

Social Mobility – The missing dimension of diversity

KPMG Board Leadership Centre



We were delighted to welcome Professor Lee Elliot Major, the UK's first Professor of Social Mobility, to our BLC FTSE350 seminar. Lee is dedicated to improving the prospects of disadvantaged young people, focuses on research that has direct impact on policy and practice and works with boards. This summary provides his insights on the challenges people from less advantaged backgrounds face, with practical advice on how improving their opportunities can enable businesses to access hidden talent in their workforce and on their boards.

1. The importance of social mobility when creating inclusive workplaces and improving diversity

Social mobility is a term that is often misunderstood but at its essence it's about your chances of getting on in life. The UK has low income mobility compared with other developed countries, making it harder to climb the income ladder if you are from a poorer background. We tend to focus on education in policy debates to provide a 'leveller' but we should also focus on the home and the work environment. The work environment can add extra obstacles to progression - this leads to a loss of talent in business and the nation as a whole.

2. Challenges people from lower socio-economic backgrounds face

The pandemic exposed and exacerbated some of the inequalities in our society. Examples include children who don't have food to eat, study space, internet connectivity and unseen poverty such as family instability which seems to be increasing for young people today. The level of disadvantage should not be underestimated. It has a profound impact on life chances - some of your employees may have had those experiences at various stages of their lives for example starting school not being able to read, not getting advice from parents on university courses, or not knowing where or how to get work experience.

3. Defining and measuring social class

It would be fair to say that class is somewhat of a British obsession. There is great debate about how you measure disadvantage or social class. In business we generally use 'occupational social class'. This is defined by your parents' profession when you were 14 years old and has 7 class groupings within it - most organisations group them into top, middle and bottom and measure their workforce against those. In the UK about half of the population come from the top bracket, professional managerial classes.

Other measures include income background or educational background. There isn't one perfect measure so consider using a blend of different measures.

4. Reluctance to share social background data

Social class is a sensitive topic – in surveys more people tend to classify themselves as working class than they actually are. There is also confusion between the 'origin class' - where you come from and 'destination class' - who are you now. If you are conducting surveys make sure that the rationale for doing so is clear and state that the survey will be anonymised so people feel more comfortable sharing information on their background to improve response rates.

5. The missing dimension of diversity

Socio-economic backgrounds could and perhaps should be included in diversity metrics that businesses report on. Quite rightly there is an ongoing focus on ethnicity and gender being represented, but this could mean you have people with those diversity traits but do not come from diverse social backgrounds. For example, if you were a white young man from a working class background, the current focus on diversity metrics would have no relevance to you - which makes social background a missing dimension of many inclusion and diversity programmes in business.

6. Targets, timelines and tone from the top

Good data is paramount. Begin by examining socio-economic data at entry level, middle managers and senior colleagues. Targets and timelines also help businesses to monitor progress and demonstrate their commitment. Introducing internal social mobility networks can help to support and mentor people from those backgrounds. Consider recruiting school leavers and the use of apprenticeship schemes in addition to the traditional university graduate route.

These changes can create a cultural change in organisations making them more inclusive. Ultimately boards have to lead on this for it to be sustainable.

7. Impact of vocational education vs university degrees on career prospects

Traditionally vocational education is perceived to be 'lesser quality' instead of a 'different' route into work, compared to a university degree – the focus needs to shift to those that don't go to university. Whilst historically organisations may have chosen Oxbridge students, they often find high academic achievers doesn't necessarily predict business competency or success. Those organisations that have widened their criteria, for example to include apprenticeships, degree apprenticeships and school leavers, have been impressed with the talent that has come through which is often on a par with those that come through an academic route. By doing this you also attract people from different backgrounds with different perspectives from different locations - all important in creating diversity in thinking and a more inclusive culture.

8. Social mobility and business performance

There are few case studies on this area but we know that customers are starting to demand better diversity so businesses need to get on the front foot of this agenda. Younger generations are more sensitive to these issues and will be looking to join businesses that align to their expectations. More diversity – in this area or any other – will lead to better decision making.

9. It's not only about getting in - its about getting on

Privileged students with low academic success are still being recruited over those from lower social economic backgrounds with greater academic success. Businesses need to be more careful in the way they select talent by examining recruitment processes and selection criteria. For example, interviewing well is quite a middle class skill - a senior person behind a desk asking tough questions is more about how someone performs in a pressurised environment and thinks on their feet but that's often not the skill set required for the role.

Also examine your selection criteria – consider candidates from lower socio-economic backgrounds who may not be an exact match but could be trained and mentored when they're in the organisation, and create mentoring networks – both informal and formal – so everyone feels included and supported.

10. Attract people with poor education qualifications

About 30% of 16 year olds in the UK don't get a grade 4 in English and maths and there is continuing debate on how this is addressed.

Apprenticeships and degree apprenticeships are increasing in popularity, and there is a variation in the quality of those so its important to be clear on your requirements. The best apprenticeships have a balance of the functional skills maths/literacy and communication alongside specific skills required for a role. Following an apprenticeship, ensure that training on the job is also in place to support progression.

11. Talent selection - reframe the process

To reach people from a lower socio-economic background may require redesigning the application process. This can be done by being objective about people's skills and experiences, considering how they might be valuable to the role and reframing questions on application forms. Make work experience more accessible and design schemes with people from lower socio-economic backgrounds in mind by acknowledging the challenges they might face e.g. cost of travel, clothes and food etc, and continue to support them in their roles by putting in place buddying and/or mentoring at work.

12. Board composition

The tone at the top is important. Organisations should begin by reviewing the diversity of their own board and senior leadership team – in addition to ethnicity and gender – and find out if they include class and/or educational background. In time a review of UK businesses, to monitor the social backgrounds of board members, similar to the FTSE Women Leaders and Parker reviews, could help to drive progress and provide a richer perspective on diversity.

Social mobility in the UK

A review of social mobility evidence for the Sutton Trust forecasts that relative income mobility levels in the UK could fall by as much as 12% driven by stark divides in Covid learning loss in schools. This would represent a 'step-change' decline compared with other countries.

The review concludes that the dream of just doing better in life, let alone climbing the income ladder, is disappearing for generations growing up in the early 21st century. Their prospects contrast with post-War generations who enjoyed a 'golden age of upward mobility'. On some measures such as social class and education there have been some small improvements in recent decades. But there are still large gaps by family background in the likelihood of climbing the income ladder, ending up in a higher social class, securing a university degree, or owning a home.

The country is associated with particular immobility among those on low and high incomes. The education system as a whole has failed to function as the great social leveller. Children's home environments have a significant impact on future outcomes. A recurring finding is that the workplace is as at least as important as education in determining mobility prospects.

Social Mobility – Past, Present and Future

A report for the Sutton Trust by the Centre for Economic Performance at the London School of Economics and Political Science by Andrew Eyles, Lee Elliot Major and Stephen Machin

10 practical steps for boards

- 1. Empathise** – familiarise yourself with the challenges those from a lower socio-economic backgrounds face. Even if you are from a lower socio-economic background yourself - some of the lived experiences young people currently face are likely to be different from your own.
 - 2. Be comfortable sharing your story** – lead by example and share your background so others will feel comfortable sharing theirs. Similarly, ask your fellow board members about their socio-economic background and if they would be happy to share their journey with others.
 - 3. Clear commitment from the top** – commitment to improve social mobility within an organisation should come from the board. Employees should see it through the conduct and actions of all board members, in particular the CEO.
 - 4. Demonstrate the business value of social mobility** As with other KPIs, diversity metrics should be a matter of business performance, not a 'nice to have'. Demonstrate the value of improving social mobility in your organisation on recruitment and retention, better serving customers, diversity of thought, entering new markets, innovation, and engaging your investment community as part of your ESG commitment etc.
 - 5. Measure social mobility as a diversity metric** – build social mobility into your I&D strategy like other diversity metrics you measure, with an honest picture of the goals and how you will make progress towards achieving them - this creates awareness, credibility and confidence.
 - 6. Accountability and visibility** – measure progress and hold the CEO and leadership team accountable by linking progress on all diversity metrics, including social mobility, to compensation. Ensure your strategy, progress and action plans are explicit in your annual report.
 - 7. Data is paramount** – collecting and understanding data about the socio-economic backgrounds of your employees is key when designing your strategy and action plan to help improve representation in this area. In business 'occupational social class' is widely used as a measure of social class - this is defined by your parents profession when you were 14 years old and has 7 class groupings within it - most organisations group them into top, middle and bottom and measure their workforce against those.
- Other measures include 'income background' or 'educational background'. There isn't one perfect measure so consider using a blend of different measures. See guidance from the Cabinet Office: ['Developing a common set of Measures for Employers on the Socio-Economic Backgrounds of their workforce and Applicants'](#).
- 8. Setting sustainable targets** – consider setting targets at all levels, including leadership and senior management, business unit heads, middle ranks, and internships and provide rationale for them. Targets should be appropriate to the number of employees in the organisation, and there should be a balance between being realistic and ambitious enough to make sustainable change. Examples of social mobility targets and plans include KPMG's [Social Mobility Action Plan](#) and the BBC's [Diversity and Inclusion Plan 2021-2023](#)
 - 9. Board composition** – review the socio-economic background of the current board and senior leadership team - is socio-economic diversity represented? If recruiting new board members ensure the shortlist includes those from different socio-economic backgrounds in addition to other diversity metrics and understand the risk of systemic bias in recruitment processes. Ensure executive search firms are connected to diverse communities, ask them to consider and show the socio-economic backgrounds of the candidates they put forward – if no candidates from lower socio-economic backgrounds are presented, ask why.
 - 10. Redefine talent** – think carefully about the skills and experience required for the board role. For example do all candidates need to have a traditional background? Do they have to have prior board experience – can they gain experience whilst in the role? Focus on whether candidates have the skills, experience and attributes that could be of benefit to the board and future strategy. If people come from different socio-economic background it's also likely they will bring fresh approaches and thinking to the boardroom.

Further reading:

[BLC tackling inequality in the boardroom](#)
[KPMG Social Economic Background Pay Gap report](#)
[Social Mobility: And Its Enemies by Lee Elliot Major and Stephen Machin](#)

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