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Intern Programs as a Human Resources Management Tool for the Department of Defense

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Prepared for the Office of the Secretary of Defense

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Summary

The Department of Defense (DoD) expects the number of its retiring civil service employees to increase over the next five years as a large portion of the civil service workforce becomes eligible for retirement. In addition to the effect that this exit of so many employees will have on DoD hiring demands, the Defense Transformation for the 21st Century Act—proposed defense legislation calling for a realignment of DoD’s organizational structure and skill mix to address current objectives for the future and for the transfer to civilian personnel of some functions now performed by military personnel—has the potential to increase DoD’s hiring demands even further.

Many within DoD are concerned about how the department and its components will find qualified individuals to replace such a large number of retiring employees and to fill available positions. At the same time, such a turnover in the workforce provides DoD with an opportunity to realize workforce planning goals—that is, to compare the skill mix of the current workforce with the skills needed to support tomorrow’s military and then to make needed adjustments.

The DoD Civilian Human Resources Strategic Plan identifies intern programs as a potentially useful recruiting tool. To understand how DoD might use such programs most effectively, the Office of the Secretary of Defense asked the RAND Corporation to investigate the use of intern programs in DoD and other organizations, to gather information on effective practices and organizational options used in these programs, and to provide recommendations on DoD’s use of

intern programs. To address these issues, we conducted both a literature and an Internet review, as well as in-person interviews with representatives of private- and public-sector organizations.

Many Options Exist for Intern Programs

Our research focused on two categories of intern programs: pre-employment programs and structured post-employment programs, the latter of which we refer to as *early career professional development* (ECPD) programs.

Within the category of pre-employment internships, we looked at three kinds of programs: *summer internships*, defined as those employing students full-time during summer breaks and usually lasting between 8 and 12 weeks; *part-time internships*, defined as those employing students in the “off hours” during the school year or during breaks from school; and *co-op programs*, defined as those offering students continuous on-the-job experience, typically in a factory-oriented or technical job, over a period of months or years as the students complete their schooling. While all of these pre-employment internships provide multiple benefits when used successfully, they are primarily used as recruiting and screening tools.

The second category is ECPD programs, which are structured professional development programs designed for new hires. Their goal is to provide new employees with organization-specific training that will improve their ability to do their jobs and/or groom them for advancement to higher-level positions. Participants in DoD ECPD programs hire in at an entry level (usually GS-5, 7, or 9) and are non-competitively promoted to a higher, “target” grade level when they complete the program requirements. In the private sector, some companies, such as Ford Motor Company and Cigna, strongly emphasize ECPD for entry-level professional positions, involving most if not all new employees in structured ECPD programs.

DoD Emphasizes Early Career Professional Development Programs

We found examples of every kind of intern program within DoD, but ECPD programs are by far the most common. In fact, they are the only intern programs currently referred to by DoD as *internships*. ECPD program participants are hired into permanent, career-conditional civil service positions through either traditional civil service hiring practices or one of a handful of special hiring authorities. Pre-employment internships exist in DoD but are not common; summer internships are especially rare.

DoD can use two federal programs, both within the Student Educational Employment Program (SEEP), for hiring pre-employment interns. The first of these, the Student Temporary Employment Program (STEP), allows agencies to hire students on a part-time or short-term basis to get work done. The second, the Student Career Experience Program (SCEP), is oriented more toward training and development and is designed to groom students for term or permanent positions by providing them with work experience related to their educational program and career goals.

The Literature Identifies Successful Practices for Intern Programs

A substantial body of literature exists on the characteristics that successful pre-employment internships have in common.¹ Most of this literature draws lessons from the experience of private-sector organizations whose intern programs are well regarded and contribute to corporate-wide hiring goals. One theme running through the literature on internships is to do them well or not at all.

Our review also identified several specific practices used by successful firms. We found three key guidelines for the recruitment and selection of participants for pre-employment internships:

¹ These characteristics are often referred to as *best practices* in the literature.

- **Carefully consider the organization's needs to ensure that potential candidates are a good fit.** If an organization's goal is to recruit permanent employees, it does not want interns it would not consider for permanent positions.
- **To attract the desired students, know what students are looking for.** While organizations need to understand their own goals for internship programs, they also need to know what potential participants expect to gain from the programs.
- **Identify effective means of gaining access to potential participants.** People learn about available internships through a variety of means, including Websites, job fairs, career preparation courses, and word of mouth.

We also identified several guidelines related to the management of pre-employment interns during the program:

- **Select good mentors.** Good mentorship and supervision are advocated as the best way to guide students' development and to give students a positive impression of the organization.
- **Provide students with interesting work.** Interns want to feel that they are not only contributing, but getting a real sense of what goes on in the company and what it is actually like to work there.
- **Provide benefits.** Even an unpaid internship becomes more appealing if there are tangible benefits such as assistance with relocation or housing, transportation, etc.
- **Administer the program carefully.** Ongoing engagement with both senior management and operational managers is important to ensure that program awareness is high, program objectives are being met, and areas for improvement are identified. Program administrators should also be encouraged to respond to problems quickly.
- **Be recruitment-minded throughout the program.** Being recruitment-minded starts with careful selection of candidates and extends to thoughtful monitoring and evaluation of their progress as interns.

Although there is no distinct literature describing best practices for ECPD programs, we were able to draw some useful observations from our review of literature on pre-employment intern programs. One finding is that ECPD programs are not a substitute for pre-employment intern programs. Private-sector organizations that use both kinds of programs typically use pre-employment internships as a screening tool to determine the best candidates for their ECPD programs, which they then use to train entry-level employees up to journeyman levels of competency. Another finding is that although ECPD programs focus less on recruitment and more on professional development than pre-employment internships do, they should still include thoughtful mentoring and rotational assignments.

Implications of Literature Review for DoD

A common theme running through the literature on effective practices for intern programs is the importance of keeping organizational goals in mind when designing and administering an intern program, whether of the pre-employment or ECPD kind. A clear understanding of program goals is especially critical in selecting participants and evaluating their work as interns. Since recruiting is a primary goal of pre-employment intern programs, substantial care typically goes into “selling” a student on the organization during the internship.

There are also costs associated with running an effective intern program. Pre-employment internships require a considerable investment of time and other resources, a point that organizations clearly take into account when deciding whether to use such a program and in selecting the kind of program to use.

A Program’s Organization and Structure Influence Its Success

Issues such as who funds a program, who does the recruiting and hiring, and who evaluates interns can greatly influence a program’s success in achieving its goals. We examined organizational options used for pre-employment intern and ECPD programs, deriving sev-

eral conclusions about the structure and organization of intern programs both within and outside DoD.

Degree of Centralization Reflects Program Goals in Successful Intern Programs

In successful intern programs of all types, the funding, evaluation, and hiring decisions are made at the organizational level that is the focus of the program's objectives. In other words, programs designed to benefit the organization as a whole tend to receive high-level support and funding, as well as corporate input on hiring decisions. Similarly, programs whose purpose is to improve recruiting in or for a specific line of business or operational unit tend to be decentralized to the level of that operating unit. Intermediate degrees of centralization to the level of an organizational department consisting of several operational units or to the level of a functional community (e.g., a community of one or more related occupations) that cuts across many operating units of the organization are also possible.

Both ECPD and pre-employment intern programs may be used to achieve goals at any organizational level. ECPD programs typically have broad firm- or agencywide goals, and centralization or functionally based decentralization is the norm for these programs. But this does not mean that it is impossible to design a decentralized ECPD program to address the goals of an organizational subunit. Pre-employment internships typically have a combination of firmwide and narrower, business-line goals. Pre-employment intern programs are sometimes centralized, but most tend to be decentralized, often with actual program training content left to the discretion of operational managers, who may or may not receive significant centralized guidance. In both DoD and the corporate world, part-time intern programs and co-op programs are decentralized and locally driven, with funding usually derived from local budgets and personnel authorizations, although there is pressure for greater centralization.

Different Levels of Organizational Goals Imply Different Incentives

The incentive structures of successful pre-employment and ECPD programs are well aligned with the relevant level of organizational

goals. For example, programs designed to meet corporatewide goals draw their primary input from individuals who can benefit from this corporate perspective. To operational unit managers, corporate goals may seem distant and abstract, so if the input of these managers is important to the program, incentives for their participation (e.g., centralized funding of intern program participants, centralized funding for mentors) may be required.

The degree to which an intern program is centralized can affect the breadth of goals. Centrally funded programs take a higher organizational view, preparing interns for a variety of positions in the company or developing “future leaders”; corporate exposure is likely to be broader, and “success” is measured in terms of an intern’s migration to *any* permanent position in the company. Local or functionally funded internships, in contrast, are more likely to correspond (though they need not necessarily do so) with parochial training and goals. The experience and training an intern receives are likely to be narrower and more locally specific, and “success” for a location or function is the intern’s migration to permanency *in that location or function*.

A Moderate Degree of Centralization Appears to Be a Successful Approach for Funding Intern Programs

One clear conclusion from our research is that the locus of funding for an intern program drives or is reflective of program objectives. It appears that some moderate level of centralization is the most effective option for funding internships. Local operational managers already bear the cost of mentoring or working with pre-employment intern or ECPD program participants, so being asked to pay the direct costs of such programs would put an additional burden on them. A functionally oriented and funded pre-employment intern or ECPD program provides the broader, functional community some ownership over and responsibility for program participants. A functional community is also better able than a local manager to deal with the risks and uncertainty involved in workforce planning and to adopt a perspective that considers the objectives of the organization as a whole rather than just those of an organizational subunit.

Larger, More Centralized Programs Tend to Have More-Comprehensive Mechanisms for Program Evaluation

Our research suggests that the larger, more centralized programs tend to have more-comprehensive, or formal, forms of program evaluation in place. This may reflect the fact that economies of scale accompany such evaluations in large programs, and that it is difficult to justify the expense of such evaluations for smaller programs. Another reason that smaller programs might not have formal program evaluation is that informal evaluation can suffice for their smaller scale.

Regardless of whether program evaluation is formal or informal, however, it tends to focus on cost and some measure of how well the program is achieving its objectives. For pre-employment intern programs, the outcomes of interest are the percentage of interns who receive a permanent job offer and, of those, the percentage who accept. ECPD programs tend to focus on the differences in retention rate and relative career success between program participants and employees who are similar but did not participate in the program.

Well-Regarded Intern Programs Are Part of a Human Resources Structure Designed to Meet Organizational Goals

Although there is ample literature describing specific practices used by successful intern programs, it appears that success may have more to do with the way programs are structured and with high-level support for such programs rather than with the use of specific practices. Well-regarded intern programs are part of a human resources (HR) structure that is designed to serve the organization's overall aims. Successful programs are not exclusively owned and run by HR, however. Instead, they are supported by HR and receive significant input and funding from functional communities and operational managers. This finding is consistent with the more general recommendations of the Strategic Human Capital Management approach, which suggests that government agencies emphasize human capital management and use the input of managers at all levels to design programs targeted to help the organization achieve its overall goals (General Accounting Office, 2002).

Centralization issues can be resolved in a variety of ways, all of which call for some, but not all, activities to be centralized. It appears that successful intern programs centralize only those activities that can benefit from economies of scale—such as the design of evaluation standards and tools, training materials for mentors, and general guidelines for structuring the intern programs. It is also common for organizations to centralize their contacts with colleges and universities to some degree. However, functional communities and/or operational units typically play a key role in identifying demand for interns (usually based on some medium-term forecasting of personnel needs in the functional area), selecting interns, designing the intern experience, and evaluating intern performance.

DoD Lacks the Hiring Flexibility Found in the Private Sector

The extent to which DoD can or should adopt organizational options used in other organizations is limited in certain respects. One key way in which private companies benefit from intern programs is that they are able to evaluate program participants and make offers of employment to the most successful of them. DoD, in contrast, cannot currently act on all the participant information available through its summer intern programs. SCEP allows for direct conversion to term or permanent positions, but only after a program participant has put in 640 hours—or 16 full-time weeks—of service with a federal agency. Because most summer programs last only 10 weeks, or 400 hours, a student who spends one successful summer in a DoD internship is not eligible for direct conversion.

Recommendations

The findings from our analysis suggest several ways for DoD to make more effective use of its intern and early career professional development programs.

First, in an effort to more effectively recruit recent college graduates, DoD should develop and employ terminology for describing different programs and positions that is free from DoD-

specific jargon and consistent with terminology used in the private sector. Specifically, DoD should consider eliminating the use of the term *intern program* to describe bona fide, permanent jobs that involve a substantial amount of professional development. Students, particularly those not familiar with the federal government, will tend to assume that an internship is not a “real job.” We use the term *early career professional development* (ECPD) program to describe such jobs. DoD should consider adopting this or similar terminology.

Second, to the extent that DoD seeks to use pre-employment internships as a recruiting tool, it should create high-quality programs that maximize the potential for hiring talented interns as permanent employees. The SCEP hiring authority gives managers an opportunity to use pre-employment intern programs in a way that is consistent with how the private sector uses them—that is, as hiring and screening tools. DoD should bear in mind the lessons from the private sector on successful pre-employment internships. In particular, if the goal of these programs is to improve entry-level recruiting, DoD must be sure to design interesting work experiences with well-prepared, attentive mentors in order to make a positive impression on participants.

Expanded use of pre-employment intern programs should acknowledge recruiting as a primary goal and be closely linked with overall HR objectives. In creating new programs or expanding existing programs, DoD must balance local and departmentwide needs and link its decisions with larger workforce planning goals. As we witnessed in the case studies, local and organizationwide intern programs often have different objectives. The implementation of new or expanded DoD pre-employment intern programs should reflect the practices that the private sector uses to implement such programs.

Third, if DoD intends to use the summer internship as a recruiting tool, we recommend that it advocate changes to the SCEP rules. DoD’s use of relatively few summer internships (in comparison to the number used by the private sector) is a rational response on the part of DoD managers to the hiring authorities available to them. The current array of hiring authorities provides no option for offering a permanent job to a successful summer intern after one summer.

Such an intern can only apply through the regular, competitive hiring process that is open to all applicants. And even after the intern does so, the DoD manager may be forced by federal hiring rules to choose another candidate.

Current Student Educational Employment Program (SEEP) regulations provide flexibility for DoD managers to use summer intern programs to achieve a variety of HR objectives. However, current SCEP requirements limit the extent to which DoD managers can effectively use summer internships as a recruiting tool. There are many reasons for DoD to consider using summer intern programs as a recruiting tool—for example, they have the potential to attract a much broader pool of candidates than part-time internships or co-op programs do.

If DoD decides to increase its use of summer internships as a recruiting tool, it should advocate policy changes that reduce the number of hours required for direct-conversion eligibility under SCEP. Current SCEP rules allow managers at federal agencies, including DoD, to directly convert to term or permanent employment only those individuals who successfully complete 640 hours of service during their time as students. If this figure were reduced to 400—a criterion that could be met by a full-time summer intern in one summer—managers would have the choice of converting promising summer interns to term or permanent employment.

Fourth, we recommend that DoD promote closer links between pre-employment intern programs and ECPD programs. Many of the private-sector companies we examined use pre-employment internships as a means of identifying employees for ECPD programs. To the extent that both pre-employment intern and ECPD programs share the objective of identifying employees desired by the organization, it is useful to reinforce the connections between these two types of programs.

Finally, we recommend that DoD facilitate the evaluation of intern programs by gathering information on pre-employment intern and ECPD program participation as part of the DoD-wide civilian personnel master file. Using the civilian personnel master file, DoD can track the careers of any civil service employee. If intern program

participants could be identified in the data set, conversion rates could be examined, and career progression, promotion rates, and retention rates for program participants could be compared to those for similar employees who did not participate in such programs. Such comparative analytic tools are already in use within some DoD services and agencies.