

Can idiosyncratic deals promote perceptions of competitive climate, felt ostracism, and turnover? ☆



Thomas W.H. Ng

The University of Hong Kong, Faculty of Business and Economics, Pok Fu Lam, Hong Kong

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ABSTRACT

Idiosyncratic deals (or i-deals) have been advocated as effective tools for promoting job motivation and productivity in the workplace. However, they do have some downsides that have not been adequately addressed. This study argues that developmental i-deals (e.g., special training opportunities) may have negative social consequences that lead to turnover, especially for young, educated employees who are sensitive to the presence or absence of special resources that help advance their career development. Data were collected from 190 college-educated employees at five points in time over 18 months. The results show that receiving developmental i-deals and witnessing coworkers' developmental i-deals were related to being envied and to envy, respectively. Further, the receiving and witnessing of developmental i-deals were found to have an interactive effect on these feelings. Being envied and envy promote the perception of a more competitive climate, which in turn was related to greater felt ostracism. Felt ostracism was found to be related to greater voluntary turnover. This study thus has gathered initial evidence that developmental i-deals might have negative social effects on young, educated employees.

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1. Introduction

Idiosyncratic deals (or i-deals) are non-standardized personalized work arrangements negotiated between individual employees and their employers (Rousseau, 2005). Examples include sponsored overseas education, special job rotation opportunities, off-the-job training tailored to employees' needs, and customized work schedules. I-deal recipients display greater loyalty, work engagement, citizenship behavior, and proactive behavior than others (Hornung, Rousseau, & Glaser, 2008; Hornung, Rousseau, Glaser, Angerer, & Weigl, 2010; Liu, Lee, Hui, Kwan, & Wu, 2013).

Could it be possible, however, that using i-deals in the workplace has negative consequences? Researchers acknowledge that i-deals may create perceptions of unfairness (Greenberg, Roberge, Ho, & Rousseau, 2004; Rousseau, 2001; Rousseau, Ho, & Greenberg, 2006). In their recent review of the literature, Liao, Wayne, and Rousseau (2016) also note that while i-deals have many positive effects on employees' motivation and productivity, negative effects may arise if they strain social relationships in the workplace. Despite these observations and calls for investigation, the existing research on i-deals still largely focuses on identifying the positive rather than the negative effects.

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E-mail address: tng@business.hku.hk.

This gap (of omitting the negative consequences of i-deals) is important to fill because if the social costs of i-deals outweigh their motivational benefits, employee productivity and loyalty may decrease in the long run. To address this gap, this study examines a turnover model that highlights how receiving and witnessing coworkers' i-deals may engender negative social dynamics that result in voluntary turnover. Whether and how i-deals relate to turnover has not been addressed before, as evidenced by the exclusion of this relationship from the literature review by Liao et al. (2016). The relationship between i-deals and turnover is important to examine. If offering i-deals to employees eventually increases turnover rate, the hidden cost of such deals is likely to be much higher than first presumed by managers. Witnessing coworkers' i-deals has also been seldom addressed in i-deal studies. It is included here based on Lai, Rousseau, and Chang's (2009) finding that employees formulate perceptions of their coworkers' i-deals and consider their levels of acceptance of those deals. This observation clearly suggests that employees are, in many cases, both the recipients of i-deals and witnesses of coworkers' i-deals (Greenberg et al., 2004).

Equity theory (Adams, 1963, 1965) helps to explain why i-deals may create negative social dynamics, such as workplace ostracism, that result in turnover. The major tenet of this theory is that perceived inequity emerges when one receives less than others (assuming the same level of input) and that such inequity creates distress that motivates one to restore equity. This equity restoration process is likely to unfold in a workplace that offers i-deals. First, the inequity between individuals' and their coworkers' perceived outcome-input ratios as a result of witnessing coworkers' i-deals might give rise to feelings of envy because of a lack of what others have (Parrot & Mosquera, 2008; Parrot & Smith, 1993). To narrow the gap between individuals' and coworkers' outcome-input ratios, individuals may compete with their coworkers for resource gains, thereby encouraging a more competitive workplace climate. Similarly, coworkers might compete with an i-deal recipient who is the target of their envy to equalize their outcome-input ratios. Being envied, then, also leads to a perceived competitive climate. Unfortunately, such equity restoration attempts might create some unintended negative consequences, as working in a highly competitive environment can lead to felt ostracism that eventually prompts voluntary exits.

This study examines felt ostracism as the major social cost of i-deals, and as a precursor of turnover, for three reasons. First, it is a natural but overlooked byproduct of a competitive climate. While such a climate might promote greater productivity (Tat, Jia, & Pierce, 2014), employees who work in it might feel exhausted, repulsed, and punitive, leading to employees ostracizing each other. For instance, Siciliano (2015) observes that in a competitive climate, employees are less likely to seek and provide advice to each other. Second, being ostracized is a stressful social experience. Felt ostracism is related to lower trust (Jones, Carter-Sowell, Kelly, & Williams, 2009), weaker psychological health (Gilman, Carter-Sowell, DeWall, Adams, & Carboni, 2013), and reduced prosocial behavior (Balliet & Ferris, 2013), and these aversive reactions tend to linger (Lau, Moulds, & Richardson, 2009). Thus, if i-deals are related to being ostracized, this is concrete evidence that i-deals have negative social implications. Third, by relating felt ostracism to voluntary turnover, this study seeks to provide evidence that the use of i-deals might inadvertently and eventually create dysfunctional social dynamics (ostracism) that cause turnover problems for organizations.

The model is presented in Fig. 1. This model is especially relevant to young, educated workers. First, young and educated workers are particularly interested in i-deals, as they focus on high achievement and have a strong need to excel in their jobs (Keller, Meier, Gross, & Semmer, 2015; Pang & Schultheiss, 2005). They are thus likely to react strongly to the presence or absence of i-deals that can aid their career development. For instance, college graduates are often attracted to organizations that invest resources in promoting employees' career growth (Terjesen, Vinnicombe, & Freeman, 2007) and are likely to feel happy when they experience professional growth in the workplace (Polach, 2004). Second, young workers may be especially likely to pay attention to the employment conditions of themselves and their coworkers, helping them gauge their status in the workplace. For instance, researchers have observed that college students actively make comparisons with their peers to construct their self-concepts (Pahl, Eiser, & White, 2009; Suls, Lemos, & Stewart, 2002). Thus, the variable of witnessing coworkers' i-deals should be particularly relevant to young workers. Third, focusing on this group also contributes to the broader i-deal literature, as many existing studies have examined employees in their thirties (Huo, Luo, & Tam, 2014; Lai et al., 2009; Liu et al., 2013) or even forties (Bal, De Jong, Jansen, & Bakker, 2012; Hornung et al., 2010; Rousseau, Hornung, & Kim, 2009). Much less is known about the i-deal experiences of younger employees.

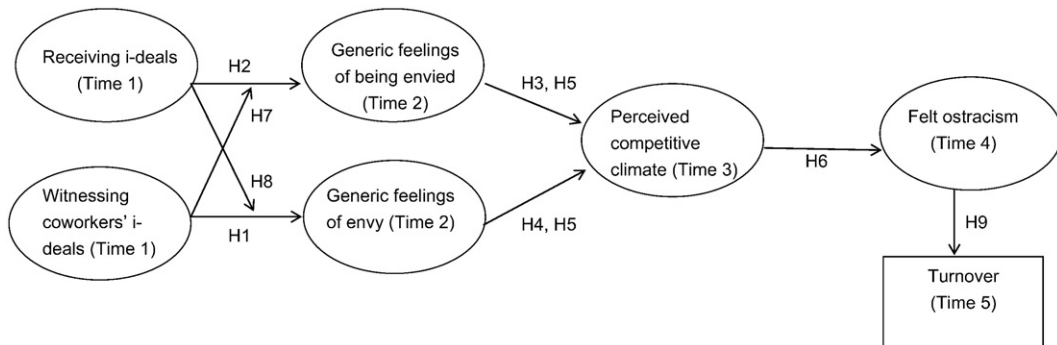


Fig. 1. Proposed Theoretical Model.

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