

RECRUITING TRENDS 2015-16 45th Edition



BRIEF 6 **Internships & Co-ops: The Key To Talent**

Key findings from 2015-16 are presented in this research brief. We have broken the release of employer information into a series of short briefs that will be made available over the next six weeks. You can download the briefs from the [Collegiate Employment Research Institute](#).

Meet the Completers

We generated this convenience sample from employers currently seeking college talent through their interactions with college and university career services offices. Nearly 200 career service centers from around the country invited their employers to participate in this study. More than 4,730 employers provided information useful for understanding recruiting trends and practices. We also included information from respondents recruiting talent for full-time positions, internships, and co-ops. Readers can use the following key sample characteristics to determine how applicable our survey results are for their campus employer base.

Key Economic Sectors

Professional & scientific services	22%
Manufacturing	11%
Nonprofits	8%
Finance & insurance	8%
Educational services	13%
Government	7%
Healthcare & social assistance	6%

Company Size

Very small	> 9 employees	9%
Fast-growth	10-100 employees	30%
Small	101–500 employees	24%
Midsize	501–3,999 employees	20%
Large	4,000–25,000 employees	10%
Very large	> 25,000 employees	7%

Key States

Michigan	8%
Massachusetts	7%
Texas	7%
California	6%
Wisconsin & Florida	5%
Illinois, New York & North Carolina	4%

Role in College Recruiting

Full-time positions	56%
Internship or co-op positions only	16%
Short-term hiring	8%
Experienced hiring	20%

Institutions Where Companies Recruit Talent

Two-year public college	26%
Four-year public college	51%
Four-year private college	40%
Two- & four-year for-profit institution	22%
Institution with bachelor's & advanced degree programs	67%
Institution with advanced degrees only	9%
Historically black college & university	17%
Hispanic-serving institution	15%
Asian, Asian-Pacific serving institutions	14%

Active Recruiting by Region

International	5%
Entire U.S.	23%
Regional recruiting only	72%

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Employers want candidates who demonstrate the ability to work in a professional environment. Internships and co-ops can be win-win situations for students and employers. Students gain valuable experience before they enter the labor market full time. Employers add to their pool of possible hires, develop staff, and recruit for full-time, permanent positions.

Internships and co-ops are not the only form of pre-graduation employment. Many employers offer wage-based summer work, which can also provide relevant experience if students find work related or close to their field of study. Ninety-five percent of respondents offered college students some form of experiential or pre-professional experience, including practicums, apprenticeships, clinical rotations, professional practice, internships, and other forms of work-integrated learning.

- ◆ About 65 percent of employers offer internships.
- ◆ Of those, nearly 79 percent will recruit interns this year; however, this number is down from previous surveys. Smaller firms appeared to have difficulties managing internship programs. Other organizations expanded their programs too quickly and found it difficult to balance recruiting new hires with converting interns and co-ops to full-time positions.
- ◆ More than 20 percent offer professional summer employment opportunities.
- ◆ About 15 percent offer students co-ops.

This brief focuses on internships and co-ops because this form of experiential learning is most common on college campuses. We asked respondents a series of questions relating to internships and co-ops, including the number of hires, academic majors, and hourly wages. The outlook this year appears to be very strong.

- ◆ Employers will hire nearly 57,000 interns and co-ops (an average of 40 per organization, though the median is only 6). Organizations of all sizes expect to hire as many interns as they can find, but the ones most likely to do so are midsize, large, and very large.
- ◆ Thirty-five percent of respondents will increase their intern hiring targets. Only 5 percent will decrease theirs.
- ◆ Like last year, 71 percent of employers will pay interns. About 15 percent will not pay.
- ◆ Another 14 percent will provide a mix of paid and unpaid opportunities depending on the intern's assignment.
- ◆ Employers seek interns across all disciplines: 19 percent seek business majors; 13 percent, engineering; 9 percent, communications and media studies; and 5 percent, social sciences.

Programs by industry sector

Organizations from every industry sector plan to offer some form of pre-professional experience. Survey respondents reported their plans as follows:

- ◆ In 13 sectors, more than 80 percent of organizations will hire interns or co-ops throughout the academic year.

- ◆ Two sectors will increase the number of interns by 50 percent or more: Accommodation (Hospitality) and Arts, Entertainment and Recreation.
- ◆ Four sectors will expand their internship pool by 40-50 percent, including Leasing, Retail, Transportation, and Utilities
- ◆ Mining and Oil will cut their internship hiring by more than 50 percent; however, each organization will still hire an average of 100 interns.
- ◆ Sectors recruiting a high number of interns include Administrative Services (an average of 95 per organization), Finance and Insurance Services (an average of 86), Leasing (an average of 126 per organization), and Retail (an average of 53).

Programs by company size

When viewed by company size, hiring for interns and co-ops runs along similar lines:

- ◆ Ninety percent of large organizations (>10,000 employees) and 75 percent of the smallest companies will hire interns and co-ops this year.
- ◆ Across all size categories about one-third expect to increase the number of internships and co-ops available to students.
- ◆ The largest organizations will hire an average of 130 interns, while the smallest organizations will hire an average of 13 interns apiece.

Internships and Co-ops for Selected Sectors

Industry sector ^a	Employers hiring interns and co-ops (%)	Employers increasing internship hires (%)	Hires per company (avg.)
Accommodations (Hospitality)	86	52	18
Agriculture & Agricultural Services	85	29	33
Construction	88	38	21
Educational Services	57	32	36
Finance & Insurance Services	76	37	86
Government	77	23	29
Healthcare Services	81	24	14
Information Services	86	39	28
Manufacturing	82	28	47
Nonprofits	86	34	16
Professional, Business & Scientific Services	83	37	37
Retail	87	47	53
Transportation	76	45	27

a. Sectors reporting sufficient data for this report.

Interns & Co-ops by Company Size (median = 6)	
Employees per company	Interns per company (avg.)
<100	13
101-1,500	21
1,501-10,000	57
>10,001	131

Unpaid internships

Concern about unpaid internships remains high on college campuses. In 2010, the U.S. Department of Labor released a fact sheet, setting stipulations for-profit businesses must meet to determine whether they can bypass the Fair Labor Standards Act and offer unpaid internships. In July, 2015, the New York Federal Appeals Court vacated an earlier judgment in the “*Black Swan*” case (*Glatt v. Fox Searchlight Pictures, Inc.*). The appeals court clearly stated: the “worker can be considered an employee only if the employer benefits more from the relationship than the intern.” This ruling potentially shifts the criteria for whether an internship is paid or unpaid; however, many organizations will continue to pay their interns, even if the beneficiary rule would allow them not to do so.

We asked employers whether this ruling or the increasing litigation surrounding unpaid internships was influencing their organization’s approach to providing internship opportunities:

- ◆ Slightly more than half of employers (58%) were not aware of the litigation or court decisions and provided internships as usual.
- ◆ One-third were aware of the lawsuits and rulings and made slight adjustments in their internship programs.
- ◆ Only 10 percent made major adjustments in their programs by clarifying intern outcomes that state the primary beneficiary of the internship relationship.
- ◆ Only 1 percent reported that litigation caused them to reduce or end their internship programs.

Overall, most employers (71%) pay their interns or are required to pay their co-ops according to professional guidelines, a figure comparable to the last few survey years. In other words, since the bottom of the recession we have not seen widespread use of unpaid internships. The percentage of employers (14%) that offer both paid and unpaid positions remains consistent. Another 15 percent offer only unpaid internships.

We wanted to know which organizations offered unpaid internships. While all organizations responding to our survey offered unpaid internships, 19 percent of smaller organizations

(<100 employees) were more likely to employ unpaid interns, compared to only 2 percent of very large companies. We found a similar pattern with organizations offering both paid and unpaid internships: 24 percent of the smallest companies used this arrangement, compared to 7 percent of very large organizations.

The mix of paid and unpaid internships varied by sector. Nearly 100 percent of internships offered in Manufacturing and Transportation were paid. Unpaid internships were likely to be found in Arts and Entertainment (55%), Educational Services (49%), Government (27%), Healthcare and Social Services (48%), Information Services (17%), and Nonprofits (53%). These sectors also reported the highest mix of paid and unpaid internships.

Academic credit

Higher education institutions promote internships and co-ops as part of a student’s academic program. Some encourage students to work in exchange for academic credit.

We asked employers about their willingness to comply with the requirements for awarding credit:

- ◆ Approximately 55 percent of employers are willing to hire interns and meet the education institution’s reporting requirements.
- ◆ Another 28 percent will (somewhat reluctantly) hire interns if the institution requires credit; these internships are often unpaid.
- ◆ Only 18 percent will not deal with academic credit.
- ◆ Students needing internship credit will find more support in Information Services, Retail, Transportation, and Utilities, compared to other sectors.
- ◆ Professional, Business, and Scientific Services, Finance and Insurance Services, Mining and Oil, and Wholesale Trade will be less receptive to students seeking credit.
- ◆ Smaller organizations are more willing to work with students seeking academic credit.
- ◆ Nearly 25 percent of the largest organizations would prefer not to deal with academic credit.

Hourly wages

We calculated the hourly wages from hourly and monthly salary data received from the respondents. We omitted stipends, commissions, housing and food allowances, and other payments. Hourly internship and co-op wages ranged from \$13.36 for Communications, Humanities, and Social Science to \$17.23 for Computer Science and Engineering. Hourly wages depended on organization size; smaller organizations typically paid less than large ones. A comparison between the smallest and largest firms revealed a \$2.50 per hour wage differential.

Average Hourly Wages by Organization Size

Degree	Hourly wage (mean)	Very small (<100 employees)	Small (100-1,500 employees)	Midsize-large (1,501-10,000 employees)	Very large (>10,000 employees)
Computer Science & Engineering	\$17.23	\$16.40	\$16.12	\$18.40	\$19.67
Accounting	\$15.62	\$14.53	\$14.85	\$16.70	\$16.50
Physical & Biological Sciences	\$14.80	\$13.59	\$13.95	\$14.42	\$15.21
Business	\$14.46	\$13.06	\$13.84	\$15.35	\$16.32
Healthcare Services	\$13.83	\$13.07	\$13.53	\$14.15	\$14.80
Agricultural & Natural Resources	\$13.55	\$12.67	\$12.65	\$14.42	\$15.21
Communications, Humanities & Social Science	\$13.36	\$11.77	\$13.45	\$14.08	\$15.17

Average Hourly Wages for Selected Industry Sectors

Degree	Hourly wage (mean)	Manufacturing	Retail	Information Services	Finance & Insurance Services	Professional, Business & Scientific Services
Computer Science & Engineering	\$17.23	\$17.83	—	\$17.50	\$17.95	\$17.83
Accounting	\$15.62	\$16.59	—	—	\$15.20	\$17.69
Physical & Biological Sciences	\$14.80	—	—	—	—	\$16.20
Business	\$14.46	\$16.02	\$13.80	\$13.00	\$15.45	\$15.27
Healthcare Services	\$13.83	—	—	—	\$14.28	\$15.19
Agriculture & Natural Resources	\$13.55	—	—	—	—	\$13.33
Communications, Humanities & Social Science	\$13.36	\$15.54	\$13.63	—	\$15.28	\$12.97

a. Organizations in these sectors returned sufficient data to provide stable wage information.