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FACTORS INVOLVED IN INCREASING CONVERSION RATES OF INTERNS INTO FULL-TIME EMPLOYEES

By

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ABSTRACT

FACTORS INVOLVED IN INCREASING CONVERSION RATES OF INTERNS INTO FULL-TIME EMPLOYEES

By

Jessica Lynn Hurst

Employee turnover in retailing has always been high. Nevertheless, due to the abundant, young labor force in the United States, retailers have experienced high turnover with minimal consequences, until now. The BLS (2005) predicts a labor shortage due to retiring baby boomers and small number of the next generation entering the workforce. The labor shortage will affect the retailing, hospitality and food services industries most dramatically, due to the demographic nature of their employees (i.e. young and first-time employees). Additionally, the rate of voluntary turnover is rising and BLS data (2005) reveal the average employee turnover cost for professional and business services (i.e. retailing) is $15,726 per employee. The high cost of turnover, combined with the shrinking labor pool forces retailers to compete more vigorously to attract and retain talent. One viable strategy is for retailers to offer internship opportunities to college students (i.e. potential future hires).

Internships allow companies to create awareness about their organization while offering college students the opportunity to work with professionals in their field and see firsthand what takes place inside the industry. Internships also give the company a chance to evaluate students' work capabilities before a potential offer for full-time employment is extended.

This research identifies the relationships between interns' perceptions of psychological contract outcomes of employer and employee obligations, supervisory support, job satisfaction (with the job/work itself and pay), organizational commitment (affective and continuance), perceptions of advancement opportunities, and conversion intentions. An interpretive framework derived from psychological contract theory (Corbin, 1952; Roloff, 1987; Rousseau, 1990) and organizational socialization theory (Van Maanen, 1975; Feldman, 1976) is employed to test these relationships.

Data were collected by partnering with companies and cooperating with faculty from other universities who have access to internship students. The survey instrument was on-line. A structural equation procedure (EQS 6.1) was used to test a model of internship conversion.

Structural model results show a direct relationship between 1) interns' perceptions of psychological contract outcomes of employer obligations and affective organizational commitment and 2) organizational commitment (affective and continuance) and conversion intentions. Therefore, model testing results support the applicability of psychological contract theory and organizational socialization theory to interns as well as full time employees. Findings also reveal that when interns feel their employer has fulfilled their expected obligations, they may be more satisfied with their job and may be more committed; which in turn, may increase the chances of interns wanting to remain with the company and accept an offer for full-time employment upon graduation.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

Employee turnover in retailing has always been high. Nevertheless, due to the abundant, young labor force in the United States, retailers have experienced high turnover with minimal consequences, until now. The Bureau of Labor Statistics [BLS] (2005) predicts a labor shortage, due to the large number of retiring baby boomers and the small size of the next generation entering the workforce. The BLS predicts that the labor shortage will affect the retailing, hospitality and food services industries most dramatically, due to the demographic nature of their employees (i.e. young and first-time employees).

Moreover, according to the BLS (2006), the U.S. will have 10 million more jobs than people by 2010. As a result, organizations must come to terms with and acknowledge the fact that this imminent labor shortage will only increase the value of every employee, regardless of their age and tenure with the company (Southard & Lewis, 2004). In addition, the BLS (2007) reports that from January 2006 to December 2006, the following five industries had high rates of both hires and voluntary/involuntary disruptions of employment (i.e. separations) : 1) retail trade, 2) hospitality and food services, 3) professional and business services, 4) arts, entertainment, and recreation, and 5) construction. In sum, these five industries accounted for 59% of total (nonfarm) hires in the U.S. and 59% of total (nonfarm) separations (i.e. employee turnover) in the U.S.

Both the BLS (2005) and the Employment Policy Foundation (2005) report that the rate of voluntary turnover is rising. Usually, turnover rates are higher for

industries that employ a younger-than-average workforce. Furthermore, costs of recruiting, filling vacancies, and training new employees, increases operating costs, reduce job productivity, and ultimately, cuts into the firms' profits. Based upon BLS data (2005), the average employee turnover cost for professional and business services (i.e. retailing) is $15,726 per employee. Clearly, employee turnover is a significant cost driver for American businesses. Nevertheless, as the pool for entry level employees shrinks, retailers must compete more vigorously to attract and retain talent. One way retailers can compete and attract/retain talent is by offering internship opportunities to college students (i.e. potential future hires). Companies create awareness about their organization by offering internships, and internships offer college students the opportunity to work with professionals in their field and experience the industry firsthand.

Significance of Study

The most successful source of new hires for many companies comes from their intern pool (Sessions, 2006). Internships give students the opportunity to personally experience what working for that particular company really entails. Internships also give the company a chance to evaluate students' work capabilities before a potential offer for full-time employment is extended. In addition, internships allow both the intern and the company the opportunity to determine if the intern possesses the qualities necessary to adapt to the firm's culture.

In order to compete for an optimal post-college position, students must develop a core of marketable skills, such as communication, time-management,

self-confidence, and self-motivation; all of which are now considered requirements by the industry. Internships help students strengthen these skills. Moreover, internships help students sharpen job skills and work values, focus on making wise career choices, gain direct access to job sources, and even impress potential employers, all of which help improve future job opportunities (Mihail, 2006). Knouse, Tanner, and Harris (1999), for example, found that upon graduation, business students who completed an internship obtained jobs more readily than students who did not. In sum, gaining work experience through internship programs provides a plausible way to soften the reality shock of making the transition from the world of academics to the world of work (Garavan & Murphy, 2001; Collin & Tynjalla, 2003).

Internship Conversion Rates

Converting interns to full-time employees is a critical initiative for many companies today. 'Internship conversion' is desirable within the industry because an intern who has a successful experience may also have an increased sense of commitment, belonging, and loyalty toward the company. Due to these feelings of attachment, interns are more likely to accept an offer for full-time employment with the organization upon graduation. Ultimately, the decision to accept a position is based on the perspective of the internship experience, which provides a more realistic picture of what the position entails and what the company culture is like (Knouse et al., 1999).

Internship conversion rates are typically calculated by dividing the number of interns who accepted a job offer after internship completion by the number of

offers extended to interns (37 acceptances from a pool of 100 eligible interns is a 37% conversion rate). For many companies, to stay competitive in today's job market, a conversion rate of 50-70% is the target benchmark (Pedersen, 2007).

Problem Definition

Collegiate internships in American businesses are a recent topic of interest. The perceived value of internships from both the employers' and students' point of view is illustrated by the significant growth in student/employer involvement over the past two decades. For example, in 1980, only about 1 out of every 36 graduates completed an internship prior to graduation, compared to 3 out of 4 graduates completing an internship prior to graduation by the year 2000 (Cook, Parker, & Pettijohn, 2004). Although internship programs serve many purposes and have potentially positive outcomes for corporate stakeholders, the needs and objectives of the interns (i.e. college students) must be satisfied for such programs to persist. For example, in a recent longitudinal study regarding the perceptions of interns, Cook et al. (2004) found that 87% of the interns felt that their internship experience improved their general ability to get along with people in work situations. Additionally, 78% of interns agreed that the internship experience gave them greater confidence in finding a job upon graduation, and 57% of the interns felt that their internship experience influenced their future career choices (i.e. affirming, changing, etc).

The findings of Cook et al.'s (2004) study provide empirical support for existing opinions regarding the value of internship programs. However, more empirical research is needed to identify what employers can do to differentiate

their internship programs from their competitor's programs, and ultimately, how employers can increase their internship conversion rates each year. Increasing internship conversion is beneficial to the employer for a number of reasons, specifically: 1) the intern pool represents a partially trained workforce that can immediately contribute to the organization (Dixon, Cunninham, Sagas, Turner, & Kent, 2005), 2) hiring from the intern pool saves the employer a significant amount of money both in hiring and training costs (Pianko, 1996), and 3) hiring interns potentially increases organizational commitment and decreases voluntary turnover because the intern already has a general understanding of what the company culture is like and what the job may entail (Gault, Redington, & Schlager, 2000) .

For example, a recent meta-analysis of employee commitment by Meyer, Stanley, Herscovitch, and Topolnytsky (2002), found affective organizational commitment (the employees' desire to stay with the company because they want to) and continuance organizational commitment (the employees' desire to stay with the company because they feel they have to) to be negatively related to withdrawal cognition and turnover. Additionally, Meyer et al. (2002) found that affective organizational commitment was directly linked to job satisfaction, increased attendance and job performance, and decreased turnover intentions.

Typically, job satisfaction and organizational commitment are studied in the context of current, continuing employees, and are consistently examined as attitudinal variables (Firth, Mellor, Moore, & Loquet, 2004; Meyer et al., 2002; Clugston, 2000). However, there is little empirical research regarding job

satisfaction and the commitment of interns, who are more like "contract" or temporary employees with the potential of becoming continuing employees. Hence, to more fully understand internship conversion rates, further investigation of additional explanatory variables is necessary.

Recent research suggests that one's psychological contract (i.e. obligations owed to the employee/employer) (Rousseau, 2000), psychological contract breach (i.e. unfulfilled obligations) (Robinson, 1996), and supervisory support (i.e. guidance, mentoring and encouragement) (Hom & Kinicki, 2001) predict intent to leave (i.e. intent to decline a job offer after completing the internship) and voluntary turnover. Conversely, these variables have also been found to predict intent to stay (i.e. intent to accept a job offer after completing the internship).

The internship experience, albeit short and temporary in nature, represents an integral time in forming impressions of, or commitment to, the organization (Dixon, et al., 2005). And, although the employee (i.e. intern) and the employer both know that the internship is not a guarantee for future employment, developing intern commitment is important for both parties because many organizations have high expectations of hiring from their intern pool (Sessions, 2006; Gault et al., 2000). Hence, examination of the aforementioned variables (psychological contract outcomes/breach and supervisory support), combined with more commonly researched variables (organizational commitment and job satisfaction), will provide further insight into the nature of these relationships. This insight can then be used to assist management in gaining

more control over the salient motivators that cause interns to turn down an offer and augment motivators that cause interns to accept an offer after successful completion of their internship.

Objective of the Study

The most successful source of new hires for many companies comes from their intern pool (Sessions, 2006), thus the objective of this study is to examine the motivating factors that influence internship conversion. To do this, I will study college students who have successfully completed a business or retail-related internship during 2006 or spring 2007 for a company in the United States. I will investigate internship conversion by measuring interns' intent to accept a job offer from the company. I will also assess the influence of psychological contract outcomes (i.e. unfulfilled obligations) and supervisory support on: a) job satisfaction (with the job/work itself and pay), b) perceptions of advancement opportunities, and c) organizational commitment (affective and continuance).

CHAPTER 2

LITERATURE REVIEW

The U.S. will have 10 million more jobs than people by 2010 (according to the Bureau of Labor Statistics (BLS), 2006). Nevertheless, as the pool for entry level employees shrinks, retailers must compete more vigorously to attract and retain the highest quality talent. Employers face great challenges gaining the commitment of younger and first-time employees because employees bring to the workplace their own set of values and expectations. Henceforth, employers that adjust their human resource (HR) strategies to be more competitive will narrow the gap between future retail leaders and the dwindling quantity of available talent. Additionally, adjusting these HR strategies enhances the company's ability to become the workplace of choice (Lowe & Schellenberg, 2002).

Theoretical Frameworks

Organizational Socialization Theory

Organizational socialization theory explains how newcomers learn the culture and values of new job settings (Van Maanen, 1975). The theory also explicates how newcomers must develop the necessary work skills and adjust to the work environment (Feldman, 1976). Compared to other phases of organizational entry (i.e. recruitment, orientation, and training), organizational socialization is the longest and most complex. Socialization concerns the ways in which newcomers change and adapt to the organization, and learn what is

"acceptable" behavior. Socialization is an interpersonal process that involves becoming part of a 'group' at work, as well as becoming a part of the organization (Wanous, 1992; Argyris, 1971).

Past research involving organizational socialization theory sought to identify inhibitors to newcomer socialization (Good & Fairhurst, 1999; Major, Kozlowski, Chao, & Gardner, 1995; Chao, O'Leary-Kelly, Wolf, Klein, & Gardner, 1994). The theory suggests that anticipatory socialization (pre-entry) expectations are formed during the recruitment and selection process. Once on the job, expectations translate into reality as roles become apparent. Good and Fairhurst (1999) point out that job expectations are derived from a variety of sources including work experience, academic preparation, job-shadowing, internship programs, and the job search process (which includes internal and external information acquisition). Presumably, the more information gathered, the more likely job expectations are congruent with reality. These expectations form the foundation for an individual's transition into the organization (Thorton & Nardi, 1975).

Employees in retailing bring to the organizational environment their own unique expectations of what the job will be like. And, justifiably, they place high salience on the attainment of these expectations (Knight, Crutsinger, & Kim, 2006; Good & Fairhurst, 1999). Therefore, job expectations must be met for the employee to feel worthwhile and remain with the organization (Porter & Steers, 1973). If their expectations are not met, then successful socialization into the firm may be inhibited (Feldman, 1976). Porter and Steers (1973, p. 152) state that

unmet expectations are "the discrepancy between what a person encounters on his job in the way of positive and negative experiences and what he expected to encounter". There are various types of objects for which employees establish expectations. Some of them include intrinsic and extrinsic rewards, job content and context factors, and professional relationships (Mowday, Steers, & Porter, 1979).

During organizational socialization, newcomers try to develop and adjust their cognitions according to the information made available to them, along with any information they seek in a proactive manner (Thomas & Anderson, 1998; Chao et al., 1994; Ostroff & Kozlowski, 1992). In fact, past research in organizational socialization took an 'information acquisition' perspective that emphasized the newcomer's role as a proactive learning agent (Major et al., 1995; Chao, Kozlowski, Major, & Gardner, 1994). Furthermore, newcomer's knowledge acquisition during socialization affects important performance and mental health outcomes, such as: job satisfaction, commitment and turnover (Major et al., 1995; Chao et al., 1994; Ostroff & Kozlowski, 1992).

A significant amount of relevant information can originate from existing organizational members. Since the reality of the organizational culture can be socially constructed, learning from those who are familiar with the organizational environment is essential in order to gain an understanding of the reality of the organization's culture (Ostroff & Kozlowski, 1993). This learning assists in the establishment of a viable psychological contract between the employee and the employer (Thomas & Anderson, 1998). As a result, newcomers' psychological

contracts (i.e. employees' beliefs about the reciprocal obligations between them and their organization) are likely to adjust towards or be similar to those of experienced insiders as they become acclimated to and accepted as an integral part of the organization (Rousseau & Parks, 1993).

Psychological Contract Theory

The roots of psychological contract theory are based upon (but not limited to) disciplines such as legal theory regarding contracts, relational obligations, and promises—both silent and spoken (Corbin, 1952; Atiyah, 1981; Macneil, 1985), marriage and the family regarding contracts, commitment and mutuality (Sager, 1976), and social psychology regarding exchange relationships (Roloff, 1987).

Psychological contracts are briefly defined as an individual's belief in mutual obligations between that person and another party, such as an employer (i.e. a firm or another person) (Rousseau, 1998). In other words, psychological contracts determine what I feel the other party owes me and what I feel I owe the other party, based upon implicit or explicit promises that bind each party to a particular course of action (Rousseau, 2005). However, it is important to realize that a central dimension of this construct is incompleteness; the full array of associated exchange obligations is typically not known or knowable at the onset of the exchange relationship, requiring the contract to be fleshed out over time. According to Rousseau (2005, 2001), partial contracts are completed, updated and revised throughout the course of the exchange relationship in a manner that affects both the degree of the actual agreement between the exchange parties, as well as the flexibility of the psychological contract in the face of change.

Psychological contracts develop via an interactive process that often begins during the recruitment process (Rousseau, 1990). But, they may be influenced by a number of other human resource practices such as performance reviews, compensation, training, employee manuals and benefits (Rousseau & Greller, 1994). A new employee brings to the job a set of expectations about a possible future relationship with the employer (Shore & Tetrick, 1994) that are subject to change over time as the newcomer acclimates to the company culture and accepts his/her role within the organization. Therefore, unlike pre-entry expectations, psychological contracts are formed through interaction with the employer once on the job (Sutton & Griffin, 2004; Rousseau, 2000).

However, prior to organizational entry, it is possible for individuals to begin developing their psychological contract based upon the organizational agents with whom they have interacted, such as a recruiter or supervisor/manager (Shore & Tetrick, 1994). Recruiters can influence the perceived attractiveness of a job through their behaviors, which applicants tend to interpret as signals about working conditions within the company; a friendly recruiter is seen as indicating a warm, friendly work environment (Turban & Dougherty, 1992). Additionally, recruiters influence attractiveness by providing applicants with information about the job and organizational attributes (Rynes, 1989).

Evidence suggests that recruiters do play a key role in influencing applicant attraction to a firm (Arthur, 2001; Schmitt & Coyle, 1976); however, some research suggests that recruiters influence attraction only when applicants have minimal information about the job (Powell, 1984; Rynes & Miller, 1983). For

example, in their study of business school seniors, Fisher, Ilgen and Hoyer (1979) found that applicants were very reluctant to accept a job offer with the company when their only source of information was the campus interviewer/recruiter. In addition, Turban and Dougherty (1992) surveyed business school students after campus interviews and found that when recruiters spent too much time discussing the job, applicants felt that there was something wrong with the job or the firm. Therefore, the recruiter is not always considered a very credible source of information; consequently, newcomers often rely extensively on their supervisor/manager (Fisher, 1990). Newcomers tend to rely on their supervisor to carry out many of the contractual obligations owed to them; hence, employees are likely to view their supervisor as the chief agent for establishing and maintaining their psychological contract.

In sum, one of the major contributions of psychological contract theory is empirical research that combines employer-based beliefs (i.e. employer obligations) with individual-based beliefs (i.e. employee obligations) regarding the nature of an agreement and the relationship between that individual and his/her employer. Combining perceptions of employer-based obligations with employee obligations allows for an ideal assessment of specific idiosyncratic information that is meaningful and unique to each individual, as well as the firm (Robinson, Kraatz, & Rousseau, 1994). Therefore, since psychological contracts involve reciprocal exchange agreements, it is critical to link employee and employer terms in order to gain insight as to what factors are the primary cause of a

possible disconnect between employers and their employees (Rousseau & Tijoriwala, 1998).

In the next section, using theoretical underpinnings from organizational socialization theory (Van Maanen, 1975; Feldman, 1976) and psychological contract theory (Rousseau, 2000), I propose a conceptual/research path model (see Figure 1) that reveals the relationships between psychological contract outcomes of employer and employee obligations, supervisory support, job satisfaction (with the job/work itself and pay), perceptions of advancement opportunities, organizational commitment (affective and continuance), and conversion intentions. The proposed model (Figure 1) is intended for use with college students who have successfully completed a business or retail-related internship during 2006 or spring 2007 for a company in the United States.

While some studies examine the relationship between college students' work experience, career expectations, career intentions, job satisfaction, and job outcomes (Babin & Boles, 1996; Igbaria, Parasuraman, & Badawy, 1994; Knight et al., 2006), few studies investigate the holistic relationship that incorporates interns' perceptions of their future job obligations (i.e. psychological contracts) and organizational commitment. No studies, to the best of my knowledge, examine the relationship that integrates psychological contract outcomes (e.g. unfulfilled obligations) with interns' supervisory support expectations, job satisfaction, organizational commitment and ultimately, their conversion intentions.

Model Development

Psychological Contracts and Psychological Contract Outcomes

Psychological contracts are individual's beliefs in a mutual obligation between themselves and another party (i.e. an employer or supervisor). These contracts develop when individuals presume promises (i.e. employment opportunities or promotions; something psychologically owed to the employee by the company) that cause them to believe in the existence of a reciprocal obligation (i.e. accepting the employment offer or the promotion; something psychologically owed to the company by the employee) between them and the other party (Rousseau, 2000). In other words, psychological contracts are beliefs about what each individual feels he or she owes the other. Shore and Tetrick (1994) found that even in the presence of formal contracts, psychological contracts are established by employers and employees to reduce uncertainty, direct employee behavior without surveillance, and to give employees a sense of control and predictability.

Prior to recruitment and employment, applicants possess beliefs regarding their occupation and the organization (Bunderson, 2001; Rousseau, 2001). Recruitment experiences create understandings regarding the promises workers and employers make to each other. Post-hire socialization continues the processing of new and existing information regarding the employment relationship and the promises related to it (Rousseau, 1989). Thomas and Anderson (1998) suggest that organizational newcomers have only rudimentary psychological contracts. Therefore, psychological contract perceptions,

expectations and obligations are continually modified and adjusted during the socialization process.

However, if newcomers are unable to revise their psychological contracts in a way that allows them to properly adjust and socialize to the organizational culture, and meet their own and their employers' beliefs and expectations, a psychological contract breach occurs (Robinson & Rousseau, 1994). A psychological contract breach refers to one's belief that the other party has failed to adequately fulfill the promised outcomes or obligations of the psychological contract (Rousseau, 1989; Robinson, 1996). When these promised outcomes or obligations go unmet, newcomers are more likely to become frustrated and dissatisfied with their work, and ultimately quit their job.

These unfulfilled outcomes or obligations (i.e. psychological contract breach) are subjective experiences based not only on the employer's actions or inactions, but also on an individual's perceptions of those actions or inactions within a specific social context. As a result, the experience of psychological contract outcomes (i.e. unfulfilled obligations or breach) usually depends upon the social and psychological factors that are specific to the employment relationship in which it occurs (Morrison & Robinson, 1997).

Unfulfilled outcomes or obligations are directly related to training and development, compensation, promotion, nature of the job, job security, feedback, level of responsibility, and/or coworkers (Robinson & Rousseau, 1994). Furthermore, in their literature review on organizational citizenship and the changing work relationships in the 1990's, Parks and Kidder (1994) point out that

a negative psychological contract outcome may cause employees to quit, withdraw or engage in anti-role behaviors such as theft, negativism, harassment, sabotage, and vandalism. Moreover, Robinson and Rousseau (1994) affirm that this breach of promise and trust produces feelings of betrayal. Thus, employees experience a greater intensity of feelings towards their beliefs about respect, codes of conduct, and other employee-employer relationship-associated behaviors. In addition, Bunderson (2001) found that professional employees respond to negative outcomes (i.e. breaches) with feelings of dissatisfaction and lowered organizational commitment and job performance; all of which resulted in increased turnover intentions and actual turnover.

Since the highest level of voluntary turnover occurs within the first 12 months on the job (Bureau of Labor Statistics, 2005), it is important to understand how and why newcomers adjust their psychological contracts over time. Failure to modify and adapt employment obligations to fit within company culture may be a significant driver of voluntary turnover.

In a longitudinal study, Robinson (1996) surveyed MBA students just prior to graduation, 18 months later, and again 30 months later. She found that over this two-and-a-half year period, employees' perceptions of employer obligations had increased significantly in the following areas: advancement, high pay, and merit pay, and decreased significantly in training. Additionally, employees' perceptions of their own obligations decreased significantly in the following areas: overtime, loyalty, transfers, advance notices, and minimum stay. In sum, their psychological contract shifted over the two-and-a-half years so that

perceived obligations of employers increased, whereas obligations of employees decreased. Robinson's (1996) findings support the notion that newcomers' psychological contracts evolve quite considerably over time.

To broaden our knowledge about how retailers can acquire quality employees by increasing their internship conversion rates, further examination of psychological contract outcomes (i.e. fulfilled or unfulfilled obligations) is necessary. This will lend insight into the effects that psychological contract outcomes of employer and employee obligations have on interns' job satisfaction, organizational commitment and conversion intentions (see Figure 1). Thus, I pose the following hypotheses:

H1: Interns' perceptions of the extent to which psychological contract outcomes of employer obligations were fulfilled will have a positive effect on a) job satisfaction (job/work itself and pay), b) affective and continuance organizational commitment and c) perceptions of advancement opportunities.

H2: Interns' perceptions of the extent to which psychological contract outcomes of employee obligations were fulfilled will have a positive effect on their: a) job satisfaction with the job/work itself, b) affective organizational commitment, and c) perceptions of advancement opportunities,

H2d: Interns' perceptions of the extent to which psychological contract outcomes of employee obligations were fulfilled will have a negative effect on continuance organizational commitment.

H3: Interns' perceptions of the extent to which psychological contract outcomes of a) employer and b) employee obligations were fulfilled will have a positive effect on conversion intentions.

Supervisory Support

Supervisory support is the degree to which employees perceive their supervisor as providing direction, encouragement, and mentoring. The role of

the supervisor is vital to a new employee's job experience for several reasons: 1) supervisors control the degree of structure, ambiguity, and conflict in the work itself, 2) supervisors provide informal and formal feedback to employees regarding their performance and work behavior, and 3) supervisors control rewards and possible job security that may benefit employees (Krackhardt, McKenna, Porter and Steers, 1981). All of these job experience factors are extremely important to newcomers because they are trying to familiarize themselves with a new organizational environment and culture (Van Maanen, 1975).

New hires will inevitably experience many ambiguities regarding their job-duties, their co-worker, and their supervisors. For example, in their study of 261 full-time food service workers, Babin & Boles (1996) found that increased perceptions of supervisory support reduced employee role conflict and role ambiguity, and increased job satisfaction. In addition, Jamrog (2002) found that the supervisor was the key influence on whether or not young employees remained with the company. Therefore, supportive supervisors are critical because they can enhance job satisfaction and facilitate the pursuit of one's future career intentions (Knight et al., 2006).

Lack of proper supervisory support can result in an untrained, unmotivated workforce and is a potential cause of increased absenteeism, low morale, poor customer service, and increased employee turnover (Crutsinger & Knight, 2003). Conversely, a workplace with high levels of supervisory support can have a

positive impact on job performance, job satisfaction and turnover intentions (Babin & Boles, 1996).

Employees value organizational support not only from their supervisors, but from their co-workers as well (Ray & Miller, 1991). For example, in their study of elementary school teachers, Ray and Miller (1991) found that supportive communication from the both the supervisor (principal) and co-workers helped reduce role ambiguity. Additionally, if employees perceive that their supervisor shows concern for them and their co-workers, and provides socioemotional support, then this will lead to a positive appraisal of the work environment and increase job satisfaction directly (Kopleman, Brief, & Guzzo, 1990).

Furthermore, extant literature includes important alternative perspectives regarding the link between supervisory support and various foci of organizational commitment (Fiorito, Bozeman, Young and Meurs, 2007). One alternative perspective discusses the influential role that the supervisor may play in determining employees' level of commitment; hence, indicating the possibility for employees' level of commitment to the company to be enhanced because they are committed to their immediate supervisor (Morrow, 1993).

Today, many college students are employed in part-time retail jobs that provide minimal supervision, leaving employees with no role model or direction to promote their development of positive and valuable work traits or habits (Schneider & Stevenson, 1999). A structured internship program that provides an adequate amount of supervisory support or mentoring can only help promote positive work habits of the intern in the future. However, according to Gault et al.

(2000), one criticism of internship programs is the inconsistency of supervision and organization of tasks. Compared to full-time employees, it is possible for interns to face less clearly defined lines of authority and less contact with supervisors (Dixon et al., 2005). This does not discount the importance of the role of the supervisor during internship programs, but highlights how important it is for organizations to structure the supervision of interns in a way that maximizes their experience with the organization. Internship programs not only provide an initial look inside the organization, but also provide a preliminary indication of the potential supervisory support a company has to offer. Thus, it is important for companies to provide the appropriate amount of supervisory support to each intern.

In addition to supervisory support, it is also critical for supervisors to provide feedback to employees regarding their performance (Ilgen & Moore, 1987). For example, in their study of newly hired retail executive trainees' met and unmet expectations, Good and Fairhurst (1999) found the largest discrepancy between their expectations and reality was in the amount of supervisor feedback provided; new hires expect to receive more feedback from their supervisor than they actually receive. In addition, Moore (2002) found that low levels of supervisory support and communication (i.e. feedback) between supervisors and nurses contributed to nurses' increased feelings of stress and burnout, and hence to their intention to quit.

Furthermore, according to focus group research (Crutsinger and Knight, 2003), college students often relate positive part-time work experiences with

supervisors who are professional and knowledgeable. Conversely, students who have negative experiences and are not considering a career in retailing after working part-time in a store often mentioned that supervisors were unprofessional and lacked managerial training. This implies that if college students are going to be satisfied with choosing a career in a business or retail-related field, they expect their supervisors to be professional, knowledgeable, respectful, and supportive. Hence, I hypothesize the following:

H4a: Interns' supervisory support will have a positive effect on job satisfaction with the job/work itself.

H4b: Interns' supervisory support will have a positive effect on affective organizational commitment.

H4c: Interns' supervisory support will have a positive effect on continuance organizational commitment.

Additionally, in their study of retail salespeople, Firth et al (2004) found that supervisory support mediated the relationship between job stressors and job satisfaction, commitment to the organization, and intention to quit. Hence, employees are more likely stay if they have a good relationship and open communication with their immediate supervisor (Human Resource Institute, 2004). Therefore, since newcomers tend to rely on their supervisor to carry out many of the contractual obligations owed to them, employees are likely to view their supervisor as the chief agent for establishing and maintaining their psychological contract. Thus, I suggest the following hypotheses:

H4d: Interns' supervisory support will have a positive effect on psychological contract outcomes of employer obligations.

H4e: Interns' supervisory support will have a positive effect on psychological contract outcomes of employee obligations.

Organizational Commitment and Job Satisfaction

Organizational commitment is defined as "the relative strength of an individual's involvement in a particular organization" (Steers, 1977, pg. 46). Organizational commitment is a significant predictor of turnover (Steers, 1977; Mowday, Steers, & Porter, 1979). Furthermore, organizational commitment has been viewed as a more stable construct than satisfaction and is revealed to be a better discriminator between stayers and leavers than job satisfaction alone (Steers, 1977).

In their review of organizational commitment literature, Meyer and Allen (1991) identified three dimensions of organizational commitment: 1) commitment as an affective attachment to the organization, 2) commitment as the perceived costs associated with leaving the organization, and 3) commitment as an obligation to remain with the organization. They referred to these three dimensions of organizational commitment as affective, continuance and normative, respectively. For the current study, I include only two dimensions of organizational commitment: affective and continuance (Meyer & Allen, 1991). The third dimension of organizational commitment (i.e. normative) proposed by Meyer and Allen (1991) is not included in the current study because it deals primarily with one's desire to remain with the company out of duty or moral obligation; hence, it is not likely that interns will feel that they need to stay with the company because they *ought* to (Clugston, 2000).

Moreover, common to Meyer and Allen's (1991) three dimensional assessment (affective, normative, and continuance) of organizational

commitment, is the viewpoint that organizational commitment is a psychological state that: 1) characterizes employees' relationship with the organization, and 2) has implications for employees' decision to continue or discontinue membership with the organization. Since employees can experience varying degrees of all three forms of commitment, the nature of the psychological state for each form of commitment is quite different (Meyer, Allen, & Smith, 1993).

Affective commitment is an attitudinal process where people eventually think about their relationship with the organization in terms of value and goal congruency. Research shows that people with strong affective commitment remain with the organization because they *want* to (Clugston, 2000). The relationship between affective organizational commitment and positive work outcomes is well established in a variety of industries, such as manufacturing, health care professionals, and business executives (Vandenberghe, Bentein, and Stinglhamber, 2004; Becker, Billings, Eveleth, and Gilbert, 1996; Mowday, 1998; Meyer and Allen, 1991).

Furthermore, in their meta-analysis of antecedents, correlates and consequences of affective, normative and continuance organizational commitment, Meyer et al. (2002) found that affective organizational commitment is consistently linked to increased job performance, increased organizational citizenship behaviors (OCBs), increased attendance, decreased turnover intentions, and decreased turnover behavior. Additionally, employees whose work experiences within the organization are consistent with their expectations

and satisfy their basic needs tend to develop a stronger affective attachment to the organization than employees whose experiences are less satisfying.

Continuance commitment is a person's need to remain with the organization based on the costs associated with leaving (Meyer & Allen, 1991). Continuance commitment is apparent in two major ways: 1) as individuals gain tenure, they accrue investments (i.e. pension plans, seniority, local affiliations, non-transferable/specialized job skills, etc.) which may be sacrificed or lost by changing jobs, and 2) individuals may feel as though they have to remain in their current job because they do not have any alternative job prospects. Thus, continuance commitment presumably develops as employees recognize that they have accumulated investments that would be lost if they were to leave the organization, or as they recognize that the availability of comparable alternatives is limited. Hence, Meyer and Allen (1991) propose that employees with strong continuance commitment remain with the organization because they feel as though they *have* to.

Past research establishes a relationship between the three components of organizational commitment (i.e. affective, normative and continuance) and intent to leave (Clugston, 2000). In their meta-analyses of antecedents, consequences and correlates of organizational commitment, Mathieu and Zajac (1990) reported that both affective and continuance organizational commitment had a negative effect on intent to leave. In addition, Hackett, Bycio, and Hausdorf (1994), Meyer et al. (1993) and Cohen (1993) found that affective, normative, and continuance

organizational commitment had a negative impact on intent to leave in private sector organizations.

Although much research investigates organizational commitment in the context of established employees, I found little research on the organizational commitment of interns. The intern experience, although short term in nature, still represents a vital time for forming impressions of the organization (Dixon et al., 2005). Furthermore, Meyer and Allen (1988) state that even the early months of employment are a particularly important period in the development of work attitudes (i.e. organizational commitment and job satisfaction).

Job satisfaction is defined as a person's overall feeling about work and the work organization (Champoux, 2003). Even though many factors affect a person's feelings about work and the organization, the job is a basic connection between the person and the employing organization. Therefore, a person's job has some effect on their feelings of overall job satisfaction.

Using data from two different samples (i.e. community mental health center employees and employees from a large insurance company) Williams and Hazer (1986) used structural equation modeling to show that job satisfaction is an antecedent to organizational commitment. In addition, in their meta-analysis, Mathieu and Zajac (1990) found that job satisfaction was related to both affective and continuance commitment. As a result, Meyer and Allen (1991) suggest that there might be differences in on-the-job behaviors, work experiences and performance associated with affective and continuance commitment. For example, they state that since affective commitment is expected to develop when

employees are given the opportunity to do satisfying work, affective commitment should be positively related to job satisfaction and job performance. Conversely, since continuance commitment is expected to develop as employees make investments (i.e. time and effort put into acquiring job-specific skills) that would be lost or reduced in value if they left the organization, continuance commitment is expected to be unrelated or negatively associated to job satisfaction and job performance (Meyer et al., 1993).

Furthermore, Hackett, et al. (1994) surveyed nurses and bus operators and discovered that job satisfaction had a positive influence on their affective and normative organizational commitment, but had a negative effect on their continuance organizational commitment. Additionally, when Konovsky and Cropanzano (1991) surveyed pathology laboratory employees, they found that job satisfaction had a negative impact on continuance organizational commitment. In sum, job satisfaction has a positive impact on affective organizational commitment, and a negative impact on continuance organizational commitment (See Figure 1).

Empirical studies by Tate, Whatley and Clugston (1997), Netemeyer, Burton and Johnson (1995), and Igbaria and Guimaraes (1993) found that job satisfaction had a direct and negative impact on intent to leave. In addition, when Schaubroeck, Cotton, and Jennings (1989) surveyed civilian government manufacturing and university maintenance workers, they were able to determine (via structural equation modeling) that job satisfaction had a significant, negative effect on the employees' intent to leave.

Based upon findings related to job satisfaction, organizational commitment (i.e. affective and continuance), and intent to leave/stay, I pose the following hypotheses:

H5: Interns' job satisfaction with the job will have a positive effect on
a) affective organizational commitment, and a negative effect on
b) continuance organizational commitment.

H6: Interns' job satisfaction with pay will have a positive effect on
a) affective organizational commitment, and a negative effect on
b) continuance organizational commitment.

H7: Interns' job satisfaction with a) the job and b) pay will have a positive effect on conversion intentions.

H8: Interns' a) affective and b) continuance organizational commitment will have a positive effect on conversion intentions.

Perceptions of Advancement Opportunities

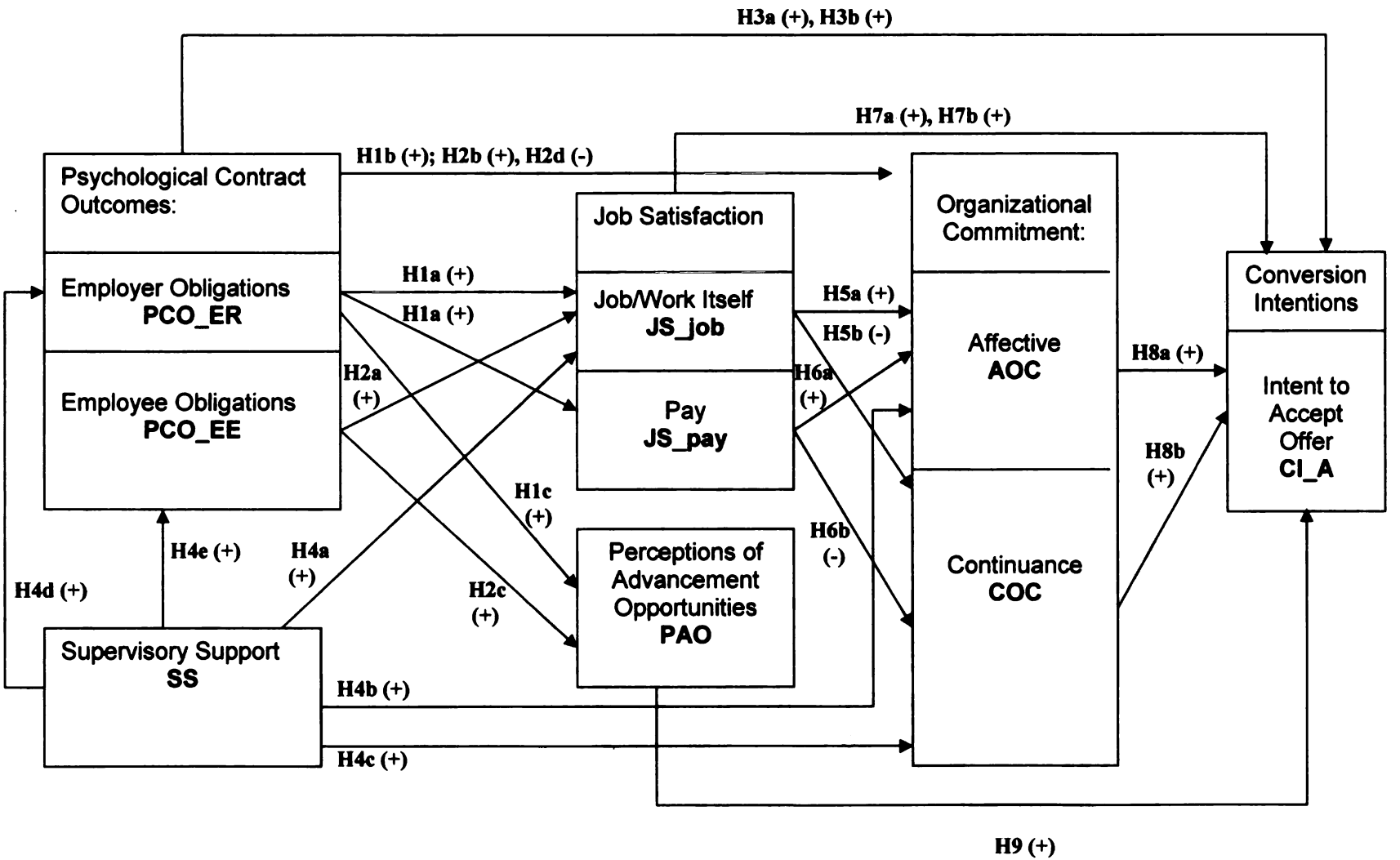
For the current study, perceptions of advancement opportunities is briefly defined as one's awareness or insight regarding promotion and advancement opportunities the company has to offer beyond the duration of the internship. Throughout the internship process, interns gain knowledge and formulate perceptions of what a future career path with their internship company would entail, should they decide to accept an offer for full-time employment upon graduation. If they perceive there to be good career advancement opportunities, and feel that there is potential for continued growth within the company, they are more likely to want to remain with that organization after their internship is over (Dixon et al., 2005). Thus, I posit the following:

H9: Interns' perceptions of advancement opportunities will have a positive effect on conversion intentions.

Conversion Intentions

In the present study, conversion intentions consist of the interns' intent to accept on offer. Intent to accept an offer from the company is one's decision to remain with the organization and begin full-time employment upon graduation (Robinson, 1996). By studying this construct further, I hope to gain insight on what motivates individuals to stay with the organization upon completion of their internship program.

Figure 1. Conceptual Model of Hypothesized Relationships of Internship Conversion



CHAPTER 3

METHODS

Sample

The population considered for this study consists of college students who completed a business or retail-related internship during 2006 or spring 2007. In addition, I only included those interns who worked 26 or more hours per week in order to study interns for whom the internship was a substantial part of their weekly activities. Using the guideline of taking the number of indicator (i.e. manifest) variables times 10 (Von Eye, 2006), the ideal sample size appropriate for model testing in this study is 620 (62 indicator/manifest variables X 10). This sample size would be extremely difficult to obtain, given the limited resources available for this study. Since the chi-square statistic is biased in complex models with small sample sizes ($N \leq 100$), Kline (2005), MacCallum, Browne, and Sugawara (1996), and Bearden, Sharma and Teel (1982) suggest that a minimum sample size for use in a complex model is 200. Furthermore, Calantone (personal communication, November 28, 2006) suggests that a sample size of 200-250 is sufficient to estimate the proposed model (see Figure 1).

Instrument

I use an on-line, self-administered, questionnaire to measure the constructs in the proposed path model (see Figure 1). To develop the preliminary instrument, I use existing scales and scales developed from of a review of both the psychological contract literature and the organizational

socialization literature in several areas: stages of socialization, role of the supervisor, exchange obligations of the employer and the employee and the dimensionality of organizational commitment. The full instrument appears in Appendix A.

Measures

For the current study, in order to more fully capture the internship experience, and because there are few empirical studies regarding interns, I use modified versions of the following existing scales:

Psychological Contract Outcomes: Employer Obligations. I use eight items modified from work by Robinson (1996) and Rousseau (1990), to assess interns' perceptions of how well they feel their employer fulfilled implicit or explicit promises and obligations to them during their internship. I modified scale items from existing psychological contract scales (Rousseau, 1990; Robinson, Kraatz, & Rousseau, 1994) to reflect the nature of the internship, and measure them using a 1 to 5 scale (1 = Not at all Fulfilled, 5 = Very Well Fulfilled). Sample statements include: 'Competitive pay', 'Sufficient level of responsibility and power', 'Adequate supervision and feedback about my job performance', and 'Anticipated number of working hours was approximately equal to the number of hours actually worked' (Rousseau, 1990; Robinson, 1996; Robinson, et al., 1994; reported coefficient alpha of .81).

Psychological Contract Outcomes: Employee Obligations. Equally important in the psychological contract literature, is what employees feel they owe their employer (Rousseau, 2000), and the degree to which they feel they

fulfill implicit or explicit promises and obligations to their employer. Six items assess interns' perceptions of how well they feel they fulfilled implicit or explicit promises and obligations during their internship. I modified scale items from existing psychological contract scales (Rousseau, 1990; Robinson et al., 1994; reported coefficient alpha of .79) to reflect the nature of the internship, and measure them using a 1 to 5 scale (1 = Not at all Fulfilled, 5 = Very Well Fulfilled). Sample statements include: 'Working extra hours when necessary', 'Loyalty', 'Volunteering to do non-required tasks on the job', and 'Willingness to do a variety of job tasks' (Rousseau, 1990; Robinson, 1996; Robinson et al., 1994).

Supervisory Support. Six items modified from work by Caplan, Cobb, French, Van Harrison, and Pinneau (1980) measure interns' supervisory support (Caplan et al., 1980; reported coefficient alpha of 0.85; Wolken & Good, 1995; reported coefficient alpha of 0.92). Item responses use a 1 to 7 scale (1 = Strongly Disagree, 7 = Strongly Agree). Sample statements include: 'My supervisor goes out of his/her way to make my life easier for me', 'It is easy to talk with my supervisor', and 'My supervisor appreciates the work I do'.

Job Satisfaction. Using measures based upon the Job Descriptive Index [JDI] (Smith, Kendall, & Hulin, 1969), sixteen items measure interns' job satisfaction in two areas: the job/work itself (12 items) and pay (4 items). Good, Page, and Young (1996) reported coefficient alphas of 0.95. Responses range from 1 to 5 (1 = Strongly Disagree, 5 = Strongly Agree), and include items such as: 'The work was exciting', 'The work was challenging', 'I felt a sense of

accomplishment.', 'The jobs were boring and monotonous', and 'The pay was comparable to similar internships in other areas'. If the intern was unpaid, they were instructed to omit the four questions regarding pay.

Perceptions of Advancement Opportunities. Six items modified from the JDI (Smith et al, 1969) measure interns' perceptions of advancement opportunities. Responses range from 1 to 5 (Strongly Disagree, 5 = Strongly Agree), and include items such as: 'Opportunities for advancement appeared to be reasonable', 'Chances appeared to be good for promotion', and 'The company appears to have unfair promotion policies'.

Organizational Commitment: Twelve items measure interns' two dimensions of organizational commitment: affective and continuance (Meyer & Allen, 1991; Allen & Meyer, 1996; reported coefficient alphas for the two dimensions of organizational commitment of 0.85 and 0.79, respectively; Clugston, 2000; reported coefficient alphas for the two dimensions of organizational commitment of 0.85 and 0.88, respectively). The response format ranges from 1 to 7 (1 = Strongly Disagree, 7 = Strongly Agree).

Six items measure each type of commitment: affective and continuance. *Affective commitment* includes items such as: 'This organization has a great deal of personal meaning for me, 'I do not feel a strong sense of "belonging" to my internship company', and 'I would be very happy to spend the rest of my career with my internship company. *Continuance commitment* includes statements like: 'One of the few negative consequences of leaving my internship company would be the scarcity of available alternatives', 'Staying with my internship company is a

matter of necessity as much as desire', and 'If I had not already put so much of myself into my internship company, I might consider working elsewhere'.

Conversion Intentions. To fully capture conversion intentions, I measure both intent to accept an offer and intent to decline an offer. Four items measure interns' intent to accept an offer from the organization (for similar items measuring Intent to Remain, see: Robinson, 1996; reported coefficient alpha of 0.86), and four items query interns about their intent to decline an offer from the organization upon completion of their internship (for similar items measuring Intent to Leave, see: Clugston, 2000; reported coefficient alpha of 0.89; Ganesan & Weitz, 1996; reported coefficient alpha of 0.83).

To form a singular conversion intentions construct that focuses on intent to accept an offer, I reverse code each of the intent to decline items and combine them with the intent to accept items. The response format ranges from 1 to 7 (1 = Strongly Disagree, 7 = Strongly Agree). Statements include items such as: 'If I have my way, I will be working for my internship company after I graduate', 'I would accept a job offer from my internship company before considering a job offer from another company', 'I would consider a job offer from any other company before considering a job offer from my internship company' and 'I am looking for other jobs now, rather than considering a job with my internship company'.

Conversion Intentions (open-ended). In order to assess the salient factors that influence interns to accept a job offer or turn down a job offer upon successful completion of the internship, I ask a series of open-ended questions.

These open-ended questions are self-designed based upon literature review, personal work experience, and advice from subject matter experts.

Demographics. In order to describe the sample, I ask a series of demographic questions at the end of the survey. Examples of questions include: gender, year born (i.e. age), class level, major in school, overall GPA, and tentative graduation date.

Reliability and Validity

To ensure reliability and validity of the measures, I use previously tested and/or modified versions of existing scales. To assess content and construct validity and internal reliability, I conducted stage one of the pre-test on the instrument using a sub-set of interns in a focus group setting. This consisted of two separate focus-group sessions with 6 interns each. Focus group sessions consisting of 6-12 participants are generally deemed sufficient to detect any underlying problems (Wimmer & Dominick, 2003).

During the focus group sessions, prior to completing a hard-copy of the survey, participants read a cover letter explaining the study. Once they completed the survey, we discussed the survey instrument in great detail. For example, we specifically discussed which survey items students felt were most relevant to the internship experience regarding employer and employee obligations (i.e. psychological contract outcomes), supervisory support, job satisfaction (i.e. the job/work itself and pay), perceptions of advancement opportunities, and organizational commitment. In addition to item relevancy, we also discussed the wording clarity of the survey items.

In order to more fully understand the variables in the model, we also discussed additional salient factors affecting students' conversion intentions. For example, the original employer/employee obligations (psychological contract outcomes) scales include items such as: 'Long term job security', 'Willingness to accept a transfer' and 'Spending a minimum of two years with the organization' (Rousseau, 1990; Robinson et al., 1994). Focus group participants felt that these items were not relevant to their internship experience, and should be replaced with 'Anticipated number of working hours was approximately equal to the number of hours actually worked', and 'Willingness to do a variety of job tasks'. In sum, the feedback received during the focus group sessions provided valuable insight regarding modifications to the existing survey, in order to fully capture the internship experience.

After I modified and refined the survey based on the focus group feedback, I collected data for stage two of the pre-test. For this stage, I sent a cover letter (via e-mail) explaining the study, along with an HTML link to the on-line survey to a subset of college students within the business school and the department of advertising, public relations and retailing. Based upon these pre-test results, combined with reliability checks (i.e. Cronbach's alpha), no further modifications were needed.

To ensure convergent validity for the survey items for each of the first-order factors (PCO_ER, PCO_EE, SS, JS_job, JS_pay, PAO, AOC, COC, CI_A) (see Figure1), I look for evidence regarding the extent to which one measure correlates highly with other measures designed to assess the same concept (i.e.

convergent validity). To ensure discriminant validity for the survey items for each of the first-order factors, I look for evidence of low correlations between the measures.

Data Collection Procedure

In order to attain the necessary sample size, I utilize two different methods for data collection: 1) Partnership with companies and 2) Cooperation with faculty from other universities who have access to internship students.

1. Partnership with companies. Once a company agreed to participate in the study, I sent a cover letter (see Appendix B) explaining the study to the Human Resource representative, who forwarded it to internship participants from 2006 and spring 2007. The cover letter explaining the study included an HTML link that directed participants to the On-line survey. The cover letter explained that participation was completely voluntary. In hopes of maximizing our response rate, the HR representative sent a reminder email to the internship participants after two weeks.
2. Cooperation with faculty from other universities: Once the faculty members agreed to participate in the study, I sent them a cover letter (see Appendix B) explaining the study, so they could forward it to their students who completed an internship during 2006 or spring 2007. The cover letter explaining the study included an HTML link that directed participants to the On-line survey. The cover letter explained that participation was completely voluntary. In hopes of maximizing our response rate, the

faculty sent a reminder email to the internship participants after two weeks.

As an incentive for participating in the study, I offered each of the respondents a chance to be entered in a raffle to win a $50.00 Visa check card. The respondents shared their e-mail address if they were interested in having their e-mail address put in a raffle for a chance to win one of five, $50.00 visa check cards; the email address allows me to contact them if they win the raffle. In addition, respondents were told that they can request a summary of research results by sending an email to me.

Sampling Frame & Response Rate

Two different sampling frames assisted in data collection: 1) a group of pre-identified interns (N = 248) and 2) a group of students from the college of business and the college of communication, arts & sciences (N = 4586), who were eligible to complete internships; these students were asked to self-identify themselves as an intern if they had completed an internship during the time period of interest.

The group of pre-identified interns consisted of students for which I had records verifying that they had completed an internship during 2006 or spring 2007. For the group of pre-identified interns, a total of 22 surveys were undeliverable. So, of the 226 deliverable surveys, a total of 57 were returned, of which, 51 were useable for the current study. Thus, the overall response rate for the pre-identified interns was 23%.

The group of self-identified interns consisted of students who were eligible to complete an internship, but had to identify whether or not they had. Of the 4586 deliverable surveys to this group, a total of 288 were returned, of which, 199 were usable for the current study; resulting in a 4% response rate. However, since we do not know how many students actually completed internships and how many did not participate in an internship within this group, the response rate of self-identified interns is an imprecise estimate.

In sum, a final total of 250 surveys are usable for the current study. Preliminary analysis (i.e. t-tests) of the two sample groups revealed no significant differences between sampling frames, thus sample participants were pooled into one group.

Data Analysis

I use structural equation modeling (Bentler, 2004) to test the proposed model (see Figure 1). First, I estimate the measurement model, and then continue with the structural model (Anderson and Gerbing, 1988). I also conduct a confirmatory factor analysis on the following first order factors: PCO_ER, PCO_EE, SS, JS_job, JS_pay, PAO, AOC, COC, CI_A). I obtained estimates using EQS 6.1 Maximum Likelihood procedure, using the covariance matrix of the scale items as the input for the measurement model. As necessary, revisions to the measurement model are made prior to estimation of the structural model. Using the revised measurement model covariances, I then estimate the structural model.

I estimate the measurement model using a multi-step process of confirmatory factor analysis. First, confirmatory analyses are conducted for the nine individual model constructs. Examination of covariance matrix factor patterns and assessment of large residuals serve as a check for construct validity. Positive and significant indicator to factor loadings indicates convergent validity (Anderson & Gerbing, 1988). I assess discriminant validity by using EQS's standardized residuals. Item measures that cross-loaded are removed one at a time until a model of best fit is obtained. Some items are deleted as a result of this process. This multi-step procedure determines: 1) if the constructs function well together, 2) if each measure is unidimensional and non-redundant, and 3) the overall fit of the hypothesized model to the data. I use coefficient alpha and variance extracted to assess reliability of construct indicators.

The second stage of analysis involves estimating the structural model. Factor covariances produced by the measurement model serve as the input data for the structural model. Analysis focuses on testing the hypothesized construct relationships regarding the effect that intern's psychological contract outcomes and supervisory support have on their job satisfaction (with the job/work itself and pay), perceptions of advancement opportunities, organizational commitment (affective and continuance), and conversion intentions. Steps are again taken to assure validity, parsimony, and overall model fit. Chapter four discusses data analysis steps and model testing results in greater detail.

CHAPTER 4

RESULTS AND DISCUSSION

Sample Characteristics

The sample for the current study consists of 250 students throughout the United States; all of whom did a business or retail-related internship for various firms during 2006 or spring 2007, and worked 26 or more hours per week. Obtaining a sample size of approximately 250 allows for a representative sample of the population of interest. Since the interns in the current sample completed internships at a variety of business or retail-related firms throughout the U.S. (i.e. Macy's, Target, Johnson & Johnson, Nordstrom's, General Electric, Home Depot, Fidelity Bank, AOL/Time Warner, Walgreens, etc), the results are reasonably generalizable. Broad sampling extends the generalizability of findings to other internship experiences and organizational settings.

About 60% of the interns surveyed are female and 31% are male. The average age is 22 years old and a majority of the interns are juniors or seniors (73%). About ninety-five percent of the interns were paid and five percent were unpaid. Over half of the interns surveyed (52%) have an overall GPA between 3.4 and 4.0, and approximately 80% of the interns plan to graduate between May 2007 and May 2008. Various majors include: Accounting, Business Management, Advertising, Human Resource Management, Fashion Merchandising, Hospitality Business, Marketing and Supply Chain, and Retailing/Retail Management. Table 1 shows complete sample characteristics.

Table 1. Sample Characteristics of Interns.

Personal Characteristics	Frequency	%	Mean
Gender			
Male	78	31.2%	
Female	151	60.4%	
Missing	21	8.4%	
Age			22.22
19-20	8	3.2%	
21-22	158	63.2%	
23-25	53	21.2%	
26 or more	8	3.2%	
Missing	23	9.2%	
Class Level			3.86
Freshman (1)	3	1.2%	
Sophomore (2)	4	1.6%	
Junior (3)	34	13.6%	
Senior (4)	163	65.2%	
Graduate (MS, MBA or PhD) (5)	20	8%	
Missing	26	10.4%	
Overall GPA			4.53
1.9 or less (1)	0	0	
2.0 to 2.2 (2)	0	0	
2.3 to 2.7 (3)	5	2.0%	
2.8 to 3.3 (4)	96	38.4%	
3.4 to 4.0 (5)	129	51.56%	
Missing	20	8.0%	
Tentative Graduation Date			3.14
May '07 (1)	85	34%	
August '07 (2)	14	5.6%	
December '07 (3)	29	11.6%	
May '08 (4)	57	22.8%	
August '08 (5)	2	.8%	
December '08 (6)	12	4.8%	
Other (7)	30	12%	
Missing	21	8.4%	

Model Testing

Model testing results are presented in three parts. Confirmatory factor analysis and causal model testing provide a general framework for data analysis (Anderson & Gerbing, 1998). First, a full confirmatory factor analysis employing all latent and observed variables is presented to assess the nomological network of the measurement model. Second, results of testing the initial structural model and hypotheses are presented and discussed. Third, based upon fit assessment, the structural model with path coefficient values is presented. I use EQS 6.1 to conduct all analyses (Bentler, 2004).

Measurement Model

Confirmatory Factor Analysis by Construct

To assess dimensionality, individual constructs were subjected to confirmatory factor analysis (CFA). The aim of the analysis was to determine uni-dimensionality of the constructs and provide partial assessments of model fit. All measurement items from the survey were entered into the analysis by respective construct. Covariances for scale items served as input for analyses.

Standard procedures were used for model assessment. First, fit statistics were checked to evaluate model fit. The chi-square statistic is an absolute measure of model fit; however, it is biased when dealing with large samples (200 or >), complex models, and models with large numbers of indicators (Kline, 2005). Since these conditions apply to the present model, an alternative fit index of absolute fit is also referenced, such as Root Mean Square Error of Approximation (RMSEA). RMSEA is a particularly meaningful index of absolute

fit that measures how well the model would fit the population covariance matrix (if available). RMSEA values less than .05 indicate good fit, while values between from .08 to .10 indicate moderately acceptable fit (Bollen & Curran, 2006; Browne & Cudeck, 1993). Accuracy of RMSEA estimates are assessed using EQS's 90% confidence interval (CI). A narrow confidence interval around the RMSEA estimate suggests good precision and model fit within the population (Kaplan, 2000).

In addition to absolute indices of fit, incremental fit indices are also considered. Incremental fit indices compare the hypothesized model to the null model, and generally include the the Bentler-Bonnett Normed-Fit Index (NNFI) and the Comparative Fit Index (CFI). Perfect fit for all incremental fit indices is 1.0 (Kline, 2005). Also considered when assessing model fit is the Standardized Root Mean Square Residual (SRMR). The SRMR transforms both the sample covariance matrix and the predicted covariance matrix into correlation matrices; thus, it is the overall difference between the observed and predicted correlations. SRMR values less than .10 are generally considered favorable (Kline, 2005).

Second, item to factor loadings were evaluated to determine convergent validity of the model. Item to factor loadings that are positive and significant support the convergent validity of the model. EQS modification indices (i.e. standardized residuals) were also checked for item to factor cross-loading to determine discriminant validity. Cross-loaded items that produced high error estimates were subjected to further evaluation by checking their standardized residuals. Standardized residuals are considered problematic if they form a

pattern of error among construct indicators (Bentler, 2004; Bollen, 1989). To provide an assessment of construct validity, cross-loaded items with high error terms (ζ) and low standardized estimates (λ's) were removed one at a time, assessing model fit after each revision. However, prior to any item deletions or modifications, results of the initial CFA revealed a significant chi-square statistic of 3918.674 (*df* = 1784, $p \leq .001$). The RMSEA (.072) and its associated confidence interval (90% Confidence Interval (CI) = .069 - .075) demonstrate moderate model fit. Values for the following incremental fit indices also indicate mediocre fit: NNFI = .746, CFI = .763, SRMR = .086.

The nine model constructs (Figure 1) are maintained during initial confirmatory factor analysis. Items retained and deleted per construct as a result of model building are noted in Appendix C, Tables 1 through 9. Acceptable fit was attained for SS (Appendix C, Table 3) and JS_pay (Appendix C, Table 5) constructs, thus no items were deleted. However, due to high construct cross-loadings and low standardized estimates (λ), items V1, V2, and V4 were removed from the PCO_ER construct (Appendix C, Table 1), which resulted in improved model fit. Due to a low standardized estimate (λ), V13 was deleted from the PCO_EE construct (Appendix C, Table 2). Additional deletions due to high error terms (ζ) and/or low standardized estimates (λ), included items: V26, V28, V30, and V32 from the JS_job construct (Appendix C, Table 4), V39 and V42 from the PAO construct (Appendix C, Table 6), V43 from the AOC construct (Appendix C, Table 7), V49, V50, and V51 from the COC construct (Appendix C, Table 8), and V57 and V60 from the CI_A construct (Appendix C, Table 9). See

Appendix C, Table 10 for a summary of cross-loaded items with high standardized residuals (ζ), and Appendix C, Table 11 for a summary of standardized estimates (λ) of deleted items.

For a final assessment of discriminant validity, I looked at the correlations between each construct and calculated the square root of the variance extracted (AVE) for each construct (seen on the Diagonal in Table 2). Assessment of construct correlations revealed a high correlation between PCO_ER and JS_job (r = .765). Thus, it is possible that this lack of discriminant validity between these two constructs may suppress the path coefficients of certain hypothesized relationships. However, all of the constructs meet or exceed the desired value of .70 or greater (Fornell & Larcker, 1981), except for CI_A (sq. root AVE = .662), which could be due to its high correlation with AOC (r = .675). Logically, this high correlation is expected since AOC measures the level of attachment, which is linked to staying with the company (i.e. conversion intentions). Thus, no other modifications are necessary.

To assess the internal consistency of the revised construct scales, I used coefficient alpha and variance extracted (Table 3). Scales for all nine constructs meet or exceed minimum levels (.70) of acceptable reliability (Nunnally, 1978). Variance extracted also meets or exceeds the minimum standard of .50 for all constructs except PCO_EE (variance extracted = .493) and CI_A (variance extracted = .438) (Hair, Anderson, Tatham, & Black, 1998). One explanation for the low variance extracted for the CI_A measure is that it was the most difficult

scale to modify from a full-time employee's perception of intent to remain to an intern's perception of intent to accept a job offer from the internship company.

Confirmatory Factor Analysis of Measurement Model

A final phase of confirmatory factor analysis was conducted on the full measurement model (Figure 1). The model consists of all nine latent constructs and their observed variables. This CFA analysis evaluates the relationship between the constructs and assesses the nomological network of the measurement model. This final CFA also provides a test of validity by assessing the overall factor structures and dimensionality. Nomological validity is determined by evaluating between construct correlations (Table 2). Kaplan (2000) suggests that this assessment of the full CFA allows for overall evaluation of construct relationships and model fit; hence, due to this assessment, one can have more confidence in findings related to the hypothesized structural model. Results of the final CFA analyses are shown in Table 4.

Results of the final CFA reveal a significant chi-square statistic of 1887.581 (df = 952, $p \leq .001$). The RMSEA (.063) and its associated confidence interval (90% Confidence Interval (CI) = .059 - .067) demonstrate moderate model fit. Values for the following incremental fit indices also indicate moderate fit: NNFI = .861, CFI = .872, SRMR = .063. Because the CFA results were not as desirable as preferred, I investigated the standardized solution and standardized residuals. Final review of the standardized estimates (λ's) revealed significant ($p < .05$) loadings for each variable of .50 or higher (Bentler, 2004) (Table 4), and

the largest standardized residual (between V54 and V56) was low (-.233) Appendix C, Tables 8 & 9). Since the loadings are satisfactory and the largest standardized residual is fairly low, no further modifications were necessary.

Table 2. Measurement Model Constructs: Correlation Matrix with √AVE (Variance Extracted) on the Diagonal.**

	M	SD	PCO_ER	PCO_EE	SS	JS_job	PAO	JS_pay	AOC	COC	CI_A
PCO_ER	3.82	.95	**.723**								
PCO_EE	4.43	.58	.550*	**.702**							
SS	5.68	1.28	.697*	.415*	**.786**						
JS_job	3.83	.84	.765*	.482*	.562*	**.748**					
PAO	3.52	.94	.673*	.335*	.548*	.616*	**.739**				
JS_pay	3.54	.83	.419*	.274*	.320*	.294*	.444*	**.732**			
AOC	4.40	1.40	.701*	.443*	.578*	.685*	.528*	.344*	**.725**		
COC	2.40	1.27	.203*	-.119	.192*	.202*	.206*	-.042	.269*	**.718**	
CI_A	3.88	1.31	.602*	.277*	.449*	.571*	.476*	.382*	.675*	.406*	**.662**

*p ≤ .05

**√AVE = square root of Average Variance Extracted; .70 or higher is an adequate indication of discriminant validity.

Table 3. Measurement Model Constructs: Coefficient Alpha and Variance Extracted.

Construct	Coefficient Alpha	Variance Extracted
Psychological Contract Outcomes: Employer Obligations (PCO_ER)	.866	.523
Psychological Contract Outcomes: Employee Obligations (PCO_EE)	.810	.493
Supervisory Support (SS)	.944	.618
Job Satisfaction with Job (JS-job)	.926	.560
Job Satisfaction with Pay (JS-pay)	.724	.546
Perceptions of Advancement Opportunities (PAO)	.850	.536
Affective Organizational Commitment (AOC)	.861	.526
Continuance Organizational Commitment (COC)	.828	.515
Conversion Intentions: Intent to Accept (CI_A)	.794	.438

Table 4. Confirmatory Factor Analysis of Measurement Model Constructs

Construct	Observed Variable	Parameter Estimate	t-value* * p < .05	Standardized Estimate	Standardized Residual Variance
Psychological Contract Outcomes: Employer Obligations	V3	.854	11.273*	.660	.752
	V5	.964	14.865*	.805	.593
	V6	.839	12.480*	.712	.702
	V7	.818	12.330*	.706	.708
	V8	.932	14.735*	.801	.599
Psychological Contract Outcomes: Employee Obligations	V9	.481	8.660*	.548	.837
	V10	.601	12.597*	.738	.675
	V11	.593	12.217*	.721	.693
	V12	.510	13.413*	.773	.635
	V14	.509	10.860*	.659	.753
Supervisory Support	V15	1.335	17.118*	.869	.495
	V16	1.233	16.169*	.839	.545
	V17	1.350	18.465*	.909	.417
	V18	1.293	15.536*	.817	.576
	V19	1.095	16.425*	.847	.532
	V20	1.123	5.442*	.814	.581
Job Satisfaction with Job	V21	.924	16.243*	.840	.542
	V22	.934	18.362*	.905	.424
	V23	.872	16.725*	.856	.517
	V24	.844	17.317*	.875	.485
	V25	.831	15.089*	.801	.598
	V27	.801	11.681*	.666	.746
	V29	.557	11.849*	.674	.739
	V31	.679	9.809*	.580	.815
Job Satisfaction with Pay	V33	1.149	14.644*	.817	.576
	V34	.950	11.243*	.671	.741
	V35	1.107	14.805*	.824	.567
	V36	.891	11.770*	.695	.719
Perceptions of Advancement Opportunities	V37	.976	14.752*	.806	.592
	V38	1.060	17.571*	.905	.425
	V40	.820	12.138*	.700	.714
	V41	.663	10.333*	.618	.787
Affective Organizational Commitment	V44	1.250	11.965*	.691	.723
	V45	1.159	11.663*	.678	.735
	V46	1.213	11.566*	.673	.739
	V47	1.230	13.382*	.750	.661
	V48	1.524	17.208*	.888	.461
Continuance Organizational Commitment	V52	1.202	12.311*	.723	.691
	V53	1.298	15.419*	.863	.506
	V54	.975	14.016*	.801	.598
Conversion Intentions: Intent to Accept	V55	1.095	9.261*	.577	.817
	V56	1.024	9.766*	.603	.798
	V58	1.035	8.120*	.516	.856
	V59	1.639	15.440*	.856	.516
	V61	1.116	9.357*	.583	.813
	V62	.877	7.856*	.503	.864

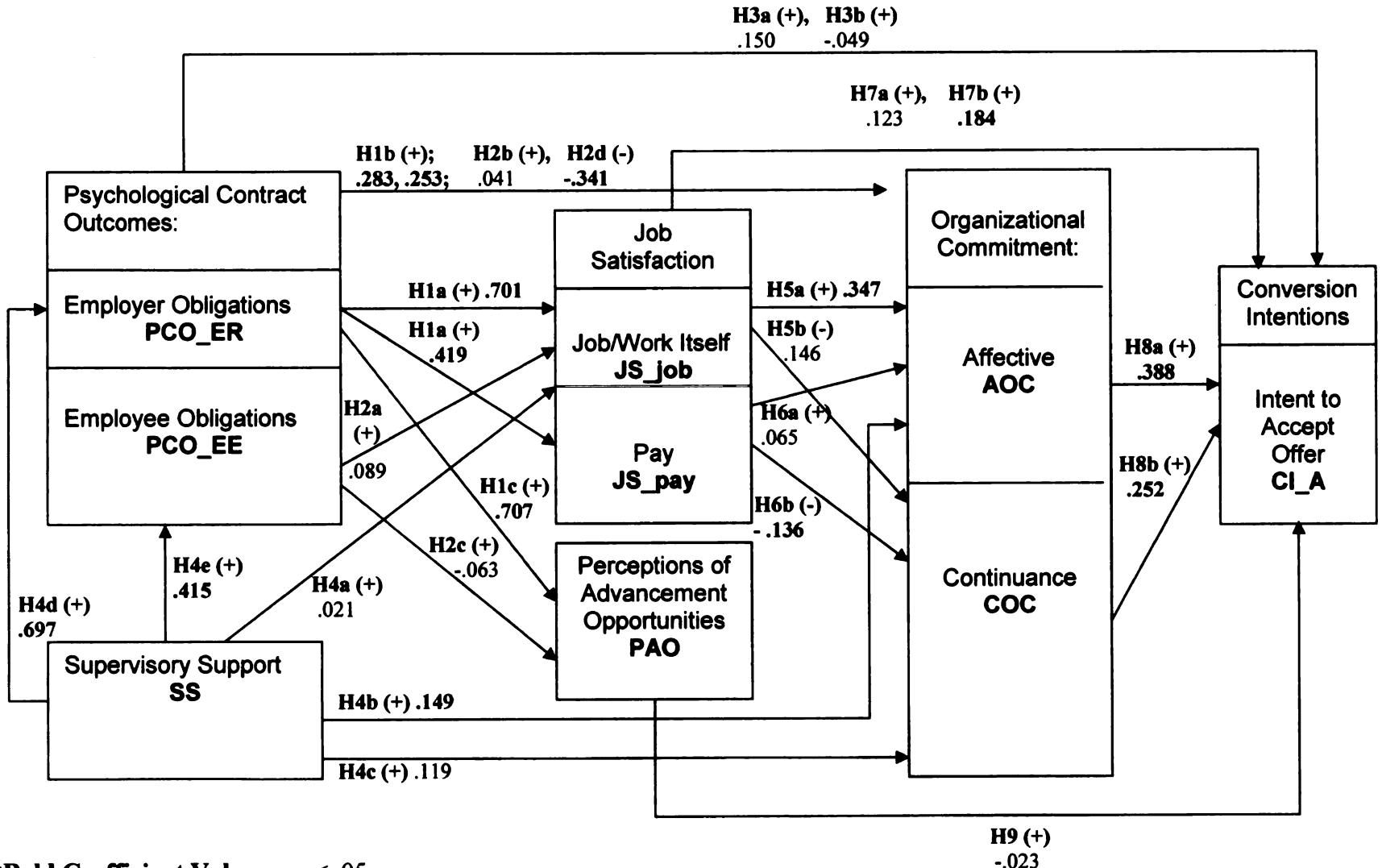
Overall Fit	Chi-square	*df*	p	RMSEA	90% CI	NNFI	CFI
Measurement Model	1887.581	952	<.001	.063	.059-.067	.861	.872

Structural Model

The next step of modeling involved estimation of structural parameters and hypothesis testing (see Figure 2). Factor covariances of the nine model constructs produced by the measurement model served as the input data for the structural model. The analysis produced a non-significant chi-square statistic (x^2 = 9.283, 6 *df,* p < .158), indicating excellent model fit (see Table 5). The Root Mean Square Error of Approximation (RMSEA) of .047 and associated confidence interval (90 % Confidence Interval (CI) = 000 - .102) also indicate good model fit. The incremental fit indices are as follows: NNFI = .979 and CFI = .997 with an SRMR of .018. Strong and distinct item-factor loadings were produced for all model dimensions.

Since analysis of the structural model indicate good fit, I now discuss results of hypothesis testing as indicated by parameter estimates of the original structural model (Figure 2).

Figure 2. Research Path Model of Internship Conversion with Path Coefficient Values*



***Bold Coefficient Values** = $p < .05$

Table 5. Structural Model Results of Internship Conversion

Paths	Standardized Estimates	t-value* (* p < .05)
PCO_ER → (+) JS_job PCO_ER → (+) JS_ pay	.701 .419	11.509* 7.282*
PCO_ER → (+) AOC PCO_ER → (+) COC	.283 .253	3.463* 2.223*
PCO_ER → (+) PAO	.707	12.743*
PCO_EE → (+) JS_job	.089	1.839
PCO_EE → (+) AOC	.041	.813
PCO_EE → (+) PAO	-.063	-1.157
PCO_EE → (-) COC	-.341	-4.826*
PCO_ER → (+) CI_A	.150	1.871
PCO_EE → (+) CI_A	-.049	-.934
SS→ (+) JS_job	.021	.392
SS→ (+) AOC	.149	2.533*
SS→ (+) COC	.119	1.450
SS→ (+) PCO_ER	.697	15.338*
SS→ (+) PCO_EE	.415	7.198*
JS _job → (+) AOC	.347	5.270*
JS _job → (-) COC	.146	1.595
JS_pay → (+) AOC	.065	1.403
JS_pay → (-) COC	-.136	-2.102*
JS_job→ (+) CI_A	.123	1.751
JS_pay→ (+) CI_A	.184	3.186*
AOC→ (+) CI_A	.388	6.134*
COC→ (+) CI_A	.252	5.513*
PAO → (+) CI_A	-.023	-.386

Overall Fit	Chi-square	*df*	p	RMSEA	90% CI	NNFI	CFI
Structural Model	9.283	6	.158	.047	.000 - .102	.979	.997

Hypothesis Testing

Most hypothesized relationships in the structural model (Figure 2) are supported. Hypothesis testing results (Table 6) are presented in sequential order, beginning with psychological contract outcomes of employer and employee obligations.

Interns' perceptions of the extent to which employer obligations (PCO_ER) were fulfilled is hypothesized to have a positive effect on job satisfaction with the job and pay (H1a), affective and continuance organizational commitment (H1b), and perceptions of advancement opportunities (H1c). A positive and significant relationship is found between PCO_ER and JS_job ($\beta = .701$, $p < .05$) and PCO_ER and JS_pay ($\beta = .419$, $p < .05$), supporting H1a. This suggests that when interns feel that their internship employer has fulfilled the expected obligations, they are more satisfied with their job and the pay. These findings are consistent with Robinson and Rousseau's (1994) findings regarding the positive influence that perceived psychological contract fulfillment has on one's job satisfaction. Furthermore, psychological theory states that it may become very difficult for an employee to be motivated to perform, and obtain job satisfaction when the employee can no longer rely on their employer to fulfill promised inducements (Porter & Lawler, 1968). Hence, when employees (i.e. interns) feel that their employer has fulfilled expected obligations or promises, it positively influences their overall job satisfaction.

A positive and significant relationship is indicated between PCO_ER and affective organizational commitment ($\beta = .283$, $p < .05$) and PCO_ER and

Table 6. Hypothesized Relationships of Internship Conversion

Hypotheses	Paths	Standardized Estimates	t-value* (* p < .05)	Supported (S) or Not (NS)
H1a	PCO_ER → (+) JS_job PCO_ER → (+) JS_ pay	.701 .419	11.509* 7.282*	S S
H1b	PCO_ER → (+) AOC PCO_ER → (+) COC	.283 .253	3.463* 2.223*	S S
H1c	PCO_ER → (+) PAO	.707	12.743*	S
H2a	PCO_EE → (+) JS_job	.089	1.839	NS
H2b	PCO_EE → (+) AOC	.041	.813	NS
H2c	PCO_EE → (+) PAO	-.063	-1.157	NS
H2d	PCO_EE → (-) COC	-.341	-4.826*	S
H3a	PCO_ER → (+) CI_A	.150	1.871	NS
H3b	PCO_EE → (+) CI_A	-.049	-.934	NS
H4a	SS→ (+) JS_job	.021	.392	NS
H4b	SS→ (+) AOC	.149	2.533*	S
H4c	SS→ (+) COC	.119	1.450	NS
H4d	SS→ (+) PCO_ER	.697	15.338*	S
H4e	SS→ (+) PCO_EE	.415	7.198*	S
H5a	JS _job → (+) AOC	.347	5.270*	S
H5b	JS _job → (-) COC	.146	1.595	NS
H6a	JS_pay → (+) AOC	.065	1.403	NS
H6b	JS_pay → (-) COC	-.136	-2.102*	S
H7a	JS_job→ (+) CI_A	.123	1.751	NS
H7b	JS_pay→ (+) CI_A	.184	3.186*	S
H8a	AOC→ (+) CI_A	.388	6.134*	S
H8b	COC→ (+) CI_A	.252	5.513*	S
H9	PAO → (+) CI_A	-.023	-.386	NS

continuance organizational commitment ($\beta = .253$, $p < .05$), thus supporting H1b. This implies that when interns feel that their internship employer has fulfilled their expected obligations, they will remain with their internship company because they *want* to (affective organizational commitment), but also because they may feel they have invested too much time and effort in their internship/internship company to leave (continuance organizational commitment). Psychological contract theory suggests that when employers fulfill obligations to their employees, trust in a reciprocal relationship between the employer and the employee is formed. This, in turn, enhances employee's level of commitment (Rousseau, 1995).

Thus, for those interns who are remaining with the company because they want to (affective organizational commitment), it appears that this trust in a reciprocal relationship of employer fulfilled obligations enhances their sense of belonging and loyalty to the company. This finding is consistent with Meyer and Allen's (1991) notion that affective commitment is an attitudinal process where people come to think of their relationship with the organization in terms of value and goal congruency. Conversely, since continuance organizational commitment is based upon a person's need to remain in the organization based on the costs associated with leaving (Meyer & Allen, 1991), it appears that some of the interns may, like full-time employees, feel the pressures associated with costs of leaving or having no alternative job prospects.

For H1c, a positive and significant relationship is found between PCO_ER and perceptions of advancement opportunities ($\beta = .707$, $p < .05$). Support of this

hypothesis suggests that when interns feel that their internship company has fulfilled the expected obligations, they are more likely to have positive perceptions of the company's promotion policies and advancement opportunities. This finding is consistent with Sutton and Griffin (2004) who found that when employees felt that their employer had fulfilled promised obligations, then employees' perceptions of advancement opportunities were heightened.

Interns' perceptions of the extent to which they feel they, themselves, fulfilled psychological contract obligations (PCO_EE) is hypothesized to have a positive effect on job satisfaction with the job (H2a), affective organizational commitment (H2b), and perceptions of advancement opportunities (H2c). In addition, I proposed that interns' perceptions of the extent to which they felt they, themselves, fulfilled psychological contract obligations (PCO_EE) would be negatively associated with their continuance organizational commitment (H2d).

For H2a, a positive, but non-significant relationship is found between PCO_EE and job satisfaction with the job ($\beta = .089$, $p > .05$), and PCO_EE and affective organizational commitment (H2b) ($\beta = .041$, $p > .05$). For H2c, a negative, but non-significant relationship is found between PCO_EE and perceptions of advancement opportunities ($\beta = -.063$, $p > .05$). These results suggest that just because interns feel they have fulfilled their expected obligations to the company, it does not necessarily mean they will be any more satisfied with their job, committed to the company or have a more positive viewpoint regarding the potential for advancement opportunities within the company. Additionally, it is possible that interns would try to fulfill expected

obligations, even if they are not satisfied with their job or committed to the company, in order to receive positive feedback and a good reference letter at the end of the internship; both of which are important for future employment opportunities. Alternatively, it is possible that this relationship was suppressed due to the lack of discriminant validity between JS_job and PCO_ER.

Therefore, based on these results, it appears that perceptions of the extent to which interns feel their employer has fulfilled the expected obligations (PCO_ER) is a better predictor of job satisfaction with the job, affective organizational commitment and perceptions of advancement opportunities than PCO_EE. One explanation for this may be that interns perceive themselves as powerless to effect changes in their employer's behavior, and thus, simply adjust their own perceived obligations (PCO_EE) in order to redress the situation (Robinson et al., 1994).

The relationship between PCO_EE and continuance organizational commitment (H2d) is significant and negative, as expected ($\beta = -.341$, $p < .05$). This finding indicates that interns in the current study feel as though they have fulfilled expected obligations to their employer, but do not feel as though they would remain with the organization based upon costs associated with leaving or lack of alternative job opportunities. Psychological contract theory posits that commitment to an organization is intertwined with maintaining a relationship of consistency and good faith (Robinson, et al., 1994). Therefore, if the employee knows that the company values the following employee obligations: willingness to do a variety of job tasks, loyalty and volunteering to do non-required tasks on the

job, and the employee continually strives to fulfill those obligations, then he/she is demonstrating value/goal congruency with the organization (i.e. affective organizational commitment).

The third set of hypotheses proposes that interns' perceptions of the extent to which psychological contract outcomes of employer (PCO_ER) (H3a) and employee (PCO_EE) (H3b) obligations were fulfilled will have a positive effect on conversion intentions. For H3a, a positive and non-significant relationship is indicated between PCO_ER and conversion intentions ($\beta = .150$, $p > .05$), suggesting that interns' perceptions of employer obligations being fulfilled is not a strong enough predictor of conversion intentions alone; thus, other factors (i.e. job satisfaction and organizational commitment) need to be considered.

For H3b, a non-significant relationship between PCO_EE and conversion intentions ($\beta = -.049$, $p > .05$) is found. Intuitive logic could argue that if interns willingly fulfill expected obligations to their internship company then this may ultimately result in an increased chance for conversion (i.e. accepting a job offer upon graduation). However, the insignificant relationship found between employee obligations (PCO_EE) and conversion intentions in H3b suggests that just because interns feel they have fulfilled expected obligations to the company, it does not automatically translate into them being more likely to accept a job offer for full-time employment upon graduation from their internship company. This is consistent with findings by Robinson et al. (1994) who found that the opportunity and investment costs incurred by employees through their continued

contributions (i.e. fulfilled obligations) and association with the firm was seen as sufficient payment regarding the reciprocal and social debt (Blau, 1964). This instrumentality approach leads individual's to overestimate their own contributions and underestimate the costs incurred by exchange partners (Taylor & Brown, 1988). Hence, this instrumental pattern of change may be especially applicable to interns in the current study, given the self-serving biases that this younger generation possesses. Additionally, employee perceptions regarding contributions and entitlements may, to some extent, reflect individual predispositions, consistent with an interactionist model of newcomer socialization (Reichers, 1987).

Hypothesis 4a posits that supervisory support (SS) will have a positive impact on job satisfaction with the job/work itself (JS_job). A positive but non-significant relationship ($\gamma = .021$, $p > .05$) implies that interns in the current study do not feel that supervisory support enhances their job satisfaction as strongly as evidence suggests for full-time employees (Babin & Boles, 1996; Jamrog, 2002). One explanation for this could relate directly to the nature of the internship and the caveats for proper socialization. Research with full-time employees proposes that 1) supervisors control the degree of structure, ambiguity and conflict, 2) supervisors provide informal and formal feedback about employee performance, and 3) supervisors often control rewards and possible job security (Krackhardt et al., 1981); all three of which are particularly important for proper organizational socialization (Van Maanen, 1975). For example, in their study of full-time employees, Babin and Boles (1996) found that increased perceptions of

supervisory support significantly increased job satisfaction ($\gamma = .41$, $p < .01$). Perhaps, due to the nature and structure of the internship (i.e. moving from one functional area to another), interns in the current study required more guidance, leadership and support (i.e. mentoring/coaching) from their supervisors regarding the job/work itself than they actually received. On the other hand, it is possible that this relationship was suppressed due to the discriminant validity issue with JS_job.

In H4b, I propose a positive relationship between SS and affective organizational commitment (AOC). Positive and significant support is found for the relationship between SS and AOC ($\gamma = .149$, $p < .05$), signifying that supervisory support helps interns feel a sense of belonging to the company (Clugston, 2000). The mutual attachment of the intern and the organization is consistent with research on commitment that demonstrates a significant relationship between high emotional identification with the organization (i.e. AOC) and high degrees of organizational support (i.e. supervisory support) (Rousseau, 1995). Furthermore, empirical studies on supervisory support have consistently found the effectiveness of the supervisor to be a significant predictor of organizational commitment (Caykoylu, Egri, & Havlovic, 2007; Krackhardt et al., 1981).

In H4c, I hypothesize that SS will have a positive effect on continuance organizational commitment (COC). Results indicate a positive but non-significant relationship between SS and continuance organizational commitment (COC) ($\gamma = .119$, $p > .05$). Again, since COC presumably develops as employees

recognize that they have accumulated investments that would be lost if they were to leave the organization or as they recognize that the availability of comparable alternatives is limited (Meyer et al., 1993), it is apparent that COC is less dependent on what happens with the supervisor and more dependent on the actions of one self. Thus it makes sense that the relationship between COC and SS is not supported.

Interns' supervisory support is posited to have a positive effect on PCO_ER (H4d) and PCO_EE (H4e). Positive and significant relationships are found for both hypothesized relationships ($\gamma = .697$, $p < .05$ and $\gamma = .415$, $p < .05$, respectively). These results are supported by Robinson and Rousseau (1994), who state that perceptions of fulfilled psychological contract obligations are dependent on a contract formed under specific conditions that is influenced by ongoing interaction between the employee and organizational representatives, such as a supervisor. Therefore, as suggested by psychological contract theory, the longer the relationship endures and/or the more the intern and the supervisor interact, with repeated cycles of fulfilled obligations and reciprocity, the broader the array of contributions and inducements that might be included in the contract (Rousseau, 1989).

Hypothesis 5a proposes that interns' job satisfaction with the job (JS_job) will have a positive effect on affective organizational commitment (AOC). This hypothesis is supported ($\beta = .347$, $p < .05$), indicating that interns' satisfaction with the job/work itself significantly contributes to their strong sense of attachment with the organization (AOC) because their internship has proven to

be a satisfying experience (Meyer, et al., 1993). This is consistent with findings from Caykoylu et al. (2007), who found that job satisfaction played a key role in determining the levels of organizational commitment of healthcare employees (nurses, paramedics, non-clinical personnel).

Since continuance commitment is expected to develop as employees make investments (i.e. time and effort put into acquiring job-specific skills) that would be lost or reduced in value if they left the organization, continuance commitment is expected to be unrelated or negatively associated to job satisfaction and job performance (Meyer et al., 1993). Consequently, in hypothesis 5b, I propose that job satisfaction with the job (JS_job) will have a negative effect on continuance organizational commitment (COC). Interestingly enough, a non-significant, positive relationship is found ($\beta = .146$, $p > .05$). A likely explanation for the current study's results is possibly due to the fact that interns demonstrated low mean COC scores ($\underline{M} = 2.40$); thus, regardless of their level of satisfaction with the job (JS_job), these interns felt that they would have little difficulty leaving their internship company if they wanted to.

Hypothesis 6a states that job satisfaction with pay (JS_pay) will have a positive effect on AOC. A positive, but non-significant relationship is found ($\beta = .065$, $p > .05$), suggesting that for interns in the current study, pay does not have a strong influence on their level of attachment with the organization. This is similar to Cook et al.'s (2004) findings regarding interns' perceptions regarding their level of pay. They state that although money may contribute to interns' decisions to accept the internship in the first place and/or remain with the

company until their internship is over, it is not the overriding factor. This finding also confirms the relative importance of intrinsic versus extrinsic rewards regarding the notion that it is not always about the money.

Hypothesis 6b posits that job satisfaction with pay (JS_pay) will have a negative effect on continuance organizational commitment. A negative and significant result ($\beta = -.136$, $p < .05$) indicates that as satisfaction with pay increases, the level of staying with the company because they feel they have to (COC) decreases. These results imply that interns' satisfaction with pay may be a unique contributor to their low mean COC scores ($\underline{M} = 2.40$) and their higher mean affective organizational commitment (AOC) scores ($\underline{M} = 4.51$). Fiorito et al. (2007) lend some insight into this finding by noting that favorable exchanges between the employer and the employee (i.e. pay) should strengthen employee attraction to the employment relationship and increase an employee's desire to remain with the company (i.e. commitment). Moreover, since psychological contract theory refers to reciprocal rights and obligations that individuals perceive within exchange relations, it can also be used to understand commitment (Rousseau & Wade-Benzoni, 1995). Therefore, because interns in the current study have higher affective organizational commitment (AOC) and lower continuance organizational commitment (COC), it is logical that the relationship between JS_pay and AOC is positive (H6a), and the relationship between JS_pay and COC is negative (H6b).

Job satisfaction with the job (JS_job) (H7a) and job satisfaction with pay (JS_pay) (H7b) were hypothesized to have a positive effect on conversion

intentions (CI_A). For H7a, a positive and non-significant result is found (β = .123, $p > .05$) and for H7b, a positive and significant result is found (β = .184, $p < .05$). These results indicate that for interns in the current study, JS_pay plays a direct role in interns' decision to accept a job offer for full-time employment upon graduation from their internship company while JS_job does not. One explanation for this may be due to the favorable exchange relationship (i.e. pay) between the employer and the employee, as explained by psychological contract theory (Rousseau, 1995). In addition, as Fiorito et al. (2007) suggest, favorable exchanges between the employer and the employee (i.e. pay) have the ability to strengthen employee attraction to the employment relationship and increase an employee's desire to continue employment with the company (i.e. conversion intentions).

For the next set of hypotheses, I propose that AOC (H8a) and COC (H8b) will have a positive effect on conversion intentions. Positive and significant results are found for both hypotheses (β = .388, $p < .05$ and β = .252, $p < .05$, respectively); implying that interns' desire to remain with the company because they feel a sense of attachment and belonging to the organization (AOC), combined with their time invested in the company (COC) plays a significant role in their decision to ultimately accept a job offer for full-time employment upon graduation from their internship company. This is consistent with findings from Bauer, Bodner, Erdogan, Truxillo, and Tucker (2007) regarding their meta-analytic review of newcomer adjustment during organizational socialization. They state that newcomer adjustment following organizational entry consists of

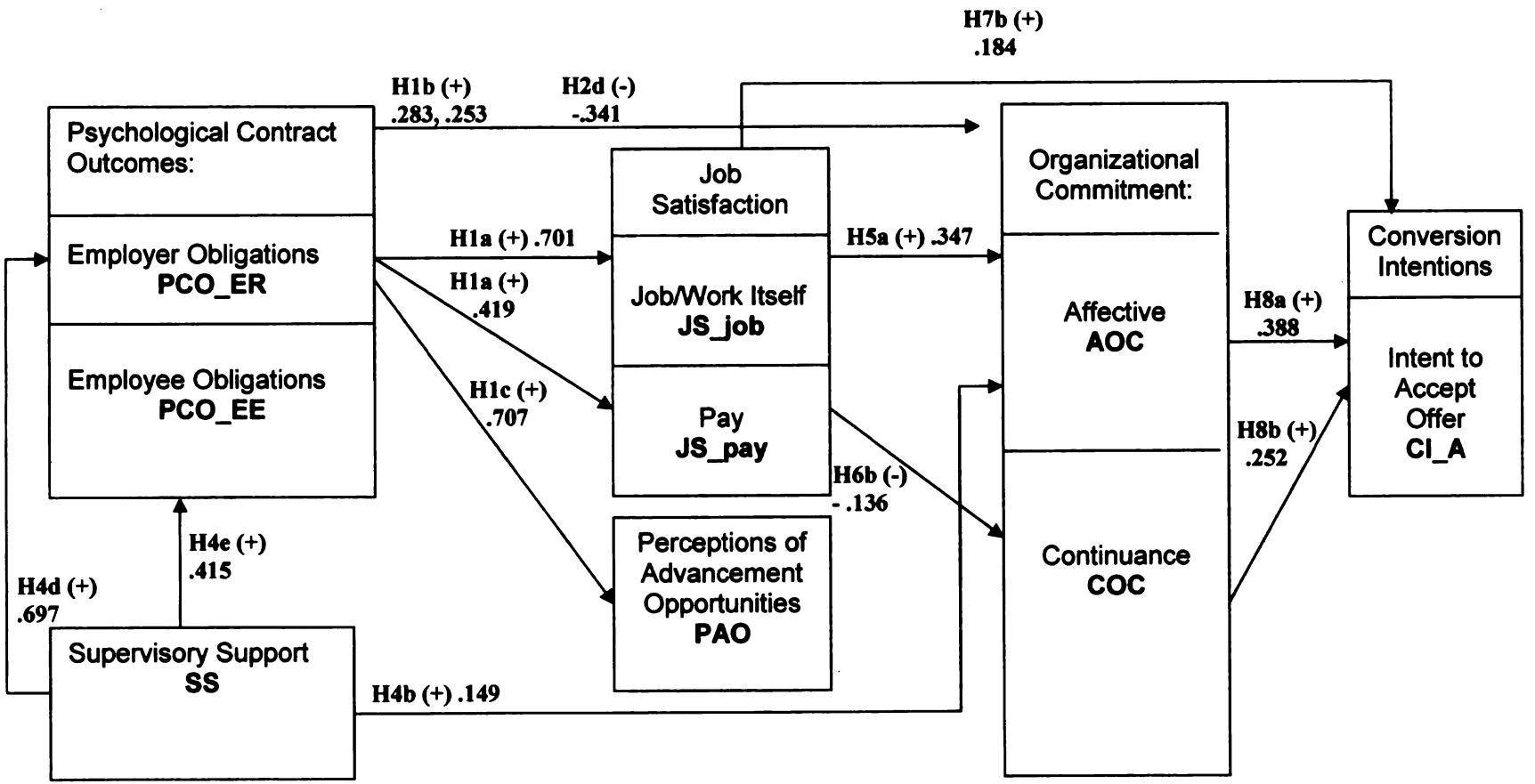
working through both task and social transitions. So, it is plausible that as the interns in the current study transitioned from being organizational outsiders to insiders, their level of commitment was enhanced. Furthermore, as supported by organizational socialization theory, when newcomers successfully adjust to their roles and work environment, they are more likely to have a strong attachment (i.e. commitment) to the company, and should be less likely to quit (Wanous, 1992).

In hypothesis 9, I posit that perceptions of advancement opportunities (PAO) will have a positive effect on conversion intentions. A non-significant, negative relationship is found ($\beta = -.023$, $p > .05$), meaning that PAO does not affect conversion intentions. Intuitive logic could argue that as more positive perceptions of advancement opportunities are formed, the more they would play an influential role on conversion intentions. However, in the current study, interns appeared to have more neutral perceptions of advancement opportunities ($\underline{M} = 3.52$); thus, possibly contributing to the negatively low path coefficient between PAO and CI_A. Perhaps interns took a more neutral stance regarding advancement opportunities because they did not acquire enough knowledge regarding promotion and advancement opportunities throughout their internship experience. Additionally, it is possible that interns did not take a long-term view of advancement opportunities and evaluated acceptance of an offer based on job satisfaction and organizational commitment. Alternatively, since the relationship between PAO and CI_A is indirectly influenced by the relationship between PCO_ER and PAO (i.e. indirect effect), it is possible that the hypothesized path

coefficient between PAO and CI_A was suppressed due the discriminant validity issue regarding PCO_ER.

A final path model presenting only the significant hypothesized relationships of internship conversion is presented in Figure 3.

Figure 3. Path Model of Significant Hypothesized Relations of Internship Conversion with Path Coefficient Values*



***Bold Coefficient Values** = $p < .05$

CHAPTER 5

CONCLUSION

The purpose of this study was multi-tiered. My initial aim was to collect baseline information regarding interns' perceptions of psychological contract outcomes of employer and employee obligations, supervisory support, job satisfaction, and organizational commitment, and to determine what effects these factors had on interns' conversion intentions.

The second objective was to apply psychological contract theory and organizational socialization theory to the study of interns. This is the first study, to the best of my knowledge that applies psychological contract theory to the study of interns. Structural model results of the current study show a direct relationship between 1) interns' perceptions of psychological contract outcomes of employer obligations and affective organizational commitment and 2) organizational commitment (affective and continuance) and conversion intentions. As such, I demonstrate that psychological contract theory is as applicable to the employment relationship of interns, as it is for continuing full-time employees.

The study of psychological contracts of interns is valuable because it augments and extends organizational attachment constructs, such as affective and continuance commitment. Furthermore, results of the current study indicate that for interns, like full-time employees, organizational commitment is significantly associated with intern's conversion intentions (i.e. intent to remain). Commitment can be constructed as a variety of obligations that employees incur

as a result of the incentives they accept from employers. Consistent conceptualizations of commitment as an affective attachment to the organization (Meyer et al., 1993) or as an employee's investment in the organization imply, but do not directly delineate the role of obligations, reciprocity and fulfillment. In addition, it is possible that obligations and their fulfillment may underlie organizational commitment (Robinson & Rousseau, 1994) and organizational socialization (Bauer et al., 2007). Hence, findings in the current study provide initial support for the application of psychological contract theory and organizational socialization theory to the study of interns.

Thirdly, since there is little research regarding interns and the impact that internship experiences have on conversion intentions, my findings contribute substantially to the limited research on the employment relationship regarding interns/internships.

Additionally, in order to provide recommendations for employers who seek to develop or improve an internship program, I asked interns a series of open-ended questions regarding their internship experience. For example, when interns were asked to rank the top five factors that would motive them to accept a job offer from their internship company, the most cited reasons were: competitive starting salary, hours, low stress, co-workers and the reputation of the company. Conversely, when asked to rank the top five factors that would motivate them to decline a job offer from their internship company, the most cited reasons include: low starting salary, unclear career path, long hours (i.e. nights/weekends), lack of potential to move up within the company and high

stress. In sum, based upon qualitative feedback from interns, pay appears to be a significant motivator behind intern's decision to accept or decline a job offer from the company. Structural model results also indicate a direct relationship between interns' satisfaction with pay and their conversion intentions; implying that salary is a contributing factor in interns' future career decisions. Support for this is also provided in the following quotes from interns in the current study regarding their number one reason for accepting an offer:

> "It paid well and was a job I wanted."
>
> "The prestige of the company and high salary."
>
> "They offered me the exact position I wanted at an above average salary."

Conversely, the following quotes confer the number one reason for interns' decision to decline an offer:

> "I had another offer that paid a little bit more and will allow me to work overseas."
>
> "Bad location and low pay"
>
> "I couldn't afford to live off the salary that they were offering, [combined with] the fact I had too much experience to start in the position they were offering."

I was also interested in finding out how many of the interns received a job offer upon completion of the internship, and if so, did they accept it and why. In the current study, about 87 (35%) of the interns received a job offer, 82 (33%) of them did not, and 57 (23%) of them had offers pending. Of the 35% that received job offers, 53 (21%) interns accepted the offer; which is quite a bit lower

than the target benchmark of 50-70% for internship conversion (Pederson, 2007). Some of the interns that had accepted offers stated the following as their number one reason for accepting the position:

> "The corporate culture and sense of belonging was great. The staff members really care about everything they do, and there are plenty of opportunities to move up in the corporation if I work hard."
>
> "I like the people that I work for and there is a lot of potential and career advancements with the company."
>
> "I felt like part of the company and knew that I could be successful there. The starting pay was also high enough that I did not need to look around for other alternatives."

Overall, based upon qualitative feedback from interns in the current study, it appears that work environment (i.e. co-workers, company culture and values), reputation of the company, competitive pay, level of responsibility, potential for continued growth, promotion and advancement opportunities and sense of belonging (i.e. attachment or commitment) within the company are the driving forces behind interns' conversion intentions.

In regards to interns' level of attachment or commitment, structural model results in the current study also indicate how important it is for interns to feel a sense of belonging or emotional attachment (i.e. affective organizational commitment) to the company. This is demonstrated by the significant relationships between the following: psychological contract outcomes of employer obligations (PCO_ER) and affective organizational commitment (AOC), job satisfaction with the job (JS_job) and affective organizational commitment (AOC), and affective organizational commitment (AOC) and conversion intentions (CI_A) (see Figure 3).

Conversely, some of the interns who received a job offer, but declined it had this to say about their number one reason for doing so:

> "They only wanted to pay me $10 an hour and I would have to move myself all the way out to CO on my own. Plus, I would have to work weekends and holidays. It was very upsetting because I loved working there and the people were great!"
>
> "A combination of the location and pay not quite being what I wanted, as well as other interns and friends from my internship declining the offer as well."
>
> "A competitive salary was not offered and I did not find the job to be satisfying."

In general, for the current study, location, low pay, unclear career path, and job dissatisfaction appear to be the main factors preventing interns from accepting an offer. Again, results of the current study's structural model also capture this by demonstrating significant relationships between JS (with job and pay) and organizational commitment (affective and continuance), and JS_pay and conversion intentions. Henceforth, if companies are going to increase their internship conversion rates, they need to take these factors into consideration and make the necessary adjustments that are within their power to change.

For example, if companies want to enhance interns' job satisfaction and organizational commitment, in an effort to increase internship conversion, the following adjustments should be considered: 1) Build a work environment that is enjoyable and fulfilling, 2) Be flexible in recognizing, understanding, and adapting to individual needs and personal views, 3) Help individuals grow within the company by providing coaching that focuses on job skills training and talent

development, and 4) Provide tuition reimbursement and/or innovative reward programs (Frank, Finnegan, & Taylor, 2004).

Implications

Continued research is needed to assist companies in their efforts to increase conversion rates of high-performing interns. As the 21st century unfolds, major changes will continue to occur within the workplace. One of the major changes that businesses will have to overcome is the labor and talent shortages issue; most of which is due to the large number of retiring baby-boomers and the small number of the next generation entering the workforce. Hence, the Bureau of Labor Statistics (2006) is projecting a labor shortage of 10 million workers by 2010. With this labor and talent shortage looming overhead, companies need to focus more attention and energy on recruiting and retaining talented employees (i.e. interns), and keeping them actively engaged. Since research shows that the most successful source of new hires for many companies comes from their intern pool (Sessions, 2006), companies and HR professionals need to implement new strategies regarding the use of internships as a recruitment and retention tool.

Findings of the current study are particularly relevant to companies as they develop and structure internship programs in an attempt to enhance their conversion rates. Some strategies that could provide augmentation of internship conversion and maximize the possibility of a successful internship program include: 1) Treat interns as a part of the organizational team and invite them to staff meetings, 2) Involve interns in project planning and ask for their ideas or suggestions, 3) Hold interns accountable for projects and deadlines, 4) Assign

projects that are challenging, yet accomplishable, 5) Assign a supervisor or mentor to each intern to provide the necessary guidance and training, and 6) Establish a process for permanent hire considerations and share that information with interns (Coco, 2000).

Although internship programs serve many purposes and potentially create positive outcomes for stakeholders (i.e. interns, organizations and academicians), it should be noted that the needs and objectives of the students must be satisfied for those programs to convert interns into committed, full-time employees. For instance, in the current study, perceived fulfillment of psychological contract outcomes of employer obligations (PCO_ER) was a better indicator of job satisfaction (with the job/work itself) and perceptions of advancement opportunities than was perceived fulfillment of psychological contact outcomes of their own (the employees') obligations (PCO_EE). In other words, perceived fulfillment (or unfulfillment) of employer obligations is more salient to employees' job satisfaction than perceived fulfillment (or unfulfillment) of their own (the employees') obligations. Since obligations are based upon beliefs of promise or debt, the failure of one party to fulfill its obligations to another can expectedly erode the affected party's beliefs in reciprocal obligations (Robinson et al., 1994). Therefore, unfulfilled obligations by an employer may affect not only what an employee feels he or she is owed by the employer, but also what the employee feels he or she is obligated to offer in return.

In addition, both psychological contract outcomes of employer (PCO_ER) and employee (PCO_EE) obligations influenced interns' desire to remain with the

company because they wanted to (affective organizational commitment). These results indicate that when interns feel their employer has fulfilled their expected obligations, they may be more satisfied with their job and may be more committed; which in turn, may increase the chances of interns wanting to remain with the company and accept an offer for full-time employment upon graduation.

Results of the current study also indicate that psychological contract outcomes of employer obligations (PCO_ER) has little direct impact on conversion intentions alone; however, it appears that the effect of psychological contract outcomes of employer obligations (PCO_ER) on conversion intensions is mediated by job satisfaction (with the job/work itself and pay) and organizational commitment. This supports the notion that if companies want to convert choice interns into committed, full-time employees upon graduation, they need to find ways to continually enhance interns' job satisfaction and level of commitment (Dixon et al., 2005).

One way companies can do this is to structure the internship program in a way that introduces new challenges (i.e. new tasks/job duties or skill sets) and responsibilities (i.e. work deadlines, management) each week. By providing the intern with the opportunity to learn new skills and have increased responsibilities each week, it will allow them to more properly acclimate and socialize into their work role without overwhelming them; thus, creating a more enriched and meaningful internship experience. Supporting this notion is the following quote from an intern in the current study:

> "I had an excellent experience there [internship company] where I did the same work full-time employees did. It gave me a great

> overview of what a career there would be like, and the responsibility they gave me right from the start was great."

Furthermore, in her qualitative study on business school interns, Rothman (2007) found that interns wanted more specific, quality projects designed for interns. They wanted challenging and interesting work that would provide them with the opportunity to learn and contribute to the organization. In sum, job challenge has been found to be a significant factor in interns' organizational commitment (Dixon et al., 2005). Support for this is demonstrated by the following quotes from interns (in the current study) regarding why they would consider a future career with their internship company:

> "I had a wonderful time working there [internship company] and I feel that it was challenging and fun."
>
> "It has a friendly working environment and dynamic projects to pursue.

Conversely, as one intern stated for why he/she would not consider a future career with his/her internship company:

> "I think I can find a more challenging job in a more prestigious environment."

Additionally, after reviewing the individual job satisfaction items, it appears that it is also important for interns to feel that their work was valuable ($\underline{M}$ = 4.04) and worthwhile ($\underline{M}$ = 3.94), and that they felt a sense of accomplishment regarding their job ($\underline{M}$ = 4.14). This suggests that organizations should focus their energies on developing meaningful (and challenging) work experiences for interns that provide personal and academic growth opportunities.

Furthermore, internships are a major investment on the part of the student and employer. Although internships are different from full-time employment (i.e. short-term, may be unpaid, learning component, etc), employers still need to provide interns with: 1) a clear understanding of what the interns are expected to accomplish, 2) challenging assignments, 3) meaningful feedback regarding performance on an on-going basis, 4) continued guidance (i.e. mentor or supervisor), 5) clear communication regarding the expectations of the intern at the on-set of the internship , and 6) adequate responsibility and meaningful tasks that allow interns to contribute to the organization (Rothman, 2007).

In sum, findings of this study provide unique and valuable insight regarding the recruitment and retention of interns. Since an increasing number of employers are using internships as recruiting tools for future employees (Coco, 2000), identifying the key antecedents regarding conversion intentions (i.e. psychological contract obligations, job satisfaction and organizational commitment) of interns provides important implications and/or strategies for HR professionals regarding the development and structure of internship programs.

Limitations and Future Research

As with most survey research, a common method bias may be present since all of the data were collected using self-report measures. This type of self-report bias is likely to be present in behavioral research studies where the data for both the predictor and the criterion variables are obtained from the same person in the same measurement context using the same item context and similar item characteristics (Podaskoff, MacKenzie, Lee, & Podaskoff, 2003).

Therefore, in order to control common method variance through procedural remedies, one must identify the commonalities between the predictor and the criterion variables and eliminate or minimize the bias through the design of the study. However, since the constructs in the current study asked for interns' perceptions of fulfilled or unfulfilled obligations, attitudes, and conversion intentions, self-report data are appropriate for this study (Clugston, 2000).

In addition, due to the cross-sectional nature of the data collection, drawing causal inferences among constructs may not be entirely appropriate. Thus, in order to minimize common method bias and strengthen the ability to draw causal inferences, future research will consider the following remedies: 1) obtain measures of the predictor and criterion variables from different sources, 2) create a temporal separation by introducing a time lag between the measurement of the predictor and the criterion variables, and 3) collect data at multiple times to create difference scores.

This study was exploratory. More research is needed to test and refine item measures for the variables developed and modified in this study. Although reliability coefficients and variance extracted for most of the scales meet or exceed acceptable levels of .70 or higher (Nunnally, 1978), development of these scales can only be viewed as preliminary. Testing of these scales with a larger sample size and a broader population of interns in a variety of industries will be helpful in attaining more reliable and valid measures (i.e. discriminant validity) of each construct as they relate to the internship experience. Refinement of these scales will assist in the attainment of more accurate data regarding the nature of

the internship relationship. This will enhance our understanding regarding the distinct differentiation between internships and full-time jobs. More specifically, I posit that supervisory support, pay, and continuance organizational commitment will lend further insight into the unique differences that exist between the nature of internships and full-time employment relationships.

The proposed conceptual and structural models of internship conversion were an initial effort to determine the relationships between psychological contract outcomes of employer and employee obligations, supervisory support, job satisfaction with the job/work itself and pay, perceptions of advancement opportunities, organizational commitment and conversion intentions. Thus, continued research is needed to test the structural model in various organizational contexts. Attaining more information regarding internship conversion intentions and its antecedents will yield richer information regarding the salient motivators that contribute to converting interns into committed, full-time employees. This will also yield richer information on relationships among variables and the tested constructs by adding more in-depth and interesting findings among interns in different organizational contexts. These findings will also contribute needed depth to the literature regarding internship experiences and their effect on internship conversion (Rothman, 2007; Cook et al., 2004)

An immediate extension of this research includes testing the structural model across multiple groups. Multiple groups will be created using the filter of "hours worked". For the current study, I included only those interns who worked 26 or more hours, in hopes of capturing an internship experience that was more

closely related to a full-time employee's position. This multi-group analysis will provide further insight as to the "tipping point" (Gladwell, 2002) regarding the effect that number of hours worked has on perceptions of psychological contract outcomes of employer and employee obligations, level of commitment and ultimately, conversion intentions. I posit that this information will provide important implications for companies regarding the structure, development, and potential re-organization of internship programs.

Additionally, since one of the primary functions of the internship is to provide reality testing during college to decrease the amount of reality shock one encounters while entering the world of work upon graduation (Knouse et al., 1999), future research should examine what aspects of the internship provide the most realistic expectations (i.e. work deadlines, dealing with problems on the job, interaction with co-workers, dealing with customers, etc). According to Gault et al. (2000), internships allow students to bridge the gap between career expectations developed in the classroom and the reality of full-time employment in the work world. In their of study business college interns, Gault et al. (2000) provide empirical evidence to support earlier perception-based research suggesting that interns would be better prepared to enter the job market and would enjoy greater job satisfaction than non-interns. Additionally, in her study of nursing students, Atkins (1980) found that the students who had been nursing interns had higher initial job satisfaction and lower turnover than nurses who had not been interns. Hence, further investigation of the relationship between realistic job previews (RJP's), job satisfaction, organizational commitment and internship

conversion may shed some light on how to increase job satisfaction and reduce high turnover of new job holders.

Appendices

Appendix A:

On-line Survey Instrument

ON-LINE INTERNSHIP SURVEY

Please answer the following survey questions regarding your experience with the company where you did your internship.

1. When did you do your internship? ___ Spring 2006 ___ Summer 2006 ___ Fall 2006 ___ Spring 2007

2. What was the name of the company where you interned? _____

3. Company website or url: _____

4. Was your internship paid or unpaid? ___ Paid ___ Unpaid

5. If your internship was paid, what was your hourly pay rate? _____/hr

6. How many hours a week did you work during your internship?
   __ less than 5 hrs/wk __ 6-10 hrs/wk __11-15 hrs/wk __16-20 hrs/wk __21-25 hrs/wk __26-29 hrs/wk __ 30 or more hrs/wk

7. Were the number of hours you actually worked higher, lower or the same as the number of hours you anticipated?
   __ higher __lower __the same

8. How many weeks did your internship last? _____

Please read the instructions before each of the following sections carefully, as the focus of the questions may change from section to section.

Employers vary in the degree to which they fulfill implicit or explicit promises and obligations to their employees. Read over the following items listed below and think about well you feel your employer fulfilled those promises to you during your internship. Click on the number next to each statement that best represents your agreement or disagreement about how well you feel your employer fulfilled those promises to you during your internship.

Employer Obligations:	Not at all Fulfilled	Somewhat Fulfilled	Neutral	Mostly Fulfilled	Very Well Fulfilled
Competitive Pay (omit if internship was unpaid)	1	2	3	4	5
Pay based on current level of performance (omit if internship was unpaid)	1	2	3	4	5
Adequate structure for training	1	2	3	4	5
Anticipated number of working hours was approximately equal to the number of hours actually worked	1	2	3	4	5
Career development	1	2	3	4	5
Sufficient level of responsibility and power	1	2	3	4	5
Support with personal problems	1	2	3	4	5
Adequate supervision and feedback about my job performance	1	2	3	4	5

Employees vary in the degree to which they fulfill implicit or explicit promises and obligations to their employers. Read over the following items listed below and think about how well you feel you, the employee, fulfilled those promises to your employer during your internship. Click on the number next to each statement that best represents your agreement or disagreement about how well you feel you, the employee, fulfilled those promises to your employer during your internship.

Employee Obligations	Not at all Fulfilled	Somewhat Fulfilled	Neutral	Mostly Fulfilled	Very Well Fulfilled
Working extra hours when necessary	1	2	3	4	5
Loyalty	1	2	3	4	5
Volunteering to do non-required tasks on the job	1	2	3	4	5
Willingness to do a variety of job tasks	1	2	3	4	5
Tendency to support (i.e. shop at) internship company vs. the competition.	1	2	3	4	5
Protection of company-owned information	1	2	3	4	5

Please click on the number next to each statement below that best represents your agreement or disagreement about the level of support you received from your supervisor during your internship.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
My supervisor went out of his/her way to make my life easier for me.	1	2	3	4	5	6	7
It was easy to talk with my supervisor.	1	2	3	4	5	6	7
My supervisor could be relied on when things got tough for me at work.	1	2	3	4	5	6	7
My supervisor was willing to listen to my personal problems.	1	2	3	4	5	6	7
My supervisor respected me.	1	2	3	4	5	6	7
My supervisor appreciated the work I did.	1	2	3	4	5	6	7

Please click on the number next to each statement below that best represents your agreement or disagreement regarding the internship you completed.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The work was exciting.	1	2	3	4	5
The work was satisfying.	1	2	3	4	5
The work was worthwhile.	1	2	3	4	5
I felt a sense of accomplishment.	1	2	3	4	5
The jobs were interesting.	1	2	3	4	5
My work was unproductive. ®	1	2	3	4	5
The jobs were boring and monotonous. ®	1	2	3	4	5
My work was creative.	1	2	3	4	5
My work was valuable.	1	2	3	4	5
My work was useless. ®	1	2	3	4	5
The work was challenging.	1	2	3	4	5
There was plenty of freedom to use my own judgment.	1	2	3	4	5

® Reverse coded items

Please click on the number next to each statement below that best represents your agreement or disagreement regarding the internship you completed.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Chances appeared to be good for promotion.	1	2	3	4	5
Opportunities for advancement appeared to be reasonable.	1	2	3	4	5
The company appears to have unfair promotion policies. ®	1	2	3	4	5
I was underpaid for the work I did during my internship (omit if your internship was unpaid). ®	1	2	3	4	5
My internship income was enough to live on (omit if your internship was unpaid).	1	2	3	4	5
Opportunities for advancement appeared to be limited. ®	1	2	3	4	5
The pay did not give me much incentive to improve my job performance (omit if your internship was unpaid). ®	1	2	3	4	5
The pay was comparable to similar internships in other areas (omit if your internship was unpaid).	1	2	3	4	5
There appear to be plenty of good jobs for those who want to get ahead.	1	2	3	4	5
The jobs in this field appear to be dead-end. ®	1	2	3	4	5

® Reverse coded items

You may or may not have gotten a job offer from your internship company, but let's assume you HAVE. Please click on the number next to each statement below that best represents your agreement or disagreement regarding your internship employer.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I would be very happy to spend the rest of my career with my internship company.	1	2	3	4	5	6	7
I really feel as if my internship company's problems are my own.	1	2	3	4	5	6	7
I do not feel a strong sense of "belonging" to my internship company. ®	1	2	3	4	5	6	7
If I do not pursue a career with my internship company, I feel as if I have too few options (i.e. other companies) to consider.	1	2	3	4	5	6	7
If I had not already put so much of myself into my internship company, I might consider working elsewhere.	1	2	3	4	5	6	7
One of the few negative consequences of leaving my internship company would be the scarcity of available alternatives.	1	2	3	4	5	6	7
Staying with my internship company is a matter of necessity as much as desire.	1	2	3	4	5	6	7
It would be very hard for me to leave my internship company even if I wanted to.	1	2	3	4	5	6	7
Too much of my life would be disrupted if I decided I wanted to leave my internship company.	1	2	3	4	5	6	7
I do not feel "emotionally attached" to my internship company. ®	1	2	3	4	5	6	7
I feel like "part of the family" at my internship company.	1	2	3	4	5	6	7
My internship company has a great deal of personal meaning for me.	1	2	3	4	5	6	7

You may or may not have gotten a job offer from your internship company, but let's assume you HAVE. Please click on the number next to each statement below that best represents your agreement or disagreement about your future plans with your internship employer.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I would accept a job offer from any other company before considering a job offer from my internship company.	1	2	3	4	5	6	7
I would decline any offer from the company where I interned.	1	2	3	4	5	6	7
If I have my way, I will be working for my internship company after I graduate.	1	2	3	4	5	6	7
While still on my internship, I discussed opportunities for post-college employment with the company.	1	2	3	4	5	6	7
I would accept a job offer from my internship company before considering a job offer from any other company.	1	2	3	4	5	6	7
I have not thought of working for any other company since I began my internship with this company.	1	2	3	4	5	6	7
Before my internship was over, I decided not to pursue a career with my internship company.	1	2	3	4	5	6	7
I am looking for other jobs now, rather than considering a job with my internship company.	1	2	3	4	5	6	7

Please click on the number next to each statement below that best represents your agreement or disagreement regarding your internship experience.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
This internship experience has helped confirm my career choice.	1	2	3	4	5
This internship experience has made me change my mind about my career choice.	1	2	3	4	5
As a result of my internship, I am more certain than ever that I have chosen the right career for me.	1	2	3	4	5
This internship has helped me decide what career path I will seek in the future.	1	2	3	4	5

Open-ended Intent to Decline/Accept Questions

1. What motivated you to accept the internship? (check ONLY one):
   ___ The company's reputation
   ___ The experience it would provide
   ___ The company's reputation, combined with the experience it would provide
   ___ The money
   ___ Resume builder
   ___ Other _____

2. If you were offered a full-time job upon graduation with the organization where you interned, what is the likelihood you would accept it? _____ % (0% = not very likely, 100% = very likely)

3. **You may or may not have gotten a job offer from your internship company, but let's assume you HAVE.** Which of the following factors motivated/would motivate you to ACCEPT a position with your internship company? Please rank your **TOP 5** factors with 1 = most important factor and 5 = Fifth most important factor:
   ___ The types of tasks on the job
   ___ The people I would be working with (i.e. co-workers)
   ___ The company itself (i.e. reputation of company)
   ___ Prestige of company
   ___ Prestige of the position title
   ___ Established career path
   ___ Hours
   ___ Competitive pay (i.e. starting salary)
   ___ Potential to move up within the company (i.e. promotions/advancement opportunities)
   ___ Low stress
   ___ Fun and friendly work environment
   ___ Future earning potential
   ___ Great guidance and support from supervisor/manager
   ___ Employees feel valued and important
   ___ Location
   ___ Others (please specify) _____

4. **You may or may not have gotten a job offer from your internship company, but let's assume you <u>HAVE.</u>** Which of the following factors motivated/would motivate you to DECLINE the position with this organization? Please rank your **TOP 5** factors with 1 = most important factor and 5 = Fifth most important factor:
   ___ The types of tasks on the job
   ___ The people I would be working with (i.e. co-workers)
   ___ The company itself (i.e. reputation of company)
   ___ Not a prestigious career
   ___ Not a prestigious position title
   ___ Unclear career path
   ___ Long hours (i.e. nights/weekends)
   ___ Low pay (i.e. starting salary)
   ___ Lack of potential to move up within the company (i.e. promotions/advancement opportunities)
   ___ High Stress
   ___ Not a fun and friendly work environment
   ___ Lack of earning potential
   ___ Lack of guidance and support from supervisor/manager
   ___ Employees do not feel valued and important
   ___ Location
   ___Others (please specify) _____

5. Based upon your internship experience, is your internship company an organization with which you would like to begin your career after graduation? Why or Why not?
   ___Yes, because _____

   ___No, because _____

6. Upon completion of your internship, did you receive a full-time job offer upon graduation? ___ Yes ___No ___Pending

7. If you received a job offer, did you accept it? ___Yes ___No __Pending

8. a. If you said NO in the previous question (#7), what was your #1 reason for declining the offer? _____
   b. If you said YES in the previous question (#7), what was your #1 reason for accepting the offer? _____

9. What could the internship company do to make your internship experience better? _____

10. What was the nature of your internship? (check ALL that apply): ___ Management ___ Marketing ___Inventory Control
__Analyze Sales __ Financial __Visual Merchandising __ Human Resources ___Public Relations
__ Customer Service __ Sales ___ Design ___Advertising ___Product Development ___Manufacturing
__Vendor Relations
__Other (please fill in) _____

Demographic Questions

We are interested in your general background. Please check the appropriate response.

1. What is your gender? ____ Male ____ Female

2. What is your class level? ___ Freshman ___ Sophomore ___ Junior ___ Senior ___ Graduate

3. What is your major? _____

4. What is your overall GPA? ___ 1.9 or less ___2.0-2.2 ___ 2.3-2.7 ___ 2.8-3.3 ___ 3.4-4.0

5. What YEAR were you born? _____ (i.e. 1980)

6. When is your tentative graduation date? ___ May '07 ___ August '07 ___ December '07
___ May '08 ____August '08 ____December '08 ___Other (please list)_____

If you would like to be entered in the raffle to win 1 of 5, $50 Visa check cards, please enter your E-mail address below so that we may contact you if you win.

E-mail address: _____
Confirm E-mail address:_____

Thank you for taking the time to fill out our survey ☺

Appendix B:

Cover Letter

DEAR INTERN:

We are partnering with Michigan State University (MSU) in an Online Internship survey. MSU is trying to identify linkages between retailers' human resource management techniques and internship conversion. **To achieve this goal, MSU needs to collect data from college students who completed an internship during 2006.** This study is conducted as a final stage in the pursuit of Mrs. Jessica Hurst's Ph.D. in Retailing; therefore we hope you will help her out. Michigan State University houses the largest undergraduate retailing program in the nation and the only Ph.D. program in Retailing.

Your input is valuable to the project and we appreciate your participation in this survey that should take about 10-15 minutes to complete. The purpose of the survey is to gather information that will help retailers plan effective human resource management strategies related to internships. By having a better understanding of the retailer's organizational environment, MSU hopes to better prepare the retailing majors for their careers. Likewise, the results will provide a basis for implementing strategies that may have productive results for the company.

Your participation in this survey is completely voluntary. There are no right or wrong answers to any questions. If you choose to participate, you may choose to not answer a question if you desire. Your privacy will be protected to the maximum extent allowable by law. Your participation will be confidential, and you must be 18 years or older to participate in this study. All of your answers will be anonymous. Responses will be combined so that individual responses cannot be isolated. Only the principal investigators at MSU will have access to the data.

As an incentive for your participation, you can choose to be entered in a raffle for a chance to win 1 of 5, $50 Visa Check Cards. At the end of the survey, we will ask for an email address so that we can contact you if you should win. If you choose to enter your name/email address into the drawing for a $50 Visa Check Card, the survey is no longer anonymous at that point; however, your responses will remain strictly confidential.

Please take a few minutes to answer the survey by clicking on the following URL or cutting and pasting it into your browser:

http://www.surveymonkey.com/s.asp?u=83963547480

PLEASE NOTE THAT:

- Individual responses are strictly CONFIDENTIAL and NO person within your intern company is able to see any of your responses.
- Responses are only used and reported in a summarized form.

If possible, MSU would like to receive your completed survey by May 1st, 2007. If you have any questions about the survey or problems using the form, please contact Dr. Linda Good, Professor of Retailing (GOODL@msu.edu) or Jessica Hurst (HURSTJL3@msu.edu) Also, if you would prefer to receive a paper copy of the survey, just email Mrs. Hurst and she will send one to you. If you have any questions or concerns regarding your rights as a study participant, or are dissatisfied at any time with any aspect of this study, you may contact - anonymously, if you wish - Peter Vasilenko, Ph.D., Director of the Human Subject Protection Programs at Michigan State University, by phone: (517) 355-2180, fax: (517) 432-4503, email: irb@msu.edu, or regular mail: 202 Olds Hall, East Lansing, MI 48824.

Sincerely,

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Appendix C:

Item Content for Measurement Model Constructs

Table 1. Item Content for Psychological Contract Outcomes: Employer Obligations.

Construct:	Item Label	Scale: 1 = Not at all Fulfilled 5 = Very Well Fulfilled	Coefficient Alpha .866	Variance Extracted .523
Psychological Contract Outcomes: Employer Obligations (PCO_ER)				
	V1*	Competitive Pay (omit if internship was unpaid).		
	V2*	Pay based on current level of performance (omit if internship was unpaid).		
	V3	Adequate structure for training.		
	V4*	Anticipated number of working hours was approximately equal to the number of hours actually worked.		
	V5	Career development.		
	V6	Sufficient level of responsibility and power.		
	V7	Support with personal problems.		
	V8	Adequate supervision and feedback about my job performance.		
*Item deleted during confirmatory factor analysis				

Table 2. Item Content for Psychological Contract Outcomes: Employee Obligations.

Construct:	Item Label	Scale: 1 = Not at all Fulfilled 5 = Very Well Fulfilled	Coefficient Alpha .810	Variance Extracted .493
Psychological Contract Outcomes: Employee Obligations (PCO_EE)				
	V9	Working extra hours when necessary.		
	V10	Loyalty.		
	V11	Volunteering to do non-required tasks on the job.		
	V12	Willingness to do a variety of job tasks.		
	V13*	Tendency to support (i.e. shop at) internship company vs. the competition.		
	V14	Protection of company-owned information.		
*Item deleted during confirmatory factor analysis				

Table 3. Item Content for Supervisory Support.

Construct:	Item Label	Scale: 1 = Strongly Disagree 7 = Strongly Agree	Coefficient Alpha .944	Variance Extracted .618
Supervisory Support (SS)				
	V15	My supervisor went out of his/her way to make my life easier for me.		
	V16	It was easy to talk with my supervisor.		
	V17	My supervisor could be relied on when things got tough for me at work.		
	V18	My supervisor was willing to listen to my personal problems.		
	V19	My supervisor respected me.		
	V20	My supervisor appreciated the work I did.		

Table 4. Item Content for Job Satisfaction with Job/Work Itself

Construct:	Item Label	Scale: 1 = Strongly Disagree 5 = Strongly Agree	Coefficient Alpha .926	Variance Extracted .560
Job Satisfaction with Job (JS_Job)				
	V21	The work was exciting.		
	V22	The work was satisfying.		
	V23	The work was worthwhile.		
	V24	I felt a sense of accomplishment.		
	V25	The jobs were interesting.		
	V26*	My work was unproductive. ®		
	V27	The jobs were boring and monotonous. ®		
	V28*	My work was creative.		
	V29	My work was valuable.		
	V30*	My work was useless. ®		
	V31	The work was challenging.		
	V32*	There was plenty of freedom to use my own judgment.		

*Item deleted during confirmatory factor analysis
® Reverse coded item

Table 5. Item Content for Job Satisfaction with Pay.

Construct:	Item Label	Scale: 1 = Strongly Disagree 5 = Strongly Agree	Coefficient Alpha	Variance Extracted
Job Satisfaction with Pay (JS_Pay)			.724	.546
	V33	I was underpaid for the work I did during my internship (omit if your internship was unpaid). ®		
	V34	My internship income was enough to live on (omit if your internship was unpaid).		
	V35	The pay did not give me much incentive to improve my job performance (omit if your internship was unpaid). ®		
	V36	The pay was comparable to similar internships in other areas (omit if your internship was unpaid).		
® Reverse coded item				

Table 6. Item Content for Perceptions of Advancement Opportunities.

Construct:	Item Label	Scale: 1 = Strongly Disagree 5 = Strongly Agree	Coefficient Alpha .850	Variance Extracted .536
Perceptions of Advancement Opportunities (PAO)				
	V37	Chances appeared to be good for promotion.		
	V38	Opportunities for advancement appeared to be reasonable.		
	V39*	The company appears to have unfair promotion policies. ®		
	V40	Opportunities for advancement appeared to be limited. ®		
	V41	There appear to be plenty of good jobs for those who want to get ahead.		
	V42*	The jobs in this field appear to be dead-end. ®		
*Item deleted during confirmatory factor analysis ® Reverse coded item				

Table 7. Item Content for Affective Organizational Commitment.

Construct:	Item Label	Scale: 1 = Strongly Disagree 7 = Strongly Agree	Coefficient Alpha .861	Variance Extracted .526
Affective Organizational Commitment (AOC)				
	V43*	I would be very happy to spend the rest of my career with my internship company.		
	V44	I really feel as if my internship company's problems are my own.		
	V45	I do not feel a strong sense of "belonging" to my internship company. ®		
	V46	I do not feel "emotionally attached" to my internship company. ®		
	V47	I feel like "part of the family" at my internship company.		
	V48	My internship company has a great deal of personal meaning for me.		
*Item deleted during confirmatory factor analysis ® Reverse coded item				

Table 8. Item Content for Continuance Organizational Commitment.

Construct:	Item Label	Scale: 1 = Strongly Disagree 7 = Strongly Agree	Coefficient Alpha .828	Variance Extracted .515
Continuance Organizational Commitment (COC)				
	V49*	If I do not pursue a career with my internship company, I feel as if I have too few options (i.e. other companies) to consider.		
	V50*	If I had not already put so much of myself into my internship company, I might consider working elsewhere.		
	V51*	One of the few negative consequences of leaving my internship company would be the scarcity of available alternatives.		
	V52	Staying with my internship company is a matter of necessity as much as desire.		
	V53	It would be very hard for me to leave my internship company even if I wanted to.		
	V54	Too much of my life would be disrupted if I decided I wanted to leave my internship company.		
*Item deleted during confirmatory factor analysis				

Table 9. Item Content for Conversion Intentions

Construct:	Item Label	Scale: 1 = Strongly Disagree 7 = Strongly Agree	Coefficient Alpha .794	Variance Extracted .438
Conversion Intentions: Intent to Accept Offer (IA)				
	V55	I would accept a job offer from any other company before considering a job offer from my internship company. ®		
	V56	I would decline any offer from the company where I interned. ®		
	V57*	Before my internship was over, I decided not to pursue a career with my internship company. ®		
	V58	I am looking for other jobs now, rather than considering a job with my internship company. ®		
	V59	If I have my way, I will be working for my internship company after I graduate.		
	V60*	While still on my internship, I discussed opportunities for post-college employment with the company.		
	V61	I would accept a job offer from my internship company before considering a job offer from any other company.		
	V62	I have not thought of working for any other company since I began my internship with this company.		
*Item deleted during confirmatory factor analysis ® Reverse coded item				

Table 10. Largest Standardized Residuals And Cross-Loadings of Items Deleted During Confirmatory Factor Analysis.

Cross-Loaded Variables	Standardized Residual Estimate (ζ)
V1, V2	.621
V1, V34	.517
V1, 36	.505
V1, V33	.455
V1, V35	.452
V2, V36	.433
V2, V34	.418
V2, V33	.381
V2, V35	.376
V30, V27	.326
V51, V45	-.322
V51, V26	-.301
V51, V42	-.296
V55, V42	-.288
V35, V42	.272
V59, V43	.269
V39, V6	-.263
V51, V4	-.260
V51, V30	-.258
V51, V23	-.256

Table 11. Standardized Estimates of Items Deleted During Confirmatory Factor Analysis.

Variable	Standardized Estimate (λ)
V1	.412
V2	.371
V4	.434
V13	.468
V26	.514
V28	.481
V30	.453
V32	.448
V39	.462
V42	.572
V43	.776
V49	.601
V50	.452
V51	.647
V57	.764
V60	.472

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