

# Unlocking the True Worth of Unpaid Internships: A Comprehensive Analysis

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## Abstract

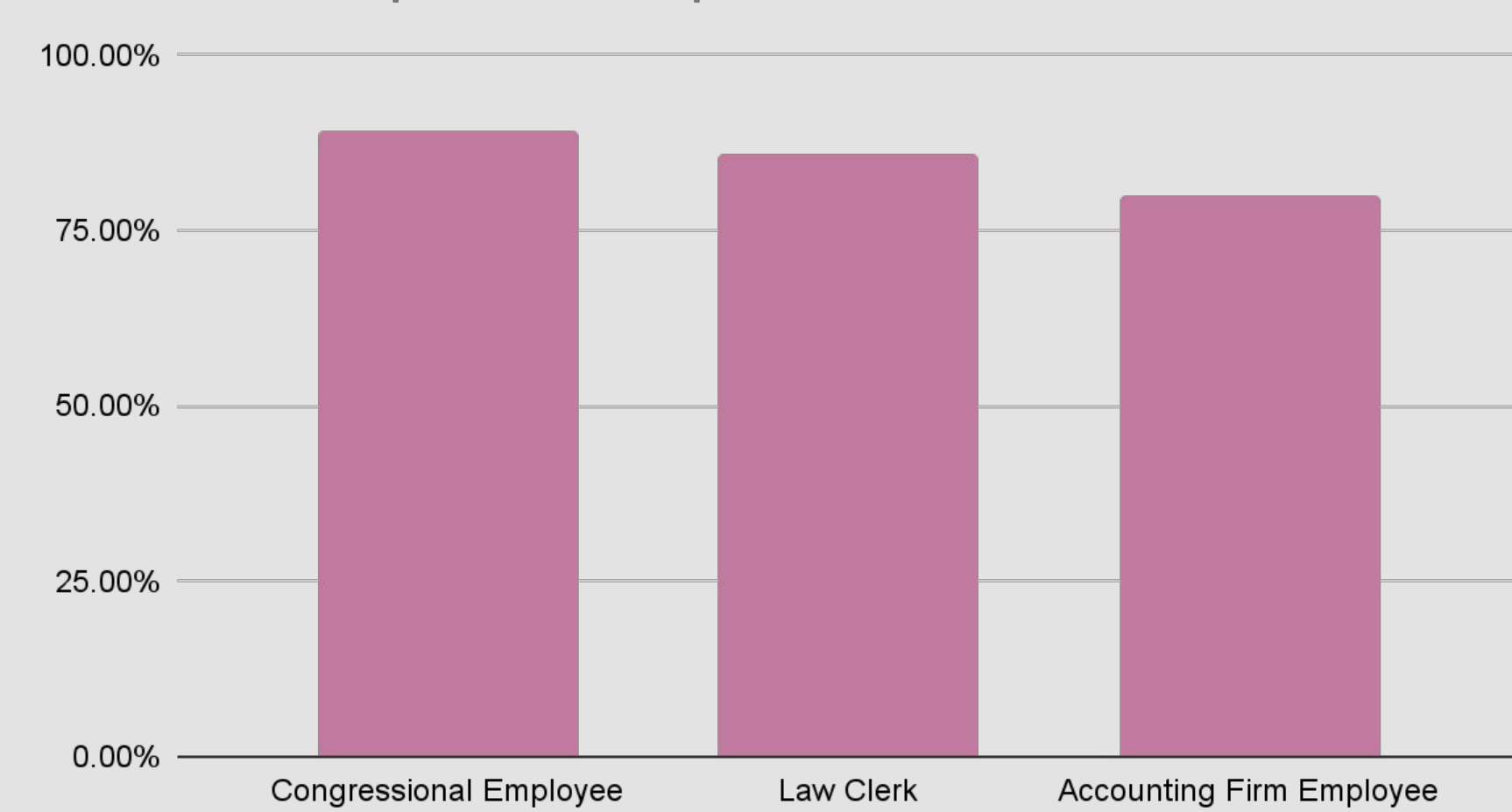
The prevalence of unpaid internships across various industries has raised questions about their value as compared to paid positions. This study introduces a framework for evaluating unpaid internships by developing a formula that incorporates four key factors: opportunity cost, experience value, network value, and skill development value. The opportunity cost represents the forgone income from choosing an unpaid internship, while experience value, network value, and skill development value capture the learning, networking, and professional growth opportunities gained during the internship. This framework allows individuals to weigh the pros and cons of pursuing unpaid internships and make informed decisions based on their unique circumstances and career goals. Our results provide an initial approach to considering both monetary and non-monetary factors in assessing unpaid internships, serving as a valuable resource for students, job seekers, and professionals navigating the complex world of internships.

Formula: Unpaid Internship Value (UIV) = (Experience Value + Network Value + Skill Development Value) - Opportunity Cost

## Introduction

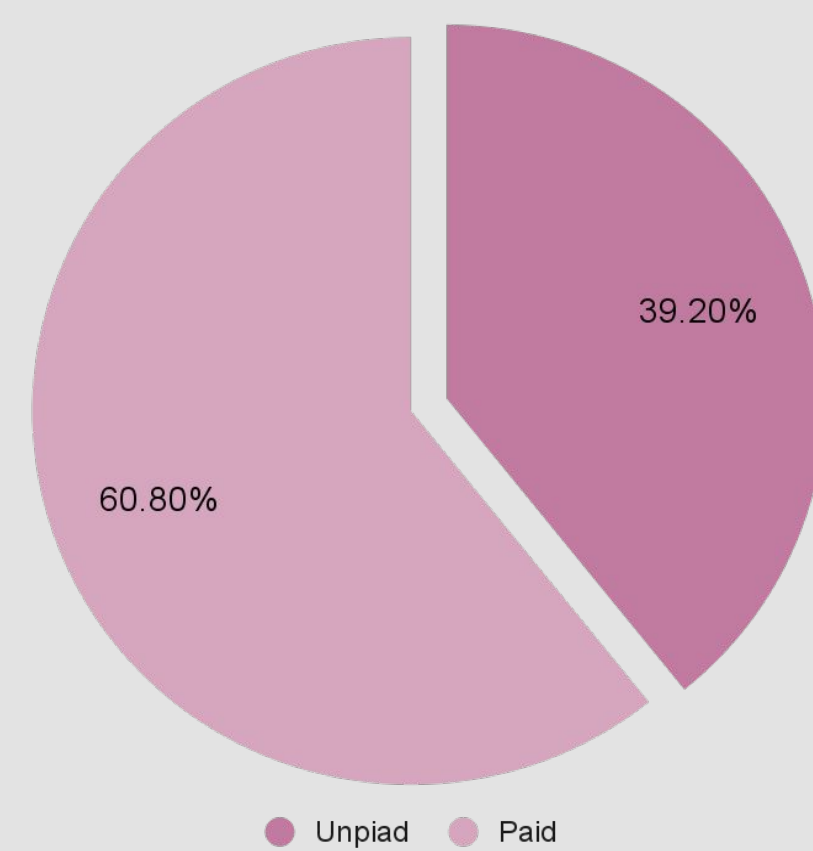
Unpaid internships have become increasingly common in various industries, providing valuable experience and networking opportunities. However, they can also pose financial challenges and opportunity costs. This study aims to develop a preliminary formula to assess the value of unpaid internships to help individuals make informed decisions.

Fields That Require Internships



## Background Research

Background research for this study includes limited publicly available data on average hourly wages, entry-level salaries, and job market demand. Data sources encompass job sites, industry reports, and government statistics. Additionally, personal observations and experiences inform the subjective factors in the formula.



## Methodology

The methodology involves estimating opportunity cost, experience value, network value, and skill development value, and combining these factors to calculate the overall Unpaid Internship Value (UIV).

The formula:  $UIV = (EV + NV + SDV) - OC$ . Each variable is approximated using limited data sources and personal judgment where necessary.

Unpaid Internship Value (UIV) = (Experience Value + Network Value + Skill Development Value) - Opportunity Cost

**Opportunity Cost (OC):** This represents the value of the best alternative use of time, such as working in a paid job, studying, or pursuing other interests. To calculate this, estimate the potential hourly wage in a paid position and multiply it by the number of hours spent on the unpaid internship.

$OC = \text{Hourly Wage}_{\text{alternative}} * \text{Hours Invested}$

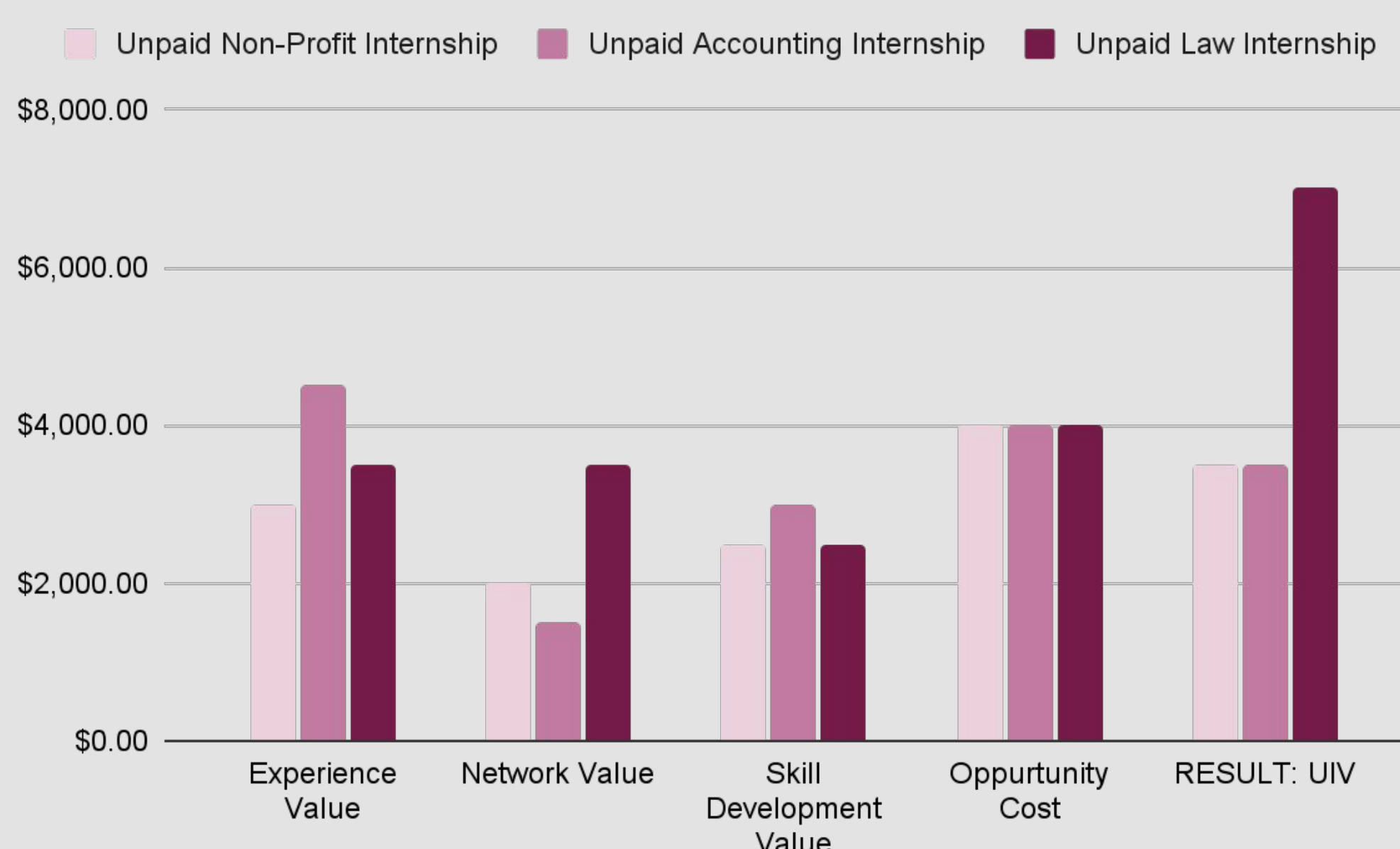
**Experience Value (EV):** This is the value gained from practical experience and exposure to the industry. To quantify this, you can multiply the average entry-level salary in the relevant field by a factor representing the likelihood of obtaining a paid position in the field after the internship (0 to 1).

$EV = \text{Average Entry-Level Salary} * \text{Likelihood of Obtaining a Paid Position}$

**Network Value (NV):** This represents the value of connections and relationships formed during the internship. To quantify this, you can estimate the potential monetary value of these connections, which can be a subjective estimation.

**Skill Development Value (SDV):** This is the value of skills and knowledge gained during the internship that can be applied to future employment opportunities. To quantify this, estimate the monetary value of the skills in the job market (e.g., by comparing salaries for jobs requiring those skills).

## Sample Internships



## Sample Evaluation

### 1) Unpaid Non-profit Internship:

Description: A three-month unpaid internship at a non-profit organization focused on environmental conservation. The intern will work closely with the organization's management, assisting in project coordination, community outreach, and research.

#### Sample Values:

**Opportunity Cost (OC):** \$4,000 (Assuming the intern could have earned this amount in a paid position for the same duration)

**Experience Value (EV):** \$3,000 (High value due to direct involvement in projects and potential to gain diverse experiences)

**Network Value (NV):** \$2,000 (Moderate value as the non-profit sector may provide networking opportunities with like-minded individuals and organizations)

**Skill Development Value (SDV):** \$2,500 (Moderate value as the intern can develop skills in project management, research, and communication)

Formula:  $UIV = (EV + NV + SDV) - OC = (\$3,000 + \$2,000 + \$2,500) - \$4,000 = \$3,500$

### 2) Unpaid Law Firm Internship:

Description: A three-month unpaid internship at a prestigious law firm, where the intern will support legal teams in research, case preparation, and client communication.

#### Sample Values:

**Opportunity Cost (OC):** \$4,000 (Assuming the intern could have earned this amount in a paid position for the same duration)

**Experience Value (EV):** \$4,500 (High value due to hands-on experience and exposure to legal processes in a renowned firm)

**Network Value (NV):** \$3,500 (High value as the intern can establish connections within the legal industry)

**Skill Development Value (SDV):** \$3,000 (High value as the intern can develop legal research, analytical, and problem-solving skills)

Formula:  $UIV = (EV + NV + SDV) - OC = (\$4,500 + \$3,500 + \$3,000) - \$4,000 = \$7,000$

### 3) Unpaid Accounting Internship:

Description: A three-month unpaid internship at a small accounting firm, where the intern will gain exposure to various aspects of accounting, such as bookkeeping, tax preparation, and financial analysis.

#### Sample Values:

**Opportunity Cost (OC):** \$4,000 (Assuming the intern could have earned this amount in a paid position for the same duration)

**Experience Value (EV):** \$3,500 (Moderate value as the intern will gain practical accounting experience)

**Network Value (NV):** \$1,500 (Low value as the small firm size may limit networking opportunities)

**Skill Development Value (SDV):** \$2,500 (Moderate value as the intern can develop accounting and financial analysis skills)

Formula:  $UIV = (EV + NV + SDV) - OC = (\$3,500 + \$1,500 + \$2,500) - \$4,000 = \$3,500$

## Results

Analysis of the three sample internships – unpaid non-profit, law firm, and accounting internships – reveals significant differences in their respective Unpaid Internship Values (UIV). By applying the formula that considers opportunity cost, experience value, network value, and skill development value, we were able to quantify the potential worth of each internship. The unpaid law firm internship emerged as the most valuable option among the three, with a UIV of \$7,000. This high value can be attributed to the hands-on experience and exposure to legal processes in a renowned firm, the opportunity to establish connections within the legal industry, and the development of legal research, analytical, and problem-solving skills. Both the unpaid non-profit and accounting internships yielded a UIV of \$3,500. The non-profit internship's value stems from direct involvement in projects, potential to gain diverse experiences, networking opportunities with like-minded individuals and organizations, and the development of skills in project management, research, and communication. Meanwhile, the accounting internship's value is derived from the practical accounting experience, albeit with limited networking opportunities due to the small firm size, and the development of accounting and financial analysis skills.

## Conclusion

The preliminary UIV formula offers a starting point for evaluating the value of unpaid internships. While the formula incorporates limited objective data, it emphasizes the importance of subjective factors in the decision-making process. It serves as a helpful foundation for individuals considering unpaid internships and promotes informed decision-making. In conclusion, unpaid internships can be useful for some individuals, depending on factors such as industry, company reputation, and personal circumstances. However, it is essential to carefully weigh the potential benefits against the opportunity cost before pursuing an unpaid internship.

## Recommendations

Future research could refine the UIV formula by incorporating additional objective data and developing domain-specific calculations for various industries. More extensive data collection and analysis may enhance the objectivity of the formula. Individuals should also consider their unique circumstances and long-term goals when using the UIV formula.

## Acknowledgements

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