

Is the Price Right? Assessing the Value of Unpaid Internships and Experiential Learning

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TABLE OF CONTENTS

INTRODUCTION	3
BACKGROUND	6
CANADIAN REGULATORY FRAMEWORK	9
TAKING THE LAW TO THE STREETS: TWO CASES IN ONTARIO	11
SANDHU V BRAR	11
GIREX BANCORP INC. V. HSIEH	12
LITERATURE REVIEW	15
HUMAN CAPITAL MODEL	15
SIGNALING THEORY	18
UNANSWERED QUESTIONS	20
METHODOLOGY	21
RESULTS & DISCUSSION	24
THE BRIGHT SIDE OF UNPAID INTERNSHIPS	24
UNPAID INTERNSHIPS: WHAT'S THE HARM?	30
THE SKILLS GAP IN CANADA: MYTH OR REALITY?	36
SKILLS GAP: WHAT EXACTLY ARE WE MISSING?	40
OVERCOMING THE SKILLS GAP: STRATEGIES	44
COMMUNITY SERVICE LEARNING	45
COOPERATIVE EDUCATION	47
CASE STUDY: UNIVERSITY OF OTTAWA INTERNATIONAL INTERNSHIP PROGRAM	48
PUBLIC POLICY RESPONSES	50
CONCLUSIONS/ POLICY RECOMMENDATIONS	54
WORKS CITED	57

INTRODUCTION

In the aftermath of the global economic recession of 2008-2009, many sources advanced that the number of unpaid internships in Canada swelled¹. For those who had graduated during this difficult economic time and could not find paid employment, unpaid internships were viewed as opportunities to gain valuable work experience, and in turn, assist them in landing that first paying job when economic conditions improved. Yet, the story of youth accepting unpaid work during the recession to ensure access to future paid employment is only part of the story. More broadly, the value of experiential learning has been gaining ground in recent years, with a particular emphasis on the role that experiential learning can play in enhancing graduate employability. In tandem with this evaluation of the importance of experiential learning, the debate on the role of universities has re-surfaced.

Notably, the importance of experiential learning for students is a contentious topic among educators². Part of the debate lies in opposing views about the purpose of higher education. On the one hand, there are professors, employers, and others who argue that the role of university is to prepare their students for the labour market, and to equip their students with the skills needed to succeed in their career³. For universities

¹ A reviewer of this paper suggested that the researcher interview a contact at Statistics Canada, but due to limited time and resources this interview was not completed for this paper. The unpaid internship phenomenon is not currently monitored by any government agency. However, numerous articles suggest that the number of unpaid interns in Canada is on the rise. While these sources cannot be used as authoritative, and a more comprehensive study is required, the notion that unpaid internships are on the rise is cited in a number of articles, including: Lee-Anne Goodman, "It's Just Exploitation!" *The Huffington Post*. TheHuffingtonPost.com, Inc., 03 Feb. 2014. Web. 18 June 2014; Lee-Anne Goodman, "Unpaid Internships Appear to Be on the Rise as Canada's Laws Just a 'hodgepodge'" *The Star*. Toronto Star Newspapers Ltd., 02 Mar. 2014. Web. 27 July 2014.

² William E. Stone & John McLaren (1999) Assessing the undergraduate intern experience, *Journal of Criminal Justice Education*, 10:1, 171.

³ William E. Stone & John McLaren (1999) Assessing the undergraduate intern experience, *Journal of Criminal Justice Education*, 10:1, 171.

keen to prepare their students for success in the labour market, experiential learning has emerged as a key strategy for skills development among students. On the other hand, there are academic purists who argue universities should not concern themselves with the facts and practicalities of the real world, including the labour market's demands⁴. For them, the heightened focus on experiential learning is a worrisome trend. The alleged spike in unpaid internships among Canadian youth has forced policy makers to re-visit this debate, and more carefully study the value of internships and experiential learning.

Scholars across a number of disciplines espouse the value of internships⁵, "with many viewing these as invaluable toward an adequate preparation of students⁶" for the labour market. Further, unpaid internships are described as an excellent opportunity for youth to get their foot in the door, network, and obtain relevant and valuable work experience prior to entering the job market. In contrast, interns, former employers, and policy makers have underscored the potentially negative impacts of the unpaid internship phenomenon, and its undesirable socio-economic implications. They argue the unpaid internship scheme robs youth of much needed income, creates a glass ceiling for students from less affluent backgrounds who cannot forego the income, depresses wages, among other negative impacts.

⁴ William E. Stone & John McLaren (1999) Assessing the undergraduate intern experience, *Journal of Criminal Justice Education*, 10:1, 171.

⁵ see, for example, Brown 2001; Booth, and Clements 2000; Brechi and Martin 2000; Flanagan 2000; Gordon et al 2001; Stone and McLaren 1999; Reed and Carawan 1990; and Unnithan 1999, among others.

⁶ Lee E. Ross, Ogbonnaya Oko Elechi Student attitudes towards internship experiences: From theory to practice. *Journal of Criminal Justice Education* Vol. 13, Iss. 2, 2002, p. 298.

At present, public policy makers have not thoroughly evaluated the impacts of the unpaid internship phenomenon. Although the media is filled with anecdotal evidence, an extensive analysis of the value of internships and experiential learning is lacking. It is incumbent upon policy makers to grasp both the potentially harmful and beneficial impacts of unpaid internships prior to developing and implementing policy responses. This paper will contribute to filling this knowledge gap.

To that end, this paper sets out to answer the following three questions: What is the scope and scale of internships in Canada? What is the value of student internships? Should existing Canadian legislation related to internships be amended, and if so, in what ways? The methodology to answer these questions includes a review of the existing literature, interviews, and a case study. This paper will begin by briefly sketching the evolution of apprenticeships, and will then turn to the story of how unpaid internships emerged in Canada. Subsequently, this paper will highlight the existing regulatory framework, and present two cases where unpaid interns sought compensation due to the violation of employment standards by their respective employers.

This paper will then introduce the theory of labour markets to illustrate how this paper's research on unpaid internships will contribute to a greater understanding of labour markets. More specifically, the economic theories of Gary Becker and Michael Spence will be used to explain the rationale of individuals that choose to accept little or no pay for their work. This paper will then assess the value of internships and experiential learning by relying on the available literature as well as interviews and a

case study of international internships completed by students at the University of Ottawa. Finally, this paper will introduce existing policy responses and present its conclusions and policy recommendations.

BACKGROUND

Since medieval times, internships have been used as a key strategy for skills acquisition across a number of occupations⁷. An intern is broadly understood to mean an individual working in a temporary placement where the focus is on education and training⁸. In 1911, Reginald Bray recounted in his book *Labour and Apprenticeship*, that the objectives of the internship system was to supervise apprentices, train apprentices, and then fill job openings with these newly trained workers⁹. Moreover, the apprenticeship system typically included concrete benefits that were guaranteed in a contract¹⁰.

Industrialization and the rise of formal professional education eventually superseded this apprenticeship-based system, and between 1890-1920, social work, engineering, and medicine, among other fields, embraced the ideal of prioritizing formal academic training, while still offering traditional practical experience¹¹. Internships as they are known today only began to take shape in the late 1960s, and really took off in the 1970s and 1980s, when business and communications majors were

⁷ Lee E. Ross, Ogbonnaya Oko Elechi Student attitudes towards internship experiences: From theory to practice. *Journal of Criminal Justice Education* Vol. 13, Iss. 2, 2002, p. 298.

⁸ Rick Weible, Are Universities Reaping the Available Benefits Internship Programs Offer? Heldref Publications: 2010. *Journal of Education for Business*, 85: 59.

⁹ Isaac J. Spradlin, "The Evolution Of Interns." *Forbes*. Forbes Magazine, 27 Apr. 2009. Web. 05 June 2014.

¹⁰ Isaac J. Spradlin, "The Evolution Of Interns." *Forbes*. Forbes Magazine, 27 Apr. 2009. Web. 05 June 2014.

¹¹ Isaac J. Spradlin, "The Evolution Of Interns." *Forbes*. Forbes Magazine, 27 Apr. 2009. Web. 05 June 2014.

increasingly encouraged to complete internships to strengthen their occupational training and contact networks¹². In the 1980s, more and more universities began to see internships as a key way to give their students the competitive edge¹³. For students, they increasingly began viewing internships as a way to test-drive their career choice.

The economic downturn affected youth the most severely, according to Sean Geobey, research associate with the Canadian Centre for Policy Alternatives and author of the report *The Young and the Jobless*. Geobey tells the story of Ontario's youth following the global recession, and while acknowledging the negative impacts felt by all Ontarians, he argues that the province's youth "were dealt the toughest blow¹⁴" and five years later, "youth remain largely shut out of Ontario's slow economic recovery¹⁵". A number of sources advance that following the global recession of 2008-2009, the number of unpaid internships among Canadian youth increased considerably¹⁶. While these sources cannot be considered authoritative, they do indicate the need for a formal tracking system to assess the scale and scope of the unpaid internship phenomenon. Notably, without reliable data on the prevalence of unpaid internships, relevant legislation cannot be systematically enforced.

¹² Isaac J. Spradlin, "The Evolution Of Interns." *Forbes*. Forbes Magazine, 27 Apr. 2009. Web. 05 June 2014.

¹³ Isaac J. Spradlin, "The Evolution Of Interns." *Forbes*. Forbes Magazine, 27 Apr. 2009. Web. 05 June 2014.

¹⁴ Sean Geobey, "The Young and the Jobless: Youth Unemployment in Ontario", Canadian Centre for Policy Alternatives Ontario Office, September 2013.

¹⁵ Sean Geobey, "The Young and the Jobless: Youth Unemployment in Ontario", Canadian Centre for Policy Alternatives Ontario Office, September 2013.

¹⁶ A reviewer of this paper suggested that the researcher interview a contact at Statistics Canada, but due to limited time and resources this interview was not completed for this paper. The unpaid internship phenomenon is not currently monitored by any government agency. However, numerous articles suggest that the number of unpaid interns in Canada is on the rise. While these sources cannot be used as authoritative, and a more comprehensive study is required, the notion that unpaid internships are on the rise is cited in a number of articles, including: Lee-Anne Goodman, "'It's Just Exploitation'" *The Huffington Post*. TheHuffingtonPost.com, Inc., 03 Feb. 2014. Web. 18 June 2014; Lee-Anne Goodman, "Unpaid Internships Appear to Be on the Rise as Canada's Laws Just a 'hodgepodge'" *The Star*. Toronto Star Newspapers Ltd., 02 Mar. 2014. Web. 27 July 2014.

Meanwhile, various organizations estimate as many as 300,000 Canadians work without pay in both the non-profit and for-profit sectors, including for some of Canada's most successful corporations¹⁷. This figure does not include volunteering which is tracked by Statistics Canada, and instead reflects work placements for no compensation, typically completed by youth¹⁸. Yet, as employers are not required to report the hiring of interns to federal authorities, the exact number of interns remains unknown, as well as the tasks they complete and their working conditions¹⁹.

Despite improving economic conditions since 2008-2009, graduates find that advertisements for entry-level positions often demand relevant work experience, sometimes of at least one to two years²⁰. Graduates searching for work quickly discover that the diploma they toiled to receive sometimes just isn't enough to get their foot in the door. Prime Minister Stephen Harper describes the challenge facing Canadian youth entering the labour market as a catch 22: no job without experience, no experience without a job²¹. In turn, unpaid internships and other forms of experiential learning have emerged as a means for students to gain work experience while studying, and circumvent this catch 22 upon graduation.

While experiential learning could be an appropriate strategy to enhance the employability of graduates, the potential benefits and negative consequences of

¹⁷ Sean Kilpatrick, "Unpaid Internships Appear to Be on the Rise as Canada's Laws Just a 'hodgepodge'". *The Star*. Toronto Star Newspapers Ltd, 02 Mar. 2014. Web. 30 May 2014.

¹⁸ Benjamin Shingler, "Federal Government Should Track Unpaid Internships, MPs Say." *The Globe and Mail*. Phillip Crawley, 21 June 2014. Web. 30 June 2014.

¹⁹ Benjamin Shingler, "Federal Government Should Track Unpaid Internships, MPs Say." *The Globe and Mail*. Phillip Crawley, 21 June 2014. Web. 30 June 2014.

²⁰ Josh Dehaas, "Entry-level jobs are getting harder to find", *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014.

²¹ Stephen Harper, "PM Delivers Remarks at Fanshawe College." *Prime Minister of Canada*. Prime Minister of Canada, 02 May 2014. Web. 20 June 2014.

unpaid internships have been inadequately studied. Notably, the alleged peak in unpaid internships has not been accompanied by a thorough analysis of the socio-economic implications of this phenomenon²². Nevertheless, the issue has garnered the public's attention, and policy makers have also recognized the importance of this pressing issue. In April 2013, the Ministry of Labour initiated an enforcement *blitz* to ensure that internships in the fields of Marketing/Public Relations, Software Development, Retail, Media, Film, and Entertainment respected Canadian labour standards²³. The *blitz* resulted in the closure of several internship programs, and sparked a debate among the public on the legality of unpaid internships and their value to interns and society at large²⁴. To inform this debate, this paper will now outline the existing labour regulations related to unpaid internships in Canada, and highlight some controversial cases.

Canadian Regulatory Framework

In Canada, employment is provincially regulated, and therefore the legal framework governing unpaid internships varies from province to province, and uniform national labour standards do not exist. Nonetheless, federally regulated institutions

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²³ Ontario Ministry of Labour, "Inspection Blitzes and Initiatives." *Ministry of Labour / Ministère Du Travail*. Queen's Printer for Ontario, 03 Apr. 2013. Web. 20 June 2014.

²⁴ Simon Houpt, "Unpaid Internships at Magazines New Target of Ontario Labour Ministry." *The Globe and Mail*. Phillip Crawley, 27 Mar. 2014. Web. 20 June 2014.

must follow the *Canada Labour Code*, regardless of the province in which the employee is working. The *Canada Labour Code* does not exempt students, trainees, or interns from receiving pay; if the individual is performing work, he or she is entitled to the minimum wage of the province in which he or she is working²⁵. However, there are uncertainties related to whether federally-regulated interns, regardless of their compensation, are subject to employment standards and workplace protections under the *Canada Labour Code*, as it does not contain any specific provisions for students, trainees, or interns²⁶.

In Ontario, employers must respect the *Employment Standards Act* (ESA). There are three exceptions within Ontario's ESA that allow for unpaid internships:

- internships that are part of a program approved by a secondary school board, college, or university;
- internships that provide training for certain professions (e.g. architecture, law, public accounting, veterinary science, dentistry, optometry);
- internships that meet the six conditions required for the intern to be considered a "trainee"

The only time an intern may not be paid is if the individual falls under one of the three exceptional categories listed above. The third exception refers to six conditions, outlined in section 1(2), required to be considered a trainee. The conditions are that:

- i. The training is similar to that which is given in a vocational school
- ii. The training is for the benefit of the individual
- iii. The person providing the training derives little, if any, benefit from the activity of the individual while he or she is being trained
- iv. The individual does not displace employees of the person providing the training
- v. The individual is not accorded a right to become an employee of the person

²⁵ Canadian Intern Association, "What Is the Law?" *Canadian Intern Association*. Canadian Intern Association, n.d. Web. 23 June 2014.

²⁶ Canadian Intern Association, "What Is the Law?" *Canadian Intern Association*. Canadian Intern Association, n.d. Web. 23 June 2014.

- providing the training
- vi. The individual is advised that he or she will receive no remuneration for the time that he or she spends in training.

If the individual falls under one of the three exceptions highlighted above, then the person working is not subject to or protected by the ESA.

Taking the law to the streets: Two Cases in Ontario

Sandhu v Brar

In *Sandhu v Brar*, the Ontario Labour Relations Board reviewed an appeal from an Order to Pay Wages issued to the employer, Sandhu, by the Ontario Ministry of Labour²⁷. The employee seeking wages, Brar, a software engineer aspiring to be a computer technician, accepted an unpaid co-op student position at Sandhu's company. Brar calculated his 88.5 hours worked and asked for wages from his employer, a request which was promptly denied²⁸. Brar issued a complaint to the Employment Standards Office of the Ontario Ministry of Labour, and Orders to Pay were issued²⁹. The appeal by Sandhu to the Ontario Relations Board was dismissed, as Brar could not be exempted from being considered an employee because he did not meet any of the three exceptions within the ESA. The third exception outlines six mandatory conditions that must be present for an individual to be considered a trainee. In Brar's case, two of the six conditions set out in Section 1(2) of the ESA were not met.

First, 1(2)3 of the ESA states that the person providing the training, in this case Sandhu's company, derives little, if any, benefit from the activity of the individual being

²⁷ Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

²⁸ Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

²⁹ *Sandhu v Brar*, 2013 CanLII 43024 (ON LRB), <<http://canlii.ca/t/fzp0c>> retrieved on 2014-06-03

trained. However, the Ontario Labour Relations Board found that Brar had completed tasks which customers paid for, such as installing software, answering telephones, and building personal computers. Evidently, Brar provided services that benefited Sandhu's company, and thus did not meet condition 1(2)³⁰. Second, although Brar did receive some training as a computer technician, the training was incomparable to that of a vocational school³¹. As such, Brar did not meet section 1(2)1 of the ESA which states that the individual receives training similar to that of a vocational school.

In her decision, Vice-Chair Waddingham explained that the requirements for unpaid internships are "strict and difficult to meet, especially the criterion that the person providing the training derives little, if any, benefit from the activity while he or she is being trained³²". The Vice-Chair further stipulated that an agreement between employer and employee that wages will not be paid does not preclude an unpaid intern from demanding wages if they find that what they are doing looks and feels more like work than training³³.

Girex Bancorp Inc. v. Hsieh

In *Girex Bancorp Inc. v. Hsieh*, the employer hired two students to develop the company's software, and although the students agreed to work as unpaid interns, they eventually filed a complaint to the Ministry of Labour in an attempt to receive wages

³⁰ Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

³¹ Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

³² Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

³³ Sean P. Bawden, LLP. "Co-op Student Owed Wages Despite Agreement." *An Employment Law Blog for Employers and Employees*. Kelly Santini LLP, 07 Sept. 2013. Web. 03 June 2014.

owed³⁴. When examining the six criteria within the third exception in the ESA that allows for employees not to be paid, the Ontario Relations Board found that four out of the six conditions set out in section 1(2) were not met. Notably;

- i. there was no formal training similar to a vocational school
- ii. the only benefit of the training to the interns was a letter of reference
- iii. the employer that provided the training reaped most of the benefit, and not the interns
- iv. the interns replaced paid employees that had left the position some time earlier; when money was running low the employers opted for unpaid interns over paid employees to complete the work
- v. the interns were advised that they did not have a right to become employees
- vi. the interns were advised that they would not be paid

In sum, the Labour Relations Board concluded that only conditions 1(2)5 and 1(2)6 were met. An exemption from being considered an employee can only occur when all six conditions are met, or when the individual falls under one of the other two exceptions within the ESA, which these students did not. As such, the interns were considered employees under ESA and entitled to minimum wage compensation.

The two cases of *Sandhu v Brar* and *Girex Bancorp Inc. v. Hsieh* shed light on how the legal framework related to unpaid internships in Ontario is interpreted and applied. The primary weakness of the existing regulatory framework is that its effectiveness is entirely based on the willingness of interns to lodge complaints against their employers. There is no large-scale monitoring system, and interns are often unwilling to report their employers as they fear losing out on an important reference letter or networking opportunity. Notably, Isabelle Couture, who collaborated with the

³⁴ *Girex Bancorp Inc. v. Hsieh*, 2004 CanLII 24679 (ON LRB), <<http://canlii.ca/t/1g563>> retrieved on 2014-06-03

Canadian Intern Association to study unpaid internships in Canada, warns: "To go against your employer, you're fearing being blacklisted. You want the experience and you want the reference and feel you have no other choice but to keep quiet³⁵".

With heightened recognition of the number of unpaid internships running afoul to Canadian labour standards, the Ministry of Labour announced an employment standards enforcement blitz from April 2013 to June 2014, targeting unpaid internships in the fields of Marketing/Public Relations, Software Development, Retail, Media, Film, and Entertainment³⁶. The blitz has led to the closure of several unpaid internship programs that contravene elements of the ESA, including those run by two popular magazines, the Walrus and Toronto Life. Both magazine companies were issued compliance orders after several complaints were lodged against the companies regarding violations of the ESA, including minimum wage provisions, holiday pay, and vacation pay. The Labour Ministry referred to the three exceptions that allow for interns not to be subject to the ESA, and discovered that most interns at both magazines did not fall into these exceptional categories. The inspector advised St. Joseph Media, owner of Toronto Life, that the 'blitz' will continue, with the view of ensuring all magazine companies in the province respect ESA provisions.

The reaction among stakeholders to the enforcement blitz, the closure of various internship programs, and Orders to Pay has been mixed. Labour-rights crusaders have hailed the developments as victories, while some students seeking experience and

³⁵ Sean Kilpatrick, "Unpaid Internships Appear to Be on the Rise as Canada's Laws Just a 'hodgepodge'". *The Star*. Toronto Star Newspapers Ltd, 02 Mar. 2014. Web. 30 May 2014.

³⁶ Ontario Ministry of Labour. "Inspection Blitzes and Initiatives." *Ministry of Labour / Ministère Du Travail*. Queen's Printer for Ontario, 03 Apr. 2013. Web. 20 June 2014.

employers eager to hire unpaid interns view it as a shame and lost opportunity. Claire Seaborn, president and founder of the Canadian Intern Association, known for naming and shaming companies that violate ESA standards, has called on companies to honor ESA provisions and pay their interns rather than “stomping their feet³⁷”.

The next section of this paper purposes to familiarize readers with two relevant theories in labour economics that offer important insights into the rationales of individuals accepting unpaid internships. While a detailed overview of labour economics is beyond the scope of this paper, the next section will present a brief account of the Theory of Human Capital by Gary Becker and contrast it with the labour market signaling model by Michael Spence, as both models provide explanations as to why unpaid internships may emerge in labour markets.

LITERATURE REVIEW

Human Capital Model

“The most valuable of all capital is that invested in human beings”

Alfred Marshall, *Principles of Economics*

When people think about capital, they generally envision assembly lines, a steel mill, or a bank account³⁸. Over time, these forms of capital yield outputs or incomes. In 1964, Gary S. Becker introduced the concept of human capital. Becker argued that investments in education, training, and healthcare constituted capital as well, as they

³⁷ Matt Kwong, "Unpaid Internship Crackdown Won't Ease Young Jobseekers' Suffering." *CBC News*. CBC/Radio Canada, 28 Mar. 2014. Web. 04 June 2014.

³⁸ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 15.

raised earnings, and improved health, both valuable outputs³⁹. These investments produced human capital, “because you cannot separate a person from his or her knowledge, skills, health, or values the way it is possible to move financial and physical assets while the owner stays put⁴⁰”. Becker argued that education and training are the most important investments to enhance human capital⁴¹. Becker found that an individual’s decision to invest in education and training is based on an assessment of the net present value of the costs and benefits of the investment. Individuals invest in education and training in the present to receive returns in subsequent periods⁴².

To assess the rate of return of higher education, Becker studied the earning differentials between urban, native white, male college and high school graduates⁴³. In 1939, he found a rate of return of 14.5%, and in 1949 he found a rate of return of 12.7%⁴⁴. Becker’s research indicated that college education in the United States significantly raised an individual’s level of earnings, and that “the earnings of more educated people are almost always well above average⁴⁵”. This relationship remains

³⁹ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 16.

⁴⁰ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 16.

⁴¹ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 17.

⁴² Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 18.

⁴³ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 164.

⁴⁴ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 169-170.

⁴⁵ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 17.

strong even after accounting for direct and indirect costs of schooling, and adjusting for family backgrounds⁴⁶.

The second most important investment to human capital identified by Becker is training. Becker distinguished between specific and general training. Specific training “has no effect on the productivity of trainees that would be useful in other firms⁴⁷”. Meanwhile, general training increases a worker’s productivity in other firms as well as in the firm providing the training. As such, firms providing general training would find wage rates increasing at the same rate as their workers’ productivity. As wage rates paid to employees in a competitive market are determined by the marginal productivities in other firms, the firm providing the general training would be unable to recoup their investments⁴⁸. Notably, for the firm that provided the training to capture its investment, it would need the marginal productivity of its workers to rise more than the wage rate, a situation which would not arise in a competitive market⁴⁹. Rational firms are thus not incentivized to provide general training, and will only do so if the worker is willing to bear the cost of training.

Workers can pay for their training by accepting wages that are beneath their marginal products⁵⁰. In other words, workers seeking to obtain general skills can do so

⁴⁶ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 17.

⁴⁷ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 40.

⁴⁸ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 34.

⁴⁹ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 34.

⁵⁰ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1994. p. 35.

by accepting a lower wage than their marginal productivity while being trained. This system of lower wages in exchange for training is one way of explaining the apprenticeship model and the unpaid internship model as well. Throughout unpaid internships, individuals are acquiring general skills that increases their productivity, which will be paid off through future higher marginal products and thus wages across a number of jobs. The lack of wages or the reduced wages reflects employer unwillingness to bear the cost of general skills training, and to obtain these skills individuals need to front the costs themselves.

By applying Becker's human capital model to internships, one finds it perfectly natural for trainees to have extremely low or negative wages, as in the long-run their future wages compensate for this period of traineeship. Higher education, as well as forms of on-the-job training such as internships, are means of enhancing an individual's human capital, leading to better work and higher productivity, to be rewarded with a rise in wages paid.

Signaling Theory

In an alternate economic approach, signaling theory finds that higher education and training do little more than act as signals to employers of a candidate's abilities. Michael Spence, in his seminal piece "Job Market Signaling", advances that firms must hire employees under a great deal of uncertainty⁵¹. Departing from the assumption that an employer cannot determine the marginal productivity of a worker before hiring that

⁵¹ Michael Spence, Job Market Signaling, *The Quarterly Journal of Economics*, Vol. 87, No. 3. (Aug., 1973), p. 355.

worker, Spence argues that employers must make hiring decisions based on apparent characteristics and attributes of the individual⁵². Spence defines signals as “observable characteristics attached to the individual that are subject to manipulation by him”⁵³. The costs associated with altering a signal are known as *signaling costs*, and it is assumed that individuals choose signals that maximize the differential between offered wages and signaling costs.

The four assumptions of Spence’s theory include:

- i. individuals differ in terms of their innate productivity
- ii. low productivity workers and high productivity workers incur different costs to obtain higher education; notably, it is less costly for high productivity workers to obtain a college education than low productivity workers
- iii. there is an information asymmetry between employers and candidates
- iv. employers can observe education levels at no cost

To overcome the information asymmetry between employees and employers, employers prioritize curriculum vitas that boast a university education, because it is an indication that the candidate is a high productivity worker. While Spence’s original work focused on higher education, one can argue that internships are emerging as an important contemporary signal for employers. Notably, through an employer survey conducted by the National Association of Colleges and Employers, 76.3% of respondents reported that relevant work experience was “the critical factor in making

⁵² Michael Spence, Job Market Signaling, *The Quarterly Journal of Economics*, Vol. 87, No. 3. (Aug., 1973), p. 357.

⁵³ Michael Spence, Job Market Signaling, *The Quarterly Journal of Economics*, Vol. 87, No. 3. (Aug., 1973), p. 357.

hires”, underscoring the reality that “there is no denying [the] crucial signal that internships send in the post-college job market⁵⁴”. Internships can thus be used as an integral signal for employers, as “internships at other offices, even if their exact content often remains murky, signal a go-getter applicant, already fluent in office culture (and possible industry culture), able to take on a new role immediately with less time and investment from the firm⁵⁵”.

In sum, both Becker’s theory of human capital and Spence’s signaling theory offer explanations as to why individuals would choose to work for little or no pay. Becker explains that firms are not incentivized to provide general skills training, as they are unable to capture the fruits of their investments. However, individuals may wish to pursue general skills training, and can do so by accepting a lower wage during this period of traineeship. Meanwhile, Spence argues that individuals may invest in higher education to send a signal to potential employers that they are high productivity workers. In the same way, internships and forms of experiential learning can be used by individuals to signal their productivity to prospective employers.

Unanswered Questions

In sum, both human capital theory and signaling theory provide a logic behind the choice to complete unpaid internships. If individuals are developing general skills through an internship, should the employer be footing the bill? Does the development

⁵⁴ Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn , NY: Verso, 2011. P. 29.

⁵⁵ Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn , NY: Verso, 2011. P. 130.

of general skills among interns counterbalance the unpaid element? Do unpaid internships send significant signals to employers? To answer these questions, and before designing and implementing public policy responses, the value of internships and experiential learning must be carefully analyzed.

METHODOLOGY

This paper advances the hypothesis that the value of unpaid internships is derived from the skills that these experiences impart on youth that can be used across a breadth of careers. While some may argue that many important skills can be transferred through extended family or community involvement, this paper focuses exclusively on the role of internships and experiential learning in skills development and acquisition⁵⁶. Internships are an integral strategy in preparing youth for the labour market and bridging the gap between the skills possessed by new graduates and the skills demanded by hiring employers. To evaluate the validity of these claims, this paper will begin by reviewing the existing literature on the beneficial and negative consequences of unpaid internships.

Moreover, this paper will use interviews with experts to substantiate the evidence presented in existing studies. The interviews will be semi-structured, thus providing an open space for interviewees to bring up new ideas that the researcher may

⁵⁶ To see more on the role of family and community development on skills development, consult: National Collaborative on Workforce and Disability. "Helping Youth Build Work Skills for Job Success: Tips for Parents and Families." *Navigating the Road to Work: Making the Connection between Youth with Disabilities and Employment*. Institute for Educational Leadership, Feb. 2012. Web. 02 July 2014; and Abbas Virji, "Accelerating Your Career Through Community Involvement." *Simon Fraser Institute: Engaging the World*. Simon Fraser University, 16 Jan. 2014. Web. 02 July 2014. For a theoretical framework on the impact of family on human capital, consult: Gary S. Becker *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press. 1993. P. 21-23.

not have considered. This method will allow the experts to speak to points that they find particularly relevant and important to this discussion. The purpose of the interviews is to obtain input from experts on the evolving role of universities, the value of internships to students and employers, the importance of co-operative education in higher education, youth unemployment in Canada, and the skills gap in the Canadian labour market. The interview participants were chosen among University of Ottawa faculty and staff, based on their published area of expertise and interest. After contacting three professors with published expertise in the field of study, the snowballing technique was used, where professors recommended other knowledgeable individuals in the field to assist with recruitment. Two additional participants were included in the research for a total of five interviews.

This paper will then present a case study that assesses the main tasks and learning outcomes of roughly 300 University of Ottawa students that participated in an international internship between 2008 and 2013. The case study will present the main tasks completed and learning outcomes achieved after students returned from a twelve week international internship experience. The majority of the students are undergraduate students that were completing their degree in International Development Studies. By reading the reports of interns, I identified the principal tasks and learning outcomes for students. After these categories were identified, I surveyed the existing literature on experiential learning and found that the tasks and learning outcomes I had identified were well-established in the literature. I then developed a coding system and entered the data to perform basic tests on the data to highlight the

main tasks completed and learning outcomes achieved by University of Ottawa interns. There were initially fifteen learning outcomes, but then similar outcomes were collapsed, leaving eight. The learning outcomes included both hard and soft skills. While hard skills refer to the technical know-how, credentials and experience that an individual possesses in a particular field, soft skills refer to intangible qualities, traits, and abilities; “the interpersonal, communication, behavioural and organizational skills that cross all types of jobs and industries⁵⁷”. These soft skills are typical general skills as identified by Becker.

According to the data, interns developed and strengthened soft skills, identified by employers as integral for graduate employability and success. The results of the University of Ottawa case study bodes well for the international internship office. To enhance our understanding of the role internships play in the personal and professional development of students, surveys should be designed and distributed to outgoing students.

This paper will then turn to the literature describing the skills gap present in Canada, and employer demands for specific skills internationally. The existing academic literature is much more robust on the topic of skills development, and the connection between the skills gap and the role of experiential learning remains elementary, at best. The present research will aim to evaluate the linkage between the skills acquired through experiential learning and those demanded by employers, to assess whether

⁵⁷ Nick Noorani, 9 Soft Skills No Immigrant should be Without: A Practical Guide for Newcomers Entering the Canadian Labour Market. Prepare for Canada. Nick Noorani Business Group. P. 03.

internships and experiential learning are suitable strategies for skills development. Interviews and the case study will also inform this section of the paper which will illustrate how unpaid internships are one strategy that can bridge the gap between the skills possessed by young workers and the skills demanded by employers.

Existing policy responses from three political parties will be presented and evaluated, and the extent to which these initiatives address the numerous facets of the internships debate will be assessed.

In the conclusions and policy recommendations section, the desirability of unpaid internships as a strategy for skills acquisition will be analyzed, given the particularly contentious nature of the issue in Canada and abroad. In turn, alternatives to unpaid internships that still grant students work experience will be presented. While work experience is advanced as the best means to enhance graduate employability, the unpaid internship model advances serious concerns, and without appropriately amending enforcement procedures, it remains an undesirable option.

RESULTS & DISCUSSION

The Bright Side of Unpaid Internships

With recent technological and organizational changes in the workplace, the demand for various skills has surged, and in turn, countries seeking to maintain or strengthen their national competitiveness have focused on developing the skills of their

labour forces through education and training⁵⁸. Yet, the relationship between educational attainment and economic performance “is far from automatic⁵⁹”. Experiential learning, or learning at work, “is widely recognized as important for the acquisition of less easily codified skills and for keeping up with technical and organizational change⁶⁰”.

For youth who find themselves in a catch-22, where they are unable to secure a job without previous experience, yet unable to gain experience without getting that first job⁶¹, experiential learning is a strategy to overcome cycles of unemployment and underemployment. For those who support unpaid internships, the arrangement is typically described as mutually beneficial to employers and students. Students acquire new skills, improve their soft skills, and develop their networks for future employment. Once involved in the workings of a particular job, interns are able to more fully grasp the requirements of the position and assess their career goals in light of this knowledge⁶². Moreover, students report a disjuncture between what they learn in the classroom and what skills and knowledge are most valued in the workplace⁶³.

⁵⁸ L Borghans, F. Green and K. Mayhew, *Skills measurement and economic analysis*. Oxford Economic Paper 3. Copyright Oxford University Press 2001, p. 375.

⁵⁹ L Borghans, F. Green and K. Mayhew, *Skills measurement and economic analysis*. Oxford Economic Paper 3. Copyright Oxford University Press 2001, p. 375.

⁶⁰ L Borghans, F. Green and K. Mayhew, *Skills measurement and economic analysis*. Oxford Economic Paper 3. Copyright Oxford University Press 2001, p. 375.

⁶¹ Malcom Coco, *Internships: A Try Before You Buy Arrangement*, *SAM Advanced Management Journal*, 65.2 (Spring 2000): p 41.

⁶² Lee E. Ross, Ogbonnaya Oko Elechi *Student attitudes towards internship experiences: From theory to practice*. *Journal of Criminal Justice Education* Vol. 13, Iss. 2, 2002, p. 298.

⁶³ Lee E. Ross, Ogbonnaya Oko Elechi *Student attitudes towards internship experiences: From theory to practice*. *Journal of Criminal Justice Education* Vol. 13, Iss. 2, 2002, p. 308.

Internships are thus an opportunity for students to identify the most esteemed skills and focus on further strengthening these for their own professional development⁶⁴.

Dr. Miles Corak, full professor of economics with the Graduate School of Public and International Affairs, and Visiting Scholar at the Russell Sage Foundation in New York, NY for the academic year of 2013-2014, explains the internship scheme as a model of training. Leaning on Becker's theory that distinguishes between general skills and specific skills, Dr. Corak advances that employers are not motivated to train employees in general skills that are of value to other firms because the employee could leave and use those skills elsewhere⁶⁵. Meanwhile, if the skills are very specific, the employer will be incentivized to pay the full cost for this, especially if the knowledge is of no use to any other employer, such as an intimate knowledge of a given company's customer base⁶⁶. Typically, minimum wage laws do not allow for the employee to pay for the full costs of training⁶⁷. However, during an unpaid internship, the employee is being asked to foot the training bill entirely, by not receiving a wage. This arrangement is logical if the skills developed by the employee are general, transferable skills⁶⁸. However, whether or not students actually acquire these general skills is an empirical question, to which I now turn.

Jim Dirks and Thomas P. Schambach argue that internships advance a number of meaningful benefits for the participants, including:

⁶⁴ Lee E. Ross, Ogbonnaya Oko Elechi Student attitudes towards internship experiences: From theory to practice. *Journal of Criminal Justice Education* Vol. 13, Iss. 2, 2002, p. 308.

⁶⁵ Miles Corak, Telephone Interview. June 16, 2014.

⁶⁶ Miles Corak, Telephone Interview. June 16, 2014.

⁶⁷ Miles Corak, Telephone Interview. June 16, 2014.

⁶⁸ Miles Corak, Telephone Interview. June 16, 2014.

clarification of career goals, awareness of organizational settings, clarification of valuable competencies, increased relevance of learning, establishing self-confidence, financial assistance for educational expenses, contacts with and previews of potential employers, exposure to working role models (potential mentors), and an increase in marketable job skills that often positively impact employability and starting salary⁶⁹.

Numerous studies have corroborated the findings of Dirks and Schambach, and have also reported that students completing internships report higher job satisfaction, faster and more job offers, improved creative thinking, better interviewing skills and stronger curriculum vitas⁷⁰. Dr. Malcom Coco, whose research underscores the win-win-win of internships for students, employers, and academic institutions, concludes:

internships have proven to be one of the most important experiences for a college graduate who wants to secure a job after graduation. An increasing number of employers are using internships as a recruiting tool for employees, and they continue to hire former interns with increasing regularity⁷¹.

In a survey conducted by Dirks and Schambach, they found that information systems students that had successfully completed an internship rated the experience very highly. Tellingly, 95.7% of the 70 respondents agreed or strongly agreed that "internships provide valuable real-world experience⁷²", while another 91.7% "gained

⁶⁹ Jim Dirks and Thomas P. Schambach. Student Perceptions of Internship Experiences. International Academy for Information Management Annual Conference: International Conference on Informatics Education Research. 2002. See also: Coco, 2000; Gault et al., 2008; Taylor, 1988; Devine et al., 2007; Knemeyer and Murphy, 2002.

⁷⁰ Rick Weible, Are Universities Reaping the Available Benefits Internship Programs Offer? Heldref Publications: 2010. Journal of Education for Business, 85: 59-60. See also: Gault, et al., 2008; Coco, 2000; Divine et al., 2007; Knemeyer & Murphy, 2002.

⁷¹ Malcolm Coco, "Internships: A Try Before You Buy Arrangement." *SAM Advanced Management Journal* Spring 2000: 41. *Academic OneFile*. Web. 5 June 2014.

⁷² Jim Dirks and Thomas P. Schambach. Student Perceptions of Internship Experiences. International Academy for Information Management Annual Conference: International Conference on Informatics Education Research. 2002.

awareness of valued skills in the world place⁷³ and 90% reported enhanced interpersonal skills. Overall, students that participated in the internship program strongly recommended that other students follow suit as a way to learn, gain career focus, further develop their skill-set, and become more self-assured in their professional aptitudes.

Dr. Daniel Munro, Principal Research Associate in Industry and Business Strategy at the Conference Board of Canada, and Lecturer in Ethics in the Graduate School of Public and International Affairs at the University of Ottawa, advances that experiential learning is a very worthwhile thing to do and serves two needs⁷⁴. First, experiential learning increases the career readiness of students, and students are able to gain experience in their field of interest⁷⁵. Second, experiential learning enhances the learning of students as part of their academic programs, as students are able to bring their experiences back into the classroom and reflect on the connections between both learning experiences, academic and practical⁷⁶.

Ms. Sharmaine Nelles, a placement officer at the University of Ottawa's Centre for Global and Community Engagement, coordinating local and international experiential learning opportunities, shared her thoughts on the importance of experiential learning, and emphasized the role of these experiences in career awareness development. For Ms. Nelles, placements are a way for students to experience the

⁷³ Jim Dirks and Thomas P. Schambach. Student Perceptions of Internship Experiences. International Academy for Information Management Annual Conference: International Conference on Informatics Education Research. 2002. w

⁷⁴ Daniel Munro, Telephone Interview. June 12, 2014.

⁷⁵ Daniel Munro, Telephone Interview. June 12, 2014.

⁷⁶ Daniel Munro, Telephone Interview. June 12, 2014.

working world and assess and sometimes re-evaluate career decisions, “and decide whether what we thought was a career or a direction we were taking was really meant for us⁷⁷”. The opportunity to test-drive a career choice was echoed by Dr. Patrick Fafard, Associate Professor at the Graduate School of Public and International Affairs at the University of Ottawa as well as the co-operative education coordinator for the School. Conversely, Dr. Fafard also noted the opportunity for students to explore alternative career choices, based on available co-operative placements that may be outside the student’s initial field of interest⁷⁸.

The role of internships in socializing students into the workplace is also a noted benefit. Both Dr. Fafard and Dr. Munro underscore the role that internships and experiential learning opportunities have in teaching participants how to interact and behave in the workplace, including basic norms like arriving at the office at a specific hour every day⁷⁹.

Yet, despite these acclaimed benefits of experiential learning experiences, there has been a backlash against unpaid internships in Canada, the United States, the United Kingdom, and Europe; which begs the question- what’s the harm with unpaid internships?

⁷⁷ Sharmaine Nelles and Stephane Sophie Cardinal, Personal Interview. June 9, 2014.

⁷⁸ Patrick Fafard, Personal Interview. June 17, 2014.

⁷⁹ Patrick Fafard, Personal Interview. June 17, 2014; Daniel Munro, Telephone Interview. June 12, 2014.

Unpaid Internships: What's the harm?

Moritz Erhardt, a 21-year-old Bank of America Merrill Lynch intern died of an epileptic seizure after working 72 hours straight. While the coroner could not conclude that Erhardt's seizure was in fact caused by fatigue, it was indicated as a possibility. The death of this intern drew attention to the potential negative consequences of internships, particularly in the banking industry, permeated by a culture that "effectively forces interns into working 100-hour weeks in an attempt to break into the lucrative industry⁸⁰". Following Erhardt's death, the bank revised its intern program to include enhanced methods of intern supervision. More broadly, a discussion emerged on the value of internships, and the negative impacts this phenomenon has on individuals and society.

First, the financial situation of individuals typically worsens while completing an unpaid internship, as one must pay for their living expenses without a salary⁸¹. Moreover, many unpaid interns take on a second job in order to pay for their living expenses, resulting in interns working long hours due to the demands of two jobs. Overworked interns can lead to tragedy, as occurred with Andy Ferguson, a student in the radio and TV program at the Northern Alberta Institute of Technology (NAIT) in Edmonton, who died in a car crash after working a 16 hour day⁸². To graduate,

⁸⁰ Maev Kennedy, "Moritz Erhardt Death: Intern's Parents Feared He Was Exhausted at Work." *The Guardian*. Guardian News and Media, 23 Nov. 2013. Web. 03 June 2014.

⁸¹ Craig Durrant, "To Benefit or Not to Benefit: Mutually Induced Consideration as a Test For the Legality Of Unpaid Internships." *University of Pennsylvania Law Review* 162.169 (n.d.): 169-202. Web. 30 May 2014.P. 182.

⁸² Kathy Tomlinson, "Intern's Death after Overnight Shift Sparks Outcry - British Columbia - CBC News." *CBC News*. CBC/Radio Canada, 10 Sept. 2013. Web. 03 June 2014.

Ferguson had to complete a four month unpaid practicum, where he regularly worked overtime and took on additional paid shifts to cover his expenses⁸³.

Second, the prevalence of unpaid internships can lead to an increase in the unemployment rate and the displacement of paid positions. Notably, with the bottom line at the forefront of many business decisions, especially in tough economic times, employers can substitute paid entry-level positions with unpaid internships. Individuals unable to work for free are in turn displaced, and added to the number of unemployed workers in the labour force. Interns, desperate for relevant professional experience to get their foot in the door, become part of a large supply of free labour for employers to pick and choose⁸⁴. Alex Footman, an unpaid intern during the production of the Hollywood hit *Black Swan*, along with other unpaid interns, performed menial labour including coffee runs, custodial duties, and secretarial duties⁸⁵. Assistants and janitors, paid positions, were effectively eliminated from the production team's costs. Craig Durrant, in his piece "To Benefit or not to Benefit" explains that "when situations like these are aggregated, the result is that more people are working for free and fewer people are working for money⁸⁶".

Third, interns lack the legal infrastructure to protect their employment rights. Interns may be subject to sexual harassment, deny of pay, and other violations of their basic employment rights if they are not categorized as 'employees'. A sexual harassment

⁸³ Kathy Tomlinson, "Intern's Death after Overnight Shift Sparks Outcry - British Columbia - CBC News." *CBC News*. CBC/Radio Canada, 10 Sept. 2013. Web. 03 June 2014.

⁸⁴ Craig Durrant, "To Benefit or Not to Benefit: Mutually Induced Consideration as a Test For the Legality Of Unpaid Internships." *University of Pennsylvania Law Review* 162.169 (n.d.): 169-202. Web. 30 May 2014.P. 182.

⁸⁵ Steven Greenhouse, Interns, Unpaid by a Studio, File Suit, N.Y. TIMES, Sept. 29, 2011, at B3.

⁸⁶ Craig Durrant, "To Benefit or Not to Benefit: Mutually Induced Consideration as a Test For the Legality Of Unpaid Internships." *University of Pennsylvania Law Review* 162.169 (n.d.): 169-202. Web. 30 May 2014.P. 183.

suit filed by Bridget O'Connor was ultimately dismissed, not based on the merits of her case, but because her unpaid status resulted in her not being considered an employee, and thus unable to claim the rights of an employee⁸⁷. As such, unpaid interns lack the legal protection afforded to employees. The unpaid interns that worked on the set of the Hollywood film *Black Swan* ultimately sued their employers for wages due, as they had not been provided with the educational training that permits exemptions from labour laws. Adam Klein, a lawyer for the plaintiffs, highlights the vulnerable position of unpaid interns, noting that "unpaid interns are usually too scared to speak out and to bring such a lawsuit because they are frightened it will hurt their chances of finding future jobs in their industry⁸⁸".

Fourth, unpaid internships risk stunting economic growth. While Becker's theory of differentiation between general skills and specific skills advances that interns forego a wage to be trained in general skills that enhances their productivity across a number of jobs, one must question whether or not interns are actually acquiring these general skills. Dr. Miles Corak explains that the counterpoint to Becker's theory is that employers have brute bargaining power over workers and shove the wage down to the lowest it can get because the supply of young people on the labour market greatly exceeds the constrained demand for these workers in the wake of the recession⁸⁹. In

⁸⁷ Craig J. Ortner, *Adapting Title VII to Modern Employment Realities: The Case for the Unpaid Intern*, 66 *Fordham L. Rev.* 2613 (1998).

⁸⁸ Steven Greenhouse, "Interns, Unpaid By a Studio, File Suit." *The New York Times*. The New York Times, 28 Sept. 2011. Web. 30 May 2014.

⁸⁹ Miles Corak, Telephone Interview. June 16, 2014.

turn, interns could be walking away with little or no real skills, and their low wages reflect the power of employers, not the training received.

Furthermore, both interns and their families often spend careful savings or use loans to financially support the endeavor. Governments are unable to tax the labour, despite providing services to this sector of the population. Next, the multiplier effect, where paid workers purchase goods and services thus contributing to a virtuous cycle of growth through support more jobs, is unable to take hold⁹⁰. Finally, as access to unpaid internships is skewed towards the wealthy, youth from more affluent backgrounds are able to gain valuable unpaid work experience, effectively giving them a one-up over other less privileged students. In turn, the labour market ends up “reward[ing] those from privileged upbringings, as opposed to those with merit, render[ing] our labour pool less competitive and efficient⁹¹”.

Fifth, unpaid internships advance discriminatory benefits among different socioeconomic classes. Ben Yagoda, a professor of journalism at the University of Delaware, explains:

the pressure to complete an internship before graduation backs many low-income students into a corner: they can either take a paying job during the summer to earn money and not go further in debt, or they can take out additional loans to finance a summer internship. Both options hurt them in the long-run, by either limiting their experience and therefore marketability as a job candidate, or by accruing more debt⁹².

⁹⁰ Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn , NY: Verso, 2011. P. 127.

⁹¹ Craig Durrant, "To Benefit or Not to Benefit: Mutually Induced Consideration as a Test For the Legality Of Unpaid Internships." *University of Pennsylvania Law Review* 162.169 (n.d.): 169-202. Web. 30 May 2014.P. 182.

⁹² Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn , NY: Verso, 2011. P. 161.

To begin, debt is not uniformly distributed, and students from wealthier families that complete unpaid internships may receive financial support from their networks. Disparities in loan debt and parent subsidization favors wealthier students who are able to forego a paid salary for an unpaid internship, and in turn have more relevant or better experience in their respective industries, giving them a competitive advantage over those students who took paid positions in whichever industry⁹³.

Notably, labour lawyer Andrew Langille, specialist in Canadian labour issues, argues that unpaid internships are unfair and a breeding grounds for inequality. Langille argues that the current situation “cuts out people who can’t afford to do unpaid internships; [...and favours] people based on their socioeconomic class. It erodes any notion of meritocracy⁹⁴.” Langille finds that youth completing unpaid internships are “young people who have the financial support [of] their families backing them⁹⁵” in turn attracting only a segment of the population skewed towards students from more affluent families⁹⁶.

Dr. Munro adds that “if internships are unpaid, the only people who can take those are people who already have some sort of resource base that they can rely on, which means people who come from better off backgrounds, better off families [...]⁹⁷”. In turn, those without access to funds to subsidize unpaid internships are unable to

⁹³ Craig Durrant "To Benefit or Not to Benefit: Mutually Induced Consideration as a Test For the Legality Of Unpaid Internships." *University of Pennsylvania Law Review* 162.169 (n.d.): 169-202. Web. 30 May 2014.P. 182.

⁹⁴ Matt Kwong, "Unpaid Internship Crackdown Won't Ease Young Jobseekers' Suffering." *CBC News*. CBC/Radio Canada, 28 Mar. 2014. Web. 04 June 2014.

⁹⁵ Matt Kwong, "Unpaid Internship Crackdown Won't Ease Young Jobseekers' Suffering." *CBC News*. CBC/Radio Canada, 28 Mar. 2014. Web. 04 June 2014.

⁹⁶ A reviewer of this paper suggested interviewing Andrew Langille, however, due to limited time and resources, interviews were restricted to University of Ottawa faculty and staff.

⁹⁷ Daniel Munro, Telephone Interview. June 12, 2014.

complete them and do not get their acclaimed benefits. The story then becomes that “the people who need them least are most often, most likely to take them, and the people who need them most are least likely to take them⁹⁸”. Dr. Fafard cautions that unpaid internships systematically exclude a group of people because they are unable to afford it. In this way, unpaid internships increases inequality “to the extent that those who have get, and get more⁹⁹”.

Similarly, Ross Perlin in his book *Intern Nation* rightly asks: “so what about everybody else? What happens to the non-interns¹⁰⁰?” Alan Milburn, a former UK cabinet minister from a working-class background, dedicated a chapter within a report on fair access to professions to addressing Perlin’s questions. The report highlighted that access to internships was unevenly distributed, and inadequately based on student capabilities, with “employers [...] missing out on talented people- and talented people [...] missing opportunities to progress. There are negative consequences for social mobility and for fair access to the professions. A radical change is needed¹⁰¹”.

Dr. Fafard highlights that just as tuition rebates and scholarships are offered based on financial need, a similar scheme could be imagined for internships to address inequality of access¹⁰². All in all, even among supporters for a swift change to the current state of affairs, there is a broad recognition that before purging the world of

⁹⁸ Daniel Munro, Telephone Interview. June 12, 2014.

⁹⁹ Patrick Fafard, Personal Interview. June 17, 2014.

¹⁰⁰ Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn, NY: Verso, 2011. P. 184.

¹⁰¹ Ross Perlin, *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. Brooklyn, NY: Verso, 2011. P. 163.

¹⁰² Patrick Fafard, Personal Interview. June 17, 2014.

unpaid internships, solutions are required to help bridge the gap between the skills possessed by recent graduates and those sought after by employers.

The Skills Gap in Canada: Myth or Reality?

The skills gap in Canada refers to the disparity between the skills unemployed workers possess, and those sought by employers. On the one hand, there is a group of educated, but unemployed individuals seeking work, including recent graduates, and, on the other hand, there are employers who are keen to hire new employees, but are dissatisfied with the skill-level of available candidates¹⁰³. Jason Kenney, Federal Minister of Social and Economic development, notes “my number one priority is to address this paradox of too many Canadians without jobs in an economy that has too many jobs without skilled workers¹⁰⁴”. For Kenney, the skills shortage is all too real:

If the skills crisis is a myth, as some maintain, why do we have over 216 000 jobs sitting vacant right now with 1.3 million Canadians unemployed? If it’s a myth, then why are thousands of business leaders, including the Canadian Chamber of Commerce, the Canadian Federation of Independent Business, the Canadian Construction Association, the Association of Manufacturers and Exporters, the Council of Chief Executives, why do they all say that today’s skill shortage is the number one obstacle to success for business¹⁰⁵?

A recent report by the Conference Board of Canada undertook a comprehensive study of the skills gap and its implications. For Ontario, the report estimated that the inability of employers to find skilled workers for available positions resulted in a loss of

¹⁰³ Josh Dehaas, “Entry-level jobs are getting harder to find”, *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014.

¹⁰⁴ Jason Kenney. Ensuring Canada’s Continued Economic Success: Tackling the Skills Mismatch. Employment and Social Development Canada. Speech at the Economics Club of Canada, 8 October 2013.

¹⁰⁵ Jason Kenney. Ensuring Canada’s Continued Economic Success: Tackling the Skills Mismatch. Employment and Social Development Canada. Speech at the Economics Club of Canada, 8 October 2013.

up to \$24.3 billion in economic activity and \$3.7 billion in provincial tax revenues annually¹⁰⁶. This pressing issue was studied by Sophie Borwein, a researcher with the Higher Education Quality Council of Ontario, who examined job advertisements posted in the entry-level sections of three major Canadian career websites to assess what employers are looking for when hiring¹⁰⁷. Borwein's preliminary results indicated that employers are seeking soft skills and entry-level positions sometimes ask for three to five years of work experience¹⁰⁸. She highlights the example of a Wal-Mart advertisement for an entry-level search marketing analyst with five years experience¹⁰⁹. While Borwein's comments are only anecdotal at present, her full research results will be published at the end of the summer of 2014.

The employers surveyed by Emad Rizkalla, CEO of St. John's, N.L.-based Bluedrop Performance Learning, indicated their preference to find workers who possess the requisite soft skills rather than the necessary hard skills¹¹⁰. However, Rizkalla, whose company develops custom training software "says there's no question an experience gap exists, particularly in soft skills¹¹¹". In turn, post-secondary institutions must position themselves to provide these soft skills to graduates, if they are to succeed in the labour

¹⁰⁶ Josh Dehaas, "Entry-level jobs are getting harder to find", *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014.

¹⁰⁷ Josh Dehaas, "Entry-level jobs are getting harder to find", *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014.

¹⁰⁸ Josh Dehaas, "Entry-level jobs are getting harder to find", *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014. Full results of Sophie Borwein's research funded by the Higher Education Quality Council of Ontario will be released at the end of the summer.

¹⁰⁹ Josh Dehaas, "Entry-level jobs are getting harder to find", *Macleans*, 5 April 2014, *Rogers Digital Media*. 4 June 2014. Full results of Sophie Borwein's research funded by the Higher Education Quality Council of Ontario will be released at the end of the summer.

¹¹⁰ Max Bloux, Universities should educate- employers should train, *The Globe and Mail*, 03 September 2013, Phillip Crawley, 04 June 2014.

¹¹¹ Max Bloux, Universities should educate- employers should train, *The Globe and Mail*, 03 September 2013, Phillip Crawley, 04 June 2014.

market. Overall, for graduates to secure entry-level jobs, the existing literature suggests that students must develop their soft skills.

Dr. Munro has tempered claims of a skills shortage crisis, dismissing perspectives that claim the sky is falling and those saying that there is no problem at all, and instead opting for a view of 'it depends', emphasizing that these issues are relative¹¹². Existing shortages tend to be regional, and unique to particular sectors. While there is some evidence of skills shortages in specific sectors and occupations, they tend to be in pockets of the country, in specific sectors, and are often short-lived as employers and governments adjust¹¹³.

The current rhetoric also often fails to distinguish between an occupational analysis and a skills level analysis. In terms of occupations, there are vacancies in certain kinds of occupations where not enough individuals are trained in the specific skills required, however, Dr. Munro contends that this is only a small part of the issue. The focus should be on the skills level analysis, whereby there is no occupational mismatch, but the people in the positions or the candidates for an available job do not have the full set of skills sought after by the employer¹¹⁴. As such, our attention should be directed towards strengthening and developing people's skills, which serve as a foundation for learning, and can enable individuals to have "greater resilience and success in the labour market¹¹⁵".

¹¹² Daniel Munro, Telephone Interview. June 12, 2014.

¹¹³ Daniel Munro, Telephone Interview. June 12, 2014.

¹¹⁴ Daniel Munro, Telephone Interview. June 12, 2014.

¹¹⁵ Daniel Munro, Telephone Interview. June 12, 2014.

Dr. Munro distinguishes between four types of skills:

- Knowledge; awareness and understanding of information, facts, ideas, often in a particular field.
- Technical skills- skills related to doing specific tasks (e.g. write a proposal, drive a truck, create software, performing accounting functions, etc.).
- Essential skills- skills that provide a foundation for work and future learning (e.g., reading, writing, document use, numeracy, computer use, thinking, oral communication).
- Employability skills- skills needed to enter, stay in and progress in the world of work (e.g., personal management, adaptability, innovation, having a positive attitude).

Graduates of post-secondary institutions come out with deficits in these types of skills, undoubtedly, however, Dr. Munro, Dr. Livermore, Dr. Fafard and Dr. Corak advance a burden-sharing model between universities, employers and students. PSE institutions are not responsible for developing all of these skills, and they should not be expected to. For Dr. Munro, the primary responsibility of PSE institutions rests in developing knowledge and essential skills¹¹⁶. Depending on the program, students may also develop technical skills. In sum, students do not graduate with all the skills that they need in order to be employed, and although it is not the exclusive responsibility of PSE institutions to produce all four types of these skills, there are opportunities to assist students in their development of these career-important skills. One such strategy is through internships and experiential learning opportunities that aim to increase the employability of students.

¹¹⁶ Daniel Munro, Telephone Interview. June 12, 2014.

Skills Gap: What exactly are we missing?

The World Bank's May 2014 report, *Employer voices, Employer Demands, and Implications for Public Skills Policy Development*, reviews preference surveys completed by employers to assess the skills sought after in the labour market¹¹⁷. After surveying the literature and 28 studies on skills demanded by employers across the world, the report concludes that there is "remarkable consistency across the world in the skills demanded by employers"¹¹⁸. The report highlights the disconnect between the assessment of students being ready for the labour market by education providers and employers. Tellingly, a global study that interviewed both education providers and employers reported that while 72% of education providers believed students were prepared for the labour market, only 42% of employers shared that same view¹¹⁹. The World Bank paper advances that employers are demanding skills that are not developed through traditional education and training systems. As a result, there is a gap between the skills demanded by employers, and those possessed by the labour force¹²⁰.

The World Bank report categorized 140 different skills into three types of skills: cognitive, technical, and socio-emotional. Cognitive skills, as defined by the American Psychological Association (APA), are the "ability to understand complex ideas, to adapt

¹¹⁷ A reviewer of this paper questioned the relevance of a World Bank paper produced by the Latin America and Caribbean Region to motivate a discussion of the nature of skills in the Canadian labour market. The paper is useful because it offers helpful definitions of key concepts and also categorizes over a hundred skills into three types. Further, the paper cites results from global studies that extend beyond the region. Finally, the results of the World Bank paper also coincide with the results of a paper by Mourshed et. Al that studied the demand for skills in eight countries, as well as in a Canadian study by Workopolis that addressed the needs of Canadian employers.

¹¹⁸ World Bank. Latin America and the Caribbean Region. *Employer voices, Employer Demands, and Implications for Public Skills Policy Development*. Human Development Department. May 2014, P. 28.

¹¹⁹ Mourshed, M., Farrell, D. And Barton, D. (2012) *Education to Employment: Designing a System that Works*, Washington,DC: McKinsey Center for Government

¹²⁰ World Bank. Latin America and the Caribbean Region. *Employer voices, Employer Demands, and Implications for Public Skills Policy Development*. Human Development Department. May 2014. P. 5.

effectively to the environment, to learn from experience, to engage in various forms of reasoning, to overcome obstacles by taking thought¹²¹". Cognitive skills can be broken down into higher-order skills, which demands complex information processing like analysis, critical thinking, foreign languages, oral communication, organization and planning, among others, while lower-order skills, includes basic literacy and numeracy¹²². Technical skills are the aptitudes required to do one's job, and are thus job-specific, they include vocational training, IT knowledge, degree level and subject, as well as computer literacy¹²³. Finally, socio-emotional skills reflect behaviors, and personality traits, including adaptability, creativity, initiative, positive attitude and self-management¹²⁴.

More than 50% of the five priority skills identified by employers are socio-emotional, while 29% are higher-order cognitive, and 15.9% technical. When examining the top five skills gap, however, technical skills ranked first, with professional skills, job-specific skills, technical skills, and work experience lacking among employees. Nonetheless, these skills likely touch on the other skills categories, as professional skills or work experience could include "knowledge of specific equipment (technical), working with others (socio- emotional), the ability to resolve problems (higher-order

¹²¹ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 6.

¹²² World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 34.

¹²³ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 34.

¹²⁴ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 34.

cognitive), and basic math for operating the equipment (basic cognitive)¹²⁵". Following the gap in technical skills, socio-emotional skills and higher-order cognitive skills were the most lacking types of skills from the second to the fifth ranking.

Internationally, socio-emotional skills were identified as most important to employers. In Mourshed, Farrell and Barton, employers across nine countries rate thirteen skills from 1 (least important) to 10 (most important), to identify the top four most valued skills by employers¹²⁶. The results indicate that 80% of employers ranked socio-emotional skills at 8 or higher, with work ethic and team work dominating the two most important skills¹²⁷. Higher-order cognitive skills (language and oral communication) ranked third by 72% of employers, while vocational training ranked fourth¹²⁸. Finally, the gap between the supply and demand of the skills ranked most important by employers, is work ethic (15 percentage points) and team work (14 percentage points)¹²⁹.

In the Workopolis Employment Report *Mind the Gap*, Canadian companies noted their desire to hire new workers, but qualified the statement by explaining that finding suitable candidates is a pressing challenge. When asked to identify the primary challenge facing Canadian businesses, 32% of participants responded a shortage of

¹²⁵ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 13.

¹²⁶ Mourshed, M., Farrell, D. And Barton, D. (2012) *Education to Employment: Designing a System that Works*, Washington,DC: McKinsey Center for Government

¹²⁷ Mourshed, M., Farrell, D. And Barton, D. (2012) *Education to Employment: Designing a System that Works*, Washington,DC: McKinsey Center for Government

¹²⁸ Mourshed, M., Farrell, D. And Barton, D. (2012) *Education to Employment: Designing a System that Works*, Washington,DC: McKinsey Center for Government

¹²⁹ Mourshed, M., Farrell, D. And Barton, D. (2012) *Education to Employment: Designing a System that Works*, Washington,DC: McKinsey Center for Government

skilled workers¹³⁰. However, employers are not reaching out to younger workers to fill this gap; notably, “while many business leaders are hungry to hire, their appetite is not extending to younger workers 14-21, who roughly double the national average for unemployment¹³¹”. While applicants are lacking job-specific skills, they are also missing critical soft skills including work ethic and communications.

Notably, two thirds of surveyed executives reported that candidates do not possess the soft skills required for available positions. The soft skills sought after by employers include a positive attitude, communication skills, a strong work ethic, personability and customer service, and team work¹³². These soft skills are typical general skills identified by Becker in his theory of human capital. Such soft skills are often developed through experiential learning, or work experience, and in turn young job seekers are often viewed as unsuitable candidates, with employers “citing concerns about both a lack of experience and unrealistic expectations¹³³”. 35% of surveyed executives blame unemployment among young workers and recent graduates on their inadequate work experiences¹³⁴.

In turn, young workers are stuck in a dilemma; they are not considered for employment due to inexperience, yet they are deprived of obtaining that experience without employment. Employers by and large find that the skills acquired by students

¹³⁰ Workopolis Employment Report Mind the Gap. P. 4.

¹³¹ Workopolis. Workopolis Employment Report: Mind the Gap. White Paper. Workopolis: 2013. P. 8.

¹³² Workopolis. Workopolis Employment Report: Mind the Gap. White Paper. Workopolis: 2013. P. 9.

¹³³ Workopolis. Workopolis Employment Report: Mind the Gap. White Paper. Workopolis: 2013. P. 15.

¹³⁴ Workopolis. Workopolis Employment Report: Mind the Gap. White Paper. Workopolis: 2013. P. 9.

through formal education inadequately prepare students for the labour market¹³⁵. Tellingly, employer voices indicate that a wide breadth of skills are required in the labour market, and there is indeed “a mismatch between the education sector’s perception of skills demand and that of the productive sector¹³⁶”. The skills most sought after by employers continue to fall outside academic curricula or teaching methods. While there is an ongoing debate about the role of universities and whether they should be concerned with labour market demands, it seems clear that students seeking to develop a skill set through experiential learning that enhances their employability should have access to such opportunities. A response is thus needed to more closely align the skill-set of hopeful job hunters with the aptitudes sought after by employers.

Overcoming the skills gap: Strategies

In the UK, a surge in higher education participation, coupled with increased global market competition experienced by employers, prompted universities to re-examine their roles. These universities reevaluated their role in providing graduates with a more holistic learning experience that would extend beyond academic skills and enhance the employability of students upon graduation. Many universities championed initiatives to increase the employability of their students, and Maron et al focus on three

¹³⁵ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 28.

¹³⁶ World Bank. Latin America and the Caribbean Region. Employer voices, Employer Demands, and Implications for Public Skills Policy Development. Human Development Department. May 2014. P. 28.

strategies in their research: structured work experiences, employer involvement in course design and delivery, and teaching¹³⁷.

Maron et al. found that structured work experience has marked positive effects on the ability of graduates to both find employment within six months of graduation, and to find employment that adequately utilized their skill set, termed 'graduate-level' jobs¹³⁸. Further, employer involvement in degree course design and delivery is also positively and significantly associated with the ability of graduates to secure 'graduate-level' jobs. However, Maron et al. found that labour market outcomes were not significantly related to teaching and assessment methods aimed towards increasing the employability skills of students¹³⁹.

Maron et al. conclude:

The strongly positive effects of student work experience on labour market outcomes serve as a reminder that many relevant employability skills are probably best learned in workplaces rather than in classroom settings. There may be little to be gained from universities seeking to develop skills that are best acquired (or can only be acquired) *after* starting employment rather than beforehand¹⁴⁰.

Community Service Learning

At the University of Ottawa, the Centre for Global and Community Engagement runs local and international experiential learning opportunities. At the local level, the

¹³⁷ Employability Skills Initiatives in Higher Education: What Effects Do They Have On Graduate Labour Market Outcomes? Geoff Mason, Gareth Williams, Sue Cranmer. September 2006. P. 24

¹³⁸ Employability Skills Initiatives in Higher Education: What Effects Do They Have On Graduate Labour Market Outcomes? Geoff Mason, Gareth Williams, Sue Cranmer. September 2006. P. 1

¹³⁹ Employability Skills Initiatives in Higher Education: What Effects Do They Have On Graduate Labour Market Outcomes? Geoff Mason, Gareth Williams, Sue Cranmer. September 2006. P. 24

¹⁴⁰ Employability Skills Initiatives in Higher Education: What Effects Do They Have On Graduate Labour Market Outcomes? Geoff Mason, Gareth Williams, Sue Cranmer. September 2006. P. 25.

Centre offers Community Service Learning, an academic program and form of experiential learning, "where students contribute to their community by participating in professor-approved community service placements related to course learning objectives and then produce corresponding reflective assignments¹⁴¹". The Centre distributes surveys to students who have participated in the Community Service Learning program each semester. In the Fall of 2013, students reported a number of strengthened skills, notably, of all respondents:

- 81% felt an impact on communication skills,
- 66% felt an impact on their problem solving skills,
- 62% felt that the program improve their leadership skills,
- 63% reported an expansion of their networks,
- and 58% gained insight into future career options.

Similarly, in the Winter of 2014, students reported skills development across a number of areas, of all respondents:

- 83% felt an impact on communication skills,
- 72% felt an impact on problem solving skills,
- 60% felt an impact on leadership skills,
- 70% reported an expansion of their networks,
- and 63% gained insight into future career options.

Overall, the self-identified learning outcomes achieved by students that participate in Community Service Learning programs strikingly correspond with the soft skills sought after by employers surveyed in the World Bank's May 2014 report, *Employer voices, Employer Demands, and Implications for Public Skills Policy Development*. When ranking the importance of various skills, socio-emotional skills were identified by

¹⁴¹ Centre for Global and Community Engagement. "Community Service Learning." *Centre for Global and Community Engagement*. University of Ottawa, n.d. Web. 22 June 2014.

80% of employers at 8 or higher. Socio-emotional skills reflect behaviors and personality traits, similar to the ones noted above.

Furthermore, in the Workopolis report, employers indicated that they are seeking soft skills in candidates, like a positive attitude, communication skills, a strong work ethic, personability and customer service, and team work¹⁴². With over 80% of students participating in Community Service Learning programs identifying enhanced communication skills as a key impact of their experiential learning, the value of these programs in enhancing graduate employability cannot be overstated.

Cooperative Education

Based on estimates from 2006-2007 from the Canadian Association of Cooperative Education, there are 80,000 cooperative education students across 79 post-secondary institutions¹⁴³. Co-operative education, a structured model of alternating academic study semesters with work terms, is one strategy to provide graduates with work experience¹⁴⁴. The Canadian Association for Cooperative Education defines cooperative education as “a program that formally integrates a student’s academic studies with work experience with participating employers¹⁴⁵”.

¹⁴² Workopolis. Workopolis Employment Report: Mind the Gap. White Paper. Workopolis: 2013. P. 9.

¹⁴³ Canadian Association For Co-operative Education. "About Us." *Putting Education to Work*. Exware Association Management, n.d. Web. 23 June 2014.

¹⁴⁴ Mahmoud Haddara and Heather Skanes, A reflection on cooperative education: from experience to experiential learning, Memorial University of Newfoundland, St. John's, June 2007.

¹⁴⁵ Canadian Association for Cooperative Education. (2005). Cooperative Education Manual. June 23, p. 1

Studies indicate that participation in cooperative education programs has a positive impact on starting salaries¹⁴⁶. The benefits for students participating in work-term placements have already been outlined in the prior section by Maron et. al. However, a missing element is the determinants of cooperative education work-term success, a piece provided by Apostolides and Looye, who find that the factors that highly correlate with the student satisfaction with a cooperative education program is “having quality supervision, a sense of contribution to projects, and challenging assignments¹⁴⁷”. While cooperative education programs can provide students with numerous advantages, these experiences must be carefully managed in order for these potential benefits to come to fruition.

Case Study: University of Ottawa International Internship Program

To further shed light on the value of internships to students, I evaluated a particular internship program run by the University of Ottawa. The University of Ottawa International Internship Office offers twelve week placements for undergraduate and graduate students across the world. Generally, these internships are performed in the non-profit industry, for local non-governmental organizations. Students work in a number of fields, including human rights, refugee rights and support services, youth

¹⁴⁶ See: Gardner, P.D., & Motschenbacker, G. (1997). Early work outcomes of coop and non-coop engineers: A comparison of expectations, job level, and salary. *Journal of Cooperative Education*, 33(1), 6-24; Riggio, R.E., Kubiak, C., Taylor, S.J., & Neale, P. (1994). Evaluation of a cooperative education program with an emphasis in industrial/organizational psychology. *Journal of Cooperative Education*, 29(1), 59-66; Gardner, P.D., Nixon, D.C., & Motschenbacker, G. (1992). Starting salary outcomes of cooperative education graduates. *Journal of Cooperative Education*, 27(3), 16-26.

¹⁴⁷ Apostolides, V., & Looye, J. (1997). Student assessment of the co-op experience and optimum integration of classroom learning with professional practice. *Journal of Cooperative Education*, 32(1), 16-30 in Mahmoud Haddara and Heather Skanes, A reflection on cooperative education: from experience to experiential learning, Memorial University of Newfoundland, St. John's, June 2007, p. 70.

and children, gender equality, rural development, health, and education. 553 students completed international internships between January 2008 to August 2013, with three quarters at the undergraduate level and the remaining at the graduate level. The final reports of 225 students were available for analysis. To assess the learning outcomes of students that participated in international internships, I read their final reports and noted each student's top three learning achievements, as identified by the student. The learning outcomes identified by the students include:

- project design and analytical skills
- communication skills,
- language skills,
- organization and planning,
- patience and persistence,
- adaptability and creativity,
- self-management (including staying positive, setting boundaries, and taking initiative), and
- working skills (including teamwork, being open-minded, and professionalism)

Table 1: Learning Outcomes among Students

Learning Outcomes	Number of Students that identified Learning Outcome as one of their Top 3	Percent of Students that identified Learning Outcome as one of their Top 3
Project Design and Analytical Skills	90	40
Communication Skills	51	22.67
Language Skills	44	19.56
Organization and Planning	31	13.78
Patience and Persistence	48	21.33
Adaptability and Creativity	102	45.33
Self-management	83	36.89
Working skills	51	22.67

The learning outcomes identified by the most number of students include: adaptability and creativity (45.33%), project design and analytical skills (40%), self-management (36.9%), communication skills (22.67%), and working skills (22.67%).

In the Workopolis report, surveyed employers noted that 37% of executives are looking for a positive attitude among candidates¹⁴⁸. Approximately 37% of students that participated in the international internship program, reported that the experience improved their self-management skills, which includes staying positive, enhancing their confidence, and taking initiative. Moreover, communication skills was the second most sought-after soft skill by executives, and approximately 23% of students participating in international internships developed their communication skills. Finally, 26% of employers valued a strong work ethic as a top ranked soft skill, alongside teamwork at 17%. For students participating in international internships, 22.67% of interns reported improved teamwork skills, professionalism, and being open-minded. Evidently, interns are self-identifying the acquisition of skills that correspond with the soft skills sought after by employers surveyed in the Workopolis report¹⁴⁹.

Public Policy Responses

Public policy responses abound to address the phenomenon of internships. On May 2, 2014, Prime Minister Stephen Harper announced a new \$40 million program to address youth unemployment¹⁵⁰. \$30 million will go towards internships in companies

¹⁴⁸ Workopolis Employment Report Mind the Gap. P. 9.

¹⁴⁹ Workopolis Employment Report Mind the Gap. P. 9.

¹⁵⁰ A reviewer for this paper questioned the significance of the announced amount of funding. However, the significance of the amount cannot be accurately assessed until a comprehensive study of the scale and scope of the unpaid

doing technical research, while the remaining \$10 million will be directed towards apprenticeships in skilled trades. Approximately 3000 six to twelve month paid internships will be funded between 2014 and 2016. The initiative is designed to strengthen and advance the Government's Youth Employment Strategy, an "umbrella program to help young people, particularly those facing barriers to employment, get the information and gain the skills, work experience and abilities they need to make a successful transition into the labour market¹⁵¹".

Harper recognized the Catch 22 facing young graduates, and noted that "To get the job, they need the experience but they can't get the experience without a job. That situation isn't good for anybody. It frustrates young people and it creates real problems for employers¹⁵²." However, this response reflects a piecemeal approach as the program is only available to young workers in high-demand fields such as science, technology, engineering, mathematics, and the skilled trades, while new graduates from other fields continue to be locked in the same Catch 22 as before.

Meanwhile, Jonah Schein, an NDP member provincial parliament for Davenport in Ontario, has tabled a private member's bill, *Greater Protection for Interns and Vulnerable Workers Act*, to amend the Employment Standards Act. The amendments would afford more protections for unpaid interns, and Schein argues that unpaid interns

internship phenomenon has been undertaken. The program aims to reduce the number of unpaid internships for students completing their studies in high-demand fields as identified by the government, including science, technology, engineering, and mathematics and the skilled trades. The program expires in 2016, and should thus be considered a short-term response and not a long-term strategy to address the issue of unpaid internships in Canada.

¹⁵¹ "Paid Internships in High-demand Fields." *Prime Minister of Canada- Stephen Harper*. Prime Minister of Canada, 02 May 2014. Web. 29 May 2014.

¹⁵² Hank Daniszewski, "Fed Plan to Pay Interns." *The London Free Press*. The London Free Press, 02 May 2014. Web. 29 May 2014.

should have contracts with their employers, detailing job descriptions and hours of work, to be filed through the Ministry of Labour. The Bill is designed to counter the current lack of monitoring and regulation for the estimated 300,000 young people working without pay across Canada.

At the federal level, Andrew Cash, also of the NDP, has tabled private member's Bill C-542, an Act to establish a National Urban Workers Strategy. The Act aims to protect all workers in Canada, with a particular emphasis on urban workers, defined as individuals whose source of income is vulnerable or insecure because the individual is not afforded typical workplace protections like benefits, pensions, or job security. The Act aims to protect these workers that are on contracts, part-time employees, self-employed, or interns. The Bill advocates for the establishment of a Task Force to articulate a National Urban Workers Strategy, which must identify legislative proposals to address factors related to the changing type of work in urban areas, including "increasing public awareness, monitoring and enforcement of existing legislation and strengthening employment standards to prevent the misuse of paid and unpaid internships¹⁵³".

On June 16th, Andrew Cash and Lauren Liu, both members of parliament for the NDP, announced a private member's bill, the *Intern Protections Act*. The Act will cover interns employed by federally-regulated organizations, banks, mobile network operators, broadcasters, airlines, and the federal government. These organizations all

¹⁵³ Andrew Cash, "An Act to Establish a National Urban Workers Strategy." *Andrew Cash; MP for Davenport*. N.p., 21 Oct. 2013. Web. 03 June 2014.

fall under the *Canada Labour Code*. The Act is designed to clarify the workplace protections offered to students, interns, and trainees, as the *Canada Labour Code* currently does not contain any exclusions for these types of workers, which has led to uncertainties regarding the rights of these types of workers¹⁵⁴. The Act would provide all interns, regardless of their compensation, with workplace protections and they would be covered by employment standards currently in place for regular employees¹⁵⁵. Concretely, this would mean that interns would be able to demand health and safety protections, reasonable work hours, and protection from sexual harassment¹⁵⁶. Moreover, the Act would clarify the rules and conditions for the hiring of interns. Notably, the internship "must be educational, primarily benefit the intern, and not replace paid employees", and employers must also outline the terms of the internship including duration, hours, type of activities, and lack of compensation¹⁵⁷.

Liberal MP Scott Brison has also took on the unpaid internship issue and has vowed to raise awareness of the debate. Brison argues that a federal initiative is needed "to measure the scope of the unpaid workforce, identify acceptable unpaid work placements and legislate changes to protect an increasingly vulnerable generation¹⁵⁸". At present, Brison's efforts have been focused on gathering information about the

¹⁵⁴ New Democratic Party of Canada. "NDP Tables Intern Protection Act « Canada's NDP." *Canada's NDP*. New Democratic Party of Canada, 16 June 2014. Web. 23 June 2014.

¹⁵⁵ Claire Seaborn, "The Intern Protection Act : A New Private Member's Bill to Protect Intern's Rights." *Canadian Intern Association*. Canadian Intern Association, 16 June 2014. Web. 23 June 2014.

¹⁵⁶ Claire Seaborn, "The Intern Protection Act : A New Private Member's Bill to Protect Intern's Rights." *Canadian Intern Association*. Canadian Intern Association, 16 June 2014. Web. 23 June 2014.

¹⁵⁷ Claire Seaborn, "The Intern Protection Act : A New Private Member's Bill to Protect Intern's Rights." *Canadian Intern Association*. Canadian Intern Association, 16 June 2014. Web. 23 June 2014.

¹⁵⁸ Sagan, Aleksandra. "Unpaid Internships Exploit 'vulnerable Generation'" *CBCnews*. CBC/Radio Canada, 02 July 2013. Web. 03 June 2014.

issue, including a roundtable discussion with Liberal leader Justin Trudeau and the Canadian Intern Association, a not-for-profit advocacy organization for interns, along with other student and employer organizations to brainstorm potential solutions.

CONCLUSIONS/ POLICY RECOMMENDATIONS

This paper set out to answer three questions: what is the scope and scale of internships in Canada? What is the value of student internships? Should existing Canadian legislation related to internships be amended, and if so, in what ways?

First, the scope and scale of internships in Canada remains unknown, and to address this knowledge gap further studies will need to be undertaken. More specifically, a study by Statistics Canada to grasp the scope and scale of the unpaid internship phenomenon would enable policy makers to design well-informed policies related to unpaid internships across the country. Statistics Canada presently tracks volunteering participation among the Canadian public and should consider adding categories in their studies to capture the scale of the unpaid internship phenomenon.

Second, existing literature, interviews with experts, and a case study on international internships offered by the University of Ottawa all indicate that experiential learning is a valuable experience that affords participants with important soft skills sought after by employers. Unpaid internships are one form of experiential learning that advances similar benefits in terms of skills acquisition as cooperative placements and community service learning. Yet, the potentially harmful consequences of unpaid internships need to be more carefully studied, managed, and mitigated.

Unpaid internships advance a number of advantages to students and employers. Students that participate in internships have the opportunity to test-drive their career choices while acquiring important soft skills sought after by employers. Students that complete internships or other forms of experiential learning are better suited to find work in the labour market due to their work experience, and also benefit from higher starting salaries. Moreover, internships can be managed and used as a strategy to more closely align the skills possessed by graduates with the skills demanded by employers.

However, there are several serious potential negative impacts related to unpaid internships that should be mitigated to ensure that the unpaid internship scheme does not reinforce and strengthen the disparity between the haves and the have-nots. To address inequality of access, scholarships and bursaries should be provided to students completing unpaid internships based on financial need, just as inequality of access to higher education is mitigated through a similar scheme of needs-based funding. All in all, this paper presents the benefits and potentially harmful consequences of unpaid internships, but its empirical relevance is limited as all experts interviewed were affiliated with the University of Ottawa, and the case study was conducted using data from the University of Ottawa's International Internships Office. Further studies are required to complete a comprehensive cost-benefit analysis of the phenomenon.

Third, once more information on the scale and scope of unpaid internships has been collected, the federal government should design medium and longer-term responses to address this pressing issue. To date, the federal government has launched a \$40 million program to fund 3000 six to twelve month paid internships between 2014

and 2016. Increasing the supply of paid internships in particular fields of study is a short-term strategy to mitigate some of the negative consequences associated with Canadians completing unpaid internships. However, in the medium and longer term, other strategies should be formulated with the insight derived from a comprehensive study on the unpaid internship phenomenon in Ontario and the rest of Canada.

In terms of immediate legislative responses, the *Interns Protection Act*, tabled by NDP Members of Parliament Andrew Cash and Lauren Liu, should be passed to ensure that interns are subject to and protected by provisions in the *Canada Labour Code*. Notably, the *Act* will protect the right of interns to refuse dangerous work, establish limits on acceptable work hours, and make sure that interns are protected from sexual harassment. The level of compensation awarded to an individual should not determine that person's rights in the workplace. In addition, oversight and monitoring mechanisms should be enhanced across federally-regulated institutions to ensure compliance with the *Canada Labour Code*. Apart from the occasional Ministry of Labour *blitz*, which addresses compliance with labour standards in particular sectors, a more comprehensive monitoring system should be enforced to ensure that employers hiring interns comply with existing regulations.

Finally, the question of demand must be carefully studied, to assess why there is a lack of labour demand for young people. This paper has advanced that part of the story lies in the inadequate skills held by young workers, however, further studies should be conducted to examine whether other factors, such as the recession of 2008, have impacted the demand for young workers. Looking forward, as more data is

collected, informed policies should be designed to mitigate the negative consequences associated with unpaid internships, while maximizing their positive impacts.

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