Internships: Tapping into China’s next generation of talent

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At the current juncture of China’s economic development, the mismatch between the supply of university graduates and contemporary organizations’ staffing demands is becoming increasingly evident. Thus, student participation in internships and their use by organizations, as means to recruit and select graduate talent in China has undergone rapid expansion over the last three decades, to the point where today, as in many other national contexts, both interns and host organizations regard internships as a preferred pathway into entry-level professional positions. However, internships in China take place against a contextual backdrop which is generally regarded to be distinct from many other national contexts. Hence, this paper will situate the practice of internships relative to the Chinese context, and advocate the conceptualization internships, as a recruitment and selection tool capable of contributing towards addressing the contemporary staffing demands of organizations operating in China. (Asia-Pacific Journal of Cooperative Education, 2013 14(2), 89-98)

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BACKGROUND AND INTERNSHIPS IN CHINA

Internship programs have been extensively applied in China by organizations as a means of tapping into the scarce supply of talented graduates (Buderi & Huang, 2006; Chen & Hoskin, 2007; Schmidt, 2011), and a majority of Chinese university students now participate in internships prior to graduation (Liu, Wang, & Chen, 2010; Qiang, 1993; Wang, 2005). However, despite the widespread practice of internship in China, little is currently known about internships within this context, as the majority of extant internship knowledge is founded on research conducted in Western research contexts. This is a notable deficit in the internship literature, as internships in China take place against a unique backdrop which is broadly characterized by three major competing and merging contextual forces: Confucianism, socialism, and capitalism (Baiyin, 2012), forces which are generally acknowledged to shape organizational phenomenon in a manner which is often distinct from Western organizational contexts (Hofstede & Hofstede, 2005; Zhu, Cooper, Fan, & Cieri, 2013). Therefore, it is necessary to frame the practice of internships in China relative to elements of China’s historical, cultural, economic and institutional backdrop, before future work can proceed to investigate internships within the Chinese context.

Confucian Education

The broader Chinese educational context is of relevance to the practice of internships in China, as China’s culture, and particularly its educational philosophies, are influenced by Confucianism (Baiyin, 2012; Redding, 1993). A manifestation of China’s Confucian-influenced educational heritage is an elitist education system, which clearly demarcates between skill-sets and occupations regarded as intellectual and those of a non-academic or vocational nature (Cooke, 2005). The goal of intellectual or academic education traditionally has been to produce individuals who possessed humanistic and moral superiority, rather than narrowly defined applied skill sets (Bodde, 1957). For instance, civil service examinations accessing broad intellectual ability have functioned as the primary recruitment

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By passing these academic exams, individuals demonstrate their general intellectual superiority as their qualification to rule and administer, rather than on the merits of any practical skill sets they possess relevant to a particular appointment (Hu, 1974).

This elitist educational system is of relevance to the practice of contemporary internships in China as, under this Confucian influenced educational system; practical skills were historically regarded as being strictly the domain of lower status vocational training rather than academic university education (Djung, 1977). The legacy of this educational system continues in contemporary China where selection for white collar positions, both public and private, requires gaining academic university degree qualifications. These degrees are largely achieved by passing a range of theoretical, often rote-learnt examinations, and are largely not regarded to be representative of an accumulation of practical skill sets directly related to a particular profession (Venter, 2002). Thus, university student internships represent a nexus between these two historically distinct forms of education in China, as internships attempt to merge intellectual academic education with more practical work specific skill sets, which differs from the demarcation prescribed by the traditional Confucian educational philosophy.

**Planned Economy Era**

In addition to China’s Confucian heritage, the legacy of the Mao Zedong planned economy era is acknowledged to have implications for contemporary Chinese organizational phenomena (Baiyin, 2012; Hartmann, Feisel, & Schober, 2010; Lin, 2011). During this era from 1949 to 1978, university education was largely side-lined in favor of vocational education coupled with organizational-based learning as a means to apply Mao’s slogan of uniting theory with practice, or alternatively uniting classroom and production activities (Wang, 2005). During this era, employee training was centrally regulated and designed by the state; thus workplace training also incorporated elements such as literacy and political ideology (Cooke, 2005). Employee education was conceptualized holistically, consisting of moral and political dimensions deemed necessary for national development, rather than narrow specialized job-related expertise (Liu, 2003), thus further reinforcing the Confucian-influenced demarcation between academic education and applied workplace skill sets.

Further compounding this demarcation, under the planned economy there was little incentive to increase employee productivity, leading to an institutionalized practice of decoupling employee training and related skill sets from the strategic needs of organizations (Boisot & Child, 1996). Hence, especially in the state sector, employee training was often viewed as a bonus for senior employees (Child, 1994); or as a means of political or regulatory compliance (Shen & Edwards, 2006), rather than as a means to increase organizational performance. Furthermore, under the planned economy, organizations were incentivized to maximize the quantity of their workforce rather than the quality (Boisot & Child, 1996), thus establishing an institutionalized practice of overstaffing in many Chinese organizations (Ngok, 2008). Therefore, the Chinese organizational internship backdrop has evolved from a background distinct from that of the West, which evolved from a market-based economic system. Western organizations are more likely to conceptualize internships as a means to enhance their stock of human capital’s work related skills and abilities linked to an organization’s competitive advantage (Coff, 1997; Hall, 1993). These differing contextual backdrops potentially impact the application of theories associated with internships largely developed in Western organizational contexts.
China’s economic reforms since 1979 have culminated in today’s economic system, which Lin (2011) refers to as ‘centrally managed capitalism’. Educational reforms have been a central component of China’s move to a more market-influenced economic system (Peng, 2000). This move necessitated dramatic changes in China’s higher education landscape, as during the Mao Zedong era a very limited number of university positions were available to elite students in Soviet-styled universities, who were assigned state sector jobs for life prior to graduation (Li & Zhang, 2010; Warner, 1999), whereas in today’s China, there is broad access to higher education, with China’s higher education sector in 2008 consisting of 2,263 institutions, with a combined enrolment of 27 million students (Chinese Ministry of Education, 2009). The expansion of higher education has produced a surge in university-qualified employees. In 2009 alone, 5.7 million students graduated from Chinese universities, including 48,658 PhDs, 322,615 masters and 5.3 million with undergraduate degrees (Chinese Ministry of Education, 2010). Hence, the empirical investigation of Chinese student interns represents a sizable, largely un-investigated, segment of the Chinese workforce.

China’s Graduate Talent Market Paradox

In addition to the size of China’s university enrolment, China’s labor market conditions present a particularly relevant context in which to study internships, as despite the remarkable quantity of Chinese university graduates and graduate unemployment, organizations in China have difficulty recruiting the talent they require (Dickel & Watkins, 2008; Ma & Trigo, 2008; Taylor 2007). The quality of university graduates is widely acknowledged as a key contributor to this talent deficit. A McKinsey & Company study estimated that China would graduate 15.7 million university graduates (excluding medical graduates) between 2003 and 2008; however, it was predicted that only 1.2 million of these graduates would be equipped with the required skill sets to adequately fill high-demand positions within multinational organizations in China (Farrell & Grant, 2005). Similar concerns have also been articulated by Chinese domestic organizations (Johnson & Weiss, 2008). Incompatibilities between university graduate’s skill sets and organizational demands are not unique to China; however, given the pace of China’s economic development, this divide is becoming increasingly acute as organizations diversify away from low-cost manufacturing (Johnson & Weiss, 2008). Therefore, enhancing the effectiveness of organizational practices with the potential to counter current talent deficits is a prominent concern for organizations operating within China.

A contributing cause of graduate talent deficits in China has been attributed to the Chinese university education system. Although the Chinese university system has made remarkable progress in regards to the quantity of graduates produced, the quality of these graduates has been widely criticized relative to organizational demands (Johnson & Weiss, 2008; Venter, 2002; Zeng & Williamson, 2007). Furthermore, this mismatch between graduate skill sets and contemporary business demands is evidenced in the labor market’s inability to absorb graduates, with increasing unemployment amongst graduates (Hua, 2002; Jacobs, 2010; Xin, Xueyi, & Peiling, 2009). Foreign-educated Chinese returning to China were once regarded as a means to address talent deficits; however, this contribution has not eventuated, as the vast majority of these students have sought employment outside of China after their graduation (Pan, 2011; Tung, 2008). Consequently, of the one million Chinese students who studied abroad from 1978 to 2006, only 30 per cent returned to China, and for science and technology graduates, the estimates are as low as 10 per cent (Tung, 2008), further compounding graduate skill set shortages amongst graduates in China.
The inability of Chinese universities to produce a sufficient supply of graduates to meet contemporary organizational demands has been attributed to a number of factors. These include shortages of qualified teachers, the Confucian-influenced pedagogy and reliance on a rote-learnt examination system (Li & Zhang, 2010; Sun, 2004; Yang, 2007). Difficulties in transferring a Western-developed university syllabus to the Chinese context have also been noted as a contributing factor (Berrell, Wrathall, & Wright, 2001; Li & Van Baalen, 2007; Li & Zhang, 2010). Furthermore, under the then-planned economy, universities were not required to produce skill sets linked to adding organizational productivity or competitive advantage (Venter, 2002; Warner, 2008). Hence, producing graduates to meet contemporary organizational demands in a market-based economy is a relatively new goal for the Chinese universities (Zhao & Du, 2012). Consequently, as a result of these factors, Chinese universities are currently not regarded by organizations as being able to produce graduates which match their current demands, including practical problem solving skills, creativity, and the crucial ability of being able to apply learned knowledge to real-world situations (Guo, Beatrice, & Heijden, 2008; Robertson, 2007; Venter, 2002).

**Internships in China Today**

In recognition of Chinese universities’ inability to produce graduates with the required skill sets, the government has enacted a number of further educational reforms aimed at increasing the employability of graduates (Guo et al., 2008). Internships have been viewed by decision makers as a means of enhancing graduate employability, and are now incorporated into university curriculum across majors, with the completion of internships a mandated requirement of degree graduation, for a majority of China’s graduates (Liu et al., 2010; Qiang, 1993; Wang, 2005). However, despite this widespread and expanding participation in internships, currently little is known about internships within China. The prevalence of internships in China today is not solely driven by the supply of interns from universities as this supply is coupled with organizational demand for interns. For example, global industry leaders operating in China, including Microsoft (Chen & Hoskin, 2007), Google, (Buderi & Huang, 2006), DOW Chemicals, CISCO (Schmidt, 2011), IBM, PEG, Motorola (Lane & Pollner, 2008), and leading domestic companies Haier, Huawei, and TCL (Schuler, Jackson, & Tarique, 2011), have all placed internships at the core of their efforts to recruit, develop and retain talented Chinese graduates. One internship program alone - IBM’s Blue Pathway program - is currently offering 500 internship positions within China for 2013 (IBM, 2012). This proliferation of internship positions offered in China can be at least partially attributed to their particular value, as recruitment and selection in China’s competitive talent market. MNCs and domestic Chinese firms and state-owned enterprises in China are increasingly competing for the same scarce talent (Lane & Pollner, 2008; Ma & Trigo, 2008). This war for talent has prompted the proliferation of reactive attraction and retention strategies, including escalating salaries and benefits coupled with employee poaching (Lane & Pollner). Consequently, those organizations with greater resources such as large SOEs and MNCs, have gained preferential access to the most desired graduate talent (Venter, 2002), dominating the list of the most desirable employers for new Chinese graduates (Yang, 2011). Accordingly, well-resourced employers such as Google and Microsoft also offer the most desirable internships positions, further securing their access to a supply of China’s graduates from elite universities (Buderi & Huang, 2006).
China’s adversarial talent market conditions have prompted calls for more proactive organizational talent management strategies to counter current skills deficits (Lane & Pollner, 2008). Internships provide an ideal means for organizations in China to proactively identify the future generations of organizational talent, by using internships to identify high-quality graduates. Organizations in China are known to regard graduation from an elite university as a signal of graduate quality, and weight university rank as a dominant selection criteria for new graduates (Hartog, Sun, & Xiaohao, 2010; Li, Morganm, & Ding, 2008; Venter, 2002), to a greater degree than in the West (Lee, 2007). Thus, as mentioned previously, a small number of well-known and well-resourced organizations already have established preferential access to the small supply of graduates from China’s elite universities. Consequently, internships provide a means to screen the large and potentially under-utilized supply of graduates who have not graduated from prestigious universities for future organizational talent.

LEVERING INTERNSHIPS IN CHINA

Turning to the wider internship literature, the leveraging of internships in a recruitment and selection capacity by organizations in China is not unique to China, as for example, Fortune 500 companies perceive the provision of internships as an important component of their human resource management strategy (Barr & McNeilly, 2002), and the National Association of College Employers (NACE) (2012b) annual survey of United States employers reveals a continued upward trend in the number of internship positions offered. This trend is not surprising given that, arguably, the foremost benefit of internships from an organizational perspective is their ability to attract, recruit and screen potential future employees (Beenen & Mrousseau, 2010; Gabris & Mitchell, 1989). Thus, a substantial number of new employees are now employed though their internship programs (Beenen & Mrousseau; Zhao & Liden, 2011). For instance, J.P Morgan and Goldman Sachs employed over 80 per cent of their new employees in 2008 and 2009 though their internship programs (Gerdes, 2009), and Hewlett Packard has a tradition of employing approximately 70 per cent of their new employees from their former interns (Watson, 1995). Moreover, a NACE (2011) survey of 266 employers indicated that an average of 39 per cent of all entry level employers in the United States were former interns of their employing organization. This evidence suggests that internships are being extensively used in as a means to attract and screen talent globally; however, little guidance is provided for organizations in China or globally, regarding how to effectively leverage internships as a recruitment and selection tool, to address talent deficits.

In order to enhance the effectiveness of internships in a recruitment and selection capacity, more research investigating the factors leading to the conversion of interns into employees with the host organization, globally and particularly in China, given current talent market conditions, is needed. Despite the prevalence of host-organizations selecting future employees from internship pools, little is known about the successful conversion of interns to employees within internship host organizations. Previous work advocates the value of employing former interns, for instance, internship participation has been shown to improve career advancement opportunities with any employer (Blair, Millea, & Hammer, 2004; Fuller, Marler, & Hester, 2006; Gault, Redington, & Schlager, 2000; Siegel, Blackwood, & Landy, 2010), vocational commitment (Brooks, Cornelius, Greenfield, & Joseph, 1995; Callanan & Benzing, 2004), organizational commitment (Dixon, Cunningham, Saga, Turner, & Kent, 2005; Liu, Xu, & Weitz, 2011), work preparation (Raymond & McNabb, 1993), increased person-organization fit (Resick, Baltes, & Shantz, 2007), higher job satisfaction (Knouse,
Tanner, & Harris, 1999), increased job offer acceptance (Beenen & Mrousseau, 2010; National Association of College Employers, 2011; National Association of College Employers, 2012a), and higher intern retention rates (National Association of Colleges and Employers, 2004, 2005; Siegel et al., 2010). These post-employment benefits were primarily investigated from an intern’s perspective; thus previous research investigated the link generally with any employer, rather than within the host organization, as research has been more concerned with the intern’s general employability, rather than host organization recruitment and selection outcomes linked to internships. Neglecting host organization outcomes in previous internship work can be attributed to the literature to-date predominantly conceptualizing internships as a personal and career development experience for interns; hence little is known about the process by which interns are converted into regular employees with the host organization following graduation.

Consequently, the linkages between internship variables and host organization recruitment and selection outcomes remain largely untested in the extant literature outside of a few recent exceptions which have begun to conceptualize internships as a component of organizational recruitment and selection efforts, rather than solely an experiential learning experience for interns (e.g., Beenen & Mrousseau, 2010; Hurst, Good, & Gardner, 2012; Zhao & Liden, 2011). Advancing this stream of research is particularly crucial given the nature of internships, which allows interns considerable discretion when deciding whether to convert to regular employment with the host organization, as interns have not yet made a formal commitment to their host organization. Rather, internships are often used by interns as a non-committal way of sampling organizational life prior to making a long-term decision regarding their employment or career (Gault et al., 2000; Linn, Ferguson, & Egart, 2004). Thus, interns may be particularly sensitive to features of the internship experience when deciding whether to convert to regular employment with the host organization. Thus, in order for host organizations in China to capitalize on their investment in the intern, successfully converting desired interns into employees is essential, rather than internships enhancing the employability of the intern in the job market generally.

CONCLUSION

Given the pervasive use of internships in China and the contextual characteristics historical, cultural, and institutional, which potentially influence internship outcomes in China, coupled with China’s paradoxical graduate labor market conditions, China provides a timely context of particular theoretical and practical relevance for the investigation of internships in a recruitment and selection capacity. However, the small quantity of work focusing on internships in China is purely descriptive in nature (Liu et al., 2010; Qiang, 1993), with two recent exceptions, which empirically substantiated causal claims relative to Chinese internships (Liu, 2012; Song & Chathoth, 2011). Rather, Western research contexts, mostly from the United States, dominate previous internship studies (e.g., Coco, 2000; Cook, Parker, & Pettijohn, 2004; D’Abate, Youndt, & Wenzel, 2009). Highlighting this notable gap issue in previous internship work, a recent review of papers published in Asia-Pacific Journal of Cooperative Education (APJCE), the Asian regional outlet for internship research, revealed that only 4 per cent of authors who published papers were of Asian origin (Zegwaaard, 2012). Thus, investigation of internships within China is of theoretical significance, as it advances internship research beyond its current Western boundaries, and will also shed light on how Chinese contextual variables shape the practice of internships in China.
Furthermore, given the talent demands of organizations operating in China today, the study of internships in China is of particular practical relevance to managers operating in China, given the current acute mismatch between the future generations of talent supplied by universities and contemporary organizations’ talent demands (Farrell & Grant, 2005; Johnson & Weiss, 2008). This is, primarily, because China’s graduate supply deficit does not stem from the quantity of graduates rather, the mismatch is caused by the small number of graduates who match the demands of contemporary organizations operating in China. Consequently, internship programs have been extensively applied in China by organizations as a means of tapping into the scarce supply of talented graduates (Buderi & Huang, 2006; Chen & Hoskin, 2007; Schmidt, 2011). However, managers operating in China are currently provided with sparse guidance from researchers and the literature regarding how internships can be better utilized to attract and identify future generations of Chinese employees. Thus, research approaching internships from a recruitment and selection perspective in China is required, because of the gulf between practitioners extensive utilization of their intern pools as a source of future employees, and limited extant internship theory able to direct their efforts at successfully converting these interns into the next generation of organizational talent.

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