

Internship hiring is tanking

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Citing budget cuts, decreased workloads, and downsizings, companies say they expect a 21% decline in undergraduate internships, and MBAs are not immune either.

There will be a lot of empty space at the University of Wisconsin at Madison's upcoming career fair for students from the College of Letters & Science. Last year, 43 employers turned out to talk up their internship programs and full-time opportunities; this year only 23 plan to attend. It's gotten so bad that business students, who normally clamor for jobs with investment banks and consulting companies, are settling for less. "Retail used to be not that appealing to business students—it's kind of a back-up plan," says career services director Leslie Kohlberg. Not anymore.

At colleges and universities across the country, students are learning about the vagaries of the job market the hard way, and they're not waiting till graduation. Internships are scarcer than ever. A new survey by the National Association of Colleges & Employers (NACE) finds that employers—citing budget cuts, decreased workloads, and company downsizings—are expecting to decrease internship hiring by nearly 21% this year. Not surprisingly, financial services, manufacturing, and construction are expected to be the hardest-hit industries, while computer software and food and beverage companies have slowed the least.

College and grad students in the same boat

Internship hiring at the MBA level is hurting as well. Admissions directors at many schools say companies are scaling back, forcing schools to reach out more aggressively to corporate contacts and alumni. At the University of North Carolina's Kenan-Flagler School of Business, the staff of the MBA Career Management Center act as consultants, working with companies to create internships for MBA students. "Turning into a consulting organization has been much, much better received than we could have thought," says Jeff Fisher, the center's director.

The decline in internship hiring, if it pans out, would be one of the sharpest cutbacks in years for a corner of the job market that is more or less immune to wild fluctuations. But as bad as it is, the job market for new college grads and MBA grads is even worse. Some admissions directors say they're seeing an increase in internships as companies cut back on permanent hires. "Everything I'm hearing is that there is an increase in internships over full-time jobs," says Kohlberg. "Many [companies] are looking at the bigger picture of the talent pipeline, and looming retirements."

But don't tell that to business students, who have been struggling more than most to secure internships as the economy slips deeper into a recession. For one undergraduate senior accounting major at the University of Oregon, the search has been an exercise in frustration. "Even though a lot of companies are coming in, they only offer one internship," he wrote in a recent BusinessWeek ranking survey. "I realize that the job market is going to be very competitive, especially in today's economy but...the ratio of internships to students applying for them makes it unrealistic for me to assume I will ever get one."

Second time around

At both the undergraduate and graduate level, business students casting a wider net for internships are finding themselves pitted against those from other academic disciplines, in many cases for jobs in retail or sales that they never would have considered under other circumstances. They're also up against recent graduates who haven't been able to secure permanent full-time work. "If full-time jobs aren't as plentiful, we might offer internships to

graduating students," says Rick Cosier, chair of the Association to Advance Collegiate Schools of Business and dean at Purdue's Krannert School of Management. "That buys some time."

One way students can take matters in their own hands is by pushing hard for an internship at a previous internship employer, who may be more likely to hire a known quantity than a complete unknown. This year, companies say about one out of four internships will be given to students who have already interned at the company in the past, says Camille Luckenbaugh, who conducted the NACE survey. "Students will have to work harder, but the opportunities are still there."

Another strategy: focusing the internship search on industries or companies that seem immune from the downturn—something business students should be particularly adept at. Verizon, for example, plans to increase its internship hiring by 10% this year, says spokesperson Alberto Canal. "This is a competitive industry," he notes. "We depend on a pipeline of talented employees to meet that customer demand."

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