

# Developments in Business Simulation & Experiential Learning, Volume 26, 1999

## SUPERVISED INTERNSHIP: THE EMPLOYER'S PERSPECTIVE

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### ABSTRACT

Recent reports indicate that 77% of all college seniors participate in one or more internships prior to graduation. Colleges, recognizing the importance and attractiveness of internship programs, are increasingly emphasizing internships as a part of their programs. Employers are increasingly recognizing the value of internships as part of their employment process. In this paper we present the results of a study of companies in southern New Jersey that regularly hire interns from area colleges and universities. Companies were asked about the quality of their interns, about their relationships with the colleges and about details of their programs.

### INTRODUCTION AND BACKGROUND

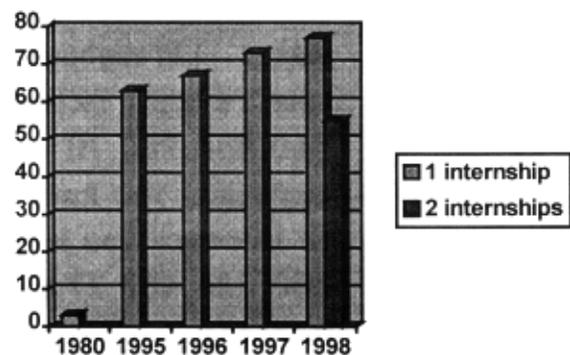
The National Society of Experiential Education defines an internship as any type of carefully monitored and supervised work or service experience in which an individual has intentional learning goals and reflects actively on what he or she is learning throughout the experience. These learning goals may include:

1. Academic learning - the individual can apply knowledge learned in the classroom to the workplace.
2. Career development - the individual gains a knowledge of the qualifications and duties of a position and can explore their interest in a field.
3. Skill development - the individual gains an understanding of the skills and knowledge required in the workplace.
4. Personal development - the individual gains decision making skills, critical thinking skills, increased confidence and self-esteem. (National Society of Experiential Education, 1998)

In search for ways to provide students with a more meaningful education, internships have gained increasing importance. As Oldman and Hamadeh (1998) report, "As common as internships were a generation ago, college campuses these days are seeing an explosion, among students and employers alike, in the popularity and significance of internship programs." (p. xiii)

In a recent survey from Vault Reports, Inc. (Vault Reports, 1998) from over 1,000 college seniors at 105 colleges and universities across the country, Vault Reports found that 77% of all college seniors had completed at least one internship by graduation and 55% had participated in two or more internship programs before they graduated. This represents a 6 percent increase over the 73 percent internship participation rate in 1997 and is approximately 25 times the 3 percent participation rate in 1980.

**% of students graduating with internship experience**



Some of this increase may be as a result of many colleges and universities highlighting their successful internship programs as part of their marketing efforts (Lynch, 1998). Research indicates that internship assignments, early in the

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academic career of a student, can result in a significant and positive effect on grade performance subsequent to the internship semester (English & Kowppen, 1993). The increased grade performance indicates not only the increase in the amount of discipline specific knowledge gained through the internship experience but an increase in the student's motivation to learn. In today's job market, where many business organizations are having difficulty in filling entry level positions, more companies are offering internships to find permanent employees. Some observed benefits to business organizations include (Thiel & Hartley, 1997):

1. Employment preview - the opportunity to preview the skills and evaluate the potential fit of an employee prior to the hiring process.
2. Knowledge exchange - the opportunity to exchange ideas among intern, faculty sponsors, and business supervisors.
3. College relations - the opportunity to establish contact with collegiate business programs and faculty.
4. Public relations - the opportunity to build public relations and/or brand loyalty.
5. Temporary employment - a means of getting seasonal, temporary assistance.

The term internship has often been synonymous with uncompensated work. Many companies believe that if students receive academic credit for the internship experience, they are not entitled to wages. The Labor Department's Wage and Hour Field Operations Manual sets six criteria for distinguishing interns from employees (Bahls & Bahis, 1997). Today however, many internships are compensated (Oldman & Hamadeh, 1998). In a recent issue of What's Working in Human Resources, it was noted as follows: "You'll have a more successful internship program if you pay interns. According to Challenger Gray & Christmas, a professional recruiting firm, the real problem is perception: Candidates know that many companies take advantage of unpaid interns. When companies put interns on the payroll, that creates the perception that they're serious about

developing new talent because they're making an investment in their internship program." (Why it Pays," 1998)

Direct contact between the college and employer is often necessary in an internship program. In an effort to avoid many of the pitfalls inherent in internship programs, Anita Dennis (Dennis, 1996) identified several key questions business organizations should ask in selecting an intern. They include the following:

- v Relevant coursework
- v Hours of availability
- v School calendar commitments
- v Geographic area of residence after graduation

The direct contact with the college helps in the preliminary screening if restrictions exist in the above areas or if other specifications for the job must be posted.

To support the assumed value of internships to employers, a study was undertaken to obtain an employer's perspective of interns.

### THE STUDY

Seventy companies in the southern New Jersey region that had hired or had indicated an interest in hiring undergraduate interns were surveyed. Approximately 34% responded to the survey. The study focused upon the following points:

1. Why do companies hire interns?
2. Do companies spend a lot of time training interns other than on-the-job-training?
3. Are there a lot of contacts between the school and the company during the internship period?
4. Do companies compensate interns?
5. How do companies rate the importance of various proficiencies?
6. How do companies rate the proficiency levels of their interns?
7. What, if any, differences exist between large and small companies as to how interns are used?

Interns hired by these companies came from nine different four-year colleges in the eastern Pennsylvania and southern New Jersey area as

well as from a few community colleges. Most employers had had experiences with interns from more than one college. Employers indicated that they were hired mainly through direct contact with the colleges, although job fairs, classified ads and the Internet also were mentioned as frequent sources of applicants. Students hired as interns were mostly at the junior or senior level, but some companies did hire sophomore and freshman students. Chi Square tests were used, where appropriate, to test the significance of the data.

**WHY HIRE INTERNS**

Employer reasons for hiring interns are given in Table I. This was an open question and answers were categorized in the areas above. Most surprising was that many companies wanted to give students a learning opportunity. It also was surprising that a number of the respondents appreciated the excitement and new ideas that interns bring to a job. In our tight labor market, we confirmed that many companies are looking at internships as a screening mechanism for permanent hires.

**TABLE I: REASONS FOR HIRING INTERNS**

Reasons	# Giving Reason*	Percent
To provide students with learning opportunities	10	41%
To screen for permanent hire	9	37%
To assist in needed areas	9	37%
To provide opportunity for full-time employment	8	33%
Interns bring in excitement and ideas	6	25%
Chance to give back	2	8%
Temporary workers	1	4%
Reasonable rates	1	4%

\*Respondents could select more than one answer

It was reasonable to expect that they hired the interns in needed areas but at the same time, they did not classify them as temporary workers. Wage rates did not appear to be an important consideration. Many of our interns earn well over the minimum wage. Ninety-two percent of the responding companies indicated that they do pay their interns.

**THE HIRING AND TRAINING PROCESS**

Most companies (71%) found that it was an advantage to recruit from the same schools. Our experience confirms that relationships are important and that employers will return to the college for additional interns if they have had a good experience in the placement process and with the students hired. As mentioned above, direct contact with the schools is the main source of interns. Many companies also indicated that the process for hiring interns was the same as for hiring other employees.

All but one company said that they provided orientation and training to interns. Of those providing the same orientation and training 68% said that the training was the same as for regular employees. However, 75% indicated that interns were reviewed and evaluated in the same manner as other employees.

**LINKS WITH THE COLLEGE**

Over 70% of the respondents said that the college internship coordinator never visited the job site. However, many said that at least sometimes they were asked to participate in the assignments from the intern's school and/or in the grading of the intern.

Employers were asked to rate the importance of various proficiencies on a scale of 1-5 with 5 being the most important. Then they were asked to rate the proficiency of their interns in these same areas on a scale of 1-5 with 5 being the highest proficiency. Table II shows the mean values obtained.

Of special note is that employers rated professionalism and reliability above skill areas. In response to another question, over 90% of the employers stated that interns, at least sometimes, had contact with customers or clients, a possible clue to the high importance attributed to professionalism. Employers rated their interns at the lowest level in creativity.

**DIFFERENCES BETWEEN LARGE AND SMALL COMPANIES**

Approximately half of the companies fell into the category of 1000 or more employees. However, only in a few areas were the numbers at a level where the differences were determined to be significant. These were:

1. Larger companies (15%) were less likely to use students in clerical and accounting positions compared to the general population (29%).

**TABLE II: PROFICIENCY LEVELS (Mean values)**

<i>Proficiency area</i>	<i>Importance Assigned by Employer</i>		<i>How interns Were Rated by Employer</i>	
	<i>Std</i>	<i>Err.</i>	<i>Std</i>	<i>Err.</i>
Professionalism	4.70	.08	4.05	.18
Oral Communication	4.54	.12	3.75	.22
Written Communication	4.17	.17	3.55	.22
Creativity	4.13	.17	3.35	.18
Reliability	4.96	.04	4.40	.18

2. Larger companies (82%) were more likely than the general population (68%) to provide the same type of training for interns as for regular employees.

3. Smaller Companies rated the importance of professionalism at a higher level (5.00 vs. 4.62) than larger companies (p< .02).

4. Smaller companies rated the level of professionalism of their interns at a much higher level (4.50 vs. 3.60) than larger companies (p<.01%).

**CONCLUSIONS**

1. Although some companies certainly use interns to meet part-time needs, most companies indicated other reasons. Employers felt some obligation to provide learning opportunities but also were likely to be satisfying corporate needs. There was very little indication (only one company) that lower wage rates were a motivation in hiring interns.

2. Most companies do provide the same orientation and training as provided for regular employees.

3. They prefer to hire interns through direct contact with schools.

4. Most companies indicated that on-site visits by internship coordinators were infrequent. We did not explore the frequency of telephone contacts. We suspect that these may be more frequent and practical than personal visits.

4. A very high percentage of respondents said that interns were compensated. Our experience, especially in this tight labor market, has been that few business interns will accept positions that are unpaid.

5. Although we did not define what we meant by professionalism, companies rated this higher than the skill areas. Reliability was given the highest importance rating.

6. Companies did not rate proficiency levels of interns at a very high level. This may be in line with the general dissatisfaction of industry with the skills of college graduates.

7. It was apparent that some differences between large and small companies do exist as to how they view interns. However, the small sample size precluded making many comparisons. This is an area that warrants further study.

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