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Foreword

Whoever you are and whatever your background, we are committed to ensuring that there is no limit to where your talent, achievement and hard work can take you at KPMG. Building an inclusive and diverse workforce is not only the right thing to do, it delivers better outcomes for our clients, communities and our people.

Making that aim a reality requires deepening our understanding of the barriers faced by all historically underrepresented groups. This report marks a critical step in our journey, examining the progression rates of our own people looking at gender, ethnicity, disability, sexual orientation as well as socio-economic background.

While widening access to our profession remains critical, we must pay as much attention to how that talent progresses to ensure that too is fair and equitable. I recognise the significant role our firm has in shaping the next generation of industry leaders, both within our own business and beyond, and I am determined to ensure everyone has an equal opportunity to thrive.

Our progression analysis, supported by the social equity experts – the Bridge Group – is the deepest of its kind undertaken by a single organisation. Examining the career progression of over 16,500 of our colleagues over the past five years reveals that our firm’s continued efforts to build a more diverse and inclusive workplace are making their mark, but it also highlights that there is much more still to do.

Rather soberingly, our research finds that social class is the biggest barrier to career progression, compared to any other diversity characteristic. And when that’s combined with some other minority characteristics, career advancement of those individuals proves even more challenging still.

This issue is not exclusive to our firm, with comparable studies from the Bridge Group mirroring several of our findings, but we want to turn our insights into action. By its very nature, socio-economic background is complex and emotive – it requires us to confront how our upbringing shapes the opportunities we have access to later in life. But as challenging as that might be, we must lean into the discomfort if we are to ensure no one is overlooked or left behind. Career advancement should be about realising potential: it is not about background or polish.

As a firm, we have had a longstanding focus on social mobility, from our work to raise skills and aspirations in our local communities, to challenging our own recruitment and promotion processes. In 2016 we were the first firm to publish comprehensive socio-economic background workforce data. More recently, in 2021, we became the first business to publish socio-economic background pay gaps, while also setting ambitious socio-economic representation targets for leaders.

This report marks another important step in our journey and reinforces why we, and other businesses, cannot afford to overlook socio-economic background diversity in our mission to bolster inclusion, diversity and equity at all levels. Social equity is the defining challenge for the UK, and the current economic climate and cost-of-living crisis is only likely to worsen the social inequalities our nation already faces. The time to act is now.

The first step is having the data to understand what’s happening. We have been collecting socio-economic background workforce data since 2016. This has allowed us to understand what’s happening within our business, to set representation targets and to hold ourselves to account to drive change.

Data is just one part of the puzzle. What’s important is how insights go on to improve the lived experience of our colleagues. Our firm’s Social Mobility Action Plan continues to evolve, but these findings shape the targeted action we put in place to support those from lower socio-economic backgrounds. There is no silver bullet, nor will inequalities disappear overnight, but we do have a duty to confront bias wherever it exists and ensure care progression is based on merit, never identity or background.

I would like to thank all our people for helping shine a light on this important issue. Our insight is only made possible by their willingness to share their backgrounds and experiences. We hope that sharing our progression analysis adds value and rigour to the debate around social mobility and, importantly, prompts other businesses to examine their workforce diversity and join the conversation.
Foreword

Social equity is vital to create a fair and progressive society. No one should face barriers because of the circumstances they grew up in. That is why enhancing social mobility must be a constant aspiration – particularly in the UK, where the link between background and educational and employment outcomes is typically the strongest among developed countries.

At a time when individuals and families face a growing cost of living crisis, and with the country entering what may be an extended recession, the threat of existing inequalities being exacerbated makes this issue more relevant than ever. As a society, we need to make greater progress in creating fairer outcomes for all, regardless of socio-economic background. Doing so will create a more resilient and sustainable economy.

It is encouraging that the focus on socio-economic background has strengthened in recent years. For too long it’s been a neglected part of the diversity conversation. A handful of pioneering businesses – including KPMG – have begun publishing their socio-economic pay gaps. Such information is important in revealing the impact of socio-economic background, enabling us to measure progress over time.

Many organisations are increasing their focus on entry level hiring to ensure they remove barriers against those from lower socio-economic backgrounds, so that they can access the widest range of talent. The tides are finally turning, as organisations recognise large pools of talent have been neglected for too long.

All these initiatives are welcome and progressive – but there is much more to do if we are to really understand and address the impact of socio-economic background. Entry level hiring, for example, is an important area, but it is just one aspect of overall workforce diversity. Pay gap reporting shines a powerful light too – but it gives only a moment-in-time snapshot.

Tackling socio-economic inequalities in career progression over time is vital to our understanding and providing evidence to inform action. But this area is worryingly understudied. Only if we track the progress that people from different socio-economic backgrounds make through an organisation, can we really see, understand and address the barriers leading to and perpetuating inequalities – and ensuring the most talented people get ahead.

Nik Miller
Chief Executive, the Bridge Group
Progression is one of the truest indicators of inclusion in an organisation, across all and any diversity characteristics. It is one of the biggest revealers of what’s happening in any workforce. Regardless of how diverse employees are, if certain groups are being held back from progressing compared to others, then this diversity is worth little. It is equity in the lived experience, across all groups and categorisations, that deserves most attention.

The research KPMG has conducted is progressive. It is the deepest analysis of progression in a single organisation, with socio-economic background placed front and centre.

This was only possible because of KPMG’s longstanding focus on the issue of social mobility, having inspired sufficient declarations from its workforce about their socio-economic background, which enables the business to draw meaningful insights relating to career journeys at the firm. Our analysis here builds on a previous study KPMG carried out in 2018, providing a unique opportunity to see where change has been made and, importantly, where further work is required.

KPMG has been a pioneer on many fronts, and its efforts are now being mirrored by other industries as well as the wider business community. The City of London’s socio-economic diversity taskforce, which was established on the basis of the Bridge Group research on progression in financial services, has successfully convened this sector to deepen our collective understanding of socio-economic background and its impact.

Elsewhere, the membership body Progress Together1 – borne out of the Taskforce’s efforts – is now focusing on progression and representation of those from lower socio-economic backgrounds in senior positions. And in accountancy specifically, Access Accountancy has been dedicated to improving access to and progression with the profession since 2014.

Whether it’s research at an individual organisation level or as a collective industry, the more we can highlight and understand the impacts of socio-economic background, including how it affects progression, the more we can create more equal outcomes for all. Talent and productivity must always be the basis for hiring and progression, and certainly prioritised over background.

We commend KPMG for its leading-edge approach, which should serve as a benchmark and inspiration to progressive leaders across all sectors.

1 https://www.progresstogether.co.uk/building-the-baseline-breaking-the-class-barrier/
Placing a spotlight on social mobility

Socio-economic background is the combination of income, occupation, and social background, with this demographic characteristic being a key determinant of access to opportunity, success and future life chances.

Reinforcing its significance, the link between lower socio-economic background and adult outcomes is stronger in the UK than in any other developed country. That has real consequences for everyone – it is estimated to cost the UK £39 billion per year, as unequal societies have lower levels of productivity, mental health and life expectancy.

For many years now, there has been a strengthening focus on increasing diversity within businesses, including at KPMG – motivated by a desire to advance equality, and to drive belonging.

These efforts are notably more mature for protected characteristics. However, increasingly organisations across various sectors are beginning to recognise the significance of socio-economic background as part of the wider diversity conversation. They are aware of the key role it plays in nurturing an inclusive and effective workforce – not just for those taking their first steps into the world of work, but also as that talent becomes the business leaders of tomorrow.

At KPMG, we have long championed the creation of an inclusive working environment – one in which all our colleagues can thrive and reach their full potential, whatever their identity or background. We strongly believe that this isn’t just the right thing to do – helping to build a fairer and more equitable society – but also leads to improved business performance.

KPMG’s social mobility journey

- **2006**: Our firm became one of the first organisations to pay the real living wage to employees and contractors, going on to become a founding member of the Living Wage Foundation.
- **2016**: KPMG became the first firm to publish comprehensive socio-economic background workforce data.
- **2018**: Our firm conducted its initial research with the Bridge Group to analyse the impact various factors, including lower socio-economic background, has on an individual’s progression through our firm.
- **2021**: Our firm was the first organisation to report our socio-economic background pay gaps, while also setting an ambitious target to increase the number of partners and directors from low socio-economic backgrounds to 29% by 2030.

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2. https://equalitytrust.org.uk
All businesses are facing increasing pressure to play their part. The Social Mobility Foundation (SMF) recently called on the government to require companies to measure and report their ‘class pay gaps’. Behind the calls, the SMF revealed stark findings – professionals from low socio-economic backgrounds earn on average £6,718 less than those from higher socio-economic backgrounds, while women and those from ethnic minority backgrounds face an even bigger disadvantage.3

Meanwhile, the City of London’s socio-economic diversity taskforce recently called for further action still, calling for half of senior leaders across the UK financial and professional sectors to come from non-professional backgrounds by 2030.4

While the rationale for focusing on socio-economic background diversity continues to grow clearer, understanding our (and others’) identities in relation to socio-economic background can be complex and emotive; as is understanding the ways in which background impacts inclusion and access to opportunity.

Few of us want to believe that our parents’ occupation at age 14 might determine the opportunities we are presented with later in life. However uncomfortable it may be, the correlation is clear, so we cannot simply choose to overlook the issue if we want to change it.

This analysis of career journeys at KPMG is the most detailed socio-economic background-focused study undertaken to date by any single organisation. Looked at through an inclusion, diversity and equity lens, the significance of tackling social inequalities is indispensible – our research shows that socio-economic background has the strongest negative effect on career advancement, compared to any other characteristic.

Defining socio-economic background

There has been considerable research and evaluation of how to best to define and measure socio-economic background.

A range of measures are used by businesses, but definitive guidance was published in 2021 by the Bridge Group and the Social Mobility Commission, which KPMG has elected to follow, along with many leading organisations.5

This guidance states that parental occupation (i.e. the occupation of the highest earner in your household at age 14) is the most robust indicator. This is primarily because of the strong evidence base that this is an accurate measure, given the link between this indicator to opportunities and adult outcomes; but also because of its established use in the Census and Labour Force Survey (allowing for the reliable benchmarking of data), its applicability to those of all ages and from all countries, and the high employee response rates to this question in testing.

While the type of school attended, Free School Meals (FSM) and highest parental qualification are some of the alternative indicators, they present notable challenges, so parental occupation remains the most robust measure and has been used as the indicator in this report. Further details of the rationale for this can be found on page 7 of our Socio-Economic Background Pay Gap Report published in 2021.6

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3 https://www.socialmobility.org.uk/2022/11/shocking-extent-of-class-pay-gap-revealed/
4 New report calls on UK financial and professional services firms to boost number of working class senior leaders (cityoflondon.gov.uk)
Placing a spotlight on social mobility

Continued

Language matters

This progression study is only possible because of the high proportion of KPMG colleagues who have volunteered their information about their socio-economic background, which the firm has collated and tracked over a considerable number of years and first started publishing in 2016.

By its very nature, socio-economic background is complex. It is embedded in the background of individuals’ lives and psyches, and we don’t all fully understand and recognise the implications ourselves, but it’s essential we confront this discomfort if we are to fully understand the issue.

The language that we choose to use is at the heart of inclusion, diversity and equity. ‘Categorising’ groups of people should be as accurate and considerate as possible and be responsive to the views and preferences of the very groups they attempt to define. In academic research (and in the national census), the three socio-economic background classifications adopted are defined as ‘higher’, ‘intermediate’ and ‘lower’ socio-economic background.

We have continued to engage with our workforce to understand more about the preferred and most appropriate language for KPMG, across all areas of diversity – whilst ensuring that any such terms connect clearly to best practice and the way in which data was originally collected. Throughout this report, we refer to ‘low’ or ‘lower’ socio-economic background and not ‘working class’, reflecting feedback from our colleagues.

This analysis uses a simple binary categorisation of individuals as being from either a ‘higher’ or ‘lower’ socio-economic background (SEB):

— Higher SEB means that the individual’s highest earning parent at the age of 14 was in a professional (CEO, senior police officer, doctor, journalist, barrister, solicitor, teacher, nurse) or intermediate (shopkeeper, paramedic, small business owner, police officer) role.

— Lower SEB means that the individual’s highest earning parent at the age of 14 was in a manual or blue-collar role (examples being receptionist, electrician, plumber, builder, van driver).
Progression through an inclusion, diversity and equity lens

This study, conducted by the Bridge Group for KPMG in July 2022, builds on previous research carried out for the firm five years earlier. It examines the average time taken for employees to progress between grades, considering socio-economic background, gender, ethnicity, and in the most recent analysis, sexual orientation and disability too.

The analysis identifies where ‘progression gaps’ exist – the percentage difference in the average time taken for different groups to progress between KPMG's grades. It compares these to the findings in 2018 wherever possible, and also explores whether and how combinations of different characteristics may affect those gaps.

The extensive analysis reveals three key findings:

1. Socio-economic background has the strongest effect on progression, compared to any other characteristic. Those from lower socio-economic backgrounds took on average 19% longer to progress through grades compared to those from higher socio-economic backgrounds.

2. The progression gaps for other characteristics have narrowed significantly in the five-year period from 2018 to 2022. While the progression gap for lower socio-economic background individuals has only narrowed from 22% to 19%; for some other characteristics, the change is considerably greater.

3. There is a recurring ‘hierarchy of progression’ based on combined characteristics. Where there are intersections between lower socio-economic background and other characteristics, this has a significant effect. Lower socio-economic background combined with female gender identity and/or ethnic minority background is associated with wider progression gaps.

Research methodology

The data included in this Bridge Group analysis relates to the progression rates of over 16,500 KPMG UK partners and employees over a five-year period. This analysis has been compared to a previous study conducted in 2018. In total, the Bridge Group analysed the progression of over 25,000 KPMG partners and employees over a ten-year period.

The study examines the average time taken for employees to progress between grades, looking at socio-economic background, gender, ethnicity, sexual orientation and disability.

All individuals in scope of this research are client-facing, with these individuals representing the majority of KPMG UK’s workforce. Among client-facing colleagues, there are clear linear progression expectations – experience and strong performance are the key drivers of career progression.

Conversely, non-client-facing colleagues were removed from the analysis as this group represents a smaller population of individuals, making detailed analysis less robust. Career progression among these individuals is also predominantly vacancy-led, with experience and strong performance considered as progression opportunities arise.
Progression by characteristic

The chart below shows the different progression gaps associated with each diversity characteristic in 2022 and, where applicable, in 2018. The majority of characteristics note an improvement in progression rates between 2018 and 2022, which can, at least in part, be attributed to the focus and initiatives KPMG has put in place to support historically underrepresented groups. The degree to which progression rates improve varies considerably however, but in most cases this is linked to the maturity of the firm’s interventions.

The analysis of career progression by specific characteristic shows:

— Lower socio-economic background has the biggest impact on progression by a considerable margin, although the progression gap has reduced from 22% slower in 2018, to 19% slower in 2022.

— Colleagues from ethnic minority backgrounds (12% faster) and those who identify as female (2% faster) have seen quite significant improvement in the last five years.

— While there is no comparative data relating to sexual orientation or disability, the research shows that there is no significant progression gap among these individuals.

Contextualising the findings further, the average progression gap of 19% for those from a lower socio-economic background means that whereas it may take a colleague five years to reach a certain grade, it would take them virtually a whole year longer, at nearly six years.

While we are mindful that other factors will contribute to variations in progression, the analysis shows promising signs that progression is becoming more equal. Fundamentally, KPMG’s workforce remains unrepresentative as a whole, and positive (or more favourable) progression rates for historically underrepresented groups are expected to rise as the firm’s workforce becomes more diverse. This may then subside as workforce diversity becomes more equal. KPMG’s recruitment and promotion activity is solely based on merit. Diversity insights are monitored throughout our recruitment and promotion activity, but only to help ensure diverse shortlists of candidates, or when examining them in aggregate form to better understand where barriers exist and to help shape future interventions or initiatives that champion the progression of historically underrepresented groups.

### Average progression gaps by characteristics and year of analysis (client facing)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>2022 Progression Gap</th>
<th>2018 Progression Gap</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGBT+</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Disability</td>
<td>21%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Lower socio-economic background</td>
<td>22%</td>
<td>19%</td>
<td>SEB has the greatest effect on progression, compared with gender and ethnicity</td>
</tr>
<tr>
<td>Ethnic minority background</td>
<td>12%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>8%</td>
<td>8%</td>
<td>Females progressed on average 2% more quickly through grades in 2022, compared with being on average 8% slower in 2018</td>
</tr>
</tbody>
</table>

Those from lower SEBs took on average 19% longer to progress through grades in 2022, compared with 22% longer in 2018.
Socio-economic background progression between grades

While our analysis clearly shows lower socio-economic background to be the biggest barrier to progression, the gaps vary according to grade.

As the chart to the right shows, the progression gap between higher and lower socio-economic background narrows at more senior levels. In fact, at the highest reaches of the firm, those from lower socio-economic backgrounds actually progressed more quickly than higher socio-economic background individuals (2.3 years compared to 2.5 years, respectively).

This complete reversal of the progression gap between director and partner level mirrors the findings of our socio-economic background pay gaps publication in 2021 which revealed that the socio-economic background diversity of our workforce was ‘hourglass’ in shape. It highlighted how our senior and junior colleagues are the most socio-economically diverse cohorts, while middle management grades are comparatively less diverse, which contributes to our pay gaps. We see this play out in the progression research findings where the analysis suggests that low socio-economic background individuals face a bottleneck in middle-management roles, especially when moving from Manager to Senior Manager.
Socio-economic background and intersectionality

Not only did our research find lower socio-economic background to be the biggest barrier to progression, but in combination with other characteristics, progression gaps appear even more stark.

Analysis of the intersections between characteristics reveals that the combinations with the biggest progression gaps (progressing most slowly) are:

1. White / Female / Lower SEB
2. Black / Female / Lower SEB
3. White / Male / Lower SEB

Conversely, the combinations with the smallest or positive progression gaps (progressing most quickly) are:

1. Asian / Male / Higher SEB
2. Asian / Female / Higher SEB
3. White / Male / Higher SEB

*While our progression analysis looks at ethnic minorities collectively, this category was disaggregated to examine intersectionality. We recognise that ‘Asian’ still conflates a diverse group, but these categorisations have been used to observe macro-trends, helping to identify areas that require further examination.

To put the significance of intersectionality into perspective, Asian males from higher socio-economic backgrounds progress 32% more quickly, compared with white females from lower socio-economic backgrounds.

The highest gap identified of 32% between an Asian male from a higher socio-economic background and a white female from a lower socio-economic background means that if it took the former five years to reach a certain grade, it would take the latter around 20 months longer to do so – six years and eight months.

The research confirms that if an individual is from a higher socio-economic background, they are likely to progress more quickly than average; while if they are from a lower socio-economic background, they are likely to progress more slowly than average; and if an individual is both from a lower socio-economic background and identifies as female and/or is from an ethnic minority background, they are likely to progress more slowly still.
Comparable studies

While KPMG’s analysis of progression rates is the most comprehensive of any single organisation to date, previous studies by other organisations have revealed similar findings, emphasising just how prevalent progression inequalities are likely to be.

In 2018, the BBC (supported by the Bridge Group) published its report – Reflecting the socio-economic diversity of the UK within the BBC workforce – which revealed a progression gap of 20% between those from ‘working class backgrounds’ and ‘professional backgrounds’ for middle management grades. The analysis did not analyse socio-economic background alongside other diversity characteristics, however the research also found progression gaps for lower socio-economic background colleagues narrowed at more senior levels.

Further insights on progression are available in aggregate form across a number of organisations in two specific sectors – law and financial services. These were also analysed and published by the Bridge Group:

— In a study conducted in 2020 amongst ten leading law firms\(^7\), a progression gap of 15% was identified between those from lower socio-economic backgrounds and higher socio-economic backgrounds when looking at the average time taken to become partner. The analysis also identified a progression gap to partner of 8% between females and males, and 17% between those from ethnic minority backgrounds and those of white ethnicity.

— In another the study also conducted in 2020 amongst eight organisations in the financial services sector\(^8\), it was found that employees from lower socio-economic backgrounds took longer to progress through grades, despite finding no evidence that links this with job performance. There was a progression gap of 25% between those from lower and higher socio-economic backgrounds; and this gap increased to 32% for those from lower socio-economic backgrounds who also identified as Black heritage.

\(^7\) https://www.thebridgegroup.org.uk/news/partner-law

As a firm, we are committed to creating an inclusive environment where all our colleagues can thrive and reach their full potential, whatever their identity or background.

We recognise that there isn’t just a moral imperative for championing greater diversity on all fronts, but it brings with it fresh thinking, different perspectives and better outcomes for our business and our clients, so the business case for doing so is just as clear.

As part of our longstanding commitment to change, we’ve been sharing details of our firm’s workforce representation since 2016. Tracked alongside our ambitious targets, this level of transparency helps drive accountability, details where we are making progress and, importantly, focuses our attention on where we need to do more.

We’ve continued to challenge ourselves, as part of our evolutionary approach to inclusion, diversity and equity. Earlier this year we outlined bold ambitions and set long-term workforce diversity targets through to 2030, which we are already progressing towards:

- **Our female partner representation has increased to 28%** (up from 26% last year) as we work towards having at least 40% representation by 2030.

- **Our ethnic minority partner representation has increased to 14%** (up from 12% last year) as we work towards our target of 20% by 2030.

- **Our firm has continued to improve the socio-economic background diversity of our partnership too**, having set our ambition to increase the number of our leaders from low socio-economic backgrounds to 29% by 2030. A quarter of our partners (25%) now come from low socio-economic backgrounds, up from 23% last year.

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**Arleen Arnott**
Partner, Edinburgh Office Senior Partner and Head of Financial Services Scotland

Arleen grew up in Wester Hailes, an area in the south-west of Edinburgh in the 1970s and 1980s. Despite her fond memories as a child with family and friends, she vividly recalls the economic difficulties the country, and indeed her parents, experienced as they faced into a significant financial crisis.

“My dad was out of work for most of my childhood, and my mum only started working when I was 11. It was tough,” Arleen reflects. “I have core memories of going with my mum to the DSS office to get my dad’s dole check and being given vouchers to keep my brother and I in our school uniforms and shoes.”

With money tight at home, Arleen first started working part time when she was 13 years old at a local high street clothes retailer. Further down the line, Arleen’s mother encouraged her to apply for a role at Standard Life, where she spent the next 25 years of her career, eventually moving into senior roles spanning Life and Pensions and Wealth and Asset management.

It was during this time that Arleen had got to know KPMG as a supplier. “I really liked the ethos and culture of the organisation and I decided to join KPMG to further develop my career dealing with Banking Partners.”

In 2019, Arleen became a partner. “It was a special moment for me. It not only reaffirmed to me that I’m a capable, caring, and driven person, but that others also believed that too, regardless of my background.”

She adds: “I think the level of focus KPMG places on ensuring great socio-economic background diversity at all levels of our firm should be applauded. Without firms drawing real lines in the sand on these issues, no progress will be made in diversifying the corporate workplace for the better.”
Turning insight into action

Workforce diversity statistics are just one part of the picture though, and we recognise that progress towards our targets is far more than a box-ticking exercise. What is crucial is that we use those insights to improve the lived experience of our colleagues.

Several curated interventions and programmes are helping our firm make progress and have supported with the narrowing of some progression gaps since 2018:

— Our award-winning personal development programme, GROW, was launched in 2016. Aimed at Managers and Senior Managers, the initiative was initially targeted at our female employees, but it has since been expanded to include colleagues from ethnic minority backgrounds, those who identify as gay, lesbian or bi, as well as those living with a disability or long-term health condition. The programme also includes colleagues from lower socio-economic backgrounds, with 14% of this year’s cohort being from such backgrounds. Over a quarter (27%) of these individuals have gone on to be promoted by at least one grade.

— IT’s Her Future, launched in 2015, was designed to encourage more women into technology careers, whilst also supporting their ongoing development and progression. Applications for the programme have continued to increase since its inception. Our female headcount in technology has also risen from 26% in 2015 to 42% this year, and the promotion of female talent has increased from 29% at launch to 44% this year.

— Our Black Heritage Allyship Programme was launched 2020, as a key part of our Black Lives Action Plan. Supporting the career progression of our Black heritage colleagues, 240 of our Black heritage colleagues were matched with allies across the firm. Participants engaged in a reciprocal mentoring relationship for a 12-month period, and over two-fifths (41%) of our mentees have gone on to attain at least one promotion since being enrolled on the programme.

Tyeisha arrived in the UK at the age of 10 along with her five siblings when her parents fled from political upheavals in the Congo. Her parents found work as cleaners as they established family life in east London. “My Dad was never home – he was always working!” Tyeisha reflects.

With no pattern to follow, Tyeisha wasn’t sure of the path ahead. She got her A levels at the local state school but didn’t apply for university. She began a hairdressing qualification but didn’t follow through with it. She went back to college, got a business administration qualification and found an office manager role. Then she saw a position advertised at KPMG.

“I never expected to get the job and I was so proud when I did! It’s been a rollercoaster since then,” Tyeisha says. She had various roles within KPMG before going on maternity leave. It was when she came back to the firm in 2019 that things really seemed to take off.

“I belong to the Afro-Caribbean Network and through that I got a mentor,” Tyeisha says. “She has made a huge difference, helping me think about my career path. It’s made me feel more empowered. I’ve been promoted three times in the last three years and am now a Manager. I can see other people around me who look like me or share a similar background in really senior positions and it gives me hope and belief for the future.”

Tyeisha believes there are opportunities for anyone who is prepared to work hard at the firm. “I think there have always been a huge number of opportunities. What’s changed is the way the firm communicates about them and opens them up, so that individuals like myself can see a future within the firm. No matter where we started.”
While these are just some examples of the targeted actions our firm is taking to support historically underrepresented groups, these clearly demonstrate how insights, combined with colleague feedback, can shape our interventions that ensure opportunities for all. These outcomes also provide learnings that can be applied elsewhere, including as part of our efforts to support our talent from lower socio-economic backgrounds.

Harris was born and bred in Birmingham, after his parents emigrated to the UK from Pakistan in 1968. His father was a factory worker while his mother looked after the home. His parents throughout his childhood put in the hours to save to give the best opportunities they could for their son.

It paid off, with Harris getting his A levels at the local college and becoming the first person amongst his extended family to go to university – reading Computer Science and Business Management at Aston University. He graduated with a 1st class honours and from there, he got onto the graduate scheme at a financial data company. At the beginning of 2022, he joined KPMG.

“I used to drive past the KPMG building in Birmingham and the brand has always seemed prestigious,” Harris reflects. “It was a great day when I joined the firm.”

Since then, things have moved fast. Harris saw an email about the firm’s Next Generation Leader scheme, applied and was given a place. He’s already been promoted to Manager and leads a small team providing digital agility design services to clients. He has a mentor too – one of KPMG’s senior partners, David Rowlands.

“It’s been fantastic,” Harris says. “I’m so lucky to have David as a mentor – he’s really helped shape my thinking. Mentors are so important for people from backgrounds like mine because you don’t have anyone in your family who’s been there before and can give you guidance.”

He adds: “As a Pakistani and practising Muslim, I’ve faced no barriers and I’ve found KPMG very inclusive. I was taken back by the quality of the prayer room in Canary Wharf. It really said a lot about how serious the firm is about ‘showing up as yourself’.”

Mentors are so important for people from backgrounds like mine because you don’t have anyone in your family who’s been there before and can give you guidance.

Harris Khaliq
Manager and Lead Agile Coach with KPMG Digital Design
Championing socio-economic background diversity at KPMG

While it is encouraging that many of our progression gaps have reduced over the past five years, our work to build a diverse and inclusive workplace and ensure equal opportunities must continue.

Our research makes it clear that championing greater social equality firmwide must be at the heart of our efforts. Doing so will have benefits for the many different groups that have intersections with lower socio-economic background, driving up our levels of inclusivity and equity.

Our inclusion, diversity and equity action plan spans leadership and culture, talent (acquisition, management and development), fairness in our systems and processes as well as our collective voice.

With both his parents in low skilled jobs, Brian spent much of his childhood moving from place to place as his father followed different job opportunities. “By the time I was 13, I’d lived in 12 different houses!” Brian reflects.

His father worked in tree nurseries but it was low paid work, meaning accommodation was rented, they often had no access to a car, and budgets were tight. Brian was on free school meals. But it was a loving family environment and Brian’s parents encouraged him and his brother to work hard at school. He became the first person in his family to go to university, studying Environmental Science at Southampton, and working in warehouse jobs in the holidays to supplement his grant.

Brian got a place on an Argos graduate scheme following university and later worked for Woolworths in distribution and logistics. Then he joined KPMG, where he has been for 15 years in the Consulting arm specialising in the supply chain space.

He’s currently a Senior Manager and will be going through the Director process in the coming year.

“I don’t feel my background has held me back at KPMG,” Brian says. “But it does have an impact. I’ve always had a bit of ‘job insecurity’ inherited from my parents – and particularly from those periods when Dad was out of work. You tend to put the blinkers on and doubt yourself! I’ve pulled back from a couple of promotion opportunities I probably could have gone for.”

Brian joined the firm’s Social Mobility Network when it was formed and is encouraged by the firm’s focus on the issue.

“I’m really pleased the firm has opened up the dialogue. It’s so important to identify the different lived experiences people have because of their backgrounds and find ways of addressing any barriers.”

Brian Connell
Senior Manager, Supply Chain Consulting at KPMG and member of the firm’s Social Mobility Network
Championing socio-economic background diversity at KPMG

Continued

Leadership and culture

We recognise that our commitment to inclusion, diversity and equity must start at the top, and currently 22% of our UK Board and 20% of our Executive Committee come from low socio-economic backgrounds. The proportion of our partners from low socio-economic backgrounds has increased to 25% this year (up from 23% in 2021), as we work towards our aim of 29% by 2030.

Helping to support a more inclusive culture, our firm now has 15 Employee Networks, with our Social Mobility Network (launched in 2021) being one of our fastest growing with over 800 members. The network empowers colleagues to share their experiences and insights, discuss development goals and support one another to make a difference and build a stronger culture at our firm.

"We’ve been focusing on social mobility for some time at KPMG, but much of the emphasis to date has been on recruitment pathways. This research gives us better visibility of retention and progression inside the firm than we’ve ever had before. It means we can analyse and see trends over time and, I hope, make much more progress in supporting fair outcomes for everyone."

Jennifer Wilkinson
Senior Manager and member of KPMG’s Social Mobility Advocacy & Action Group

"As a member of the Social Mobility Advocacy and Action Group, I am really pleased that the firm has carried out this research. It will deepen our understanding and give us new information. I hope that sharing the results will encourage other businesses to look at the situation in their own organisations and help them make progress in the equity journey too."

KPMG’s Social Mobility Advocacy and Action Group

Supporting the Social Mobility Network, our Social Mobility Advocacy and Action Group guides the firm’s approach to supporting colleagues from lower socio-economic backgrounds and is sponsored by a member of the Executive Committee. This group has been the driving force behind many of the initiatives looking to bolster greater socio-economic background diversity at our firm, including a social mobility mentoring programme launched in June this year.
Championing socio-economic background diversity at KPMG

Continued

Talent

We’ve reinforced our efforts to widen access to our profession, encouraging applications regardless of their identity or background.

As part of this year’s graduate and apprentice intake, contextual recruitment methods have been introduced to place greater focus on an individual’s overall potential, while considering academic results in the context in which they were achieved – including a candidate’s socio-economic background. Entry requirements for specific training programmes have also been broadened too, with the firm’s Technology graduate programmes now requiring a 2:2 degree.

Our firm has recruited over 1,000 graduates and apprentices and welcomed over 3,600 experienced hires in the past year – 20% and 21% come from low socio-economic backgrounds respectively.

Further supporting our efforts to widen access to the profession, KPMG is launching a new Social Mobility Insight Programme, aimed at recruiting final year undergraduates and graduates from lower socio-economic backgrounds.

Growing up in Southport near Liverpool, Jade’s father was an electrician while her mother worked part-time as a cook at the school she and her brother went to. Her father was keen for her to enter a profession and accountancy appealed because she had an affinity for numbers. She got a place at Liverpool University where she did an accountancy degree.

“I didn’t actually know much about careers in accountancy because none of the big firms came to my school,” Jade says. “It was only when a lecturer flagged an internship opportunity at KPMG that I really became aware of the Big Four. I didn’t know about the A level requirements for example. I would have chosen different subjects at college if I had known.”

Jade took up the internship and then joined KPMG on graduation. She got her ICAEW qualification and made Assistant Manager. While working in Audit, she led the recruitment for the Liverpool office – and made sure outreach included more schools like hers, rather than just the private schools that had formed the main bulk of the pool. “I wanted to give everyone a chance,” she reflects. “If you give people the opportunity, they can rise to it!”

Jade has since gone in a different direction at KPMG, becoming a Senior Manager in the Learning & Development team based in London. Along with one cousin, she is the only person from her extended family to have moved away from Southport. “I think KPMG’s focus on social mobility is really important,” she says. “The culture at KPMG used to be less diverse, but that is definitely changing. There are more people from diverse backgrounds coming in. It’s like a pyramid – it will lead to more change up through the firm over time.”
Championing socio-economic background diversity at KPMG

Continued

This three-day initiative provides interns with the chance to meet inspirational people from our diverse teams, build employability skills and explore our variety of career opportunities available. Those on the programme also have the opportunity to take an assessment to secure a position on one of our 2023 graduate programmes.

Fairness in our systems and processes

Alongside our various programmes and initiatives, we have also been ensuring our firm’s systems, processes and policies have inclusion, diversity and equity at their very heart.

As this progression analysis demonstrates, we are collecting robust data on the diversity demographic of our workforce, as we look to understand and address systemic bias across all levels of the employee lifecycle – including career progression. Parental occupation is being embedded as a key measure within our HR processes.

We also consider our data insights alongside regular colleague surveys. Combined, this allows our firm to obtain a better understanding of potential barriers faced by our people, enabling us to take positive actions in areas of the greatest need to better support our people.

Our collective voice

KPMG’s efforts to champion greater social mobility extends well beyond our own firm. From being one of the first accredited Living Wage employers in 2012, to being the founding partner of the UK’s National Numeracy Day in 2018, we have been shining a spotlight on social inequalities for over a decade, and we’re continuing to challenge ourselves.

Last year, we were one of the first organisations to report our socio-economic background pay gaps, while also setting ambitious targets to increase the number of leaders from low socio-economic backgrounds to 29% by 2030. This continues to be new territory for a lot of businesses, with the reporting of this data being complex. We continue to work through these challenges with guidance from social mobility experts – the Bridge Group – not just to improve diversity at our own firm, but to encourage other businesses to follow suit. Our reports provide a comprehensive framework for doing so.

This latest progression analysis – the most detailed socio-economic background-focused study undertaken to date by any single organisation – reinforces just how significant socio-economic background is to the wider diversity conversation. It’s only through this level of transparency, however sobering the findings may be, that we can truly understand the issue and take action to address it.
Tackling socio-economic background progression

Our progression analysis clearly shows that lower socio-economic background presents our talent with the biggest barrier to progression, compared to any other characteristic.

In the five years since we previously conducted this analysis, our socio-economic background progression gap closed by only 3 percentage points (from -22% in 2018, to -19% in 2022). While this may suggest some progress is being made following the initial implementation of our Social Mobility Action Plan, we also know we have much more to do.

In addition to the initiatives our firm already has in place, we will look to close our socio-economic background progression gap further:

1) Review our firm’s approach to work allocation

We have continued to conduct extensive analysis to measure access to top opportunities for our historically underrepresented groups, including measuring sentiment from our colleagues on equal access to work opportunities.

Work allocation plays a vital role in progression-readiness by providing stretching, developmental opportunities which bolster an individual’s expertise. However, we know that we can do more to ensure access to these opportunities is fair for all our colleagues and we are committed to this. In the coming year we will be looking to see what more we can do to augment our current skills matching technology.

2) Enhancing the data insights we collect in relation to progression of our talent

The value in collecting diversity data on all fronts is undeniable, from an overview on workforce diversity, to ensuring our firm’s processes are equitable for all our colleagues.

We are enhancing the quality of the data we collate, by introducing new reporting technology. This will enable us to look at data through an intersectional lens whenever we examine inclusion, diversity and equity (IDE) data and ensure that any interventions fully support all colleagues.

3) Implementing a new promotion readiness initiative

Given the findings from our progression analysis, we will be piloting a new promotion readiness programme targeted at our historically under-represented groups, including low socio-economic background colleagues. This programme will sit alongside our wider suite of learning opportunities available to all colleagues. This new programme will be focused on our Manager population, where we know we have the least socio-economic background diversity and where our data suggests that our talent faces the biggest barriers to progression. This new initiative will comprise of two modules, first helping our low socio-economic background talent develop a progression mindset and second, prepare them for a promotion interview.

In the pilot phase of the initiative, Managers who are considered ready for promotion to Senior Manager within the next six to 12 months will be nominated for the programme by the business. These nominations will then be considered alongside our existing workforce diversity to ensure fair representation.
This analysis of progression at our own firm – combined with the findings from other comparable studies – makes it clear: socio-economic background must be considered as part of the wider diversity conversation. It’s at the heart of making our businesses and wider society fairer and more equitable.

A focus on socio-economic background must extend beyond entry level position too, with ‘getting on’ in careers just as important as ‘getting in’. This will ensure the future business leaders of tomorrow better reflect society and the communities they serve.

Failing to acknowledge the inequalities that exist will only compound them further. Meanwhile, businesses and the wider economy will continue to miss out on the significant contribution those left behind could be making.

We recognise that our longstanding focus on social mobility, coupled with the engagement of our people, has enabled our firm to conduct this research, shedding light on the issues that exist.

Whether a business is taking its first steps or starting from another baseline, we all have a duty to bolster our social mobility ambitions. It’s only right that career advancement is based on realising potential, not recognising background or polish.

The case for greater socio-economic equality in business has never been stronger. The current economic climate means that the disparities experienced by those from lower-socio economic backgrounds and other historically underrepresented groups are only likely to worsen. If we are to turn the tide on the inequalities that exist, businesses must act.

Paving the road ahead, there are five key actions all businesses can take to tackle social inequalities:

**Engage your leadership**

Business leaders play a crucial role in building an inclusive culture, setting the right tone from the top, as well as being role models. It’s vital leaders make a bold commitment to improve socio-economic background diversity, and are held accountable for driving that change.

**Engage your people**

It’s only with the engagement of your people – including obtaining the necessary diversity declarations – that a business can gain a better understanding of workforce demographics. Socio-economic background remains overlooked and understudied, so these insights are needed now more than ever. With these facts, businesses can then make informed decisions about future actions to eradicate the barriers faced by those from lower socio-economic backgrounds.

**Set your ambition**

Set clear targets to improve socio-economic background diversity. This increased transparency holds your business and its leadership to account. It’s far more than a box-ticking exercise though, it’s fundamentally about improving the lived experience of people.

**Turn insight into action**

By examining workforce diversity insights inside and out, you can identify where barriers exist and take targeted action, but those insights must be coupled with feedback from those impacted. While interventions and initiatives will change over time, a focus on inclusion, diversity and equity on all fronts is a continuous programme, so be prepared for your approach to evolve.

**Share your learnings**

Sharing best practice allows other businesses to learn, furthering social mobility not just in your organisation, but within society at large too. Successive reviews - including the Hampton Alexander Review and the FTSE Women Leaders Review, both tackling the lack of gender representation - have demonstrated what can be achieved through a sustained and collective focus. It’s now time to give socio-economic background the attention it deserves.