

Interns in the Voluntary Sector

Time to end exploitation

Intern Aware and Unite the union



**TRAINING AND
ENTRY LEVEL JOBS**

EQUAL OPPORTUNITIES

**EXPLOITATION
AND ELITISM**

FAIR PAY



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EXECUTIVE SUMMARY

- Unpaid internships are widespread in the third sector.
- The legal uncertainty about volunteering in NMW regulations is being used to avoid paying interns in the sector.
- Internships are widely viewed as the entry-point to third sector jobs.
- There appears to be a large difference in quality between internships, with paid internships usually offering a better experience, both for the intern and the organisation.
- By not paying interns, third sector organisations are excluding many high quality applicants, undermining ethical aims of the sector and equal opportunity in the economy as a whole.
- The growth of unpaid internships has meant a reduction in entry level paid work in the sector.
- Intern Aware and Unite the Union are calling for an end to unpaid internships and the reintroduction of paid entry level jobs in the sector.

FOREWORD

For young people wanting to start a career in the third sector, unpaid internships have become a fact of life. Charities and voluntary organisations facing tight budgets appear to be cutting the wages of their most junior staff the fastest, meaning staff positions that once would have been paid a proper salary are now being filled with unpaid interns. **Unite the Union and Intern Aware** believe that this situation disadvantages young people who cannot afford to work for free, and is bad for the sector as a whole, which is losing talented and hardworking potential employees due to unpaid internships.

The UK is at risk of creating a society that discriminates against those who are unable to intern for free for long periods of time. With the majority of national charities and voluntary organisations based in London, those who cannot afford the spiralling rents in the capital can't get the opportunities that they deserve. The third sector exists to serve and improve the society in which we live. It cannot afford to exclude people based on their economic background and ability to work in London for free.

We believe the solution is simple. Structured, paid internships and training schemes are better for young people and are better value for employers, who will get higher quality and more motivated applicants. Where there is proper planning of the role and workers are given decent terms and conditions these young people will bring real energy and fresh new ideas to an organisation.

Unite the Union and Intern Aware are calling for an end to unpaid internships in the third sector and the re-introduction of paid entry level jobs. This report sets out the attitudes and experiences of young people trying to get a foothold in charities and voluntary organisations in the UK and explains why all interns must be paid a fair wage.



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INTRODUCTION

Finding entry-point employment in the third sector has become increasingly difficult. This report shows that whilst unpaid interns keep many organisations afloat, these internships have stripped-out graduate, entry-level positions in the sector. This has had the damaging effects of excluding many able people from careers and undermining equal opportunity in the sector as a whole.

The internship experience for students and graduates can offer valuable insight, skills and contacts, which for the lucky few may lead to a job. For the unlucky however, internships lead to cyclical, indefinite and often poor quality, unpaid work.

Unlike unpaid internships in other sectors, there is much less criticism towards charities that have unpaid interns. There is a legal grey area surrounding unpaid work in voluntary organisations because of the National Minimum Wage caveat for volunteers. In addition people often believe charities are more worthy to receive unpaid support because they are attempting to achieve social good. However, this lack of criticism and often unwarranted sympathy is at the expense of the sector truly investing-in and valuing young, talented potential recruits.

This briefing paper considers the forms and impacts of unpaid internships in the UK today, with an exclusive focus on the third sector. Despite such a high volume and broad range of internships existing across voluntary organisations, there has been little-to-no research on what unpaid internships look like in the sector – a sector which is viewed as leading on activities, policies and actions that are ethical and for the greater good. As youth unemployment races past the 1 million mark, young people are facing an increasingly difficult task getting a first foot on the career ladder, particularly in the third sector. The time has come to reveal and critique the role charities play in hindering social mobility, contributing to social inequality and fuelling inaccessibility.

We propose a phasing out of unpaid internships in the third sector. This is especially urgent for the large, national charities, some of which have turnovers in the tens of millions, that often have a youth/poverty-focus, yet continue to perpetuate inequality amongst the nation's youth through offering unpaid internships that sometimes last over a year. Further, the research reviewed in this paper illustrates how neither charities, or interns, are guaranteed to benefit from unpaid internships because charities do not necessarily invest much in the internship experience, resulting in interns getting very little out of it. By paying interns, charities value interns' contributions and both parties are more likely to gain from the arrangement.

We think these changes can be achieved in conjunction with trade unions, student unions and government. We understand that the sector is diverse, and many organisations are feeling the squeeze because of public spending cuts, which is why a one-size fits all approach would not work. However, unpaid internships in the third sector can no longer go unquestioned – the exploitation, even amongst some of the most admirable, effective and relied-upon charities does exist, and it must be exposed and remedied.

1. ORIGINS OF INTERNSHIPS

a) A US export

For many students and graduates, internships have become somewhat of a norm – a phenomenon that seems to have existed for as nearly as long as university has been mainstream. In actuality, the term ‘internship’ originates from North America – used to refer to when university students, predominantly in the medical profession, ‘intern’ in various departments or fields for work experience¹. Such work experience is considered as an opportunity to bridge the gap between classroom learning and the workplace. In terms of third sector internships specifically, dating back to as early as the 1970s, internships have been an integral part of university courses, viewed as an opportunity for students to make a positive impact through civic engagement, as well as equipping students with practical skills for future employment. Third sector internships in the US are viewed as mutually beneficial – students provide vital volunteer manpower in their local communities and the skills developed through volunteering complement the educational experience.

Internships in the UK have no grounding in the law

Despite internships being a common and entrenched aspect of university for many in the UK, there is not legal grounding for the term. The National Minimum Wage (NMW) Act outlines a hierarchy of employer-employee relationships, with ‘employees’ having highest status and protections, ‘workers’ second and a legal carve-out for ‘voluntary workers’ and ‘statutory bodies’, which includes pay exemption to protect volunteer activity within charities². This legislative caveat has complicated whether internships in the third sector should be deemed as formal work, and the only avenue that has been used to challenge unpaid internships is through employment tribunals³. There may indeed be circumstances where an ‘intern’ could be classified as a ‘worker’, which means that such individuals could be entitled to the NMW. Such circumstances depend on if the ‘volunteering’ mimics

employment, for example: having set working hours, tasks, deadlines and reliance on the individual for the everyday functioning of the organisation. As the Chartered Institute of Personnel and Development’s ‘Learning and Talent Development’ survey report illuminates, the volunteer/worker distinction is hugely important as charities may couch an internship as a volunteering opportunity, but do so to circumvent paying a wage⁴.

b) Internships in the voluntary sector are under-researched

Internships in the voluntary sector are rarely researched, written about or reported on, which means gauging the quantity and quality of internships across the sector is unattainable. However, some conclusions can be drawn from the research undertaken for this paper which includes: a non-representative survey of current students and recent graduates with over a 200 response-rate, media coverage, and in-depth interviews with variously sized charities.

One small study by Christie provides a glimpse into third sector internships, where higher education career consultants and charity HR staff were surveyed, and 30+ graduates working in the sector were interviewed. This research showed that most internships undertaken were unpaid, and were to a large extent, a prerequisite to work in the sector⁵. Specifically, over two-thirds of interviewees who worked within charities were volunteers previously⁶. What makes internships in the third sector in some ways more exclusive than internships in the private and public sectors is that charities will often by default not pay interns because of the volunteer caveat in the NMW Act. Importantly, many people will not even question not being paid. However, by not paying interns, the third sector is losing out on talented people who cannot afford to work for free. As many charities’ headquarters are based in London, the expense of living in the capital city leads charity internships to become the reserve for those who have parents who can cover costs. Attempting to gain a ‘foot in door’ of the third sector comes at a cost: unpaid work for a considerable time that won’t necessarily guarantee employment.





c) Unpaid internships in the third sector are widespread

Unpaid internships have become a common feature of completing a degree. Out of the 206 student/graduate respondents surveyed online, 72% had undertaken an internship, and of those, just under half had undertaken 1 internship, and almost half had undertaken 2 to 3 internships. These findings are consistent with employer surveys conducted by the CIPD which estimates that three-quarters of employers retain interns, with over one-in-five planning to hire more interns between April and September 2010⁷. Lawton and Potter note that this is “equivalent to 280,800 organisations across the UK, potentially offering 250,000 internship places over the [2010] summer⁸.” For students and graduates across the country, the need to undertake an internship has become normality.

Further, such internships are comparable to standard forms of employment because of the typical number of days and hours worked per week. The most common internship duration amongst survey respondents was 1 to 3 months (47%) followed by 3 to 6 months (23%). Many of these internships are comparable to full-time employment as 48% of those interns worked full-time for 5 days on average, whilst 33% interned for 3 to 4 days and nearly two-thirds worked full-time hours (7-9 hours average per day). The hours and days worked by intern-respondents are incredibly similar to full-time paid jobs, because of the rigidity and levels of required commitment.

As such little research exists specifically about internships in the third sector, not much is known about how many people intern in charities. What was clear from the online survey of students/graduates though, was that unpaid internships in the third sector are common. The survey of interns revealed that the most popular field for an internship to be undertaken was the charitable/NGO sector (52%), followed closely by the public sector (48%) then the for-profit sector (29%). This suggests internships in the third sector are potentially more popular than expected.

d) Unpaid internships in the third sector are diverse

Just like the voluntary sector as a whole, unpaid internships are incredibly diverse. Some interns in charities might be amongst only a few members of paid staff, undertaking tasks which keep the organisation running day-to-day, whilst others take part in rigid, 12 month internship programmes, interning with charities that have national recognition and global scope. Such diversity in the types of internships available also means there’s diversity in quality – some interns will be gaining deep insight into the sector and developing sector-specific skills, whilst others might be on the periphery, completing only administrative tasks.

¹D’Abate, 2009:529; Fieldman and Weitz, 1990:268

²Simpson, B., (1999)

³Lawton and Potter, 2010

⁴CIPD, 2010

⁵Christie, 2008

⁶Ibid

⁷CIPD, 2010

⁸CIPD, 2010

2. IMPACT OF UNPAID INTERNSHIPS: TO THE INTERN

Internships, if structured well, have the ability to provide a vital stepping stone into the third sector by providing insight, skills and experience that charities value. Further to that, interns may feel that unpaid internships in the third sector are more justifiable than unpaid internships in other sectors because of budget constraints, the positive, ethical outcomes that can be achieved through charity work, and the grass-roots, community-based nature of many smaller charities. However, the diversity of the sector means that unpaid internships do not necessarily offer vital work experience, or equip young people with the skill-set to succeed in gaining meaningful employment. To the contrary, the sector which is meant to lead in ethics and achieving social good, often contributes to the exploitation of an eager, passionate and vulnerable graduate pool.

a) Students and graduates see the value of gaining workplace experience via internships

The notion that internships were central to career development shone through survey results of current students and recent graduates. Most respondents saw improvements to their career prospects as a direct result of undertaking an internship, supporting earlier suggestions that internships have a double-edged benefit to develop individuals and aid employer recruitment processes. The results clearly show that most interns think they did benefit in some way from their internship experience - 60% said that they did. Of the respondents that thought they had benefited from internships, nearly all thought that the experience provided valuable insight (87%) and relevant skills/knowledge (80%), as well as gaining experience in working life (67%). Around half of the respondents thought that internships provided support with careers (53%), as well as practical training (47%) and a potential job (41%).

It was evident from the final, open-ended question of the survey conducted for this report that most respondents recognised viewed internships as a necessary means to an end, with a clear trade-off: gaining valuable experience at the expense of fair access:

"I would be prepared to do an unpaid internship if I hadn't found paid ones. The pay is irrelevant to me. It's an investment in your future, just like education is."

"[Internships are] beneficial in getting a job out of college. Without internships it's impossible to get a real job today."

"They give valuable insight and if approached well they are a platform to network and develop confidence to reach the next stage. I have a job now because of it. My employer was not connected to any of my internships but was extremely impressed by my working knowledge and network."

b) Interns have sympathy with charities not paying

There is less criticism about unpaid internships in the third sector, in part because of the lack of clarity around legislation and pay, and because the charities are deemed as being more worthy of unpaid support. Indeed, respondents to the survey conducted for this report thought that for small NGOs/charities, considerable financial restrictions make unpaid internships more understandable:

"I think unpaid internships certainly have their place, particularly in the non-profit sector, but there has to be a formal programme whereby an intern is guaranteed to gain worthwhile experience."

However, it was still argued that if charities can afford to pay, they should:

"I had a relatively good experience as an intern, as I ended up being offered a permanent, paid job there. As I was working for a small charity, it was more defined as volunteering and it would have been unfair to demand a salary from them. However, if the charity can well afford to pay interns, they should."

There was also scepticism from several respondents about charities using the NMW caveat for volunteers. Respondents tended to see the difference between traditional forms of volunteering and working in the HQ of a charity:

"Not being paid for the work you do is demoralising and charities use the minimum wage legislation as a get out clause - it is not genuine volunteering."

"In the case of charities, there is a distinction to be made between local, financially small charities and larger ones. Those larger ones, who mimic businesses in their managerial outlook, have a responsibility to pay interns like any staff that undertake work for them. It is possible to distinguish where 'volunteering' ends and 'internships' replacing the work of previously paid staff, begins."

c) Interns believe they deserve fair pay

Despite many interns living with the financial burden of being unpaid in order to get practical work experience, when respondents were given the opportunity to choose a level of pay they believed was appropriate, nearly two-thirds thought at least the minimum wage was fair. Over one third thought an hourly living wage rate was most appropriate (37%), and nearly a quarter suggested the NMW (24%). The message is clear: university students recognise that they could potentially gain a considerable amount from interning, and they are sympathetic of the sector's budgetary constraints, but interns also recognise that they make valuable contributions whilst interning, and they deserve pay that is reflective of that contribution.

d) Internships are a double-edged sword: Necessary to gain future employment but detrimental for equality of opportunity

It is fair to say that unpaid internships in this economic climate have become an everyday reality for current university students, providing an important step into a future career, whilst also being elitist by nature. This sentiment is reflected in the final open-ended question of the student/graduate survey which illustrates that only very few out-rightly viewed unpaid internships as purely beneficial, and most viewed internships as having juxtaposed outcomes. Most responses couched unpaid internships as a necessary evil; providing vital experience for career development whilst also being exclusive to those who receive financial support to undertake them.

There was also an overwhelming sense from a majority of respondents that internships were becoming the norm, but at the detriment to social mobility, social inequality and fair access:

“Unpaid internships exploit those who do them, and reduce social mobility for those who can't. Paid internships are becoming the new entry level job all over Europe. I have done three in three different European countries. It's just an excuse to get cheap, young, desperate labour.”

The perspectives of respondents to the survey conducted for this report about inaccessibility, reduced social mobility and entrenched elitism caused by unpaid internships, is shared by academics and politicians alike⁹. Alan Milburn MP's report into social mobility concluded that entry routes into certain professions have narrowed because of unpaid internships, with some professions becoming more socially exclusive:

“Internships are accessible only to some, whereas they should be open to all who have the aptitude. Currently employers are missing out on talented people – and talented people are missing opportunities to progress. There are negative consequences for social mobility and for fair access to the professions.”
(The Panel on Fair Access, 2009: 99)

Unpaid internships create an obstacle-course of challenges for those who don't have good social networks and can't afford to work unpaid, which has a knock-on effect on social mobility. Where university attempts to tear down unequal barriers for those from lower socio-economic backgrounds, unpaid internships create new, rigid blocks for those attempting to enter certain professions - trapping those who can't afford to work for free in lower status job roles with lower salaries. And indeed, social mobility in the UK is argued to be relatively low and slowing¹⁰. The third sector specifically is fraught with obstacles because of the commonality and the necessity of undertaking an unpaid internship to gain employment. Unpaid internships, as highlighted by survey respondents, contribute to increased inequality amongst students/graduates from different socio-economic backgrounds, exacerbating inequalities at the higher education level.

e) Unpaid internships in the third sector exploit eager and committed people

Whilst unpaid internships are viewed by students and graduates as necessary and potentially beneficial, their exploitative nature is also recognised - even in the third sector. Unpaid internships too often take advantage of eager and committed people, making young people go above and beyond the call of duty to prove their worth in a particular industry. Investigative news reports often find that exploitation is commonplace, with interns expected to work long hours, receiving little or no training¹¹, and undertaking tasks which a paid employee should be responsible for¹². Furthermore, whilst an accurate figure of the amount of unpaid interns is absent, The Guardian reports a poll of 1,400 recent graduates, undertaken by the National Council for Work Experience which found that “66% felt obliged to work unpaid”, and “67% felt 'exploited,' or 'undervalued.’”¹³

Charities' ability to exploit eager students and graduates was acknowledged by the student/graduate survey respondents: A majority of respondents that interned for expenses-only, clearly thought that unpaid internships were not justifiable (53%), whilst the remainder of the respondents had split opinion – 23% thought they were justifiable, and 23% were unsure. This illustrates the conflicting perspectives on whether unpaid internships in the third sector are more justifiable than those in other sectors. What is evident however from the final open-ended question of the student/graduate survey was that many thought unpaid interns had been utilised to replace paid members of staff – something which was viewed as inherently exploitative:

“Not being paid for the work you do is demoralising and charities use the minimum wage legislation as a get out clause - it is not genuine volunteering. Both my internships were used to plug vacancies in the organisations I was working for - while it gave me a great deal of experience I should have been paid for the work that I did.”

“[T]he third sector depends on volunteers and interns very heavily, many of them recent graduates. In my experience I have been expected to manage the workload of a fully-paid member of staff and yet receive no pay. Unpaid internships are also far from accessible. The only reason I was able to survive without pay was because I'm lucky enough to have parents that live in London with whom I could live rent-free. Even then I had to work in a shop to cover my travel expenses from Zone 5.”

From existing blogs, research, news articles and the student/graduate survey responses, it seems that internships are viewed as having the potential to provide valuable skills, experience and knowledge for the future workplace, and unpaid charity internships are considered more reasonable. However, interns themselves emphasise that unpaid internships are distinct from volunteering opportunities because of the level of commitment required and the reliance on interns to provide vital work for organisation. Markedly, exploitation is still felt by interns in the third sector who desperately seek to enter the sector and prove their worth.

⁹Rainford, 2010; Heath and Potter, 2011

¹⁰Blanden et al, 2005

¹¹The Guardian, 30th May, 2011

¹²BBC News, 2010; New Statesman, 2010; The Guardian, 4th November, 2011; The Guardian, 4th November,

2011; Malik, 2012

¹³Guardian, 2009

3. IMPACT OF UNPAID INTERNSHIPS: TO THE SECTOR AND BEYOND

Unpaid internships in the third sector breeds elitism, and only provides guaranteed access to jobs for those who can afford to work for free for anything from 3 to 12 months. As a result of this elitism and inaccessibility, the sector is losing out on talented, passionate and committed young people, and instead runs the risk of becoming a sector reserved for those from wealthy backgrounds. The sector also puts itself at danger of looking hypocritical and juxtaposed: charities, which are perceived as leading in ethical activity, are actually exacerbating existing socio-economic inequalities – something which more people, politicians and media outlets are finding difficult to comprehend. Further to that, what tangible skills and development unpaid interns get out of their internship experience is questionable – indeed the non-paying charities themselves are doubtful that either party benefit.

a) Most organisations clearly define interns as distinct from 'traditional' volunteers and employees

Interestingly, most of the charities interviewed saw a clear difference between interns and volunteers, or employees. Only one large organisation which did pay had a definition and policy relating to 'interns', with the aim to attract those who have "recently graduated and would benefit from an internship."¹⁴ Two larger organisations¹⁵ did not utilise the term 'intern' for their volunteer programmes targeted at graduates, with one charity stating that "all unpaid basis work is classified as volunteering."¹⁶ This charity also stated that this had recently changed, with adverts not seeking 'interns', but only 'volunteers'¹⁷. This altered opportunity title supports previous suggestions that some charities attempt to circumvent paying interns through clearly defining them as volunteers, even if they are essentially interns, or arguably workers who should be paid the NMW. In fact, the non-paying charity interviewees commonly used the attribute of flexibility as a reason for defining these experiences as something

other than employment. One large charity noted clear differences between a volunteer and worker: "the expectations...are very different – a volunteer has real flexibility around length of time spent there and days worked, and volunteers look to get something out of it for themselves."¹⁸ Nearly all the interviewed charities recognised that interns do not necessarily get access to the same rights and privileges as employees, even if they are paid¹⁹. This illustrates how internships in the third sector are complicated, with some charities being quite calculated by intentionally changing the title of positions to restrict pay, or restrict rights.

Even if charities decide to reframe 'internships' as 'volunteering' it is important to reiterate that no legal framework for 'interns' exists, and the volunteer carve-out in the NMW only applies to those who have no set obligations to work certain hours or days, or complete set work with deadlines. Despite the non-paying charity interviewees explicitly stating that interns work full-time days/hours, for a set period of time, they did not recognise that the internships still may be illegal. Even if the terms of volunteers are more flexible than normal employees, the very notion of an internship/volunteer opportunity mimicking employment could trigger the NMW.

b) Even if the charity is bigger, the charity is not more likely to pay interns

From interviewing a diversity of charities with variously sized turnovers and staff-teams, it is apparent that there was not necessarily a connection between size and likelihood of paying interns. To the contrary, most of the large interviewed charities did not pay their interns, and several of the smaller organisations ensured that they did pay.

It is a travesty that some UK-based charities, with multimillion pound turnovers, refuse to pay interns at least the NMW. This perspective was supported by a small charity which had recently decided to pay interns, despite the staff team being less than 10. This charity emphasised that not paying interns is an active choice, and for those who can afford to pay interns, they should²⁰. So whilst some charities may think they are



just exercising the volunteer caveat in the NMW Act, charities are not behaving responsibly. In addition, it does seem difficult to justify not paying talented, committed, hardworking interns when some of the non-paying charities have a poverty/inequality focus.

c) If charities pay interns, the work they're given contributes more directly to organisational aims

Of the 7 charities of various sizes and scopes interviewed, interns were utilised for a wide variety of tasks and roles: some interns contributed directly to core work and organisational aims, whilst others who were described as fulfilling an 'auxiliary' function, undertook non-core activities and very much sat on the periphery of the charity.

All of the charities ran internships from their central offices, and it was evident that pay was correlated with the work given: if interns were paid, their work was treated as an important and valued; if interns were not paid, their contribution was seen as far from essential. The non-paying charities suggested that interns' work "adds depth to current work," but the intern would not do "what should be a paid job", as it would be "an auxiliary or additional function."²¹ For one large national charity, and one small London-based one, unpaid interns' work contribution was viewed as minimal: "in terms of output there is little to show for it".²² Similarly, the other claimed that volunteers' input is questionable" and was dependent on "who you get...someone who volunteers can take up almost as much time in management as it takes it to do it yourself".²³ One could suggest from these findings that unpaid/expenses-only paid interns are likely to be viewed more like a volunteer, because interns' roles do not support the day-to-day running of the charity.

For charities of various sizes that do pay, interns were viewed as fulfilling a core function, directly contributing to organisational aims. One small intern-paying organisation stated that "each internship is core and integral to the work and aims of the organisation" and are regarded as "key members of the team".²⁴ It could be suggested that not paying interns is a vicious cycle: unpaid internships are likely to lead charities to generate non-essential/non-core tasks for interns; likewise, this non-core intern-function leads organisations to view the intern-charity relationship as imbalanced with more benefit obtained by the intern/volunteer, further reinforcing justification to not pay. On the contrary, intern-paying charities are likely to consider internships as directly contributing to organisational aims/work, which may ensure the internship relationship is equally beneficial for both parties.

This inference was also emphasised by interns themselves in the student/graduate survey:

"I've done one paid and one unpaid [internship], and the paid was undoubtedly better but not for financial reasons. Because the organisation had invested in me, I was treated as a valued member of the team and as a result got a lot out of it. At the unpaid placement, I struggled for attention and meaningful tasks, and in a way felt like a work experience kid from school rather than an adult with a meaningful contribution to make."



It seems fair to say that it is highly dubious that charities do not benefit from unpaid interns; the perspective that charities do not have an obligation to pay because they believe they are doing interns a favour and the value is in the experience alone, does not hold. Just like charities benefit from volunteer contributions, recruited interns are likely to also make a valuable contribution, especially as they are likely to work similar hours to an employee - even if they are not undertaking 'core' work.

d) For the organisations that do not pay interns, a 'typical' profile of the average intern is commonly found

The interviewed charities which did not pay interns more than expenses-only, commonly sketched-out a typical intern profile which hinted at the elitism of unpaid internships. The variously sized charities that did not pay described common intern attributes as: attending a Russell Group institution, studying a relevant social science subject, under the age of 30 and from a middle class background. This is contrary to the organisations that do pay interns at least the living wage, with those charities stating that there is no 'typical' intern profile; instead, there are a diverse range of candidates and interns recruited as a result.²⁶ One charity in particular was certain about the impact of pay, and noted that "charities would be losing out on some very good potential employees by not paying."²⁷ Indeed a key motivation for the charities that did pay was to increase diversity - this was the case even for small interviewed charities with relatively small turnovers/budgets.²⁸

¹⁴Charity 5, 2012
¹⁵Charity 1,7, 2012
¹⁶Charity 1, 2012
¹⁷ (Ibid)

¹⁸Charity 1, 2012
¹⁹Charity 1,3,4,5,7, 2012
²⁰Charity 2, 2012
²¹Charity 1, 2012

²²Charity 3, 2012
²³Charity 1, 2012
²⁴Charity 2, 2012
²⁵Charity 1,3,7, 2012

²⁶Charity 2, 4,5,6, 2012
²⁷Charity 5, 2012
²⁸Charity 2,4,6, 2012

e) It is recognised that unpaid internships are at odds with perceptions of the third sector being the 'ethical sector'

For most charity-interviewees, the importance of living up to organisational ethos and mission in the most holistic sense was stressed. For one large intern-paying charity, internships adhered to challenging minimum wage income scales as for other staff, because the organisation itself had a focus on poverty-reduction.²⁹ Furthermore, for this large charity, and several other small organisations, all specifically stated that the trustees felt uncomfortable not paying interns, and therefore enforced payment.³⁰ It could be suggested that as the third sector strives towards achieving social justice, charities are almost assumed to be ethical in all endeavours, including internal staffing matters and internships. Precisely because charities are recognised widely for contributing to the 'social good', they may be expected to not be engaged in anything subjectively viewed as not for 'social benefit'. This view is consistent with some survey respondents who explicitly commented that unpaid internships – even in the third sector – were inexcusable.

f) The charities that do not pay interns recognise the potential for reputational damage

For the interviewed intern-paying charities of various sizes, it was identified that reputational damage could result from openly advertising for unpaid interns, which made not paying interns, not worth the risk.³¹ For the charities that did not pay, such as one large national charity that had previously advertised unpaid internships on websites, a conscious decision has been made to use more established channels such as university departments, because "some central office teams didn't think it was appropriate."³² In the case of one small organisation who recently made transition to pay, bad press had been received because of the perceived hypocrisy of hiring unpaid interns whilst campaigning for ethical employment practices³³.

The concern for reputational damage illustrates fundamental differences between unpaid internships and volunteering, as volunteering is an integral part, and indeed a compulsory attribute of charities.³⁴ The fact that leading charities of various sizes see the potential negative outcomes of not paying interns, suggests that charities are either complicit in intentionally avoiding paying by claiming to be appropriately using the NMW caveat, or are unaware of the implications of not paying an intern if they are technically deemed to be a worker – both of which reflects badly on the sector.

d) Unpaid internships in the third sector have wider labour market implications

Consistent with many student/graduate survey respondents, there was consensus amongst charity interviewees that not paying interns could have wider negative social and economic outcomes, particularly for accessibility, equality of opportunity/outcome and social mobility. Even the organisations which did not pay interns recognised the wider implications: "Internships aren't fair... [n]ot everyone can afford to do them because some people might not have access to networks or can

afford to live in London unpaid."³⁵ In terms of wider labour market implications, many interviewed charities realised unpaid internships' ability to reduce entry-level positions in the sector. One non-paying charity suggested that unpaid internships have the ability to depress wages and reduce paid employment opportunities.³⁶ So, unpaid internships are not only damaging in the short-term for students and graduates who are finding it increasingly difficult to access paid jobs in the sector - unpaid internships are also damaging in the medium to long-term, dramatically altering available job opportunities.

The negative labour market implications of unpaid internships is something interns commented on in the student/graduate survey:

"I think they don't actually provide you with a step up on the career ladder - they stop real jobs from being created."

"The job market is so dire for young graduates these days. Many look for junior paid positions - essentially a small step on the ladder - only to find unpaid internships are all that they are considered qualified for. Prior to graduating I had reams of office experience, voluntary experience abroad and in the UK. However, I spent 12 months interning for three separate organisations before securing a full-paid job at one of them (through open and external recruitment, and for a measly £18,600 a year). In short, unpaid internships are a travesty!"

"In certain sectors (definitely third sector) it is essential to get a job. I managed to find work within a month of finishing my internship whereas I had spent about 4 fruitless months before it failing to get a job. This does not mean they are not exploitative. I was working full time, doing work that would have had to have been done by someone on the pay roll had I not been there, with no prospect of a paid role at the end of it. They are regressive as only the fortunate can do them. I was lucky enough to have family who live in London who I could stay with parents willing to support me financially."

Graduates are becoming disillusioned with gaining employment in the sector, despite persistence in attempting to gain a paid position:

"When I first graduated, I was under the impression that doing an internship would mean that I would have a greater chance of getting a job in the 3rd sector. However, after interning for 6 months, then another 2 years of various other voluntary roles this is clearly not the case! It does also seem slightly unfair that charities are exempt to paying NMW etc. when they still often require a lot of commitment, if they can afford to pay their interns they should."

"My internship was useful for my career, however I was in a position to take an unpaid internship and many are not as fortunate. I find this hard to stomach as so in order to get into the charity/INGO sector you need internships and many who feel passionate about a cause may simply be unable to attain their dream job because they can't afford to take on an unpaid internship."

²⁹Charity 5, 2012
³⁰Charity 2,4,6, 2012
³¹2012

³²Charity 1, 2012
³³Charity 2, 2012
³⁴Kendall, 2003

³⁵Charity 1, 2012
³⁶Charity 3, 2012

4. RECOMMENDATIONS

The findings from the research reviewed in this paper point to clear conclusions: an hourly rate of pay could be deemed as the most appropriate form of pay because this recognises that internships are a form of in-work training, potentially for a specific field, whilst also being valuable for the voluntary organisation. Evidence suggests – from interns and charities – that if interns are not paid, neither party gain much from the experience. Unpaid internships – either named or presented as ‘volunteering’ opportunities – should eventually cease to exist. The NMW caveat for volunteers is too often used inappropriately, and creates insurmountable barriers for talented, young graduates to enter the sector. Further to that, there are distinguishable differences between volunteering and internships - the major difference being levels of commitment, regularity and tasks.

1 Interns in the third sector should be paid at least the minimum wage

- Large national charities, which have turnovers in the tens of millions should be the first to pay interns at least the NMW – not paying interns is a budgetary choice, and if a charity has the ability to pay, it should.
- Charities, particularly those with a poverty/inequality/youth focus, should pay interns a fair wage to avoid reputational damage by appearing inconsistent with wider organisational aims.
- Small charities with staff-teams of less than 10 are more likely to find paying interns a challenge, therefore, such charities should avoid recruiting unpaid interns and should rely on support of genuine volunteering - this can be regular, but not be a daily, rigid programme which mimics an internship.
- Government should invest more time in enforcing the NMW, via checks of charities, and advertisement scanning to assess legality.
- Charities should endeavour to pay the living wage, as this would reduce inaccessibility further for those from lower socio-economic backgrounds, particularly for internships in London where a NMW pay-rate would not necessarily be sufficient to cover costs.

2 Entry-level positions in the sector should replace unpaid internships

- The third sector should consider feasible options to re-introduce entry-level positions which currently are unpaid internships – for example, 12 month unpaid internships could become training programmes for specific fields that are paid a decent wage and provide a real stepping stone for graduates to enter the sector.
- Entry-level programmes and positions should be well structured to truly provide on-the-job experience for graduates, as well as ensuring good investment for the charity by harnessing and developing talented, committed and highly educated young people.
- These positions, as with paid internships, should be advertised and recruited for in a fair, accessible and open way to ensure that all fresh graduates passionate about the third sector, have the opportunity to shine.

This was something supported from the intern survey respondents:

“Internships could do with a clear route to employment. Many organisations, especially in the NGO sector now routinely use interns to fulfil roles that actually require permanent employees. Internships with clear plans to assimilate candidates into the system will be much more beneficial.”

3 Further research and the collection of data should be made a priority

- Further research to ascertain the volume and quality of internships in the third sector should be prioritised, as currently most research is around the private and public sectors.
- If possible, there should be a combination of surveys to gain headline statistics about who interns, for how long and why, but also more in-depth, longitudinal research, to consider the long-term outcomes of interning.



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