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Partnering SME with business schools: A student ‘consulternship’ approach

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Abstract:

New Zealand is a small enterprise economy; 97% of enterprises fall into this category, employing 584,000 people and accounting for 30% of the work force. Despite their economic importance SME face particular resource constraints. Several agencies provide assistance to SME: New Zealand Trade and Enterprise (NZTE), Callaghan Innovation and Business. Govt. NZ Specialist consultants and business associations are another resource as are business schools. The paper explores the potential for SME to partner with business schools through student ‘consulternships’ thereby accessing a valuable resource base. A literature review on student ‘consulternships’ identified issues of concern including the selection of appropriate candidates, the nature of viable projects, funding, supervision, and possible conflict of interests with professional consultants. Data was obtained from interviews with senior business students and business academics, and a survey of local SME. Responses of SME were positive to the approach including providing senior business students with practical experience. Funding, time and staff availability were seen as potential constraints.

Keywords: SME, ‘consulternships’, Work Integrated Learning (WIL), business education, graduate employability, ‘work-readiness’.

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INTRODUCTION

This paper examines the potential for SME to develop partnership with tertiary business institutions through student 'consulternships', providing them with access to a valuable resource. For senior business students 'consulternships' offer the opportunity to apply their academic knowledge to practical business problems while also gaining pre-employment experience. A broader aim is the opportunity to enhance the relationship between academia and the small enterprise community.

BRIDGING THE WORLD OF STUDY AND WORK

Much has been written about the need for business graduates to be 'work-ready', equipped with appropriate mix of 'hard' and 'soft' skills and experiences *before* entering the workforce. In 1998 the Conference Board commented; 'Partnerships between education and industry are viewed as vital investments in America's future that can energise and profit all partners.'(The Conference Board, p.1, 1998). An Australian report commented along the same lines 'Integrating study and work experience in a systematic way is not new to university experience...there is compelling evidence, however, of an even wider unmet need for generally trained, flexible graduates with relevant experience and enhanced work readiness. (Universities Australia, p.1, 2008) The New Zealand's Government's 2014 Strategy on Tertiary Education makes it clear that they too would like to see the tertiary system becoming more outward facing and engaged, with stronger links to industry. (New Zealand Government, 2014) The report argues that tertiary institutions need to 'provide learning environments that simulate the workplace or involve project-based learning on 'real' problems' and 'create internship opportunities for students to learn on the job while they study.' It also reminds the tertiary sector of the importance it places on graduate employability.

Business has long complained that a 'gap' exists between the skills and capabilities they are looking for and those possessed by graduates in an increasingly mobile and globalised world (Oblinger & Verville, 1998, King, 2003; Yunus and Li, 2005, Andrews & Higson, 2008) A Scottish study observed: 'Employers expect graduates to have technical and discipline competences from their degrees but require graduates also to demonstrate a range of broader skills and attributes that include team-working, communication, leadership, critical thinking.' (SCRE Centre, p.4, 2011) Concerns have been raised that graduates often lack the 'soft' skills that employers are looking for: "Broadly speaking industry representatives are satisfied with the technical or discipline specific skills of graduates, but for some there is a perception that employability skills are under-developed". (Australia Universities, p.8, 2008)

The opportunities available for a wider range of students – not just science and technology students - to engage with business during their studies is also an issue: 'Student dissatisfaction with work opportunities and work experience arrangements is... a troubling aspect of otherwise satisfactory student reports on their university experience.'" (Australia Universities, p.4, 2008)

Tertiary institutions and industry have traditionally attempted to bridge this gap through Work-Integrated Learning (WIL) strategies: short term work experience, 'co-op' programmes, 'capstone courses', work placements and internships. While there is general agreement that these efforts are desirable as a way to develop graduate employability skills, it is also important that such interventions also add value to the enterprise as well as the student since involvement is not costless

for the enterprise. This is particularly the case for 'resource-poor' SME for unlike their larger business counter-parts they are less likely to have the resources readily available, for example experienced mentors to dedicate to a longer-term internship. Effective work-place learning also needs to be more than simple experience and provide the student with the opportunity to put into practice their theoretical knowledge. It also needs to demonstrate some form of 'added value' to the enterprise. For this to occur, a 'consulternship' needs to be based on an authentic project, with outcomes of value to the enterprise. Projects also need to contain the important dimension of problem-identification and the opportunity for the student to assume a degree of ownership of the 'solution generation' process. In essence, projects need to be driven by an enterprise's 'need to know' rather than any altruistic intent.

In an economy dominated by SME such as New Zealand, the opportunity for enterprises to engage with academic business institutions through longer-term internships is limited by resource constraints. Small enterprises simply do not have the spare capacity to take on an intern and provide mentorship for an extended period but more than their larger counterparts, they often experience the need for extra resources for short term projects and accessing student 'consulternships' is one way to do this.

The paper examines the benefits, costs and constraints for SME, business students and academic business institutions of engaging in consulternships.'

WHAT IS AN 'CONSULTERNSHIP'?

A 'consulternship' offers senior business students the opportunity to 'consult' with a small enterprise on a short-term research project, on a paid basis.

Prior the start of the programme, top students in the final year of their business degree are invited to apply for summer 'consulternships.' The criterion for acceptance is that they have demonstrated in the earlier years of their degree consistently high grades plus outstanding extra-curricular experience. Grades alone are not sufficient: students need to be able to demonstrate experience in other fields such as sport, the arts, part or full time work, study overseas etc. The ideal candidate is a student with maturity and experiences gained outside of the university environment together with well-developed academic knowledge and skills. An important consideration is the need to put together a balanced team in terms of the management disciplines; accounting, finance, economics, marketing, supply chain etc. From this pool, a small team is selected on the basis of a balance of skills and knowledge that are needed for each different project.

The process gets underway when an SME seeks assistance on a project that can be conducted in a shorter term – one month - rather than an internship running from three months to a year. The SME identifies a project that it needs carried out on a 'need to know' basis, scopes the project and develops a brief which includes a clear purpose, time frame, basic skill sets required, and desired outcomes or 'deliverables'. The project request is assessed by the business school's 'consulternship' programme director and if it is considered viable, a small team of 2-3 students is selected and assigned to the project under the direction of an academic supervisor. Selection is based on aligning the needs of the project with the skills and experience of the students. An example is matching the requirements of a marketing project with students who have the necessary marketing knowledge.

Over the consulting period, the project team – reporting to the programme supervisor – conducts the research leading to a business report and presentation to the client including recommended courses of actions.

Suitable projects require not only a degree of ‘stretch’ but are capable of being completed within the time frame. This will require the team to develop an operational proposal, a project plan, and to collect, analyse primary and secondary data and develop a succinct business report. They also need to liaise effectively with the SME manager. Projects can come from any of the main management functions: identifying new marketing opportunities, conducting a competitor analysis, a cost analysis of a proposed ‘start-up’ venture, evaluation of replacing or up-grading an internal system, conducting a basic safety audit, etc.

THE LITERATURE ON STUDENT-BASED CONSULTANCIES

The concept of student-based ‘consulternships’ has received relatively little attention in New Zealand being somewhat over-shadowed by ‘work placements’ and internships. The literature review took three perspectives: the experience of business enterprises, the student consultant, and the academic institution.

The experience from an enterprise perspective

The literature suggests that business enterprises often hold initial misgivings about engaging students on such projects who they perceive as lacking adequate work experience or expertise. Sonfield (1981) and Lamond (1995) found however that by the completion of projects, clients tended to report positive results. The general conclusion is that the ‘consulternship’ approach provides small enterprises with an opportunity to address issues at limited cost and with less expenditure of time and effort than if they attempted the task themselves (Fowlie, 2004; Grossman, 2002; Olijnk, 2001; Sonfield, 1981; Victoria, 1997). The student involvement is also seen as invariably ‘resource-rich’ bringing different disciplinary backgrounds and a fresh perspective to the issue. The constraints include the funding of projects, concerns about student maturity and ‘work-readiness’ and reservations about conflicts of interest with local professional consultants.

Student experiences

Involvement in a student consultancy is often a challenging prospect for the student with Grossman (2002) conceding that students are often overwhelmed by the “complexity, ambiguity, conflicting goals, and broad scope inherent in most business situations” (p.43). Sonfield (1981) makes a similar point while Lamond (1995) points to the challenges that students face with the intensive pace of the process taking place in a short time period. The literature also identifies major benefits that can accrue to students providing them with the opportunity to develop their problem-solving, project management, communication, and technical skills as a valuable preparation for the “real business world” (Cooper & Farris, 2003; Grossman, 2002; Lamond, 1995; Neumann & Banghart, 2001; Rainsford, 1992; Schneider, Piotrowski & Kass, 2001, p.48). Lamond (1995) and Schneider, Piotrowski and Kass (2007) looked beyond the opportunities for skill development to consider the benefits for personal development and academic or professional careers.

The experience of academic institutions

Victoria (1997) maintains that the approach provides valuable marketing opportunities for business schools while Lamond (1995) sees projects as providing “a valuable addition to the educational armoury of an institution” (p.71). Schneider, Piotrowski and Kass (2007) maintain that when students engage in such services to the community they also enhance the visibility and credibility of the institution and build goodwill. Alumni themselves are a valuable source of projects, cementing relationships between former students and the institution. For the academics the interaction with local businesses enterprises also provides the opportunity to enhance professional relationships and networks resulting in local examples that can be used in their teaching (Grossman, 2002; Schneider, Piotrowski and Kass, 2007). An Australian study commented: ‘Programs like these are important for building relationships between business, industry and higher education institutions...’ (Australia Universities, p.7, 2008).

On the other hand, supervising student consultancy-type projects presents challenges for academic faculty. Olijnyk (2001) and Schneider, Piotrowski and Kass (2007) identify these as ensuring that business clients provide enough time and information to make it a meaningful experience and ensuring that students are able to meet the expectations of their clients. Other challenges include the selection of students and projects and the increased load in terms of time for effective supervision.

Rainsford (1992) maintains that sourcing projects is relatively easy but that the management of the student consultant-client relationship is critical to the success of any project (Neumann & Banghart, 2001; Rainsford, 1992; Schneider, Piotrowski & Kass, 2001; Sonfield, 1981). The authors maintain that the relationship is more likely to succeed when mutual expectations are carefully managed with regards to the necessary and significant investment of time, effort, and information by all parties.

Overall the literature is general positive about the approach which is well-developed in overseas tertiary institutions. The benefits include SME being able to address problems or issues that might otherwise go unaddressed, students gain valuable practical experience while the academic institution has the opportunity to build partnerships with the local business community. The main barriers include the inevitable expenditure of time, effort, and resources by the SME and the academic partner.

THE STUDY

Data was gathered about the feasibility of a student-consultancy approach from senior students, a sample of SME and senior faculty members of a local business school. Using convenience samples, initial feedback was obtained from 20 senior students at the end of their degree, and interviews with 14 past students. Exploratory interviews were conducted with local SME through the Chamber of Commerce, Institute of Directors, New Zealand Trade and Enterprise, Sustainable Business Network, and the Waikato Enterprise Agency. A survey was also conducted with 27 local SME from different industry groupings.

The views of senior students

Students were positive about the opportunity to engage with SME through the ‘consulternship’ approach indicating that if available, they would have applied for such a position. Concerns related to the composition of teams, assurance of supportive supervision and funding. The latter was seen as particularly important since the programme would operate over the summer break, a time when many students relied on paid employment to fund the following year of study. However students indicated that they would place a high value on the experience to differentiate them for future career purposes.

The view of SME

Participating SME were also positive about the benefits of the approach which was seen as bringing a fresh perspective to the business issue, saving of time and money, and employment networking opportunities. They also recognised the opportunity of having a project undertaken which otherwise might not be possible. ‘Take up’ however was viewed as depending on the cost – for example, contributing to funding the project - and an assurance of business-useful outcomes. The most often-mentioned concern was the level of student ability and work experience. Other concerns were operational such as accountability, time commitment, and cost. To succeed such a venture needed to be robust with mutual expectations being carefully managed

The view from the business school

A third perspective was provided by senior academics and management at a local business school. The ‘consulternship’ concept met with a guarded response with the major concerns being accountability, protection of the University’s reputation, the demands of extra supervision and funding. The major internal issues related to funding and staff time that would need to be dedicated to the programme. Other minor concerns included overlap with existing taught papers, for example ‘capstone’ individual investigations paper.

MAJOR ISSUES: FUNDING AND CONFLICT OF INTEREST

Operationally, a ‘consulternship’ programme would take place during the non-teaching summer break – November to March in New Zealand - a time when most students rely on paid employment to get them through the following academic year. To operate a small team of 6 student consultants for 3-4 months would require considerable funding, primarily in the form of salaries.

Three options were considered, with revenues and expenses estimated for each option. Despite revenue coming from the SME clients’ contribution in the form of a fee for services, for example one third of the total cost, additional funding would be required. Options include applying for specific government funding as well as seeking funding from local trusts. Major concerns included whether the venture would be significantly large enough to be deemed an appropriate application for government funding, and also whether the funding would be sustainable.

Competition with local consultants working in the SME sector was another issue which led to discussions with a number of local consultancies. The outcome was that professional business consultants generally saw themselves serving a distinctly different market and on a longer-term

basis. Few saw themselves competing with the 'consulternship' approach and rather than reacting unfavourably, they saw value in developing future relationship with a student consultancy group, seeing the initiative as part of the expansion of the overall service to local SME.

CONCLUSION

The findings provide support for the 'consulternship' approach. Senior students view it as a valuable opportunity to gain meaningful 'real-world' practice. Local SME were also generally supportive of the opportunity to tap into an affordable resource in their quest to seek solutions to business problems or, to provide insight into new business opportunities. These enterprises would consider employing the services of student consultants provided that major constraints could be overcome. These include securing long-term sustainable funding, the provision of adequate academic supervision, and ensuring good relationships with the local business consultancy community was not damaged. For the academic business institutions, the picture is less clear. On the one hand they recognise the value of closer interaction with the small business community but also are mindful of demands such a programme would make on the limited time of academic staff.

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