaling the quality of the employment relationship.

Consider whether the type of feature is one on which people prefer to deal with managers directly as individuals (e.g., work schedules). Some issues affect people as a group and are better addressed at the group or organizational level (e.g., health and safety, benefits packages). When benefits are accessed as a group, employees prefer plans where they can choose among alternatives. Position-based differences work best if there are relatively few such distinctions and the basis of these are clearly grounded in the work, credentials, and experience required.

**Where consistency matters.** There are two features in idiosyncratic deal making where consistency is critical. The first is in the strict upholding of duties, responsibilities and deliverables. To avoid the negative aspects of idiosyncratic arrangements it is important for employee and employer to agree on clearly specified responsibilities and outcomes associated with a position. If not, idiosyncratic deals can erode the legitimate standards that make workers accountable and promote shared expectations within the firm. Moreover, it is important that accommodations such as flexible hours do not interfere with these performance requirements. Many critical role requirements are so taken for granted that both managers and workers forget to address them in negotiating idiosyncratic arrangements. Coordinating one's work with co-workers, clients, and others, keeping people informed, and maintaining regular contact with key stakeholders remain important even if the conventional ways to accomplish these are less feasible

with an alternative work arrangement. As an accountant who shifted to work part-time, much of it at home, reports:

I learned to rely on regular e-mail updates to make sure that out of sight was not out of mind. Although I miss the coffee break conversations, I always work in the office on Monday, when most meetings are held.

The second consistency requirement is that any idiosyncratic arrangement passes a "values test." The difference between legitimate and politically motivated reasons for accommodation is whether its underlying motivation is in line with the firm's stated core values. Giving someone flexibility or a better office merely because he or she complains more or can make trouble exemplifies virtually no firm's cherished values. In contrast, responding to a valued worker's request for greater control over assignments can signal the priority the firm places on developing and rewarding its people. The acid test is whether the reason for the accommodation is one that managers can comfortably publicize.

**Make no deals that cannot be shared.** Many idiosyncratic arrangements arise because individuals have a need or an opportunity that accommodating would help both the worker and the firm. But indiscriminant use of this practice leads to conflict and coordination problems. Selective use of idiosyncratic arrangements means that any accommodation is assessed in terms of the employer's core values. Arrangements that are consistent with values are more readily shared than those that are not. In an arrangement that could be called "You can have it but don't tell anybody," an auditor who wanted to prepare himself to transfer to the tax practice, got his manager to give him assignments specifically targeted to develop these skills. His co-workers continued to take on the routine



activities that were the mainstay of the auditing practice. Two co-workers figured out that the auditor didn't get the same bread-and-butter jobs, and when he was transferred to tax, they quit the company in disgust. Promoting developmental assignments that create career opportunities is a commonly recommended strategy for managers who coach and mentor. Had the manager used developmental assignments as a general practice for high performers (not limited it to a favored subordinate) and conveyed this to his staff, the subordinates' reactions to their colleague's promotion would have been much different. Such an idiosyncratic deal could provide both flexibility and fairness when treated as a source of innovation, addressing a general problem, or shared opportunity. Note that if the reasons behind a special arrangement are confidential (because of illness or sensitive personal matters), the practice is better formulated as a general policy where confidentiality is guaranteed (e.g., medical leaves).

***Assess and provide necessary job-related supports on a regular basis.*** Don't always expect that people will ask for what they need. It is better if the employer asks first to signal organizational support. Open-door policies are not enough to avoid a sense of injustice. Workers with market power are more likely to use an open door policy than are those without it, and they are often more likely to assert their interests. In contrast, how often do we hear "If I have to ask I don't want it." An office worker who had gotten a desktop computer from his boss encouraged a co-worker to ask their boss for one for herself. The annoyed co-worker refused, saying, "I am not going to beg." A better way of managing this situation would be if the co-worker and her manager had the kind of ongoing interactions that made it likely the boss would inquire what was needed to make the person's job easier. It is important to actively seeking out less assertive subordinates to understand their personal and job-related needs.

***Be open about the possibility for flexibility and experimentation.*** In a hyper-competitive marketplace innovative firms are employers of choice. Accommodations make it easier to recruit, retain and motivate a skilled, mobile, and diverse workforce. From the prospective of idiosyncratic arrangements, perhaps the most salient feature is informal work accommodations to nonwork life. Family is the typical domain, but it also can refer to other nonwork interests. Not typically formally sanctioned, these are the behaviors workers use to adjust their usual work patterns in an attempt to resolve daily instances of family to work conflict, without using formal work-family programs. These forms of everyday work flexibility can be more important than the more publicized formal practices such as mommy or daddy tracks.

***Keep track of accommodations*** as sources of future innovation and policy change, as well as to promote equity and fairness. Think of it this way: "They almost always find out." The head of a research and development (R&D) unit faced a high-powered scientist who had received an offer doubling his salary. "I could afford to pay you this, but I cannot afford to pay *everybody* this. I would prefer to have you stay, but if you really want this offer, you should take it." Among the highly cohesive group of scientists, information was shared freely. The head made a habit of writing down any special arrangements that he made with individual researchers, knowing that others would soon request something comparable. By keeping track of accommodations, the R&D head had developed experience regarding what sort of arrangements he could afford to make and still maintain a sense of fairness.

***Be prepared to learn by evaluating, redesigning, and terminating idiosyncratic arrangements.*** Some arrangements may not work out well for either the firm or the worker. It is important to build milestones into idiosyncratic arrangements so that their progress and consequences can be evaluated. Workers



**TABLE 3 STRATEGIES FOR CREATING IDIOSYNCRATIC DEALS THAT WORK**

- Specify up front the employment arrangement's terms: the standard, position-based and critical requirements (off-the-table).
- Use idiosyncratic arrangements as a source of innovation in workplace flexibility.
- Where workers are interdependent with others, require supportive relations with coworkers as a basis for accommodations.
- Assess and provide necessary job-related supports on a regular basis.
- Keep track of accommodations as both source of future innovation and policy change, as well as equity.

who negotiate shortened workweeks or work-at-home arrangements should have the opportunity to review the arrangements regularly with key stakeholders (co-workers, clients, etc.) to assess their impact. Framing it as "experimental" can make it easier to make adjustments, cueing the parties involved that its conditions are not writ in stone. Don't forget to share the results of these experiments with others to help identify what works and what doesn't.

*Managing the cycle of flexibility and consistency.* There is no quick fix to resolve the tension between flexibility and consistency. It is an ongoing dynamic that can be managed (Table 3). Differences in market power and personal needs lead individual workers to seek out idiosyncratic arrangements. These can become cues stimulating others to seek similar benefits for themselves. Over time, one person's idiosyncratic deal can become a widely shared feature of the firm's HR system. The tension between flexibility and fairness creates a dynamic that tends toward broader equality to legitimate practices and promote cooperation and cohesion. A climate of justice is necessary to sustain effective collective action.

### Conditions Promoting Idiosyncratic Deals That Work

The difference between politicking and effectively managed idiosyncratic deals lies in the kinds of conditions that make for good relationships and business agreements in the first place. These include parties who trust each other, who each have power, choice and good information about their own and each others' interests, and who operate in an environment where there are sanctions for opportunism. Putting in place a number of specific features makes for more effective idiosyncratic deals (Table 4):

First and foremost, a high quality relationship needs to exist between the worker and manager, where each trusts and understands the interests of the other. Because idiosyncratic arrangements and accommodations arise through negotiation, a quality relationship creates a problem solving process out of what would otherwise be mere bargaining.

Responsibilities and role requirements need to be well understood and agreed to, because these provide a framework in which problem solving can be conducted to meet both the worker's and the firm's needs. Such

**TABLE 4 CONDITIONS PROMOTING IDIOSYNCRATIC DEALS THAT WORK**

- High quality relationship exists between worker and manager
- Responsibilities and role requirements are well-understood and agreed to
- Performance criteria are clear and well-specified
- Workers trust the performance appraisal process.
- Shared understanding regarding performance criteria among coworkers
- Coworkers have mutually supportive relations
- Coworkers trust the manager
- Convey legitimate reasons where job duties limit flexibility
- Idiosyncratic deals are viewed as a source of innovation that can be shared and adopted by rest of firm

conditions are more likely to be the case where performance criteria are clear and well specified.

Because justice is to some extent in the eye of the beholder, it is important that co-workers trust the performance appraisal process that leads to an individual being identified as a valuable worker. Shared understanding regarding performance criteria among co-workers is also important, so that those seeking similar accommodations are held accountable to the same standards. Co-workers will monitor each other's treatment by managers where they already believe that favoritism exists. Mistrust signals the need to be on the lookout for injustice. Where co-workers have mutually supportive relations it is easier for them to more openly share arrangements and to avoid coordination problems that accommodations in scheduling and other employment features can create. Managers who have worked to build a trust relationship with all workers, not a few, will be in a better position to provide accommodation and flexibility.

When flexibility is difficult to achieve across the board because of job-related reasons, the legitimate basis of such differences needs to be made clear. Don't assume that people know the reasons. One hospital's dress code specified that clinical caregivers could not have multiple pierced ears (while managers had no dress code). Only when a nurse was assigned to a management task force did she learn that the reason was to manage relations with the hospital's elderly clientele. In such circumstances it may be necessary to make formal distinction in roles and titles to legitimate differences in treatment, but the reasons need to be announced and reiterated.

Finally, idiosyncratic deals can be viewed as a source of innovation to be shared with others. The need for alternative ways to motivate workers to stay and to perform well has led to more experimentation regarding incentives and inducements—including new forms of compensation, flexible work schedules, and other work practices. The "coral reefs" Hochschild de-

scribes in Amerco in the opening of this article are examples of local experimentation supervisors often engage in. Periodic review of these can provide insight into ways for redesigning employment arrangements more broadly within the firm.

### **Consequences of Poorly Managed Idiosyncratic Arrangements**

The delicate balance between flexibility and injustice is evident in the misapplication of idiosyncratic arrangements in the workplace. Six symptoms are indicative of dysfunctional idiosyncratic arrangements:

- *Employees place little trust in the way rewards are allocated.* First, and foremost, low levels of trust regarding reward distribution, and, relatedly, the performance appraisal and compensation process, signal that people believe the employment relationship involves unfair deals, favoritism, and special treatment.
- *People performing essentially the same work equally well do not have equal access to flexibility.* Consider the common occurrence in professional firms such as law and accounting, where women professionals can take family leave but not their male counterparts. Such obvious disparities create inevitable resentment.
- *Worker ability to negotiate an idiosyncratic arrangement depends on who is the manager.* A supportive manager who tends to trust his or her staff might provide many opportunities for flexibility and customization in the course of motivating and developing people, while a less supportive counterpart finds that "one size fits all" is easier to administer. Where managers have been effectively trained and rewarded for coaching and mentoring their subordinates, such differences in style are less likely to occur.
- *Status differences are evident in opportunities for idiosyncratic arrangements.* Hochschild describes the double standard of trust: "The only people I ever hear of getting part-time jobs are the women managers, not secretaries" (p. 139). Later, a secretary unsuccessfully attempts to cut back her work



hours and take a pay cut. Although supported by formal company policy, the proposed arrangement wasn't permitted by her supervisor. Human resource management systems are needed that promote appropriate flexibility across the firm.

- *Workers compete with each other for special treatment.* When one professor negotiated a reduced teaching load (and a reduction in salary) a colleague went to demand a reduced teaching load too (unaware of the reduction in salary that went with it). People react negatively to cues that others have an idiosyncratic arrangement where they do not feel fairly treated in the first place.

- *The organization's culture promotes the belief that everything has to be bargained for.* Over-reliance on market thinking in allocating resources to employees can erode employee trust in the employer and co-workers. Internal competition for promotion is standard in many firms. But when this internal market extends to other resources such as pay, job quality, supports for doing the work, and perks, employees compete with each other on the very employment conditions that bind them together in other firms. One legendary business school dean, believing that competitive markets should apply internally, has been described as having "150 faculty and 147 different deals." Raises, reduced teaching loads, and developmental leaves were given to faculty who came into his office with job offers. The loyal worker (and frequently those with dual-career or

other family constraints on mobility) often felt overworked and underpaid by comparison. Rewards exclusively based on "market value" can quickly become incentives for disloyalty and opportunism.

## CONCLUSION

Workers have long desired greater participation in determining their employment arrangements and in what happens in the workplace. Idiosyncratic arrangements negotiated between workers and employers are a form of participation. This desire for a voice where one's interests are affected is particularly high in the U.S., where private employers have more influence over employee well being than do employers in other industrialized countries. Because workers are valued and mobile, they are in a position to demand more varied and expanded choices in employment arrangements. The trend toward greater flexibility in conditions of employment is likely to continue as long as the forces increasing worker power in employment do. But both workers and firms have a lot to learn about how to make such flexibility work well for all parties. Idiosyncratic arrangements can provide ways for organizations to identify innovations that could be more broadly beneficial. Creating widely shared practices out of local innovations is a source of organic and adaptive organizational change.



## SELECTED BIBLIOGRAPHY

Arlie Russell Hochschild's book *Time Bind: When Work Becomes Home and Home Becomes Work* (New York: Metropolitan, 1997) provides a detailed account of how one company and its employees responded to the pressures for greater workplace flexibility. How individual psychological contracts are formed and affect worker behavior is described in Denise M. Rousseau, *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreement* (Newbury Park, CA: Sage, 1995). A highly readable study of participation in the American workplace is Richard B. Freeman and Joel Roger's *What Workers Want* (jointly published by Ithaca: ILR Press and New York: Russell Sage, 1999). How the zone of negotiability in employment relations differs and is changing across nations is addressed by organizational researchers from 13 countries in *Psychological Contracts in Employment: Cross-*

*National Perspectives*, edited by Denise M. Rousseau and Rene Schalk (Newbury Park, CA: Sage, 2000), also the source of Figure 1. The changing nature of a firm's dependence on its workforce is described in Carrie R. Leana and Denise M. Rousseau, *Relational Wealth: the Advantages of Stability in a Changing Economy* (New York: Oxford, 2000). The changing role that human resource managers play in a more market-oriented, negotiation-prone workplace is discussed in "The Boundaryless Human Resource Function: Building Agency and Community in the New Economic Era," which appeared in *Organizational Dynamics* (Spring, 1999, 7-18), authored by Denise M. Rousseau and Michael B. Arthur. For a fascinating description of the politicking behind dysfunctional individual deals see John Z. De Lorean, *On a Clear Day You Can See General Motors* (Grosse Pointe, MI: Wright Enterprises, 1979).