3. What makes for a ‘good’ internship?

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3.1 INTRODUCTION

New and emerging forms of ‘non-standard’ employment are coming to dominate young people’s early labour-market experiences.¹ Among these, internships are increasingly becoming an integral part of the school-to-work transition. Although initially originating in high-income countries, internships are now becoming more common also in low- and middle-income countries. In the USA, where internships originated, recent estimates suggest that around 1.3 per cent of the entire US labour force are interns and around 50 per cent of college students report completing an internship as part of their studies.²

This chapter reviews some of the evidence, such as it is, on the effectiveness of internships as an integration mechanism for young people into the world of work. It also seeks to identify which elements of internships are most useful for doing so. As well as reviewing existing studies, the chapter analyses primary data using surveys of interns undertaken by the European Commission and the Fair Internship Initiative (FII), focusing on open-market internships.

It is evident from the existing literature, and confirmed by the further analysis reported here, together with Chapters 4 and 6 in this volume, that paid internships lead – on average – to better labour-market outcomes than unpaid internships do. Less evident, however, is the extent to which this is a consequence of the payment of interns, as opposed to – or in addition to – some type of selection mechanism operating at the level of interns or firms. Possibly, for example, paid internships attract more motivated candidates with better than average job prospects even in the absence of the internship.

¹ ILO, *Non-standard Employment Around the World: Understanding Challenges, Shaping Prospects* (ILO 2016) ch 3.

² Anthony P Carnevale and Andrew R Hansen, ‘Learn & Earn: Career Pathways for Youth in the 21st Century’ (2015) 30(1) *E-Journal Int Comp Leg Stud* 76, cited in Rosemary Owens and Andrew Stewart, ‘Regulating for Decent Work Experience: Meeting the Challenge of the Rise of the Intern’ (2016) 155 *Int Lab Rev* 679.

Alternatively, perhaps firms who take internships more seriously both pay their interns and also run better quality programmes, leading to the acquisition of more work-related skills by participants. Although these are by no means the only possible explanations, nor are they mutually exclusive, the evidence presented here supports the latter notion that paid internships lead to better post-internship outcomes because the payment of interns also implies a series of other programme features which are associated with better, more structured programmes.

3.2 WHAT DOES THE EXISTING EVIDENCE TELL US?

While there is an extensive literature of sorts either eulogizing or condemning internships, there is relatively little solid evidence plausibly identifying the impact of internships on subsequent labour-market experiences of young people. This is especially true of open-market internships, which are arguably the form of internship most open to abuse and hence in greatest need of attention and regulation.³

In any event, in addition to the analyses included in Chapters 4 and 6 of this volume, a number of other studies are worth mentioning.⁴ Those considered here are summarized in Table 3.1. Perhaps the most studied form of internship is those undertaken as part of tertiary education courses. Surveys of employers in the UK provide evidence in favour of the notion that work experience during higher education is helpful for securing employment upon graduation.⁵ Similar results are provided by Blasko and others, who looked at British tertiary graduates in the mid-1990s.⁶ They found that work experience during university,

³ For an excellent discussion of this issue, but also a more general review of issues regarding the regulation of internships in both current practice across a range of countries as well as its appropriateness, see Andrew Stewart, Rosemary Owens, Anne Hewitt and Irene Nikoloudakis, 'The Regulation of Internships: A Comparative Study' (2018) ILO Employment Policy Department Working Paper No 240.

⁴ It is worth mentioning that the number of these studies is rapidly increasing. Inter alia, a number of Master's and (parts of) PhD theses, particularly in the past three or four years, have started to look at the (causal) impact of internships on later labour-market outcomes.

⁵ Carys Roberts, *The Inbetweeners: The New Role of Internships in the Graduate Labour Market* (Institute for Public Policy Research 2017); UK Commission for Employment and Skills (UKCES), *Employer Skills Survey 2015 of 91,000 Employers* (UKCES 2015).

⁶ Zsuzsa Blasko, Brenda Little and Alan Woodley, *UK Graduates and the Impact of Work Experience* (Centre for Higher Education Research and Information 2002).

in particular study-related work experience, positively affects employment outcomes and entry salaries.

Häkkinen in Finland and Joensen in Denmark showed that students with work experience benefit from subsequent better employment prospects and higher wages, even if the effect seems to vanish some years after graduation.⁷ Róbert and Saar analysed the effect of work experience on post-graduation occupational outcomes in six Central and Eastern European countries.⁸ Their analysis showed that study-related work experience reduces the duration of job search and improves employment prospects. However, non-study-related work experience negatively affects these outcomes.

Weiss and others examined the effect of early work experience upon labour-market entry among German graduates, concluding that only study-related work experience positively affects labour-market outcomes, while non-study-related or mandatory internships have either no or negative effects on job search duration, wages and occupational position.⁹ Their findings suggest that employers value voluntary internships more than mandatory internships, as they are seen as signals of non-cognitive traits such as perseverance and motivation that are positively valued by prospective employers. In the USA, Nunley and others found a positive effect of internship experience during higher education on reducing underemployment after graduation and increasing employment prospects.¹⁰ Graduates who underwent internship saw the probability of being interviewed for a job they had applied for increase by 14 percentage points, with larger returns for non-business majors and graduates with high academic ability.

⁷ Iida Häkkinen, 'Working While Enrolled in a University: Does It Pay?' (2006) 13 *Lab Econ* 167; Juanna Schröter Joensen, 'Academic and Labour Market Success: The Impact of Student Employment, Abilities, and Preferences' (2009) Social Science Research Network Working Article No 1352077.

⁸ Péter Róbert and Ellu Saar, 'Learning and Working: The Impact of the "Double Status Position" on the Labour Market Entry Process of Graduates in CEE Countries' (2012) 28 *Eur Sociol Rev* 742.

⁹ Felix Weiss, Markus Klein and Thomas Grauenhorst, 'The Effects of Work Experience during Higher Education on Labour Market Entry: Learning by Doing or an Entry Ticket?' (2014) 28 *Work, Empl & Soc* 788.

¹⁰ John M Nunley, Adam Pugh, Nicholas Romero and Richard Seals, 'College Major, Internship Experience, and Employment Opportunities: Estimates from a Résumé Audit' (2016) 38 *Lab Econ* 37; John M Nunley, Adam Pugh, Nicholas Romero and R. Alan Seals, 'The Effects of Unemployment and Underemployment on Employment Opportunities: Results from a Correspondence Audit of the Labor Market for College Graduates' (2017) 70 *Int Lab Relat Rev* 642.

Table 3.1 *Summary of findings on internships*

Type of internship	Study	Effects	Methodology
Educational internship	NACE (n 18)	Paid internships have positive employment outcomes in the USA, while unpaid internships have less positive outcomes	Qualitative analysis
	Fair Internship Initiative (n 21)	Paid internships have positive employment outcomes in international organizations, while unpaid internships have less positive outcomes	Descriptive statistics
	Crain (n 20)	Unpaid internships correlate negatively with salary, employment outcomes, job search duration and job satisfaction in the USA	A combined analysis of survey responses and first-destination data
	Roberts (n 5)	Internships are critical to secure a graduate job in the UK	A combination of qualitative and quantitative data
	UKCES (n 5)	Internships are critical to secure a graduate job in the UK	Qualitative analysis
	Saniter and Stedler (n 11)	Graduates with internship experience are likely to have better employment prospects and higher wages five years after graduation in Germany	Ordinary least squares and instrumental variable regression
	Nunley and others, 'College Major' (n 10); Nunley and others, 'The Effects of Unemployment' (n 10)	Internships reduce underemployment and increase employment prospects in the USA	Experimental data from a résumé audit
	TNS Political & Social (n 16)	Internships have a mostly positive impact in the European Union	Qualitative analysis

Type of internship	Study	Effects	Methodology
	Passaretta and Triventi (n 15)	Internships lead to increased employability prospects, higher wages and reduced skills mismatch in Spain and Italy. Internships have a less positive, if any, impact in Germany and Norway	Multinomial logistic regression, ordinary least squares regression and probit models
	Le Saout and Coudin (n 14)	A full-year internship mostly negatively affects students of engineering schools in France	Ordinary least squares and instrumental variable regression
	Róbert and Saar (n 8)	Study-related internships reduce job search duration and increase employability prospects in six Central and Eastern European countries. In contrast, non-study-related internships or mandatory work experience negatively affect job search duration and employability	Regression analysis
	Weiss and others (n 9)	Study-related internships have a positive effect on labour-market outcomes in Germany. However, non-study-related internships or mandatory work experience have no effects or negative effects on labour-market returns	Propensity score matching
	Blasko and others (n 6)	Work experience during higher education, and in particular that related to study, has a positive effect on employment outcomes for graduates in the UK. Work experience unrelated to study appears to have a negative effect on employment outcomes three and a half years after graduation	Descriptive statistics

Type of internship	Study	Effects	Methodology
Postgraduate internship	Häkkinen (n 7)	Students with work experience benefit from higher wages and better employment opportunities in Finland, even though the effects seem to vanish some years after graduation	Regression analysis
	Joensen (n 7)	Students with work experience benefit from higher wages and better employment opportunities in Denmark, even though the effects seem to vanish some years after graduation	Regression analysis
	Holford (n 24)	Unpaid internships have detrimental effects on employment prospects, career satisfaction and salaries in the UK	Descriptive statistics
	Cerulli-Harms (n 25)	Internships have detrimental effects on employment prospects, earnings and work satisfaction in Germany	Propensity score matching
ALMP internship	Schmidlin and Witmer (n 26)	Internships lead to less stable employment prospects in Switzerland	Descriptive statistics
	Kopečná (n 22)	Internships lead to an increase in incomes and 'economic status' of participants one and a half years after programme completion	Propensity score matching and difference-in-difference methods, but with limitations owing to choice of unsuccessful applicants as control group
	McKenzie and others (n 23)	Internships have a moderately positive post-programme impact on overall employment outcomes in Yemen	Randomized controlled trial

Note: Note numbers in brackets, eg (n 23), indicate the footnote in which full publication details of the study can be found.

The analysis of Saniter and Siedler stands out for the effort the authors put into identifying causality.¹¹ The authors examined the impact of student internships at German universities on labour-market choices and wages later on in life. Using an instrumental variable approach to identify the causal effect, they found that participation in a student internship programme increased an individual's wages by 6 per cent, five years after graduation – that is a clear and sustained increase in wages arising from participation in an internship. However, this increase in wages was largely driven by an increased propensity to work full-time as well as by a lower likelihood of being unemployed during the five years after graduation, than by an increase in hourly wages. The positive returns to internships were particularly pronounced for individuals studying subjects with weak labour-market orientation. The increased propensity of ex-interns to subsequently work full-time has also been found in Swiss research. Ruey and others report, using a simple logit framework, that participating in an internship is associated with an increase in the probability of an individual being employed full-time, but not with finding work *per se*.¹²

Gault and others, using a propensity score matching design, found that educational internships reduce the duration of job search for the first job, and increase job satisfaction and wages.¹³ Similarly, Le Saout and Coudin analysed data for graduates from engineering schools in France; looking at the labour-market outcomes for students who undertook an optional full-year of internship, they found that the return is significantly lower than the return from the first year of postgraduate work experience, but the internship experience reduces the job search duration when the graduates enter the labour market and it is appreciated by perspective employers as a signal of ability.¹⁴

Passaretta and Triventi examined the relationship between work experience during higher education and post-graduation occupational returns in terms of employability, wages and skill mismatch in a cross-national perspective

¹¹ Nils Saniter and Thomas Siedler, 'Door Opener or Waste of Time? The Effects of Student Internships on Labor Market Outcomes' (2014) IZA Discussion Paper No 8141.

¹² Julien Ruey, Emilie Rosenstein, Rita Gouveia and Eric Widmer, 'Le devenir professionnel des diplômés en sciences sociales entre 2005 et 2015' (2016) Institut de Recherches Sociologiques Sociograph No 29, 99, http://www.unige.ch/sciences-societe/socio/index.php/download_file/view/2320/931/, accessed 30 March 2021. The coefficient is positive in this case too, but not statistically significant. In any event, the framework adopted does not allow for endogeneity in the participation decision.

¹³ Jack Gault, Evan Leach and Marc Duey, 'Effects of Business Internships on Job Marketability: The Employers' Perspective' (2000) 52 *Educ & Training* 76.

¹⁴ R Le Saout and E Coudin, 'How do Internships Improve Student Major Choices and Early Labor Market Outcomes?' (SOLE-EALE Conference, Montreal, June 2015).

covering four European countries: Germany, Norway, Italy and Spain.¹⁵ In the Southern European countries, they found strong evidence that any type of work experience during higher education increased future employment probabilities four to five years after graduation, while only long-term work experience had any (positive) effect on post-graduation wages and job–skill (mis)matches. The occupational benefits of student employment are greater in Spain and Italy than in Germany and Norway, with only a slightly positive impact on future employment chances in Germany and no impact on labour force participation in either Germany or Norway. Their analysis supports the notion that employers particularly value student employment in those countries where the education system produces graduates who lack practical skills, as is often the case in the Mediterranean countries.

Descriptive analysis of Eurobarometer data regarding the experience of internships (named traineeships by the European Commission) in the European Union suggests that internship experiences were perceived as useful and/or did support entry into a regular job by the majority of trainees surveyed, especially those involved in work experience in large companies lasting for more than six months.¹⁶ There is significant cross-country variation, with trainees from Romania, Ireland, Belgium, Spain and Portugal benefiting more from work experience in labour-market outcomes than those from Poland, Cyprus, Lithuania and Germany.

A number of studies – many of these based on purely descriptive statistics and/or subjective outcome information¹⁷ – suggest that there is a relationship between the payment of interns and their subsequent labour-market outcomes. For example, the USA-based National Association of Colleges and Employers' *Student Survey Report* provided evidence based on descriptive statistics that paid internships lead to significantly better employment outcomes than do unpaid internships; the latter being associated with less success in job offers and salary after graduation.¹⁸ Of possible relevance to explaining the positive link between payment of interns and post-internship outcomes, an Intern Bridge report shows that the relative likelihood of obtaining a paid internship

¹⁵ Giampiero Passaretta and Moris Triventi, 'Work Experience during Higher Education and Post-graduation Occupational Outcomes: A Comparative Study on Four European Countries' (2015) 56 *Int J Comp Sociol* 232.

¹⁶ TNS Political & Social, *The Experience of Traineeships in the EU* (Flash Eurobarometer 378, Directorate-General for Employment, Social Affairs and Inclusion, European Commission 2013).

¹⁷ Similar to that used below, including questions such as 'Was the internship useful for finding work?'

¹⁸ National Association of Colleges and Employers (NACE), *The Class of 2016 Student Survey Report: Results from the NACE's Annual Survey of College Students* (NACE 2016).

increases with family income.¹⁹ The implication here is that a third factor – family connections and/or access to networks – may enhance the chance of both finding a paid internship and subsequently finding (good quality) employment, without there being a causal link between the two phenomena.

Crain looked at the association between participation in unpaid internships and job search success in the USA.²⁰ On the one hand, he showed that unpaid internships are negatively correlated to student salary, employment outcomes, job search duration and job satisfaction. On the other, unpaid internships were reported as helpful as regards confirming career interests, setting career goals and networking. According to a report published by the Fair Internship Initiative, undertaking a paid internship plays a positive role in future career outcomes in international organizations.²¹ In contrast, despite the positive educational impact, unpaid internships are not perceived as favourably in relation to future recognition in the job market.

There have also been a few studies of internship programmes undertaken as part of active labour-market programmes (ALMPs). Kopečná found that an internship programme in the Czech Republic implemented as part of that country's youth employment policy, and later integrated into its Youth Guarantee programme, led to an increase in the incomes and 'economic status' of participants one and a half years after programme completion.²² In this instance, the usage of unsuccessful applicants as the control group is surprising – despite the implementation of propensity score matching and difference-in-difference methods to identify the effects. McKenzie and others, using a more convincing randomized controlled trial design, found that an internship programme in Yemen – for tertiary or vocational graduates – had a moderately positive post-programme impact on an overall employment outcome index, which was driven primarily by an increase in the weekly hours worked by participants.²³

¹⁹ Phil Gardner, *The Debate over Unpaid College Internships* (Intern Bridge 2011) 7. This is calculable directly from table 1. The report does not remark on this finding.

²⁰ Andrew Crain, 'Exploring the Implications of Unpaid Internships' (*NACE Journal*, 1 November 2016), <https://www.nacweb.org/job-market/internships/exploring-the-implications-of-unpaid-internships/>, accessed 30 March 2021.

²¹ Fair Internship Initiative, *2017 UN Internships Report* (Fair Internship Initiative 2017).

²² Vědunka Kopečná, 'Counterfactual Impact Evaluation of the Project Internships for Young Job Seekers' (2016) 10 Central Eur J Pub Pol 48. One criterion for participation was that participants were registered students, so arguably this programme was a combination of educational and ALMP-type internships, although it is classified as the latter in Table 3.1. 'Economic status' presumably means probability of employment, although this is not explained in the article.

²³ David McKenzie, Nabila Assaf and Ana Paula Cusolito, 'The Demand for, and Impact of, Youth Internships: Evidence from a Randomized Experiment in Yemen' (2016) 5 IZA J Lab & Devt 1.

The effects of open-market internships have also been investigated by a few studies which have focused on the generally detrimental effects of non-educational unpaid work experiences, particularly when compared with young people who enter directly into paid employment. Holford examined the factors determining access to, and estimated returns from, unpaid internships after graduation for a sample of graduates from universities in the UK between 2003 and 2009.²⁴ He estimated that, on average, former interns face significant penalties in relation to permanency of employment, career satisfaction and salary, compared with those graduates who go straight into paid work or further study. Former interns gain only a small benefit in career satisfaction compared with those who were out of the labour force six months after graduation. Moreover, echoing the idea hinted at previously, the results suggest the existence of a segregated market in which unpaid graduate internships are divided into desirable positions, which are competitive to access and usually taken by graduates from socially privileged backgrounds or graduating from elite institutions, and less desirable positions, which are usually taken by graduates from disadvantaged backgrounds who need to gain experience or have no better option.

Cerulli-Harms examined the impact of postgraduate internships on early labour-market performance.²⁵ Her research suggests that internships have significant detrimental effects on the probability of finding employment one year after graduation, on post-internship earnings and on work satisfaction. However, the negative effects vanish within five years. Her findings suggest that internships are badly perceived by prospective employers owing to asymmetric information and negative signalling. Employers assume that postgraduate interns were unable to find jobs after graduation, accepting an internship as a substitute for further job search. The author concludes that short-term mandatory internships during higher education could be more beneficial than postgraduate internships.

Schmidlin and Witmer found that the majority of graduates with postgraduate internship experience in Switzerland are in employment five years after graduation, but their situation is not as stable as those who go straight into permanent employment.²⁶ Interestingly, they showed that a postgraduate

²⁴ Angus Holford, 'Access to and Returns from Unpaid Graduate Internships' (2017) IZA Discussion Paper No 10845.

²⁵ Annette Cerulli-Harms, 'Generation Internship: The Impact of Internships on Early Labour Market Performance' (2017) IZA Discussion Paper No 11163.

²⁶ Sabina Schmidlin and Christiane Witmer, *Génération précaire – mythe ou réalité? Une analyse empirique des enquêtes auprès des nouveaux diplômés de 1991 à 2005* (Office fédéral de la statistique 2007).

internship is of more benefit to graduates who are looking for employment opportunities in the public sector than in the private sector.

To summarize:

1. Internship programmes are sometimes associated with an improvement in post-programme employment prospects as broadly understood.
2. Paid internship programmes are clearly associated with better post-programme outcomes than are unpaid internship programmes.
3. The causal impacts, or more generally underlying causal mechanisms, remain less clear since evidence involving a convincing attribution of causality is rare.
4. The existing evidence on open-market internships suggests that these do not compare favourably with direct entry into paid employment.

3.3 ANALYSIS OF SURVEY DATA

This section analyses data from two sample surveys of interns: a sample survey of young Europeans who have participated in at least one internship²⁷ and an Internet-based survey of interns primarily in international organizations undertaken by the Fair Internship Initiative (FII).²⁸ We have seen that paid internships are clearly associated with better post-programme outcomes; an important, perhaps the important, follow-up question is, why? The analysis here suggests some plausible responses, but not yet any definitive answers. This analysis is primarily concerned with open-market internships which, as noted previously, are the least studied but arguably the most important in that, given the relative lack of regulation,²⁹ this is precisely where exploitative and/or discriminatory internships are most likely to arise.

²⁷ Or 'traineeship' as the European Commission has it. Details on the survey and its main results can be found in TNS Political & Social (n 16).

²⁸ For details of the initiative as well as more details and findings from the survey, see Fair Internship Initiative, fairinternshipinitiative.wordpress.com, accessed 30 March 2021.

²⁹ The extent to which internships are regulated by law varies greatly across countries. See eg Ana Jeannet-Milanovic, Niall O'Higgins and Annika Rosin, 'Contractual Arrangements for Young Workers' in Niall O'Higgins (ed), *Rising to the Youth Employment Challenge: New Evidence on Key Policy Issues* (International Labour Office 2017). However, broadly, internships are still much less regulated than other more formal forms of work-based learning, such as apprenticeships.

3.3.1 The Fair Internship Initiative Survey

The FII online survey was undertaken during 2016. The questionnaires asked current and former interns in international organizations about their most recent internship experience (support from supervisors, and tasks), their working conditions (wages, hours worked and insurance coverage) and whether the internship caused financial distress, and concluded with some socio-demographic questions, including the highest degree achieved, age, gender, nationality and parental education.

Only around one-third (34.1 per cent) of the surveyed interns were paid. A common argument – used *inter alia* by the FII – to support the payment of interns, is based on considerations of fairness. In this view, paying interns would reduce the exclusion of young people from internships because they cannot afford to work without pay. However, we illustrated in an earlier paper that there is a clear positive association between country of origin income and participation in a paid (as opposed to unpaid) internship; the richer the country, the more likely the applicant is to obtain a paid internship.³⁰ Similarly, although the relationship is weaker, there is also a positive correlation between parental education and the likelihood of participating in a paid internship; young people with more highly educated (and thus, on average, more wealthy) parents are more likely to access a paid internship. Hence, the issue is not so much – or not only – one of fairness in young people from poorer countries and backgrounds being unable to access internships because they are unpaid. Young people from higher-income countries and from more privileged (and more educated) families evidently find it easier to access paid internships than do the young from less privileged backgrounds.

This is entirely in line with the findings reported previously on internship programmes in the USA and suggests that network connections are more important than the permissive effect of parental income and/or education (or its lack). This is significant in that, if factors determining participation in a paid internship are correlated with outcomes, for example through access to beneficial (parental) networks which increase the chances of both accessing paid internships and finding a good job at the end, then part of the measured impact of paid internships may pick up this network effect.

The 2016 FII survey does not include objective post-internship outcome measures *per se*;³¹ however, it does have detailed characteristics of the intern-

³⁰ Niall O'Higgins and Luis Pinedo, 'Interns and Outcomes: Just How Effective are Internships as a Bridge to Stable Employment?' (2018) ILO Employment Working Paper No 241.

³¹ At our suggestion, questions on current status were added to the FII's subsequent surveys on internship.

ship itself. Table 3.2 reports the results of a simple two-equation model of weekly hours worked, on the one hand, and the (linear) probability of holding a second job while being an intern, on the other. Weekly hours worked in the internship – the variable of primary interest here – are important in that, together with being paid, they have been found to be strongly positively associated with the employment impact of internships.³² They may consequently be thought of as an interim proxy for the impact of internships. Results are reported for ordinary least squares (column 2 in Table 3.2) as well as maximum likelihood estimation of a structural model (columns 3 and 4). Several points are worthy of note.

First, the positive relationship between paid internships and a number of hours worked is similar to the one found by Jackel.³³ Second, as we might expect, hours worked are positively associated with measures of the seriousness of the internship in providing significant work experience (in particular, undertaking real tasks, not making coffee and photocopying) and the attention organizations pay to it (as measured by the support provided by the intern's supervisor).

Perhaps of most interest, being paid is also positive and statistically significant but the impact does not change (significantly) with the amount paid (the interaction of wage and the dummy variable paid). Controlling for the endogeneity of holding a second job suggests that the effect of payment on hours cannot be accounted for simply by the easing of the monetary constraint implied by being in a paid internship, but is more reasonably to be attributed – albeit not unequivocally – to the characteristics of the internship itself.

3.3.2 The Eurobarometer Survey

Analysis of data from the Eurobarometer 'traineeship' survey,³⁴ undertaken in 2013, allows us to take the analysis a little further. The survey randomly sampled 12 921 young people aged between 18 and 35 living in one of the EU28 countries.³⁵ The survey asked all respondents for some basic information about their characteristics (for example, age, gender and educational level) and current situation – including labour-market status – as well as whether they

³² Daniel Jackel, 'Evaluating the Effectiveness of an Internship Program' (MA Thesis, Western Kentucky University 2011) 45, table 2.1.

³³ Ibid. Even though Jackel did not test for the effect of the amount paid.

³⁴ Recall that the European Commission uses the term 'traineeships' to refer to what are more commonly termed 'internships'.

³⁵ The survey was also implemented in Croatia, although strictly, at the time it was carried out, April–May 2013, Croatia had not yet formally joined the European Union (EU); this occurred on 1 July 2013.

Table 3.2 *Determinants of hours worked (and possession of a second job), FII survey*

Variable	Regression coefficients		
	Linear regression	SEM direct effect	SEM indirect effect
<i>Reg on weekly hours worked</i>			
Tasks (coffee/print job = 0)			
Absorbing excess workload	6.49*** (1.819)	6.42*** (1.808)	
Day-to-day operations	5.76*** (1.807)	5.75*** (1.795)	
Tailored goals and tasks	5.28*** (1.824)	5.22*** (1.814)	
Support from supervisor	1.50** (1.501)	1.51** (0.759)	
Paid	1.59* (0.820)	1.60** (0.817)	0.09 (0.104)
Paid*wage	0.00007 (0.0004)	0.00010 (0.0004)	0.00003 (0.00003)
Education of intern (bachelor = 0)			
Master's degree	1.02 (0.696)	1.03 (0.694)	
PhD	2.14 (1.560)	1.71 (1.573)	
Second job	-0.66 (0.658)	-0.61 (0.655)	
Constant	30.77*** (1.841)	30.73*** (1.830)	
<i>Reg on second job</i>			
Paid	-0.16*** (0.043)	-0.15*** (0.043)	
Paid*wage	-0.00004* (0.00002)	-0.00004* (0.00002)	
Parents' education (<= high school = 0)			
Bachelor's degree	-0.03 (0.044)	-0.03 (0.044)	0.02 (0.033)
Master's degree	-0.11*** (0.043)	-0.12*** (0.043)	0.07 (0.082)

Variable	Regression coefficients		
	Linear regression	SEM direct effect	SEM indirect effect
PhD degree	-0.15*** (0.050)	-0.16*** (0.050)	0.09 (0.106)
Constant	0.49*** (0.037)	0.44*** (0.037)	

Notes: Column 2 shows estimates from a linear regression. Columns 3 and 4 show direct and indirect effects from a two-equation structural equation modelling (SEM). Significance level: *** at 1%, ** at 5%, * at 10%. Standard errors in parentheses.

Source: 2016 Fair Internship Initiative Interns Survey and authors' own calculations.

had, in the past or currently, held at least one student job, apprenticeship and/or internship. For those who had not participated in at least one internship, the interview terminated there. The full interview was then carried out among the 5484 young people who reported participating in at least one internship now or in the past. For those young people completing the full interview, detailed questions were asked about various aspects of their internship(s).

The information collected on interns included several post-internship outcomes: two subjective – whether the person learned useful things for their professional life and whether the internship helped them to find a job – and two factual – whether the company offered to extend the person's traineeship and whether they received a job offer in the same company on completion of the internship.

Using this information, Table 3.3 reports the results of estimating four simple dichotomous probits on whether:

1. The respondent learned useful things during their internship (agree/disagree).
2. The internship was useful to later find a regular job (agree/disagree).
3. The company offered to extend the internship on its completion (yes/no).
4. The company offered the intern a job after completion of the internship (yes/no).

The explanatory variables used included: gender; the duration of the internship; the size of the company offering it; whether the intern had access to health insurance; whether the intern had a mentor within the company; whether the company offered a certificate on completion; whether the work and working conditions were similar to those of a regular employee; and, crucially, whether the intern was paid during the traineeship and whether this pay was sufficient to live on.

Looking at column 2, observe that structured formal internships, which included provision for a mentor, health insurance, offered a certificate and in

Table 3.3 *Probit estimates of the determinants of four internship outcomes*

Independent variable	Dependent variable			
	Helpful to learn professionally useful things	Helpful to find a job	Internship extension	Job offer
Certificate awarded	0.153** (0.0677)	0.099 (0.0673)	0.139* (0.0719)	-0.0495 (0.0700)
Insurance cover	0.150** (0.0715)	0.262*** (0.0725)	0.235*** (0.0821)	0.216*** (0.0736)
Mentor available	0.761*** (0.0694)	0.543*** (0.0712)	0.236*** (0.0781)	0.173** (0.0724)
Same working conditions	0.340*** (0.0663)	0.266*** (0.0648)	0.0026 (0.0704)	0.222*** (0.0669)
Paid internship	0.0678 (0.0845)	0.0540 (0.0823)	0.397*** (0.0870)	0.525*** (0.0822)
Sufficiently paid internship	0.0310 (0.0102)	0.206** (0.0958)	0.0826 (0.0973)	0.136 (0.0950)
Firm size (0–9 workers = 0)				
10–49 workers	0.157* (0.0816)	0.103 (0.0823)	-0.129 (0.0896)	0.0190 (0.0854)
50–250 workers	0.168* (0.0981)	0.0417 (0.0964)	-0.0141 (0.101)	0.0610 (0.0979)
+250 workers	0.220** (0.0918)	0.256*** (0.0872)	-0.0077 (0.0907)	-0.0488 (0.0906)
Internship duration (0–3 months = 0)				
3–6 months	0.145 (0.0898)	0.166* (0.0863)	0.0805 (0.0907)	0.266*** (0.0833)
+6 months	0.401*** (0.0917)	0.480*** (0.0888)	0.329*** (0.0913)	0.619*** (0.0913)
Female	0.116* (0.0659)	0.007	0.0154 (0.0692)	-0.151** (0.0648)
Constant	-1.077*** (0.135)	-1.314*** (0.0640)	-1.397*** (0.154)	-1.374*** (0.142)
Pseudo R ²	0.1057	0.0819	0.0502	0.0982
Observations	5026	4988	4963	4970

Notes: Significance levels: *** at 1%, ** at 5%, * at 10%. Standard errors in parentheses.

Source: TNS Political & Social (see footnote 16) and authors' own calculations.

which real work was performed (as opposed to photocopying and making the tea or coffee), are associated with better learning outcomes. The probability of learning useful things also increased with internship duration and company size. It was not associated at all, however, with whether or how much the intern was paid. There is weak evidence that young women were more likely to learn useful things in internships than young men ($p < .10$).³⁶

Turning to the (subjective) usefulness of the internship in subsequently finding work (column 3), a number of the results are similar to those of column 2. As before, the usefulness of the internship in finding a job is related to the structured nature of internships, including insurance cover, mentorship and working conditions, although certification was not seen as important in this context. Also, as before, the helpfulness of the programme increased with the programme duration and with firm size. Again, as in column 2, being paid – whether inadequately or adequately – does not influence the perceived usefulness of the programme in obtaining a job.

As regards more objective criteria – being offered an extension or a job afterwards³⁷ – internship structure remains important, but company size becomes less so. However, the biggest difference between columns 4 and 5 on the objective outcomes and 2 and 3 on subjective outcomes concerns the relevance of the payment of interns. Young interns who received payment were more likely to receive an offer of an extension of the internship or a job offer from the firm. However, in neither case does the size of payment seem to matter much.³⁸ This echoes the findings outlined above from the analysis of the FII survey.

It is also worth noting that the positive effects of programme structure and duration echo more general findings reported on work-based learning by Comyn and Brewer, and Jeannet-Milanovic and others.³⁹ These report that structured work-based learning programmes, such as traineeships and internships, which 'look' more like short-term apprenticeships are associated with better post-programme labour-market outcomes than those that do not. Bördös

³⁶ We also estimated the equations separately for young women and men, which produced slightly different results. These are not reported in full here; however, it is worth noting that almost invariably the coefficients had the same sign, although some factors were more important (ie had larger coefficients) for women than men, and vice versa.

³⁷ Note that these are largely mutually exclusive; typically, either the intern was offered an extension or a regular job with the firm.

³⁸ That is, the estimated difference between the 'effect' of being paid and that of being paid enough to live on is positive but is not statistically significant.

³⁹ Paul Comyn and Laura Brewer, 'Does Work-Based Learning Facilitate Transitions to Decent Work?' (2018) ILO Employment Working Paper No 242; Jeannet-Milanovic and others (n 29).

and others examined factors influencing the effectiveness of wage subsidies and found that, *inter alia*, programmes lasting less than six months without a formal training element were not effective in the longer term.⁴⁰

Taken together, the results are consistent with paid internships being indicative of a firm's commitment to internships as part of its personnel policy. Training content – independent of whether an internship is paid or not – seems to be the determining factor in whether individuals perceive the programme as being useful in enhancing their chances of finding work after the programme in general. However, variables which might reasonably be interpreted as reflecting a firm's commitment to the internship programme are the key factors in determining whether specific companies keep their interns on (either by extending or by offering them a regular job) once internship is complete. This is reflected in the importance of intern pay, but also in the importance of the formalization of the programme through the provision of health cover and mentorship.

Also worth mentioning is that being female reduces the probability of receiving a job offer with the same firm on completion of the internship, and this gender difference is statistically significant. It might be worth investigating further the cause of the lower likelihood young women have of receiving a job offer.

3.4 CONCLUSIONS

Evidence of the impact of internships – in particular, open-market internships – remains limited. There is a need for more investigation into the factors determining the effectiveness of internships in order to deepen our understanding of what makes for a 'good' internship in its effectiveness as a mechanism for integrating young people into decent work. Although we cannot claim to have solved the causality issue with the analysis in this chapter, we have sought to add substance to the discussion by investigating a little further which factors underlie the success or failure of internships, in their ability to promote the integration of young people into employment.

More specifically, from the literature, we know that:

1. Under certain conditions, participation in an internship is associated with positive post-internship labour-market outcomes.

⁴⁰ Katalin Bördös, Márton Csillag, Niall O'Higgins and Ágota Scharle, 'Active Labour Market Programmes: The Role of Wage Subsidies' in Niall O'Higgins (ed), *Rising to the Youth Employment Challenge: New Evidence on Key Policy Issues* (International Labour Office 2017).

2. By implication, internships can potentially contribute to the integration of young people into the labour market, although very clearly some internships do a better job of it than others.
3. In particular, paid internships are associated with better post-internship labour-market outcomes than are unpaid internships.

The review and analysis presented here has primarily addressed the question of why paid internships lead to better post-internship labour-market outcomes than do unpaid internships. Our analysis suggests:

1. A number of internship design features are associated with better post-programme outcomes. These primarily reflect a more structured and formalized approach to internships and include, in addition to the payment of a stipend, the presence of a mentor, access to health insurance, similar working conditions to those of regular employees and sufficient internship duration to allow significant work-related competencies to be acquired.
2. The notion that it is programme structure, not pay in itself, which underlies 'good' internships is strengthened by the finding in both the empirical exercises presented here that it is the fact of being paid, rather than the size of payment, that is the main determinant of post-internship positive outcomes.

More work is needed in this much under-studied area. Indeed, this volume is intended as a contribution to this. In our view, we especially need more analyses making serious attempts to identify the causal effects of internships. The results of the analysis presented here, despite making no claim to the identification of causality, are both intuitively plausible and consistent with findings in the internship-related literature, such as it is. They also find further support in other contributions to this volume. Perhaps most importantly, they are also consistent with findings from other more widely studied areas, such as work-based learning (for example, apprenticeships) and ALMPs (for example, wage subsidies).

Our ongoing research in this area, reported elsewhere, supports the notion that internships tend to have modest impacts on longer-term employment prospects⁴¹ – a finding which is also consistent with the conclusions of others referred to previously. Of more specific relevance here, it also finds that being offered a job with the firm in which the internship is undertaken is a strong determinant of longer-term internship 'success'. This result reaffirms the relevance of the shorter-term outcomes studied here and strengthens our belief in

⁴¹ Niall O'Higgins and Luis Pinedo Caro, 'The Long and the Short of It: Factors Underlying Post-internship Outcomes in Early Career' mimeo, ILO.

the importance of structured internships. The obvious implication – of direct relevance to many of the other contributions to this volume – is that more and better regulation of internships is likely to be a crucial element in ensuring that internships by firms are structured and do meet some basic standards, thereby increasing their chances of providing something of lasting worth to young people seeking to navigate the complexities of entry into the current labour market.