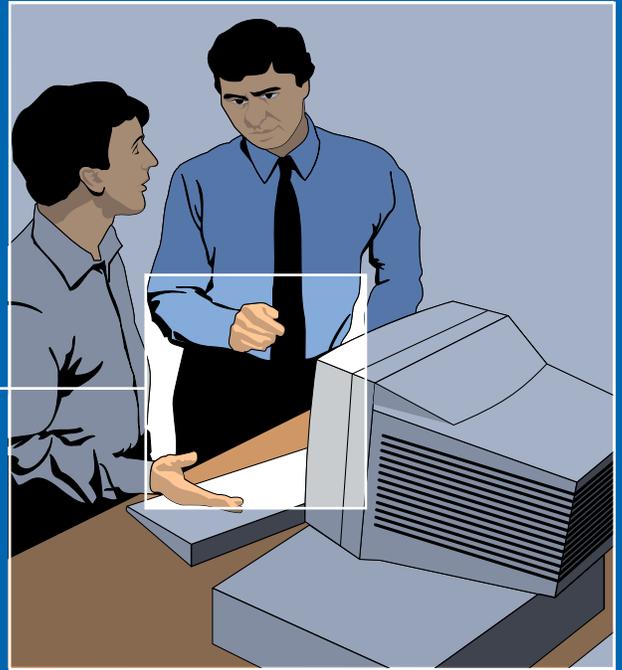


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Blue Papers



The Win-Win of Internships

What can firms and young people expect from internships?

The UK's business community is becoming increasingly optimistic about the future, with the Confederation of British Industry recently predicting the economy will grow by 2.3 per cent in 2014 - up from its previous forecast of two per cent¹. As a result, many smaller businesses might look to expand their operations in order to take advantage of rising demand for goods and services, yet still find taking on permanent members of staff prohibitively costly.

As a result, hiring interns might be a practical and beneficial solution - both for the businesses themselves and also for those who are looking to gain experience of working in certain industries. The relative scarcity of jobs throughout the recession and subsequent weak recovery has meant competition for places has been quite intense, so internships have offered a valuable entry point for young graduates and university students that are looking to gain useful experience.



Businesses, meanwhile, can now be extremely discerning and choose from a large pool of prospective candidates. Indeed, statistics from High Fliers Research show the percentage of final year students intending to join the graduate job market after leaving university has risen for three years in succession.²

But what do small businesses and interns need to do in order to achieve the best possible results from temporary placements? This Blue Paper will offer pros and cons for both companies considering offering internships and young people thinking of taking up this option.

Why should companies bring in interns?

In order to identify the benefits of offering internships, it's worth stating exactly what they are. In short, they are a chance for young people to gain real world experience of working in a particular area, where they can apply everything they have learned in the classroom in a practical way.

Interns can be good for businesses in many ways, as long as employers make a

¹ "Growth picking up but more rebalancing needed." CBI. Web 12.6.14. <http://www.cbi.org.uk/media-centre/press-releases/2013/08/growth-picking-up-but-more-rebalancing-needed/>

² "New survey of final year university students reveals those with work experience are three times more likely to get a graduate job offer." High Fliers Research Limited. Web 12.6.14. <http://www.highfliers.co.uk/download/UKGCSRelease2013.pdf>

point of giving them meaningful tasks to perform:³

- Established businesses of all sizes can sometimes run the risk of becoming staid and set in their ways. However, the arrival of a talented outsider with a fresh perspective on the industry can shake things up and give firms a fresh injection, as well as different insights on the latest trends and developments in their particular field. As a result, they might be well-placed to contribute to improving functionality and operating processes throughout a business.
- A placement period is often sufficient time for interns to demonstrate they have a good range of relevant knowledge and skills that could be valuable to a firm in the future. Employers can therefore seek to identify prospective permanent members of staff. If a talented intern goes on to become a full-time employee, they could use their proven skills to help drive growth in the business. And by looking for potential employees in this way, companies can save money on recruitment and reduce their chances of taking on unknown or unsuitable candidates.
- When interns have received the training they need, they can help to relieve pressure and provide invaluable support to existing staff at the busiest times of the year, such as holiday periods. This ultimately helps to maintain and perhaps even increase productivity at critical moments.
- Taking on interns shows a business's commitment to promoting and supporting local students and educational institutions. Work experience is a requirement of many courses, so a firm might improve its standing in the community by opening its doors to young people. This ultimately helps to generate goodwill towards a brand, with interns who enjoyed their placement being happy to share their experiences with others and providing invaluable word-of-mouth marketing opportunities.



More and more businesses are starting to see internships as a valuable, effective and low-risk means of evaluating the depth of talent that is currently available. And in many cases, it does result in firms finding people they want to take on full-time.

³ "Benefits of hiring interns." Internsol. Web 12.6.14. <http://www.intersol.com/companies/>

A study by OpenSesame showed that the conversion rate of paid interns to full-time employees stood at 58.6 per cent last year - an all-time high - while 61.2 per cent were offered full-time employment and 86.5 per cent of these accepted the offer⁴.

Hiring students on a full-time basis after they have completed an internship programme has also helped to foster loyalty. OpenSesame discovered that students hired after successful internships typically kept their jobs for longer than those that were hired externally. After a year, 75.7 per cent of interns were still in place, compared with just 66.5 per cent of external hires. Five years after being taken on, a total of 62.4 per cent of interns were still in the same employment, compared to less than half (48.1 per cent) of external hires.

The findings have been backed up by separate figures from Millennial Branding and Experience, which show nearly one in three companies offer full-time work to at least 15 per cent of the interns that they take on, while 16 per cent employ at least half of those that work for them on a temporary basis⁵.

These statistics demonstrate how internships are providing a new method of recruitment and giving firms an opportunity to both attract and retain enthusiastic young talent. Internships could, in many cases, perhaps be regarded as an extended job interview, with young people using this opportunity to show employers precisely what skills they have to offer and what they could contribute to a business in the future.

Research by internships.com revealed that the proportion of companies offering internships went up by more than one-third during 2012, while 53 per cent more firms are planning to hire more interns this year in comparison with last year. In total, 65 per cent of companies had more applications for internships to deal with in 2012 than in 2011⁶.

Why should students consider an internship?

The nature of internships can vary from business to business, partly because some companies have official internship programmes in place, while others do not. Students must therefore decide what they want to achieve from working as an intern and then approach firms that can help

⁴ Kate Cornelius "The Road to Internship Success." OpenSeasame. Web 12.6.14. <http://www.techrepublic.com/blog/career/infographic-why-should-companies-hire-interns/5026>

⁵ S. Zakkas. "The Student Employment Gap." Millennial Branding. Web 12.6.14. <http://infographicsmania.com/student-employment-gap/>

⁶ "Internships: The New Interview, internships.com." Web 12.6.14. http://www.internships.com/eyeoftheintern/news/lidc-news/internships-survey-2013-internship-trends/?utm_source=sm&utm_medium=li&utm_campaign=eoti_120612&utm_term=survey



them reach their targets.

According to the career services of the College of Agricultural & Life Sciences, young people should look for opportunities that offer the following. Good internships should allow students to complete meaningful work that contributes to the company as a whole instead of being asked to fulfil remedial tasks that have no bearing on the running of the firm.

Internships should also have a focus on learning, which stems from the tasks students are asked to carry out and the supervisors that are in charge of them throughout the programme. Furthermore, students should not be afraid to ask questions of their colleagues to learn more about working for such a business⁷.

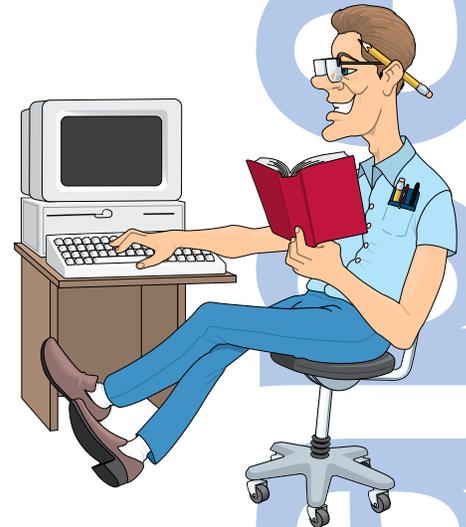
This will ultimately give young people a fairly accurate idea of what it is like to work in a certain industry and determine whether or not this is the type of role they wish to pursue.

Gaining substantial experience could also be a valuable addition to a graduate's CV. Employers are increasingly looking beyond a person's academic qualifications in order to determine whether they might be a suitable candidate, so signing up for an internship could help their CV stand out.

Young people could even boost their employability by signing up for opportunities with different companies. According to figures from Internships.com, 63 per cent of respondents completed at least one internship during 2012, while 28 per cent took part in two. The study also indicated that 66 per cent of employers believe relevant experience is one of the two most important factors when it comes to making a recruitment decision⁸.

Nearly nine out of ten students who had undertaken internships described it as a positive experience and cited a number of benefits:⁹

1. Young people valued the opportunity to learn new skills related to their chosen field of expertise.
2. Students appreciated the fact internships offered real-world experience and a firm idea of what it is like to work in a particular industry



⁷ "What an internship is and why you should complete an internship." College of Agriculture & Life Sciences, University of Wisconsin. Web 12.6.14. <http://www.cals.wisc.edu/careerservices/?p=37>

⁸ "Internships: The New Interview." internships.com. Web 12.6.14. http://www.internships.com/eyeoftheintern/news/idc-news/internships-survey-2013-internship-trends/?utm_source=sm&utm_medium=li&utm_campaign=eoti_120612&utm_term=survey

⁹ *Ibid*

3. Interns liked working with their colleagues and hearing the views and experiences of those who are employed in an area they are seeking to get into.

The same study noted that more than two-thirds of larger organisations went on to offer full-time jobs to their interns during 2012, along with 39 per cent of smaller businesses.¹⁰

Getting a full-time job at their placement is just one of the possible outcomes for interns. Even if they decide they do not wish to work there, the experience should still have served them well in various ways.

For instance, an internship can offer young people the chance to start building professional connections. Some might have formed a genuine rapport and friendships with well-connected colleagues, who might then be able to recommend them to other specialists in the same industry.

While students and graduates are free to attend networking events and engage with people over websites such as LinkedIn, relationships forged in the 'real world' and in a true professional capacity can carry significant weight.

An internship can also offer young people the opportunity to either learn or develop transferable skills that could be used in a wide variety of industries. Some might not have had experience of carrying out tasks that might seem routine in the workplace, such as answering the telephone and meeting with clients. An internship may allow them to address this and puts them in a better position to hit the ground running when they do secure their first job.

Similarly, a temporary placement might give people their first insight into a company's culture and a taste of working in certain environments. This could influence future career decisions, as they might decide - for example - that working in an office is not to their taste.

A person might have their eye on working on a certain field, but internships allow them to see how they might fit in without making any long-term commitments. So if they do not enjoy their placement, they can move on in a new direction.



¹⁰ "Internships: The New Interview." *internships.com*. Web 12.6.14. http://www.internships.com/eyeoftheintern/news/idc-news/internships-survey-2013-internship-trends/?utm_source=sm&utm_medium=li&utm_campaign=eoti_120612&utm_term=survey

Internships can also have wider societal benefits, since youth unemployment has been one of the biggest issues in the labour market during the last few years. Many experts have argued that offering temporary placements to young people can play a part in resolving this ongoing problem, with the Recruitment and Employment Confederation, for example, saying it is a good way for industries to “reach out to the next generation of workers.”¹¹

A study by High Fliers Research found that final year university students are three times more likely to get a graduate job offer if they have gained work experience through an internship or other vacation work with a graduate employer.¹²

Today’s students and graduates are the workforce of the future and by giving them the opportunity to develop useful transferable skills, businesses can help to ensure there is a steady stream of talent and ability for many years to come.

Companies need to understand their obligations to interns

Just as businesses have legal obligations to their employees and they have responsibilities towards interns as well. However, the fact that internships are temporary placements means there are some differences between the two. Employers must therefore make sure they understand where the rules vary in order to ensure both interns and existing members of staff have a positive experience.

According to the Advisory, Conciliation and Arbitration Service (Acas), some interns will be entitled to the National Minimum Wage (NMW) if they fall under the definition of ‘worker’ and organisations must recognise this. Acas advises that interns are generally entitled to earn the minimum wage if¹³

- They are above compulsory school age
- They are not taking part in an internship as part of a course of education in the UK



¹¹ “Youth Employment Taskforce and Charter.” Recruitment and Employment Confederation. Web 12.6.14. <http://www.rec.uk.com/about-recruitment/externalrelations/youthemploymentcharter>

¹² “New survey of final year university students reveals those with work experience are three times more likely to get a graduate job offer.” High Fliers. Web 12.6.14. <http://www.highfliers.co.uk/download/UKGCSRelease2013.pdf>

¹³ “Internships: Know your obligations as an employer.” Acas. Web 12.6.14. <http://www.acas.org.uk/index.aspx?articleid=3732>

- They are doing actual work, rather than merely shadowing a permanent member of staff
- They have a contractual relationship with the employer

In addition, an intern is entitled to the NMW if they count as a worker. According to Acas, if an intern does qualify as a worker, then they are also entitled to a pro rata holiday period, as well as protection against discrimination, limits on working hours and rest periods. It is up to the employer to provide this for interns and make it clear to them.

If a firm is aware of the rules and abides by them in full, interns should come away satisfied and confident that the firm they worked for would be a good full-time employer. Businesses, meanwhile, can establish a strong reputation for looking after their staff and having their interests at heart.

How to find the best interns

Interns are a useful addition for many companies, but there are some practices that should be avoided if it is to be genuinely worthwhile both for them and for the intern. Small business consultant and bestselling author Susan Solovic¹⁴ has a number of useful recommendations for businesses in order to ensure offering a temporary placement reaps benefits for each party.

For instance, she believes employers must make sure they communicate regularly with their interns, rather than merely leave them to their own devices. In most cases, the intern will not have had much substantial work experience so it is sensible to check in with them to ensure they understand their role and what is expected of them.

- **Make them feel welcome** - student interns may find the experience of coming into a real office for the very first time slightly intimidating. Employers must therefore ensure existing members of staff do their best to make new arrivals feel like part of the team and involve them in conversations. Young interns will then feel more confident and uninhibited - which could significantly help to improve their performance in the job and allow them to gain more from the experience.



¹⁴ Susan Solovic. "5 dos and don'ts for hiring summer interns." FOXBusiness. Web 12.6.14. <http://smallbusiness.foxbusiness.com/legal-hr/2013/06/14/5-do-and-donts-for-hiring-summer-interns/>

find further suitable people for the job.

Bibby Gignilliat, founder of Parties That Cook, believes one good approach could be to offer internships to people who didn't have enough relevant experience in previous job applications.¹⁶ These people might have missed out on job opportunities because they had a good CV but were lacking when it came to experience, in which case an internship could help to address this issue.

Look beyond the immediate area to find interns

The best candidates for internships may not necessarily be based in the immediate vicinity. Businesses should therefore not be afraid of casting the net across a wider area in order to find people who possess certain skills and capabilities.

Internships must be valuable to both parties

An internship is only worthwhile if both the intern and the business feel the benefits. Students and graduates must therefore be given meaningful tasks to perform and the opportunity to handle some genuine responsibility. For example, they could be offered the chance to work on a special project and see it through from start to finish. This will ultimately help to ensure the experience is fruitful both for the intern and the employer and make businesses offer more project-based internships in the future.

Conclusion

Taking on interns should be a win-win scenario for everyone involved. Students can glean many positives from the experience, such as the chance to see first-hand what a career in a certain sector could be like, as well as network with industry professionals and perhaps secure full-time work at the end of their placement.

Meanwhile, optimism about the UK's economic prospects is picking up and business confidence appears to be improving as well. Companies could therefore find interns extremely useful at a time when they are trying to adjust to dealing with additional demands.

By nurturing and encouraging young talent to flourish, businesses could be creating the next generation of workers and putting their business in a good position to thrive in the future. As research has demonstrated the popularity of



¹⁶ Laura Schlereth. "Dos and don'ts of hiring an intern." National Federation of Independent Business. Web 12.6.14. <http://www.nfib.com/business-resources/business-resources-item?cmsid=56933>

internships is showing no signs of diminishing and is unlikely to do so as long as they keep offering real benefits to businesses and young people.



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