

Perceived Psychological Contract Breach During Internships and its Impact on Job Satisfaction Among Final-Year Students

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Abstract-Internships represent an important transition from school to work during which final-year students develop unwritten psychological contracts which are based on expectations of learning, organizational support, and professional growth. When these promises are not met, it leads Psychological Contract Breach (PCB) which influences job satisfaction and shapes early career attitudes. By synthesizing existing literature, the study reconceptualizes internships as psychological entry points into employment relationships. It practically informs HR professionals about expectation alignment and educationally by highlighting internships' role in shaping employability perceptions and career readiness. To conceptualize Psychological Contract Breach and internship satisfaction the present study proposes-

BREACH Model:

- Breach of expectations
- Ruins relationships,
- Erodes engagement,
- Acknowledging needs, encourages
- Collaboration and restores
- Holistic job satisfaction.

Findings indicate that unmet expectations related to learning opportunities, mentoring, feedback, role clarity, and organizational fairness significantly influenced perceived PCB. Which resulted in reduced job satisfaction, disengagement, and negative career perceptions. The expectation reality discrepancies emerged as central mechanisms which drove breach perceptions. Supportive communication, structured mentoring, and effective socialization practices were identified as key buffering factors. This study extends psychological contract theory to the pre-employment stage by positioning internships as formative spaces where workplace trust, commitment, and employment expectations start to develop.

Key Words: Psychological Contract Breach (PCB), Internships, Job Satisfaction, Organizational Socialization, Graduate Employability, Early Career Identity Formation, Pre-employment Psychological Contracts, Expectation Formation and Misalignment.

1. INTRODUCTION

The transition from higher education to professional employment represents a vital developmental phase in which students begin constructing their understanding of organizational life. Internships increasingly serve as the primary interface between academic learning and workplace reality. By providing final year students with their first sustained exposure to professional expectations, organizational norms, and performance evaluation systems. During this period, students develop unrealistic beliefs regarding what organizations should provide- such as learning

opportunities, guidance, and fair treatment and what they are expected to contribute in return. These beliefs emerge less from formal agreements and more from daily interactions, leadership behaviour, feedback processes, and perceived developmental support. As anticipated experiences are compared with actual workplace conditions, internships become sites where expectations are actively tested and revised, which influences early perceptions of fairness, competence, and career direction.

The psychological contract offers a valuable framework for interpreting these emerging perceptions. Psychological contracts refer to individuals' subjective understandings of mutual obligations formed through organizational communication, social exchange, and contextual cues rather than written agreements. Fulfilment of perceived promises tends to foster trust and positive work attitudes, whereas unmet expectations may result in psychological contract breach (PCB). While existing research has extensively examined PCB among permanent employees within relatively stable employment relationships. The student interns operate within short-term, ambiguous environments characterized by limited organizational familiarity and incomplete information. Consequently, psychological contracts during internships are formed rapidly and informally, making them particularly susceptible to expectation misalignment.

Despite substantial scholarship on psychological contract breach, its emergence within transitional work experiences remains comparatively underexplored. Prior studies predominantly examine employee reactions after prolonged organizational exposure by overlooking how expectations originate during early career encounters. Internships represent formative learning contexts in which students reconcile academic ideals with organizational realities. When discrepancies arise at this stage, perceived breaches may influence not only immediate internship satisfaction but also broader attitudes toward work, organizational trust, and future employment expectations. Examining PCB within developmental entry points therefore expands understanding beyond stable employment contexts.

Analysing this gap, the present study investigates the impact of perceived psychological contract breach during internships on job satisfaction among final-year students through a secondary research approach. The study seeks to identify key factors contributing to perceived breach and its implications for intern satisfaction. The findings aim to provide conceptual insights into how expectation discrepancies emerge during early workplace exposure and how they shape emerging work attitudes. These insights may assist organizations and educational institutions in designing internship structures that better align expectations, support intern development, and enhance overall internship satisfaction.

REVIEW OF LITERATURE

Varghese (2019) examined the impact of psychological contract breach (PCB) among bank employees in Ernakulam district, Kerala. The study identified a notable gap between employees perceived breaches and employers' assumptions of fulfilment. With the private sector employees reporting higher levels of PCB than those in public banks. Findings showed that the employee-perceived PCB was negatively associated with job satisfaction, organizational commitment and positively related to turnover intention, while the PCB perceived by the employer resulted in lower evaluations of employee performance and organizational citizenship behaviour.

Chakraborty (2022) examined psychological contract breach (PCB) within private higher educational institutions in Kolkata, focusing on both teaching and non-teaching staff. The study analyses how organizational communication, institutional policies, and orientation processes influence outcomes such as job satisfaction and organizational commitment. Findings revealed that there is widespread dissatisfaction resulting from both written and unwritten contract breaches. Along with perceptual differences between staff groups regarding the impact of communication failures and policy-related issues.

Shikha (2025) analysed the impact of hospitality internships on student career development and satisfaction in the Delhi-NCR and Haryana region. They highlighted significant mismatches between student expectations and actual internship experiences. Findings revealed statistically significant negative gaps across all measured aspects, particularly in compensation and feedback. Indicating that students frequently encountered roles lacking meaningful

learning or mentorship. These unmet expectations were strongly associated with low satisfaction levels and weakened career commitment, with career development opportunities emerging as the strongest predictor of positive outcomes.

Sridevi, G. (2014) investigated the impact of Psychological Contract Breach (PCB) on employee work attitudes and behaviours, examining the mediating role of work engagement and the moderating influence of psychological capital (PsyCap) among supervisory employees from manufacturing and IT sectors in South India. The study found that perceived breach significantly reduced job satisfaction, affective commitment, and engagement. Psychological capital—particularly resilience—was shown to buffer the negative effects of breach, suggesting that individuals with higher optimism and coping capacity respond more constructively to unmet organizational promises.

Pakhwarya (2019) examined the relationship between human resource management (HRM) practices, psychological contract fulfilment, and job satisfaction among employees working in private hotels in Jammu and Katra. The study analysed HRM practices such as training and development, compensation, and employee empowerment. Findings indicated that effective HRM practices significantly strengthened psychological contract fulfilment, which in turn enhanced job satisfaction and reduced turnover intentions. The results suggest that fulfilment of developmental and learning-related expectations plays a critical role in maintaining satisfaction. Which implies that failure to meet such expectations may lead to perceived breach and disengagement.

George (2017) explored the relationship between psychological contract breach and workplace negativity, termed “corporate negaholism,” among IT professionals in Technopark, Kerala. The study examined how disruptions in employee expectations, trust, career perceptions, and organizational alignment contributed to negative attitudinal, behavioural, verbal, and work-related outcomes. Findings revealed a strong positive association between psychological contract breach and various forms of workplace negativity. With breaches significantly contributing to dissatisfaction, burnout, and work–life imbalance.

Usmani, Kainat Akhtar (2018) examined psychological contract breach (PCB) from an employee perspective among private sector workers in the pharmaceutical and education industries in Lucknow. By analysing how perceived breach dimensions—reneging, incongruence, and vigilance—affect job satisfaction and behavioural outcomes. The study found a negative relationship between perceived breach and job satisfaction, along with increased turnover intentions, reduced organizational citizenship behaviour, and higher workplace deviance. The findings highlighted that unrealistic expectations formed during recruitment and poor communication contributed strongly to perceptions of breach. Thereby increasing the importance of transparent organizational practices and fairness in maintaining employee commitment.

Turka (2024) investigated the relationship between perceived organisational cronyism, psychological contract breach (PCB), and deviant workplace behaviour among bank employees in Northern India. The study found that organisational cronyism significantly increased perceptions of breach, which in turn predicted both constructive and destructive forms of deviant behaviour. This demonstrated that unmet expectations regarding fairness, growth opportunities, and organizational support strongly influence employee responses. Younger and less-experienced employees reported higher perceptions of cronyism and breach, suggesting that individuals in early career stages are particularly sensitive to perceived inequities.

Saravanan, K. examined job satisfaction among corporate employees in Chennai. The study found no significant differences in satisfaction based on age, salary, or educational qualification. Which suggested that organizational environment, supervision quality, and work group dynamics played a more critical role in shaping employee attitudes than personal characteristics. Drawing on discrepancy theory, the research explains job satisfaction as the gap between expected and actual workplace outcomes, a concept closely aligned with psychological contract

perceptions. The findings highlight the importance of supportive supervision, meaningful job content, and effective human resource practices in maintaining employee motivation and engagement.

Christy (n.d.) examined how positive organisational behaviours influence the relationship between psychological contract breach (PCB) and organisational citizenship behaviour (OCB) among employees in the IT industry in Chennai. The study found that PCB negatively affects OCB while also reducing perceptions of authentic leadership and psychological well-being. Both of which were shown to partially buffer the adverse effects of breach. Psychological well-being emerged as a stronger protective factor, indicating that supportive leadership and positive workplace environments can lessen the negative consequences of unmet organizational promises. The research reinforces the subjective nature of PCB, emphasizing that employee perceptions—rather than objective contract violations alone—shape behavioural and attitudinal outcomes.

2. INTERNSHIPS AS SITES OF PSYCHOLOGICAL CONTRACT FORMATION AND BREACH.

2.1 Internship as a Psychological Transition Space

Internships occupy a distinctive psychological position between education and employment. Functioning not merely as temporary work arrangements but as transitional environments in which professional identity begins to take shape. Final-year students enter organizations equipped with academic knowledge yet limited experiential understanding of workplace dynamics. Unlike full-time employees, interns simultaneously occupy the roles of learners, evaluators, and prospective organizational members. Also navigating uncertainty regarding expectations, performance standards, and career suitability. This ambiguity transforms internships into interpretive spaces where individuals actively construct meanings about professional work and organizational functioning.

From a developmental perspective, internships represent periods of identity negotiation in which students move from structured academic evaluation toward ambiguous organizational assessment systems. Which are shaped by supervisors and workplace culture. Expectations during this phase remain fluid, emerging through observation, informal feedback, and perceived inclusion rather than formal contractual specification. Because employment agreements rarely define mentorship quality, learning depth, or exposure opportunities. The interns heavily rely on implicit organizational signals to infer mutual obligations. These interpretations form the foundation of emerging psychological contracts.

Internships can therefore be understood as environments in which expectations are experimentally tested rather than simply fulfilled. Students confront the interaction between imagined careers and operational realities along with evaluating fairness, growth opportunities, and organizational support simultaneously. Satisfaction or dissatisfaction generated during this stage extends beyond the internship experience itself, influencing how individuals conceptualize future participation in professional life. In this sense, internships do not merely prepare students for work; they shape early assumptions about what work can legitimately demand and what individuals may reasonably expect in return.

2.2 Formation of Psychological Contracts Among Interns

Psychological contracts during internships emerge under conditions of heightened cognitive uncertainty. Unlike experienced employees who interpret organizational treatment through accumulated work schemas. The interns enter workplaces without stable reference frameworks for evaluating professional behaviour. In the absence of prior organizational scripts, expectations are constructed prospectively rather than comparatively, drawing heavily on

anticipatory beliefs formed before entry.

Secondary research suggests that these anticipatory expectations originate through multiple socialization channels, including recruitment narratives, campus placement discourse, organizational branding, and peer experiences. These pre-entry signals function as interpretive anchors through which interns begin forming assumptions about developmental support, inclusion, and career progression. Psychological contract formation therefore begins before organizational participation and continues through early interaction.

The rapidity with which contracts develop can be understood through uncertainty reduction processes. Entering unfamiliar environments generates cognitive ambiguity regarding competence, belonging, and performance standards. Individuals seek interpretive stability by assigning meaning to observable cues such as onboarding structure, supervisory accessibility, task allocation, and communication tone. Organizational signals thus acquire disproportionate psychological weight, not because they are objectively decisive, but because they help reduce ambiguity.

Social learning mechanisms further shape expectation construction. Interns observe how supervisors interact with employees, how feedback is distributed, and how contributions are recognized. Then they use these observations to infer implicit organizational rules. Fairness and opportunity are evaluated relationally through peer comparison, allowing interns to calibrate their perceived standing within the organizational environment.

Because identity construction is simultaneously underway, these interpretations extend beyond task evaluation toward emerging professional self-concepts. Early experiences become evidence through which interns answer implicit questions: What kind of worker am I becoming? and What kind of organization values someone like me? Psychological contracts thus form not only as exchange expectations but as cognitive frameworks linking organizational treatment with developing professional identity.

A defining characteristic of internship contexts is temporal compression. Expectation formation and fulfilment evaluation occur concurrently rather than sequentially. Early feedback may signal developmental investment, while early neglect may be interpreted as exclusion. In the absence of established schemas, interns rely on limited interactions to construct generalized conclusions about organizational reality, making initial encounters disproportionately influential.

2.3 Causes of Psychological Contract Breach During Internships

Across the reviewed literature, perceived psychological contract breach during internships appears less associated with transactional dissatisfaction and more closely tied to disrupted developmental expectations. Interns typically evaluate experiences against anticipated growth trajectories rather than material rewards. Thus, making discrepancies psychologically salient when learning or identity progression appears constrained.

Expectation misalignment during recruitment constitutes a primary antecedent. Organizational messaging frequently emphasizes mentorship, exposure, and skill development, subsequently creating developmental forecasts that shape pre-entry interpretations. When operational demands restrict meaningful engagement, interns experience a discrepancy not merely between promise and outcome but between anticipated professional growth and experienced stagnation.

Supervisory absence or limited feedback further contributes to breach perceptions through attribution processes. Under conditions of uncertainty, interns interpret silence as evaluative information. Lack of guidance may therefore be construed as disinterest or undervaluation, more likely when individuals seek feedback to validate emerging competence.

Restricted learning opportunities similarly produce breach perceptions when assigned tasks fail to support identity development. Repetitive or peripheral work becomes symbolically significant, by representing stalled progression toward professional competence rather than dissatisfaction with workload itself.

Role ambiguity intensifies these dynamics by preventing clear performance interpretation. Without defined expectations, interns cannot assess whether effort leads to growth, sustaining uncertainty and increasing vulnerability to negative interpretations.

Tokenistic internship structures represent an additional source of breach. Symbolic inclusion without substantive participation communicates limited organizational investment in developmental integration. Observing decision-making processes without contributing meaningfully may undermine perceptions of professional legitimacy.

Collectively, these causes suggest that internship-related breaches arise when organizations fail to function as developmental environments. Psychological contracts are perceived as violated when anticipated processes of becoming a professional are disrupted rather than when employment exchanges alone are unmet.

2.4 Impact on Job Satisfaction Among Final-Year Students

Perceived psychological contract breach influences job satisfaction through mechanisms extending beyond immediate task evaluation. For final-year students encountering organizational life for the first time, internships function as formative interpretive events shaping broader beliefs about work relationships.

Secondary research indicates that breach perceptions initially manifest as cognitive disengagement. Interns may continue behavioural participation while withdrawing psychological investment, which in turn reflects reduced identification with organizational goals. This detachment represents an early restructuring of motivational orientation toward work.

More significantly, breach experiences appear to influence emerging organizational trust frameworks. Without prior employment comparisons, interns may generalize negative experiences into broader assumptions regarding organizational reliability and fairness. Rather than attributing dissatisfaction to situational misfit. The individuals should revise their expectations about how organizations typically operate.

Career disillusionment may follow when anticipated developmental engagement contrasts sharply with routine or unsupported experiences. Such discrepancies influence professional identity exploration by prompting reassessment of career aspirations or perceived employability trajectories.

For example, a marketing intern expecting creative participation but restricted to data entry tasks may interpret the experience as evidence that professional roles are less engaging than anticipated, consequently influencing future career decisions.

Perceived absence of learning value also contributes to employability anxiety. Internships are often interpreted as signals of readiness for future employment; while developmental outcomes appear limited, students may question their competence and preparedness during transition into full-time roles.

Therefore, dissatisfaction during internships reshapes not only present satisfaction but also cognitive models governing future work expectations, organizational trust, and career engagement.

2.5 Moderating Factors Influencing the Impact of Breach

The relationship between psychological contract breach and job satisfaction is not uniform; several moderating factors influence how strongly breaches are perceived and experienced.

Quality of supervision consistently emerges as a protective factor. Supportive supervisors who provide explanations, feedback, and recognition can reduce negative interpretations even when structural limitations exist. Communication reframes experiences, preventing expectation discrepancies from being interpreted as neglect.

Communication clarity plays a crucial role in expectation calibration. Transparent discussions regarding role limitations or project scope help align perceptions early, reducing misinterpretation.

Organizational culture also shapes perception. Inclusive cultures where interns feel psychologically safe may buffer negative reactions by reinforcing belongingness despite limited responsibilities.

Internship duration influences evaluation processes. Short internships compress expectation formation and assessment, increasing vulnerability to early negative impressions, whereas longer programs allow expectation adjustment over time.

Another underexplored moderator involves **academic expectation framing**. Universities often portray internships as transformative career experiences, unintentionally elevating expectations beyond organizational realities. This academic narrative may intensify perceived breaches when experiences appear ordinary rather than exceptional.

Example: two interns performing identical tasks may evaluate satisfaction differently depending on whether pre-internship preparation emphasized learning exploration or career transformation.

conceptual insight: psychological contract breach during internships may partly originate before the internship begins, shaped by institutional narratives and social expectations.

2.6 Conceptual Synthesis and Proposed Understanding

Synthesizing the literature suggests that psychological contract processes during internships cannot be adequately explained through traditional linear exchange models. Internship contexts instead reveal a recursive interpretive system in which expectation construction and fulfilment evaluation occur simultaneously.

Internship experiences generate ongoing cycles of interpretation in which organizational cues inform expectations, and those expectations subsequently shape perceptions of breach and satisfaction. Psychological contracts therefore emerge as evolving cognitive frameworks rather than pre-established agreements.

Internship Experience ↔ Expectation Construction ↔ Breach Interpretation ↔ Job Satisfaction

Because interns lack prior employment schemas, early interactions disproportionately influence emerging beliefs about organizational relationships. Perceived breach arises not solely from objective discrepancies but from interpretive processes through which individuals assign meaning to developmental experiences.

Consider several illustrative scenarios:

- An intern promised mentorship but receiving minimal supervision interprets absence as organizational disengagement.
- A student expecting skill acquisition but assigned observational tasks questions career suitability.
- An intern included in collaborative discussions despite limited responsibility perceives fulfilment through inclusion rather than workload complexity.
- Transparent communication about organizational constraints prevents disappointment despite modest task variety.
- Peer recognition during team meetings strengthens perceived contract fulfilment even without formal rewards.

These examples demonstrate that perception, rather than objective conditions alone, drives breach evaluation.

This perspective challenges dominant psychological contract assumptions that expectations stabilize before evaluation occurs. Internship environments demonstrate that expectations themselves evolve through interaction, rendering breach a product of simultaneous construction and assessment.

Internships may therefore be conceptualized as psychological origin points of work-related belief systems. Experiences encountered during this stage contribute to enduring assumptions regarding organizational trustworthiness, professional identity, and future engagement with work.

3. CONCLUSION

Internships extend beyond temporary work arrangements; they function as psychological atmospheres in which final-year students begin constructing their earliest interpretations of professional life. This study suggests that perceived psychological contract breach during internships often emerges not from transactional dissatisfaction but from unmet developmental expectations. With limited prior workplace experience, interns rely on organizational cues such as supervision quality, feedback, task allocation, and team inclusion to interpret the employer–employee relationship. When these cues diverge from expectations shaped by recruitment narratives, peer experiences, and academic discourse, interns may perceive a breach. Which affects their job satisfaction and perceptions of organizational reliability and career development. The reviewed literature indicates that psychological contract processes in internships differ from those in traditional employment contexts. Instead of emerging within stable relationships, the expectations and evaluations occur simultaneously during internships. By making early workplace experiences disproportionately influential in shaping perceptions of fairness, developmental support, and professional belonging. Dissatisfaction at this stage may therefore extend beyond the internship itself and influence how emerging professionals approach future employment relationships. This study relies on secondary research and is therefore limited by the scope of existing literature, which largely examines PCB among full-time employees. Applying these insights to internships requires interpretive extension, and variations across industries, organizational

cultures, and institutional contexts which may further shape expectation formation. Future empirical research using primary data from student interns would deepen understanding of these dynamics.

Despite these limitations, the analysis suggests that a structured internship design, transparent recruitment communication, meaningful task allocation, and active supervisory feedback can help align expectations and reduce perceived breaches. The educational institutions can further support students via expectation management and reflective learning frameworks. Recognizing internships as psychological entry points into organizational life highlights their importance in shaping early career perceptions and future relationships between emerging professionals and the world of work.

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