



Research Brief

Internship or Indenture?

2: November 2014

Internships have become a prominent feature of the UK jobs landscape. For many professional careers there is now an expectation that graduates will go through an internship (or even several internships) before starting a full-time paid role. This has led to growing concern about the extent to which internships are paid, and the impact of unpaid internships on social mobility.

What is an internship?

There is no concrete definition of what constitutes an internship. However, [a recent report by the Institute for Public Policy Research \(IPPR\)](#) points out three ways in which they differ from other forms of work experience:

1. Length: Internships tend to last months rather than weeks, with some lasting up to a year
2. Time commitment: Interns are often expected to keep the same full-time hours as other members of staff
3. Work expectations: Internships are not training courses. In most cases interns will be expected to do real work for the organisation – work that would otherwise require a paid member of staff. A recent YouGov survey of businesses found that [the majority of those using unpaid interns reported that the interns did work that was useful for the business](#)

This shows that internships have much more in common with early career jobs than they do with training courses or with other forms of work experience.

Internships commonly represent a first step on the ladder towards

Examples of unpaid internships

Intern for MP

Period: 6 months

Duties: administration, basic correspondence, diary management, fundraising, campaigning and related tasks

Salary: Reasonable travel expenses

Working on shopping and style desk for popular magazine

Period: 3 months

Duties: Writing content for Shopping and Style section, tweeting, blogging, editorial research, PR liaison

Salary: £2 a day subsidy for food and a 2-zone travel card

Allocation and Merchandising intern for high street clothing store

Period: 9 months

Duties: Collating and circulating important weekly analysis, allocating stock to stores and reviewing performance, analysing and controlling replenishment, identifying opportunities and risks and helping to maximise sales, communicating with buyers and stores regarding intake and stock issues

Salary: Expenses paid for zones 1 and 2

a professional career in the most competitive sectors, including fashion, journalism, politics, law, finance, and the charity sector. Because these areas are so competitive, employers are often able to offer internships as completely unpaid positions.

Paid and unpaid internships

Due to a paucity of good data, no firm figures have yet been published on the prevalence of unpaid internships. The Government has estimated that there are [up to 70,000 interns in the UK](#) (at any one time), with up to 15,000 of these being unpaid. The latter figure is based on a survey by the Chartered Institute of Professional Development (CIPD), in which 21% of businesses employing interns reported that interns were not paid. New calculations we have carried out using data on recent university graduates show that 31% of graduate interns in the UK report working for no pay.¹ Applying this proportion to the government's 70,000 figure would place the total number of unpaid interns in the UK closer 22,000. However, this is also likely to be a significant

underestimate given that graduate interns may be more likely to be paid than non-graduates.

Information on different sectors is also patchy. However, in his 2012 report on fair access to the professions, Alan Milburn noted that 63% of cultural and creative, 56% of media-related, and 42% of financial and professional services internships advertised on the Graduate Talent Pool website [were unpaid](#) (p.22). Only a fraction of all available internship positions are likely to be posted to this specific board; however these figures do suggest the scale of the issue in particularly competitive industries.

With a growing proportion of the population holding at least an undergraduate degree, relevant work experience is an increasingly important requirement for accessing graduate jobs. The 2012 Milburn report noted that not only was general work experience seen as vital by employers, but that access to graduate jobs was often reliant on specific experience with a given company. For example, Milburn cites figures from the Association of Graduate Recruiters estimating

that: “at least half of entry-level vacancies at City investment banks and leading law firms are likely to be filled by graduates who have already completed work experience with the employer” (p.21).

These issues make unpaid internships a serious and pressing problem for social mobility. The requirement to live for long periods without an income makes this vital route to the top professions available, not solely on the basis of talent or hard work, but on the basis of ability to pay.

In this Research Brief, we put a number on the cost of taking up an unpaid internship, and report the results of new polling of public opinion on this practice.

How much does an unpaid internship cost?

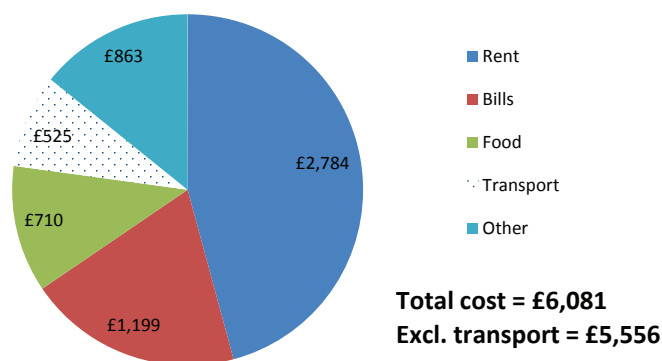
Taking on an unpaid internship means having to meet living costs for many months without an income. Here we examine the minimum necessary outgoings of a single person living in London, where the majority of the professions served by unpaid internships are based. These figures can be considered an estimate of the true ‘cost’ of taking an unpaid internship. They give us an idea of who might be able to afford to take up these opportunities.

Figure 1 estimates the minimum outgoings for an unpaid intern living in London for a six month internship. The total cost is £6,081, with the largest expenditures being on rent and essential bills. A [survey of employers commissioned by IPPR](#) suggests that most employers do reimburse interns for travel expenses. However, after excluding transport costs, total outgoings remain at £5,556, or £926 per month.

London is one of the most expensive cities in the world, so for comparison we also examined figures for Manchester. Cheaper rental costs in Manchester reduced the total cost for a six month unpaid internship to £5,078 (£4,728 excluding transport costs).

These costs clearly restrict unpaid internship opportunities to those with sufficient savings, or with access to family funding. Ideally, we would have information on the social backgrounds of unpaid interns; but

Figure 1. Estimated minimum outgoings required to live in London for six months (see Footnote 2 for data sources)



unfortunately good quality data on this topic simply do not exist.

As an alternative, we can compare the costs of an unpaid internship to estimates of individual cash savings. An independent living intern would require **at least** £800-1,000 per month. Data on cash savings in the UK are scant; however the most recent estimates from the ING Direct Consumer Savings Monitor (from the last quarter of 2012) put [median cash savings at £1,678](#). This means that the vast majority of UK residents are unlikely to be able to fund an independent living internship for themselves or for their children through savings.

Some commentators have suggested that interns without other resources should support themselves with part-time work. Figures from the [2013 ONS Annual Survey of Hours and Earnings](#) show the median pay for part-time bar workers (a typical part-time service job) as £6.50 per hour. Median weekly hours for this group are 14.7, giving a total monthly income of £414.05 – far below any reasonable estimate of living costs.

One way of avoiding many (though not all) living costs during an internship is to live with parents. However, this further restricts opportunities to young people with families in the relevant area who also have sufficient additional living space and the financial resources to support them. In [a survey commissioned by InternAware](#), only 12% of respondents thought that they, or a young person in their family, could afford to complete an unpaid internship.

Public attitudes toward unpaid internships

In June of 2014, we commissioned a survey to investigate public attitudes towards unpaid internships. The survey was conducted by Ipsos MORI through its Online iOmnibus and included 1,728 adults aged 16-75 in England.²

Respondents were initially asked what they thought internships of different lengths should pay. The results are presented in Figure 2. These figures show that, as the length of the internships increases, respondents are more likely to think that they should pay at least the minimum wage (currently £6.50 per hour). For internships of up to a month – close to what might be considered ‘work experience’ – half of all respondents reported that internships should pay less than the minimum wage (though only 13% thought they should pay nothing at all). For internships of four months or longer, increasing majorities of respondents thought that interns should be paid at least the minimum wage.

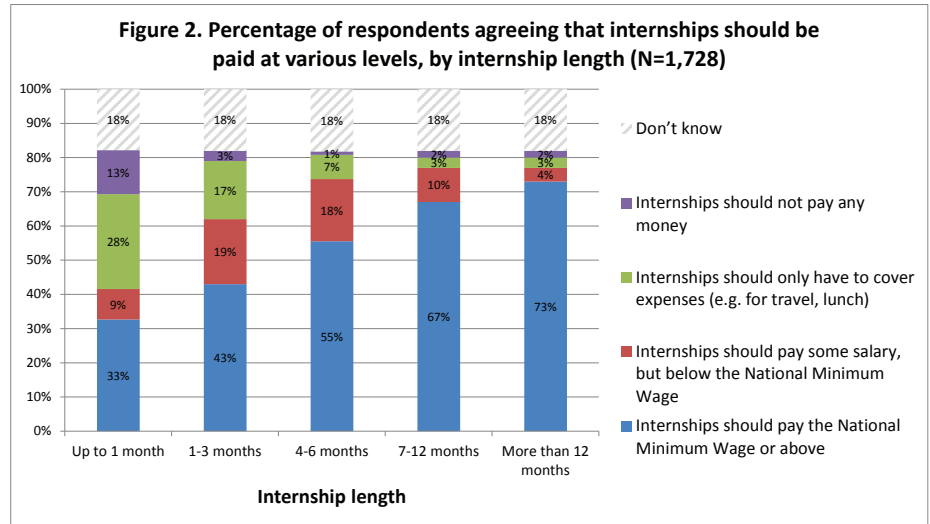
Figure 3 compares responses to this question between respondents at different income levels, specifically for internships of 4-6 months. This shows similar levels of support for paying interns the minimum wage across all income groups, with top earners slightly more likely to be supportive. There is a 10 percentage point gap in support between top and bottom earners; however this appears to be due to an increased proportion of those on the lowest incomes responding that they didn’t

know, rather than to increased opposition to paying the minimum wage.

Other interesting results from the survey show that responses were largely consistent across genders, ages, and geographical regions. There were some differences between different age groups, depending on internship length, with those over 45 largely more likely to support paying the minimum wage than those from younger age groups. However, these differences were too small to be significant. Particularly notable is that there were no strong differences by employment status, with those who were not employed being equally as likely to support paying interns the minimum wage as were those with full-time jobs.

We also surveyed beliefs about the *fairness* of unpaid internships. Respondents were asked to report the extent to which they agreed or disagreed (on a five point scale) with the following four statements:

1. "Unpaid internships are unfair because everybody working should be paid at least some salary"
2. "Unpaid internships are unfair because only people from wealthy families are likely to be able to work for a significant period without pay"
3. "Unpaid internships are fair because they provide young people with valuable work experience"
4. "Unpaid internships are fair as people who really want a particular career will find



a way to financially support themselves"

Figure 4 shows that, overall, consistent majorities of respondents (70%) agreed that unpaid internships were unfair, due both to the inherent unfairness of working without pay, and to the advantage accruing to those from wealthy backgrounds. The figures also show that these attitudes were largely consistent across income groups (there was also very little variation across other socio-demographic groups).

Overall, 24% of respondents agreed that unpaid internships are fair as they provide valuable working experience, whereas 15% thought they were fair because people wanting a particular career would find a way to support themselves. Contrary to the "unfair" statements, responses differed by income group, with those in the top income bracket significantly more likely than others to agree that unpaid internships were fair as they provide work experience.

Conclusion and recommendations

In the UK, elite and influential professions such as politics, journalism, law, and finance have been consistently dominated by those from the most privileged backgrounds. A [recent report by the UK government Social Mobility and Child Poverty Commission](#), building on previous work by The Sutton Trust, found that 71% of senior judges, 55% of the most senior civil servants, 43% of newspaper columnists, and 33% of MPs were privately educated – compared with only 7% of the general population.

There is some evidence that the situation may have worsened over time for a number of professions. A study by Dr Lindsey Macmillan of the [backgrounds of professionals from the 1958 and 1970 birth cohorts](#) showed that, for example, lawyers in their early 30s in 1990 came from families that were 40% richer than the average family, whereas lawyers of the same age in 2004 came from families 63% richer than average. For other professions differences were even starker. Journalists in 1990 came from families only 6% richer than average, whereas journalists in 2004 were from families 42% richer than average. The sample sizes within specific professions in this study were very small, so the findings should be interpreted with caution. However, they point to a potentially growing problem.

As we have shown, living costs mean that unpaid internships will be largely restricted to those from the wealthiest families. Given their likely

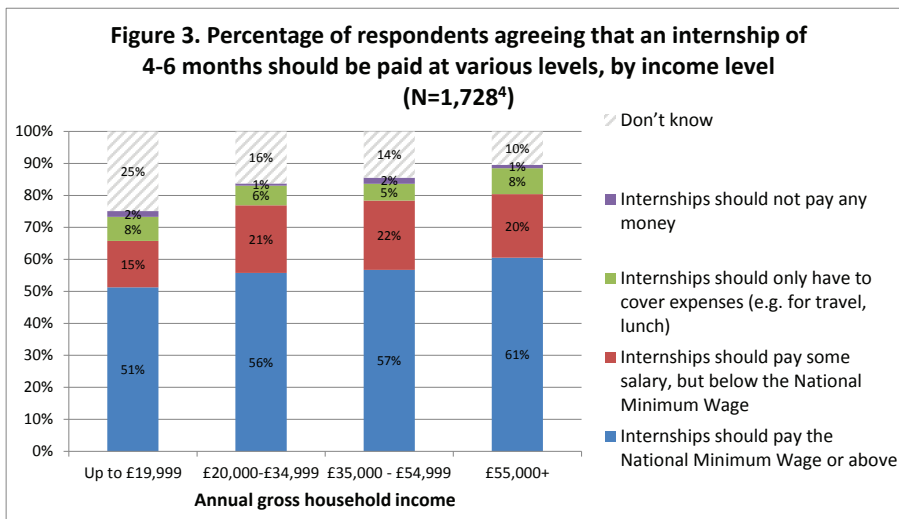
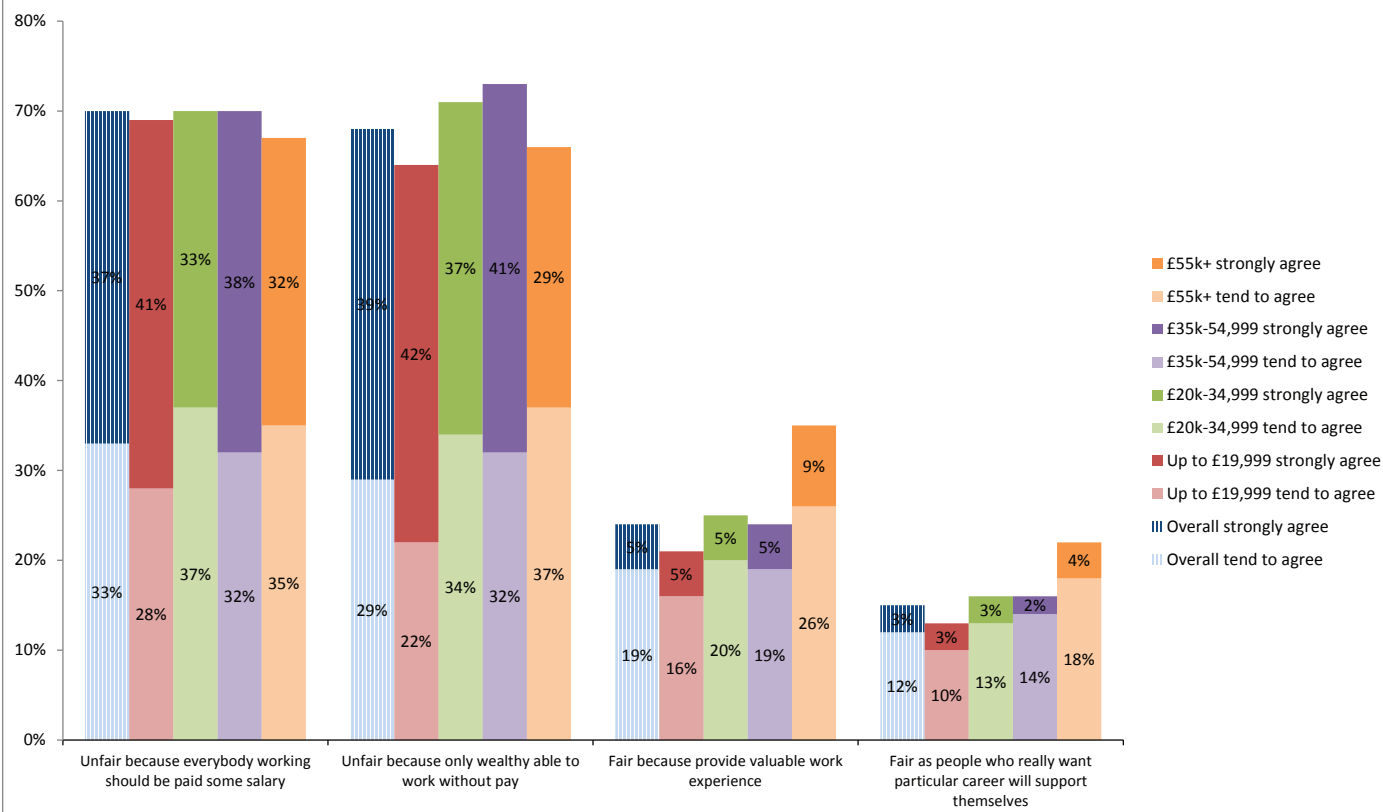


Figure 4. Percentage of respondents agreeing with each statement, by income level (N=1,728⁴)



increasing importance to accessing the most competitive professions, unpaid internships can therefore only serve to reduce chances for social mobility for those from more modest backgrounds.

Our polling clearly shows that the public see this as a problem, with large majorities both recognising the inherent unfairness of the practice, and agreeing that interns on long placements should be paid. Unlike many other issues, these beliefs cut across demographic and economic groups.

Footnotes:

1. Author's calculations based on data from the HESA Destinations of Leavers survey 2012/13 (Copyright Higher Education Statistics Agency Limited 2014 – HESA cannot accept responsibility for any inferences or conclusions derived from the data by third parties). This survey collects data on almost all UK higher education

graduates six months after graduation. Of all graduates responding that they were currently employed as interns, 30.6% reported that they were working unpaid.

2. Accommodation: Median rental cost for a room in a shared property in Lewisham (London's cheapest borough) or Manchester from June 2014 Valuation Agency Office private rental market tables. Bills: Average spend of single person household on water and energy from ONS 2013 Family Spending report, plus Band A council tax for 2014-15 in Lewisham or Manchester (net of single person discount), plus current cheapest BT broadband and line rental package (£25.99 per month), plus TV license, plus Orange Sim Only mobile phone contract (£8 per month). Food: Average spend of single person household on food, from 2013 Family Spending report. Transport: London weekly bus pass/Manchester Arriva weekly saver transport ticket (as of June 2014). Other: Average spend of single person household on clothing, health, and miscellaneous goods and services (e.g. personal care products, cleaning supplies), from 2013 Family Spending report

3. The survey was conducted from the 13th-17th of June 2014. The survey data were weighted by age, gender, region, social grade, working status, and main shopper to the known profile of the English population aged 16-75.

4. Up to £19,999 base: 511; £20,000-£34,999 base: 418; £35,000-£54,999 base: 348; £55,000+ base: 191

Recommendations

- All internships longer than one month should be paid at least the National Minimum of £6.50 per hour and preferably the National Living Wage of £7.85 (or London Living Wage – £9.15 – in London)
- Previous polling by InternAware has shown that [65% of businesses support a four week limit on unpaid internships](#)
- Internship positions should be advertised publicly, rather than being filled informally
- Recruitment processes should be fair, transparent and based on merit