

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

**Output from the policy seminar: Socio-economic background and its effect on access, pay, retention, and progression in the firm (29 June)**

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- 1. Summary of seminar discussions**
  - 2. Policy recommendations emerging from research and discussions**
  - 3. Follow-up activities to progress policy recommendations**
  - 4. Opportunities to provide feedback**
  - 5. Contact details**
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## 1. Summary of seminar discussions

The following evidence was presented at the seminar:

### **'The Impact of Socio-Economic Background on Career Progression in UK Professional Service Firms'**, *Dr Louise Ashley, Royal Holloway University of London*

This talk will examine the impact of socio-economic background on relative rates of career progression within leading professional service firms, from a qualitative perspective. A significant body of evidence demonstrates that there is a clear relationship between socio-economic background and access to elite professions, which are often disproportionately populated by individuals from more affluent backgrounds. In contrast, quantitative data examining the precise impact of socio-economic background on career progression within these organisations is not yet available. However, Dr Ashley will draw on a series of studies she has conducted over the past five years, which suggest that individuals from non-privileged socio-economic backgrounds do experience differential career outcomes compared to more privileged peers, and are more likely to exit the organisation relatively early in their career. These issues may be particularly acute where for example social class intersects with ethnicity. She will describe both how and why this happens, as for example individuals from non-privileged or non-traditional backgrounds struggle to 'manage their difference' and assimilate, and outline the measures best practice organisations are taking in response.

### **'The Class Pay Gap in Higher Professional and Managerial Occupations'**, *Dr Sam Friedman and Dr Daniel Laurison, London School of Economics*

The hidden barriers, or 'gender pay gap', preventing women from earning equivalent incomes to men is well documented. Yet in this talk we demonstrate that, in Britain, there is also a comparable 'class origin pay gap' in higher professional and managerial occupations. Drawing on data from the UK Labour Force Survey, we find that even when those from working-class backgrounds are successful in entering high-status occupations, they earn sixteen percent less, on average, than those from privileged backgrounds. This class-origin pay gap translates to up to £7,350 lower annual earnings. This difference is partly explained by the upwardly mobile being employed in smaller firms and working outside London, but it remains substantial even when we control for a variety of factors thought to affect earnings. These findings illustrate how, even beyond occupational entry, the socially mobile often face a significant and previously undetected earnings "class ceiling" within Britain's most high-status professions.

The presentation slides are available on our website: [www.thebridgegroup.org.uk](http://www.thebridgegroup.org.uk)

Following the evidence shared, attendees participated in a facilitated discussion. Examples of best practices were shared to demonstrate the possibility of narrowing the gap, enabling both fair access and equal opportunities for career success, regardless of background. This opportunity for discussion between researchers and practitioners exposed the fact that there are measures being taken to enable social mobility that are already having impact; but there is a need for greater joined-up thinking across and between sectors and for both behavioural and structural changes to take place in certain elite professions, such as investment banking.

Given the title and focus of the seminar, the employer sector was the main subject of conversation. But colleagues were mindful of inequalities in the workplace being contingent upon barriers facing groups from low socio-economic backgrounds further upstream, in schools and university.

Key points during the course of the discussion included:

- HR departments in large firms are working hard to drive forward change, but unless they have the backing and support of the organisation at board level, their impact is mitigated.
- Firms are slowly beginning to break the taboo and begin talking about socio-economic background in a way that is comparable to discussions of gender, ethnicity, and LGBT. There is therefore much learning that can be leveraged for socio-economic diversity from other movements to promote under-represented groups. It is vital that firms begin, at the very least, to discuss the issue of social background. Without discussions and transparency, candidates and employees from low socio-economic backgrounds will be unable to access support programmes, such as mentoring.
- Reverse mentoring can provide an effective technique to enable leaders to learn about different cultures within the firm and be introduced to a range of attitudes towards professionalism.
- While behavioural changes are important, like increasing personal awareness of social background and its impact on progression, they cannot take place in isolation from structural interventions within the firm. For instance, more formalised systems of work allocation are helpful to ensure that work is allocated fairly and based upon availability rather than as a result of cultural matching.
- At a strategic level, firms need to embed a social justice narrative to drive forward positive change and increase diversity. This can be accompanied by a strong business case for diversity as the best way to find talent.
- Data collection from firms is important to better understand the social background of employees and its effect upon performance. Individual firms need the data so that they can diagnose and define their own particular issues before beginning to design solutions.
- More fundamentally, greater consideration must be given to organisational cultural norms and policies; the challenge is partially one of supply (i.e. growing a pipeline of diverse talent), but also one of demand (i.e firms considering definitions of talent and norms associated with the professions).
- Universities could do more to help students from low socio-economic backgrounds achieve successful graduate outcomes if employers worked more closely with careers services.
- Careers services need to do more to equip students from low socio-economic backgrounds with the kind of knowledge of professions that is often perceived to be implicit. They can play a role in introducing students to a more inclusive model of professionalism.
- Schools need help to support vulnerable students from low socio-economic backgrounds in the transition from Key Stage 5 to university as they are more likely to drop out or fail to maximise the potential of a university experience.
- University careers services could do more to capitalise on the knowledge that schools could provide about students from low socio-economic backgrounds.

- As the Pupil Premium has granted a great deal of visibility to the school sector, there is much that the HE sector can learn from the most successful interventions in schools.

## **2. Policy recommendations**

1. Data collection is vital to understand the challenges that firms are facing, to open the way for constructive conversations, and to enable them to design evidence-based interventions. While macro-analysis has uncovered a pay gap, we need information at the level of the firm to fully grasp the scale of the disadvantage facing those from low socio-economic backgrounds and to begin to find ways of explaining it and therefore overcoming it.
2. At executive level, firms need to embrace the need for diversity and recognise the importance of social justice in order to achieve organisational reform. This drive needs to be cascaded throughout the organisation.
3. The concept of meritocracy needs to be subdued as it can belie social inequality. It is important to treat the application of merit with suspicion as it can be deployed to conceal differentiation and bias.
4. Firms need to avoid using language that naturalises professionalism – eschewing the notion of a ‘natural fit’ – and, instead, take steps to create more inclusive versions of professionalism. This, in turn, may weaken the pressure on employees from low socio-economic backgrounds to assimilate into an alien culture which can impact negatively on performance.
5. Schools need to expose students to a broad understanding of professionalism to prevent certain professions appearing exclusive. This may help to reduce the numbers of students from low socio-economic backgrounds self-selecting themselves out of certain professions.

## **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.

#### **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:

Dr Sarah Dauncey  
Policy and Operations Manager

The Bridge Group  
c/o King's College London  
57 Waterloo Road  
London SE1 8WA

07760 123 962

[sarah.dauncey@the-bridgegroup.co.uk](mailto:sarah.dauncey@the-bridgegroup.co.uk)

[www.thebridgegroup.org.uk](http://www.thebridgegroup.org.uk)