

Going for

BROKE

The State of Internships in the UK

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A report by Internocracy
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About Internocracy

Internocracy is the internships organisation. We're a multi-award winning youth-led social enterprise whose purpose is to lower the barriers and raise the bar in internships.

Internocracy works with organisations such as KPMG and Freshfields Bruckhaus Deringer to accredit the quality of their internship programmes with the UK's only youth-led internship quality mark – the I.SIP mark. The I.SIP was featured as a key case study in the Panel on Fair Access to the Professions' Final Report on social mobility.

Internocracy also helps organisations to structure and design top quality internship programmes, both in the UK and abroad.

The operating surplus from these activities is ploughed back into our practical programmes to support young people from all backgrounds into internships or permanent employment in the UK.

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Introduction

Internships, at their heart, have tremendous potential as the link between the distinct worlds of education and employment.

At the moment, internships in the UK work for a narrow group of people but not for society as a whole. Unpaid internships filter out swathes of young people from the first step of the career ladder – particularly in the most influential sectors such as media and politics – and offer a fast track to a chosen few.

Inevitably, allowing this to continue will have a detrimental effect on the future of young people in the UK. It will also have a detrimental effect on businesses who recruit from increasingly narrow talent pool and who subsequently do not open themselves up to new ways of looking at problems and reaching customers.

This paper outlines the reality of the provision of internships in the UK and suggests that there are real, concrete steps young people, businesses, universities and government can take to improve internships in the UK as one part of addressing three wider issues:

- Low levels of social mobility
- High levels of youth unemployment
- Businesses struggling to grow and fuel economic recovery in the UK

Internships represent, for us, the touch point of these three issues. Quite simply, if we get the culture and structure around internships in the UK right, then we can impact a great deal on the indisputable aims of making our society more socially mobile, with more young people in employment and businesses getting the injection of talent and enthusiasm that they need to grow.

Definitions

To aid the points raised in this paper, and to build upon the existing underpinning work we published with the ippr in 'Why Interns Need a Fair Wage', several terms around work and work-related learning are set out below. These definitions are our own working definitions, and we welcome feedback on them to ensure that they reflect the nature of each of the activities.

Internships

Internships are based on the transactional relationship between intern and organisation. There is a balance between the educational aspects of what is often the intern's first experience of work with undertaking specific tasks and projects for the organisation, contributing to the organisation's operations and day-to-day work. Interns work for a set number of hours per week for a period of between 2 weeks to 12 months.

Work experience

A period of shadowing, being mentored or observation in an organisation. Work experience typically lasts from one day to two weeks. This is very much an introductory insight into the world of work which places the emphasis on the educational opportunity above the accomplishment of specific tasks related to the operations of the organisation.

Work placements

Forming part of an extended period of study – most typically as part of a degree – work placements are a structured period of work in a named organisation lasting up to 12 months. Academic credits are usually attained for the work placement and specific projects and work tasks are undertaken on behalf of the host organisation.

Volunteering

Only related to registered charities or voluntary organisations, volunteering is not bound by a set of terms and conditions such as set hours and a minimum amount of hours per day/week/month/year. Usually this is to contribute to the accomplishment of a specific project or task relating to the charitable objectives of the charity, and the individual is able to leave and return to the project or task as it suits them.

Apprenticeships

Apprentices work towards a work-based qualification such as a National Vocational Qualification (NVQ) and apprenticeships typically take between one and four years to complete, depending on the type of framework and the ability of the individual apprentice and the employer's requirements. There is no set rate of pay for apprentices above a minimum of £2.50 per hour. As their skills develop, an apprentices' pay will increase accordingly.

Internships in the UK

The Chartered Institute of Personnel and Development (CIPD) estimates that three quarters of the employers it surveys regularly employ interns and that more than one in five employers planned to hire interns between April and September 2010 (Chartered Institute of Personnel and Development 2010a)¹.

This is the equivalent of 280,800 organisations across the UK, potentially offering a quarter of a million internship places over last summer. This is an increase from summer 2009, when just 13 per cent of employers surveyed by the CIPD planned to take on interns, suggesting that internship opportunities are growing again as the economy recovers from recession.

However, the real picture is difficult to ascertain. Even on a smaller scale, it is difficult to get to grips on the real number of interns – with unpaid internships being the biggest problem in capturing. Unite the union estimated last year that there were 450 unpaid interns in parliament, but anecdotal evidence suggests that it may in fact be three times that number.



OUR RESEARCH

We undertook the largest, most comprehensive survey around internships in the UK to date. 2,609 people from across a wide spectrum of UK society took part in research conducted by YouGov in February 2011. The headlines from our research and implications are set out below.

¹ Based on a survey of 787 HR managers who are members of the CIPD.

INTERNSHIPS - UNTAPPED POTENTIAL

- Only **17%** of people have worked in a company which employs interns
- **82%** think that more needs to be done to help young people move from education into work
- Only **5%** of people disagree with the statement that there are currently not enough available internships in the UK

A relatively small percentage of workers worked in an organisation which employs interns. SMEs in particular have a huge amount to gain from having structured, paid internships.

The Graduates Yorkshire Internship Programme

Graduates Yorkshire have been running a highly successful programme to support small companies to take on paid interns. 150 interns have been through the programme in 18 months and there has been an 85% conversion to permanent contract after the internship.

The interns have seen a fast progression as many have already progressed to managerial position and the programme covers all sectors, with the most popular being digital, marketing and manufacturing organisations with an average company size 1-20 employees. Crucially, some clients cited increases to their bottom line as direct result of hiring an intern as between £20,000 to £30,000.

WHAT WE THINK

Investing in internships is a practical and focussed way we can help young people in an extremely tough employment market. It is also a vital route to support the growth of small businesses in particular, and fuel wider economic growth.

NEED FOR QUALITY ASSURANCE

- Only **17%** of people disagree with the statement that companies exploit interns as a source of free labour
- Only **25%** of people were completely satisfied with their internship
- Interns were treated fairly **62%** of the time when they were with an organisation according to permanent employees
- Only **23%** of people agree that most employers have a fair approach to recruiting young people

The research demonstrated that people were mostly wary of how companies treat interns, with the majority thinking that employers were somewhat exploitative and unfair in their approach to hiring young people.

There is a real need to tackle internships which may treat interns unfairly or in the worst cases exploit them as a source of cheap or even free labour.

The I.SIP Mark

The Internocracy Star Internship Programme (I.SIP) Mark is the only youth-led internship quality mark that exists in the UK, Europe or anywhere in the world. It is awarded to exceptional organisations who want to join Internocracy in the business-led movement for positive change in internships.

“The I.SIP Mark is a significant part of our drive both to recruit the best talent in our sector, and underline our commitment to increasing the accessibility and diversity of our internships”

Sara Reading, Head of Graduate Recruitment KPMG

WHAT WE THINK

By investing in the quality of the experience, employers can ensure that they are giving interns the chance to prove their employability even further, and help them to contribute even more usefully to the workplace. Independent recognition of this quality will enable interns to clarify which organisations will not exploit them, but offer exceptional workplace experiences.

CLEAR RATIONALE FOR PAYMENT

- Only **9%** of people agree with the idea that interns shouldn't be paid as the experience is payment enough
- **84%** of people who knew about internships didn't realise that unpaid or expenses only internships might be breaking the law
- **52%** of top, senior and middle managers said that the main reason companies take on interns is to identify potential new talent for the organisation. **17%** said the main reason was to get work done more cheaply.

The argument for not paying interns is seen as mainly irrelevant by those who took part in our research, and many employers saw taking on interns as part of their recruitment process rather than a money-saving exercise.

However, the legal requirement to pay a worker (whether they're called an 'intern' or not) is still not widely understood: most worryingly, only 10% of young people and 12% of managers know that unpaid internships may be illegal.

WHAT WE THINK

Taking on interns is very much a cost-savvy way businesses look to grow and expand as they prepare to recruit. With only a low number of businesses seeing internships as a cheap way to get work done, it is clear that the majority of companies are happy to pay their interns in order to cultivate potential talent. The people we talked to saw the argument about pay in internships as mostly irrelevant, the majority believing that internships should be paid. Yet worryingly there remains an area of confusion around the legality of not paying interns, with a significant number of young people and managers not understanding the legal obligation to, in most cases, pay interns doing work.

A REAL BUSINESS CASE

- **85%** of people thought that the interns in their organisations were useful to the organisation
- Interns are offered permanent positions in **74%** of the organisations which take them on
- Out of a sample of 218 top, senior and middle managers, **95%** believed that interns were useful to their organisations
- **83%** of top, senior and middle managers said that their organisations offered permanent positions to its interns in organisations that took on interns
- **52%** of top, senior and middle managers said that the main reason companies take on interns is to identify potential new talent for the organisation. **17%** said the main reason was to get work done more cheaply.

The business case for internships is one that saves organisations of every size money and time. By training up young people as interns to be 'work ready', companies cut down on recruitment time and costs, save time on training up a new member of staff and benefit from a larger and more diverse pool of talent when they need to recruit.

WHAT WE THINK

The majority of employers see taking on interns as tapping into enthusiastic talent to help them achieve their growth or delivery goals in a cost-effective way. Risk is also managed by the flexibility that a structured internship offers employers in managing staffing levels. Instead of thrashing out an argument about paying interns, we should be focusing on how we help employers achieve a healthy ROI and a plethora of other benefits from taking on interns.

Suggestions

The current focus on internships should enable us to move on to potential solutions to the problems faced in internships, rather than re-hashing the same arguments time and again.

That's why we've come up with a number of suggestions for improving the usage of internships in the UK. Everyone should be playing a part in making internships more open and accessible.

Government

- Provide targeted support and clear information about internships for SMEs.
- Effectively enforce the National Minimum Wage legislation.
- Create a centralized recruitment system for internships in Westminster.

Employers

- Larger employers to lead by example and foster partnerships sharing interns and internship good practice with smaller organisations.
- Employers to commit to investing in young people rather than potentially exploiting them by understanding their legal responsibilities to interns and offering a good-quality experience.

Universities

- Link up more effectively with local employers, ensuring internship opportunities can be offered to those who might not be able to travel to London to do an internship.
- Communicate with students to ensure they fully understand the implications of exploitation in the workplace, and what they can do to address this.

Interns

- Ask your employer / potential employer what you will be expected to do and consider whether this seems reasonable.
- Let us know if you find fantastic internship programmes and we can accredit them so that other interns can find out about them.