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The Exploitive Stepping-Stone

An Evaluation of the Negative Effects of Unpaid Internships

Nancy J. Leppink, the recently appointed Acting Wage and Hour Administrator under the Federal Department of Labor expressed that, “if you’re a for-profit employer or you want to pursue an internship with a for-profit employer, there aren’t going to be many circumstances where you can have an internship and not be paid and still be in compliance with the law.” Contrary to Leppink’s remarks, unpaid internships don’t seem to be ending anytime soon. In fact, they are dramatically increasing due to their high demand and escalating selectivity. In theory, internships sound great. They provide first hand experience in competitive industries, add depth to your resume, and solidify reputable contacts and connections. However, over the past couple of years, companies have taken advantage of college and grad students alike based on their eagerness to make the leap from classroom to workplace.

Due to the increasing trend of unpaid internships, lawyers, students and employers alike have scrutinized the Internship Programs Under the Fair Labor Standards Act. A subset of the Wage and Hour Division, the Act includes six main criteria permitting a lawful unpaid internship. Relevant criteria for this essay include that the internship must compare to training received in an educational environment; the internship experience must serve to benefit the intern; the intern can not displace regular employees and must work under close supervision of existing staff; lastly, the employer providing the training must not receive direct advantage from

the intern's activity. (U.S. Department of Labor) The lack of implementation of these rules enables employers to exploit the majority of interns today and has further consequences for society. Unless the Federal Department of Labor finds a way to properly enforce the existing internship programs' requirements under the Fair Labor Standards Act, then all internships should require monetary compensation. If universities and employers keep encouraging the noneducational tedious work that comprise many unpaid internships today, then they are simultaneously exploiting interns, widening the gap between well-off students and those less affluent, and damaging the economy.

We all have heard that dreaded question from relatives and friends, 'so what are you doing this summer?' And although in a perfect world we would all have flawless answers with gleaming smiles on our faces, the words that we do mumble often include a bunch of 'wells' 'I am waiting to hear back from...' so on and so forth. An exponentially increasing demand for internships demonstrates why employers can replace monetary compensation with the value of experience. After all, what good businessman wouldn't want to save money? The *New York Times* article, "The Unpaid Intern, Legal or Not" includes commentary on this trending change from the director of the Career Development Center at Stanford University, Lance Choy:

[He] sees definitive evidence that the number of unpaid internships is mushrooming — fueled by employers' desire to hold down costs and students' eagerness to gain experience for their résumés. Employers posted 643 unpaid internships on Stanford's job board this academic year, more than triple the 174 posted two years ago.

These increasing numbers reflect employers having little trouble finding smart, hardworking students wanting to get their foot in the door in exchange for free labor. Ross Perlin in his widely acclaimed novel, "Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy," states that internships save firms on average \$600 million every year (Waldman, Katy). The increasing demand for internships has allowed companies to manipulate those

seeking them. This is particularly so during a recession when a company will do what it has to in order to cut costs. And since internship experience has become one of the most crucial factors for future employment in a desired field, ambitious students are going to sacrifice whatever is necessary to get them.

Companies exploit interns every day. However, mounting a major enforcement effort poses difficulty because interns fear filing complaints. Interns often feel that doing so will decrease their chances as a potential employer in their chosen field. An Opinion writer from *The New York Times* explains that, “This week, thousands of young people will work 40 hours (or more) answering phones, making coffee or doing data entry — without earning a cent. These unpaid interns receive no benefits, no legal protection against harassment or discrimination, and no job security. They generate an enormous amount of value for their employers, and yet they are paid nothing. That is the definition of exploitation” (Pope-Sussman, Raphael). Although violations are widespread, there seems to be little protection for unpaid interns. Many of the unpaid internship requirements are not being followed and numerous people feel stuck into performing daily tedious tasks in the hopes of advancing in his or her given field.

Employers repeatedly exploit interns by failing to create an educational environment where the intern is the primary beneficiary of the activity and by ignoring displacement or supervising issues. The Federal Labor Department states that, “The more the internship provides the individual with skills that can be used in multiple employment settings, as opposed to skills particular to one employer’s operation, the more likely the intern would be viewed as receiving training.” However, this is rarely the case with internships. Instead, employers use interns to benefit the company’s needs that they themselves would rather not do. Numerous reported examples include coffee runs, faxing, picking up dry cleaning, etc. If these tasks fail to benefit

the intern educationally, which the previously mentioned tasks clearly do not accomplish, then the company is not in compliance with unpaid internship regulations. If employers want to continue implementing these tasks legally, then the worker must receive at least minimum wage. Furthermore, if “the employer would have hired additional employees or required existing staff to work additional hours had the interns not performed the work...or the intern receives the same level of supervision as the employer’s regular workforce this would suggest an employment relationship, rather than training.” (U.S. Department of Labor) Again, regulating the previous criteria is quite complicated. How can the Department of Labor make sure that employers regularly supervise their interns and give them work that would not have to be completed otherwise? The question remains unanswered. And although implementation of the six unpaid internship criteria seems like the ideal solution, effective enforcement is easier said than done.

Stories of interns being taking advantage of inundate several newspapers and are hard to ignore. For example, at a Manhattan children’s film company a New York University student wished to work in animation through her unpaid internship. Instead, her employers assigned the student tedious and irrelevant tasks such as wiping the door handles each day to reduce the spread of swine flu. (Greenhouse, Steven) Additionally, another New York University senior who worked, without pay, at a musical talent company spent most of her time photocopying, filing, and answering routine emails. She explains, ‘It would have been nice to be paid, but at this point, it’s so expected of me to do this for free. If you want to be in the music industry that’s the way it works. If you want to get your foot in the door somehow, this is the easiest way to do it. You suck it up.’ (Greenhouse, Steven) These stories demonstrate the common intern’s mentality that any experience is good experience. Most interns know that much of their work is unfair. However, it seems to be the only way to advance in the workforce at this point in time.

Yet, unpaid internships do not solely affect the individual. The increasing amount of unpaid internships contributes to widely diverging economic classes. Many less affluent students can not afford spending the summer working for an unpaid internship. Financial strains such as tuition, traveling costs, spending money, etc. already heavily burden college students. While interns who can afford and are willing to work for free gain experience and make profitable connections, those who do not have the ability to accept an unpaid position are at a distinct disadvantage in the labor market. Law student Jessica Curiale in her paper, “America’s New Glass Ceiling: Unpaid Internships, the Fair Labor Standards Act, and the Urgent Need for Change” attends to this pressing issue:

As internships become increasingly common, employers come to expect internships experience on a resume. Because most “key resume boosting” internships do not pay, students who do not come from money and do not have any independent source of financing often cannot afford to take them. If these students do find a way to accept an unpaid position, it often means spending the rest of their days working part-time paying jobs, taking out additional loans, or even skipping meals. This raises a “sharp class divide” between students who can afford to take unpaid internships and those who cannot, and renders social mobility and equal opportunity even more difficult to obtain.

Less economically advantaged students must decide whether falling into more debt will benefit them in the future. As unpaid internships begin to dominate, those less affluent seeking to get ahead in the workplace have an extreme disadvantage. Unpaid internships clearly therefore obstruct equal opportunity for work success.

Even if an individual decides to make the leap, the majority of internships today rely on some sort of personal connection with current employees or workers in the field. Many underprivileged students feel disadvantaged by not having any pull to secure an internship. Numerous families do not have a family member who can pull strings on their behalf. In the US News and World Report, the article “The Growing Culture of Unpaid Internships” elaborates on why unpaid internships reflect issues of social justice:

Those who can't access internships, those who can't pay to play, who can't afford to work unpaid for significant amounts of time ... those people are being left behind, and they're unable to enter a lot of key professions in the white-collar workforce. Professions like politics, media, film, and entertainment. There is a social justice issue here. If you have the gateway into the workforce being something where you have to come from a well-off-enough background ... people who are from [big cities] where internships are concentrated and have a place to live or are from families that have the money to enable somebody to work unpaid for a summer or six months or even a year, those people are at a serious advantage.

If unpaid internships create such a divide between economic classes then something must change. There should not be an inherent advantage for people fortunate enough to have connections to desired fields. This will only enlarge the gap between well off families and those less affluent. Mandating monetary compensation for all internships will decrease only the upper and middle classes receiving privileges.

Not only do unpaid internships place burdens on the economically disadvantaged, they also affect the economy as a whole. Specifically, unpaid internships outsource jobs that otherwise would be given to low-skilled workers. Unpaid internships create an oversupply of individuals willing to work for nothing. Opinion writer for *The New York Times* Anya Kamenetz in her article, "Take This Internship and Shove It" cites a recent survey administered by British journalists who found "an influx of unpaid graduates kept wages down and patched up the gaps left by job cuts." (Kamenetz, Anya) Therefore, employers benefit from getting rid of low-skill employees who unpaid interns can replace. They reduce money spent while maintaining production levels. Furthermore, Kamenetz highlights the more subtle economic effect as well:

In an information economy, productivity is based on the best people finding the jobs best suited for their talents, and interns interfere with this cultural capitalism. They fly in the face of meritocracy — you must be rich enough to work without pay to get your foot in the door. And they enhance the power of social connections over ability to match people with desirable careers. A 2004 study of business graduates at a large mid-Atlantic university found that the completion of an internship helped people find jobs faster but didn't increase their confidence that those jobs were a good fit.

Kamenetz suggests that because wealthy families hold the majority of unpaid internships based on their economic advantages and connections, true talent is often ignored. This trend will likely decrease our marketplace of ideas and range of abilities. More frequently than one may think does the mediocre student from a rich family with many connections triumph over the hard working yet less affluent student. Unpaid internships aid this unfairness.

One of the most common ways that companies have tried to avoid accusations about the lawfulness of their intern practices is by offering college credit in replace of pay. Not only does college credit not make up for the lack of monetary compensation for the intern, but the mandating of college credit in order to receive internships is a further financial burden on students. With the increasing awareness and skepticism of unpaid internships, companies have turned to mandatory college credit as a means of avoiding potential lawsuits. On the popular “Economic Policy Institute Blog,” author Ross Eisenbrey elaborates on the false image that college credit projects to the public:

The reason students have to take credits for internships is that employers believe that it absolves them of the 6 prong minimum wage test...So, the reason universities often allow/accept students’ getting credit for unpaid internships is that the university is being directly and loudly pressured by students who want desperately to get work experience and are being told by an employer that they can’t work for free unless they get credit. Universities, rather than telling their students that they are not going to be allowed to get relevant work experience, cave in and push their faculty to offer credit to avoid students (and their parents) from making a fuss that the university is standing in the way of the students’ career experience.

Companies mandate college credit as a precursor to receiving the internship to hide their incompliance with the six main criteria permitting a lawful unpaid internship. Because universities do not want to stand in the way of their students’ career advancement, applications to receive college credit are very lenient. Additionally, many students wind up indirectly paying for their unpaid internship. This is because some universities charge students for summer credit. For example, at Bucknell University a student seeking to receive credit for a summer internship must

pay between \$286 to \$1,074 to receive credit (Smith, Sonia). Clearly, college credit is not the great compromise that many companies and universities claim it to be.

Multiple negative consequences arise from the prevalence of unpaid internships in the workplace. Companies frequently exploit individuals based on the necessity of internship experience to get ahead in a desired field. As the demand for internships increases and supply remains constant, employers can manipulate those seeking experience. As more and more internships at most offer college credit as compensation, affluent students have an edge over those unable to afford working without pay. This advantage widens the gap between wealthy and less well-off students. Furthermore, unpaid internships affect the economy at large by displacing previously low-skilled workers and choosing well-connected members of society for jobs over those with the most skill and talent. Based on these effects, unpaid internships should not be permitted and steps should be taken to eliminate the barriers students face in our heavily company-driven economy.

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