

I-DEALS: IDIOSYNCRATIC TERMS IN EMPLOYMENT RELATIONSHIPS

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Idiosyncratic employment arrangements (*i-deals*) stand to benefit the individual employee as well as his or her employer. However, unless certain conditions apply, coworkers may respond negatively to these arrangements. We distinguish functional *i-deals* from their dysfunctional counterparts and highlight evidence of *i-deals* in previous organizational research. We develop propositions specifying both how *i-deals* are formed and how they impact workers and coworkers. Finally, we outline the implications *i-deals* have for research and for managing contemporary employment relationships.

Idiosyncratic employment arrangements are special terms of employment negotiated between individual workers and their employers (present or prospective) that satisfy both parties' needs. From the valued engineer whose employer gives him educational leave to spend a year doing underwater photography, instead of letting him quit (Hochschild, 1997), to the American professor who talks Fujitsu into hiring him and moving him to Japan so he can learn how to manage a plant Japanese-style while sharing his managerial knowledge with his new colleagues (Rousseau, 2005), these *idiosyncratic deals*—or, simply, *i-deals*—are more widespread than commonly acknowledged. More than wordplay, this term highlights that such deals are not only idiosyncratic but also intended to be ideal in some way for each party.

Accounts of a few exceptional individuals—"superstars" or "winners" capable of negotiating distinctive employment conditions—are not new. Over the years, some such individuals, considered "exceptions to the rule," have capitalized on their uniqueness by differentiating

themselves in subtle and not-so-subtle ways from their more ordinary colleagues (Frank & Cook, 1995; Rosen, 1981). Famous movie stars demanding lavish working conditions to match their lavish salaries immediately come to mind. In contrast to the employment contracts of stars, traditional models of employment assume homogeneity in employment contracts among workers in the same organizational positions (e.g., Kleinman, 1997; Mitchell, 1989; Muchinsky, 2003). Yet this is not how many contemporary organizations operate (Glaser & Hornung, 2004; Rousseau, 2000, 2001; Rousseau, Ho, & Kim, 2003). Instead, *i-deals* are likely to be widespread as firms and the people who work in them face a need to innovate in response to change and complexity (Weick, 1996).

Although *i-deals* challenge traditional organizational paradigms for recruiting, motivating, and retaining valuable workers (Lee, MacDermid, & Buck, 2000), these paradigms often have been at odds with the reality that individualized work arrangements have long existed for star performers, veteran employees, and other valued workers (Ford & Newstrom, 1999; Frank, 1985; Rousseau, 2005). The current salience of *i-deals* arises from the increased labor market pressures firms face (Cappelli, 2000) and from workers' heightened expectations for a voice on matters affecting them at work (Freeman & Rog-

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ers, 1999). Together, these forces make customization of various aspects of employment more acceptable—and more widespread—than ever before (Lawler & Finegold, 2000). Yet because i-deals are at odds with the traditional assumption that workers in the same positions have the same employment contract, there is little systematic knowledge regarding the processes of their creation (i.e., the who, how, and when of their negotiation) or the outcomes they yield for workers and employers (e.g., quality of employment relationship, retention, and performance). Moreover, because i-deals create differences among coworkers in conditions of employment, failure to recognize and attend to i-deals can exacerbate the injustice their existence might engender, eroding trust and cooperation in the organization (Rousseau, 2005).

Expanding our understanding of i-deals stands to help both employers and employees improvise more effectively in the face of dynamic individual and organizational needs. By offering a conceptual analysis of i-deals, this article promises to be useful in this regard. Specifically, we address three fundamental issues: (1) the context of i-deals—that is, when and how they occur; (2) the content and consequences of i-deals, both positive and negative, for employers and workers; and (3) the impact of workers' i-deals on their coworkers. In so doing, we highlight the implications of idiosyncratic work arrangements for research on the employment relationship and for managerial practice.

DEFINING I-DEALS

What I-Deals Are

Formally defined, i-deals refer to voluntary, personalized agreements of a nonstandard nature negotiated between individual employees and their employers regarding terms that benefit each party. These individualized employment arrangements differ, to some extent, from those of the employees' coworkers. Several distinct features characterize i-deals and differentiate them from other forms of person-specific employment arrangements (e.g., cronyism or favoritism), as described below. The principal characteristics of i-deals are as follows:

- *Individually negotiated*: An i-deal results when an individual worker negotiates arrangements with an employer or prospec-

tive employer that differ from the corresponding arrangements of the individual's coworkers. The market power of certain workers and the value their employers place on them position these workers to demand compensation and perquisites significantly greater than their less favored coworkers (Bartol & Martin, 1989). Either an employer or a worker can initiate an i-deal, and both may shape its actual terms. However, because employers rather than employees traditionally set the terms of employment, we focus on the less well-understood but important matter of i-deals initiated by workers.

- *Heterogeneous*: At least some of the terms of an i-deal are specially provided to that individual, differing from conditions created for other employees in similar positions or in the same workgroup. This results in within-group heterogeneity (Klein, Dansereau, & Hall, 1994) regarding some aspects of the rewards and benefits received by workers. This heterogeneity has many potential meanings. It can reflect the operation of formal and informal incentives, such as the distribution of rewards contingent on individual performance (e.g., Lawler, Mohrman, & Ledford, 1995). It also is a potential source of perceived inequity and injustice on the part of workgroup members, depending on what they understand to be the reasons for such differences (Greenberg, Roberge, Ho, & Rousseau, 2004).
- *Benefiting both employer and employee*: I-deals are intended to serve the interests of both employers and employees. I-deals differ from other forms of person-specific employment arrangements, in that they are predicated on an individual worker's value to his or her employer (Rousseau, 2004, 2005). The successful result of an i-deal is that an organization attracts, motivates, or retains the services of a valued employee, who, in turn, receives desired resources from that organization. As such, coworkers can view i-deals as appropriate to the extent that they endorse the legitimacy of the values on which these arrangements are based (e.g., compensation based on market value, flexibility contingent on strategic advantage for the firm). In contrast, other person-specific arrangements, such as the favoritism a boss displays toward one worker but not others, cannot be legitimized as having any basis in shared values.
- *Varied in scope*: The i-deals individuals enjoy vary in scope, from a single idiosyncratic element in a larger standardized employment package to a completely idiosyncratic employment arrangement. For example, one worker with an i-deal might have more flexible hours than his or her peers but other-

wise share their same pay structure, job duties, and other conditions of employment. In contrast, another worker might have a highly customized arrangement in which almost all employment terms are specially negotiated, from pay and hours to duties and title. Although both employment arrangements have idiosyncratic features, the relative proportion of idiosyncratic-to-standardized conditions is greater in the case of the second worker.

A central feature of *i-deals* is that employees have a hand in creating or negotiating some aspect of their employment. *I-deals* can be negotiated either prior to employment, which we refer to as *ex ante i-deals*, or once on the job, which we refer to as *ex post i-deals*. An example of an *ex ante i-deal* can be seen in the case of an attorney who is being recruited by a law firm while having ailing parents requiring her attention in another part of the country. To benefit from her exceptional litigation skills, the firm's partners agree in advance to deviate from standard practice for distributing case loads if she joins the firm—to assign her cases only in her preferred location while she cares for her parents. An example of an *ex post i-deal* can be seen in the case of the international banker who is reluctant to take an overseas assignment for fear it will interfere with her musical training. Needing her talents elsewhere, the bank agrees to pay for the special packaging and shipping of her custom-made grand piano (at several times the normal allotment to move an expatriate's household effects). The negotiations behind such arrangements may be considered a form of participation, given that individual workers influence their personal employment conditions (Freeman & Rogers, 1999). With this in mind, *i-deals* are likely to arise under conditions of symmetric power, as opposed to the more traditional asymmetry favoring the employer.

I-deals occur in the context of a broader set of arrangements characterizing an individual's employment. Often, *i-deals* occur in employment relationships that provide some employment terms that are standard to all workers (e.g., company-wide benefits) but others that are specific to occupants of particular positions (e.g., professionals, as opposed to unskilled workers). Being able to negotiate idiosyncratic conditions is a sign of one's potential or acceptance as a valued contributor—someone worthy of special treatment, akin to the phenomenon of idiosyn-

crasy credits accorded high-status group members (Hollander, 1958). Although standardizing employment conditions (e.g., through wage structures, bonuses, or benefit plans) is a means of promoting cooperation and trust (Lazear, 1981), employers also face pressure to attract highly valued workers by offering special employment conditions. The result is that some individuals have more idiosyncratic elements in their employment arrangements than others, potentially undermining cooperation and trust. *I-deals* have the potential to impact how coworkers assess the fairness of their own treatment relative to the recipient of the *i-deal*, an impact that can be positive, neutral, or negative, depending on the nature of the *i-deal* and the process through which it is obtained. For instance, a coworker who bargains for a raise may be viewed more negatively by colleagues than one who seeks out a preferred assignment, since pay differences are generally more salient than differences in tasks or duties. Moreover, salience of differential arrangements is amplified, depending on whether the negotiations are surreptitious or broadly acknowledged (Greenberg et al., 2004; Rousseau, 2005).

With respect to the array of rewards and benefits individual workers receive, *i-deals* represent a form of within-unit heterogeneity (Klein et al., 1994). This heterogeneity can mean different things to the employer, to the individual worker, and to his or her coworkers. From the frame of reference of an employer who differentiates among a set of workers, this heterogeneity can reflect management practices rewarding high performers (thereby promoting instrumentality beliefs; Vroom, 1964). To a worker, an *i-deal* can signal the value an employer places on him or her. To coworkers, within-unit heterogeneity regarding the nature of rewards and benefits received can signal their standing in the eyes of authority figures and/or the flexibility and supportiveness with which that employer treats its workers.

Importantly, an *i-deal* conveys potentially divergent messages to workers, depending on whether they are its principals or third parties. For example, a consultant who has negotiated to be assigned to projects that develop desired skills may believe his employer to be supportive. His coworkers, unaware of why special projects have been allocated to only one of them, however, may see the employer as favoring one

employee and disadvantaging others. I-deals, nonetheless, have the potential to be seen as fair by third parties to the extent that they are appropriately differentiated from other person-specific arrangements that are patently unjust and self-serving (Greenberg et al., 2004; Rousseau, 2004).

What I-Deals Are Not: Dysfunctional Person-Specific Arrangements

I-deals negotiated by workers differ from other person-specific employment practices in several ways (see Table 1). One widely recognized form of preferential arrangement is *favoritism* or *cronyism*, where a firm's agents (e.g., supervisors) favor certain workers over others based on relational factors (e.g., personal relations or political ties). Such arrangements are self-serving from the individual agent's perspective and are not necessarily beneficial to the firm (Pearce, Branyiczki, & Bigley, 2000; Rousseau, 2004). In fact, such arrangements may undermine the legitimacy of the formal organization by allowing rule-bending and workarounds to dominate formal rules and agreed-upon procedures. It is doubtful that the organization benefits from playing favorites, even if the result is having a lackey willing to do a manager's bidding. Moreover, these arrangements are predicated on connections rather than individual capabilities that add value to a company (Clarke, 1999). In contrast, an i-deal grants a worker some preferred employment condition(s) while at the same time helping

the employer attract, motivate, and/or retain a highly valued contributor. Thus, both parties benefit.

Clearly, however, there is a gray area between i-deals and favoritism (Rousseau, 2004) whenever a manager with a special relationship to a worker holds overly positive beliefs regarding that person's contribution to the firm, leading the manager to grant the worker's request for an i-deal. Such situations suggest that firms in which workers' contributions are more objectively determined may be better positioned to grant i-deals while avoiding the appearance—or reality—of favoritism.

Another person-specific employment practice is an unauthorized arrangement, such as that in which a worker is permitted, albeit unofficially, to take resources from his or her employer for personal use, without permission (Greenberg, 1998; Rousseau, 2004). Such unauthorized arrangements involve unilateral confiscation of employers' resources by workers in a manner that harms employers. Although most acts of employee theft occur without management's knowledge, some managers have been known to turn a blind eye to petty theft, publicly decrying it but privately acknowledging (or sometimes even promoting) its occurrence (Greenberg & Tomlinson, 2004). That is, an unspoken norm sometimes develops that theft is tolerated, at least as long as it is kept within certain parameters (Dalton, 1959; Ditton, 1997). Importantly, such unauthorized arrangements are not i-deals insofar as they serve the interests of individuals

TABLE 1
I-Deals Compared to Other Person-Specific Employment Arrangements

Feature	Employment Arrangement		
	I-Deals	Favoritism or Cronyism	Unauthorized Arrangements
Allocation	Negotiated by employee	Endowment to employee	Usurped by employee
Basis	Worker's value to firm and personal need	Particular relationship	Rule breaking
Beneficiary	Employee and employer	Employee and powerful others (e.g., managers)	Employee only
Coworker consequences	Effects on perceptions depend on content, timing, and process for creating i-deal	Reduces trust and perception of procedural and outcome fairness	Reduces legitimacy of organizational practices

but not the firm, undermining the legitimacy of its formal practices and eroding the trust workers place in it (Pearce, 2001; Rousseau, 2004).

SIGNS OF I-DEALS IN ORGANIZATIONAL RESEARCH

As an organizational phenomenon, the creation of i-deals largely has gone unrecognized, despite signs of worker-negotiated idiosyncratic arrangements in organizational research. Several research areas address heterogeneity in conditions of employment and, in doing so, provide evidence that i-deals may have long been a part of organizational life. These include investigations of idiosyncratic jobs, leader-member exchange (LMX), workplace flexibility, and psychological contracts.

Idiosyncratic Jobs

According to Miner (1987), "idiosyncratic jobs" are those positions in an organization created for and around specific individuals. For example, an employee with an excellent speaking voice may be given the job of recording personalized messages on the company's telephone answering equipment. This job capitalizes on the worker's unique talent. Research on idiosyncratic jobs informs our discussion by calling attention to organizational factors impacting an idiosyncratic job's creation, growth, and demise—forces that may operate on i-deals as well. First, start-ups and new organizational settings are replete with idiosyncratic jobs, since initial job incumbents generally have broad opportunities to shape their roles and employment conditions (Levesque, 2001). Second, idiosyncratic jobs tend to die over time as their occupants leave or as pressure for standardization mounts (Miner, 1987). Third, even highly formalized settings have idiosyncratic jobs whose initial incumbents possess the set of distinctive capabilities their firm values (Miner, 1987).

Research on idiosyncratic jobs has interesting implications for i-deals. The initial occupants of newly created jobs are better positioned than later occupants to propose i-deals. By customizing at least some of a job's duties and ways work is performed, original occupants of jobs tend to have more opportunities to suggest and bargain for idiosyncratic employment terms than occupants of jobs with longer histories.

Thus, i-deals that workers propose to their employers are more likely to be accepted in start-ups and in newer settings than in more established organizational settings, where norms have developed and where rules and standard procedures restrict or preclude ad hoc options.

Nonetheless, even highly bureaucratic firms still can create i-deals for highly valued workers. Over time, however, pressure for standardization and consistency is likely to emerge that impacts i-deals in two ways. First, it can make certain i-deals unnecessary, broadly permitting arrangements to many workers that were once available only to a few workers who had i-deals. Second, it can make i-deals more difficult to create in all but the most exceptional cases by limiting organizational flexibility and managerial discretion.

LMX

LMX focuses on the relationships between managers and individual subordinates and the development of these relationships over time (Cashman, Dansereau, Graen, & Haga, 1976; Graen & Cashman, 1975). This conceptualization purports that differences in a manager's treatment of individual workers are due to differing levels of trust. Some workers form part of a highly trusted ingroup that has greater latitude over duties and responsibilities, finding their manager highly responsive to their needs and interests. In contrast, other workers, considered part of the outgroup, are denied this special treatment. High-LMX workers enjoy more opportunities for idiosyncratic behavior—and, presumably, the creation of i-deals—than their low-LMX counterparts.

Importantly, whether the LMX relationship is based on an employer's regard for a particularly competent worker or merely on a friendship with a less impressive performer determines whether these individually distinct arrangements constitute legitimate i-deals or merely preferential treatment. Nonetheless, having a good relationship with one's manager or other representative of one's employer is likely to make proposing an i-deal easier. As such, a manager who may have been reluctant to negotiate an i-deal early in a relationship with a worker may become open to the possibility of such an arrangement over time, to the extent that he or she comes to value that worker.

Workplace Flexibility

Ethnographic studies of workplace flexibility and work-family balance have described individualized arrangements that essentially are i-deals, without identifying them as such. Hochschild (1997), for example, has demonstrated that high-status professionals and otherwise highly valued workers are more successful at negotiating accommodations addressing their needs for work-family balance than their less esteemed counterparts. Interestingly, evidence also suggests that there may be a drawback to such arrangements. Workers who negotiate flexible work arrangements often receive substandard evaluations of their performance because of their nonconforming work practices, particularly when performance is measured subjectively (Perlow, 1997).

Taken together, the Hochschild (1997) and Perlow (1997) studies pose a dilemma. Although fast-trackers successfully may negotiate idiosyncratic arrangements that help balance the demands of their work and family lives, such deals subsequently may reduce their performance ratings, ultimately diminishing their career opportunities. Research on work-family balance has several implications for i-deals. Over time, an i-deal can have negative consequences for the worker who negotiates it, particularly to the degree that such an arrangement is discrepant from widely held work norms (e.g., negotiating shorter work days in a firm where advancement requires putting in long hours). In the case of i-deals negotiated to help juggle the demands of work and family, for example, a worker who approaches the work role differently from his or her peers—be it in terms of hours worked, availability to clients or colleagues, or other factors—unintentionally may signal a lack of commitment (cf. Landers, Rebitzer, & Taylor, 1996).

Psychological Contracts

A psychological contract is the specific manner in which each party in an exchange relationship interprets his or her obligations and agreements with the others (Rousseau, 1995).

Psychological contracts may differ among coworkers doing similar jobs in the same work unit (e.g., Dabos & Rousseau, 2004a). Although there may be several possible explanations for this (e.g., workers were hired at different times

by different managers), the existence of i-deals may be a factor in within-unit differences in psychological contracts.

Idiosyncratic terms can form part of an individual's psychological contract, along with features that are shared with coworkers (Rousseau, 1995). Some differences in on-the-job behavior observed among coworkers can arise from idiosyncratic components in their psychological contracts, as in the case of workers whose special contributions bring them greater status within a workgroup (Dabos & Rousseau, 2004b). Furthermore, some particular types of psychological contracts, known as "balanced contracts," incorporate beliefs in their ongoing negotiability as necessitated by changing organizational environments and individual needs (Rousseau, 1995). Workers with such contracts have been found to pursue i-deals involving career development that also enhance their employability (Rousseau et al., 2003).

CONTEXTS OF I-DEALS

Having considered the nature of i-deals and their connections to various organizational phenomena, the stage is set for us to address the contexts within which i-deals arise and their impact on employees. Some circumstances that both workers and organizations face can impact the nature of the bargaining process between them, as well as the outcomes that follow from any resultant i-deal. Here we examine three such circumstances: the strategic value of workers to their organizations, the timing of i-deals, and the implications of repeated bargaining.

Strategic Value

An i-deal is a form of customization granting employees conditions that satisfy their personal needs, values, and preferences. Traditional employment in the developed world downplays customization in favor of consistency and standardization (Pearce, 2001). In recent years, however, the liberalization of labor laws and the reduced popularity of unionism (Farber & Western, 2000; Halpern, 2003), coupled with the growing recognition of human capital's contribution to a firm's competitive advantage (Leana & Rousseau, 2000), have opened more doors to negotiating i-deals in lieu of accepting standardized offers. Against the backdrop of fewer preset

terms of employment, workers who recognize the value that employers place on them are well-positioned to assert their preferences either overtly, through bargaining, or more coyly, by hinting at alternative opportunities elsewhere (Rousseau, 2005). Greater mobility among talented people, especially those recognized as critical to their firm's competitive position, adds to their power when bargaining for i-deals (Frank & Cook, 1995).

A firm's receptiveness to i-deals reflects its strategic needs, as when particular segments of the labor market are targeted that its existing practices are not geared toward (e.g., young professionals, senior citizens, or parents of small children; Ingram & Simon, 1994; Lee et al., 2000). Illustrating this, law firms more readily have been granting requests for exceptional arrangements to female attorneys attempting to balance their work and family lives than to male attorneys who make similar requests (Klein, Berman, & Dickson, 2000).

Proposition 1: Firms seeking to recruit or retain valued workers from labor market segments where their existing practices make recruitment or retention difficult are more likely to grant i-deals that offset those practices than firms not targeting those workers. Accordingly, such targeted individuals are more likely than nontargeted individuals to be granted i-deals.

Ultimately, repeated use of similar arrangements to recruit and retain workers from these desirable segments of the labor market may result in a revision of standard employment terms in response to demands for equity (Greenberg, 1996), eventually making these new arrangements standard rather than idiosyncratic (Greenberg et al., 2004). In other words, once-unique policies are likely to become institutionalized, if the factors that gave rise to them continue. This is what occurred in the case of flextime, which originally was introduced to meet the needs of women workers but which subsequently became a standard employment practice (Ingram & Simon, 1994).

Proposition 2: Over time, firms that successfully meet their human resource needs by offering a particular type of i-deal to workers from specific

labor market segments eventually will make such arrangements routinely available to all workers.

I-deals that are successful from a firm's perspective become a source of new work structures and human resource practices that promote both adaptation to changing environments and legitimation of a firm's employment practices.

The Timing of I-Deals

As noted earlier, workers negotiate i-deals with their employers at either of two times—during the recruitment process (i.e., *ex ante*) and/or on the job, after a relationship has been established (i.e., *ex post*). (Other idiosyncratic negotiations, such as those occurring at the end of employment via termination or retirement, may be governed by different processes and are not treated here.) Importantly, however, not all workers who prefer something nonstandard seek i-deals. The extent to which someone does so is likely to depend on that person's beliefs regarding the likelihood of a successful negotiation. Belief in one's ability to negotiate an i-deal is predicated on perceptions of what is negotiable, as well as on one's unique leverage or bargaining power. Taken together, these reflect the strength of one's own position and the alternatives available both to oneself and one's employer (Thompson, 2001). Beliefs regarding negotiability also are enhanced whenever workers believe their employers are highly dependent on them. The nature of that dependence can vary for new recruits and current employees.

To a great extent, labor markets dictate the dynamics and normative appropriateness of *ex ante* i-deals. For example, workers in a "hot" labor market, where certain skills are in high demand but short supply, might be expected to seek and attain more i-deals than those whose skills are in less demand (Cappelli, 2000). Under such conditions, information about others' successes in negotiating i-deals is likely to be communicated informally and very rapidly, thereby promoting interest in such arrangements (Belliveau, 2000). As qualified applicants clamor to get in on the good deals, a "gold rush effect" can occur. This accounts for why i-deals were so common among employees of dot.com firms in the late 1990s (Buckman, 2000). Under such circumstances, workers are unlikely to attribute

their firm's willingness to provide them special accommodations as an indication of its quality as an employer or its positive regard for them as individuals. Rather, workers bargaining *ex ante* are likely to attribute receipt of an *i-deal* as an indication of their market value.

Although market-based attributions are likely to predominate among workers with *ex ante i-deals*, workers are more likely to attribute their *ex post i-deals* to the quality of their relationship with their employer. *Ex post* arrangements are more likely to arise in the context of a relationship between worker and employer wherein information is exchanged that is not available among the parties *ex ante*. Special arrangements that arise then are based on credible information regarding the value of the person to the organization (e.g., actual past contributions) and on particular conditions that the individual finds valuable (e.g., specific assignments). Exchanges made in the context of current employment are more likely to evoke a relational schema (Baldwin, 1992) and to involve the parties in commitments that play out over longer periods of time. As such, *ex post i-deals* can enhance each party's beliefs in the quality of the employment relationship. In contrast, as argued above, *ex ante i-deals* are more likely to be interpreted as arising from market-based factors and are less likely to impact beliefs regarding relationship quality.

Proposition 3: Ex post i-deals are more likely than ex ante i-deals to be perceived as an indication of the quality of one's employment relationship.

Insofar as employers may be sensitive to the threat to collaboration and commitment from increased disparities in visible conditions of employment (e.g., pay; Cowherd & Levine, 1992), we expect that they generally will be reluctant to grant *ex ante i-deals* to all but those workers deemed most critical or most in demand. *Ex ante i-deals* may be limited severely in settings where labor practices are highly regulated (e.g., government employment) or where societal or cultural norms make them taboo (e.g., in China and Singapore *ex ante* negotiation can be considered too assertive; Rousseau & Schalk, 2000). In contrast, once a relationship exists between workers and managers within a firm, even settings that discourage *ex ante* bargaining may promote informal negotiations and accommoda-

tions between individual workers and their employers. These informal negotiations also serve to clarify the inevitably incomplete contracts of long-standing employment (Williamson, 1975).

Workers are inclined to negotiate employment terms *ex post* rather than *ex ante* for several reasons. First, in contrast to preemployment negotiations, workers and employers who negotiate terms *post hire* may share a great deal of knowledge about one another's interests and may already exchange a broad array of resources. *Ex post i-deals*, thus, can occur more readily because of the more credible signals an employer possesses regarding a worker's value than existed prior to employment (Lazear, 1981). Second, the greater comfort level workers enjoy in making special requests of an employer with whom they now have a relationship also makes *i-deals* more likely to occur *ex post* than *ex ante* (Rousseau, 2005). Third, insofar as granting an *i-deal* may be considered a way of rewarding a worker who proposes it, employers in long-standing relationships may consent to *i-deals* as a means of acknowledging loyalty and of rewarding contributions based on an extended track record (Lazear, 1981; Ritter & Taylor, 2000). Fourth, workers who have formed a relationship with their employers can use their insider knowledge to capitalize on opportunities to propose *i-deals*. Current employees can propose *i-deals* in response to employer-initiated circumstances that give them leverage (Rousseau, 2005). Incumbent workers who otherwise are reluctant to propose *i-deals* may use the opening of a new position or a tough-to-fill vacancy to negotiate an *i-deal*. These *ex post i-deals* result from workers' use of insider knowledge to suggest conditions that employers otherwise may be reluctant to grant.

Proposition 4: Other things being equal, workers are more likely to negotiate ex post i-deals than ex ante i-deals.

Repeated Bargaining

Thus far, our discussion of *i-deals* has focused on discrete arrangements made on single occasions. However, during lengthy employment with a firm, a particular worker may repeatedly negotiate a variety of idiosyncratic features as his or her personal needs and organizational

contributions change over time. Although many of these successive i-deals may reflect ongoing adjustments in cycles of inducement and contribution, in some cases attempts to create i-deals may reflect a worker's efforts to up the ante—to get more from his or her employer. Repeated bargaining differs from the cycles of reciprocity workers and employers engage in over time, because repeated bargaining focuses on increasing levels of the same resources—particularly pay—without a reciprocal increase in the worker's contributions to the firm.

Such repeated bargaining potentially can change the meaning of the i-deal over time. Although initial i-deals are likely to be offered and interpreted as special, parties may come to interpret subsequent i-deals differently, especially when they are habitual. Diminishing marginal returns can result for both principals as each subsequent deal becomes less special. Moreover, individuals who repeatedly propose i-deals risk damaging their personal reputations (Ferris, Blass, Douglas, Kolodinsky, & Treadway, 2003), threatening to create the impression that they are "players" motivated primarily by the thrill of "gaming the system." Organizations also may be unwilling to make i-deals based on the same resources with the same individuals repeatedly, for fear of being manipulated, being seen as practicing favoritism or acting capriciously, or creating dissatisfaction among other employees.

Proposition 5: Concerns about creating negative impressions will discourage workers from proposing ex post i-deals regarding the same resources repeatedly over time. Moreover, concerns about negative impressions will discourage employers from accepting ex post i-deals regarding the same resources for the same workers repeatedly over time.

The potential for negative impressions is likely to be lower in employment relationships infused with market ideologies (e.g., among computer programmers with unique skills) but higher in those in which professional or communal ideologies prevail (e.g., among doctors working in a teaching hospital; Thompson & Bunderon, 2003). The very process of negotiation can make salient the economic and transactional aspects of the employer-employee exchange,

which, although highlighted in market ideologies, typically are downplayed in communal relationships. Thus, we might expect a physician in a health care setting to be reluctant to negotiate ex post i-deals regarding pay repeatedly, insofar as attention to economic issues may run counter to the ideologies of caregiving and communal relations that are supposed to take precedence in his or her employment relationship.

THE CONTENT OF I-DEALS

The specific terms or the content of i-deals provides insight into the exchange relations between the employees and employers involved. I-deals may contain many diverse resources that workers value—from pay and travel expenses to mentoring, development, and personal support—and the nature of these resources may influence how workers experience i-deals (Rousseau et al., 2003; Rousseau & Kim, 2003). To understand the content of i-deals, Foa and Foa's (1975) classification of resource categories is useful. Specifically, they propose that six types of resources—money, goods, services, information, status, and love—may be classified along two dimensions—the degree to which the resources are concrete (tangible) versus abstract (conveyed through verbal and paralinguistic behaviors), and the degree to which they are particularistic (their meaning and value depending on their source and context) versus universal (having common meaning and value across sources and contexts).

Typically, exchanging particularistic resources requires a personal relationship between giver and receiver. Particularistic resources include bestowing special status (e.g., recognition), services that benefit another's well-being (e.g., development, mentoring), and love expressed via concern and socioemotional support (e.g., support and flexibility in response to a family crisis). Although goods or money can be exchanged between parties who do not know one another, typically, personal relationships are the basis for particularistic resource exchanges. Parties generally are familiar with or have information about one another in the case of status or services, and they trust one another in the case of love and related forms of socioemotional support. In contrast, concrete resources (particularly ones with clear monetary value, such as pay and material goods) are

readily exchanged with limited interaction and virtually no relationship between the parties. This conceptualization of resources sheds light on the dynamics underlying i-deals.

Firms seeking to attract, motivate, and retain valued workers find it difficult to compete if wages are the only dimension they use to bargain with and motivate employees. Broadening the employment package—what Bloom and Milkovich (1996) have termed the *compensation bundle*—to include nonmonetary and particularistic resources, as well as concrete, monetary resources, enhances an employer's ability to recruit, motivate, and retain talent. Particularistic resources constitute part of an invisible wage structure, providing informal ways organizations can compensate workers. This can range from higher-quality employee-supervisor relations and greater job scope (Graen & Scandura, 1987) to the overlooking of odd or deviant behavior on the part of otherwise high performers (Frank, 1985; Greenberg & Scott, 1996). Particularistic resources lack fixed metrics, making their exchange difficult to standardize or to govern by rules. As such, employers and managers may find it easier to offer particularistic i-deals than concrete ones, especially those involving pay and benefits.

The timing of an idiosyncratic negotiation may affect the perspective from which each party views the exchange. Different relational schemas may be primed by the point in the employment relationship at which negotiation occurs (Baldwin, 1992). An *ex ante* i-deal occurring while the worker is a job applicant is likely to evoke the schema of a market transaction, particularly in view of the types of resources commonly bargained for in the job market (e.g., pay, promotion opportunities, or stock options). In contrast, an *ex post* i-deal is likely to evoke the schema of socioemotional exchange, particularly if the resources bargained for include forms of personal or emotional support.

Relational schemas themselves are intertwined with the types of resources for which bargaining occurs. Those resources that would signal a high-quality employment relationship, such as development and mentoring, might be more difficult to bargain for prior to joining a firm than after one already is onboard. There are two reasons for this. First, the employee does not have the type of contextual knowledge regarding the firm that eases negotiating over partic-

ularistic conditions. Second, *ex ante* bargaining is likely to be shaped by information accessible in the external market. Thus, whereas information about salary and benefits may be shared readily among job seekers and employers, more particularistic resources are difficult for them to identify, let alone to compare.

Proposition 6: Ex ante i-deals are more likely to be based on concrete and universal resources than on particularistic and abstract resources.

In contrast, there is more opportunity to obtain particularistic and abstract resources via *ex post* negotiations than *ex ante* negotiations. This is particularly likely when particularistic and abstract resources are used to recognize high-performing workers without creating more overt differences in the outcomes coworkers receive. Such i-deals may account for a common finding in compensation research: relative to their marginal productivity, firms tend to underpay high performers and overpay low performers (Frank, 1985; Gerhart & Milkovich, 1992).

Proposition 7: Ex post i-deals are more likely to be based on particularistic and abstract resources than on concrete and universal resources.

Receipt of special accommodations regarding preferred assignments and development activities is positively related to recipients' beliefs in a mutual commitment regarding development and support between themselves and their employers (Rousseau et al., 2003). Exchanging such resources necessitates an investment of time and effort on the part of both parties, which can enhance each one's beliefs regarding the quality of the relationship. Resource exchanges that promote interaction over time can deepen both the investments and obligations each party reciprocates with the other.

In contrast, accommodations regarding pay and equipment, which can be provided with minimal interaction, have no consistent effect on the perceived employment relationship (Rousseau et al., 2003). As indicated in Proposition 6, monetary (i.e., concrete and universal) arrangements are likely to be made prior to employment in an organization—that is, when successful negotiation of one's preferences is likely to be attributed to market value rather than to a special quality of the employer. Basing i-deals

on market factors is likely not only at the time of hire but also post hire, when workers bargain for salary increases. A salary increase is more likely to be justified by market-related reasons than are accommodations supporting an individual's personal growth.

Whereas market-based attributions predominate among workers with *ex ante* i-deals and among workers with monetary-based i-deals regardless of timing, we expect that workers will attribute their *ex post* nonmonetary (i.e., particularistic and abstract) i-deals to the quality of their employment relationships.

Proposition 8: Ex post nonmonetary i-deals are more strongly and positively related to workers' beliefs regarding the quality of their employment relationship than are ex post monetary i-deals.

Although some workers who successfully bargain for a pay increase might believe their employers value them highly, we expect workers to be less consistent in their interpretation of monetary i-deals than particularistic i-deals. Monetary i-deals can arise in arm's length employment arrangements, as well as in highly relational ones, whereas particularistic i-deals require a relationship (e.g., McLean Parks & Smith, 1998). How workers respond to monetary i-deals, therefore, will depend on the nature of their broader arrangements with their employers.

Employers may enter into i-deals as a means of courting subsequent reciprocity. A reverberating network of obligations can arise as i-deals cultivate mutual support. Workers may interpret i-deals variously, as signals of a good relationship with an employer or as indicators of how much individual power they wield. Interpretations are likely to depend on the i-deal's content, which reflects workers' and employers' motives for creating the i-deal in the first place.

COWORKERS' RESPONSES TO I-DEALS

Thus far, we have focused on arrangements between an employee and his or her employer. However, this ignores another key stakeholder—the worker's coworkers. Because coworkers are likely to observe and form judgments about i-deals, it is important to consider their assessment of and reaction to those i-deals they learn

about. Comparisons between oneself and one's coworkers are likely to be made especially salient by i-deals, given that, by definition, the terms of their employment differ. (Should coworkers attempt to match the terms of another's i-deal, that arrangement is no longer idiosyncratic. Subsequent matching arrangements are motivated by different factors, such as perceived equity, and we address these elsewhere [Greenberg et al., 2004].)

Insofar as a worker and an employer have agreed to an i-deal, these parties are inclined to perceive it as fair. However, an i-deal's non-standard nature can lead other involved parties, such as coworkers, to question its fairness (Greenberg et al., 2004). In other words, coworkers are likely to have different reactions to i-deals than the principals themselves. As in any social exchange, observers are likely to have different perspectives than actors because they are not likely to be privy to the same information (Jones & Nisbett, 1972). When an employee with an i-deal and his or her employer are the only parties to know the exact terms of employment, others are likely to learn about these in an incomplete and inaccurate manner, such as through rumor and innuendo. Moreover, others are inclined to judge these arrangements as unfair if the arrangements were made in secret, raising suspicion that there is something to hide. Also, because they often are unfamiliar with the exact nature of the agreement, coworkers are not in a good position to judge its ultimate fairness.

Nonetheless, it is not inevitable that coworkers will judge others' i-deals as unfair. We outline some key considerations in assessing the fairness of i-deals. These are important in that repeated complaints about the unfairness of i-deals ultimately may lead to their prohibition, thereby denying employers and employees a potential benefit and source of flexibility.

Opportunity for Choice: Do Others Have the Same Options?

I-deals are likely to be perceived as fair by third parties to the extent that these individuals believe they have opportunities to make similar arrangements themselves. This is the case, for example, when using cafeteria-style pay plans (Barringer & Milkovich, 1998), a mechanism for creating customized employment terms. How-

ever, because of their standard nature, cafeteria-style pay plans cannot be considered i-deals.

The fairness of i-deals may be difficult to establish in the eyes of interested third parties. For example, if John learns that his colleague, Mary, negotiated an i-deal that provides greater flexibility in work assignments, he may feel unfairly treated to the extent that he values such flexibility and believes he too deserves it. Such feelings may be reduced if John believes he also could receive identical treatment by asking for it. This would be the case, for example, if John perceived that his employer held him in high regard and was willing to offer him an equally desirable arrangement if he asked for it. Opportunities for comparable treatment, however, need not imply that the coworker believes he or she currently deserves an i-deal. For example, ex post i-deals may be given to veteran employees who have paid their dues (Ford & Newstrom, 1999). Knowing that the same advantages will accrue when an individual achieves veteran status promotes the belief that he or she too can enjoy comparable opportunities.

Proposition 9: A coworker's perceived fairness of another's i-deal will be positively related to the degree to which he or she believes it is possible to attain equally desirable outcomes.

Legitimate conditions for ex ante i-deals may differ from those for ex post i-deals. Market factors tend to be legitimate considerations in ex ante negotiations, and coworkers may accept differences in employment conditions generated by labor market factors at the time a higher-paid colleague was hired (as in the case of salary compression; Brown & Woodbury, 1998). However, reliance on market factors to negotiate an ex post i-deal is more likely to generate adverse reactions on the part of coworkers, particularly those inclined to see themselves as making comparable contributions. Employers, however, tend to treat mobile workers more generously than their equally competent but nonmobile peers (Rusbelt, Campbell, & Price, 1990; Rusbelt, Lowery, Hubbarb, & Maravankin, 1988)—a practice that may generate outrage. We expect that coworkers will react more positively when market factors motivate an i-deal their employer grants to a new hire than when used to justify special accommodations to a current employee.

Proposition 10: Coworkers are likely to believe that market factors are a more legitimate basis for creating ex ante i-deals than for creating ex post i-deals.

Does Anyone Gain or Lose?

One person's special treatment can create costs for others, particularly when the parties are interdependent. In zero-sum situations, where resources are constrained, coworkers are more likely to experience a loss whenever a peer receives an i-deal. Time off for one person, for example, may result in more work for others. A worker who gets a raise because she received an outside offer reduces the pool of money available to grant raises to her peers. Negative consequences from i-deals in resource-constrained situations are amplified by the well-established tendency for people to be more sensitive to losses than to gains (Kahneman & Tversky, 1979).

A person receiving an i-deal can engender a more positive response from colleagues by taking steps to minimize any adverse impact. Such an individual may need to manage relations with colleagues so as to enhance their perceptions of fairness. This likely will involve offering an acceptable explanation to peers as to why this arrangement was warranted. Ostensible steps may be taken to help coworkers who have been harmed in some way because of extra work or other demands necessitated by one's i-deal, perhaps by helping and doing favors for coworkers or making oneself available by phone if needed—that is, engaging in acts of OCB-I (Williams & Anderson, 1991). These efforts reflect enlightened self-interest, particularly where workers with i-deals are interdependent with others.

Recipients of i-deals who effectively manage relations with coworkers tend to downplay differences in their treatment so as to avoid reinforcing an impression of nonconformity (Clark, 1998). For example, if their arrangements allow them to not work on Thursdays, they may say that they are "out of the office on Thursday," instead of stating that they "don't work that day." The symbolic benefits associated with such a gesture may be considerable.

It is important to note that, on some occasions, coworkers may gain from a peer's i-deal. For

example, faculty members who plead with a dean to match the outside offer received by a high-status colleague may do so to protect the status of their department. In local hierarchies, status may be a thing of considerable value (Frank, 1985). Although being at the bottom of a hierarchy has negative consequences, even lower-status members of a prestigious unit may benefit from its standing, making them supportive of i-deals that protect it.

Proposition 11: I-deals resulting in benefits for coworkers are more likely to be accepted as fair than those that result in no such benefits. Coworkers will perceive another's i-deal as less fair when it results in costs to themselves than when the i-deal is cost neutral.

IMPLICATIONS OF I-DEALS

Viewing employment relations through the lens of i-deals reveals both essential dynamics and subtle nuances in relations among their parties: the worker and employer (the deal's principals) and coworkers. These have important implications for both research and practice.

Research Implications

The i-deal framework described here indicates that considerable insight into the dynamics of the employment relationship can be gained by framing it as an exchange wherein individual workers can shape its terms. Moreover, it is an exchange among *three* parties, where a primary exchange between a worker and his or her employer has implications for the relations that worker's coworkers have with the employer and the worker. Our conceptualization of i-deals points the way toward balancing the interests of worker, employer, and coworkers to provide both flexibility and fairness.

Organizations display less standardization in the employment exchange than is widely presumed. Individual workers introduce more variation in the resources they exchange with their employers than scholars and practitioners have appreciated to date. In so doing, these employees are not only impacting the classic cycle of inducements and contributions to enhance their own gratification but are also serving as a

source of innovation in personnel policy. I-deals and the conditions under which they arise can inform how personnel policies originate in organizations and the conditions promoting their revision. Even ostensibly standard practices can constitute a growth medium for i-deals. I-deals can provide insight into organizational routines used to execute such personnel actions as transfers and promotions.

Far from being rigid, many organizational routines are influenced by the managers and workers who participate in them (Feldman & Pentland, 2003). Current employees can negotiate i-deals under various conditions, as a reward for completing a major project or as an incentive to accept a transfer or new responsibilities (Rousseau, 2005). The impact of organizational policies and the routines that support them can vary from firm to firm and from manager to manager, to the extent that i-deals are involved in their execution. Whether workers are able to shape the execution of a routine via i-deals can yield strikingly distinct consequences from seemingly comparable personnel actions.

An employer's role in i-deals is complicated, since, with the exception of all but the simplest cases (e.g., start-up firms with one founder/manager), employers are not unitary entities. Potentially, employers are represented by multiple agents, managers, HR staff, and by formal organizational procedures for personnel decisions. Research is needed into why employers and their agents agree to i-deals in the first place, as well as why they don't. The employer's HR infrastructure, including compensation, and development practices are likely to play a large role in shaping the forms i-deals take, how coworkers respond to them, and whether such arrangements are negotiated at all. In particular, the co-occurrence of other personnel practices, such as credible performance indicators or openness regarding compensation, is likely to be pertinent to how i-deals are viewed by all parties.

We also need to understand how the scope and variation of an organization's i-deals are determined by the degree to which workers already obtain resources through their firm's standard reward practices. In the case of a generous employer who offers a full plate of benefits and developmental opportunities, we might expect i-deals to be somewhat unusual or limited in

scope—but perhaps greeted with more acceptance. In contrast to the vigilance and suspicion of employees who expect to get little unless they strike a deal, the generous employer is likely create a climate of trust and fairness (Colquitt, Noe, & Jackson, 2002; Ehrhart, 2004). Research is needed on how such organizational factors impact workers' responses to their own i-deals and those of others.

Coworkers play multiple roles in i-deals. They can influence a peer's i-deal negotiation when either the peer or employer attempts to anticipate the coworkers' reactions. In effect, i-deals can be bargained for in the shadow of coworkers, who are more likely to judge as fair those negotiations that attend to their interests than those that don't. Coworkers are also, in some cases, key enablers of i-deals. One person's special employment conditions can lead another to adjust his or her performance to pick up slack or to provide coordination made necessary by non-standard arrangements. The assistance coworkers provide might be construed as citizenship behavior where the target is the organization (i.e., OCB-O), but, as noted earlier, it often is provided to assist a fellow worker (i.e., OCB-I; Williams & Anderson, 1991). Along with any sacrifices i-deals might exact from coworkers, from more work to lower raises, coworkers may anticipate reciprocity for their support for (or tolerance of) another's i-deal. In this regard, coworkers are themselves prospective i-dealers whose beliefs about their likelihood of success can influence perceptions of fairness as well as their relationships with employer and i-dealing colleague(s) alike (Greenberg et al., 2004).

The conceptualization of i-deals developed here suggests that within-group heterogeneity in work experiences and reward allocations is neither merely noise from individual differences in perception nor the effect of workers' pet relationships with their bosses. Systematic processes are at work whereby heterogeneity arises through ways in which individual workers and employers craft their relationship. Yet scholars largely have overlooked the matter of differences among coworkers with respect to the terms of their employment. For example, LMX researchers have neglected to investigate the impact of high-LMX relations between a manager and one subordinate on that person's peers (for a review, see Schriesheim, Castro, & Cogliser, 1999). Likewise, research on organiza-

tional justice (for a review, see Colquitt & Greenberg, 2003) largely focuses on forces of consistency, equity, and equality while downplaying heterogeneity in the value and meanings individuals within a group associate with the different resources they receive. Research that addresses this balance of interests must consider the three parties simultaneously.

Toward this end, we advocate more contextualized research designs that assess the employment exchange from the perspective of each individual worker in a work unit with respect to his or her relationship with both employer and coworkers. Individual-level assessments should measure an individual's beliefs regarding his or her own exchange relationship and related judgments regarding each coworker in a given setting. The format used in network research is useful in this regard, wherein individuals report their judgments regarding relationships with all unit members listed in a questionnaire (e.g., Dabos & Rousseau, 2004b). Designs that assess the perspectives of workgroup members and their employers with respect to the resources exchanged, capturing the exchange from the vantage point of each dyad (i.e., worker-employer, worker-coworker), can be used to examine the main effects from employer- and employee-level factors, as well as the interaction effects from each employee's position relative to others in the workgroup. Analytic tools such as the WABA approach (e.g., Schriesheim, 1995) provide one means for evaluating effects of within-group heterogeneity, while network analytic techniques can be used to test effects at the dyadic level (Krackhardt, 1988).

Temporal factors play a role in the impact of i-deals not only in terms of whether the arrangements made are *ex ante* or *ex post* but also in terms of the period of time over which their effects are evaluated. For example, as we noted earlier, i-deals that initially meet an individual worker's needs can have negative consequences over time if the worker's nonconformity leads to subsequently reduced performance evaluations. In contrast, an i-deal that promotes a worker's opportunities for career development might enhance his or her subsequent performance and promotability. Not only are the consequences of i-deals likely to vary over time, but their implications for employer, worker, and coworkers can vary, depending on the point in the

cycle of inducements and contributions at which an assessment is made.

I-deals also have their dark sides, such as when the balance among the interests of these three parties is neglected. Yet scholars have much to learn from investigating circumstances where within-group heterogeneity in resource exchanges and employment conditions is seen as legitimate and in which workers, employers, and coworkers experience positive outcomes. In any case, however, these practices cannot be fully understood until we examine their implications for the three focal parties to an individual's employment relationship.

Practical Implications

A wise personnel manager once advised, "Make no compensation decisions you wouldn't post on the employee bulletin board." I-deals are most likely to result in a sense of fairness to the extent that they are communicated openly (Greenberg et al., 2004). It is likely that managers will be more willing to publicly acknowledge i-deals that are based on values widely shared in the organization (e.g., contribution, serious personal need, opportunity for innovation; Rousseau, 2005). Employers should be wary of granting i-deals for which the underlying values are not clear or credible, such as may occur when i-deals concerned with pay are created with the same workers repeatedly. When i-deals are prompted by circumstances raising privacy concerns (e.g., illness), employers need to develop repertoires for communicating appropriately to avoid misinterpretation.

In closing, we caution that i-deals do not substitute for well-thought-out HR management systems where standardized practices address the concerns workers share. Nonetheless, the flexibility that i-deals provide is a necessary response to individual differences and changing circumstances. New firms, of course, often lack such infrastructures, making i-deals useful mechanisms for attracting, motivating, and retaining workers—at least to the extent that employers focus attention on learning how to manage i-deals effectively. Even for firms with elaborate personnel systems, the needs of all workers and employers cannot be determined a priori, making the opportunity to create i-deals advantageous. I-deals provide a basis from which employers can identify potentially useful

innovations in HR practice—but, of course, only to the degree that they allow organizational learning to occur by freely sharing information about past i-deals. Employees and employers stand to benefit by looking at i-deals as experiments, which, if successful, can be more broadly applied. Scholarly research can aid this effort by examining i-deals as a three-party process, balancing several sets of interests simultaneously. We hope this article inspires such efforts.

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