Designing successful internships: exploring the role of duration, formalization and motivational practices

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Abstract

Purpose – This study aims to shed light on how internships' features drive employability outcomes and answers the question of how internships that maximize the employability of interns can be designed. The study assumes that the duration of an internship, degree of formalization and the use of internship-specific motivational practices by companies are likely to influence interns' perceptions of employability.

Design/methodology/approach – A study among interns investigated the relationship between different internship features and interns' employability. Data on the duration of the internship, motivational practices specific to internships and the formalization of the internship process were collected from a large sample of 13,565 interns in 27 European countries from 15 to 35 years old.

Findings – The findings suggest that internship duration has a curvilinear effect on employability with increasing effects on employability at the beginning of the internship, followed by a decrease over time. In addition, the use of practices specifically designed to motivate interns also favors the interns' employability. Finally, formalization of the internship placement moderates the effect of motivational practices on employability.

Originality/value – By identifying key features of the internship experience – duration, formalization and motivational practices – the authors contribute to the theory related to the development of career resources and employability in young adults and show that these features significantly shape young adults' employability perceptions.

Keywords Internship, Employability, Formalization, Duration, Motivational practices

Paper type Research paper

1. Introduction

Previous research underscores the key role of internships as a predominant tool to increase the employability of young adults (Callanan and Benzing, 2004; Drewery et al., 2016; Finch et al., 2013; Gault et al., 2010; Incöglu et al., 2019; Ishengoma and Vaaland, 2016; Pereira et al., 2020; Silva et al., 2016). Young people are three times as likely as adults to be unemployed (International Labour Organization, 2020) and the study of young people's employability has secured a central position in the public discourse of scholars, companies and public administrations over the past decade.
Employability is a key measure of an internship’s success. There is evidence that perceived employability facilitates proactive behaviors and better adaptation (Fugate et al., 2004) and positively impacts job-related and general well-being (Bakker et al., 2004; De Cuypier et al., 2011). While previous studies have explained how individual and contextual factors such as personal traits, socio-demographics, education, skills and labor market factors influence perceived employability, little attention has been devoted to the features of the internship experience itself. Therefore, “it is currently not possible to assess which aspects of the placement experience contribute to positive changes in psychological factors, career resources and career outcomes” (Inceoglu et al., 2019, p. 326). In other words, despite its widespread use, we have very limited knowledge about how organizations can design internships that maximize interns’ employability. Thus, a significant research opportunity exists to identify the key features of an internship and explore their link with interns’ employability.

The purpose of this study is to build on the theoretical model proposed by Inceoglu et al. (2019), which in turn builds on transition theory (Schlossberg, 1981) and the career resources model (Hirschi, 2012) to shed light on how internships' features drive employability outcomes. How can we tell the difference between an internship that increases interns’ employability from one that does not? Specifically, we propose that the duration of an internship, the degree of formalization and the use of internship-specific motivational practices are likely to influence interns’ perceptions of employability.

To test our model of perceived employability, we analyzed data from a relevant stratified dataset of 13,422 respondents with internship experience from the 27 European Union (EU) member states. Our data and results provide a reasonable basis for generalization and overcome a common limitation of current research, as most previous studies on the impact of internships on young adults’ employability have been based on convenience samples of university students.

This study makes important contributions to the employability literature. We contribute to theory related to the development of career resources and employability in young adults (e.g. Beenen, 2007; Beenen, 2014; Beenen and Rousseau, 2010; D’Abate et al., 2009; McHugh, 2017; Narayanan et al., 2010) by showing that internship duration, formalization and motivational practices significantly affect employability outcomes. Specifically, extant research suggests that internship duration is an essential feature of the internship experience (Fulmer et al., 2004; Milstein and Krueger, 1993). However, the relationship with employability seems unclear and previous studies found no significant relationship (e.g. Irwin et al., 2019). We find support for a curvilinear relationship between duration and employability. Very short internships could be insufficient for the acquisition of career resources and very long internships could not be worthwhile for the intern.

We also identify a number of motivational practices specific to the internship context and link them to interns’ employability (e.g. intern compensation, tutorship and fair working conditions) (Anson and Forsberg, 1990; McHugh, 2017; Narayanan et al., 2010; Russell and Adams, 1997). Although these practices would not be considered motivational in regular work relationships or other labor contexts, we found that they determine the employability outcomes of an internship.

Finally, we show that formalization of internships drives the effect of duration and motivational practices on perceived employability. The degree of formalization may help interns comprehend job expectations and goals (Feldman and Weitz, 1990). Formalized, well-planned placements avoid conflicts and distractions and strengthen interns’ learning process, allowing them to maximize internship outcomes.

Our findings also have evident practical implications for all those involved in the design and implementation of internships in the public sector (e.g. higher education institutions), the private sector (e.g. firms that use interns) and individuals (e.g. interns) by providing a notion about how to design successful placements.
2. Literature review and hypotheses

2.1 Theoretical framework: internships and employability

Perceived employability constitutes an important resource for career development that contributes to job-related and general well-being (Bakker et al., 2004; De Cuyper et al., 2011). Individuals with higher perceived employability tend to feel that they have control over their careers (Fugate et al., 2004; Vanhercke et al., 2014; Zehr and Korte, 2020). Perceived employability also leads to more proactive behaviors and higher levels of adaptation (Fugate et al., 2004), work engagement and life satisfaction (De Cuyper et al., 2008).

Previous literature emphasizes the relevance of perceived employability – an “individual’s perception of his or her possibilities of obtaining and maintaining employment” (Vanhercke et al., 2014, p. 594) because the intern’s behavioral responses must be based on their perception of reality.

Inceoglu et al. (2019) found in their literature review that internships play an important role in increasing work-related self-efficacy and therefore have the potential to positively influence self-perceived employability (Ebner et al., 2021). Building on transition theory (Schlossberg, 1981) and career development theory (Hirschi, 2012), Inceoglu et al. (2019) indicated that internships constitute education-work transitions and can be conceptualized as transition events in career development. They propose a theoretical model in which the internship experience generates career resources through mechanisms of social learning and identity development. These career resources in turn shape subjective and objective career outcomes. In other words, internships lead to intra- and inter-individual transformations that provide career resources (i.e. human capital, psychological resources such as perceived employability, career identity and social resources) that help young adults to anticipate and adjust to future career demands (Inceoglu et al., 2019; Hirschi, 2012).

Schlossberg (1981) indicated that the characteristics of the transition (experience), an individual and the environment influence the individual’s perception of the experience and his/her subsequent adaptation. Previous studies addressing the factors that influence perceived employability after an internship experience have centered on individual and contextual factors.

Self-perceived employability has been studied from an individual perspective focusing on personal factors such as demographics (i.e. race, age, gender); personality traits, such as self-confidence and persistence (Álvarez-González et al., 2017; Messer, 2018; Qenani et al., 2014); individual knowledge and skills acquired during formal education, such as critical thinking (Dacre Pool et al., 2014; De Guzman and Choi, 2013); and attitudes and behaviors, such as organizational commitment and proactivity (Knight and Yorke, 2002; McQuaid and Lindsay, 2005). Wittekind et al. (2010) suggested that generic skills (i.e. adaptability, communication, self-management, flexibility and negotiation) and a willingness to develop new competencies or change jobs predict perceived employability. For students, academic performance is also related to perceived employability (Álvarez-González et al., 2017). Other individual factors that influence perceived employability include personal circumstances (i.e. health, well-being, engagement and life satisfaction) and contacts (i.e. social relationships) (De Cuyper et al., 2008; Hillage and Pollard, 1998). Furthermore, social capital can spur perceived employability, as it enhances knowledge of the labor market and self-presentation skills for the labor market (Forrier and Sels, 2003; Fugate et al., 2004).

Regarding contextual factors, the labor market structure and conditions play an important role in shaping individuals’ perceived employability (Berntson et al., 2006; Rothwell et al., 2008; Sok et al., 2013). Brown et al. (2003) indicated that employability differs according to the economic context. Contexts of economic prosperity lead to more positive perceptions of employability (Berntson et al., 2006). Other contextual factors, such as teachers’ performance in transmitting knowledge and helping students to develop attitudes related to employment, have also been found to be relevant antecedents of perceived employability (Tsui et al., 1997).

The influence of the internship experience on perceived employability has been scarcely examined in previous research and the extant studies have focused mainly on the type of
internship (i.e. international/domestic or compulsory/voluntary). Gannon (2019) found that international internships positively developed participants’ perceived employability as they developed psychosocial and cultural intelligence and human capital. However, Pinto and Pereira (2019) did not find significant differences in the perception of employability between domestic and international voluntary internships. Both seem to be positively related to better evaluations of job suitability and employability skills. Regarding the specific design features of an internship experience, several studies seem to agree that internships that provide interns with higher autonomy tend to increase their self-rated abilities and self-esteem (Arnold et al., 1995; Auburn et al., 1993; Feldman and Weitz, 1990; Inceoglu et al., 2019).

In the following section, we explain how additional features of the internship experience shape young adults’ employability perceptions. We argue that the internship duration, the degree of formalization and the use of motivational practices to manage the internship are likely to influence the extent of career resource acquisition and, in particular, young adults’ self-perception of employability (Hirschi, 2012; Inceoglu et al., 2019; Schlossberg, 1981).

2.2 Hypotheses

2.2.1 Internship duration and employability. Previous research suggests that internships increase the probability of finding a job and lead to better job opportunities in terms of job matching and retribution (O’Higgins and Pinedo Caro, 2021; Nunley et al., 2016; Passaretta and Triventi, 2015; Roberts, 2017). However, these benefits depend on several characteristics of the internship, among which duration plays an important role. In an exploratory case study, Mihail (2006) found that an internship period of 4–6 months is required for interns to become productive to a company and that a period ranging from 6 to 12 months would benefit both interns and employing firms. Previous research indicates that longer-term placements (the time frame generally given is around 6 months) increase the probability of finding a job within six months after graduation (Hall et al., 2009; Mason et al., 2009) and in general, contribute to the integration of young adults into the labor market (O’Higgins and Pinedo Caro, 2021).

However, the relationship between internship duration and an intern’s perceived employability is complex. From a human capital perspective, the longer the duration of the internship, the higher the human capital an intern would develop, because longer internships favor the accumulation of knowledge, skills and work experience (Becker, 1994; Bernston et al., 2006; Comyn and Brewer, 2018). The human capital developed through internship experiences can potentially strengthen the perception of employability for both interns and employers, as it signals a higher level of human capital on the labor market (O’Higgins and Pinedo Caro, 2021). Moreover, longer internships would also provide the opportunity for interns to gather more knowledge about the labor market demands and adapt their profiles to enhance perceived employability (Grant-Smith and McDonald, 2018).

Consequently, interns might perceive that the shorter the internship, the harder it is to develop skills associated with the job and thus perceive longer internships as more beneficial (Lowden et al., 2011). In fact, students tend to reject internships that are too short (Alpert et al., 2009). In addition, interns learn more if they engage in activities within a project that can be fully completed (Alpert et al., 2009; Rothman, 2007), which is more likely to occur in longer internships.

A company may be more willing to provide support, training and time resources to an intern if it believes that the intern will stay in the company long enough to make this investment “pay off” (Mihail, 2006). Because training an intern is a time-consuming task, supervisors could perceive that the costs outweigh the benefits in very short internships, and their involvement could likewise be lower. As a result, interns may not have access to a formal orientation program, potentially reducing their learning and employability gains (Alpert et al., 2009; Tovey, 2001).
However, employability gains could decrease over time. A longer internship experience can lead to the acquisition of redundant resources in terms of both human capital (knowledge and experience) and social connections and saturation effects might appear (Bittmann and Zorn, 2020; Bruun and Bearden, 2014). During the initial months, interns need to quickly develop basic professional skills and understanding; however, the marginal gains in learning curves could decrease over time, as it takes longer to master more complex and fine-grained skills.

Moreover, very long internships may break the tacit logic of this labor relationship based on the idea of using the “labor force in exchange for skills development”. Although a company may be increasingly satisfied with the return on investment in the relationship – increasingly skilled employees for very low economic compensation – interns’ interest and motivation could decrease over time. As the performance gap between interns and regular employees decreases over time, the economic compensation of the intern becomes increasingly unfair. In this context, equity conflicts may become apparent and employability gains might be perceived as lower.

Prior evidence is scarce and inconclusive. Silva et al. (2016) found that shorter internships are more effective in terms of reducing unemployment than longer internships, while Irwin et al. (2019) found no significant relationship between the duration of the internship and different stakeholders’ (including students’) perspectives on employability.

These contradictory arguments and evidence suggest that the relationships between internship duration and interns’ perceived employability might be curvilinear rather than linear, as shown in Figure 1 and proposed in hypothesis 1.

**H1.** There exists a curvilinear relationship between internship duration and an intern’s perceived employability.

### 2.2.2 Internship-specific motivational practices and employability

Based on previous studies on organizational practices for managing internships, we propose that an internship is more effective for enhancing perceived employability when the company uses motivational practices specifically designed for interns. These practices include assigning a tutor who guides the work of interns, providing some financial compensation (although this compensation might be well below the standard for regular work arrangements) and offering interns working conditions similar to those of regular employees in terms of work hours, workload, treatment and company benefits.

A tutor can provide an intern with support and feedback may facilitate a positive cognitive and affective framework for the intern. Tutors’ feedback provides interns with the

![Figure 1.](image-url)
key guidelines to successfully complete work, which favors task goal clarity, learning and motivation for the intern (Beenen and Rousseau, 2010). A tutor can also provide social approval (Beenen and Pichler, 2014), making the intern feel socially validated, which increases both self-esteem and self-rated abilities (Arnold et al., 1995; Knouse and Fontenot, 2008). Therefore, in-company tutors offer feedback, mentoring and opportunities for positive validation, creating a favorable cognitive and affective framework for professional learning and development and stimulating interns’ acquisition of additional career resources (Feldman et al., 1999; Inceoglu et al., 2019; Maertz et al., 2014; Narayanan et al., 2010; Zhao and Liden, 2011).

Internship compensation has received limited attention in previous literature and the relationship between compensation and internship-related outcomes is not clear (e.g. McHugh, 2017). Some studies (e.g. D’Abate et al., 2009; McHugh, 2017) have considered retribution a key issue with regard to internship satisfaction and internship developmental value. While D’Abate et al. (2009) did not find empirical evidence, Smith et al. (2015) and McHugh’s (2017) results support this relationship. These results show that the developmental value of an internship is perceived to be higher in paid than in unpaid internships. Similarly, very recent research reported that unpaid internships lead to underemployment and less favorable career development outcomes (Hunt and Scott, 2020; O’Higgins and Pinedo Caro, 2021).

Some financial compensation that covers basic costs (i.e. housing, food, transport) should increase interns’ motivation. Unpaid interns may experience inequity and lower satisfaction than paid interns (Feldman and Turnley, 2004; Siebert and Wilson, 2013). A lack of compensation covering basic costs may cause discouragement, perceived unfair treatment and lack of developmental opportunities for interns (McHugh, 2017). Consequently, interns may lower their performance in order to increase equity in the labor relationship, resulting in poorer learning processes and, therefore, lower career resource acquisition.

Similar arguments apply for working conditions other than salary. Although students may accept a lower salary in exchange for a learning experience, the perceptions that the working conditions (e.g. working hours, access to a personal computer (PC) and equipment, overtime work and benefits) are unfair and very different from those of regular employees may cause equity problems. Interns may react by performing worse in order to increase equity in the labor relationship, which may negatively affect the developmental value of the internship.

The motivation of interns facilitates the quality of their developmental experience (D’Abate et al., 2009; Narayanan et al., 2010). Although each individual intern may display different levels of intrinsic motivation during an internship, extrinsic motivation can be maximized by the company. The use of practices to motivate interns may contribute to obtaining greater levels of career resources, particularly perceived employability, through learning and motivation processes that favor perceived employability. Hence,

\[ H2. \text{ Motivational practices specific to internships positively affect an intern’s perceived employability.} \]

2.2.3 The moderating effect of formalization. The analysis of previous literature suggests that the developmental value of internships is context dependent (e.g. Lain et al., 2014; Narayanan et al., 2010). In this article, we examine the role of the level of formalization of the labor relationship between the intern and the company. The internship relationship is formalized to a greater extent when there are written contracts and documents regulating the labor relationship and the content of the internship and when those documents are mutually accepted and signed in advance. For instance, those documents can be a written contract, a written job description, health insurance, or an official certificate signed by the firm.
The formalization of internships should receive greater attention because the regulations for internships are frequently unspecific and much more flexible than those for regular labor relationships. As a consequence, not all companies manage the process in the same way (i.e. there is a large degree of variability) and subtle differences might significantly affect outcomes. For instance, Lain et al. (2014) analyzed the differences between internships that are directly arranged between the intern and the company and those “governed” by a formal education program (e.g. in a university). The authors found that governed internships generate greater benefits for interns because their design is subject to formal mechanisms imposed by educational institutions. Such formal mechanisms, which establish obligations for both sides, are frequently thought to provide a stable and fair labor relationship and to favor developmental experiences for interns.

We propose that more formalized internships help interns to comprehend job expectations and goals from the start (Feldman and Weitz, 1990). Clearer expectations and goals better orient interns’ learning efforts (Beenen and Rousseau, 2010) and allow them to maximize the outcomes of their experience.

A greater level of formalization also implies some level of preparation on the side of the company, which has to determine in advance the functional area, specific tasks, hierarchical relationships and internship compensation. This process frequently obliges the company to more deeply reflect on the goals, necessary training and required resources for the intern, resulting in better planning of the internship experience. Conversely, a lack of formalization of the labor relationship is likely to result in inadequacy of the candidate for the position, leading to wasted resources and time.

The effect of formalization gains relevance as the duration of an internship increases. The effect is less relevant for shorter internships because the advantages derived from higher formalization have insufficient time to materialize. As internship duration increases, the effect of having a sound internship plan, being assigned to a receptive functional area, defining clear hierarchical relationships or receiving proper training and resources strengthens the acquisition of career resources over time.

These arguments suggest that the formalization process of the internship may act as a contingency factor in the relationship between internship duration and the intern’s perceived employability. We then propose the following:

H3. The formalization of the internship moderates the relationship between internship duration and an intern’s perceived employability.

Furthermore, we propose that formalization of the internship enhances the effect of internship motivational practices on perceived employability. Formal documents and contracts that specify the tasks to be performed by the intern allow both sides, i.e. company and intern, to anticipate the content of the internship and to share clear goals and expectations about the internship (Lain et al., 2014).

Clear, formal goals strengthen the effect of motivational practices. Clear written and challenging goals enhance motivation through choice, effort and persistence, as goal-setting motivation theory has emphasized (Locke and Latham, 2002, 2006). Stajkovic et al. (2006) found that assigning conscious goals promotes motivation and increases task performance. Previous research has emphasized that formalized work-related learning promotes perceived internal employability because it triggers motivation more than informal work-related learning does (Houben et al., 2020). Basically, the explanation proposed by Houben et al. (2020) is that because formalization involves the specification of learning goals, it is easier for interns to engage in work-related learning related to these goals. As such, interns feel more motivated and attribute improvements in perceived employability to these goals.

The existence of a well-defined labor relationship also diminishes the probability of demotivating conflicts during an internship. Conversely, a lack of written agreements
governing an internship may cause incoherencies between an intern’s expectations and reality that may lead to perceptions of lack of equity and demotivation. Conflicts may occur, for instance, when the work schedule or compensation is not agreed upon in advance, when the tasks assigned are not expected by the intern, or when the intern becomes sick and his/her lack of health insurance becomes a major issue. In those cases, a gap between expectations and reality may result in frustration and loss of motivation, obfuscating the effect of motivational practices on employability.

Finally, internship formalization also makes acquired career resources (e.g. skills and experience) more visible and demonstrable to others (Houben et al., 2020; Nelissen and Bulck, 2017), for instance, by means of official labor contracts or internship certificates. Making acquired career resources more tangible may also reinforce the effect of motivational practices and motivate interns to achieve a higher degree of employability. Accordingly, we propose the following:

\[ H4. \] The formalization of the internship positively moderates the effect of internship motivational practices on an intern’s perceived employability.

3. Methods
3.1 Sample
We used data gathered from the Flash Eurobarometer N° 378 survey to test our hypotheses. This survey is part of the Eurobarometer series conducted regularly on behalf of the European Commission to address diverse topics in European companies. Access to this database was provided by the Central Archive for Empirical Social Research (University of Cologne, Germany). Eurobarometer surveys have been widely used in empirical academic research in the field of management (e.g. Antolín-López et al., 2015; Tether, 2005; Tether and Tajar, 2008).

Eurobarometer N° 378 was requested by the European Commission, Directorate-General for Employment, Social Affairs and Inclusion. It includes data from 13,655 valid interviews in the 27 EU member states (in 2013) and Croatia. Each country contributes with about 500 interviews, except Cyprus and Malta that contribute with 302 and 300 interviews, respectively. The sample is representative in terms of region and city size of the population aged 15–35 years old for each country. The fieldwork was conducted between 29 April and 18 May 2013. The multistage and random sampling approach consisted of choosing random telephone numbers (including fixed and mobile lines and excluding businesses) stratified according to the NUTS2 region and urbanization to approximate a geographically representative sample. This type of data selection and collection controls for the possibility of nonresponse bias.

To screen those respondents who had similar but different experiences, we distinguished between internships, apprenticeships and regular jobs. We selected only those respondents affirming that they had an internship experience. Due to missing values for some variables used in our statistical analyses, the final sample consisted of 13,422 respondents.

Descriptive statistics show that 5,784 respondents had at least one internship (40.9%), 21.8% had two internships, 14.5% had three internships and 19.8% had four or more internships. 50.2% of the respondents were male. Of the respondents, 55% had internship experiences during their academic studies, 21.2% were interns when they were about to finish their studies and 21.9% had internships after completing their studies. Furthermore, 61% of the respondents were university graduates; only 9% had done an internship abroad; most respondents had no financial compensation for their internships (59%) and 76% were hosted by SMEs. 62% had a written traineeship agreement or contract with the host organization or company. The majority of the interns (71%) think that their experience was
useful or that it would be useful to find a regular job. After their last internship, 25% of the 
interns received a job offer and an almost equivalent share was offered a renewal or extension 
of the internship. We believe that the dataset is relevant and guarantees sufficient variability 
for studying the relationship between different internship features and interns' 
employability.

3.2 Measures

3.2.1 Dependent variable. We operationalized the extent to which the internship was useful to 
increase interns’ employability using a score from a two-item measurement. In case 
respondents had more than one internship experience, they were instructed to refer to the 
most recent one. The original items referred to the level of agreement with the following 
statements: “This traineeship was or will be helpful for you to find a regular job” and “During 
this traineeship, you learnt things that are useful professionally”. Both items were measured 
with a 4-point Likert scale (1 = totally disagree; 4 = totally agree). We summed the responses 
to both questions.

3.2.2 Independent variables. We measured the duration of the internship (in months). 
We used a scale where 1 = less than one month; 2 = between 1 and 3 months; 3 = between 3 
and 6 months and 4 = more than 6 months. If a respondent had more than one internship 
experience, the duration was determined based on the duration of the most recent internship.

We operationalized motivational practices specific to internships by measuring 
the extent to which a) the working conditions were equivalent to those of regular 
employees (in terms of equipment, work hours, workload, treatment, etc.), b) the intern 
could turn to a mentor who helped him/her and explained how to do the work and c) the 
intern received financial compensation that was sufficient to cover basic living costs such 
as rent and food. The potential values ranged from 0 = totally disagree to 3 = totally agree 
on a four-point Likert scale. We summed the values of the 3 items and obtained a score 
ranging from 0 to 9.

3.2.2.1 The formalization of the internship. To operationalize the companies’ attempts to 
formalize the internship process in a structured, written way, we used four items to identify 
the practices used by a firm to formalize internships successfully. We include internships 
managed by educational institutions, but also other types of internships which are directly 
arranged between the intern and the company. These practices are the following: a) the 
intern had a written contract signed in advance, (b) the intern was covered by health 
insurance during the internship, (c) the advertisement made it clear how much the intern 
would be paid and (d) the intern received a certificate with a job description at the end of the 
internship. We summed the number of practices in place in each company.

3.2.3 Control variables. To account for possible alternative explanations, we included 
several variables. First, a control variable for firm size was included, since larger firms may 
have more resources to provide a structured internship management process and offer better 
working conditions and compensation to interns. Prior internship experience may have a 
significant effect on young adults’ employability perceptions by increasing their human 
capital and the perception that they are more prepared to work (Andrews and Higson, 2008; 
Silva et al., 2016). Accordingly, we controlled for the number of previous internship 
experiences. We also controlled for internships in foreign countries, since international 
placements could have a greater effect on employability. Moreover, we controlled for age, 
gender and the age when the respondent finished his/her studies as relevant sociodemographic 
factors.

Since the context and particularly the labor market situation is an important predictor of 
perceived employability (Berntson et al., 2006; Rothwell et al., 2008; Sok et al., 2013), we 
introduced dummy variables for each country, with Spain as the reference category.
3.3 Common method bias
A major concern in survey research is the use of perceptual data for both the independent and
dependent variables (self-reported data), which can result in common method bias. Although
common method bias cannot be eliminated in this study, we feel confident that it presents no
serious problems in testing the hypotheses. Because the hypotheses tested in this paper are
quite different from the European Commission’s aims when the survey was designed, the
likelihood that respondents were able to anticipate our hypotheses is extremely low.
Therefore, the probability of social desirability affecting the relationships in this study is
almost nonexistent. In addition, several procedures were used during both the questionnaire
design and the reporting stages to reduce the potential for common method variance (OECD/
Eurostat, 2005; Podsakoff et al., 2003).

Moreover, a latent class factor analysis was conducted using EQS 6.1 to estimate the
presence of common method biases in the data. If there was common method variance in our
data, a single-factor model would emerge as the best statistical solution. The Bayesian
information criterion (BIC) and consistent Akaike information criterion (CAIC) were selected
to compare the model solutions based on their fit and parsimony. The BIC indicated better
performance than the other classification criteria (Biernacki and Govaert, 1999) and CAIC is
preferred over AIC2 or AIC3 for large samples because it imposes a much larger penalty,
which leads to a smaller number of factors (Bozdogan, 1987). Applying the minimum CAIC
and BIC values rule, we determined that the optimal number of factors in these data was five
using both criteria. Thus, both approaches indicated that a model with one factor was not the
most appropriate, suggesting that common method bias is not a serious problem in
this study.

4. Results
We used the software SPSS (statistical package for the social sciences) version 27 to analyze
the data and the hierarchical regression analysis to test our hypotheses. The base model that
includes only the control variables serves as a reference to the other models. The main-effects
model estimates the direct effect proposed in H2 and the curvilinear effect model estimates the
curvilinear effect proposed in H1, by introducing additionally to the main effects, the squared
factor of duration. Contingent models 1 and 2 test the moderating effects proposed in H3 and
H4 respectively, introducing together with the main effects, the interaction terms between
the independent and each moderating variable. Contingent model 3 simultaneously introduces
the two interaction terms, which maintain their sign and significance.

Table 1 shows the correlation matrix for all the study variables. All correlations are well
below 0.70, suggesting discriminant validity of the variables (Cohen et al., 2003).

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<td>-0.029**</td>
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Note(s): Country dummies not shown
*p < 0.05; **p < 0.01; N = 13,565

Table 1. Descriptive statistics
Source(s): Own elaboration
The low values of the correlation matrix suggest that multicollinearity is not a concern in this sample. Moreover, variance inflation factor tests were conducted to verify the absence of this problem. The results were satisfactory, as all values were between 1.0 and 1.5 and the tolerance values were widely far from 0, with the lowest value being 0.681. Therefore, there is evidence to rule out multicollinearity in the data (Hair et al., 1998).

Our hypotheses were tested using hierarchical regression analysis because an interaction effect exists only if the interaction term makes a significant contribution beyond the direct effects of the independent variables.

The results are presented in Table 2. The base model displayed in the first column introduces only the control variables. The main-effects model in the following column introduces all the direct effects of internship duration, motivational practices and formalization of the internship. The introduction of these direct effects increases the variance explained in the dependent variable by 9% ($R^2 = 0.091$, $p < 0.05$). We observe that the regression coefficient for the variable motivational practices is significant and positive ($\beta = 0.26$, $p < 0.001$), providing thus support for the second hypothesis of our study (H2).

The curvilinear model in Table 2 introduces, together with the main direct effect of the variable duration of the internship, the squared term for the same variable, as recommended in the literature to test curvilinear effects (Dawson, 2014). We observe that the regression coefficient for duration-squared and duration are significant ($\beta = -0.14$, $p < 0.05$ and $\beta = 0.32$, $p < 0.01$, respectively). Therefore, we find support for a curvilinear effect of duration of the internship on self-perceived employability, confirming our first hypothesis (H1).

To test the moderating effects of formalization proposed in hypotheses 3 and 4, we introduced separately the interaction terms in two different models, as recommended in the literature (Cohen and Cohen, 1983). Contingent Model 1 in Table 2 reports the results of introducing the interaction term between duration and formalization of the internship together with the main effects. The addition of the interaction term makes a significant contribution beyond the main effects ($R^2 = 0.013$, $p < 0.05$), but the regression coefficient of the interaction ($\beta = 0.06$) is nonsignificant. Hence, this result does not support Hypothesis 3.

Contingent Model 2 in Table 2 reports the results of introducing the interaction term between motivational practices and formalization of the internship together with the main effects. The addition of the interaction term makes a significant contribution beyond the main effects ($R^2 = 0.14$, $p > 0.05$). The regression coefficient for the interaction between motivational practices and formalization ($\beta = -0.22$, $p > 0.01$) is significant; hence, the results provide support for hypothesis 4. To determine the nature of the significant interaction, we plotted the effect of formalization on the relationship between motivational practices and self-perceived employability for values of formalization at the mean and one standard deviation above and below the mean, as suggested by Cohen and Cohen (1983). This plot is reported in Figure 2 and suggests that when the motivational practices are not well developed, a higher degree of formalization leads to higher self-perceived employability. On the contrary, when motivational practices are well developed, interns do not need a high degree of formalization to perceive that these practices enhance their employability (See Figure 3).

5. Discussion

High rates of youth unemployment, which reached an average of almost 25% in EU countries during the previous economic crisis, represent one of the most important challenges of the current European economies. Internships have become an increasingly common feature of the labor market and an important tool to combat youth unemployment. However, while both researchers and practitioners acknowledge their importance in preparing young adults to enter the labor market (Finch et al., 2013; Ishengoma and Vaaland, 2016; Rynes and Bartunek, 2013), we lack more comprehensive explanations of how we can design internships that
<table>
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<tr>
<th>D.V.: Perceived employability</th>
<th>Base model</th>
<th>Main effects model</th>
<th>Curvilinear effect model</th>
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<th>Contingent model 2</th>
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<td>Motivation $\times$ Form</td>
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**Note(s):** *p < 0.05; **p < 0.01; ***p < 0.001; N = 13,565

**Source(s):** Own elaboration
effectively increase young adults’ employability (Inceoglu et al., 2019; Narayanan et al., 2010). In this sense, identifying internship features that increase perceived employability is important because it could help to maximize the outcomes of a labor relationship that is extremely widespread and could alleviate the problem of unemployment among young adults.

Our empirical study supports the proposed curvilinear relationship between internship duration and interns’ perceived employability. If the internship is very short – e.g. less than one month – there is not enough time for a student to acquire the skills and knowledge that might increase future employability. In addition, because the intern is staying for only a very short time, companies might refrain from expending significant resources to provide proper training. For internships lasting too long (e.g. more than 6 or 9 months), the marginal effects of time on employability begin to diminish over time. On the one hand, interns in such situations have had enough time to develop basic professional skills and the pace of learning over time flattens. On the other hand, interns’ motivation starts to decrease because their perception of equity diminishes. The gap between their performance and that of regular employees decreases, while the differences in compensation and benefits are still large.

Our results expand previous knowledge by suggesting that there is optimal internship duration (e.g. 1–6 months). In this period, the intern’s motivation is still high (despite limited

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**Figure 2.**
Plot of the relationship between internship duration and interns’ perceived employability

**Source(s):** Own elaboration

**Figure 3.**
Interaction effect of formalization and motivational practices on perceived employability

**Source(s):** Own elaboration
economic compensation) and the time is sufficient to allow the student to acquire professional skills. In addition, the company benefits from interns’ labor during a longer period of time and the balance between training costs and the benefits of interns’ work is more beneficial for firms. Therefore, during this period, or “sweet spot”, internship duration effectively increases interns’ employability.

This finding extends the results of previous studies suggesting that companies seek an adequate return on investment and invest fewer resources in interns’ development (e.g. lack of formal orientation programs or limited supervisor support) when internships are short (Alpert et al., 2009; Tovey, 2001). This behavior is negatively associated with interns’ perception of employability.

The results of this study also speak to the literature on motivational practices specific to internships (e.g. Beenen and Pichler, 2014; Beenen and Rousseau, 2010; Inceoglu et al., 2019; Maertz et al., 2014; Narayanan et al., 2010), which constitute a somewhat unconventional type of labor relation for which labor regulations are different from those for conventional work (in some countries, internships are not even regulated). Previous studies focused on different facets of intern motivation and possible outcomes. We provide a more operational approach by focusing on specific practices that companies can implement to externally motivate interns. These practices include providing interns with working conditions equivalent to those of regular employees, supporting interns with mentors who provide on-the-job guidance and resolve technical questions and problems and providing financial compensation that allows interns to cover basic living costs. Such practices –that would hardly motivate regular employees – contribute to providing interns with a better developmental experience that positively influences their perception of employability.

Finally, we have analyzed the contingent effect of the level of formalization of the internship process. We have found evidence that the positive effect of a motivating internship experience on the perceived employability of interns depends on the level of internship formalization. Interns perceive greater formalization as a signal that a company supports their professional development (Narayanan et al., 2010) and this strengthens the effect of motivational practices when these are not well developed.

However, the results do not provide support for the suggested moderating effect of formalization on the relationship between internship duration and perceived employability. Although we can only speculate about this issue, the lack of support for our hypothesis may be attributed to the complex nature of the curvilinear relationship between duration and employability. It may also be due to the way formalization is measured in this study, which may obviate other alternative means of formalization. We hope that future additional work will provide more insight into the effect of formalization on the duration–employability relationship.

5.1 Limitations and future lines of research

This study has some limitations partly resulting from the characteristics of the database design. On the one hand, the database is quite suitable because it was compiled from data from a large number of interns; it covers a considerable number of countries and includes an extensive range of different sectors of the target population by education and age. These features guarantee a reasonable basis for the generalization of the results and differentiate our study from most previous research that used small convenience samples of university students. However, this database has some shortcomings. First, its cross-sectional nature makes it impossible to test for causal effects. Second, the database includes subjective employability measures through direct questions to respondents. Because of the EU’s anonymity policy, it is not possible to correlate this information with a secondary objective dataset. Although the possibility of common method bias in the dataset cannot be excluded,
the nature of the hypotheses, the application of Podsakoff et al.’s (2003) recommendations and the statistical tests applied suggest that common method bias is not a cause for concern in this study. Last, in the almost 10 years since the data has been collected, there could have been changes in the regulation and practices referred to internships. These changes might have affected internship experience and preferences. However, if these changes took place, they have not been even among countries and the high number of countries included in our data should account for variation in the context. Therefore, the results obtained should hold, in spite of this potential variation in the context.

This work also points to interesting new lines of future inquiry. The empirical study is based on a sample of European young adults from 28 countries. While we account in our study for the potential effect of the country context, as EU countries share some common political, socio-economic and cultural characteristics, future studies should explore the same relationships in other contexts. For instance, different cultural backgrounds might have different influences on young adults’ employability perceptions, or capability acquisition might have a different timing. However, the inclusion of 28 countries in our study provides an important basis for generalization.

Future research might also triangulate data and include supervisors’ insights on interns’ experiences and performances as a way of adding complexity to features driving employability outcomes. Our research highlights interns’ perceptions regarding their own employability, but it does not explore the perceptions of others in the host organization.

Future studies could also explore the effect of internship design on actual employment. Our research highlights interns’ perceptions regarding their own employability, but it does not explore whether these perceptions translate into actual employment opportunities. We call for more research on the scope and features under which internships favor employability. Further studies could also explore the effect of internship features on other outcomes, such as the time to find employment or the quality of employment. Last, future studies could also bridge these findings with previous ones and explore interactions between individual characteristics and internship features. For example, do specific internship features (e.g. motivational practices, duration, formalization) have a larger effect on perceived employability for some individuals than for others?

5.2 Implications for practice
This study also has implications for young adults, institutions that manage internships (e.g. universities, employment agencies) and organizations running internship programs. First, for young adults, our research can serve as a reference for assessing and identifying internships that provide the right conditions to effectively improve employability. Therefore, when planning their internship, young adults can focus on appropriate opportunities that might make them more employable. If young adults take more responsibility in their decisions to undertake internships, they could thus increase their chances of success in career development.

Second, this study is important for institutions that manage internships such as universities or employment agencies to the extent that they can identify internship features that help improve employability among young adults. Considering the factors highlighted in the findings (i.e. duration, motivational practices and formalization), universities should be selective in the companies they partner with and negotiate short-term, work-relevant experiences that prepare students for the workplace and enhance their employability.

Third, organizations running internship programs can use this study for the purpose of designing more effective and fruitful internships. Our findings can serve as a guide that specifies the necessary tools and practices that provide interns with more career resources. Internship programs are beneficial for hosting organizations because they are considered a
means to obtain access to highly skilled people (Willison, 2012). Hence, implementing a clear strategy based on our findings would assist in building a pool of potential employees who have undergone personal and professional growth.

5.3 Conclusion
Internships are an unconventional type of labor relation that require specific management practices to provide the aimed benefits of increasing young adults’ employability. This study identifies specific features of the internship that enhance interns’ perceptions of self-employability. Specifically, the duration of the internship (i.e., between 1 and 6 months long) together with the development of motivational practices that: (1) seek to equate interns’ working conditions with those of regular employees, (2) provide mentorship and (3) are rewarded with a financial compensation, lead to increased perceptions of self-employability. When motivational practices are not very well developed, firms can use a higher degree of internship formalization to enhance perceptions of self-employability. Developing internships that meet these characteristics is likely to be beneficial both to young adults who seek their first work experience and to the companies that provide them with this type of opportunity.

References


Successful internships and practices


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