This article provides highlights from Guarise and Kostenblatt’s study, “The Impact of Unpaid Internships on the Career Success of Liberal Arts Graduates,” funded by the NACE Center for Career Development and Talent Acquisition. The study will be available later in 2018.

College career centers around the country stress to their students the importance of gaining internship experience to apply the knowledge gained in the classroom in a real-world setting, develop and enhance professional skills, and forge relationships with industry professionals, believing that internship experiences will lead to better career outcomes. However, while
research findings by NACE indicate a positive correlation between paid internships and job offers received before graduation, unpaid internships were found to have little or no impact on this measure of short-term success.¹

Our findings indicate that participation in both paid and unpaid internships have value in different ways. Another major study by Intern Bridge, Inc. found similar results.² Thus, in response to a call for proposals from the NACE Foundation in 2015, we developed a study that would control for demographic and academic factors to isolate the impact that unpaid internships have on the career success of graduates of undergraduate liberal arts programs.³

As highlighted here, our findings indicate that participation in both paid and unpaid internships have value in different ways. We see that undergraduate participation in at least one internship has value in the short term (first employment post-graduation) and longer term (two-plus years after completing an undergraduate liberal arts degree). Having a paid internship (rather than an unpaid one or no internship at all) has some added benefits in the short term that did not persist long term. This can be partially explained by the impact of continued education on longer-term measures of career success.

EXISTING RESEARCH ON UNPAID INTERNSHIPS

Internships have come under fire after a class action lawsuit shook up industries that typically hire students and recent graduates for unpaid positions.⁴ This resulted in a resurrection of the U.S. Fair Labor Standards Act (FLSA) six-point test by the court system as a way to distinguish between legally unpaid interns and employees.⁵

The 2013 court ruling on unpaid internships in Glatt v. Fox Searchlight Pictures, Inc. prompted discussion amongst the media, employers, interns, educational institutions, and NACE about the definition and value of unpaid internships.⁶ The discussion also brought to light the paucity of empirical evidence about the prevalence, value, and impact of unpaid internships for college students, and thus prompted several important studies. Our study aims to briefly summarize existing research and extend findings to the longer-term impact of unpaid internships on career success.
After conducting a literature review of internship and career success research, we identified a need for additional research on the impact of unpaid internships for several reasons. First, two prominent studies—one by NACE and one by Intern Bridge, Inc.—suggest there are distinct differences in internship experiences based on sector and industry. Better understanding these differences will help students, schools, and policymakers avoid a one-size-fits-all approach to unpaid internships. Additionally, while the impact of internships before graduation is important, we could find no studies exploring the impact of unpaid internships on career success over time. If, as Intern Bridge, Inc. found, students with lower family incomes are more likely to engage in unpaid internships, we must have a greater understanding of their impact on careers for reasons of equity and access. This led us to design a study to explore the two- to eight-year impact of unpaid college internships on career success, with a focus on controlling for variables like industry and family income.

We focused on those who graduated with bachelor’s degrees from liberal arts programs because of the variety of career paths these graduates pursue. Much of the existing research on internship outcomes focused on business, engineering, and marketing—very specific fields of study with arguably fewer unpaid internships. By surveying liberal arts graduates, we were able to collect a sample of responses from individuals who pursued internships and careers in all sectors (nonprofit, for-profit, and government) and a wide variety of industries. This made for stronger comparisons across these categories.

Acknowledging that students often engage in more than one internship while pursuing their undergraduate degrees, we have included an exploration of what students found to be their “most meaningful” internship experience to try to understand how individuals value their internship experience later in their career, and add additional context to our findings. The following questions guided our study design and research:

- Does participation in any internship impact short-term and/or long-term career success?
- Does this impact change when considering internship compensation, i.e., is there a significant difference in measures of career success if someone completed all paid, all unpaid, or a mix of paid/unpaid internships?
- How do individuals view their undergraduate internships years after graduation? What constitutes a meaningful internship?

**CAREER SUCCESS AND CONTROL VARIABLES**

We looked to the literature to define and identify valid and reliable measures of career success as well as variables already known to impact career success. We then developed our research model. Several researchers defined career success as “the accumulated positive job-
related and psychological outcomes resulting from one's work experiences. Career success is then broken out into extrinsic factors, such as time to secure position and salary, and intrinsic factors, such as personal satisfaction. Within this approach, objective measures include those which “are directly observable and verifiable, related to society’s evaluation of achievement with reference to extrinsic measures.” Subjective measures, then, depend on perception, and researchers have sought to come up with valid, reliable measures of the dimensions of subjective career success.

For the purposes of this study, we used a combination of objective, subjective, and relative career success measures.

**MOST MEANINGFUL INTERNSHIP**

Our survey also asked respondents who completed multiple internships for information about their most meaningful internship in hopes of adding some context and qualitative meaning to our findings. We collected the organization name, industry, sector, and whether or not the internship was paid or unpaid.

We also used questions from the Work Design Questionnaire, developed by Frederick Morgeson and Stephen Humphrey and published in the *Journal of Applied Psychology*. The questionnaire measures job design and the nature of work. Respondents were asked a series of questions to evaluate the complexity of the internship responsibilities, overall significance of their tasks, and support received from colleagues.

**SURVEY DESIGN AND DATA COLLECTION**

We created an online survey tool using Qualtrics, totaling 54 questions. The instrument used branching logic, so depending on an individual’s responses, some questions would appear while others would not. We tested the survey instrument by taking it ourselves, and also by asking several students at Michigan State University to test the instrument. This helped us adjust branching logic within the survey to ensure respondents would only view questions that were relevant to their career path.
We collected responses between August 2016 and December 2016. We focused our data collection on alumni who graduated from an undergraduate liberal arts program between 2008 and 2014. By reaching out to the NACE community and via our own professional networks, we sought to build partnerships with a variety of institutions in order to collect a diverse sample of alumni from four-year liberal arts, public, private, large, and small institutions. In all, 3,914 graduates representing 25 institutions of higher education took part in the study.

Details about the respondents and their institutions are as follows:

- Respondents completed their undergraduate degrees from one of 25 institutions between 2008 and 2014.
- By Carnegie Classification, responses were fairly evenly split between institutions considered Baccalaureate Colleges, Master’s Colleges, and Doctoral Institutions.
- Sixty-four percent of respondents are female; and 75 percent are White/Caucasian.
- More than half estimated their family income level to be $80,000 or above while undergraduates.
- Respondents scored an average of 3.95 on the Proactive Personality measure, which is above average.
- Sixty-five percent of respondents cited a bachelor's degree as the highest level of education completed. Another 35 percent have gone on to complete additional education.
- Forty-three percent completed their undergraduate degrees with GPAs that ranged between 3.25 and 3.74.
- Sixty-three percent completed an internship during their undergraduate years—an average of two internships per respondent.
- More than half received a job offer before or within three months of graduation.
- As for their current employment status, more than 90 percent are currently employed, with 46 percent working for a public, for-profit organization. Educational services, healthcare, and social assistance were the top industries represented. The average salary was $54,843.

Taken together, these descriptive measures suggest a group of respondents who were ambitious and motivated undergraduate students and are now successful professionals.

**ANALYSIS**

To examine impact, we performed a series of multiple regression analyses. Regression allowed us to determine whether or not the independent variables we collected via our survey (internship participation, internship compensation, education level, proactive
personality, and so forth) had a statistically significant impact on our dependent variables (job offers, time to first offer, and various measures of career success). For each regression model, we examined the incremental validity of our key independent variable—participation in unpaid internships—by running the analysis with and without the variable using hierarchical multiple regression. The comparison of the two findings allowed us to quantify the impact of unpaid internships above and beyond that of the other variables.

**KEY FINDINGS**

Our research confirmed what others have found: Whether or not one has an internship (regardless of compensation) does impact short-term and longer-term career success. Survey takers who completed at least one internship received a job offer more quickly and had a higher first-position salary than those who did not. Those with an internship had current annual salaries $2,082 higher than those with no internships. These individuals also had higher subjective career success scores. There was no significant impact on relative career success.

Previous NACE research had found no correlation between unpaid internships and job offers prior to graduation; however, paid internships were positively correlated. Thus, students with unpaid internships were no more likely than those with no internships to receive a job offer prior to graduation. Our data obviously differ from that of NACE in terms of time period, respondents, and timeline, i.e., we surveyed individuals years after graduation rather than prior to. However, we found that students with unpaid internships found jobs more quickly and had higher starting salaries than those with no internships.

When looking at internship compensation (paid, mixed, unpaid), we see an immediate impact post-graduation, i.e., in the short term. Respondents with paid internships were found to have higher first-position salaries and took less time to find their first position post-undergrad. Those with unpaid internships had a first-position salary $3,494/year lower than those with both paid and unpaid internships and $8,097/year lower than those with all paid internships. Survey takers who had a paid internship found a job a little more quickly than those who had an unpaid internship—typically within three months of graduation vs. the three-to-six-month average of all respondents.
There was no significant impact of internship compensation on longer-term success measures. Pursuing additional education partially accounts for this finding, as individuals who completed unpaid or a mix of paid and unpaid internships were more likely to pursue additional education beyond bachelor’s degrees. Interestingly, although internship compensation did not impact longer-term career success, first-position salary did have a significant impact on one of our long-term measures: relative career success. Thus one might argue that there is a pass-through impact of internship compensation on long-term career success. This finding was not duplicated when examining subjective career success.

Information about respondents’ “most meaningful” internship further reinforced the value of both paid and unpaid internships. A majority of respondents cited an unpaid internship as most meaningful; however, taking into account all of the possible combinations of sector (nonprofit, for profit, government) and compensation, paid internships at for-profit organizations was the largest category. When considering responses to questions about their most meaningful internship, respondents rated the feedback from others and social support provided by their most meaningful internship more highly, indicating these factors are correlated with meaningful internships.

In summary, our research found that internships—both paid and unpaid—have a positive impact on measures of short- and long-term career success. While having one or more paid internships had a significant impact on time to find a position and first-position salary above that of unpaid internships, internship compensation had no significant impact on measures of long-term career success.

IMPLICATIONS FOR FUTURE RESEARCH

We hope that these findings, along with details of how survey respondents defined their most meaningful internship, will help practitioners inform and guide students considering a variety of internship options. Our findings point to the fact that having an internship—regardless of compensation—has positive short- and longer-term effects. Even when controlling for variables known to impact salary and subjective career success, there was no significant difference in the impact of paid vs. unpaid internships on longer-term measures of career success.

There are, however, some short-term benefits of having a paid internship. Why paid internships impact time to find a position and first-position salary is not answered by this research study. Perhaps organizations offering paid internships are more likely to convert interns to full-time employees—which is something we see as practitioners. There may also
be differing characteristics between organizations that offer paid vs. unpaid internships—such as company size and/or name recognition—that would help students obtain post-graduation offers more quickly.

One finding that may be the most revealing for employers was how respondents rated their most meaningful internship. Providing feedback, getting to know others in the organization, and having a supervisor and colleagues who took personal interest in them were important features of these internships.

Many questions pertaining to unpaid internships still remain unanswered, and we suspect that the changing legislative and educational landscape may impact findings of this study if it were to be repeated in the future.

- As more educational institutions offer stipends to cover costs associated with unpaid internships and add infrastructure to monitor and offer credit, employers may make adjustments to their internship offerings and students may pursue more unpaid internships.
- As noted above, we did not collect information about whether an internship was governed by academic guidelines, i.e., for-credit internships, but would be curious to know if measurable differences in short-term and longer-term career success exist as a result.
- Finally, we began collecting more qualitative information about survey takers’ most meaningful internship and would like to further explore how organizations, tasks, mentors, and colleagues can positively impact a student’s experience.

ENDNOTES


3 The 2015 call for proposals originated with the NACE Foundation; however, the research study was transferred to the NACE Center for Career Development and Talent Acquisition in 2017.
4 While there are many definitions of “internship,” we used the following, as established by NACE: “An internship is a form of experiential learning that integrates knowledge and theory learned in the classroom with practical application and skills development in a professional setting.” See more at: http://www.naceweb.org/advocacy/position-statements/united-states-internships.aspx


7 National Association of Colleges and Employers.

8 Gardner.

9 Ibid.


13 Cardoso de Oliveira, et al.

14 Ibid.

15 Cardoso de Oliveira, et al., p. 86.

16 Cardoso de Oliveira, et al.
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