

Unpaid Internships

By Joshua Stein, Joshua Stein PLLC



Companies large and small take advantage of victimized college students by making them unpaid interns and cruelly exploiting them for a summer or a semester. Those innocent interns do work that isn't much fun. They probably don't learn much. So some have sued. And now we have a movement to protect unpaid interns from abuse.

It all sounds terrible. The press and the public automatically sympathize with any claims of abuse. Those big bad companies with all that money ought to give more of it to their poor abused interns, right?

Not necessarily. The whole discussion misses the point. Even unpaid internships have a lot to offer: they can give students a foot in the door, an opportunity for an extended job interview, a shot at impressing a future employer, and a chance to learn something about the business world. At the very least, interns get an education in the basics of how to interact with co-workers in a professional environment, even if their responsibilities don't rise much beyond getting coffee.

Some interns might produce work that has some value to their employers. Even in those cases, though, the work and attention the interns require will likely outweigh whatever value they can deliver. And even if an intern produces nothing useful at all, he or she can still reap the benefits described above.

Critics of unpaid internships point out, among other things, that students under financial pressure don't have the luxury of spending a summer without income, so the unequal distribution of internships becomes just another consequence of income inequality. That may have some truth to it, but similar complaints also apply to a lot of other things, and it doesn't necessarily justify changing the whole landscape of internship programs.

If the intern protection movement forces more companies to pay interns, what will happen next? What unintended consequences will follow? Answer: companies will hesitate to have interns, or will have fewer of them. If employers must pay previously unpaid interns while also dealing with the disruption and distraction they inevitably cause, then they just might not bother.

As a result, a business practice that helped create opportunities for new college graduates, trained future employees for companies, gave companies a great recruitment pool, and prepared kids for the realities of the business world will no longer be as effective or as useful for anyone involved. Instead of helping college students as a group, the intern protection movement will end up depriving many of the benefits they would have achieved through internships.

The intern protection movement did not arise in a vacuum. Labor law has criteria that an unpaid internship program should meet. It should focus on education and general training. It can't replace regular employees. There are limits to what the intern can produce. The internship may need to provide academic credit. Company productivity needs to suffer a bit to properly use an intern.

Until recently, not much attention was paid to these criteria. Interns' claims of abuse and the resulting firestorm have led the world to turn over the rock and see what's under it. And if you examine anything closely enough, you can usually find some problem with it.

Sure enough, it turned out many internship programs didn't meet the criteria. Failing to comply with law is certainly a bad thing, and as a practical matter a lot of internships probably did just that – perhaps in part because the criteria are fuzzy and unrealistic – hence the claims.

Stepping back a bit, though, one should ask whether the laws being broken really make any sense. Yes, unpaid interns may sometimes deliver benefits for which they should perhaps be paid, but the process of hiring, training, and supervising an intern imposes a cost on a company, often with little guarantee of any medium- or long-term benefit. If the law and the courts get aggressive about imposing a monetary cost on having interns as well, it may well tip the scales against having interns at all, at least for companies that didn't want to pay.

Even if traditional internship programs sometimes allowed those companies to obtain a modest amount of "free labor" for some short time, they also created significant benefits for the alleged victims. It would make sense to let companies and interns continue to make that type of exchange, at least for unpaid internships of reasonably short duration (e.g., up to three months) with reasonable working hours that offer the possibility of a longer-term relationship or at least training in how the business world works. Such relationships shouldn't be burdened with too many criteria, restrictions, and costs, because at some point the resulting friction will just lead companies to cut the programs entirely. And then both sides of the transaction will lose out.

*Joshua Stein
Joshua Stein PLLC
59 East 54th Street, Suite 22
New York, NY 10022
Tel: 212-688-3300
Joshua@joshuastein.com*