Research Note: Undertaking Cross-Cultural Research into Psychological Contracts

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Introduction

This research note provides a brief overview of recent literature on cross-cultural research into psychological contracts and identifies several opportunities for future research in this area. The discussion initially focuses upon empirical research that explores how culture may influence psychological contracts, and then moves to address some key methodological issues that need to be considered when undertaking cross-cultural research.

A Brief Overview of the Literature on Cross-Cultural Research & Psychological Contracts

Rousseau and Schalk (2000) noted the importance of examining both the similarities and differences in psychological contracts across cultures. They argued that in order to properly understand psychological contracts, in a globalised context, "multinational research teams were needed to uncover both generalisable and society specific-phenomena" (p.283). Numerous cross-cultural studies of psychological contracts have subsequently been completed, and these have addressed various aspects of psychological contracts developed in different geographic locations.

In keeping with the need for research into psychological contracts in different cultures that was espoused by Rousseau and Schalk (2000), a number of studies have examined psychological contracts in non-western countries including Taiwan (Silverthorne, 2004), China / Hong Kong (Westwood, 2001; Lo and Ayree, 2003; India (Shah, 2000), Singapore (Ang, Tan and Ng, 2000), Japan (Morishima, 2000), Vietnam (Truong and Quang, 2007), and the Philippines (Restubog, 2006). Some of these studies conclude that cultural characteristics influence the development, content and effects of psychological contracts. For example, in their discussion of psychological contracts of managers in Hong Kong, Westwood et al. (2001) reported that "the structure of the contract and some key elements of the reciprocal exchange are indeed shaped by the cultural context" (p.649). Similarly, in a study of Vietnamese employees and their HR managers, Truong and Quang (2007) found evidence of commonalities and differences in psychological contracts based on cultural comparisons. The need to understand these differences is at the heart of cross-cultural psychological contract research.

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In discussions of psychological contracts across cultures, a variety of cultural dimensions have been mentioned, and sometimes examined, however, the cultural issue most frequently addressed has been the difference between collectivist (non western) and individualist (western) cultures (Restubog and Bordia, 2006; Restubog, Bordia and Tang, 2007; Gelade, 2008). Using this broad cultural difference as a foundation, studies have explored variations in psychological contracts in terms of their formation, breach, and the way that employees respond to breach. For example, in contrast to more individualistic western societies, Westwood et al. (2001) found that there was significant uniformity in the content of contracts among Hong Kong employee's, most notably in terms of perceived obligations towards their employers. Further, Restubog and Bordia (2006) found that employees in the Phillipines were more likely to perceive breach in contract when relational obligations in the contract were not met as opposed to transactional obligations. As such, there is clearly some empirical evidence that supports the idea that culture influences the psychological contract and its effects.

However, despite the argument put forth by Rousseau and Schalk (2000) and the evidence provided by researchers such as Westwood et al. (2001), some have questioned the influence of, and need to examine, culture in relation to psychological contracts. In exploring psychological contracts cross-nationally, Lo and Ayree (2003) collected data from Hong Kong Chinese employees and compared them to existing findings based on US samples. They reported similarities in the breach process across the two cultures, and therefore argued in favour of the generalisability of the extant understanding of the psychological contract breach process. When Chiang and Birtch (2007) looked at the transferrability of management practices across cultures, they found that "although culture may impinge on reward preferences,… its influence may be diminishing or giving way to a range of other contextual forces" (p.1293). Further, Thomas et al (2003) argued that "individual sources of variation, such as idiosyncratic experiences and personality will also affect individual's value orientations, creating variation within socio-cultural groups" (p.455).

While there may be some contestation regarding culture's influence on psychological contracts, it may be that this is largely due to the comparisons between the people within the samples taken across the cultures. Indeed, it seems that without direct comparison between countries within studies, it is difficult to accurately assess the similarities and differences between the aspects of psychological contracts. Indeed, as Rousseau and Schalk (2001) suggested, "by focusing on a country-by-country basis, it is possible to exaggerate apparent differences between societies and miss their similarities (p. 299). Implicit in Rousseau and Schalk's (2001) statement is the notion that researchers need to directly compare employees across cultures to determine that there are significant differences in their psychological contracts. In particular, there is a need for a systematic examination of psychological contracts across cultures in terms of their formation, maintenance, breach and response to breach (Thomas et al., 2003). Ideally, this would be an examination of matched pairs of employees and employers in the same organisations across a variety of countries, i.e. "people who are as similar as possible in all aspects of their lives except for their nationality" (Hofstede and Bond, 1988, p.9).

Given the recognised differences in western and non-western cultures (Hofstede and Bond, 1988; Rousseau and Schalk, 2000) and the implicit and perceptual nature of psychological contract contracts, the management of psychological contracts become all the more complex and difficult across cultures. For this reason there is a need for research about psychological contracts across cultures which can inform managers transitioning into organisations, or management roles, especially in non-western cultures. Although the need was recognised at

the turn of the century (Rousseau and Schalk, 2000), research that directly compares psychological contracts in western and non-western cultures (using the same instrument, in the same time frame) is relatively limited (Thomas et al., 2003; Restubog and Bordia, 2006; Street, 2009). Clearly, this is problematic as "generic and western-based assumptions about the operation of psychological contracts can be misleading" (Westwood et al., 2001 p.645). Hence, the continuing need for cross cultural psychological contract research.

There has been limited empirical comparison of psychological contracts across cultures. Lee et al. (2000) used groups of university students in Hong Kong and the USA to simulate work groups and examined the difference in the formation of psychological contracts in those groups, in terms of expectations. Though the study was limited in its applicability, they found support for the proposition that the transactional/relational dimensions of the psychological contract do differ across the two cultures. Kickul et al. (2004) also compared employees in Hong Kong and the USA in terms of the importance of obligations, the frequency of breach, and attitudes and behaviour following a perceived breach in the contract. They found overall that the Hong Kong Chinese employee's perceived the violation of psychological contracts more often than their American counterparts (Kickul et al., 2004, p.249). This is one of the few studies that has empirically assessed the differences between samples of employees from each culture within the same study.

Additionally, a number of authors have produced conceptual papers hypothesising some of the anticipated differences/similarities across cultures based on the individualist /collectivist dimension of culture. For example, Thomas et al. (2003) put forward a series of propositions about cultural profiles (i.e. collectivist versus individualist) and their influence on psychological contract formation, violation and response to violation. They proposed that collectivist cultures will commonly produce relational contracts and individualist cultures will commonly produce transactional contracts. It is also proposed that these aspects of culture influence the perception of violation and the reaction to violation. Using the same individualist/collectivist dimension of culture, Street (2009) addressed the examination of the effects of different cultures on commitment, through the mediating variable of the psychological contract. In short, Street (2009) suggested that the characteristics of culture are antecedents of psychological contracts. Based on a comparison of the extant literature about psychological contracts in US and Japanese firms, Street (2009) proposed that employees from collectivist societies will form psychological contracts that are relational in nature, while individualist cultures will form psychological contracts that are transactional in nature. Further, he suggested that the nature of these psychological contracts will influence the affective, normative and continuance commitment of employees in the firm, and, therefore, the firm's ability to manage their employees/human capital/human assets.

Essentially, these studies used alternate theoretical bases (eg cognition and motivation) (Thomas et al., 2003) or commitment (Street, 2009), and combined them in their discussion of psychological contacts. Kickul et al. (2004), discussed above, also combined their examination of psychological contracts with an examination of commitment. Such studies (Thomas et al., 2003; Kickul et al., 2004; Street, 2009) point to the usefulness of exploring the role of psychological contracts in relation to other established aspects of the employment relationship such as trust, satisfaction and commitment. For example, Street (2009) suggested that the management of psychological contracts is one way that firms can enhance employee commitment, and culture has been found to influence both commitment (Gelade, Dobson and Auer, 2008) and psychological contracts (Westwood, 2001). Further, Chiang and Birtch (2007) found that "sources of commitment were culturally conditioned and that their effects are predictable from Hofstede's value dimensions" (p.599). Hence, an understanding of the

relationship between culture and commitment, and the relationship between commitment and psychological contracts, may facilitate improved understanding of the impact culture on psychological contracts. However, as Street (2009) points out "the impact of …changes in employee perceptions of the psychological contract, and consequently employee commitment, has not been examined empirically" (p.444). Thus, among other things, research is needed to establish the link between these three concepts: psychological contracts, culture and commitment.

In summary, the weight of evidence and argument in the literature suggests an ongoing need for empirical investigation into cultural differences and similarities and their effects upon psychological contracts. However, there are few available cross cultural comparisons of the formation, maintenance and breach of psychological contracts (Rousseau and Schalk, 2000; Street, 2009). Nor is there a clear understanding of the interplay between culture, psychological contracts and other recognised aspects of employment relationships such as commitment (Chiang and Birtch, 2007; Gelade, Dobson and Auer, 2008; Street, 2009). Further, the focus of much of the research that has been done in this area has concentrated on the employee's perspective of the psychological contract, research has rarely examined the employer's persepective nor the congruence between employee / employer reports of the same relationship (with the exception of Tipples and Krivokapic-Skoko, 1997; Truong and Quang, 2007). Finally, research has primarily focused on the most commonly examined differentiator in culture - individualism/collectivism (Shavitt et al., 2006).

Methodological Issues

Having established the need to examine psychological contracts cross-culturally, it is important to recognise the methodological implications of conducting such research and the possibilities for making a methodological contribution while conducting this research. As Maheswaran and Shavitt (2000, p.59) comment, "the lack of frameworks that are robust across cultures has severely limited the development of theory-based empirical work". Two of the issues that these authors argue are limiting the development of cross cultural research are: the choice to conduct etic or emic research; and, the need for equivalent measures that can be used to accurately compare cultures. As Hofstede and Bond (1988) illustrated, studies developed from a western perspective can fail to capture factors that are important in non-western cultures. Hence, it is important to carefully consider the forms of measurement that are employed, as comparisons may be hindered by methodological weakness.

Past researchers in psychology have recognised two broad ways of investigating different cultures: etic and emic approaches (Berry, 1989). The difference between these two forms of research is the perspective the researcher takes. When using an etic approach, the researcher is observing the culture from an outside perspective, whereas when using an emic approach, the researcher observes the system from within (Berry, 1989). More specifically, an emic approach favours within culture investigation as it is held that each culture is different and largely inductive culture-specific research should be the focus (Maheswaran and Shavitt, 2000). In other words, the system is to be discovered rather than imposed (Berry, 1989). In contrast, the etic approach favours generalisations focussing on issues which are common across cultures (Maheswaran and Shavitt, 2000). Within the etic approach common constructs can be examined across cultures, giving insight into differences.

These two forms of research do not form a dichotomy, nor should one be considered superior to the other (Berry, 1989). The choice of perspective should be governed by the problem being examined (Maheswaran and Shavitt, 2000), for instance the desire to measure the generalisability of existing knowledge suggests an etic approach. However, it is often argued that researchers should include both emic and etic components in their research, as a synthesis of etic and emic approaches helps to alleviate the shortcomings of both approaches (Helfrich, 1999; Malhotra et al., 1996). Further, by combining approaches behaviour can be seen as a product of the individual, the task and the culture, thereby giving a broader view than a more singular etic or emic approaches (Helfrich, 1999).

An examination of the existing research into psychological contracts reveals that researchers have commonly taken an etic approach. This is in keeping with the sentiment that research can only begin by being etic, and is evident in the following quote "it will be useful to ascertain the generalizability of findings in the extant literature [western] to an Eastern cultural context" (Lo and Aryee 2003, p.1006). It is also evident in the espoused need to consider psychological contracts in a "globalised economy" (Rousseau and Schalk, 2000), and in the fact that studies exploring psychological contracts in non-western cultures begin by using western culture as the basis for their examination (eg Westwood, 2001; Lo and Aryee, 2003; and Kickul, et al 2004). Nonetheless, some studies have, to some extent, combined an etic and emic approach. This is evident when researchers from different cultural contexts collaborate, as is the case in the studies by Truong and Quang (2007), and in the use of qualitative research in such studies. Further evidence of an emic perspective is provided in the studies by Restubog and Bordia (2006) who demonstrate a detailed knowledge of the non-western culture they are examining and one particular characteristic of that culture, familism in organisations. However, even here the emic aspect of these studies is often limited.

As Rousseau and Schalk (2000) suggested, research is needed to unravel the similarities and differences in psychological contracts across cultures. Arguably, in order to achieve this aim a combination of both etic and emic approaches are required. The emic approach is needed to develop a sufficient understanding of the nature of psychological contracts in the countries of interest. Given the implicit and perceptual nature of the psychological contract construct, an inside knowledge of the respective cultures will be necessary to accurately characterise the factors of importance in each culture. However, in order to gain an overall view of psychological contracts, across western and non-western cultures, an etic perspective will also be necessary. Therefore, as noted by Berry (1989) and Helfrich (1999), in order to achieve a more accurate, and comprehensive, understanding of psychological contracts across cultures, future studies should include both emic and etic components in their research.

In addition to the approach of the research, it is also important to ensure that the measures being used in the research are equivalent across cultures and can therefore be compared (Malhotra et al 1996; Maheswaran and Shavitt, 2000). This is one of the problems inherent with comparing existing studies of psychological contracts. Clearly, there are advantages to comparing two cultures based on the same research instrument. As Kumar (2000) suggests, if equivalence is ignored in cross-cultural research, indicators of reliability and validity may be influenced by the cross-cultural nature of the sample. As alluded to above, the development of instruments is where the emic approach to research will be important and where measures of equivalence need to be carefully considered.

The notion of equivalence should be considered by all researchers conducting a cross-cultural study (Malhotra et al 1996; Maheswaran and Shavitt, 2000). There are numerous forms of equivalence discussed throughout cross-cultural research literature. Equivalence broadly deals

with the nature of the constructs being measured and if they mean the same thing to different cultures (Malhotra et al 1996). Equivalence for concepts, constructs, items and scales are all argued to be imperative for cross-cultural research (Maheswaran and Shavitt, 2000). Without attention from researchers to these areas of equivalence, findings may be influenced in a detrimental manner (Malhotra et al 1996). Further, if equivalence is ignored in cross-cultural research indicators of reliability and validity may be influenced by the cross-cultural nature of the sample (Kumar, 2000). It is perhaps these issues which have resulted to some confusion in cross-cultural studies in the past.

Concluding Comments and Future Research

There are theoretical, applied and even methodological reasons for conducting cross cultural research into psychological contracts. Theoretical research is needed to establish the differences and similarities in psychological contracts between western and non-western cultures. This includes identifying the generalisability of current theories and, where appropriate, the development of new theories that incorporate additional understanding of the influence of culture and subsequent differences in psychological contracts that may be uncovered. From an applied perspective, enhanced understanding of the psychological contract will be of considerable benefit for employers and managers who need to successfully manage employment relationships in non-western contexts. The fact that favourable psychological contracts have been linked to highly desirable outcomes, such as employee commitment and trust in an organisation, highlights the potential benefit of cross-cultural psychological contract research. Finally, a rigorous examination of psychological contracts across cultures, utilising etic and emic research approaches, would contribute to an understanding of how to successfully conduct cross-cultural research and may result in measures that could be employed in subsequent studies.

In response to some of the research needs identified in this research note, the authors have set out to develop a cross-cultural empirical comparison of the psychological contracts established by academics. To that end, they would like to take this opportunity to put out a call for expressions of interest from academics who would like to be involved in conducting psychological contract research at their University and become part of a large cross-national research project. As currently conceived, the proposed study will build on earlier research examining psychological contracts among 'business school' academic staff in Australia, (see Krivokapic-Skoko, O'Neill and Dowell published in this issue). It will see the administration of an online survey based on a modified version of the questionnaire used in the previous research. The modifications will be culture specific (Malhotra et al 1996) and will be influenced by considerations such as language, equivalence of measures and meaning, and sampling specifications. Similar to the original research, the desired sampling frame is academic staff from similar university faculties in each of the chosen nations/'cultures'. To ensure that both emic and equivalence issues are addressed in the research, focus groups will be arranged in each nation.

Once the qualitative findings are integrated, and the quantitative data collection is complete, a number of forms of analysis are considered suitable for the cross-cultural context. Factor analysis, scalar equivalence testing and differences in estimates of covariance are three ways of usefully examining different cultures (Maheswaran and Shavitt, 2000; Malhotra et al 1996). For example, factor analysis can be performed for each culture and the findings can be

compared be analysing different factor structures. By using scalar variance for exploratory factor analysis and multi-group analysis for the confirmatory factor analysis it is possible to establish if each of the cultural groups are different. Once the differences are established based on key variables, those variables can be used to conduct a cluster analysis. The cluster analysis can differentiate the groups by degree based on their responses to the key variables. The resultant cluster solution can provide a profile of each of the groups and give an indication of the similarities and differences evident across each.

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