

7-1-2010

Psychological Contract Breach, Perceived Discrimination, and Ethnic Identification in Hispanic Business Professionals

Robert Gregory DelCampo
University of New Mexico - Albuquerque

Kristie M. Rogers
Marquette University, kristie.rogers@marquette.edu

Kathryn J. L. Jacobson
University of New Mexico

Published version. *Journal of Managerial Issues*, Vol. 22, No. 2 (Summer 2010): 220-238. [Permalink](#).

© 2010 Pittsburg State University. Used with permission.

Kristie M. Rogers was affiliated with Arizona State University at the time of publication.

Psychological Contract Breach, Perceived Discrimination, and Ethnic Identification in Hispanic Business Professionals

Robert G. DelCampo
Assistant Professor of Management
University of New Mexico

Kristie M. Rogers
Graduate Teaching Associate of Management
Arizona State University

Kathryn J. L. Jacobson
Assistant Professor of Management
University of New Mexico

Rousseau (1995) defines the psychological contract as the individual's beliefs about mutual obligations in the context of the relationship between employee and employer. The psychological contract focuses less on traditional compensation issues and more on the entire relationship between an employee and employer (Rousseau, 1995). The terms of the psychological contract are obligations specifically based on perceived promises by the other party (Rousseau, 1989; Robinson, 1996). Whether implicit or explicit, the perceived promises create obligations that must be fulfilled for the contract to be upheld (Rousseau, 2001). For example, the organization or manager utilizing a relational psychological contract is obligated to treat the individual justly, provide safe working conditions, allow employees reasonable vacation time, and provide proper resources to complete their tasks. On the other hand, the employee is obligated to complete requested tasks, demonstrate a good attitude, promote the image of the company, and obey corporate policy.

The maintenance of the relational psychological contract is paramount to a healthy and enduring work relationship. What sets a relational psychological contract apart from other psychological contracts (i.e., balanced, transactional, transitional) is the long-term focus that requires mutual satisfaction in both socio-emotional and economic relations rather than certain performance-reward contingencies (Hui *et al.*, 2004). Over the past two decades a changing business environment (e.g., globalization, downsizing) has required

constant renegotiation of the mutual obligations of employers and employees, leaving more room for the misunderstandings and misalignments that result in psychological contract breach (Robinson, 1996).

In order to maintain a proper working relationship this specific type of contract must remain fulfilled. This becomes particularly challenging because psychological contracts are based on the perceptions of each party, and the perceptions are not necessarily shared (Robinson, 1996). A psychological contract is considered breached when one party believes that the other has failed to follow through on a promise or commitment (Rousseau, 1989). The party that deems the contract breached may take action to change the relationship. Empirical research suggests that breach of a psychological contract is negatively related to employee loyalty, job performance, efficiency, trust, and effectiveness, and positively related to filing grievances and seeking alternative employment (Masterson, 2001; Coyle-Shapiro and Kessler, 2000; Cavanaugh and Noe, 1999; Turnley and Feldman, 1999; Lewis-McClear and Taylor, 1997; Rousseau and McLean Parks, 1993; Rousseau and Anton, 1991, 1988). Conversely, fulfilled contracts lead to increased job satisfaction and productivity (Rousseau, 1995). Therefore, it is imperative to assess and manage psychological contracts within organizations. The current study seeks to highlight the role of the relational psychological contract with perceptions of Hispanic business professionals.

Employees tend to enter an organization expecting treatment free from discrimination, regardless of demographic differences; therefore, a relationship may exist between psychological contract breach and an employee's perception of discrimination. More specifically, if an employee feels they have been discriminated against, they may also perceive their psychological contract to have been breached. Robinson and Rousseau (1994) found that more than one-half (54.8%) of all employees studied reported their psychological contract as breached. Although Robinson and Rousseau (1994) reported a very high rate of psychological contract breach, they did not examine potentially influential individual differences of their respondents. In order to study the relationship between psychological contract breach and perception of discrimination, the investigation might be most fruitful in examining minority groups, as they are more likely to perceive that they are discriminated against than majority group members (McKay *et al.*, 2007). Therefore, an interesting and impactful individual difference of note is that of ethnic identification (i.e., the extent to which an individual identifies with their culture of origin), the thrust of the current study. In one of only two examinations of psychological contract breach and its correlates of Hispanic professionals, Blancero, DelCampo, and Marron (2007) found that over two-thirds (67.7%) of respondents reported breach of the psychological contract (a level which is closely replicated in the current study). Therefore, the current study examines the impact of one's ethnic identity on their perception of the psychological contract. Specifically, the study explores perceived discrimination and Hispanic identification to gain insight into the differing experiences of Hispanics that may account for the higher rate of contract breach.

Hispanics in the U.S. workforce are rarely studied (Stone *et al.*, 2006; Knouse *et al.*, 1992), yet they are the fastest- and largest-growing minority, according to recent U.S. Census Bureau reports (2008). Approximately 35.5 million Hispanics currently live in the U.S. and census projections underscore the critical importance of understanding and researching this labor group within the context of organizations whereby Hispanics will account for 30% of the total United States population by 2050 (U.S. Census Bureau, 2008). Statistics aside, the importance of studying Hispanics in the workplace revolves

around a disparity of values and perceptions reflected within specific minority groups in the American workforce. Cultural values of Hispanic-Americans, for example, differ greatly from those of Anglo-Americans. Extant research on Hispanic-Americans also suggests differences in levels of assimilation to the “dominant U.S. culture” by retaining many values and highly identifying with their ethnic heritage (Stone *et al.*, 2006; Knouse *et al.*, 1992). Moreover, recent research on Hispanic-Americans suggests further examination of this group is not only necessary, but imperative in order to explain issues of fairness, discrimination, and barriers to success, especially within organizational contexts (DelCampo *et al.*, 2007; Blancero *et al.*, 2007). To date, there have been only a handful of organizational studies focused on Hispanics in the workforce. Therefore, the present study utilizes an underrepresented sample, Hispanic business professionals, in order to assess the complex interrelationships between perceived discrimination, identification, and psychological contract breach. This study examines these dimensions directly and in relation to Hispanics currently in the workforce.

PSYCHOLOGICAL CONTRACT BREACH

Before defining what it means to breach the psychological contract, it is important to distinguish other definitions of psychological contracts from the definition that is operationalized in this study. A point of divergence in defining psychological contract lies in the agreement of contract terms. According to Shore *et al.* (2004), the definition of a psychological contract has evolved in the management literature from a definition that included some mutual agreement on the terms of the contract (Levinson, 1962; Schein, 1965) to the subjective beliefs and perceptions of the individual (Rousseau, 1989). An older conceptualization of “psychological contract” was formed in stable conditions where employees and employers exchanged compliance for security, respectively (Sparrow, 1996). With changing business conditions and fewer jobs, the terms of the psychological contract may also have changed; employees cannot just comply but must perform well and are considered lucky to keep their jobs (Sparrow, 1996). The present study adheres to the definition by Rousseau because employees may feel equally wronged when an employer does not follow through on an obligation, whether the promise is explicit or they perceive an implicit promise. Also, the employee will act according to what they perceive the exchange agreement to be, whether or not the exchange agreement is shared with the employer. Thus, psychological contract breach is the belief that the other party has not followed through on their promised obligations (Rousseau, 1989). Breach is a subjective experience, based on actions and on individual’s perceptions of actions (Robinson, 1996).

Results in this stream of research are also reported by Robinson and Morrison (2000) who examined psychological contract breach through the lens of contextual influences. Global fulfillment refers to the entire psychological contract remaining fulfilled with minor infringements. Likewise, global breach indicates that the entire psychological contract is voided. They found a significant increase of breach reports in instances of low organizational performance, lack of formal socialization process, lack of or inappropriate job previews, increased number of job options/offers (before choosing the job studied), and in instances where the employee has a history of psychological contract breach in previous employments. Robinson and Morrison recognized there are important effects of psychological contract breach, but also suggested there are “factors that affect the development of those perceptions” and it is crucial to understand why

individuals develop these beliefs (2000: 526).

Previous empirical work indicates psychological contract breach is positively related to outcomes such as negative employee attitudes, unfavorable work behaviors, and voluntary turnover (Coyle-Shapiro and Kessler, 2000; Rousseau and McLean Parks, 1993), and negatively related to discretionary service behaviors (Blancero and Johnson, 2001). Conversely, the fulfilled psychological contract has predicted many potential benefits. Researchers have shown fulfilled contracts are positively related to organizational commitment, extra-role behavior that promotes effective functioning of the organization (Organizational Citizenship Behavior-OCB), productivity, and job satisfaction (Kickul *et al.*, 2004; Sutton and Griffin, 2004; Turnley *et al.*, 2004; Johnson and O'Leary-Kelly, 2003; Tekleab and Taylor, 2003; Chrobot-Mason, 2003; Masterson, 2001; Coyle-Shapiro and Kessler, 2000; Cavanaugh and Noe, 1999; Turnley and Feldman, 1999; Lewis-McClea and Taylor, 1997; Robinson and Rousseau, 1994; Rousseau and Anton, 1991, 1988). These robust findings relating fulfilled psychological contracts to positive employee and organizational outcomes beg an extension of the research to better understand antecedents and relationships to a breach. Specifically, this study attempts to identify the relationship between perceived discrimination and psychological contract breach and the ways in which Hispanic identification impacts the relationship.

PERCEPTIONS OF DISCRIMINATION

Equitable treatment is likely a perceived promise by those who enter an organization. Racial and ethnic minority employees who believe their organization is committed to diversity are more likely to experience positive affectivity toward their organization; alternatively, minority employees who perceive discrimination lose trust in their organization's diversity policies and experience negative work outcomes (Jones *et al.*, 2008). According to Sanchez and Brock (1996), perceived discrimination among Hispanics influences unfavorable employee outcomes above and beyond other workplace stressors. Breach of psychological contracts has also been empirically related to extremely negative work outcomes, above and beyond those resulting from unmet expectations (Robinson *et al.*, 1994). Although some psychological contract scholars have called for more research into the nature of psychological contracts for different population segments (Rousseau and Schalk, 2001), there has yet to be an extensive examination of Hispanic professionals. Because perceived discrimination is a prevalent workplace experience reported by members of stigmatized minority groups such as blacks and Hispanics (McKay *et al.*, 2007), and because previous research shows that Hispanics experience a higher rate of psychological contract breach than general samples (Blancero *et al.*, 2007), this study investigates a possible relationship between these two experiences (perceived discrimination and psychological contract breach) to better understand the possible antecedents of negative work outcomes among minorities.

Put simply, an organization is expected to treat employees fairly. However, discriminatory actions surface in more subtle ways that may be harder to identify such as impoverished social networks (Ibarra, 1995) and stereotype threat (Steele, 1997). These types of discrimination are captured most precisely by perceived discrimination, since they are not necessarily overt or demonstrated biases (Jones *et al.*, 2009). Perceived discrimination may be an underlying component of breached psychological contracts, especially when identifying the ways Hispanics and other stigmatized groups experience

psychological contract breach differently from members of non-stigmatized groups.

Hispanics are a stigmatized group, stereotyped as warm toward others but incompetent (Fiske *et al.*, 2002). If members of a stereotyped group violate expectations, others often react with discriminatory behaviors to restore the status quo and bring back their ability to understand and control the environment (Dovidio and Hebl, 2005). Hispanic professionals are likely to perceive discrimination when they disrupt the status quo and challenge the incompetence stereotype by progressing through the corporate ranks. Many discriminatory behaviors are unlikely to be glaring violations of the law, but rather more subtle actions that are best captured by perceptions of discrimination (Jones *et al.*, 2009). Thus, it is important to consider individuals' perception of discrimination because whether or not the perception is accurate, negative physical, psychological, and work-related outcomes are closely related to feeling discriminated against (Riordan *et al.*, 2005). As a group that has been traditionally discriminated against, Hispanics' perceptions of discrimination are of great interest to organizational researchers.

Breach of psychological contracts could be a mechanism through which discrimination influences negative employee outcomes, and should be considered as such. A misalignment between treatment expectations of Hispanic employees and their employers is particularly likely because the cultural values of Hispanics lead them to prefer different treatment than those who hold dominant Anglo values (Stone *et al.*, 2006). As the psychological contract is the sum of the expectations (based on perceived promises) between employee and employer, one can assume that both employee and employer expect that an individual will not be discriminated against at work. If the individual perceives discrimination, they would then conceivably believe that their psychological contract is unfair, or more generally:

Hypothesis 1: Employee perceptions of discrimination will be positively related to employee-reported psychological contract breach.

ETHNIC IDENTIFICATION

Hispanic Identity

The more that members of a stigmatized group identify with their ethnic group, the more likely they are to see themselves as targets of discrimination (Major, 1994). Ethnic identification can be conceptualized in terms of maintenance of culture of origin or the extent to which the individual has acculturated to the dominant culture. Hispanic identification refers to how much individuals identify with their Hispanic culture of origin. Acculturation is the extent to which an individual has assimilated into the dominant culture, which in this case is the Anglo culture. These are two distinct measures; however, the present study only focuses on the level of Hispanic identity outlined by Sanchez and Fernandez (1993). "Hispanic" is not a race (Stone *et al.*, 2006) but is certainly a distinct ethnic group. Stone *et al.* have defined "Hispanic" as "the group of residents of the United States who trace their ancestry or origins to the Spanish-speaking regions of Latin America and the Caribbean" (2006: 9).

Those who highly identify with a stigmatized group are likely to notice inequalities between groups and label the inequalities unfair (Padilla and Perez, 2003). In a study of students' ethnic identification and perceptions of discrimination, Major *et al.* (2002) found that those who identified highly with their ethnic group perceived high levels of

discrimination based on ethnicity. Further, Blacero, DelCampo, and Marron (2007) found that older Hispanics reported higher levels of breach of the psychological contract. This finding may be based on the level of ethnic identification of the Hispanic worker. In their study, they concluded that younger Hispanics may be more acculturated to mainstream American culture and distance themselves from traditional Hispanic identity when compared to their older counterparts. Due to these previous assertions, it is imperative to explore the moderating role of ethnic identification on the relationship between perceived discrimination and psychological contract breach.

An additional facet of the psychological contract may relate to one's values or ideals because "the psychological contract perspective provides conceptual space to consider how individuals develop beliefs about organizational obligations based on commitment to a principle or cause" (Thompson and Bunderson, 2003: 573). This argument asserts that employees believe their employer has certain ideological obligations (Thompson and Bunderson, 2003). In the current study, it is speculated that identification with a collective may be a source of this belief. A high level of Hispanic identification indicates that an individual places great value on their culture of origin; therefore, the respect of their culture from others may be an important component of their psychological contract. Those who identify closely with their Hispanic origins will also use this social group as a strong source of social influence. According to Sparrow (1996), external social cues from a national culture mediates the formation of psychological contracts such that national values influence the way members of the culture decode information, causing them to judge situations differently than others. If this is the case, the positive relationship between perceived discrimination and breach of psychological contract should strengthen with ethnic identification.

Hypothesis 2: Level of ethnic identification will moderate the positive relationship between employee perceived discrimination and employee-reported psychological contract breach, such that as Hispanic identification increases, the relationship becomes stronger.

METHODS

Sample

Participants in this study were drawn from a convenience sample of Hispanic business professionals who were members of a national association. The participants had a minimum of an undergraduate degree and had full-time employment experience across a variety of firms with a portion of the sample concurrently pursuing an MBA degree. The participants represented 4% of the total 6,000 attendees of the annual meeting of a national Hispanic affinity group comprised of Hispanic business professionals employed in the United States. Arrangements were made to allow data to be collected at a booth in the main exhibit area at the conference. Recruiting participants for the study was done by displaying an ad in the conference program and by posting various signs at the conference detailing the importance of the study and offering entry into raffles (prizes ranged between \$25.00-\$300.00 in value and included conference registration, polo shirts, Starbucks and Amazon giftcards) for participation. Participation was voluntary and confidential.

The total sample included 211 participants; however, not all of the participants identified themselves as Hispanic, currently employed, or completed the follow-up

survey. The number of surveys that met the criteria for analysis was 122. Scale reliabilities were calculated using the entire sample ($N = 122$).

Procedure

A written survey was developed from existing measurement tools. A pilot study of executive board members of a national professional organization consisting primarily of Hispanic members was performed prior to full data collection. The pilot study was undertaken to establish reliability and validity of the instrument. Additionally, the pilot study gave preliminary results and exposed some areas of the instrument that needed further refining either quantitatively or theoretically. The results of the pilot study revealed that some of the instructions were unclear. As a result, adjustments were made to insure that respondents would easily understand some previously ambiguous items and instructions. Although the measures used had been previously demonstrated as reliable and valid, subject matter experts reviewed the final instrument and concluded that the instrument was appropriate for use with the selected group.

Data were collected at two time intervals. For the first time interval, a written survey was administered at a booth in the main exhibit area at a professional business conference and for the second time interval, the survey was administered electronically. Response rate for the follow-up survey was 68%. Anonymity was insured by assigning a random identification number to each participant and by providing limited identifying information on the survey. No record of the name attached to each respondent was kept, only the email address and corresponding identification number. The follow-up survey only contained the measure for psychological contract breach, the dependent variable in this study, to alleviate concerns of common method bias. After collection of the follow-up survey data, the email address list was destroyed leaving only the identification numbers of each respondent.

In order to facilitate the process of gathering data at a second time interval from a group of busy professionals, Dillman's (2000) method for employing Internet surveys was utilized. He found this procedure to be appropriate when surveying groups of professionals with an assumed level of computer literacy. Of interest might be the difference between paper and web versions of the questionnaire. In this particular case, subject matter experts were again employed. The experts examined both versions in an effort to find content similarity and to assess the likelihood of comprehension. These experts verified that the two instruments were identical.

A commercial web-service was employed that assists social scientists conducting survey research. Thus, the survey was accessible from any computer with Internet access and any web browsing application. Additionally, in order to maintain the integrity of the survey's anonymity for respondents and to insure that only one response was submitted per respondent, restricted access to the survey was employed (Dillman, 2000). The web address could only be accessed via the link emailed to a given respondent. Additionally, each participant's IP (Internet Protocol) address was allowed only one response.

Measures

Psychological Contract Breach. Psychological contract breach was evaluated using a five-item scale from Robinson and Rousseau (1994) that evaluates psychological contract breach and fulfillment. Coyle-Shapiro and Kessler (2000) explained that

this scale explicitly measures contract fulfillment and breach, which makes it more appropriate than other measures for investigating the consequences of the psychological contract, the purpose of this study. It should be noted that minute infringements of the psychological contract may exist but this measure is intended to evaluate the extent to which the individual has experienced breach or fulfillment of the contract as a whole (Coyle-Shapiro and Kessler, 2000; Robinson and Rousseau, 1994). In essence, this is not dichotomous, the psychological contract could be mostly fulfilled (higher scores) or breached (indicated by lower scores). Responses to each scale were collected on a seven-point Likert-type scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (7). Items read, for example, "My organization has met all promises that they made to me (implicit or explicit)." The reliability of this instrument was calculated with a coefficient alpha level of 0.78, thus exceeding the established standard coefficient alpha level of 0.70 (Nunnally, 1978).

Perception of Discrimination. Perception of discrimination is an individual level variable for which respondents provided their personal feelings about discrimination against them within their organization. This variable was measured using a six-item measure developed by Sanchez and Brock (1996). The perception of discrimination scale was reported by participants on a seven-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5). For example, one item reads, "At work, I do not get enough recognition because I am different." High scores indicated high perception of discrimination and low scores indicated low perceptions of discrimination. Reliability of this instrument was calculated to be a coefficient alpha level of 0.85.

Hispanic Identity. Hispanic identity has been defined by Sanchez and Fernandez (1993) as the level to which individuals identify with Hispanic culture. Hispanic identity is measured using a four-item scale developed by Sanchez and Fernandez (1993). Participants evaluated each item on a five-point Likert-type scale ranging from "Not at All/Never" (1) to "Very Strongly/Always" (5). For example, one item reads, "How often do you speak Spanish?" High scores show high levels of identification with Hispanic culture and low scores represent low levels of identification with the Hispanic culture. The reliability of this instrument was calculated with a coefficient alpha level of 0.76.

Demographics. The demographic data collected included salary, work experience, age, firm affiliation, more specific cultural affiliation, salary, rank, and organizational tenure. Control variables used were age, gender, organization tenure, generation of United States presence, and salary, as previous research has noted the impact of such variables in similar studies (Blancero *et al.*, 2007; Tsui and Gutek, 1999).

RESULTS

Table 1 summarizes the key demographic variables of the sample ($N = 122$). Additionally, organizational tenure ranged from 0.25 to 37.5 years with a mean of 4.46; age ranged from 20-68 years with a mean of 34.34; average salary for the group was \$71,000. In addition, 99.4% of the participants were born in the U.S., 53.5% were male, 44.7% female, and 94.1% had at least a college degree. Most were members of the Hispanic affinity group hosting the conference and a small percentage were non-members attending the conference for personal development. These latter participants may account for the non-degreed respondents.

For both hypotheses, time 2 measures (i.e., the follow-up data collection) of psychological contract breach were used as the criterion variable in order to alleviate

Table 1
Hispanic Professionals' Work Experience and Demographic Variables:
Descriptive Statistics (N = 122)

Variables	M	SD	Range	α
Salary ^a	3.28	1.76	1-7	
Generation U.S.	1.49	0.50	1-3	
Age	34.34	9.55	20-68	
Gender ^b	1.47	0.53	1-2	
Tenure	4.46	5.44	0.25-37.5	
Discrimination	2.73	1.28	1-7	0.85
Hispanic Identity	3.49	0.87	1-5	0.76
PC Breach t1 ^c	4.92	1.22	1-7	0.78
PC Breach t2 ^c	4.79	1.22	1-7	0.78

Note: ^aSalary was grouped into five categories. ^bGender: 1 = male, 2 = female.
^cPC = Psychological Contract.

common method bias concerns (Doty and Glick, 1998; Avolio *et al.*, 1991). For this reason, psychological contract breach was measured at time 1 (initial data collection) and each participant was asked to complete a follow-up survey containing the same psychological contract breach measure 30 days later. This lag meets the criteria set forth for minimizing common method bias established by Doty and Glick (1998). The time 2 survey (i.e., the second data collection) had a 62% response rate among respondents who completed the survey at time 1. Results of this analysis are reported in Table 2. However, when examining the differences between time 1 and time 2 measures of psychological contract breach, there was an intercorrelation of 0.67 ($p < 0.001$) and paired sample analysis of variance (which is an analysis of variance comparing the responses of the same participants at two different points in time) indicated no significant difference ($t = 1.51$, ns). In order to adhere to standards of scientific rigor and eliminate common method bias, psychological contract measures from time 2 were used as the primary criterion in all subsequent analyses.

Means, standard deviations, and intercorrelations among all pertinent measures (i.e., psychological contract breach, Hispanic identity, perceptions of discrimination, and demographic variables) are presented in Table 3.

Table 4 reports the results of the tests of hypotheses. Hypothesis 1 predicted that perception of discrimination would be positively related to psychological contract breach. The control variables (age, gender, organizational tenure, generation in U.S., and salary) were entered first as a separate hierarchical regression block. To test this hypothesis, the outcome variable (psychological contract breach) was then regressed on an index

Table 2
Paired t-Test of Differences in Time 0 versus Time 1 Measures of Psychological Contract Breach

Pair I	Mean	N	SD	Std Error Mean	Correlation	Sig	Mean	SD	Std Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
										Lower	Upper			
PC t1	4.92	122	1.22	0.11										
PC t2	4.79	122	1.22	0.11	0.67	0.000	0.14	0.98	0.09	-0.04	0.31	1.51	121	0.133

Table 3
Hispanic Professionals' Work Experience and Demographic Variables:
Correlations and Descriptive Statistics (N = 122)

Variables	1	2	3	4	5	6	7	8	9
1. Salary ^a	--								
2. Generation U.S.	-0.22*	--							
3. Age	0.45	0.275**	--						
4. Gender ^b	-0.23*	0.09	-0.05	--					
5. Discrimination	0.07	-0.12	0.09	0.03	--				
6. Tenure	0.31**	-0.22*	0.46**	0.00	-0.10	--			
7. Hispanic Identity	0.11	-0.11	0.10	-0.02	0.23*	0.16	--		
8. PC Breach t1 ^c	0.04	0.13	0.00	0.05	-0.37**	0.05	0.15	--	
9. PC Breach t2 ^c	0.14	0.04	0.13	-0.08	-0.31**	0.19*	0.23*	0.67**	--
M	3.28	1.49	34.34	1.47	4.46	2.73	3.49	4.92	4.79
SD	1.76	0.5	9.55	0.53	5.44	1.28	1.22	1.22	1.22
Range	1-7	1-3	20-68	1-2	0.25-37.5	1-7	1-5	1-7	1-7
α						0.85	0.76	0.78	0.78

Note: ^aSalary was grouped into five categories. ^bGender: 1 = male, 2 = female. ^cPC = Psychological Contract.

*p < 0.05; **p < 0.01.

Table 4
Summary of Regression Analysis for Variables Predicting Psychological Contract Breach (N = 122)

Variable	Model 1			Model 2			Model 3		
	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	β	<i>B</i>	<i>SE B</i>	β
Salary	0.05	0.07	0.07	0.07	0.07	0.09	0.07	0.07	0.09
Generation U.S.	0.28	0.23	0.12	0.19	0.22	0.08	0.17	0.21	0.17
Age	0.01	0.01	0.05	0.01	0.01	0.08	0.01	0.01	0.07
Gender	-0.15	0.21	-0.07	-0.11	0.20	-0.05	-0.09	0.20	-0.04
Tenure	0.04	0.02	0.17	0.02	0.02	0.11	0.02	0.02	0.09
Discrimination				-0.29	0.09	0.30**	-0.88	0.19	0.92**
Disc X Hisp Ident							0.15	0.04	0.67**
<i>R</i> ²		0.02			0.10			0.17	
<i>F</i> for change in <i>R</i> ²		1.41			11.72**			11.21**	

Note: Discrimination and Hispanic Identity were centered at their means. Disc = Discrimination. Hisp Ident = Hispanic Identity.

p* < 0.05; *p* < 0.01.

of perception of discrimination. The results of this analysis show that perception of discrimination is positively related to psychological contract breach ($F(2, 120) = 3.463$, $p < 0.001$). Therefore, the hypothesized positive relationship was supported.

The second hypothesis attempted to describe the moderating role of ethnic identification on the relationship between perceived discrimination and psychological contract breach. This hypothesis suggests that a high level of Hispanic identification strengthens the relationship between perceived discrimination and psychological contract breach. A multiple regression analysis was conducted to evaluate whether the relationship between perceived discrimination and breach of psychological contract varied according to Hispanic identification. After centering perceived discrimination and Hispanic identification around their means and computing the interaction term, the reduced linear model was compared to the full model that contained the interaction term. The reduced model (regressing psychological contract breach on perceived discrimination) was significant ($F(2, 120) = 18.49$, $p < 0.01$) and accounted for 10% of the variance in breach of psychological contract, $R^2 = 0.10$. The full model accounted for an additional 7%, $\Delta R^2 = 0.07$, and this change was significant ($\Delta F(3, 119) = 11.21$, $p < 0.01$). In other words, adding the interaction term to the model resulted in a significant change in R^2 ; thus, Hypothesis 2 was supported.

DISCUSSION

Blancero, DelCampo, and Marron (2007) and the present study's results suggest that a significantly high number of Hispanic professionals perceive that their psychological contract is breached. This result enhances understanding of psychological contracts by building upon traditional research results that are ethnically nonspecific (e.g., Robinson and Rousseau, 1994). The present study gives insight into perceptions of psychological contract breach for an independent and much larger sample of Hispanic professionals. The study specifically set out to propose two hypotheses: first, there is a positive relationship between perceived discrimination and psychological contract breach; and second, ethnic identification has a moderating effect, such that high levels of ethnic identification strengthen the positive relationship between perceived discrimination and psychological contract breach.

This study's results support the first hypothesis, showing a significant positive relationship between perceived discrimination and psychological contract breach. This finding is important because Hispanic professionals still perceive preferential treatment towards others in the organization despite explicit organizational promises to treat employees equally and laws that forbid discrimination. Whether or not Hispanic professionals are experiencing overt actions of discrimination or more subtle and implicit forms of discrimination, the study captures the perception of discriminatory treatment that shapes the employees' reality. It demonstrates that there is a relationship between perceived discrimination and psychological contract breach, and previous research indicates that the outcomes of psychological contract breach are extremely negative for employees and organizations. This finding is particularly important because it helps to solidify a preliminary foundation relating to perceptions of violated promises and psychological contract breach that may assist in future investigations of healthy employee-employer relationships.

The results also support the second hypothesis, indicating that Hispanic identification significantly strengthens the positive relationship between perceived discrimination and

psychological contract breach. Adding the interaction term to the model accounted for a 7% increase in R^2 , which was a significant change. This result contributes to the corpus of knowledge as it demonstrates that individuals who more closely identify with their Hispanic heritage are even more apt to perceive psychological contract breach when perceiving discrimination. This finding may be due, in part, to a long history of discrimination and lack of visibility of Hispanics in American businesses. Perhaps this history, in conjunction with collectivistic tendencies (Stone *et al.*, 2006), lends itself to heightened sensitivity to issues of fairness and organizational justice. Along this same vein, those with higher levels of Hispanic identity may also be more prone to scrutinize both verbal and nonverbal behaviors (Romero, 2004), thus easily recognizing the relationship between psychological breach and prejudicial behaviors.

Although previous research has espoused that psychological contract content is not stable over time (Anderson and Schalk, 1998; Rousseau and Tijoriwala, 1998), individual perceptions of breach are shown to be relatively stable in the present study. There was no significant difference in level of psychological contract breach from time one to time two in this sample of Hispanic business professionals. The present study differentiated itself from past content research by allowing respondents to idiosyncratically define their psychological contract and only evaluate the breach of the contract terms they perceive (i.e., the respondent was allowed to idiosyncratically define their own psychological contract in contrast to a researcher defining what the psychological contract contains). Past research attempted to decipher what is included in each individual's psychological contract. The approach to psychological contracts in the present study may serve to refine the global fulfillment (the entire psychological contract remains fulfilled with minor violations) versus discrete event (any violation of the psychological contract dictates the entire contract has been violated) evaluation argument. Future research might focus on global fulfillment of the psychological contract (or global breach) in demonstrating relationships with other variables of interest.

Typically, common method bias (Doty and Glick, 1998) is a concern in psychological contract research. Common method bias is bias encountered in research when collecting independent and dependent variables from the same source at the same time. In order to combat common method bias in this study, each participant was instructed to complete a follow-up survey containing questions on the dependent measure (i.e., psychological contract breach) one month after completing the initial survey. Collecting the dependent variable of interest after a time lag has been shown to effectively combat this issue. By administering the second survey one month after the initial data collection, and subsequently determining that no significant difference existed between T1 and T2 measures, the study effectively alleviates future concern for common method bias as it demonstrates some stability in psychological contract breach over time.

Additionally, this study takes a new approach to the psychological contract by looking at explanatory constructs of the breach phenomenon not previously considered in the research literature. Numerous scholars (Anderson and Schalk, 1998; Guest, 1998; Rousseau, 1998) have stated that future directions in psychological contract research should focus on addressing the major criticisms that exist in the research landscape concerning measurement, definition, dynamics/outcomes as well as the added value of the construct. This would include identification of clear relationships with other organizational behavior constructs that are more solidly defined and the testing of these alternative or explanatory constructs.

Limitations

Attempts were made to minimize the limitations of the current study but inevitably limitations exist. Self-report bias, a biased response to survey items based on individual perceptions of reality, was a concern. For example, individuals may feel that they are excellent workers and respond accordingly, but a superior might evaluate the quality of their work to the contrary. This was addressed by Spector (1994) who stated that individual reports of perceptions are the best estimate of an unbiased response in survey research. Additionally, employee responses to both perceptions of equal treatment and organizational promise fulfillment may be skewed from organizational reality. Therefore, self-report bias is an inevitable issue in attitudinal research (Spector, 1994); however, the potential trade-off involves capturing the individually perceived work attitudes of a diverse sample.

Practical Implication

This study contributes theoretically, empirically, and practically to the body of knowledge on psychological contract breach and minority employees. Perceived discrimination is an important experience to understand in order to reduce the occurrences of psychological contract breach. Although government and organizations have made strides in reducing overt acts of workplace discrimination, minority employees are still encountering unfavorable experiences and perceiving discrimination. The unfavorable experiences positively related to perceived discrimination, such as psychological contract breach, stress the importance of correcting the behaviors triggering these perceptions. It may also be helpful for employers to communicate with employees more effectively in order to better understand the reciprocal terms of the psychological contract. Minimizing the ambiguity of promises between the employee and employer may decrease the occurrence of psychological contract breach and open lines of communication.

Additionally, the finding that ethnic identification significantly impacts the relationship between perceived discrimination and psychological contract breach seems to be contrary to other recent research on perceived discrimination. Jones, Ni, and Wilson (2009) found that employee engagement does not differ significantly by race or ethnicity, but by perceived discrimination. One can interpret these results to mean that workers do not necessarily report an unfair work agreement based on their ethnic identification, but instead their perceived experiences at work may be somehow tied to their ethnic identity. In sum, ethnic identification significantly contributes to psychological contract breach. This implies that while perceived experiences are better predictors of outcomes such as psychological contract breach or employee engagement, identification with a minority group does have some impact on these experiences. However, it does not appear that the presence of demographic differences alone determines the employee-employer relationship.

Future Research Directions

This particular study evaluated only Hispanic professionals. Also of interest would be to compare this group of Hispanic professionals with Anglo, Black, Asian, and other minority groups to better understand the work experiences of each group relative to one

another. It seems of some interest to not only compare this model across demographic categories but also across socioeconomic groups (e.g., professionals vs. blue-collar workers) in order to gain greater understanding of how Hispanic workers interpret their work agreements. Another useful direction for psychological contract research would be to focus on evaluating the content of psychological contracts via qualitative methods, or employing mixed methods aimed at using qualitative data to determine organization/firm/position-specific terms of the psychological contract, followed by a quantitative examination of these researcher-generated facets. Tracking respondents longitudinally over longer periods of time would also be of great interest in order to observe changes in perceptions at work. With this type of data it would be interesting to track turnover and other outcomes to further develop a model of Hispanic professional psychological contract breach.

While not the main thrust of this study, of interest is the strong correlation between psychological contract breach and age. Another study (Blancero *et al.*, 2007) showed similar results with a positive linear relationship between age and psychological contract breach. There is a possibility that older workers are less acculturated or it may be that younger workers are more easily adaptable to multiple ethnic identities and view themselves as bicultural, influencing their understanding and expectations of the employee-employer relationship.

Finally, an important direction for future research is to better understand what is triggering perceptions of discrimination for Hispanic professionals and other minority groups. Understanding the experiences that are activating perceptions of discrimination gives employers the chance to correct behaviors and prevent these experiences in the future, whether it be overt discrimination, or more implicit expressions of discrimination such as impoverished social networks (Ibarra, 1993), stereotype threat (Steele, 1997), or racial microaggression (Sue *et al.*, 2008). These important directions will move perceived discrimination research forward, allowing scholars and practitioners to better understand the phenomenon and related outcomes at the individual, group, and organizational levels.

References

- Anderson, N. and R. Schalk. 1998. "The Psychological Contract in Retrospect and Prospect." *Journal of Organizational Behavior* 19: 637-647.
- Avolio, B. J., F. J. Yammarino, and B. M. Bass. 1991. "Identifying Common Methods Variance with Data Collected from a Single Source: An Unresolved Sticky Issue." *Journal of Management* 17: 571-587.
- Blancero, D. M., R. G. DelCampo, and G. F. Marron. 2007. "Perception of Fairness of Psychological Contracts by Hispanic Business Professionals: An Empirical Study in the United States." *International Journal of Management* 24: 364-375.
- Cavanaugh, M. A. and R. A. Noe. 1999. "Antecedents and Consequences of the New Psychological Contract." *Journal of Organizational Behavior* 20: 323-340.
- Chrobot-Mason, D. L. 2003. "Keeping the Promise: Psychological Contract Violations for Minority Employees." *Journal of Managerial Psychology* 18: 22-45.
- Coyle-Shapiro, J. and I. Kessler. 2000. "Consequences of the Psychological Contract for the Employment Relationship: A Large-scale Survey." *Journal of Management Studies*

- 37: 903-930.
- DelCampo, R. G., H. J. Van Buren, and D. M. Blancero. 2007. "The Social Networks of Hispanic Elite Professionals: Do Density and Ethnic Identity Matter for Career Success?" *The Business Journal of Hispanic Research* 1: 70-77.
- Dillman, D. 2000. *Mail and Internet Surveys: The Tailored Design Method* (2nd ed.). New York, NY: Wiley.
- Doty, H. D. and W. H. Glick. 1998. "Common Methods Bias: Does Common Methods Variance Really Bias Results?" *Organizational Research Methods* 1: 374-406.
- Dovidio, J. F. and M. R. Hebl. 2005. "Discrimination at the Level of the Individual: Cognitive and Affective Factors." In *Discrimination at Work: The Psychological and Organizational Bases*. Eds. R. L. Dipboye and A. Colella. Mahwah, NJ: Erlbaum. pp. 63-88.
- Fiske, S. T., A. J. C. Cuddy, P. Glick, and J. Xu. 2002. "A Model of (Often Mixed) Stereotype Content: Competence and Warmth Respectively Follow from Perceived Status and Competition." *Journal of Personality and Social Psychology* 82: 878-902.
- Guest, D. E. 1998. "Is the Psychological Contract Worth Taking Seriously?" *Journal of Organizational Behavior* 19: 649-664.
- Hui, C., C. Lee, and D. M. Rousseau. 2004. "Psychological Contract and Organizational Citizenship Behavior in China: Investigating Generalizability and Instrumentality." *Journal of Applied Psychology* 89: 311-321.
- Ibarra, H. 1995. "Race, Opportunity, and Diversity of Social Circles in Managerial Networks." *Academy of Management Journal* 38: 673-704.
- Johnson, J. L. and A. M. O'Leary-Kelly. 2003. "The Effects of Psychological Contract Breach and Organizational Cynicism: Not All Social Exchange Violations Are Created Equal." *Journal of Organizational Behavior* 24: 627-647.
- Jones, J. R., J. Ni, and D. C. Wilson. 2009. "Comparative Effects of Race/Ethnicity and Employee Engagement on Withdrawal Behavior." *Journal of Management Issues* 21 (2): 195-215.
- _____, D. C. Wilson, and P. Jones. 2008. "Toward Achieving the 'Beloved Community' in the Workplace: Lessons for Applied Business Research and Practice from the Teachings of Martin Luther King Jr." *Business and Society* 47: 457-483.
- Kickul, J., S. W. Lester, and E. Belgio. 2004. "Attitudinal and Behavioral Outcomes of Psychological Contract Breach: A Cross Cultural Comparison of the United States and Hong Kong Chinese." *International Journal of Cross Cultural Management* 4: 229-252.
- Knouse, S., P. Rosenfeld, and A. Culbertson. 1992. *Hispanics in the Workplace*. Newbury Park, CA: Sage.
- Levinson, H. 1962. *Men, Management, and Mental Health*. Cambridge, MA: Harvard University Press.
- Lewis-McClear, K. and M. S. Taylor. 1997. "Not Seeing Eye-to-Eye: Implications of Discrepant Psychological Contracts and Contract Violation for the Employment Relationship." Proceedings of the Academy of Management Meetings, Vancouver, Canada.
- Major, B. 1994. "From Social Inequality to Personal Entitlement: The Role of Social Comparisons, Legitimacy Appraisals, and Group Membership." *Advances in Experimental Social Psychology* 26: 293-355.
- _____, R. H. Gramzow, S. K. McCoy, S. Levin, T. Schmader, and J. Sidanius. 2002. "Perceiving Personal Discrimination: The Role of Group Status and Legitimizing

- Ideology." *Journal of Personality and Social Psychology* 82: 269-282.
- Masterson, S. S. 2001. "A Trickle-Down Model of Organizational Justice: Relating Employees' and Customers Perceptions of Reactions to Fairness." *Journal of Applied Psychology* 86: 594-604.
- McKay, P. F., D. R. Avery, S. Tonidandel, M. A. Morris, M. Hernandez, and M. R. Hebl. 2007. "Racial Differences in Employee Retention: Are Diversity Climate Perceptions the Key?" *Personnel Psychology* 60: 35-62.
- Nunnally, J. C. 1978. *Psychometric Theory* (2nd ed.). New York, NY: McGraw-Hill.
- Padilla, A. M. and W. Perez. 2003. "Acculturation, Social Identity, and Social Cognition: A New Perspective." *Hispanic Journal of Behavioral Sciences* 25: 35-55.
- Riordan, C. M., B. S. Schaffer, and M. M. Stewart. 2005. "Relational Demography Within Groups: Through the Lens of Discrimination." In *Discrimination at Work: The Psychological and Organizational Bases*. Eds. R. L. Dipboye and A. Colella. Mahwah, NJ: Erlbaum. pp. 63-88.
- Robinson, S. L. 1996. "Trust and Breach of the Psychological Contract." *Administrative Science Quarterly* 41: 574-599.
- _____, M. S. Kratz, and D. M. Rousseau. 1994. "Changing Obligations and the Psychological Contract: A Longitudinal Study." *Academy of Management Journal* 37: 137-152.
- _____ and E. W. Morrison. 2000. "The Development of Psychological Contract Breach Violation: A Longitudinal Study." *Journal of Organizational Behavior* 21: 525-546.
- _____ and D. M. Rousseau. 1994. "Violating the Psychological Contract: Not the Exception But the Norm." *Journal of Organizational Behavior* 15: 245-259.
- Romero, E. 2004. "Latin American Leadership: El Patron and El Lider Moderno." *Cross Cultural Management* 11: 25-37.
- Rousseau, D. M. 2001. "Schema, Promise and Mutuality: The Building Blocks of the Psychological Contract." *Journal of Occupational and Organizational Psychology* 74: 511-542.
- _____. 1998. "The 'Problem' of the Psychological Contract Considered." *Journal of Organizational Behavior* 19: 665-671.
- _____. 1995. *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements*. Newbury Park, CA: Sage.
- _____. 1989. "Psychological and Implied Contracts in Organizations." *Employee Responsibilities and Rights Journal* 2: 121-139.
- _____ and R. J. Anton. 1991. "Fairness and Implied Contract Obligations in Job Terminations: The Role of Contributions, Promises, and Performance." *Journal of Organizational Behavior* 12: 287-299.
- _____ and _____. 1988. "Fairness and Implied Contract Obligations in Job Terminations: A Policy-Capturing Study." *Human Performance* 1: 273-289.
- _____ and J. McLean Parks. 1993. "The Contract of Individuals and Organizations." *Research in Organizational Behavior* 15: 1-43.
- _____ and R. Schalk. 2001. *Psychological Contracts in Employment: Cross-National Perspectives*. Thousand Oaks, CA: Sage.
- _____ and S. A. Tijoriwala. 1998. "Assessing Psychological Contracts: Issues, Alternatives and Measures." *Journal of Organizational Behavior* 19: 679-695.
- Sanchez, J. I. and P. Brock. 1996. "Outcomes of Perceived Discrimination Among Hispanic Employees: Is Diversity Management a Luxury or a Necessity?" *Academy*

- of Management Journal* 39: 704-720.
- _____ and D. M. Fernandez. 1993. "Acculturative Stress Among Hispanics: A Bidimensional Model of Ethnic Identification." *Journal of Applied Social Psychology* 23: 654-668.
- Schein, E. H. 1965. *Organizational Psychology*. Englewood Cliffs, NJ: Prentice-Hall.
- Shore, L. M., L. E. Tetrick, M. S. Taylor, J. A.-M. Coyle Shapiro, R. C. Liden, J. McLean Parks, E. W. Morrison, L. W. Porter, S. L. Porter, M. V. Roehling, D. M. Rousseau, R. Schalk, A. S. Tsui, and L. VanDyne. 2004. "The Employee-Organization Relationship: A Timely Concept in a Period of Transition." In *Research in Personnel and Human Resources Management*. Ed. J. J. Martocchio. Amsterdam: Elsevier. pp. 291-370.
- Sparrow, P. R. 1996. "Careers and the Psychological Contract: Understanding the European Context." *European Journal of Work and Organizational Psychology* 5: 479-500.
- Spector, P. E. 1994. "Using Self-report Questionnaires in OB Research: A Comment on the Use of a Controversial Method." *Journal of Organizational Behavior* 15: 385-392.
- Steele, C. M. 1997. "A Threat in the Air: How Stereotypes Shape Intellectual Identity and Performance." *American Psychologist* 52: 613-629.
- Stone, D. L., R. D. Johnson, E. F. Stone-Romero, and M. Hartman. 2006. "A Comparative Study of Hispanic-American and Anglo-American Cultural Values and Job Choice Preferences." *Management Research* 4: 8-21.
- Sue, D. W., K. L. Nadal, C. M. Capodilupo, A. I. Lin, G. C. Torino, and D. P. Rivera. 2008. "Racial Microaggressions Against Black Americans: Implications for Counseling." *Journal of Counseling and Development* 86: 330-338.
- Sutton, G. and M. A. Griffin. 2004. "Integrating Expectations, Experiences, and Psychological Contract Violations: A Longitudinal Study of New Professionals." *Journal of Occupational and Organizational Psychology* 77: 493-514.
- Tekleab, A. G. and M. S. Taylor. 2003. "Aren't There Two Parties in an Employment Relationship?: Antecedents and Consequences of Organization-Employee Agreement on Contract Obligations and Violations." *Journal of Organizational Behavior* 24: 585-608.
- Thompson, J. A. and J. S. Bunderson. 2003. "Violations of Principle: Ideological Currency in the Psychological Contract." *Academy of Management Review* 28: 571-586.
- Tsui, A. S. and B. A. Gutek. 1999. *Demographic Differences in Organizations: Current Research and Future Directions*. Landam, MD: Lexington Books.
- Turnley, W. H., M. C. Bolino, S. W. Lester, and J. M. Bloodgood. 2004. "The Effects of Psychological Contract Breach on Union Commitment." *Journal of Occupational and Organizational Psychology* 77: 421-428.
- _____ and D. C. Feldman. 1999. "The Impact of Contract Violations on Exit, Voice, Loyalty, and Neglect." *Human Relations* 52: 895-922.
- U.S. Census Bureau. 2008. *Hispanic Heritage Month 2008: Sept. 15-Oct. 15*. Available from http://www.census.gov/PressRelease/www/releases/archives/facts_for_features_special_editions/012245.html.