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Paid versus Unpaid Internships: Perspectives of Students and Nonprofit Directors

Introduction

In a recent class at a public, four-year institution, a student talking about their future plans commented, “Over the summer, I am on an internship...unpaid of course, because this is a nonprofit.” Conversations and articles about paying interns have become a topic of interest in the last few years, among students and employers alike (McHugh, 2017). Recently, interest in paying interns became the focus of a research project conducted by an undergraduate student through a local chapter of the Nonprofit Leadership Alliance (NLA). The purpose of this study was to understand the implications of not paying interns on the student. Additionally, nonprofit organizations were analyzed to understand their ability to provide a paid internship rather than offering an unpaid internship.

NLA is a national organization headquartered in Kansas City, Missouri whose mission is to prepare the next generation of nonprofit leaders. NLA works in partnership with colleges and universities as well as nonprofit organizations. This specific chapter of the Nonprofit Leadership Alliance is a student-led organization. Students gain skills from academic coursework, community service projects, research projects, networking, fundraising, and attending the Alliance Management Institute (AMI) annually.

NLA at this specific public institution in the Midwest puts out a call to nonprofit organizations for research proposals each year. A local nonprofit association submitted a proposal wanting to know “How does paying an intern affect recruitment and performance of interns?” The undergraduate student researcher chose this project and started to look more in-depth at how students and organizations viewed internships and the impact on students of paid versus unpaid

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internships. The project was produced with the guidance and supervision of a graduate student working with NLA and the NLA Faculty director.

Background

“Each year, U.S. organizations employ up to an estimated 2 million college students as interns” (Rogers, 2013, p. 31). Internships are an important part of students’ education and allows for the integration of skills, networking with professionals in their field and contributes to a student’s resume (Beebe, Baylock & Sweetser, 2009). Internships for students provide many benefits including work experience and “...enhanced career development and preparation” (Rogers, 2013, p 31). Students gain advantages for seeking employment—for those employers that require work experience in the field (Burke & Carton, 2013). Organizations benefit also, being able to use student’s up-to-date knowledge and new ideas that the intern brings to the table (Rogers, 2013).

A comparison of experiences and outcomes of paid versus unpaid internships is missing in the research. Accordingly, Rogers (2013) noted that “Given the growing popularity of participation in internships, this omission represents a glaring gap in theory and understanding about a substantial and burgeoning segment of the American working population” (p. 32). One source found that “unpaid internships are tied to academic performance, while paid internships are more related to professional skill development” (Crain, 2016, para. 19). In studying pedagogical, legal and ethical issues concerning unpaid internships, others wrote that “unpaid interns often report being used for labor and not doing meaningful work” while “students who were paid reported having a generally more positive experience” (Burke & Carton, 2013, p. 107). Crain (2016) noted that their results highlighted the need for further research in this area to “illustrate the complexity of the student data” (para. 19).

Gardner (2011) studied the sector most likely to provide unpaid internships –government, for-profit or nonprofit. It was found that nonprofits provide more unpaid internships with government next and for-profit last (Gardner, 2011). The literature discusses the legality of unpaid interns, but it is difficult to find research discussing the value to the student of being paid. An important point to consider is the relationship of paying interns to other aspects beside being paid for the experience, such as the wellbeing of the student, the ability to developing healthy working habits and financially stability. Accordingly, Beard and Morton (1999) reported that while students are willing to take on unpaid internships it was found that when students are paid they rate their experience more highly, have reduced stress levels, and all parties show a deeper level of commitment (Beard & Morton, 1999).

As the popularity and requirement of internships increases, so too does the controversy, as unpaid internships are also increasing, raising legal concerns (Perlin, 2011). In the past six years

there have been more than 30 lawsuits filed by interns against their employers for not paying the interns for their work (Suen & Brandeisky, 2014). Unpaid internships can also create an obstacle for low-income students who cannot afford to not make money, therefore contributing to a student's ability for socioeconomic mobility (Curiale, 2010; Perlin, 2011).

In addition, Perlin (2011) noted that unpaid internships often do not offer substantive benefits. McHugh (2017) wrote, "The findings in this paper suggest there is less mentoring, less developmental value and lower job pursuit intentions associated with unpaid internships" (p. 379). While some studies have been conducted, there is little empirical research analyzing the relationship between the characteristics of an internship, such as paying the intern, and outcomes of the experience (McHugh, 2017). Accordingly, this study seeks to understand the organization's perspective on paying interns, the thoughts of being paid from the student's perspective and identifies any concessions by students when taking an unpaid internship.

Methods

Two surveys were written and distributed for this research project. One survey was distributed to undergraduate students who were taking courses in the Leisure, Youth, and Human Services and Social Work. The research questions were: Does payment affect a student's ability to take an internship, and what concessions does a student make when taking on an unpaid internship? The other survey was distributed to a listserv of nonprofit organizations in a Midwestern area, addressing the research question, what is the organization's point of view regarding paying interns? For the first survey, 58 students began the survey, and 52 students completed it. For the second survey, 35 nonprofit organizations began the survey, and 32 nonprofit organizations finished it. An application was submitted and approved by the Institutional Review Board (IRB) at the university to conduct the research.

Qualtrics was used to create and distribute the survey to both students and the nonprofit organizations. Descriptive Statistics were taken to analyze the data as well as Kruskal-Wallis tests to determine the differences between the organizational size and whether they had an internship program, formal job description, paid or unpaid internships, and having the capacity to host an intern. The results are reported in two sections, one outlining the student responses to the survey and the other discusses the responses of the organizations.

Results

Students

There were 52 students that completed this survey. Roughly 44% of the students that participated in the survey were 21 years old. The most common ethnic group was Caucasian (90.4%), followed by Multiracial, African American and Latino. The survey consisted of 84.6% female

participants. The most common major was Leisure, Youth, and Human Services (51.9%), followed by Social Work (30.8%). A majority of students who completed this survey (65.4%) had one semester until their internship.

Students rated their capacity to take an unpaid internship on a five-point scale: [1] I cannot take an unpaid internship, [2] If forced into taking an unpaid internship it will be extremely challenging, [3] I'd need a paid internship, but will consider unpaid, [4] I can overcome challenges of an unpaid internship, and [5] I can take an unpaid internship without financial challenges. Thirty-two percent said "I can overcome challenges of an unpaid internship". During an unpaid internship, 88.5% of students (n=52) reported they would need at least one additional part-time job to support themselves financially. The other 11.5% either did not need the monetary support of another job or they had another source of income or scholarship during their internship. These are further broken down in Table 1.

Table 1

During an unpaid internship, would you have to get another job to support yourself financially?

Response	%	n
Yes, but only another minimum wage part-time position.	51.92	27
Yes, I would need more than one other part-time position or a job that paid more than minimum wage.	36.54	19
No, I have another source of income or a scholarship.	7.69	4
No, I don't need the money.	3.85	2
Total	100.00	52

In answering the survey question, "If you had to choose, would you rather a quality internship experience at a desired agency/organization that is NOT PAID, or an internship of lesser quality, not at your most desired agency/organization that is PAID," 73.6% (n=55) of participants chose quality of the internship over being paid. Of those that chose being paid over quality (n=12), 75% said they did not have the money for housing and/or travel expenses during their internship.

Many factors influence decision making as students sort through internship opportunities. Participants were asked to rank factors that influenced their decision when choosing an internship (n=52). The factors were: [1] Workload, [2] Hours, [3] Relationship with co-workers,

[4] Relationship with supervisor, [5] Emotional demand, [6] Physical demand, [7] Distance of internship from housing, and [8] Pay. Forty-six percent ranked “relationship with supervisor” in the top two slots. Twenty-five percent of the student respondents ranked pay as last.

Students answered the question, “What is most important to you in an internship,” as a rank order question. The choices were: [1] Help me decide what I want to do in the future, [2] Be a resume builder, [3] Help me network with professionals in my area of interest, [4] Improve my cultural competency and my understanding of diversity, [5] Lead to a full-time job with the same organization, [6] Lead to any full-time job, and [7] Be a source of financial income. In the most common response, 40%, noted that the most important feature of an internship was to “Help me decide what I want to do in the future”. The next most common response, 29.1%, was “To help me network with professionals in my area of interest”. It is interesting to note that 38% listed “Be a source of financial income” as last in this rank order question. In the next section, the organizations were asked what they believe their internship will provide for the intern with the same seven options.

Organization

There were 32 nonprofit organizations that participated in this study. The demographic information that was collected for the organizations included the size of the organization by budget and the type of organization. However, not every agency answered every question. The organization type was broken into seven categories. The number of organizations that identified with each (n=27) include Health & Human Services (15), Philanthropic Intermediary and Volunteerism Promotion (4), Education (3), Arts, Culture & Humanities (2), Mental Health & Crisis Intervention (1), Religious (1), Youth (1).

Approximately 70% of the responding organizations currently have an internship program. Of the 29.4% who do not have an internship program, 60% are interested in having an intern (n=10), and of the 5 that answered the question “Would you be able to pay those interns?” 100% said no. Sixty percent (3 of the 5) of those organizations would consider paying their interns if the funds were matched (n=5).

Organizations with internship programs were asked, “In a typical year, how many internships do you offer?” (n=23). Thirty-four percent have 1 intern, 21.7% have 2, 8.7% have 3, 17.3% had 4 and 4.4% had 5 interns. Thirteen percent answered “other” and wrote in that the number of internships varies year by year or is dependent on need. The organizations were then asked, “how many of those internships are paid?” (n=21). Almost sixty-seven percent did not pay any of their interns, 19% pay 1, 2 or 3 interns, 9.5% offer a stipend and 4.8% did not answer.

Organizational respondents provided answers to open-ended questions as well. When answering, “Why should interns be paid”, one respondent wrote, “It is important work and the student

should be reimbursed—we do not want to just offer internships to students who can ‘afford’ it.” Another wrote, “They’re important to our organization’s success, paying them helps recognize their value. We want students of different backgrounds to be able to access this special opportunity. We know most students work, so paying makes sense to ensure they can meet the requirements of the internship.” When asked “Why don’t you pay your interns,” the most common answer was that it was “not in the budget.” There was no differentiation in the response between whether the budget was too small to pay the interns or if paying interns simply was not included in the budget. Tables 2, 3 and 4 help further compare the size of the organization to their internships and preparation for having interns (whether or not they have interns, pay them and prepare a job description). In Table 3, of the nonprofit organizations that had a budget size greater than \$5,000,001, four out of seven organizations do not pay their interns.

Table 2
Do you currently have an internship program? (n=27)

Budget size	Yes	No	Total
Under \$50,000	0	1	1
\$100,001-\$250,000	1	2	3
\$250,001-\$500,000	2	0	2
\$500,001-\$1,000,000	4	0	4
\$1,000,001-\$3,000,000	2	3	5
\$3,000,001-\$5,000,000	2	0	2
\$5,000,001 or more	7	3	10
Total	18	9	27

Table 3
Are the internships paid? (n=18)

Budget Size	Yes	No	Total
Under \$50,000	0	0	0
\$100,001-\$250,000	0	1	1
\$250,001-\$500,000	0	2	2
\$500,001-\$1,000,000	2	2	4
\$1,000,001-\$3,000,000	0	2	2
\$3,000,001-\$5,000,000	1	1	2
\$5,000,001 or more	3	4	7
Total	6	12	18

Table 4
Do you have a formal internship job description? (n=18)

Budget Size	Yes	No	Total
Under \$50,000	0	0	0
\$100,001-\$250,000	1	0	1
\$250,001-\$500,000	1	1	2
\$500,001-\$1,000,000	3	1	4
\$1,000,001-\$3,000,000	0	2	2
\$3,000,001-\$5,000,000	1	1	2
\$5,000,001 or more	4	3	7
Total	10	8	18

Table 5 illustrates the Kruskal-Wallis tests conducted in this survey. The Kruskal-Wallis was used to determine if there was a significant difference based on the size of organizations when

comparing having an internship program, whether or not the organization had a formal internship job description, whether they offered paid internships, and if they had the capacity of host an intern. Results are significant if $p < .05$. Analyzing the results, nothing was noted as being statistically significant.

Table 5
Kruskal-Wallis tests

	p-value
Organizational size and having an internship program	0.831
Organizational size and whether or not the organization had a formal job description	0.348
Organizational size and whether or not they had a paid or unpaid internship	0.796
Organizational size and if the organization had enough capacity to host an intern	0.411

Notes: $\alpha = .05$

Lastly, and parallel with the student survey, organizations were asked what they believe their internship will provide for the intern with the same seven options (n=25): [1] Help me decide what I want to do in the future, [2] Be a resume builder, [3] Help the intern network with professionals in my area of interest, [4] Improve the cultural competency and understanding of diversity in the intern, [5] Lead to a full-time job with the same organization, [6] Lead to any full-time job, and [7] Be a source of financial income for the intern. Fifty-six percent chose “Help the intern decide what they would like to do in the future” as number one, 24% chose “Help the intern network with professionals in their area of interest,” and 16% chose “Be a resume builder” as most important.

Discussion & Implications

The original research question for the project was: Does paying an intern affect recruitment and performance for the internship? Through the results, we have found that students value their education and the experience an internship has on their future more than whether or not the internship is paid. When asked to choose between the two, they consistently chose quality, however, most students would have to find another job to support themselves when taking on an unpaid internship. In the case of many of the survey participants, an internship is for college credit hours. They participate in a full-time internship, devote time to class projects and reports related to the internship, and pay tuition of a full-time student. Therefore, if the internship is unpaid, not only does the student have to figure out a way to pay tuition, but they also have to work extra to pay for cost of living and travel expenses related to the internship. This study indicates that students are devoted to doing what it takes to have a quality internship experience including taking on more jobs, more stress, and more debt. Interestingly, while the intern seems

to care more about the quality of an internship than being paid, McHugh (2017) found that paid internships are significantly more likely to provide better mentoring and are "...positively related to internship developmental value, job pursuit intentions and internship satisfaction" (p. 376). Additionally, Burke & Carton (2013) found that "students who were paid reported having a generally more positive experience" (p. 107). While students are willing to take on an unpaid internship, or chose a quality internship over being paid, it should be noted that a paid internship is more likely to provide what the student is seeking regarding quality and experience.

According to this study, organizations want the same things for the intern that the intern wants, including helping them gain experience in the field, skills, networking and other advantages to set them up for success in the future as discussed by Burke & Carton (2013). Yet, 66.7% of organizations with internship programs are not paying their interns. The interns at these unpaid internships may not be devoting all of their time and energy to their internship because of financial struggles and the need to take on a second job. Again, paid internships are more likely to provide a better experience according to McHugh (2017), therefore organizations should seriously consider some type of compensation. In an unpaid internship, the students may not actually be gaining the experience they value, and the organization may not be seeing all of the benefits they are looking for in an intern.

It is also interesting to note that the size of the organization, as measured by the budget, does not correlate with having an internship program, having job descriptions for interns, or whether the organization had paid internships. It might seem more likely that organizations with larger budgets would have more formal internships, indicated by having internship job descriptions or might be more apt to pay their interns, however according to this study there was no relationship with budget size and any aspects of an internship program. This may be explained, in part, by nonprofit historically not offering paid internships and students not expecting to be paid when doing an internship for a nonprofit organization. While unpaid internships seem more common, and maybe even more accepted in the nonprofit sector, research is starting to indicate that paid internships may be more valuable to both nonprofit organizations and the students.

This process has taught us many lessons about the payment of internships. Unpaid internships are a hot topic up for legal debate, and understanding the value of the experience for students and the financial literacy involved has implications beyond the benefit to the debt-riddled student as pointed out by Curiale (2010), and Perlin (2011). The debate, and the responses of unsuspecting students like in the example at the beginning of this article, suggests that unpaid internships are the expectation of some students and "just the way it is". Rogers (1999) noted that compensation is only moderately associated with successful internships in part due to students' willingness to take on unpaid internships. Students accept the need to do this as "part of paying their dues" (Rogers, 1999, p. 52).

The results of this study and research project provides an awareness of the challenges of unpaid internships and highlights the need for the sector to be knowledgeable about the impact of offering paid versus unpaid internships. We have a responsibility to break the stigmas of nonprofits and free labor and a call to address the gap in understanding internships and the American working population that was pointed out by Rogers (2013). If organizations do not pay interns, students are going thousands of dollars deeper in debt and working extra hours elsewhere, possibly late nights at a second or third job. They are learning, but their experience could be hindered because of a challenging schedule and many obligations. Paying an intern can decrease the need for multiple jobs, maybe reduce stress and possibly lead to a more valuable internship experience. This supports the organization's ability to meet their mission and the intern graduates much better prepared to enter the nonprofit sector. Nonprofit organizations have a responsibility to not create their own clientele, but to take care of their interns so they do not need the services that are being provided.

Despite all the press about the legality of paying interns, there is little research into the mental and emotional impact of not paying interns. Students may find it difficult to be hired for jobs without experience, and internship experience could be affected by taking on more jobs and the stress of financial instability. For a student, choosing quality of an internship should be one and the same as choosing a paid internship. Organizations have the responsibility to provide quality learning experiences, and payment for the hard-work and commitment that the intern provides. We understand through this service-learning project that a paid internship will set up both the student and the organization to succeed, implement their much-needed services to the community and provide positive change in the world. Our work on this research provides reflection and knowledge of these topics to our community and can strengthen our nonprofit sector.

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