Chapter 5
Idiosyncratic Deals and Organizational Performance: A Study of the Indian Travel Intermediaries Industry

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ABSTRACT

The purpose of this study is to examine the mediating mechanism of idiosyncratic deals (i-deals) content (e.g., task, career, flexibility) in the relationship between core self-evaluations - CSE (e.g., efficacy, esteem, stability, locus of control), employee outcomes (e.g., motivation, commitment, work engagement and organizational citizenship behavior), and the mediating mechanism of employee outcomes in the relationship between i-deals and organizational performance (e.g., productivity, growth, creativity). The hypotheses of the study were tested with the application of structural equation modelling on data collected from 141 employees working in 17 companies operating in the Indian travel intermediaries industry. The findings show that i-deals content positively and partially mediate the relationship between CSE and employee outcomes, and employee outcomes positively and fully mediate the relationship between i-deals content and organizational performance. Implications of the findings for both research and practice are discussed.

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INTRODUCTION

Factors such as the lowering of travel barriers, the falling costs and the growth of disposable income put travel and tourism (T&T) within reach of millions. More people than ever before are travelling today, with 1.24 billion international arrivals in 2016, compared to 25 million in the 1950s. In this dynamic environment emerging markets started being very attractive destinations. It is forecasted that between 2016 and 2026, the top 10 fastest growing destinations for leisure travel spending are expected to be in India, followed by Angola, Uganda, Brunei, Thailand, China, Myanmar, Oman, Mozambique and Vietnam (WEF, 2017).

In particular, India is one of the most improved nations in T&T, gaining 12 places to reach the 40th position globally. Although the T&T sector benefited from improvements in the country’s ground transport infrastructure, the improvement of ICT readiness (112th position) and human resources (87th position) remain still weak (WEF, 2017). Further, research supports (see Katou and Katsouli, 2019), that ICT readiness is the most important factor among the resources driven-factors and human resources are the most important factor among the environmental-driven factors, which contribute to the T&T competitiveness.

However, the internet and in general ICT readiness has become an enormous mechanism that enables locals and travelers to connect directly without relying on intermediaries (WEF, 2017). Intermediary is a person or an organization in the travel distribution chain operating between providers of travel services and the public (Beaver, 2005). Hence, intermediaries face challenges which may be addressed by changing their business models accordingly.

Taking into consideration all the above, intermediaries may address the challenges by attracting and retaining the right people with the right skills which are available in order to meet the demand for additional human capital. This may be done by offering idiosyncratic deals before and during employment. “I-deals refer to voluntary, personalized agreements of a nonstandard nature negotiated between individual employees and their employers regarding terms that benefit each party” (Rousseau, 2005, p. 8). In particular, the major characteristics of i-deals are as follows (Rousseau, Ho, & Greenberg, 2006): (a) I-deals are individually negotiated between the employer and an employee. (b) I-deals are heterogeneous in the sense that they include features that differ from what workers in similar roles receive. (c) I-deals benefit both employer and employee. (d) I-deals are varied in scope from a single element of a general employment package to a completely idiosyncratic employment agreement.

I-deals do not work in a vacuum. This is because the employers usually grant i-deals to employees not only after they have proved to be trustworthy and valuable, but also to recruits considering their qualities in the labour market (Rousseau, 2005). Accordingly, personal attributes such as core self-evaluation of individuals play an important role in negotiating i-deals and in achieving i-deals with specific content (Chand, Budhwar, & Katou, 2017). Therefore, based on self-enhancement theory (Sedikides & Strube, 1995), in this study we treat core-self evaluations of individuals to be antecedents of i-deals content.

It is argued that employees will systematically react positively when they are offered i-deals that meet their expectations (Loughlin & Murray, 2013; Ng & Feldman, 2010; Rousseau, 2005; Sturges, 2012). However, these employee reactions may depend on the content of i-deals producing accordingly differential employee outcomes (Hornung, Rousseau, & Glaser, 2008). Therefore, based on social exchange theory (Blau, 1964), in this study we assume that employee outcomes are influenced by i-deals content.