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Voluntary Internships



Global HR Lawyers

A Ius Laboris Guide covering 26 countries

INTRODUCTION

Although internships are almost ubiquitous and are a gateway to business life for many people, the law that applies to them can be complex and is generally not well-known. Can anyone be an intern? Is there a limit to how long an internship should last? Are you obliged by law to pay interns?

This guide aims to answer these questions in a range of countries for what we are calling 'voluntary internships'. By this we mean internships that are not mandatory as part of a course at a university or other educational institution. Voluntary internships are offered by employers and accepted by individuals as a matter of choice on both sides.

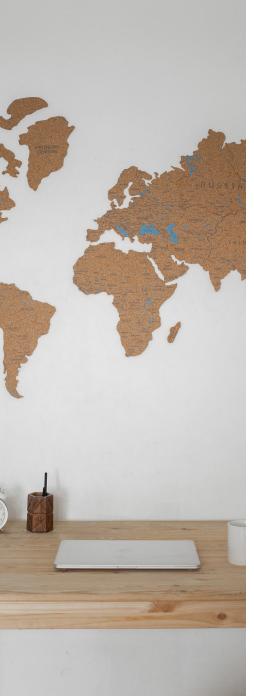
There are good reasons why young people may want to do internships – they provide good access to the working world, strengthen an individual's CV and can make it easier to find future jobs.

In terms of this last benefit, the International Labor Organization's <u>Employment Working Paper No.</u> 241 has found evidence that paid

internships lead to better employment outcomes in the short run compared to unpaid internships, although precisely why this should be so is not straightforward, with many factors possibly playing a role. Even so, it's notable that the paper states that only about 33.7 percent of the surveyed participants were paid by the hiring company. Unpaid internships risk triggering discrimination in labour markets for two reasons. First, they provide a way for employers to use newcomers as cheap labour. The European Parliament has <u>described</u> unpaid internships, traineeships, and apprenticeships as "a form of exploitation of young people's work and a violation of their rights" and has called on EU Member States to bring in law to ensure unbiased pay for youth .

Second, only privileged young people are able to take work unpaid and thereby gain from internships, whilst less socially advantaged young people are left out. Thus, according to the UN World Youth Report, internships that offer no monetary compensation discriminate against the poorest and exacerbate the existing income inequality amongst youth.

From an employer's point of view, the main objective of an internship should be to train the person and provide them with experience. This is also the main distinguishing factor between an intern and an employee, for whom the deal is primarily financial. Therefore, the tasks given to interns need to align with training objectives. If they don't, there is a risk that the intern will be considered an employee and entitled to the employment rights that the law of the country provides. There may also be administrative fines for employers and the risk of litigation, which, of course, is bad for PR, recruitment and



retention, and, ultimately, bad for business.

And whatever the law does to protect interns, there may still be risks. Some interns find themselves being used as an alternative workforce, even if their country's rules strictly prevent abuse. For example, in **Brazil**, the rules are very strict, but our lawyers still report that unlawful internships do exist. In 2017, a company in Bahia was taken to court because it used trainees to perform telemarketing services and had them working excessive hours. The court declared that the trainees were entitled to employee status along with all corresponding rights. It also awarded collective moral damages of BRL 100,000 (USD 21,000).

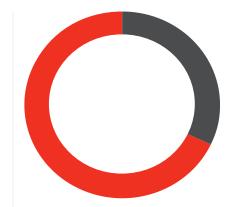
Similarly, our lawyers in **Kazakhstan** tell us that even though it is not possible to employ interns under Kazak law, some employers hire unpaid interns and risk sanctions of between USD 400 and 1,000. Research conducted in **the Netherlands** in June 2022 shows that one in four students on internships are, in fact, employed just like ordinary employees, although with unfair or even zero compensation. It seems it is particularly common in the healthcare and education sectors for students not to receive internship allowances and among those who do receive an allowance, there are significant differences in the amounts. The Dutch National Students' Association is campaigning to urge the Dutch government to improve the position of interns.

Having looked at the law in a range of places, it's clear that the stance taken by different countries varies a lot. **Chile, Kazakhstan, Monaco,** and **Turkey** do not permit voluntary internships. **Brazil, Argentina, Colombia** and **France** do not allow non-students to do internships but allow do students to be interns. The majority of the countries we surveyed do allow non-students to become voluntary interns.

Some countries, such as **Belgium**, have a very complex internship system where there is more than one type of internship and where the rules vary according to the place where the internship takes place. Some countries, such as **Poland** and **Slovakia**, have an age limit for internship contacts.

Pay and duration are key factors that employers need to know about, as these vary significantly. **Belgium** and **France** mandate minimum

INTRODUCTION



18 OUT OF 26 COUNTRIES WE SURVEYED PERMIT NON-SYUDENTS TO BECOME A VOLUNTERY INTERN

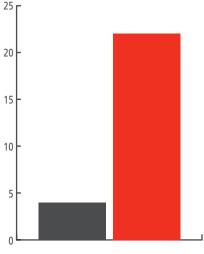
compensation. In **Denmark** and in **Estonia**, there is no law obligating employers to compensate interns. Yet, while unpaid internships are common in **Denmark**, they are uncommon in Estonia. Our Estonian lawyers tell us that although some employers offer unpaid internships, they are not attractive to students, meaning that market forces have required employers to offer only paid internships. By contrast, in **Denmark**, student interns are entitled to state financial support if the employer doesn't pay. In an analogous way, in Slovakia, it is not the company that compensates a 'graduate internship', but the Office of Labour,



Social Affairs, and Family, meaning that the agreement is between the employer and the state. An 'internship agreement' made with a student (and not 'an agreement on temporary work by students') in which the student is paid may cause complications for employers, as this situation is not regulated by law. In Sweden, compensation is not required and our Swedish lawyers warn, in contrast, that compensating interns may lead to an argument that their contract is not in fact an internship agreement but an employment agreement. In the US, while it is not mandatory to pay interns, most are paid, as unpaid internships have been the subject of controversy and litigation in recent years. In the entertainment industry, legal action by interns has resulted in multi-million-dollar settlements by various companies and led to a decrease in the frequency of unpaid internships. There is also a push to end unpaid internships in federal legislative offices, although, so far, no law has been enacted.

Some countries regulate the length of internships, though many do not. But even where there are no limits, employers can rarely employ interns as long as they wish, as lengthy internships are liable to be considered employment sooner or later.

We set out a synopsis of the rules in multiple countries below and, given how much they vary, our advice to employers is to familiarise themselves carefully with the rules wherever they operate.



4 OUT OF 26 COUNTRIES WE SURVEYED DO NOT PERMIT VOLUNTERY INTERNSHIPS

INTRODUCTION

Does an intern have to be a student attached to a university or other educational institution?

Yes.

Can a student take an internship even if this is not compulsory for their course?

No.

Comments

The demand for voluntary internships to get experience and improve qualifications exists in Kazakhstan, and employers would be ready to accept interns, but the concept of internship contradicts the requirements of labour legislation, one principle of which is the right to remuneration for labour.

Despite this, in practice, employers do use interns, mostly when hiring for work before entering into an employment contract, using unpaid internship as a probationary period. This is definitely a violation of law. The labour inspection authority actively stops these violations and applies sanctions (fines of between USD 400 and 1,000) on employers for allowing people to work without entering into an employment contract and failing pay salary. During recent years, these enforcement measures helped to change the situation, but the issue still exists. This is in part because employees are not themselves active in the protection of their rights and agree to the conditions imposed by employers in order not to lose a potential job.

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