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From regulatory compliance to organisational capability: Managing graduate internships in South Africa

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Orientation: South Africa's skills development system requires organisations to participate in workplace-based learning through mandatory levies and Sector Education and Training Authorities (SETAs). Graduate internship programmes are a common organisational response, yet their design and developmental value vary widely.

Research purpose: This study examines how organisational and managerial responses to skills development regulation shape the management and developmental effectiveness of graduate internship programmes.

Motivation for the study: Although internships are widely implemented, many generate limited developmental and organisational returns. Understanding how compliance is managed within organisations is essential for improving internships as capability-building interventions.

Research design, approach and method: A qualitative, interpretive design was employed. Data were collected through 48 interviews and focus groups with: (1) senior managers, (2) human resource (HR) and learning professionals, (3) mentors, and (4) graduate interns across public, private and state-owned organisations. Data were analysed using the Gioia methodology.

Main findings: The findings reveal a compliance–capability continuum. Compliance-oriented approaches prioritise audit and funding requirements, resulting in limited learning and organisational capability development. Capability-oriented approaches integrate regulatory requirements into strategic HR systems, using structured mentorship and aligned incentives to support graduate development and organisational learning.

Practical/managerial implications: Managers can enhance internship effectiveness by aligning compliance processes, mentorship practices and performance systems with developmental objectives.

Contribution/value-add: The study demonstrates how regulatory compliance can be managed strategically to support organisational capability development and improve the return on investment in graduate internships.

Keywords: graduate internships; regulatory compliance; organisational capability; human resource development; mentorship; capacity building; organisational compliance.

Introduction

South Africa faces a persistent and costly paradox: high levels of graduate unemployment coexist with sustained employer claims of skills shortages (ManpowerGroup 2018). For organisations, this contradiction represents more than a labour market anomaly – it reflects a strategic challenge in developing workplace-ready capability while operating within a highly regulated skills development environment. Graduates increasingly enter organisations through structured entry pathways, most notably graduate internship programmes, which have become a central mechanism for firms to address skills gaps, build talent pipelines and comply with regulatory requirements.

Within this context, organisations operate under South Africa's legislated skills development system, established through the *Skills Development Act* (SDA), the *Skills Development Levies Act* (SDLA) and successive National Skills Development Strategies (NSDS). The system requires organisations to contribute a mandatory payroll levy and incentivises participation in workplace-based learning through Sector Education and Training Authorities (SETAs). Graduate internships have emerged as a dominant organisational response to these regulatory arrangements, functioning simultaneously as compliance mechanisms, talent development tools, and entry points into organisational labour markets (Chen et al. 2023; Matha & Jahed 2024).

From a management perspective, this dual role creates significant strategic and operational tensions. While internships are intended to support human capital development and organisational capability-building, evidence suggests that their effectiveness varies widely across organisations. Some firms implement internships as structured developmental pathways that enhance graduate capability and contribute to organisational learning, while others treat them primarily as short-term placements focused on meeting compliance, audit, and levy recovery requirements (Baird & Mollen 2023). These differences have direct implications for organisational performance, talent retention and the return on investment in skills development initiatives.

Despite extensive policy infrastructure and widespread organisational participation, research continues to report uneven outcomes in terms of graduate employability and workplace readiness (Adely et al. 2021). Existing studies provide valuable descriptive insights into internship experiences but offer limited explanation for why organisations operating under the same regulatory conditions produce such divergent developmental and organisational outcomes. As a result, managerial decision-making processes and organisational implementation strategies remain underexplored, particularly regarding how compliance requirements are interpreted, prioritised and integrated into broader human resource and talent management systems.

Drawing on institutional theory, this study argues that skills development regulation generates powerful coercive pressures that shape organisational behaviour in uneven ways. While some organisations respond through symbolic compliance, primarily to secure legitimacy and access to funding, others adopt more strategic approaches that embed regulatory requirements into human resource development (HRD) systems and capability-building initiatives. This tension is conceptualised as a shift from compliance-driven management to capability-oriented management, highlighting how identical regulatory frameworks can produce fundamentally different organisational practices and outcomes.

The study makes three contributions. Firstly, it contributes to management and HRD scholarship by explaining how organisational responses to regulatory compliance shape the strategic value of graduate internships. Secondly, it advances understanding of internship management by identifying mentorship and system alignment as key managerial mechanisms through which graduate capability and organisational learning are developed. Thirdly, it offers practical insights for managers, human resource (HR) professionals and policymakers seeking to improve the organisational returns on investment in skills development within a regulated environment.

Aim of the study

The research aimed to determine how organisational and managerial responses to skills development regulation shape the management and developmental effectiveness of graduate internship programmes in South Africa.

Literature review

The policy implementation chasm in skills development ecosystems

National skills development systems are widely used as policy instruments to align human capital formation with labour market demand, with organisations positioned as central implementation agents (Hamed et al. 2024). In South Africa, the post-apartheid skills development architecture – anchored in the SDA, the SDLA, and successive NSDS – represents a comprehensive attempt to address historical inequities and structural unemployment through mandated organisational participation in training and development (Botha & Havemann 2025). Sector Education and Training Authorities (SETAs) serve as the primary interface between policy intent and organisational practice, allocating resources, monitoring compliance and shaping organisational incentives through grant mechanisms and reporting requirements (Josopu 2024).

From a management perspective, this system introduces a complex set of strategic and operational considerations. Organisations are required to balance compliance with regulatory expectations against internal priorities such as productivity, cost control and talent development. While formal compliance with skills development requirements is widespread, evidence consistently points to uneven developmental outcomes. Research highlights persistent challenges in identifying relevant skills needs, translating these needs into effective workplace learning interventions, and evaluating outcomes beyond quantitative compliance indicators (Balwanz & Ngcwangu 2016; Motsie 2023).

The emphasis on measurable outputs – such as numbers of placements, training completions and expenditure targets – has been criticised for encouraging a compliance-oriented, numbers-driven approach to skills development (Motsie 2023). For managers, this creates incentives to prioritise audit readiness and levy recovery over longer-term capability development. As a result, graduate internship programmes may satisfy regulatory requirements while delivering limited strategic value to organisations. Understanding how organisations navigate this policy implementation chasm is therefore essential for explaining variation in internship effectiveness and organisational returns on skills development investment.

Institutional theory and the compliance–development nexus

Institutional theory provides a useful lens for examining how organisations respond to externally imposed regulatory pressures. DiMaggio and Powell's (1983) concept of isomorphism explains how organisations conform to institutional demands to secure legitimacy, resources and survival within regulated environments. Within South Africa's skills development system, coercive isomorphic

pressures arise through mandatory levies, regulatory oversight and conditional funding mechanisms, creating strong incentives for organisational participation (Johnson & Johnson 2024).

However, institutional theorists have long emphasised that conformity does not necessarily result in substantive organisational change. Meyer and Rowan's (1977) concept of decoupling explains how organisations may adopt formal structures and practices that signal compliance while insulating core operational activities from transformation. From a management perspective, decoupling represents a rational response to competing institutional demands, enabling organisations to manage regulatory risk while protecting operational efficiency.

Applied to skills development and HRD contexts, this insight suggests that organisations may comply with internship requirements in form while limiting investment in time-intensive learning and mentorship practices that do not yield immediate performance returns. Prior research has acknowledged this compliance–development tension within skills systems, but often without systematically examining how managerial interpretations and organisational systems mediate policy outcomes (Motsie 2023; Rosenberg & Ward 2020).

By integrating institutional theory with HRD scholarship, this study conceptualises the compliance–development nexus as a core managerial challenge rather than a purely regulatory issue. The compliance–development paradox captures how regulatory frameworks designed to promote human capital development can, under certain organisational conditions, incentivise symbolic compliance that undermines capability-building objectives. This perspective shifts analytical attention toward organisational agency and managerial decision-making within regulated environments.

Graduate internships as contested terrain

Graduate internships occupy a strategic position within organisational talent development and workforce planning processes. International research positions internships as mechanisms for facilitating work-integrated learning, professional socialisation and the application of academic knowledge within organisational contexts (Du-Babcock & Wu 2025; Romanò & Nazio 2025). For organisations, internships also function as extended screening mechanisms and entry points into internal labour markets.

Despite their widespread adoption, empirical research consistently reports substantial variation in internship quality and outcomes (Avellone et al. 2023; Musa, Nurhayati & Boriboon 2025). Studies identify structured mentorship, meaningful task allocation and integration into core organisational processes as key determinants of internship effectiveness (Kroon & Franco 2022). Where these conditions are absent, internships often devolve into low-value placements with limited developmental or organisational benefit.

From a managerial standpoint, this variation reflects differences in how organisations prioritise and resource internship programmes. Compliance-driven approaches tend to emphasise administrative oversight, documentation and throughput, often at the expense of learning design and mentorship quality. In contrast, organisations that view internships as strategic HR investments are more likely to allocate managerial attention, mentoring capacity and system alignment to support graduate capability development. Graduate internships thus represent contested terrain in which organisational responses to regulatory pressure directly shape both learning outcomes and organisational capability.

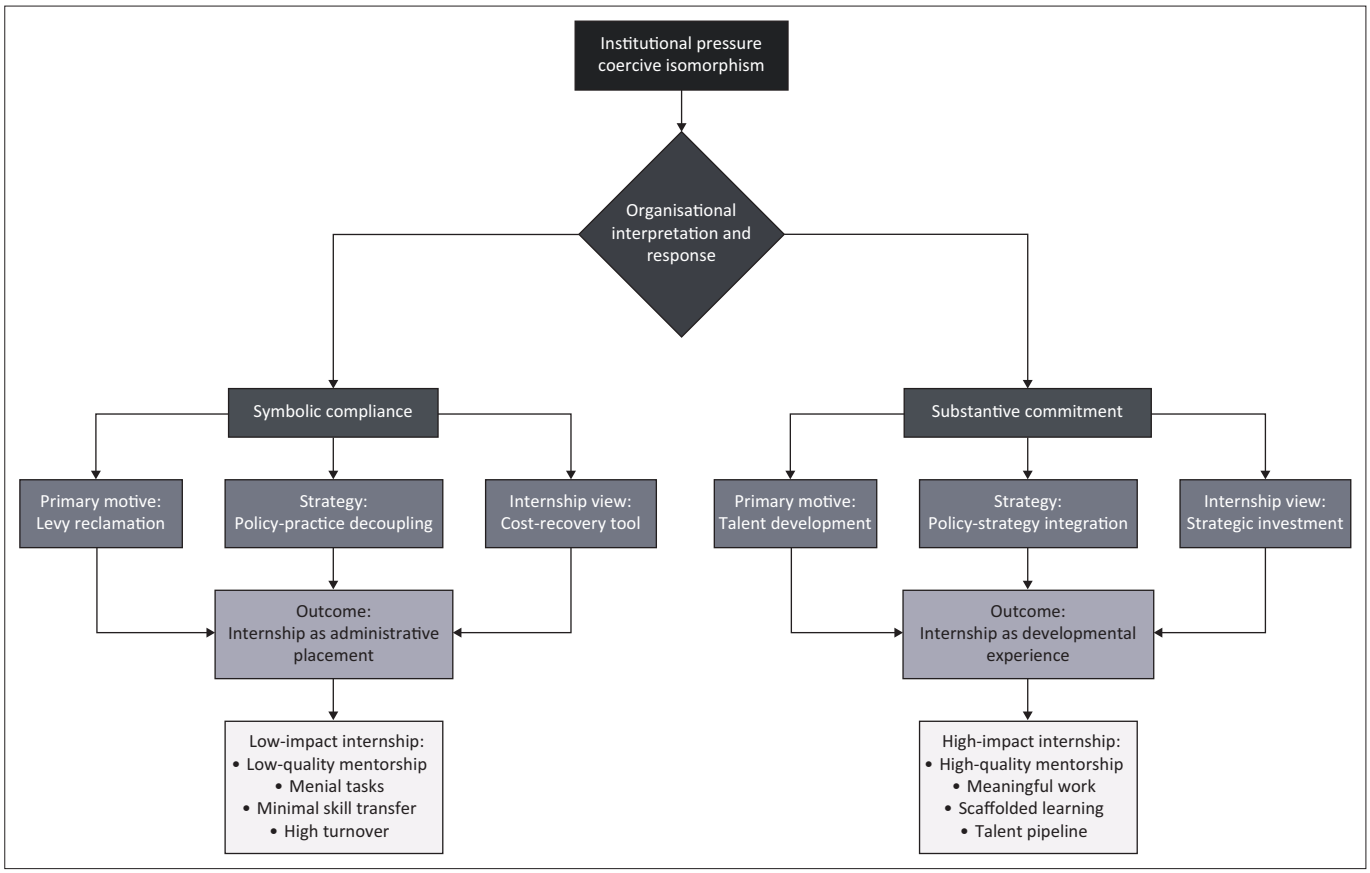
Synthesising the literature: An integrated theoretical framework

Taken together, the skills development, institutional theory and internship literatures reveal a critical explanatory gap. Policy-oriented research documents systemic challenges but frequently treats organisations as passive implementers. Internship research identifies effective practices but often neglects the regulatory environments that shape managerial choices. Institutional theory explains compliance behaviour but has been underutilised in examining HRD practices within legislated skills development systems.

This study bridges these literatures by positioning organisational and managerial response as the mediating mechanism between regulatory design and internship outcomes. Organisations are conceptualised as operating along a continuum ranging from compliance-oriented management, where internships are implemented primarily to satisfy regulatory requirements, to capability-oriented management, where regulatory mechanisms are leveraged to support strategic HRD and organisational learning.

Figure 1 presents an integrated theoretical framework illustrating how institutional pressures interact with organisational interpretations and management systems to produce divergent internship outcomes.

The figure illustrates how organisations respond to institutional pressure (such as regulatory or coercive demands) through their interpretation and strategic choices, resulting in a spectrum of internship outcomes. At one end, organisations adopt symbolic compliance, where the primary motive is legitimacy and compliance rather than development; policies are decoupled from practice, internships are viewed as cost-recovery tools, and the result is low-impact, administrative placements with limited mentoring and skill transfer. At the other end, organisations demonstrate substantive commitment, driven by talent development; policies and strategies are integrated; internships are treated as strategic investments; and outcomes include high-impact developmental experiences characterised by quality mentorship, meaningful work and talent pipeline creation. The framework thus shows that the quality and impact of



Source: The figure is adpated from Mariba, L., 2020, 'The effectiveness of a graduate internship programme in enhancing employment and career development opportunities for South African youths', Masters dissertation, University of South Africa, South Africa, viewed 11 February 2026, from https://ir.unisa.ac.za/.

FIGURE 1: Theoretical framework: The organisational response spectrum.

internships depend less on external pressure itself and more on how organisations interpret and respond to that pressure.

Despite South Africa's extensive and well-funded skills development framework, graduate unemployment remains persistently high while employers continue to report skills shortages (ManpowerGroup 2018; Mokhali 2021). Graduate internship programmes, positioned as a central HRD intervention within this framework, are intended to facilitate the transition from academic knowledge to workplace capability through structured, mentored work experience. However, empirical evidence demonstrates substantial variation in the quality and developmental value of these internships, ranging from meaningful capability-building experiences to largely administrative placements with limited learning outcomes (Baird & Mollen 2023).

While existing research has documented differences in internship outcomes, limited attention has been given to the organisational HRD processes that shape these outcomes. There is insufficient understanding of how organisational interpretations of compliance requirements influence HRD practices, mentorship quality and the translation of learning intent into actual capability development. This gap limits the ability of both researchers and practitioners to explain why similar internship programmes yield divergent developmental results and constrains efforts to strengthen internships as effective HRD interventions.

Research methods and design

Research design

This study adopted a qualitative, interpretive research design to examine how organisations manage graduate internship programmes within South Africa's regulated skills development environment. An interpretive approach was appropriate given the study's focus on understanding organisational practices and decision-making processes in response to regulatory compliance requirements, rather than on quantitatively measuring programme effectiveness or outcomes.

From a management perspective, this design enabled in-depth exploration of how regulatory pressures are interpreted at different organisational levels and translated into concrete management practices. The study is informed by institutional theory and HRD scholarship, with particular attention to how managers navigate competing demands for compliance, operational performance and capability development.

Research context and sampling

The study was conducted within South Africa's national skills development system, governed by the SDA and implemented through SETAs. This context provides a stable regulatory environment in which organisations are subject to similar compliance requirements, allowing meaningful comparison of organisational responses.

A purposive sampling strategy was employed to capture variation in organisational ownership, sector and operational context, while holding the regulatory framework constant. The sample included public sector organisations, state-owned enterprises and private sector firms that had implemented SETA-funded graduate internship programmes across multiple funding cycles. These organisations were selected because they faced comparable compliance obligations but differed in how they managed and integrated internships into organisational systems.

This sampling strategy supported the study's analytical objective of explaining differences in management approaches and implementation practices, rather than evaluating a single programme or sector. By focusing on organisations with sustained engagement in internship provision, the study examined established management practices and organisational learning processes rather than isolated or pilot initiatives.

Data collection

Data were collected using multiple qualitative methods to enhance analytical depth and credibility. The primary data source comprised 48 semi-structured interviews conducted with four participant groups: (1) senior managers responsible for strategic oversight of skills development, (2) HR and learning professionals involved in programme design and compliance, (3) line managers and mentors supervising interns, and (4) current or former graduate interns. Interview questions explored organisational motivations for implementing internships, managerial approaches to compliance, mentorship practices and perceptions of developmental and organisational outcomes.

In addition, four focus group discussions were conducted with current interns to capture shared experiences and collective interpretations of the internship implementation process. Focus groups provided insight into how organisational management practices shaped daily learning experiences and the perceived value of internships as entry pathways into professional roles.

To support triangulation, organisational documents were analysed, including workplace skills plans, annual training reports, SETA grant applications, internship programme outlines and internal talent development policies. Document analysis focused on how organisations formally represented their compliance activities and how these representations aligned with reported management practices. This combination of data sources strengthened the study's ability to link formal compliance structures with lived organisational practices.

Data analysis

Data analysis followed the systematic Gioia methodology, which is well-suited to theory development grounded in organisational practice. The method enabled the study to move from detailed empirical observations to higher-level conceptual insights while maintaining transparency and analytical rigour.

The analysis proceeded through three iterative phases. Firstly, open coding was conducted across interview transcripts, focus group data, and documentary sources to identify first-order concepts that closely reflected participants' language and experiences. This phase preserved managerial and intern perspectives on compliance, mentorship and internship management.

Secondly, first-order concepts were examined through constant comparative analysis and grouped into second-order themes representing more abstract categories related to organisational response patterns and management approaches. Regular analytical discussions among the research team facilitated critical interrogation of emerging themes and ensured consistency in interpretation.

Finally, second-order themes were synthesised into aggregate dimensions that captured the study's central theoretical insights, particularly the continuum between compliance-oriented and capability-oriented management approaches. This process involved iterative engagement with relevant literature to ensure conceptual robustness while remaining grounded in empirical data. The analytical process provided a clear audit trail linking raw data to theoretical contribution.

Trustworthiness and rigour

Research quality was ensured through systematic attention to trustworthiness criteria. Credibility was enhanced through prolonged engagement with participants, triangulation across interviews, focus groups and documents, and member checking and peer debriefing. Transferability was supported through a detailed description of organisational contexts and transparent documentation of sampling decisions.

Dependability was addressed by maintaining comprehensive audit trails and implementing code–recode procedures to ensure analytical consistency. Confirmability was strengthened through reflexive practices, triangulation and careful consideration of negative cases. Together, these strategies ensured that findings were both empirically grounded and analytically rigorous, meeting expectations for qualitative management research.

Researcher positionality and reflexivity

The research team engaged in ongoing reflexive practice to critically examine how their academic and professional backgrounds might influence data interpretation. Regular reflexivity sessions were used to surface assumptions about organisational behaviour, compliance motivations and development practices. Particular attention was paid to avoiding normative judgements about 'good' or 'poor' implementation and instead to understanding how managers navigated competing institutional and operational demands.

This reflexive approach enhanced analytical integrity by ensuring that interpretations remained closely tied to

participants' accounts and organisational realities, while recognising the interpretive nature of qualitative management research.

Ethical considerations

Ethical approval for the study was granted by the Department of Human Resource Management's Ethical Research and Innovation Committee (reference number: 2016_HRM_017). All participants provided informed consent and were assured of confidentiality and voluntary participation. Additional safeguards were implemented for intern participants, including access to independent debriefing opportunities and counselling referrals where required. Organisational identities were protected through anonymisation and aggregation of contextual details. Data security protocols ensured that interview recordings, transcripts and documents were securely stored and accessible only to the research team, with secure destruction scheduled upon completion of the project.

Results

The compliance–development paradox in practice

The implementation of graduate internship programmes did not emerge as a linear enactment of policy requirements, but rather as an ongoing organisational negotiation between regulatory compliance and developmental intent. Across data sources, participants described a persistent tension between meeting externally imposed compliance demands and investing in substantive human capital development. This tension manifested as a compliance–development paradox, in which the same regulatory framework generated markedly different implementation practices and intern experiences.

Senior managers consistently highlighted how performance metrics prioritised procedural compliance over developmental outcomes. One manager in a public entity captured this tension succinctly:

> 'Our performance is measured by the Department on whether we have spent our skills levy and submitted our Work Skills Plan [*WSP*] on time, not on whether Ms. Ndlovu, our intern, can now confidently run a project. The system rewards compliance, not impact.' (Senior manager, Public entity, Male)

This emphasis on audit readiness and documentation cascaded through organisational levels, shaping daily internship practices. Interns described how compliance pressures translated into learning activities oriented towards producing evidence rather than building capability:

> 'My mentor is constantly stressed about our "evidence portfolio" for the SETA. It feels like we are performing learning for an audit rather than for our own growth.' (Intern A, 25 years, Female)

Focus group discussions reinforced this pattern, with participants reporting time diverted away from substantive skill development towards retroactive documentation:

> 'Exactly. Last week, I spent two days recreating a project timeline for a report because the original one didn't have all the correct signatures. The actual project management skills I was learning became secondary.' (Focus Group 3, Graduate intern, Age range 22–30 years)

In contrast, a smaller group of organisations demonstrated a different orientation towards compliance. Rather than treating policy requirements as administrative constraints, these organisations integrated them into developmental processes. An HR director in a multinational corporation explained this approach:

> 'We see the SETA reporting templates not as paperwork, but as a structured conversation guide. Our monthly review with an intern isn't about filling a form; it's about using their WSP as a living document to ask, "Are we giving you the experiences we promised? Where are you struggling? What do you want to learn next?" The form serves the conversation, not the other way around.' (HR director, Multinational corporation, Private sector)

These contrasting approaches illustrate how organisational interpretation of compliance requirements fundamentally shaped the developmental quality of internship programmes.

Mentorship as the crucible of implementation quality

Mentorship emerged as the primary site where organisational intent was translated into daily practice. The data revealed stark differences in how mentors understood and enacted their roles, with significant implications for intern learning and development.

In compliance-focused organisations, mentors described their responsibilities primarily in administrative and supervisory terms. One mentor in a state-owned enterprise explained:

> 'My main responsibility is to ensure that all the boxes are ticked – that the intern completes their assigned tasks, that the monthly reports are submitted, and that we have documentation for the SETA audit. The development part happens naturally through exposure.' (Mentor, Sate-owned enterprise, Supervisory role)

Interns in these contexts consistently reported limited engagement, feedback and structured learning support. Focus group participants described mentorship as distant and procedural:

> 'My mentor is basically a signature machine. I do the work; he signs the forms. When I asked for feedback on my presentation skills, he told me to "just watch how others do it."' (Intern C, Graduate intern, Age range 22–30 years)

> 'At least you see your mentor. Mine is always "too busy with real work" to meet. I get my tasks via email and submit my reports the same way.' (Focus Group 1, Graduate intern, Age range 22–30 years)

By contrast, development-oriented organisations treated mentorship as an intentional and structured developmental practice. A mentor in a private technology firm described a deliberate approach to designing learning experiences:

> 'I do not just supervise; I curate learning experiences. For each intern, I develop a "challenge portfolio" that systematically builds from simple procedural tasks to complex problem-solving. Every assignment has explicit learning objectives that connect back to both their academic background and our business needs.' (Mentor, Experienced Technical Professional, Technology firm)

Interns in these organisations reported mentorship practices that supported reflection, skill integration and exposure to organisational complexity:

> 'My mentor structured my rotation to show me how different departments solve the same problem. In marketing, they approach customer complaints as branding opportunities; in operations, they see them as process failures. This helped me understand organisational complexity in a way no university course could.' (Focus Group 4, Graduate intern, Current programme participant)

> 'What made the difference was that my mentor didn't just give me answers. When I struggled with data analysis, she asked questions that prompted me to apply the statistical concepts I learned in university to our actual sales data. It was frustrating at first, but now I truly understand how theory works in practice.' (Focus Group 4, Graduate intern, Private sector placement)

These contrasting mentorship practices highlight how developmental intent must be actively enacted rather than assumed.

Skill translation as deliberate pedagogical practice

The translation of academic knowledge into workplace capability emerged as a central marker of internship effectiveness. Across organisations, participants emphasised that skill acquisition did not occur automatically through exposure to work tasks but required deliberate pedagogical intervention.

Mentors in development-oriented contexts demonstrated an explicit awareness of how to facilitate this translation. A senior engineer described a structured approach to connecting theory and practice:

> 'Engineering graduates arrive with excellent theoretical knowledge but little understanding of how design decisions affect manufacturing costs. I've developed specific "translation exercises" in which they redesign components under cost constraints, then we visit the factory floor to see the real-world impact of their choices. This bridges the gap between textbook perfect and commercially viable.' (Mentor, Manufacturing, Senior engineer)

Interns confirmed the developmental value of such approaches, particularly where mentors actively contextualised theoretical knowledge:

> 'My commerce degree taught me accounting principles, but my mentor showed me how to use our financial data to tell a story about business performance. She would sit with me and say, "These numbers indicate the marketing campaign is working, but here's why we're not seeing profit improvement." That connection between theory and strategic decision-making was revolutionary for me.' (Focus Group 2, Graduate intern, Age range 22–30 years)

In contrast, less structured approaches resulted in what interns described as unsupported 'sink-or-swim' learning environments:

> 'I was given a complex data analysis project using software I had never seen before. When I asked for guidance, my manager told me to "Google it" and said that figuring things out independently was part of professional growth. I spent three weeks struggling with basic functionality that a 30-minute demonstration could have solved.' (Focus Group 1, Graduate intern, Age range 22–30 years)

These experiences underscore the role of mentor capability and pedagogical intent in enabling effective skill translation.

Organisational ecosystems and developmental outcomes

The findings further indicate that individual mentorship practices were shaped by broader organisational systems that either enabled or constrained developmental engagement. In compliance-dominated environments, structural pressures often limited mentors' capacity to prioritise learning.

A line manager in financial services described this constraint:

> 'I want to give my interns proper coaching, but my own performance metrics are based on project delivery, not staff development. When I must choose between missing a client deadline and spending two hours mentoring an intern, the business priorities always win. The system actively discourages the investment of time that real development requires.' (Line manager, Financial services, Male)

Interns in these environments reported frustration at being excluded from meaningful learning opportunities:

> 'The most frustrating part is seeing interesting projects happen around me that I could learn from, but I'm stuck doing basic data entry because it's "billable work," and my department needs to show productivity from interns.' (Focus Group 3, Graduate intern, Age range 22–30 years)

Conversely, organisations that aligned systems, incentives and structures with developmental goals created enabling learning environments. An HR executive described this integrated approach:

> 'We've made intern development everyone's business. Mentors receive formal training and protected time for coaching. Departmental budgets account for the productivity dip during mentoring. And most importantly, managers are evaluated partly on their success in developing talent. This alignment turns development from an abstract ideal into an operational reality.' (HR executive, Multinational, Male)

Interns in these contexts articulated a strong sense of being valued as learners rather than temporary labour:

> 'What makes this internship different is that learning is built into everything. I'm not just an extra pair of hands; I'm treated as an investment. My mentor has dedicated coaching time protected from other demands, and I have access to internal training programmes usually reserved for permanent staff.' (Focus Group 4, Graduate intern, Age range 22–30 years)

Together, these findings demonstrate that the developmental effectiveness of graduate internship programmes depends not only on individual mentor behaviour, but on the alignment of organisational systems that support or undermine learning-oriented practice.

Discussion

Theoretical integration: Reconciling policy intent with implementation reality

This study provides a management-focused explanation for why graduate internship programmes operating under the same regulatory framework produce markedly different organisational and developmental outcomes. Consistent with institutional theory, the findings demonstrate that coercive policy pressures do not result in uniform organisational responses, reinforcing DiMaggio and Powell's (1983) argument that institutional isomorphism shapes formal conformity rather than substantive practice. Instead, the effectiveness of graduate internships depends on how managers interpret regulatory requirements and embed them within organisational systems.

The compliance–development paradox identified in this study reflects a concrete manifestation of Meyer and Rowan's (1977) concept of decoupling. In compliance-oriented organisations, managers prioritise audit readiness, levy recovery and documentation, resulting in internship programmes that are procedurally compliant but developmentally weak. Verbatim accounts from managers and interns illustrate how this orientation shifts attention away from capability development towards symbolic performance of learning for external accountability. In contrast, organisations that integrated compliance requirements into broader HR and talent management systems demonstrated substantive alignment between policy intent and organisational practice.

These findings extend Mokhali's (2021) discussion of structural unemployment by revealing how managerial decisions at the implementation level contribute to the persistence of skills mismatches within organisations. While policy frameworks aim to address employability deficits, compliance-focused management approaches can inadvertently undermine these objectives by limiting learning depth and the development of capabilities. The study thus shifts analytical attention from policy adequacy to organisational capability and managerial agency as key mediating factors shaping internship outcomes.

Extending the mentorship literature: From supervision to pedagogical mediation

The findings make an important contribution to the mentorship literature by demonstrating that mentorship functions as a critical organisational mechanism through which compliance pressures are either amplified or transformed. While Kram's (1985) framework distinguishes between career and psychosocial mentoring functions, the present study shows that these categories alone are insufficient to explain mentorship effectiveness in regulated internship contexts.

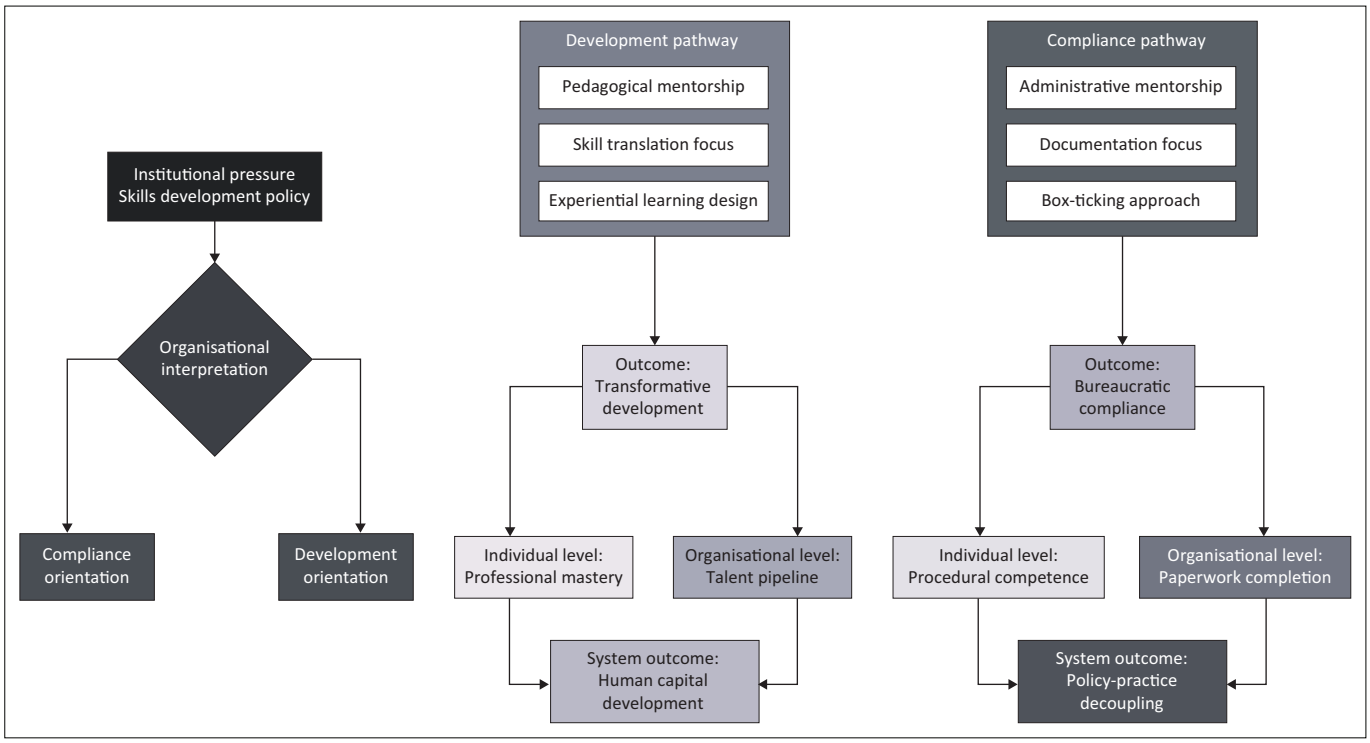
In capability-oriented organisations, mentors enacted what can be described as pedagogical mediation – deliberately structuring learning experiences to translate academic knowledge into workplace capability. Verbatim quotes from mentors and interns illustrate how this approach involved sequencing tasks, encouraging reflective practice and contextualising theoretical knowledge within organisational problem-solving. This extends Kroon and Franco's (2022) work by demonstrating that mentorship effectiveness depends not only on individual mentor competence, but also on organisational systems that recognise, resource and reward developmental engagement.

By contrast, compliance-oriented environments reduced mentorship to administrative supervision, a pattern consistently reflected in interns' verbatim accounts of limited feedback, minimal engagement, and an emphasis on form completion rather than learning. From a management perspective, these findings indicate that mentorship quality is not an individual-level issue, but an organisational capability shaped by workload allocation, performance metrics and managerial priorities.

Policy implementation and organisational learning: Beyond the compliance mindset

The findings offer critical insight into the relationship between regulatory compliance and organisational learning. While South Africa's skills development system has successfully institutionalised accountability for skills expenditure, the study demonstrates that audit-driven accountability mechanisms can inadvertently displace learning-oriented practices. This observation aligns with the Department of Higher Education and Training's (2016) critique of earlier phases of the National Skills Development Strategy, which prioritised numerical outputs over learning quality and sustainability.

The concept of transformative compliance emerging from the data highlights how some organisations reframe compliance requirements as tools for organisational learning rather than as bureaucratic constraints. Verbatim managerial accounts illustrate how reporting instruments and compliance templates were repurposed as planning and reflection tools to guide mentorship conversations and learning design. This finding extends Josopu's (2024) analysis of coercive isomorphism by demonstrating how organisations can



Source: Mariba, L., 2020, 'The effectiveness of a graduate internship programme in enhancing employment and career development opportunities for South African youths', Masters dissertation, University of South Africa, South Africa, viewed 11 February 2026, from https://ir.unisa.ac.za/.

FIGURE 2: The transformative compliance framework.

actively reshape the meaning of compliance through managerial interpretation and system alignment.

For managers, this suggests that the strategic challenge lies not in choosing between compliance and development, but in aligning compliance structures with organisational learning systems. Where such alignment exists, compliance requirements can reinforce rather than undermine capability development.

The transformative compliance framework

Building on the empirical findings, the study proposes the Transformative Compliance Framework (Figure 2) as a conceptual model for understanding how organisations manage the relationship between regulatory compliance and capability development. The figure explains how organisational interpretation of a skills development policy leads to two distinct pathways with very different outcomes. When organisations adopt a development orientation, they follow a development pathway characterised by pedagogical mentorship, experiential learning design and a focus on translating skills into practice, resulting in transformative development for individuals (professional mastery) and organisations (a sustainable talent pipeline), and ultimately contributing to broader human capital development. In contrast, a compliance orientation leads to a compliance pathway dominated by administrative mentorship, documentation and box-ticking practices, producing bureaucratic compliance outcomes where individuals gain only procedural competence and organisations focus on paperwork completion, reinforcing policy–practice decoupling at the system level. Overall, the framework highlights that meaningful skills development depends on how organisations interpret and enact policy, not merely on policy existence.

The framework contributes to institutional theory by showing that organisational responses to coercive pressures are mediated by internal management systems. It also advances HRD and management scholarship by identifying specific organisational mechanisms through which compliance can be translated into substantive capability-building outcomes.

For a management perspective, the framework offers a diagnostic tool for assessing organisational approaches to skills development. It highlights practical leverage points where managerial intervention can shift internship programmes from symbolic compliance towards strategic capability development, thereby improving the organisational return on investment in graduate internships.

Practical implications

This study highlights important implications for organisations, managers, HR professionals and policymakers involved in graduate internship programmes in South Africa. Treating internships primarily as compliance or levy recovery mechanisms may meet regulatory requirements, but yields limited organisational capability and weak returns on skills investment. Organisations are therefore encouraged to reposition internships as strategic HR and talent development interventions, designed as structured learning pathways aligned with organisational skill needs rather than short-term administrative roles.

Mentorship emerges as a critical organisational capability that requires formal recognition, appropriate workload allocation and alignment with performance management systems. Without such support, mentors are likely to adopt a compliance-driven approach to supervision that constrains learning. Providing mentors with targeted training in coaching and learning facilitation can significantly enhance developmental outcomes.

At a systems level, compliance instruments such as Workplace Skills Plans and reporting requirements can be leveraged as strategic tools to guide learning design and capability development, rather than treated as bureaucratic obligations. For policymakers and SETAs, the findings suggest that audit-based accountability should be complemented by evaluations focused on mentorship quality, learning design and skill application to ensure meaningful developmental impact.

Limitations and future research

This study has several limitations that should be acknowledged. Firstly, the qualitative and interpretive research design prioritised depth of understanding over breadth. This limited the generalisability of the findings and failed to establish the prevalence of compliance-oriented versus capability-oriented approaches across the broader economy.

Secondly, the study focused on organisations with sustained experience in implementing SETA-funded graduate internship programmes. As a result, the findings may be less applicable to smaller or less resourced organisations, particularly small and medium enterprises (SMEs), which may face different capacity constraints and managerial trade-offs in managing internships.

These limitations point to several directions for future research. Quantitative studies could examine the distribution of organisational responses to skills development regulation and assess the relationship between different management approaches and organisational outcomes such as talent retention, productivity and graduate employment trajectories. Research focusing specifically on SMEs would deepen understanding of how organisational size, resource availability and managerial capacity shape internship management practices within regulated environments.

Further research could also explore mentorship as an organisational capability in greater depth, including how mentors are developed, how mentoring effectiveness is evaluated, and how mentoring contributes to longer-term organisational learning and performance outcomes. Comparative studies across national skills development systems would provide additional insight into how alternative regulatory architectures influence organisational behaviour and capability development, thereby extending the applicability of the compliance–development paradox beyond the South African context.

Conclusion

This study set out to explain why graduate internship programmes operating under the same regulatory conditions produce markedly different organisational and developmental outcomes. The findings demonstrate that variation in internship effectiveness cannot be attributed solely to policy design or resource availability. Instead, outcomes are shaped by how organisations and managers interpret and enact regulatory compliance within their internal systems and practices.

By identifying a shift from compliance-oriented to capability-oriented management approaches, the study shows how regulatory pressures can either constrain or enable organisational learning and graduate capability development. Compliance-focused implementation tends to prioritise audit readiness and procedural conformity, resulting in internships with limited developmental value. In contrast, organisations that adopt a transformative compliance approach integrate regulatory requirements into strategic HR and talent management systems, enabling internships to function as meaningful capability-building interventions.

The contribution of this study lies in foregrounding organisational agency and managerial decision-making as critical mediators between skills development policy and organisational outcomes. For management and commerce scholarship, the study demonstrates how regulatory compliance can be managed strategically to support organisational capability development rather than being treated as a purely administrative burden. For practice, it highlights concrete managerial levers through which organisations can improve the return on investment in graduate internships such as: (1) mentorship design, (2) system alignment and (3) performance incentives.

Addressing South Africa's persistent graduate unemployment challenge, therefore, requires not only effective policy frameworks but also sustained investment in organisational management capabilities. By aligning compliance mechanisms with developmental objectives, organisations can transform graduate internships from regulatory obligations into strategic assets that contribute to both graduate employability and organisational capability development.

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Competing interests

The authors , Mariette Coetzee; Joan-Ark M. Agyapong and Louisa M. Mariba, declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

CRediT authorship contribution

Mariette Coetzee: Conceptualisation, Formal analysis, Methodology, Resources, Writing – original draft, Writing – review & editing. Joan-Ark M. Agyapong: Conceptualisation, Formal analysis, Methodology, Resources, Writing – original draft, Writing – review & editing. Louisa M. Mariba: Formal analysis, Investigation, Methodology, Writing – review & editing. All authors reviewed the article, contributed to the discussion of results, approved the final version for submission and publication, and take responsibility for the integrity of its findings.

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Data availability

The data that support the findings of this study are not openly available because of reasons of sensitivity and are available from the corresponding author, Mariette Coetzee, upon reasonable request.

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