Creating “Special Deals” for “Special Employees”

In countries such as France, Belgium, and the Netherlands, terms of employment are largely mandated by law and hence highly standardized. In contrast, in countries such as the United States, Great Britain, and New Zealand, managers have considerable leeway to negotiate idiosyncratic deals with employees. And in these latter countries, managers are increasingly using this latitude to customize their treatment of “special” individuals.

Two trends help explain the growth in special deals for certain employees. First, the demand for knowledge workers with distinctive competencies in a competitive market means workers have greater power to negotiate employment conditions suited to their tastes and preferences. Second, the decline in unionization and the weakening of the job security-based model of organizational careers have led to less standardized conditions of employment.

In order to hire, motivate, and keep highly skilled workers, managers are negotiating special treatment for certain employees. Examples of this special treatment include higher pay than others for doing similar work, allowing an employee to work from home several days a week, permitting an employee to leave early to fulfill family obligations, upgrading travel arrangements, and allowing certain employees to spend time on personal projects during work time.

What do these employees have that allow them to make idiosyncratic arrangements? It can be unique credentials, special skills, high status, important contacts, or high marketability. But it must also include the willingness of an employee or prospective employee to speak up and ask for special treatment. These deals are typically offered as bargaining chips when negotiating initial employment terms or after the employee has been on the job a while, built a trusting relationship with his or her manager, and become a valued performer.

These special deals have advantages for both employees and managers. They provide greater rewards for employees and allow them to tailor their job to better meet their personal needs. They also give individual managers greater latitude in motivating their employees and flexibility to adapt to changing circumstances.

Source: This is largely based on D.M. Rousseau, “The Idiosyncratic Deal: Flexibility versus Fairness?” Organizational Dynamics, Spring 2001, pp. 260–73.

Making special deals with certain employees is bound to undermine whatever trust there is in an organization. Although management may desire flexibility in its relationships with employees, maintaining standardized practices is more likely to provide the appearance of fairness that is needed to create a climate of trust. And customization of employment relationships, under the guise of flexibility, only increases politics in the workplace.

There is no shortage of arguments against special deals for special employees. Here are just a few.

- **Special deals give too much power to managers.** They allow managers to negotiate favorable treatment with employees they like, politicizing the work environment.
- **Special deals are unlikely to be perceived as fair by those who don’t receive them.** One person’s merit is another’s favoritism.
- **Special deals reward the wrong behaviors.** They encourage employees to “kiss up” to their boss and to treat every attempt to get a raise or time off as a bargaining opportunity.
- **Special deals tend to go to aggressive employees, whether or not they’re contributing the most.** Shy, quiet, and less demanding employees who are good performers are likely to be excluded.
- **Special deals aren’t cost-free.** One employee’s gain is often at another’s expense. So allowing one employee in a department to take off two hours early every Thursday afternoon to coach his son’s Little League team often means others in that department will have to take up some of his work. This has the potential to create conflicts. For instance, evidence indicates that many single and childless employees resent the “family-friendly” benefits—such as helping to find an employee’s spouse employment or paid child care—that many companies offer to married workers and those with children.

Our position is that special deals undermine trust and cooperation at work. We’ve spent three-quarters of a century building formalized human resource systems that ensure consistent treatment of the workforce. These systems are critical to promoting fairness, cooperation, and efficiency. Using idiosyncratic deals to supposedly enhance flexibility is a major step toward trashing these systems.