

THE INBETWEENERS

The new role of internships in the graduate labour market

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60-SECOND SUMMARY

Each year up to 70,000 internships take place, offering mostly graduates the chance to gain experience in the workplace. Many internships, however, do not offer meaningful learning opportunities, have poor working conditions, and are inaccessible to young people without the connections and know-how to get one. Internships should no longer remain unregulated, of variable quality and restricted to a privileged few. Providing equal opportunities for young people of different backgrounds to enter the professions is important both from a moral perspective and to ensure that businesses have access to the widest pool of talent. For internships to be a driver of social mobility rather than a barrier to it, universities, employers and the government should act together to increase the overall availability of internships and minimise any barriers to takeup for those who are disadvantaged.

The proportion of graduates in high-skilled work is in long-term decline: while 61.3 per cent of graduates aged 21 to 30 were employed in high-skill occupations in 2008, today only 55.8 per cent are. Characteristics including socioeconomic background, schooling and ethnicity are still strongly related to the jobs prospects of young people, with those who went to private school earning more even compared to other graduates in professional jobs.

Within this challenging and competitive labour market, internships have emerged, offering young people a chance to gain experience in the workplace and employers a form of cheap labour, as well as a way to find top talent for more permanent roles. Each year 11,000 internships are advertised – but the true number that take place is estimated to be as high as 70,000 per year. Internships offered by top graduate recruiters have consistently risen each year since 2010 (by as much as 50 per cent in total). Nearly half of these employers report that candidates who have not gained work experience through an internship will ‘have little or no chance of receiving a job offer’ for their organisations’ graduate programmes, regardless of academic qualifications.

The sharp decline in job opportunities at the time of the recession led to an oversupply of graduates, with greater competition for good graduate jobs meaning that firms were able to access highly skilled workers even for low-paid, insecure work, such as internships. Now that the economy is recovering we would expect to see internships receding and entry-level jobs taking their place. It appears, however, that internships have become a permanent feature of the graduate labour market, and are now a ‘must have’ for the typical graduate career.

Although prime minister Theresa May agrees that ‘advancement in today’s Britain is still too often determined by wealth or circumstance, by an accident of birth rather than talent and by privilege not merit’, one of the key routes into top jobs – internships – is closed off to many, due to a lack of connections and insufficient financial capital to subsidise low-paid insecure work. Our focus groups with graduates also show that discrimination, low confidence in navigating opaque recruitment practices, and a lack of knowledge in how to find good placements can prevent young people from less privileged backgrounds from securing an internship. In short, internships are acting as a barrier to social mobility rather than being a driver of it.

RECOMMENDATIONS

1. Universities should offer brokered work placements to all students, prioritising disadvantaged undergraduates.

Our vision is for a higher education system in which every full-time undergraduate student has the opportunity to carry out a university-approved undergraduate internship.

Recommendations for universities

- Provide back office functions to encourage employers (and particularly SMEs) to offer

internships, including for some employers their payroll/HR/legal functions. Providing a matching service can ensure more successful internships and also allow universities to put forward disadvantaged students.

- Potentially offer a small wage subsidy for SMEs where the placement is not part of an accredited course (and therefore will usually be eligible for payment of the minimum wage).
- To ensure access to national opportunities as well as local economies, universities should work with charities that have relationships with

national employers, such as upReach or the Social Mobility Foundation, or should collaborate to share opportunities across universities.

- Activities within universities should include encouraging students to take up placements, as many do not recognise the benefits of doing so.
- Only internships that comply with minimum wage legislation should be supported. We recommend placements of one to two months for current students to fit around study commitments, and up to six months for recent graduates.

The above activities should prioritise disadvantaged students, using Office for Fair Access (OFFA) countable funds. In order to further strengthen incentives for universities to focus on employment outcomes for disadvantaged students, we recommend that **the TEF metrics include the proportion of disadvantaged students in highly skilled work one and two years after graduating.**

2. A new residential internship opportunity programme for young people from Opportunity Areas

Geographic mobility is important for social mobility, as young people less able to move to where the opportunities are will struggle to access the most competitive jobs. Regional imbalances in the UK economy mean that jobs are concentrated in London, the South East and metropolitan areas. But internships which provide access to desirable jobs are even more geographically concentrated, with up to 85 per cent of all internships in some sectors in Greater London.

The government has earmarked £72 million of funding for 'Opportunity Areas', which are currently 'coldspots' for social mobility. We recommend that a small portion of this, circa £1 million, is used to offer incentives and funding for top employers to offer residential internship programmes for disadvantaged young people from Opportunity Areas. This should act as a pilot, evaluated by the Education Endowment Foundation, to inform future practice outside of Opportunity Areas.

3. Employers should be able to use the apprenticeship levy to offer high-quality placements to graduates.

To help with the cost of offering an internship, employers offering placements which are accredited as part of university courses should be able to access funding through the new apprenticeship levy.

Employers should follow our guide to offering accessible, high-quality internships that accompanies this report.¹

¹ <http://www.ippr.org/publications/the-inbetweeners>

4. A new association should be established to give a stronger voice to interns in London and the UK.

Without stronger representation it is likely that the voice of interns will continue to struggle to be heard and issues such as the accessibility and quality of internships will continue to be neglected as a result. While the UK has a number of organisations advertising internships and offering advice to would-be or current interns, there is no organisation that advances the interests of interns with a consistent, reliable voice to act as a political force in public debate.

Interns we interviewed through this research were in favour of any organisation that could play such a role in the UK. Rather than replacing existing groups the aim of this association should be to lend support to strengthen the voice of existing groups and ensure their sustainability.

Building on successful international models reviewed in this report, we recommend that student bodies and unions (including the National Union of Students and trade unions), with the support of leading employers, work with small existing internship organisations to scope the establishment of an intern association for London and England and the devolved nations.

5. Any placement lasting longer than four weeks should be banned

While some unpaid internships are illegal, others are currently legal if they involve 'volunteering', even at private companies. Unpaid internships prevent access to opportunities for those who cannot afford to undertake them. Due to the ambiguity in the legality of unpaid internships many employers can either unwittingly or wittingly offer illegal unpaid internships with few repercussions.

We advocate the adoption of Intern Aware's recommendation to ban any placement in private or public sector organisations lasting for more than four weeks, in order to prevent companies from offering opportunities that are only open to advantaged young people and add clarity to when a placement is breaking the law.

We also recommend that the government examines the case and means for legally protecting the term 'internship', potentially in a similar way to the protection of the term 'apprenticeship', such that it only applies to placements that are paid and which offer a training opportunity.

For the full report, including all references, data sources and notes on methodology, see: www.ippr.org/publications/the-inbetweeners

Citation: Roberts C (2017) *The inbetweeners: The new role of internships in the graduate labour market*, IPPR. <http://www.ippr.org/publications/the-inbetweeners>

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