



Idiosyncratic Deals in Employment Arrangements and Labor Market Applications

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Introduction

Modern-day scholarship on the topic of work arrangements has increasingly brought attention to the concept of the “idiosyncratic deal.” As the name implies, idiosyncratic deals (commonly referred to as “i-deals”) provide a level of uniqueness and personalization to a work contract. Specifically, i-deals are personalized work arrangements negotiated by employees with the employers with the intent to benefit both parties. Although early research on the subject hinted at the various potential benefits and risks of idiosyncratic deals, new macroeconomic conditions, as well as changes in the labor market as a result of the COVID-19 pandemic, have given new reason to re-examine the role and use of i-deals in the modern day.

My role in this project included an examination and analysis of how current and future workers perceive idiosyncratic arrangements, as well as an analysis of ways in which idiosyncratic deal-making can be facilitated in the post-pandemic labor market/economic recovery. I began by gathering literature and data on the subject of idiosyncratic deals (i-deals). Using this data, I conducted a literature review on the topic of idiosyncratic deals and analyzed the potential economic impacts of idiosyncratic arrangements. Finally, I gathered additional data through a series of interviews with community members to evaluate how i-deals can be used to improve labor market efficiency.

Topical Background

Idiosyncratic deals can offer workers a greater degree of freedom and flexibility by helping employees customize their workplaces to suit their individualized needs. Early researchers in the field coined the term “i-deal” to describe such a work arrangement; namely, one that uniquely benefits both employer and employee. Unlike non-standard arrangements stemming from favoritism or cronyism, i-deals are intended to provide benefit to both employees and employers.

Idiosyncratic Deals Employees Negotiate

Advancement	Career Development	Taking off work two hours early each Friday to attend advanced degree program
	Visibility	Junior employee gets to present key report to corporate executives
Job content	Workload	Reduced to help worker cope with stress
	Interesting Work	Working on one large project rather than many small ones
Time	Flexible Work Hours	Allowed to bank hours for future time off
	Leave of Absence	Unpaid time off to pursue personal hobby
Pay	Matching Job Offer	Raise in response to market data

The potential benefits of i-deals are vast and varied; quantitative analysis suggests that i-deals are positively associated with Leader-Member Exchange (LMX), mutual commitments and trust between employee and manager, and reduced Work-Family Conflict. Moreover, i-deals may lessen psychological strain and improve perceived organizational support and career satisfaction among employees. These benefits can help improve productivity in the workplace and elevate organizational efficiency. This research study aims to quantify and evaluate the perspectives of workers in relation to negotiation in the workplace in order to better understand how employer-employee relationships can be strengthened through idiosyncratic deals.

Methodology

Two different age groups were interviewed to gather more data about how students and workers view their roles in the workplace and idiosyncratic negotiation. The first group (‘Group A,’ for simplicity) included 10 students between the ages of 15 and 18. The second group (‘Group B,’ for simplicity) consisted of 10 adults between the ages of 35 and 47. Interviews were 1-on-1 and were primarily conducted through video call. All interviewees were asked a set of identical questions. The name and identity of all interviewees will remain anonymous; the ages and responses of the participants are used in analyzing trends among respondents.

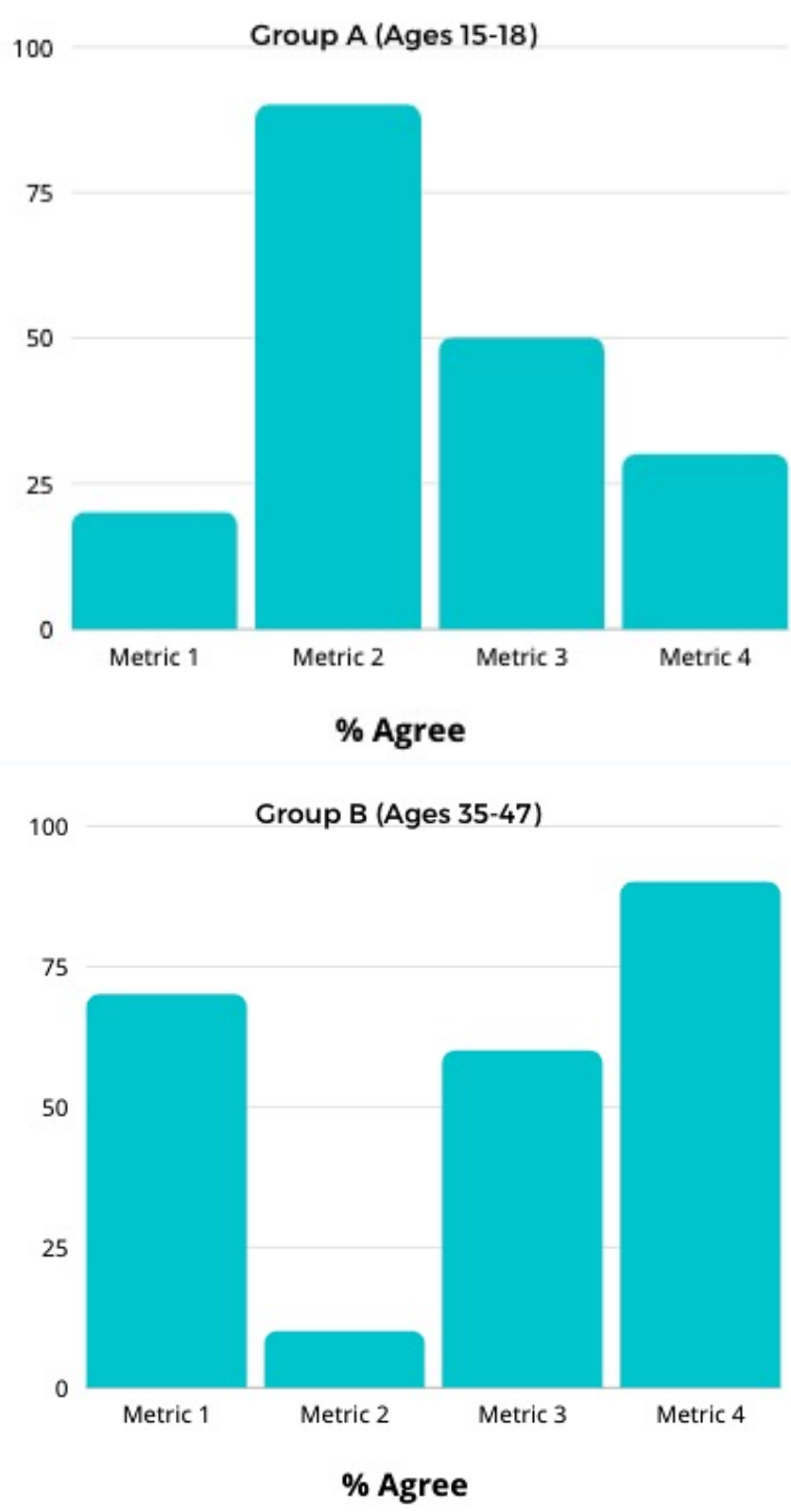
Results

A major difference in trend between age groups is the perception of and willingness to negotiate in the workplace. A significant number of Group A respondents assessed that they would not want to risk their position in competitive careers (e.g. Finance, Computer Science) by trying to negotiate for idiosyncratic “perks.” Conversely, Group B interviewees were more likely to negotiate for a certain personal preference, and all respondents in this group had experiences negotiating for an “idiosyncratic” arrangement in their careers. As current or future junior employees, many in Group A contended that they would only negotiate with their employer if they felt respected as a senior member of the organization.

In general, employees in Group B who had more years of experience in the workforce were more likely to have had personal experiences with the concept of the i-deal. On the other hand, Group A was less aware of opportunities to negotiate in the workplace or was worried about the repercussions of negotiating. According to one respondent, “[T]here is so much competition for high-paying jobs that I would be worried about asking for something when employers see me as replaceable.” In contrast, adults were generally unconcerned with being “replaced” if they were to request an idiosyncratic arrangement, citing their own value to their organization.

Multiple metrics and questions were used across all interviews to assess trends in respondent data. In the graph located under ‘Results (Continued)’: **Metric 1** refers to the question “have you previously negotiated for an i-deal?”; **Metric 2** refers to the question “would you worry about being replaced if seeking an i-deal?”; **Metric 3** refers to the question “are you more likely to negotiate for an i-deal after the pandemic?”; and **Metric 4** refers to the question “have you previously thought about customizing your workplace to suit your needs?” Data was collected on the percent of respondents who agreed and/or responded in the affirmative to the question.

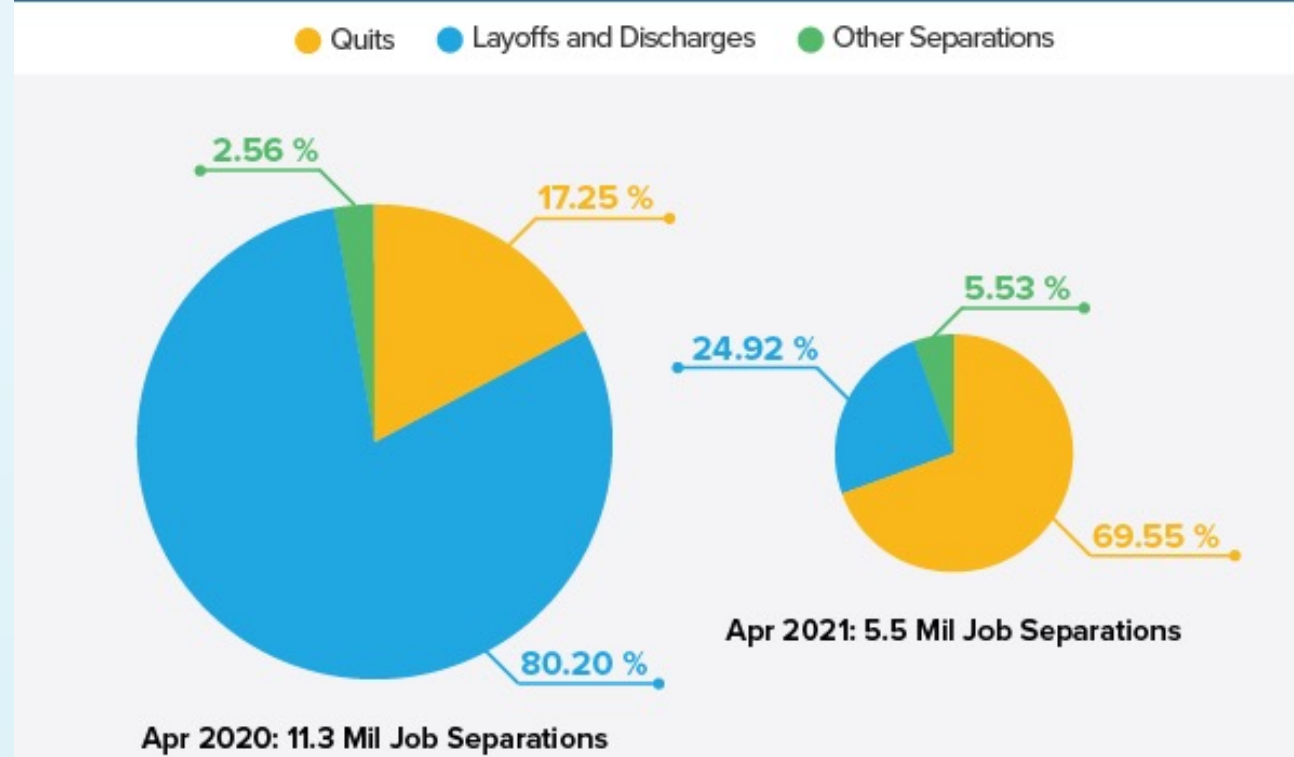
Results (Continued)



Conclusion

The results of this study suggest that more effort and resources must be allocated towards educating junior employees about opportunities to negotiate idiosyncratic arrangements with employers. Both employers and employees must be made aware of the benefits associated with idiosyncratic work arrangements, including the potential to improve work-life balance, improve organizational productivity, and slow the trend of “resignation” occurring in the post-pandemic labor markets.

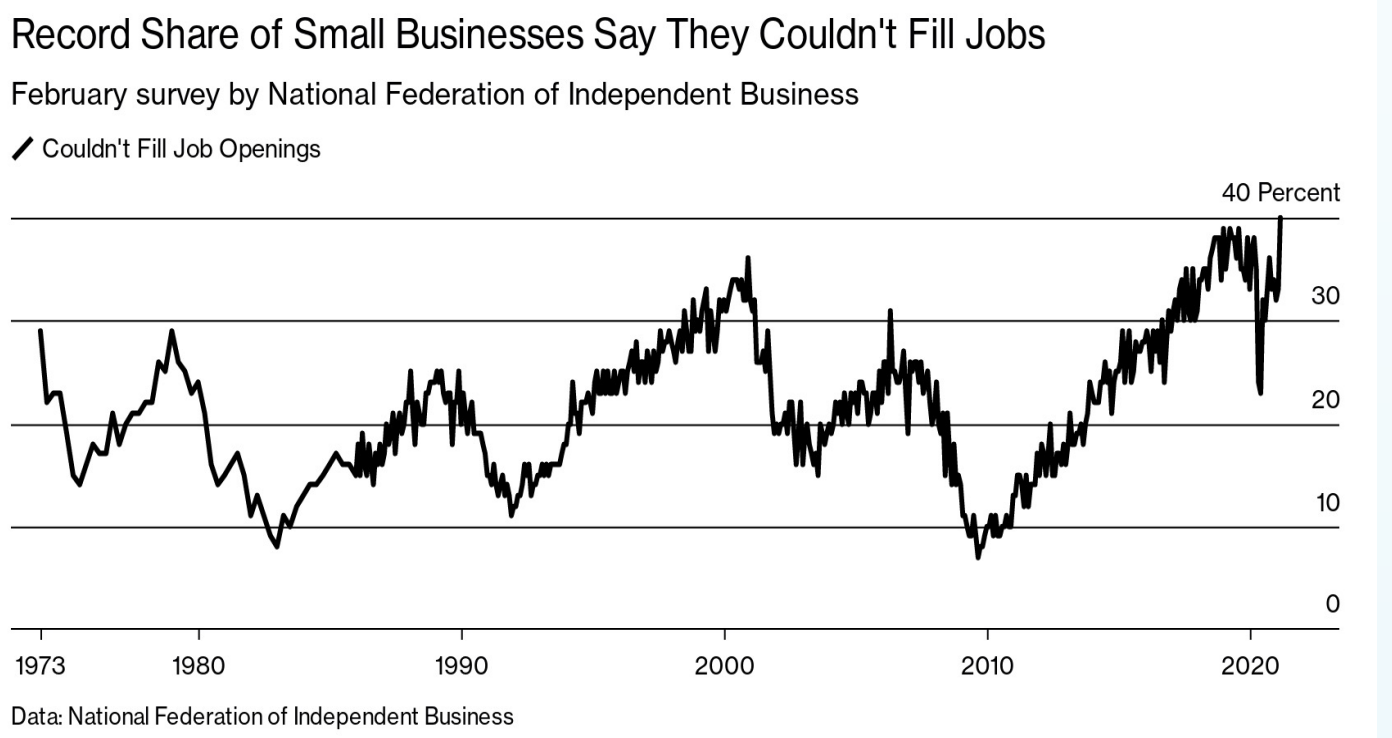
Types of Job Separations in Apr 2020 vs. Apr 2021



Discussion

After the COVID-19 pandemic, worldwide labor markets were drastically affected, and both businesses and employees saw extended periods of economic declines. For one, small businesses laid off workers or temporarily suspended work contracts due to a combination of lost revenue and public health concerns (Bartlik et al., 2020). Simultaneously, employees began to lose work hours and employment-associated benefits (healthcare, insurance, etc.); the impact of these losses has been especially notable among marginalized groups, including women and women of color (Albanesi, Kim, 2021). To counter these economic declines, expansionary fiscal and monetary policies have been widely adopted by governments and central banking systems across the globe (Alonso et al. 2021).

In the U.S., these macroeconomic policies and increases in the money supply have led to a relatively unique status-quo: workers are demanding more money if they are to their jobs. A March 2021 survey of human resource executives in blue-collar companies showed a 63% increase in agreement to the claim that retaining workers was more difficult relative to the start of the pandemic (The Conference Board, 2021).



Ultimately, however, these macroeconomic changes and their impact on the current labor market may suggest the need for idiosyncratic deals so as to alleviate labor shortages in the workforce and simultaneously balance workers’ need for a balanced lifestyle. Thus, both the comprehensive literature review and community-based study suggest that more resources must be allocated towards fostering a work environment conducive to i-deal making for worker, employer, and organization.

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