

# **Summary of Seminar Discussion and Policy Recommendations**

**Output from the policy seminar: Differential graduate outcomes based on socio-economic background (14 July, 2016)**

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## 1. Summary of seminar discussions

The following evidence was presented at the seminar:

### **'The link between earnings and student background, degree subject, and university attended', *Professor Anna Vignoles, University of Cambridge***

Graduates from richer family backgrounds earn significantly more after graduation than their poorer counterparts, even after completing the same degrees from the same universities. This is one of many findings that Anna Vignoles discussed from her new research that examines the link between earnings and students' background, degree subject and university attended. The research used anonymized tax data and student loan records for 260,000 students up to ten years after graduation.

This is the first time a 'big data' approach has been used to look at graduate earnings. Funded by the Nuffield Foundation, and carried out by researchers at the Institute for Fiscal Studies (IFS), Institute of Education (IoE), Harvard University and the University of Cambridge, the study found that those from richer backgrounds (defined as being approximately from the top fifth of households of those applying to higher education in terms of family income) did better in the labour market than other students. The average gap in earnings between students from higher and lower income backgrounds who went to a similar university is £8,000 a year for men and £5,300 a year for women, ten years after graduation. Anna discussed the significance of this and other findings from her report for policy.

### **'Graduate outcomes and social mobility', *Nik Miller, Director, The Bridge Group***

What emerges strongly in our report is the urgency of collaborative action, across sectors, to achieve social mobility. We take a broad and critical stance, examining the whole of the recruitment pipeline, and expose the problems associated with seeing universities as *the* solution to social mobility. By interrogating practices in both the university and employer sectors, we show the level of joined-up thinking required in order to have a more substantial and enduring impact on student progression.

We highlight the need to be wary of treating low SEB graduates as a homogenous group and point to evidence suggesting the preference of some groups to self-select out of top earning professions and remain less geographically mobile. Finally, we will flag up potential future areas for concern in the social mobility debate within the higher education and employer sectors, particularly regarding the pursuit of the arts and humanities.

Following the evidence shared, attendees participated in a facilitated discussion to explore the implications of the inequality between graduates in terms of earnings. Particular attention was given to understanding the main challenges faced by students from low socio-economic backgrounds but also to highlighting possible solutions to the prevailing problems. For instance, fair access to top institutions, improved career advice and guidance at school, and the reform of firms' recruitment practices. We investigated how students might best translate both their academic and non-academic achievements at university into success in the labour market and what reforms are required across the school, higher education, and employer sectors.

Colleagues were invited to share their thoughts on whether or not it is problematic to focus attention on earnings as a marker of graduate success. Many expressed concern over the use of such a narrow measure as it overlooks variations in career pathways, students' preferences, and well-being. Mature graduates, for example, are not entering the labour market for the first time and careers in the creative industries may take a longer than average time to develop. Yet graduate earnings remains a critically important way of measuring inequality in graduate outcomes at present.

Key points during the course of the discussion included:

- The data shared by Anna from the IFS report discloses the low earnings of arts graduates. This gave rise to a number of questions: should careers in the creative industries be more highly rewarded? Does more need to be done to inform the public about which areas of higher education are being subsidised as a result of graduates' not earning enough to repay their loans?
- While researching graduate earnings is a limited way of measuring success, narrowing the gaps in earnings is an essential, if not sufficient step, towards reducing social inequality. Regions that attract higher numbers of graduates also help to attract business and this, in turn, leads to regional economic growth. Hence the location of both universities and graduates matters for the distribution of economic growth nationally.
- There was some debate about whether, given the relatively high level of earnings inequality in the UK, greater emphasis needs to be placed on narrowing the gap in earnings per se rather than on achieving either relative or absolute social mobility which are hard to quantify.
- In response to a question about improving access to opportunities shown to improve employability, colleagues highlighted the importance of embedding experiences, such as internships, into the curriculum. This method ensures that students cannot self-select themselves out of work experience that is highly regarded by employers and that they are well informed at an early stage of their course about the importance of additional activities.
- Employers need to be more transparent about the importance of internships and extracurricular activities as selection tools and to share their data on progression through the recruitment process with university careers services.
- Employers need to consider recruiting from a wider range of universities and might need to concentrate their interventions on those universities where graduate outcomes (in terms of salaries) are lower. Employers also need to reduce the currency of internships which can reinforce barriers for students from low socio-economic backgrounds.

- If internships are to maintain a high status within the recruitment process, then could more be done to finance them for those students who have to maintain part-time jobs to support themselves? Could firms reserve a number of internships for students from low socio-economic backgrounds?
- Strengths-based recruitment may offer a more positive approach for diversity in employment. A recent pilot by the BBC demonstrated that it opened opportunities for a wider range of candidates than was previously possible. Nestle has also provides a model of the potential of strengths-based recruitment as a means to discover candidates with high potential.
- Greater respect needs to be given to unrelated work experience and students also need to have support to help them communicate this experience to employers in an effective manner.
- Schools should also be made more accountable for student success beyond school and this may provide a driver to support them in acquiring the soft skills that they need.
- We need to build our understanding of the practices of small and medium-sized businesses and also the trajectories of those who pursue self-employment.
- There is huge inequality in access to employment opportunities even when prior attainment, subject, and course are accounted for. It is therefore vital that there is greater coordination between stakeholders: schools, universities, and employers.

## **2. Policy recommendations**

1. Greater emphasis needs to be placed upon equality of outcomes rather than equality of opportunities.
2. Firms must recruit more broadly and end the practice of focusing on a small group of highly selective institutions. Until firms develop strategies to identify and recruit talent from a wider pool and reduce the emphasis on prior achievement, then it is vital not to overlook the problems surrounding access to higher education and the urgency of raising attainment.
3. Firms need to reflect on their recruitment practices and remove criteria that disadvantage those from low socio-economic backgrounds, such as work experience. In addition, strengths-based methods need to be adopted more widely to open the way for different kinds of candidates to succeed.
4. Schools need to become more accountable for the success of their students beyond school. This issue was raised in the latest State of the Nation Report and we support its recommendation of a destination measure which relates to all students' outcomes post-18 against their secondary school.
5. Schools need additional support and resource to improve careers information, advice and guidance. Currently, students from low socio-economic backgrounds do not have the same trajectory in the employer sector and they need additional support to be able to navigate the system, make astute choices, and harness their experience and competencies effectively.

## **3. Follow-up activities to progress policy recommendations**

- The Bridge Group is involved in on-going conversations with leading employers to support them in collecting data to better understand the barriers facing candidates and employees from low socio-economic backgrounds.
- We will continue working with the Cabinet Office and a team of employers to find a common measure to identify low socio-economic background, amongst new hires and within existing workforces.
- Our presence at conferences across the country helps to raise awareness of the key barriers facing people from low socio-economic backgrounds.
- We will be holding a cross-sector conference in the spring to gather senior stakeholders together to pursue some of the most pressing issues from a social mobility perspective.
- We have established a working group to better understand geographical disadvantage; in particular, the barriers facing students in rural and coastal areas.

#### **4. Opportunities to provide feedback**

- We would welcome hearing from you if you have points that you feel were not sufficiently addressed during the seminar or if you have any afterthoughts that you would like to share with us.
- We would also appreciate your views on the communications you received prior to the seminar and the format of the seminar itself.
- Please get in touch with Sarah Dauncey (contact details given below) to share your feedback.

#### **5. Contact details**

For any queries regarding the seminars or to share information please contact:

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