



Social Mobility &
Child Poverty
Commission

A qualitative evaluation of non-educational barriers to the elite professions

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About the Commission

The Social Mobility and Child Poverty Commission is an advisory non-departmental public body established under the Child Poverty Act 2010 (as amended by the Welfare Reform Act 2012) with a remit to monitor the progress of the Government and others on child poverty and social mobility. It is made up of 10 commissioners and is supported by a small secretariat.

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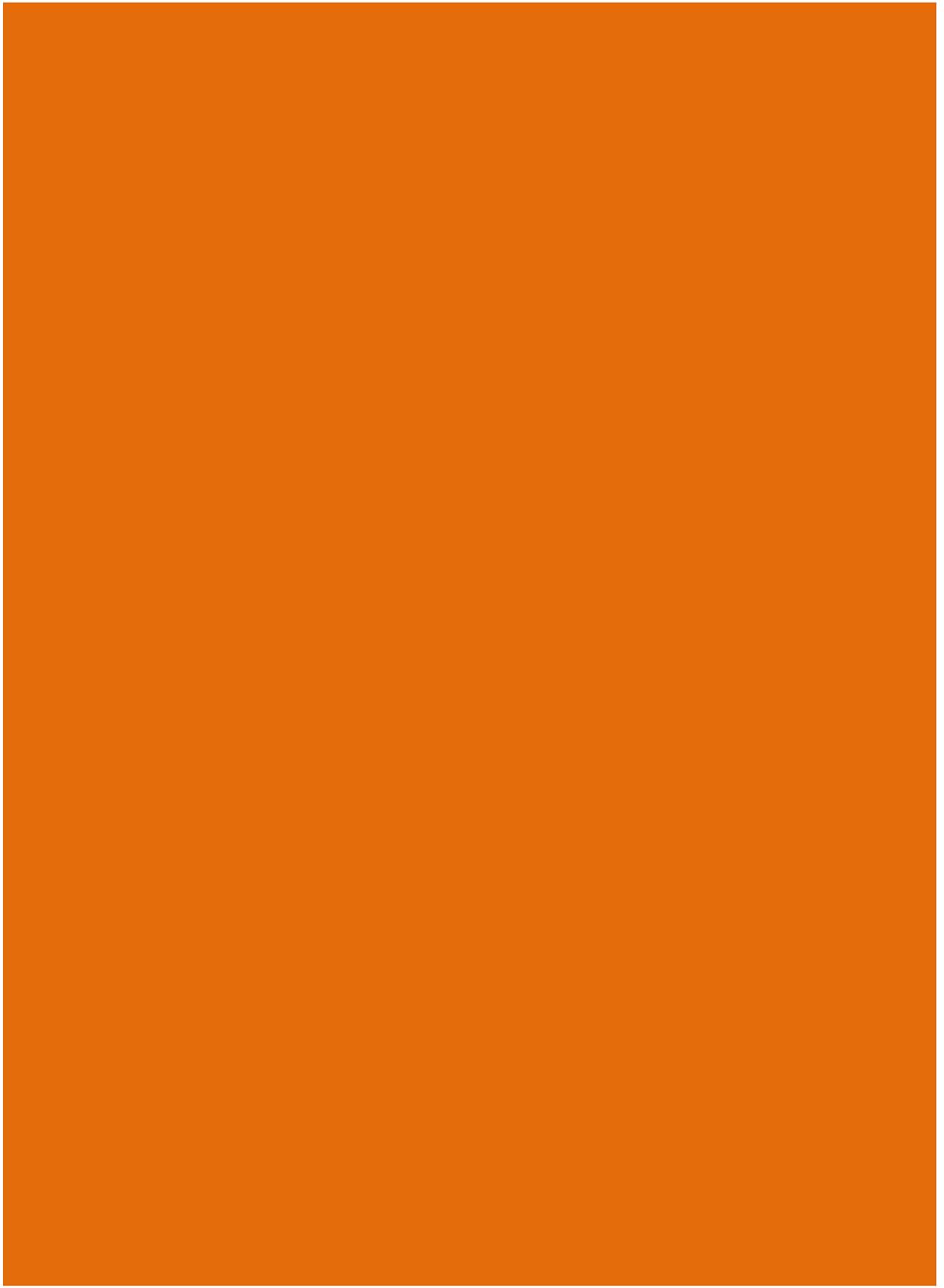
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- Providing published advice to ministers on matters relating to social mobility and child poverty.
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Section 1 Overview

This report sets out the findings from a qualitative study, focusing on two main areas. The first (Study A) examines the barriers to entry for people from less privileged socioeconomic backgrounds to elite law and accountancy firms, with a particular focus on London. The second (Study B) examines the barriers to entry for people from similar backgrounds to elite financial service firms (including accountancy) located in Scotland.

The study finds that despite their efforts to improve social inclusion over the past ten to fifteen years, these elite firms continue to be heavily dominated at entry level by people from more privileged socioeconomic backgrounds. This can be attributed primarily to a tendency to recruit the majority of new entrants from a narrow group of elite universities, where students are more likely to have attended selective or fee-paying schools, and/or come from relatively affluent backgrounds. In addition, elite firms define 'talent' according to a number of factors such as drive, resilience, strong communication skills and above all confidence and 'polish', which participants in the research acknowledged can be mapped on to middle-class status and socialisation.

Against this backdrop, the key purpose of the study is to explore what more can be done to open access to elite professions. More generally, the study responds to evidence that the dominance of people from more privileged socioeconomic backgrounds within elite professions has become more pronounced over the past thirty years. For example, research from the Cabinet Office shows that recent generations of lawyers and accountants are more likely to come from families with significantly above-average incomes¹. There is also some evidence that where diverse individuals gain access to the elite professions, their subsequent career progression is affected by social background, though the extent and cause of this challenge has been under-researched to date. As we shall demonstrate, these issues seem particularly acute in the UK's largest and most prestigious law, accountancy and financial service firms, on which this study is focused.

A key focus of the current study is on talent. Whilst talent is sometimes presented by firms as though it is an unproblematic concept, it is in fact highly ambiguous. Previous research suggests that this ambiguity is a key factor encouraging firms to rely on proxy measures of potential associated with middle-class status, thus accentuating rather than reducing, non-educational barriers to entry and, possibly, career progression². In order to explore this issue, we look here at how talent is identified and defined at entry level by organisations within the elite professions.

In addition, we also address three specific gaps in current knowledge of graduate hiring processes and practices and career progression.

- First, we address a lack of transparency about the precise mechanics of the recruitment and selection process, and subsequent promotion decisions. In particular, we ask what non-educational barriers to entry and progression do elite organisations construct? Who are these barriers constructed by? And at what points in the hiring process do these barriers come into play?

- Second, we examine the organisational dynamics behind a lack of diversity on the basis of social background, including factors in support of change, and in favour of the status quo. As part of this, we explore the role played by the business and moral cases for change, and discuss current best practice with respect to social inclusion initiatives.
- Third, we ask what role clients of leading firms may play in building a better case for change? Whilst elite organisations regularly claim that client expectations of their professional advisors are a barrier to diversity, there has been no independent study of the client perspective on social background to date. This is important because in other diversity strands, including gender, the client voice has arguably been important in driving forward at least some progressive change.

1.1. Methodology in Brief

The full methodology is described in the appendices of this report. However, in brief, this research adopted a case study approach.

- For Study A, the research focused on ten elite firms (five accountancy and five law firms).
- For Study B, (focusing specifically on Scotland), the research investigated four firms from across the professional employment sector, including three banks and one accountancy firm.

The studies were devised in order to understand whether the barriers to entry for people from less privileged backgrounds were similar in Scotland to those operating in the rest of the UK. Where differences were identified, the project team sought to understand why, and whether these differences led to different outcomes.

At each firm, the project team sought quantitative data demonstrating for example the socioeconomic and educational background of applicants to the firms compared to those who are offered jobs and appointed, in specific cohorts. However, the main focus of the research was in-depth interviews with individuals at each firm. Interviewees were drawn from across firms' hierarchies. For Study A the project team conducted fifty-five interviews at the ten case study firms. In addition, the project team conducted ten interviews with General Counsel and their deputies within the FTSE100, who are senior lawyers within corporates, who instruct and work with law firms. Efforts were made to include Finance Directors and Chief Operating Officers who work with and instruct leading accountancy firms. However, none agreed to take part.

For Study B, interviews were conducted with fourteen mid-level and senior managers/partners and six Heads of HR, Talent, diversity or recruitment officers. Further contextual background was offered by interviews with two senior figures responsible for the operation of scholarship, bursary, internship and mentoring programmes for gifted university students from socially disadvantaged backgrounds wishing to enter accounting and finance professions.

All firms and interviewees took part on the basis of confidentiality.

1.2 Defining 'Social Class'

The focus of this study is on the role that social class plays in relation to access to the professions. However, it is important to note that there is no consensus about how to measure social class. A common indicator used by economists is parental income, where comparative privilege is related primarily to material advantage. However, this is a static measure which cannot track changes over the parental life course. In addition, income may not necessarily map on to an individual's relative social status or social class. An alternative or additional measure is parental occupation, which fits more closely with sociological perspectives on social class.

In the absence of either form of measurement, proxy indicators of both economic and social status may be used. In the current report we rely predominantly on three of these. The first is whether the individual received Free School Meals (FSM), which are provided to children at state schools whose parents are in receipt of certain benefits or who have an annual income of less than £16,190. The second is whether one or both of an individual's parents attended university or whether they were the first generation in their immediate family to do so. The third is based on the individual's educational background, specifically, whether they were educated at a non-selective state school, a selective state school, or a fee-paying (private school), which account for eighty-eight, four and seven percent of the population respectively.

We use these indicators because at least one is currently also used by most elite professional service firms, seeking to measure the social background of new entrants, and sometimes, experienced members of the professions. In doing so, we recognise that all are problematic. For example, FSM may tell us about an individual's parental income, but little about their occupation or relative social status. Educational background offers some information on both social and economic status, since we can assume that many students who attend fee-paying schools come from privileged socioeconomic backgrounds. However, this is far from certain since some at least receive scholarships, and many students who attend state schools have affluent parents. Nevertheless, we contend that these proxy measures offer a useful though inevitably incomplete guide to current and historical patterns of social exclusion.

The remainder of this report proceeds as follows. Section 2 is an executive summary of findings. Section 3 summarises the recommendations originating in this research. Section 4 comprises a brief literature review, summarising previous research on social class and access to the professions. Sections 5 - 9 provide more detailed analysis of key findings originating in the study. Section 10 comprises a summary of possible future trends and conclusion.

Section 2 Executive Summary

Study A

Elite law and accountancy firms continue to employ young people who are predominantly from more privileged backgrounds.

- The elite professions have traditionally been the preserves of the upper reaches of UK society. While data is patchy on the socioeconomic background of their current populations, it does indicate that access to elite professional firms remains unequal and that their professional employees generally have privileged backgrounds in comparison to the UK population.
- Barely a third of top law firms report social mobility data according to job type. Of those that do, their figures show that typically close to forty percent of graduate trainees were educated at fee-paying schools, which are attended by seven percent of the UK population.
- Leading accountancy firms do not report social mobility data publicly. However, information provided by case study firms suggests that up to seventy percent of job offers have been made to graduates educated at a selective state or fee-paying school in a single cohort. This compares to four percent and seven percent of the population as a whole. Data provided by one case study firm showed that less than five percent of new graduate entrants to accountancy firms had received free school meals (FSM). This compares to just over sixteen percent of students in state funded schools in England who are eligible for, and claiming, free school meals¹.

Professional employers target recruitment strategies at the most selective universities, whose students apply in high numbers; students at these universities are more likely to have been educated at selective or fee-paying schools, or be from relatively affluent backgrounds.

- A lack of socioeconomic diversity amongst new entrants to elite firms relates most obviously to a lack of diversity in their applicant base. Data made available to the project team revealed that at leading accountancy firms, typically forty to fifty percent of applicants have been educated at a Russell Groupⁱ university. These Russell Group applicants receive between sixty and seventy percent of all job offers. The high proportion of applicants from these universities is a direct result of elite firms' recruitment and attraction strategies, which comprise a variety of campus visits and targeted advertising specifically devised with this aim in mind.

ⁱ The Russell Group is a self-selected group of twenty-four research-led universities which also have high entry standards for students. The Russell Group was established 1994 to represent its members' interests including to [government](#). The Russell Group includes the following universities: Birmingham; Bristol; Cambridge; Cardiff ; Durham; Edinburgh; Exeter; Glasgow; Imperial College London; King's College London; Leeds; Liverpool; London School of Economics & Political Science; Manchester; Newcastle; Nottingham; Oxford; Queen Mary University of London; Queen's University Belfast; Sheffield; Southampton; University College London; Warwick; York.

- The educational and socioeconomic background of Russell Group students is not representative of the UK as a whole nor within higher education. For example, the proportion of young full-time undergraduate entrants to Russell Group universities who are from less advantaged social backgrounds (NS-SEC classes 4-7ⁱⁱ) was nineteen percent in 2011/12². This compares to just under thirty-three percent for all universities in the UK in 2013/14³.
- In turn these figures can be explained by the fact that although Russell Group universities A-level entry requirements are in principle meritocratic, performance at A-level is strongly correlated with social backgroundⁱⁱⁱ; further, one research study suggests that on average, a state school applicant needs to achieve one grade higher in their A-levels (eg AAB rather than ABB) to have the same chance of being admitted to a Russell Group university as an otherwise identical privately educated student⁴.

Applicants who attend Russell Group universities are not only more likely to apply to elite firms but are also more likely to be successful in their application than those who went to less selective universities.

- Most case study firms in the current research emphasise that applications are welcomed from students from all higher education institutions (HEI), and that all applications are treated equally. However, the current research demonstrates that candidates from favoured Russell Group universities have a significantly higher conversion rate from application to job offer compared to peers educated elsewhere. In part, this finding may relate to the strong academic credentials of these applicants. However, previous research by the SMCPD suggests for example that half of all students who achieve AAB or above in their A-levels do not attend a Russell Group university⁵.
- Attraction strategies devised by elite firms therefore also play an important role, since elite firms offer students at these institutions coaching and advice sessions on the application and interview process. Current professionals and recruitment specialists may also ‘talent spot’ suitable students, which may result in their application being flagged for special attention, should they pass selection tests.
- In sum, students at Russell Group universities are on average more likely to have enjoyed educational and economic advantages compared to many students educated elsewhere. These advantages are further reinforced in the recruitment and selection process. In contrast, students educated elsewhere and/or who are from less privileged backgrounds may be disadvantaged because their application

ⁱⁱ The National Statistics Socioeconomic Classification for social class based on occupation distinguishes individuals based on their employment relations. NS-SEC has 8 main categories (known as the analytical scale) with 1-3 including administrative, managerial and higher professional occupations and 4-7 including routine and semi-routine occupations. Category 8 is never worked and long term unemployed.

ⁱⁱⁱ For example, according to the Joint Council for Qualifications, pupils from fee-paying schools achieve almost thirty percent of all A* grades despite forming just over thirteen percent of all A-level entries. See: <http://www.telegraph.co.uk/education/educationnews/11367877/Private-schools-achieve-greater-A-level-success.html> (accessed 26th April 2015)

is not actively invited by elite firms and if they do apply, they do not have similar access to coaching and support which might aid their success.

Students from less privileged backgrounds may apply in lower numbers as they do not feel they would fit in to the corporate culture.

- Participants in the current research suggested that students from more modest socioeconomic backgrounds may self-select out of the application process in relatively high numbers, even when educated at Russell Group universities. This can be explained in part because some of the activities conducted during campus visits may reinforce elite firms' image of exclusivity, so that students from these backgrounds may feel that they will not fit in, or that their academic credentials might not be acceptable.

Recruitment and selection processes deploy a specific notion of 'talent' which may further advantage candidates from middle-class backgrounds.

- The recruitment and selection process is designed to ensure that the most talented graduates are appointed. The data suggests that firms understand talent in multiple ways, starting with intelligence, which is evidenced by psychometric tests and academic credentials, including A-levels. As noted, privately educated students are more likely to have higher A-level scores.
- A range of non-educational skills and attributes are also sought, including the capacity to present a "polished" appearance, display strong communication and debating skills, and act in a confident manner at interview. Participants suggested that their current recruitment and selection techniques focused on Russell Group universities are successful in providing them with high numbers of talented candidates according to this definition.
- However, current definitions of talent can arguably be closely mapped on to socioeconomic status, including middle-class norms and behaviours. As such, participants also acknowledged that the current definition of talent may disadvantage talented students who have not benefited from similar educational advantages or been socialised in a middle-class context, no matter how great their aptitude for a professional career in all other respects.

Current selection techniques and especially academic credentials do not guarantee predictive validity.

- Intelligence is important for a professional career. Academic credentials are generally considered within firms to indicate intelligence and critically, to predict success in professional qualifications. However, though they represent an essential license to practice, success in professional qualifications is not considered by many participants to be indicative of a successful career. Neither is it evident that students with the highest scores in, for example, application forms, initial interviews or psychometric tests will necessarily enjoy the most successful careers.

- However, for most elite firms, this is not necessarily important since screening techniques, particularly the use of academic credentials and psychometric tests, represent a defensibly meritocratic means of reducing the extremely high volume of potentially suitable applicants to more manageable numbers. Mainstream recruitment and selection techniques are therefore considered by current professionals to be cost effective and efficient. Many participants acknowledged that social inclusion could be improved should firms seek different ways to measure potential, which might also deliver new professionals with a wider range of skills and abilities. However, doing so is considered expensive, difficult and high risk.
- For many firms, making the significant changes to recruitment and selection processes which would genuinely open access is not then currently a commercial priority. Whilst efforts to improve social inclusion are often presented by firms in relation to the business case for talent, most of our participants considered that given high volumes of suitable applicants, this business case is not currently compelling. As a result, participants argued that social justice, fairness and corporate social responsibility (CSR) are more important motivations, which may explain why their social inclusion initiatives are often somewhat detached from mainstream recruitment and selection techniques.

A range of initiatives are though in place to broaden the backgrounds of the young people elite firms employ, as ‘add-ons’ to mainstream recruitment and selection processes.

- Often working with charities and third sector organisations, or as consortia, elite law and accountancy firms have introduced a wide range of initiatives to improve social inclusion. A key focus on the ‘supply-side’ is to raise aspirations amongst students and school children from significantly less privileged socioeconomic backgrounds. Initiatives often focus on working with schools in deprived areas, and can also involve identifying students with potential and supporting their development through internships, skills training and mentoring.
- These initiatives are undoubtedly transformative for some students and are therefore valuable on this basis. However, there is little evidence to suggest that significant numbers of students who would not otherwise access the elite professions are currently doing so as a result of these interventions. Participants at most case study firms suggested that though they have sometimes offered intensive support to bright students from substantially less privileged backgrounds, some of whom have subsequently applied to their firm, relatively few have been offered a training contract to date.

Interventions are becoming more intensive and sophisticated and are likely to have higher success rates in future. However, our findings suggest two points of caution for schemes that aim to increase participation of disadvantaged groups.

- First, the focus of such initiatives has historically been on raising aspirations and changing the attitudes, behaviours and skills of potential professionals from non-

traditional backgrounds. Though welcome, this emphasis neglects the ‘demand side’ causes of limited diversity, including the role played by current definitions of ‘talent’. Unless elite firms further interrogate their own notions of talent, it is likely that those who participate in access schemes will continue to face barriers to entry and progression. Even greater progress would be made if firms reflected further on those characteristics which represent ‘talent’, and minimised those aspects of their current recruitment and selection strategies which tend to reproduce their existing work forces.

- Second, mainstream recruitment and selection processes advantage many of the most privileged members of our society, whilst social inclusion initiatives have focused on some of the least privileged students. We suggest that marginal but still useful improvements to inclusion could be made if many more elite firms could also encourage suitably qualified students from ‘ordinary’ backgrounds to apply in significantly higher numbers and, critically, provide them with the support they need to succeed. At present, this group represents a ‘missing cohort’ of potential new professionals, who are arguably over-looked by existing initiatives to open access to the professions.

There are signs of progress. In particular, ‘best practice’ firms are now focusing on the demand-side, including how to adjust their recruitment and selection techniques to become more socially inclusive.

- Best practice firms have adapted their selection techniques, by, for example, no longer screening on academic credentials. Some firms are also exploring the use of socioeconomic data to contextualise academic performance at school. Generally, best practice firms are seeking ways to identify potential in ways that do not rely solely on past performance. Early evidence suggests that these initiatives are opening access on the basis of educational background, especially university, but it is too soon to calculate the precise impact according to socioeconomic indicators.
- During the past five years, many accountancy firms have also expanded their apprenticeship or school-leaver programmes, partly in order to become more inclusive. Compared to graduate programmes, at most firms these programmes are currently relatively small-scale and their demographic profile suggests that whilst new entrants are more diverse with respect to educational background than graduates, the differences can be fairly minor. As such, we must be cautious about whether these programmes are currently making a significant contribution to social inclusion.

Opening access to the professions is not the only objective. Those from less advantaged background who access elite professions may also face a ‘class ceiling’⁶ limiting their progress.

- Individuals from less privileged backgrounds may encounter more problems climbing the career ladder than their more privileged peers. Firms were not able to supply quantitative data which would test this supposition but participants repeatedly offered examples where ‘non-traditional’ graduates were less likely to

pass professional examinations, or to be appointed by the firm upon qualification. Participants explained this on the basis that new entrants to elite firms who come from non-traditional class and/or ethnic backgrounds may feel relatively isolated but simultaneously more visible and therefore exposed as they start their career.

Study B Scotland

Elite firms in financial services tend to employ people from more privileged backgrounds, although this is not as prominent as other professions.

- Across financial services, past research indicates that 37 percent of new intake and 60 percent of leaders have attended independent or selective schools. Data provided by one of the case study firms indicates that only one-third of graduate and intern applications come from individuals who are the first generation in their family to attend university. For offers made, 39 percent of graduates and only 21 percent of interns belonged to this group, indicating further difficulties for those applying for internships from disadvantaged backgrounds.
- Data available within the accountancy profession suggests a more balanced profile. Half of the Association for Chartered Certified Accountants' (ACCA) membership describe their parents as from higher professional and management classes and a majority report attending state school. However, only a small minority had received income support or free school meals during childhood.
- Traditional pathways from private school, to elite university, to an accounting or finance career are still in evidence within the Scottish firms, although these have been eroded to some extent.

Financial services firms target their graduate and intern recruitment at more selective universities, where students are more likely to come from higher socioeconomic backgrounds.

- Recruitment effort is concentrated primarily in four Russell Group or high ranking central belt universities – Edinburgh, Glasgow, Strathclyde and Heriot-Watt. These universities, especially Edinburgh, are less likely to attract students from lower socioeconomic classification backgrounds or low participation neighbourhoods.
- Firms target universities which attract the greatest number of applications and successful offers. A historically successful applicant stream is viewed as justifying additional resource, a strategy which is reviewed each year following the recruitment campaigns.
- The advantages offered students from preferred universities are considerable; from professional mentoring during degree study; to coaching on internships and applications; to talent-spotting during campus visits. Thus, access to internship and traineeship opportunities is enhanced for already advantaged students.

- There is an additional barrier for many top Scottish graduates, even from high ranking universities, seeking the most elite investment banking jobs which tend to be located in London. For these jobs, three of the firms in the study targeted only Edinburgh and St. Andrews. These are the poorest performing Scottish universities in terms of social mobility indicators and outcomes.

Financial services and accountancy firms have adopted best practice approaches to recruiting and selecting for internships; however, the proportions from disadvantaged backgrounds offered internships remains low. This is a significant barrier to accessing elite professional jobs.

- All firms provided paid internships which are advertised widely and accessed via a structured, centralised selection process which was the same as the graduate process. This minimises nepotism and favouritism revolving around family or client networks which has been a feature of these professions in the past.
- Targeting a wider range of universities and use of social media (e.g. LinkedIn) for advertising opportunities has led to some increase in interest from individuals from more disadvantaged backgrounds.
- Internships are a highly valued stream for recruitment into permanent traineeships, and indicate the importance attached to person-organisation and person-team fit as a selection criterion.

Selection practices in large financial services and accountancy firms use a range of educational and non-educational criteria during a multi-hurdle assessment process. The process reflects best practice in large-scale graduate recruitment and selection. However, barriers to social mobility remain.

- Most firms retain academic credentials as a minimum entry requirement using these as a means of screening the large number of applications and as an indicator of intelligence. Psychometric tests measuring general cognitive ability are also used in early screening. These initial hurdles directly advantage those from more selective universities and private schools who are likely to perform better in Highers/Advanced Highers/A levels and hence meet the higher entry standards at more elite universities.
- Social background also plays a role at initial screening in the one firm where the academic entry requirement of a 2:1 degree has been dropped. Motivation and awareness of the firm form part of a scored 'more holistic' criterion. However, this is also likely to advantage students from preferred universities if they have had greater early contact with the firm; e.g. through internships.
- Written application forms also advantage those from elite universities if they draw from past behaviour due to the extensive coaching these individuals are likely to receive. One example of good practice is the replacement of these forms with situational judgment tests, which were found to substantially improve social

mobility indicators recorded by one of the case firms for applicants progressing to the next stage of selection.

- The introduction of strengths-based assessment – with a greater focus on potential - to replace past-behaviour focused competency assessment by two of the firms could widen the pool of candidates progressing through selection stages. However, this was viewed within firms as representing a trade-off in terms of the apparent consistency in rating across multiple assessors and exercises provided by comprehensive competency frameworks.

The focus on personal qualities in financial services is prominent during selection and associated strongly with expansion of professional roles within the sector. This may prompt more rapid diversification of talent and selection practices designed to identify these qualities from a more diverse pool of candidates than is currently the case.

- Participants within all firms talked of talent in terms of a range of personal qualities reflecting for example, client empathy. These qualities were contextualised by significant shifts within financial services and the accountancy profession, including increasing scrutiny of firms, a reduction of silos within accountancy towards a more critical customer advisory role, and an increasingly global customer outlook.
- The diversity of the financial services sector, along with the increasingly international pool of graduates from local universities, creates a more dynamic force for widening applicant pools, although this is not yet evident on a large scale in recruitment strategies.

Financial services firms engaged proactively in a variety of social inclusion initiatives and there are optimistic collaborations between elite firms, professional associations, and external stakeholders.

- Firms actively promoted outreach by staff as mentors and speakers to schools, and sponsored alternative pathways into the firm through cooperation with professional bodies or external organisations to create apprenticeships and support non-graduate professional qualification routes.
- All had active school leavers programmes or sponsored bursary programmes for disadvantaged high potential students established by professional associations. However, while all saw value in school leaver and apprenticeship routes into professional roles, the graduate talent pool in Scotland is especially deep for relatively few positions. This makes it less attractive for firms to exploit these candidate pools further.
- Negative perceptions of financial services careers, low aspirations within schools and low uptake of school leavers' programmes were viewed as significant barriers which could not be addressed alone by the professional associations and firms.

Section 3 Recommendations

In this section, we list the recommendations which originate in this research. We underline that elite firms and third sector organisations have already made some progress with respect to social inclusion, and many of the recommendations below aim to build on this.

Measuring and Monitoring Inclusion

The issue	Why is it a problem?	Recommendation
Measurement of social background	<p>Understanding patterns of entry according to social background within the professions is vital, if we are to understand where to focus inclusion efforts in future. Measurement is also vital if we are to understand the impact of related interventions. In other words, what works?</p> <p>There is some reluctance amongst current and aspirant professionals to respond to surveys aiming to collect this data, often because they do not know why it is needed and how it will be used.</p>	<p>All elite firms should endeavour to record a wide range of social mobility indicators for new entrants, according to best practice. This could include parental occupation, which is a better measure than proxies such as FSM or school attended.</p> <p>Firm leaders should work with HR and diversity professionals to provide on-going information and reassurance to existing professionals and new entrants about why this information is needed and what it will be used for.</p>
Monitor and Report	Where law firms report on the educational background of their staff, they do not always do so by job type. Elite accountancy firms do not make this data public at all.	Elite firms should increase transparency by publishing headline data in public fora including firm websites and working with researchers and academics to analyse more detailed data, to understand where barriers to entry arise, and how these can be resolved.

Recruitment and Attraction

The Issue	Why is it a problem?	Recommendation
Attraction	Widening participation programmes within the most selective universities are making slow progress. It is highly unlikely that current attraction strategies which continue to focus predominantly on students educated at a narrow group of Russell Group universities can result in significant improvements to social inclusion.	Adjust attraction strategies in order to attract higher numbers of suitably qualified applicants from a wider range of universities.
Coaching and Support	Current attraction strategies focus on the most advantaged students, who are offered significant further advantages by elite firms in order to	Extend coaching and support to students beyond preferred universities. Though there are

	<p>successfully navigate the selection process. Potentially suitable students at other universities are arguably comparatively disadvantaged as a result.</p>	<p>significant resource implications here, there is arguably further potential for elite firms to collaborate in this area.</p>
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Selection

The Issue	Why is it a problem?	Recommendation
<p>Identifying Potential</p>	<p>Many selection techniques continue to focus on past performance rather than seeking to identify students with the most potential.</p> <p>Appetite for substantial changes to recruitment and selection strategies is muted because most elite firms do not currently consider this a commercial priority.</p> <p>Current definitions of talent are arguably somewhat one-dimensional and can be mapped on to middle-class socialisation and status (although this may be less evident in some financial service organisations and certain regions, compared to law or accountancy in London).</p>	<p>Elite firms should continue to establish and, ideally, share methods with each other to identify potential which do not rely on past performance.</p> <p>Leaders who are committed to change must remain actively involved in this agenda in order to increase the perception of urgency within their organisation and sector.</p> <p>Engage in on-going analysis of precisely how current definitions of talent disadvantage students who are not middle-class, and exploration of how this might be addressed.</p>

Social Inclusion Initiatives

The Issue	Why is it a problem?	Recommendation
<p>Geographical Focus</p>	<p>The most intensive social inclusion initiatives offering paid internships to disadvantaged students have historically been focused on London, though coverage is now expanding.</p>	<p>Elite firms should continue to expand support to students across the UK, if necessary working with other third sector organisations in this space.</p>
<p>Evaluation</p>	<p>Relatively few organisations or firms evaluate outcomes using statistical techniques or a valid control group. As a result it is difficult to assess the true efficacy of social inclusion programmes.</p>	<p>More organisations engaged in social inclusion should attempt to evaluate and make public outcomes using appropriate statistical techniques. A key related goal for many programmes is to ensure that they keep a comprehensive database of alumni in order that destinations can be accurately tracked.</p>

<p>Apprentices</p>	<p>Though not a panacea, school leaver and apprenticeship programmes offer an opportunity to open entry to the professions on the basis of social background.</p> <p>However, many are relatively small-scale compared to graduate entry and do not appoint high numbers of non-traditional students.</p> <p>Expansion of these programmes is prevented in part as firms find it difficult to reach and attract suitable students.</p>	<p>Expand the number of new entrants into school-leaver programmes.</p> <p>Ring-fence a percentage of opportunities for non-traditional students and continue to explore possibilities to adjust entry requirements, including academic credentials.</p> <p>Elite firms should collaborate more extensively and combine financial and human resources to ensure wider reach and coverage of schools.</p>
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Career Progression

The issue	Why is it a problem?	Recommendation
<p>Isolation</p>	<p>New entrants to the professions from non-traditional backgrounds apparently feel isolated and un-supported, as they are required to manage their difference whilst also picking up difficult new technical skills.</p> <p>Some new entrants from non-traditional backgrounds may particularly struggle with professional qualifications.</p>	<p>Offer formal and informal mentoring to students from non-traditional backgrounds. Where possible provide them with more visible role models amongst current professionals.</p> <p>Offer students targeted support with their exams alongside mentoring, where they can discuss the challenges they face.</p>
<p>Knowledge</p>	<p>Currently few firms formally track and report outcomes for their new entrants as they progress their career according to social background. As such, we are unclear about the true nature and extent of this challenge.</p> <p>Conduct additional research which seeks to understand the specific challenges experienced by new entrants to the professions who are from non-traditional backgrounds.</p>	<p>Track career progression according to a range of diversity indicators, including social background.</p> <p>Commission and/or support further research. The gold standard here would be a longitudinal study, following a selected group of students through their journey from their initial application into a career. A study of this nature would be further improved via the use of a control group, enabling a comparison with students from both similar and different backgrounds, aspiring to a professional</p>

		career.
Prioritise social class	Despite increasing awareness, social class remains a relatively hidden category within the professions, especially in comparison to other diversity strands such as gender. As such, relatively few current professionals are aware of the nature and scale of the challenge to achieve social inclusion, which limits the platform for progressive action.	Diversity professionals, firm leaders and government should work to raise awareness of social class as a focus for diversity efforts. This might include helping other professionals find the language to discuss social class, and feel comfortable doing so.

Section 4 Background: social mobility and access to elite professions

Social stratification and movement between strata are highly complex phenomena. A primary cause of this complexity is the difficulty associated with defining social class. For instance, should it be defined in terms of occupation or does it depend on other measures related to educational attainment, cultural interests and patterns of consumption? How does social class intersect with other identity axes such as ethnicity? A further problem derives from whether social mobility denotes the potential of an individual, in the course of his or her lifetime, to attain a higher social status (intra-generational mobility) or whether it is more appropriately viewed as a matter of group patterns of status attainment (inter-generational mobility).

4.1: About Social Mobility in the UK

Historically, the UK has been a society with relatively low rates of upward social mobility¹. The stratified educational system of the UK is said to play a major role in reproducing the class background (and rituals) of key institutions. As a result, strong links remain between social status, education and familial background. To an extent, these features of UK society were weakened as a result of the decades of social modernisation and explicit commitment to meritocratic values which followed World War Two. A further factor in increased social fluidity was the expansion of both higher education and professional, managerial and administrative occupations, beginning in the 1970s.²

However, the relative social fluidity during this period also accentuated the difficulties in defining both class and mobility. For instance, in the UK the decline of traditional manufacturing industry, the rise of 'identity politics' and the mass entry of new groups into higher education and the labour market have eroded traditional definitions of social categories and produced more complex configurations of inequalities. As a result, there is little clarity over inter-generational mobility rates. Elias and Purcell (2004)³ suggest that to the extent that social class inequalities in inter-generational mobility have decreased, this is a function of occupational restructuring. Some sociological work which measures mobility in terms of occupational class rather than income, suggests that rates may have remained fairly constant over time.⁴ Blanden, Gregg and Machin (2005)⁵ however, found that the link between the earnings of a parent and their adult child was stronger for the generation born in 1970 than the generation born in 1958, suggesting a decline in social mobility during the past thirty years or so.

Nevertheless, there is some consensus that entry and access to elite occupations has historically played an important role in relation to social mobility. In addition, because professions are elite occupations and engage in work of central social significance, it is particularly important that they both are, and are seen to be, meritocratic rather than the preserves of majority social groupings. Concerns about professional exclusivity are long standing⁶, and the last few decades have seen increasing calls from policy makers for professions to become more 'democratic' and accessible⁷. Public policy and media debate on this issue was stimulated in the UK following the publication in 2009 of the *Cabinet Office Panel for Fair Access to the*

Professions, otherwise known as the ‘Milburn Review’⁸. This report noted that accessibility had decreased between 1958 and 1970, and, for example, that lawyers of tomorrow are growing up in households that are better off than five out of six of all UK households. This finding was echoed by a report by MacMillan (2009) which analysed the average family incomes and abilities in childhood of those entering the professions and concluded that: “some of the top professions are increasingly being filled by individuals that look less different to the average in terms of ability and more different to the average in terms of family income.”⁹

More recently, research commissioned by the SMCP and published in its 2014 report ‘*Elitist Britain*¹⁰’ found that seventy-one percent of senior judges were educated at fee-paying schools, whilst seventy-five percent had attended Oxbridge. People from privileged backgrounds were also found to dominate a range of ‘top jobs’, including the senior levels of the armed forces, civil service, newspapers and parliament. These figures are particularly striking given that only seven percent of people in the UK are educated at fee-paying schools in total, and whilst thirty-eight percent of the adult population have attended university, just 0.8 percent have attended Oxbridge.

These indicators that opening access to the elite professions has not only stalled but may be going into reverse are supported by recent research conducted at the London School of Economics¹¹. This large-scale and representative study of social mobility into and within British elite occupations conducted by Laurison and Friedman found that their professional populations are *disproportionately* drawn from elite social and educational strata. Furthermore, those from NS-SEC 1 backgrounds (managerial, administrative and professional occupations) are nearly twice as common in NS-SEC 1 jobs as in the general population (27.2 percent vs 14.7 percent), while the relationship for people with parents who worked in routine or semi-routine employment is reversed: they constitute almost thirty-two percent of the population but only seventeen percent of NS-SEC 1.

Further, even where individuals from lower socioeconomic backgrounds access elite professions, they may not achieve the same outcomes as those from more privileged backgrounds. Analysis of the Labour Force Survey conducted by the same authors¹² found that even where socially mobile people are successful in entering the higher professions, including law and finance, they frequently fail to achieve the same levels of success, in terms of earnings at least, as their more privileged peers. Social origins are predictive of earnings even when other factors such as educational qualifications, job tenure and training, are controlled for. Thus, even where we see more diverse *representation* at entry level within the professions, this does not necessarily equate to *inclusion* on equal terms.

As a result, identify a “powerful and previously undetected ‘class ceiling’ which exists in Britain’s elite occupations, preventing the upwardly mobile from reaching the highest incomes.”¹³ They present two main explanations for this. ‘Supply side’ explanations suggest that this class pay gap is the result of the behaviours and practices of the socially aspirant, who may choose to specialise in less lucrative areas, or be more reluctant to seek promotion or negotiate pay rises than their peers. By contrast, ‘demand side’ explanations suggest that the gap may be attributed to the disadvantage which the upwardly mobile can be subject to even after they

access the professions, and in particular to the fact that they may be offered fewer opportunities for advancement. Such explanations emphasise that while these patterns may be the result of conscious discrimination, they can also result from the tendency of more senior professionals to promote in their own image and thus 'misrecognise' merit. The authors suggest additional qualitative research is needed to explore these issues in detail.

4.2: Explaining Social Exclusion from the Professions

The above findings may appear puzzling given that the policy drive to open up elite labour markets to wider populations has been underpinned by an expansion and diversification of higher education (HE), and that access to HE has been considered by successive governments to be pivotal to enhancing social mobility¹⁴. Thus, whilst in the 1960s there were just 200,000 university students in the UK¹⁵, in 2011 they numbered more than 2.6 million.¹⁶ The conversion in 1992 of the former polytechnics into universities and the introduction in 2002 by the New Labour Government of a target of fifty percent of young people at university, fuelled this expansion, and although this target was dropped by the Coalition Government, its economic and social rationales for enlarging the graduate labour force arguably remain.

In theoretical terms, these policy objectives fit closely with a human capital perspective where, in a free labour market, employers are expected to make rational decisions on the basis of an applicant's qualifications and credentials alone. Equality of opportunity in access to education is considered by human capital theorists¹⁷ as a means of ensuring that an individual's opportunity to progress within the labour market is based on achieved skills and 'merit'/ talent, rather than ascribed characteristics such as birth or class. According to this perspective, which is rooted in the neo-liberal theory of perfect markets and dominates business thinking about talent¹⁸, 'employability' is largely a matter for the individual who may or may not choose to invest in education. Questions of social class thus become largely redundant, since discrimination is irrational and social mobility will be ensured for the most able, regardless of background, or indeed other diversity axes such as gender or ethnicity.¹⁹

This narrative has been challenged by a range of scholars who see talent and employability as inherently ambiguous, and who argue that the capacity for aspirant professionals to demonstrate their employability is closely related to their class background.²⁰ Others note that in practice, the expansion of higher education in the 1980s and 1990s largely benefitted the middle-classes, therefore increasing rather than reducing the socioeconomic gap in university participation²¹. While the New Labour government aimed to address this situation through its widening participation agenda, its funding policy divided universities into three strata – research intensive, teaching excellence and local – and thus had the effect of hardening the pre-existing hierarchy. Further, although more students from disadvantaged backgrounds now go on to higher education they are significantly more likely to attend the less prestigious 'new universities', compared to their more privileged peers who tend to comprise the majority of students at more prestigious universities, particularly those in the Russell Group²².

Consequently, although the proportion of state school pupils entering a Russell Group university increased by 2.6 percent between 2002/3 and 2011/12, the number

of privately educated students entering these institutions increased by 7.9 percent over the same period²³. As a result, the proportion of entrants who are state educated and the proportion from less advantaged social groups were both lower in 2011/12 than in 2002/03. The proportion of young full-time undergraduate entrants to Russell Group universities who are from less advantaged social backgrounds (NS-SEC classes 4-7) decreased from 19.9 percent in 2002/03, to nineteen percent in 2011/12²⁴. This compares to 33.5 percent for all universities in the UK in 2013/14²⁵.

Research published by The Sutton Trust, based on figures supplied by the Department for Education, found that in 2011/12 thirty percent of comprehensive (non-selective state) schools had at most one or two students progressing to Russell Group universities. Other government figures, also reported by The Sutton Trust, show that the proportion of A-level students attending comprehensive schools and progressing to the country's thirty most academically demanding universities (which includes the Russell Group) fell from twenty-three percent in 2008/09 to nineteen percent in 2011/12. It is also notable that the intake of the most academically selective universities is more socially advantaged than would be expected given the social background of those with the necessary A-level grades to enter these institutions. Though this figure is contested by some Russell Group universities, this leads to a situation where The Sutton Trust believes that there is an estimated 3,700 "missing" state educated students who have the grades to get into Russell Group universities in England, but do not have places.²⁶

Russell Group universities have high entry requirements and there is little doubt that their students are for the most part talented according to the traditional measure of academic credentials. However, research by Boliver (2013) shows that on average, in order to be admitted to a Russell Group university, a state school student would need to achieve one grade higher in their A-levels (eg AAB rather than ABB) than a privately educated student²⁷. Other studies suggest that lesser access to effective information, teaching and related resources is a further factor in reducing applications from and hence the entry of talented individuals from less privileged background into high status universities, and, finally, research also suggests that many may be deterred from applying by a sense that they would either not be welcome or feel out of place at elite universities²⁸.

As a result a range of scholars consider that the project to reconfigure the UK as an education-based meritocracy has had little quantitative or qualitative impact²⁹. This work sees education as a 'positional good' which is used by the middle classes to retain their social status, and suggests that educational background is thus a good predictor of future social status. However, research by Goldthorpe and Mills (2008)³⁰ has found that even when the level of educational attainment is controlled for, there remains a significant association between an individual's class origins and class destinations. This has been explained by Saunders (2006)³¹ on the basis that as more people gain access to education, the less valuable it becomes as a means of entering top positions, and the greater the penalty for those who fail to access it at all. In turn, theorists suggest that as a particular educational qualification becomes more widely held, it provides less information to employers about the potential of those who possess it. This prompts employers to pay increased attention to other indicators when selecting new entrants. In this context, a degree from an elite university acts as a signal for quality, but other characteristics such as personal

style, accent and mannerisms, adaptability, team working and other ‘soft skills’ are then interpreted as proxies for ‘talent’. Thus, as Brown et al (2004)³² suggest, many of the most valued soft skills can be mapped on to social class background³³.

A further factor in the failure of the expansion of HE to open up access to the elite professions relates to the fact that predictions of a new knowledge based economy have not materialised³⁴. Thus, whilst some high-skilled jobs have been created, they remain relatively few, whilst the numbers of graduates have increased. The stratification of HE thus provides the UK’s top employers (which include our case study firms) with a rationale for processing the high volume of applications they receive, by targeting universities listed in Table One. Since these HEIs contain a disproportionate numbers of individuals drawn from the middle to upper middle classes and relatively low numbers of students whose parents who worked in routine or semi-routine employment, this inevitably translates into a tendency to select applicants from more privileged backgrounds.

Table One: Universities targeted most often by graduate employers in 2015³⁵ and proportion of young students in NE-SEC categories 4-7 starting their first degree in 2013/14³⁶

Higher Education Institution (HEI)	Students NS=SEC 4-7 in 2013/14
University of Oxford	10.6
University of Cambridge	10.8
University of Bristol	13.7
University of Durham	14.2
Imperial College London	16.3
University of Warwick	18.8
University College London	18.9
University of Nottingham	19.7
University of Leeds	21
University of Manchester	23.8

Thus, elite firms’ recruitment preferences can be explained in part by the increasingly competitive nature of the graduate labour market, where up to twenty students may compete for a single job. Against this backdrop, ‘conflict theory’ suggests that middle-class graduates are able to deploy non-academic resources to secure a relative advantage in professional labour markets in comparison to their working class peers³⁷. The conflict approach has been further theorised in terms of ‘social closure’, which is viewed as inherent in professionalism³⁸. According to this approach, occupational groups establish and maintain the scarcity value and prestige of their expert knowledge and raise their status by limiting opportunities for entry to a ‘to a restricted number of ‘eligibles’³⁹. Thus scholars have argued that despite the rhetoric of equal access, the professions must tightly manage the numbers and types of people allowed access to its knowledge⁴⁰.

Traditionally, when both the profession and partnerships were small, this was achieved through the use of social networks to recruit. However as a result of the last few decades of modernisation and consolidation of professional services, the market is now dominated by a few large firms with bureaucratised recruitment processes. This development has required the rationalisation of social closure on the basis of educational credentials, which takes the form discussed above. The need for social legitimacy, the continuing emphasis on diversity and inclusion, and the

push for inclusion by lower socioeconomic groups, on the one hand, and the drive to social closure on the other, has, according to other theorists, generated an increased emphasis on merit (or talent). Management of the tension between these two aspects of the contemporary labour market means that the closure strategy must be flexible but also apparently rational and hence justifiable, and therefore rests on the “ostensible neutrality of merit at the point of entry”⁴¹.

Our understanding of these processes has also been significantly enhanced by the work of French sociologist Bourdieu, whose concept of society in terms of social fields offers a means to bring together supply-side and demand-side explanations for social closure. Defined as a structured social space or network, a field has its own rules and forms of common sense. These characteristics are produced and naturalized through its cultural practices, in particular, through its actors’ interrelationships and struggles over the various forms of capital which circulate in any field. These forms of capital are not only human and economic, but, according to Bourdieu, also encompass cultural, symbolic, and social forms. The valuation of these various forms of capital is said to rest with a field’s elites, leading Bourdieu to argue that “[t]he particularity of the dominant is that they are in a position to ensure that their particular way of being is recognized as universal”⁴². Bourdieu’s conceptualization of these “taken for granted” notions sheds light on how existing hierarchies within a professional field can remain in place, despite moves to displace them.

Scholars working in this tradition underline that merit (and hence talent) is not an objective concept but rather rooted in a system of values which are permeated by assumptions about class (and gender and race), and that, as a result, good qualifications are unlikely to outweigh the value which is placed on traditional markers of status (such as attending Oxbridge) or on the mere fact of being, for instance, an upper middle class white male⁴³. Consequently, even while there is increasing recognition of the need to contextualise any individual’s achievement by considering their social background and the advantages or disadvantages this gave them, in practice, the ‘merit’ or ‘talent’ of those who either possess lower status academic credentials, or lack other signifiers of talent such as ‘polish,’ is nevertheless likely to be ‘misrecognised’.⁴⁴

4.3: Summary

Previous research has then provided valuable insights into both how and why the professions limit social inclusion, inadvertently or otherwise. The question addressed in the current report is: to what extent does this situation still pertain, and if so, how can it be addressed and, ideally, reversed? In asking these questions, it is important to underline that a poor rate of social mobility is a systemic problem in the UK, which originates in unequal opportunities for children according to social background from birthⁱ. It is therefore clear that this problem cannot be solved within the professions alone. However, to the extent that the exclusion of less privileged people from and

ⁱ There is an extensive literature on the inequalitarian and unmeritocratic effects of failing to contextualise educational achievement. For instance Archer’s research leads her to argue that lower A-level grades and “bronze...inauthentic” institutions, should not be seen as a signifier of the “productive capacities of individuals” (Archer, 2007: 641; and see Morley, 2007: 192). Conversely, when the reputation of an institution is seen by recruiters as valuable cultural capital, Reay et al caution us to remember that, “choosing to go to university is not really a choice at all for the middle class students. It is about staying as they are and making more of themselves, whilst for the working classes, it is about being different people in different places, about who they might be, but also what they might give up” (2005: 161).

within the professions is the result, at least in part, of the misrecognition of 'merit,' it is equally clear that professional organisations and occupations have an important role to play in addressing this challenge.

Section 5 Understanding Entry Routes and the Effect on Social Inclusion

In this and the following three sections we report on findings from Study A and on the following research questions: what non-educational barriers to entry and progression do elite organisations construct; who are these barriers constructed by; and at what point in the hiring process do these barriers come into play? As already noted, previous research has shed considerable light on these questions. The purpose of the current study is to test their findings in a context where the need to improve social inclusion has apparently been more widely recognised within elite firms, and to open up the ‘black box’ behind recruitment and selection, so that associated practices become more transparent. We rely on both quantitative and qualitative data, with the latter including fifty-five interviews at ten case study firms, and ten interviews with senior lawyers within the FTSE100, who work with and instruct major law firms.

In summary, we find that despite a significant and welcome emphasis on social inclusion amongst elite firms in recent years, they continue to implement mainstream recruitment and selection processes which systematically advantage applicants from more privileged backgrounds, whilst disadvantaging their peers from less privileged backgrounds. The process works as follows:

- Recruitment strategies focus on attracting high numbers of applicants from a limited number of universities, where students are predominantly from more privileged backgrounds and thus have often enjoyed significant educational advantages.
- Aspirant professionals educated at these universities are then further advantaged having been encouraged by elite firms to apply via targeted attraction strategies, and having been offered coaching and support by elite firms to help them prepare the strongest applications and navigate the selection process successfully.
- In addition, the characteristics that are sought by elite firms within their new entrants map closely on to social class. As such, whether or not an applicant has attended a preferred university it is likely that those from more privileged backgrounds also benefit in relation to the selection process, to the extent that they can display similar traits.

5.1: Current Patterns of Social Exclusion

Within the legal profession the Legal Services Board (LSB), as a result of research which showed that individuals from lower socioeconomic backgrounds face significant barriers to entry and progression,¹ has made the collection and publication of diversity data (including data on socioeconomic background) compulsory for legal firms and chambers since 2012. As noted, measuring social class is notoriously difficult; partly as a result of the many components that make up social class, some of which are based on perceptions and belief as well as fact. The LSB has settled on educational criteria as the most practicable proxies for social class, and firms are expected to survey all their UK employees asking whether they are the first generation in their family to have attended university and what type of schooling they received (eg private/fee-paying or state). Tables Two and Three list

fifteen top law firms in the UK (by turnover) and show relevant data where the project team was able to find this data on their website, by job type (which enables comparison).

Table Two: Percentage of Staff Educated at Private (Fee-Paying) Schools at Fifteen Leading Law Firms by Turnover

Firm	Partner	Associate	Trainee	Business Services
<i>Allen & Overy</i>	43	34	37*	17
<i>Ashurst</i> Ω	-	-	-	-
<i>Clifford Chance</i>	41.9	34.0	39.8	14.0
<i>Clyde & Co</i> Ω	-	-	-	-
<i>CMS</i>	35	32	29	-
<i>DLA Piper</i> Ω	-	-	-	-
<i>Eversheds</i> Ω	-	-	-	-
<i>Freshfields Bruckhaus Deringer</i> Ω	-	-	-	-
<i>Herbert Smith Freehill</i>	44.1***	-	37.5	-
<i>Hogan Lovells</i> Ω	-	-	-	-
<i>King & Wood Mallets</i> ^	-	-	-	-
<i>Linklaters</i> **	19	-	-	7
<i>Norton Rose Fulbright</i> ^	-	-	-	-
<i>Pinsent Masons</i> Ω	-	-	-	-
<i>Slaughter and May</i>	47.1	49.7	39.0	-

Table Three: Percentage of Staff Who Are First Generation in their Family to Attend University at Fifteen Leading Law Firms by Turnover

Firm	Partner	Associate	Trainee	Business Services
<i>Allen & Overy</i>	40	26	27*	31
<i>Ashurst</i> Ω	-	-	-	-
<i>Clifford Chance</i>	51.6	26.8	21.1	28.2
<i>Clyde & Co</i> Ω	-	-	-	-
<i>CMS</i>	48	40	44	-
<i>DLA Piper</i> Ω	-	-	-	-
<i>Eversheds</i> Ω	-	-	-	-
<i>Freshfields Bruckhaus Deringer</i> Ω	-	-	-	-
<i>Herbert Smith Freehill</i>	35.9	-	23.5	-
<i>Hogan Lovells</i> Ω	-	-	-	-
<i>King & Wood Mallets</i> ^	-	-	-	-
<i>Linklaters</i> **	32	-	-	18
<i>Norton Rose Fulbright</i> ^	-	-	-	-
<i>Pinsent Masons</i> Ω	-	-	-	-
<i>Slaughter and May</i>	45.7	19.8	17.8	-

* Allen & Overy do not report figures for trainees, though we have assumed here that they are captured under 'other fee-earning role.' This may however include professionals in other job types and roles.

** Linklaters do not provide data for trainees with respect to social mobility. In addition, they note that diversity data is not assigned for a percentage of junior associates, which reflects the fact that new members of staff had not had the opportunity to declare diversity data.

*** Herbert Smith Freehills point out that fourteen percent of partners and fifteen percent of trainees had received a scholarship.

^ Figures for social mobility provided but not fully broken down by job type at these firms.

Ω Project team unable to locate indicators for social mobility on website.

The figures in these tables should be treated with some caution as there is a significant non-response rate to surveys designed to collect this information (often up to fifty percent) and we cannot know how this may have affected the overall results. Also, and as already noted, educational background can only act as a broad proxy for social class, status or parental income. Further transparency could be achieved in future were law firms to report on additional and more direct measures, or make a distinction between staff educated at non-selective state schools and selective state schools.

Nevertheless, the available data tells a revealing story. First, there has been a relatively dramatic decline in the number of lawyers employed within these firms who are the first-generation within their family to attend university – although this figure is likely to reflect the expansion of the higher education sector over the past thirty years, such that more people in total have attended university. Second, and more importantly perhaps, it appears that with one notable exception, typically just under forty percent of trainees appointed by leading law firms were educated at fee-paying (private) schools. This figure is high considering again that just seven percent of the population in the UK are educated privately. Despite apparent efforts to open access to the law over the past fifteen years, in most cases this figure is only a little lower than the percentage of partners who have been privately educated, and is similar across most leading firms.

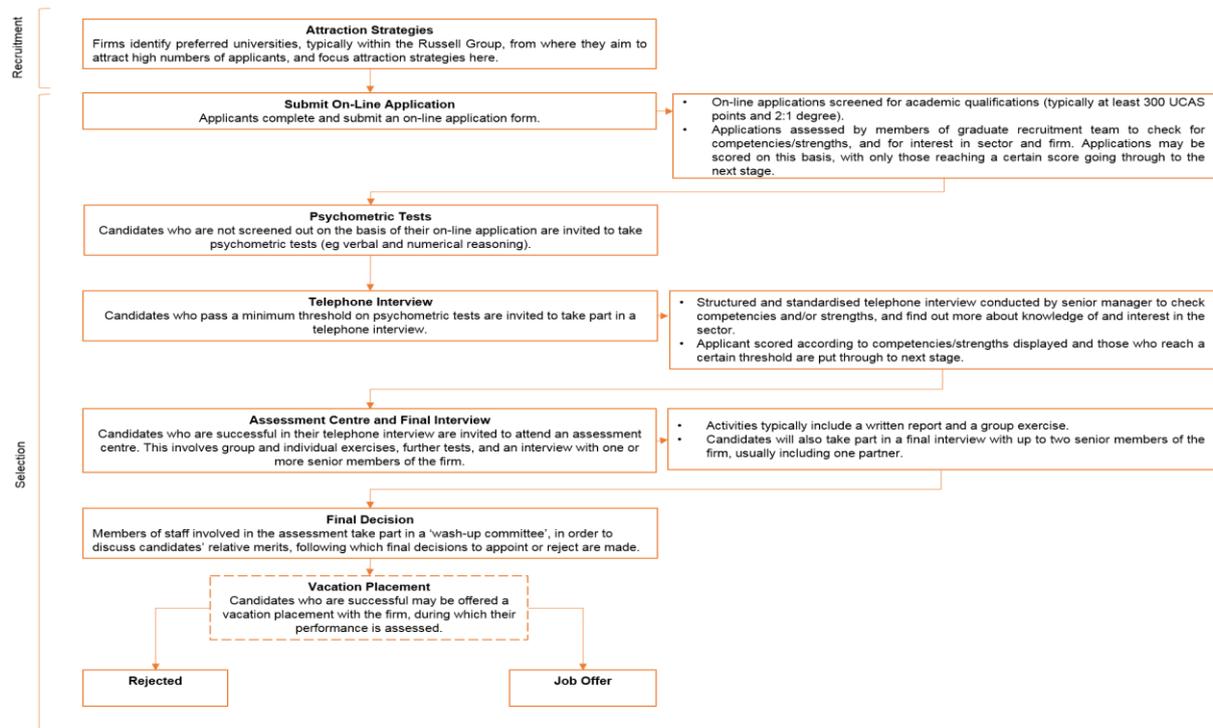
In contrast to the legal sector, accountancy firms do not make data on the social background of their staff publicly available. Data provided to the project team by case study firms helped to shed light on this area, though for reasons of confidentiality can only be shared in aggregate. However, this data shows that less than five percent of all job offers may go to students who were in receipt of free school meals. Whilst some firms record whether their graduates attended a fee-paying school or a state school, not all distinguish between selective and non-selective (comprehensive schools) in their records. However, the data shows that up to seventy percent of new graduates in a single cohort can be educated at either a selective state school or a fee-paying school.

The figure below depicts the mainstream graduate recruitment and selection process implemented by most elite firms, including the case study firms. This process starts with attraction strategies and is completed on qualification, following which graduates may or may not be taken on by the firm. The diagram is simplified as it is possible to apply to firms at entry level both as an undergraduate or having already graduated. In addition, many applicants in both law and accountancy start by applying for a vacation placement, typically undertaken within their first and/or second year at university. Many elite firms hire fifty percent or more of their trainee lawyers and accountants from the vacation scheme. Those who are not appointed or reject this offer are likely to use this valuable experience to support applications to other firms. Thus, securing a vacation placement is a critical step to success.

It is also important to note that the selection process varies in its precise details between firms and between sectors. For example, not every firm uses an assessment centre and some do not accept on-line applications or use psychometric

testing. The precise emphasis of the latter differ depending on the firm and sector. However, there are strong similarities between elite firms in their approach and the diagram below is therefore indicative of ‘best practice’ in mainstream approaches to graduate recruitment and selection. In the remainder of this section, we describe in further detail precisely how this recruitment and selection process continues to benefit students who attend a small group of elite universities, who are more likely to be from relatively privileged socioeconomic backgrounds.

Figure One: Graduate Recruitment, Selection and Qualification at Law and Accountancy Firmsⁱ



5.2: Attraction

The recruitment and selection process starts with the attraction strategies implemented by most leading firms, which are specifically designed to ensure that they receive high numbers of applications from students who have attended an elite university, typically though not always, within the Russell Group.

Some firms focus their attraction strategies on only the most prestigious universities, especially Oxford and Cambridge, with one law firm in our sample group appointing up to sixty percent of new graduates from these two institutions alone. Other firms do not focus so heavily on these universities, sometimes because they believe that they

ⁱ This table refers to UCAS points as a condition of entry. UCAS is the Universities and Colleges Admissions Service in the UK. It operates a tariff which is the system for allocating points to the different qualifications students can use to get into undergraduate higher education. Typically elite firms require between 280 and 320 UCAS points. A wide range of examinations count towards UCAS points and different combinations can make up UCAS points. However, for example, ABC or BBB at A-Level would comprise 300 UCAS points. In the academic year 2011/12, just over thirty percent of A-level students in England achieved BBB or above. This equates to approximately 80,000 students.

cannot compete with other attractive destinations for these highly sought after students, including other sectors such as investment banking and management consulting. These firms also target attraction strategies at higher numbers of universities outside the Russell Group and/or universities which are close to their regional offices and from where they have been successful recruiting from before.

Obviously our competition is the big four accountancy firms . . . [we] don't go to Oxford and Cambridge because . . . a lot of focus with those guys is around consulting, the banks . . . so we have to get a combination of the ones that work for us and we can build those relationships. (Acc_V_1)

A preference for students educated at this particular group of universities is not made explicit within the graduate recruitment and selection literature disseminated by firms on their corporate websites. In this context, firms generally underline that applications from *all* universities are treated the same, providing candidates meet the minimum academic qualifications. This view was often repeated in interviews with participants.

We go and do milk-rounds and everything else like that, but that in no way excludes anybody else, because we have an online application process and your university actually doesn't matter . . . it's just done by have you got the right UCAS score and then you do some psychometric testing. (Acc_T_1)

However, though applications from all universities may be accepted in principle, it is arguably not the case that they are all equally welcomed by firms or that applicants necessarily compete on a level playing field. In practice, all the case study firms start the recruitment process having identified up to forty universities, though generally far fewer, on which they particularly focus their attraction strategies. These universities tend to be divided into one or more segments, with 'tier one' being those institutions from which the firm aims to attract and appoint the very highest numbers of candidates.

The effect of these attraction strategies on the final intake of new graduate entrants is evident using data supplied by case study firms. For example:

- Typically circa forty percent of applicants were from a narrow group of Russell Group universities in 2014. Between sixty and seventy percent of job offers went to these applicants. In contrast, applicants from all other institutions represent around sixty percent of the total, but typically receive less than thirty percent of all job offers.
- Conversion rates for applicants from Russell Group universities are typically around nine percent or more. This is significantly higher than the conversion rate for graduates of other universities which can be less than three percent.

These figures are important because, as established in Section 4, students at Russell Group universities are not representative of the UK as a whole in terms of their socioeconomic background. Put another way, recruiting predominantly from Russell Group and other elite universities ensures that many new trainees joining elite legal and accountancy firms are amongst the most privileged people in the country.

In qualitative interviews, the project team explored how high numbers of applications from 'tier one' universities and their high conversion rates can be explained.

Participants underlined that competition amongst elite employers for graduates from this small set of universities is particularly intense. As a result, the firms devote a significant percentage of their total budget for graduate recruitment and selection to 'tier one' universities so that high numbers of their students apply. In order to achieve these goals, case study firms commit to numerous campus visits throughout the year, which are attended by representatives of the firm, including recent graduates, more senior managers and partners, and members of the graduate recruitment team. Often, these representatives will be returning to the university where they once studied.

Campus visits comprise a variety of activities from drinks and social events, to more structured activities. These types of event are positioned by firms in their literature as a two-way process, where representatives 'sell' their firm (and sector) to potential candidates, who in turn can learn more about the organisation, its people and its work. However, more structured events also offer applicants from these universities a range of interventions to ensure that they perform to the very best of their ability during the selection process. In further detail, these objectives are achieved through the following mechanisms:

- **First, during campus visits and careers fairs, current members of some firms aim to identify outstanding students and particularly encourage them to apply.** Students who are identified as having high potential via this process of 'talent spotting' must go through the organisation's standard selection process. However, assuming they are successful, their application may be 'flagged' for special attention during telephone interviews, assessment centres and second interviews.

Have we got campus teams on campus talent spotting people and they're only on certain campuses? Yes. They are. We are only on those top 30 campuses, genuinely talent spotting ... and that has an effect. (Acc_V_2)

- **Second, candidates at preferred universities are offered various forms of coaching and support in order to maximise their chances of success during the selection process.** This support includes opportunities to practice psychometric tests, as well as mock interviews with members of the graduate recruitment team and/or other staff. Students who sign-up are also offered information sessions giving tips on how to complete the firm's application form and what to expect during assessment centres.

We do mock interviews and those sorts of things and working more collaboratively with some very experienced careers advisors who get to know us very well, who are then able to say to candidates, "I think you should apply to Firm V and by the way, X is coming to do a mock interview tomorrow" . . . I have recruited some very good candidates off the back of me then being able to say, as Head of Graduate Recruitment, "I would like you to apply. Have you thought about applying?" And just because I have met them before you have a better sense of them when you read the [application] form and it doesn't mean they are necessarily going to get an offer, but you have had that interaction with them. (Acc_V_2)

. . . that could be training about interview skills, explaining what an audit is, explaining what management consulting is and simulating that and through a whole range of other things, preparing for an assessment day, etc. (Acc_Z_1)

Structured events and social evenings also offer opportunities for aspirant professionals to learn more about the sector they wish to join. This factor is likely to prove particularly relevant in the accountancy sector, where current professionals participating in this study underlined that, compared to the law, the range of job types and roles is relatively opaque to potential entrants. Thus, formal and informal events held on campus are designed by firms to help potential applicants navigate and understand the range of roles that are available within their firm. Equipped with this knowledge, it is likely that applicants from these elite universities are additionally assisted in order to make a coherent application which demonstrates sound knowledge of the sector, both of which are highly valued by elite firms.

As noted, these forms of support are typically focused most heavily on 'tier one' universities, though they may be replicated to a lesser extent at universities in second and third tiers. At some elite universities these advantages are apparently further amplified because academic staff are more likely to provide relevant coaching and support.

At the better universities I think they do effectively coach them. I think tutors do say, "this is how the process is going to work, this is how the interview's going to work, this is what you're going to get asked" [and] the big advantage that's at Oxbridge - and I think King's and LSE are probably catching up fast on this - is they get recruitment teams in from probably the top fifteen firms on an almost weekly basis to give them presentations on this area or that area, or the assessment process or whatever. [Their students] are very, very well polished. (L_Q_4)

Though campus visits are available to all students at preferred universities, it is possible that they are better attended by students who are *already* equipped with certain forms of cultural competence. This is because, as participants noted, one aim of campus visits is to inform students that the firm intends to appoint the brightest and best. These events are certainly likely to convey an impression of elitism and prestige, precisely in order to attract the most ambitious students. However, as a result, it is also possible that attending these events may require a relatively high level of confidence, and an existing level of comfort with, for example, networking. All these features may discourage potential applicants who come from more ordinary socioeconomic or educational backgrounds, perhaps because they feel that they do not belong or will not shine in this environment, even where they attend Russell Group universities.

My partner is from a single mother background, relatively poor. Became a solicitor and a conversation I've had with my partner about it is, "well, why didn't you go for a big City law firm"?—The answer was "I didn't feel I would be accepted in a firm like that." So, there's a self-selecting act. (Acc_V_11)

I could see very many people from my type of background . . . counting themselves out of going into firms such as this because of that intimidation in terms of the kind of competition that's involved. (L_R_3a)

5.3: Initial Screening (Pre-Selection)

We now move on to the application process, which starts when a candidate submits an on-line form. This on-line form is screened for academic qualifications first (this varies between firms and practice areas but is typically between 280 and 320 UCAS points and a 2:1 degree), and second on the basis of qualitative information submitted by applicants in response to answers designed to test their competencies

and/or strengths. At certain firms both parts of this process are automated, with systems programmed to pick out key words. More typically the process is also or exclusively handled by members of the firm's graduate recruitment and selection team. An alternative approach is to outsource initial screening to a third party company, which may be overseas.

Graduate recruitment managers who we interviewed said that applications are assessed for factors such as knowledge of the sector and job role to which they are applying; relevant experience, including work experience or internships/vacation schemesⁱⁱ, depending on the applicants' stage; written communication skills; and accuracy in grammar and spelling. In addition, firms may use competency or strengths based frameworks to seek evidence for skills such as leadership and team work. Evidence for aptitudes such as resilience, drive, enthusiasm and adaptability is also sought by firms. Often, each part of the application form is given a score by a member of the graduate recruitment team, and only those where the total score meets a certain threshold are put through to the next stage.

Despite the fact that elite firms consciously seek higher numbers of applications from students who have attended elite universities, again, most participants said this plays no further role in screening candidates at this stage.

We will look at anybody from any university . . . obviously we have certain universities we invest resource in in terms of recruitment, because frankly, there are only so many people and so many places we can really get out to and invest in. (L_R_1)

However, as noted, applicants from preferred tier one or tier two universities do enjoy a significantly higher conversion rate to job offer compared to all other applicants. Data provided to the project team by case study firms suggests that this high conversion rate originates at pre-selection. For example:

- Indicative figures suggest that just one-third of applicants pass initial screening or pre-selection, of which circa sixty percent have typically attended a Russell Group university. As a reminder, these applicants tend to represent around forty percent of all applicants to elite accountancy firms and between sixty and seventy percent of all those who eventually accepted a job offer.
- Put another way, around fifty percent of applicants who had attended a Russell Group university are often screened out during pre-selection, but this compares to around seventy-five percent of those who had not.

At this stage of the selection process, higher conversion rates may be explained in part on the basis that applicants from Russell Group universities are more likely to meet the minimum academic threshold. However, in addition, these applications may also be stronger for all the reasons outlined in Section 5.2. Indeed, the additional help these students are able to access from firms with respect to drafting their

ⁱⁱ We make a distinction between work experience which is typically relatively informal, time limited and unpaid, and is outside the mainstream recruitment and selection process; and internships or vacation placements which are more formal, lengthier, usually paid, and are an integral part of the recruitment and selection process, leading potentially to a permanent position. Work experience is often an essential requirement in order to secure a vacation placement.

application is likely to prove vital, because very high numbers of students are screened out at this stage despite having adequate academic credentials.

There's no doubt, and this might sound terrible, but the people who have been to places like, let's say Warwick, the London universities, UCL, Nottingham . . . they seem to have the – I'm trying to think how to put this – they seem to be able to get through our assessment processes. (Acc_W_7)

This initial screening may on the other hand *disadvantage* candidates from less-privileged backgrounds in a number of ways.

- First, screening on the basis of academic criteria has a detrimental effect on social inclusion because applicants from poor performing state schools are less likely to perform well at A-level, compared to their peers at selective state and private schools. A number of universities have started to use contextual data to correct this bias (where students deemed to be from disadvantaged backgrounds are given additional support through a pre-session foundation course, given a lower offer or more weight is given to their personal statements in the selection processⁱⁱⁱ). The use of contextual data is also being explored by some leading professional service firms, including within case study firms, and is discussed in further detail in Section 7. However, it currently remains likely that students who perform well at university but less well at school are more likely to be screened out here.
- Second, the recruitment and selection cycle has begun increasingly early in an individual's academic career, so that students may for example be expected to seek their first vacation placement during their first year at university. Students who are likely to perform well at university but have less good A-levels have not had sufficient time to prove their potential in their application form and therefore may be rejected for these opportunities in greater numbers. In addition, university may represent an opportunity to become socialised in the types of behaviour considered most desirable by elite firms, and which are discussed in further detail below. Selecting students early in their academic career means that they have had less chance to adapt.

If you're getting picked at nineteen and you're from a socially less desirable background, you haven't had three years to learn to speak properly and iron out some of the embarrassments that would be an impediment to you. (Client_9)

- Third, but related, applicants from less privileged backgrounds may find themselves in a catch-22 where a lack of social networks make it more difficult for them to acquire the relevant work experience that makes their application to vacation schemes stand-out, and helps to provide evidence for skills such as teamwork and leadership. They may also be less aware than their peers that it is important to secure work experience and/or internships even during their first year, because they lack the relevant advice from family and friends.

ⁱⁱⁱ The most common contextual data used at universities includes the postcode that has been provided as a home address, using the HEFCE POLAR3 Low Participation Neighbourhood (LPN) data and ACORN information (a system that assigns specific geo-demographic profiles to individual UK postcodes); whether the applicant has been looked after or in care for more than three months; the performance of the school or college where the applicant took GCSEs or equivalent qualifications and the performance of the school or college where the applicant took A-levels or equivalent qualifications.

My experience was very much that when I got to university, a lot of people already knew all about these things and were already researching firms, and I was playing catch-up a lot of the time . . . if your Dad or if your Uncle or somebody you know is in the legal profession, you may already know about these work experience opportunities and how important they are in the overall process . . . when I was at university, I was sitting next to people in lectures, I'd talk to them, and they'd be talking about how their Dads or other people that they knew would be prepping them for the interviews and telling them which firms to apply to. (L_R_3)

In contrast, students from more privileged socioeconomic backgrounds may continue to enjoy advantages here as nepotism continues to operate and firms do still offer work experience unpaid. Individuals who gain work experience in this manner still have to go through the formal selection process and assessors at some firms say that they are careful to question applicants about precisely how they obtained work experience. Nevertheless, some students are undoubtedly assisted in this manner.

In every firm there's . . . what they call the nepotism work experience . . . you might get to pop in for a few days . . . it still happens everywhere. It's less prevalent than it was, but I guess if you've got the son of a key client wanting to come in, you're not going to turn them down. (L_R_6)

Increasingly this issue has been recognised by recruiters and a number of initiatives have been designed both internal and external to firms which assist students from less privileged backgrounds overcome these barriers, including placing less emphasis on work experience in applications to vacation placements and internships. In addition, some firms have moved from competency frameworks to the use of strengths based assessments, one purpose of which is to enable students to draw from a wider range of experiences in order to demonstrate their aptitudes and skills.

The effect of these changes on social inclusion is uncertain to date (though see Section 7 for a more detailed discussion). However, recent graduates from diverse backgrounds who took part in this research often represented the initial selection process as akin to a game, with some students significantly better placed to understand its rules. Whilst more experienced participants from case study firms refuted this to some extent, they did acknowledge the possibility that those students who have been provided with guidance on what elite firms are looking for may find it easier to present their experiences in a way that is considered appropriate by the firm.

5.4: Psychometric Tests

Applicants who pass pre-selection are invited to take psychometric tests. In the legal sector, psychometric tests focus predominantly on verbal reasoning and situational judgement, whilst in accountancy applicants also take numerical and diagrammatic reasoning tests.

Psychometric tests are ostensibly adopted by organisations as they are seen as an objective means to test a candidate's skills and aptitude for the job. The extent to which these tests are entirely objective is questionable, partly because performance tends to improve with practice and exposure. In the current context, candidates from preferred institutions are likely to be advantaged because they are provided by elite firms with structured opportunities to practice and receive feedback. In addition, participants at the case study firms pointed out that there are numerous companies providing opportunities to students to intensively practice these tests in order to

improve their success rates. They noted that students from less privileged backgrounds may not be aware of these providers and that since they are offered for a fee, may not be able to afford to use their services.

5.5: Telephone Interview, Assessment Centre and Final Interview

The next stage in the selection process is typically a telephone interview with either a member of the graduate recruitment team or a mid-ranking member of staff, often a senior associate or manager. This interview is generally standardised and structured, focusing on either competencies or again, in some cases strengths. Answers provided by applicants are scored by a member of the team, and only those which meet a certain threshold will get through to the next stage.

Though this differs markedly by firm, around fifteen percent of the original applicants make it through to the final stage of the selection process, which usually – though not always - involves attendance at an assessment centre and/or a final interview with one or more partners. However, especially in accountancy, these percentages differ according to the service line, since some practice groups such as strategy consulting appoint relatively few graduates but receive particularly high numbers of applicants.

The assessment centre usually involves a written assignment, group exercises designed to assess how applicants perform as members of a team, and individual exercises designed to test particular skills, including again situational judgement. Either as part of the assessment centre or separately, applicants are also interviewed by one or more senior members of the firm, usually including at least one partner. Although this final interview also focuses on either competencies and/or strengths, it is generally less structured than the earlier telephone interview, sometimes using a business-focused case study as the basis of a discussion. Participants said that interviewers often encourage the applicants to debate issues in the news and discuss experiences other than those they used on their application form during this interview, one purpose of which is to test the applicant's capacity for thinking on the spot.

Given the relationship between academic credentials and social background, it is difficult to entirely distinguish between educational and non-educational barriers to these firms. However, it is in these final stages of the selection that we suggest the latter become particularly important, for two main reasons.

- **Cultural Fit:** First, an acknowledged purpose of this interview is to assess 'person-organisation' fit. In practice, this translates into an explicit goal to ensure that the interviewee is someone the interviewer imagines he or she would enjoy working with.

So intellectual capacity, analytical ability, teamwork, their commitment levels, communication, and lastly, are they a fit for the firm, frankly, so there will be a big personality test. One of the questions that's always asked is are they a Firm R person? It is an instinctive thing . . . the key characteristic for a Firm R trainee is to be nice . . . And the other test is the roommate test. Are they someone you want to share a room with? (L_R_1)

You have forty, forty-five minutes to get to know somebody and, ultimately, you think to yourself, is this somebody I would want as my trainee? . . . are they expressing themselves well? . . . Could I

put them in front of the client? Are they engaging? Am I interested in them? . . . are they speaking confidently? . . . Do they look neat and professional? Do they look nervous? What body signals they're giving off? Do they look uncomfortable? . . . Are they doing things outside of their studies that sound interesting, that make them well-rounded and people you'll want to have around? . . . It is [intuitive] . . . you cannot get away from that because it's a people game. And the other thing, I think, you're always assessing is, are they right for this firm? (L_Q_2)

Previous research has underlined that this focus on cultural fit can be exclusionary as consciously or otherwise, individuals tend to recruit in their own image, or seek the characteristics most associated with professionalism, which in turn map on to social class².

Efforts are made to reduce this tendency by our case study firms where it might exclude people from different backgrounds. For example, at most firms those responsible for selection are expected to undertake unconscious bias training, though this is rarely focused specifically on social background (see Section 7.) However, even despite this, participants said that interviewers do sometimes focus on the university attended by the candidate as a signal of quality. Participants' comments also made clear that interviewers continue to look for experiences which are more likely to be available to applicants from more affluent backgrounds.

The academics are all very good these days, obviously, but . . . I'm very interested in people who've gone travelling, who've shown initiative, who've solved difficult situations in the past. You know, it's amazing some of the things people have done these days . . . So you are very much looking for people who've made the most of other opportunities. (L_Q_3)

Overall, there is evidently potential for subjectivity, leading at times to less progressive outcomes.

I don't think it's necessarily conscious, but . . . holidays that you've been on, places you've visited, maybe even languages that you know, something that will help you perhaps build rapport with an interviewer based on a background that maybe other people don't have . . . it's how well can you connect with the person that you're in the room with? And then to what extent can an interviewer . . . see past the similarities or differences that they can or cannot talk about? (L_R_3)

Somewhere or other someone will make a subjective assessment . . . unless they can understand why the person from the less affluent background would add more than the person from the more affluent background . . . unless they're clear as to why the person will add more to them, then they're not going to take them. (Acc_V_2)

The hardest thing is to work out how clever somebody is in an interview. You know how well educated they are and you can tell how articulate they are and how confident they are, but people confuse the three, because obviously intelligence doesn't dictate how articulate or confident or competent you are by any means. But it is just very difficult to assess that in an interview. (L_S_1)

- **Definitions of Talent:** Second, non-educational barriers arise within the selection process because as noted, talent is explicitly defined within our case study firms in relation to aptitudes such as resilience, determination, persuasiveness and drive. These factors are considered essential within these organisations, where hard work is a given, and in which context expert advisors are expected to generate high fees by inspiring trust amongst their clients. Confidence is particularly important here. Though there is some tolerance for nerves, many participants underlined that during various selection tests including interviews, aspirant

professionals must prove that they can hold their own in a discussion with clients, or colleagues.

It's a level of confidence; an ability to project confidence. It's a way of talking largely in assertive statements that are then supported by fact. It's a way of structuring your thought and discussing things in that structured manner. (Acc_V_11)

There was widespread acknowledgement amongst participants in this research that many of these features which signal 'talent' are more likely to be possessed by individuals who have been socialised into middle-class norms. In contrast, applicants from non-traditional backgrounds are more likely to present to the firm as less confident at interview and/or may seem less articulate than, for example, their peers who have been privately educated or attended fee-paying schools, or indeed educated within the Oxbridge tutorial system.

My kids go to a private school, they're very articulate, they're very confident, they've got me and their mum who work professionally and the people they meet are professionals and as they've come through the system and they come to apply for jobs, if they want to be lawyers . . . they've got ten steps ahead . . . they know people whose name they can drop into conversation, the environment they've been brought up in so much more lends itself to the criteria that firms are looking for. (Client_9)

So communication will be one [characteristic], which will obviously come across in the interview, just by its very nature. Poise and gravitas in the room is part of that . . . the people who will be the most confident are generally those who are from what people would see as a more stereotypical background for a City lawyer. They've grown up in a world where they feel more comfortable. They've probably engaged with lawyers who are friends of their family. They've been used to engaging with people in that way through their education system. They've probably been more likely to have gone to an Oxbridge university, and again, all those things build up a way of behaving that does project confidence. (L_R_1)

The word 'polish' was used repeatedly here. This appears to apply less to speech and accent than perhaps it once did, although both remain important, especially at 'extremes'.

If you go back six or seven years . . . very occasionally you would get people saying "we couldn't possibly have this person in the office because of their accent". And it tended to be that it was a cockney accent or an Essex accent and on a couple of occasions I heard "well, they sound a bit like they're a used car salesman." . . . That has changed. I'd be very surprised if you heard that anywhere now in the City. (Acc_V_2)

In my first appraisal with my then partner, he made a comment to me that because I was from the north of England I had to be very careful that people didn't think I was a . . . fool . . . And that's gone . . . more so, very much more so now. Well, I think so. But in the traditional law firms the people that are getting churned out, it's all quite samey . . . (Client_9)

We are fussed asked about things like grammar, but we're not that fussed about local accent, or even institution to a large degree. (L_X_1)

More commonly, 'polish' is used to characterise aspirant professionals who could display all the traits outlined above, including confidence and strong communication skills.

[Polish is] somebody who can hold their own and basically be credible to a client . . . I think you probably need to appear confident in what you are saying and come across in a confident way. (Client_8)

5.6: Selection Decision

In the final stage of the selection process, all members of staff involved in the assessment centre attend a 'wash-up committee.' During this meeting, the relative merits of each candidate are debated, and final decisions on who to appoint are made. The tendency of individuals to recruit in their own image was acknowledged again by participants in the research, who considered this final process very important as a result. They said that the wash-up committee is a means to ensure that decisions on who to appoint are made by consensus, and are therefore less likely to be subject to favouritism or other forms of bias applied by an individual decision-maker. As such, this committee is considered by participants an important means to ensure that final selection decisions are fair and to the extent that it is available at this point in the process, encourage diversity. However, participants did also mention the possibility of group-think in these scenarios, and were honest about the potential power dynamics that might affect final decisions.

Ultimately if an associate says, "I'm not sure I like them very much, or I'm not sure they're a fit for the firm", but the partners say, "this guy absolutely aced it, you know, he would be brilliant in this particular area", ultimately the partner piece will win out. (L_R_1)

5.7: Vacation Placement

For many students the immediate result of the application process outlined above, if successful, is a vacation placement at the firm. Some students will subsequently be offered a permanent position at the firm, and for them, the vacation placement is an integral part of the selection process. During this process, students will once again be assessed by managers and peers on their performance, cultural fit, enthusiasm and 'professionalism'.

[We look for] enthusiasm to work hard and if this is someone who would work well with clients and is a team player . . . that's where the vacation scheme comes in really handy, because you can see how people interact. (Acc_V_1)

Some students may not choose to take up the trainee position at the firm in which they completed their vacation placement. Others may not be offered a position. These students are therefore likely to repeat the graduate recruitment and selection process outlined above with the hope that they will be successful at an alternative employer. Though they will not be assessed on the job in the same manner, the very fact that they have a vacation placement on their CV is a means to demonstrate relevant experience and aptitude to other potential employers within the same sector. Indeed, participants in the current research suggested that their firm rarely appoints a graduate who has not participated in at least one relevant vacation scheme.

5.8: Summary

We have aimed to demonstrate that the recruitment and selection processes implemented by most elite professional service firms systematically disadvantage people from less privileged backgrounds, though we emphasise that this is rarely deliberate. Despite significant rhetoric within elite professional service firms about their commitment to social mobility over the past five to ten years, relatively few have made the significant changes to their mainstream recruitment and selection practices

which would counter these barriers and which are therefore necessary in order to open access to a wider range of people. It is important to note that this process does not entirely negate the potential for social inclusion. There *are* people from non-traditional backgrounds who do get through this process. However, they are relatively few in number. In the next section, we examine in further detail how this situation is justified by firms, and why it continues, with a particular emphasis on identification and definition of ‘talent.’

Section 6 Understanding ‘Talent’

In the previous section, we addressed primarily *how* graduate recruitment and selection processes implemented by elite professional service firms disadvantage students from less privileged socioeconomic backgrounds. In this section, we consider in further detail *why* firms continue with these practices, particularly given what is now quite widespread recognition within the professions that doing so has a negative impact on social inclusion. We discuss the role played by a business case for change, which is often constructed in relation to talent. We compare its strength and usage to the moral case for change, which relates to considerations of social justice and fairness. In summary, we find the following:

- Participants acknowledged that many talented people might be found at a wide range of universities beyond the Russell Group, but that these students are generally over-looked by current recruitment strategies.
- Many participants questioned the predictive validity of current selection techniques. In particular, firms are faced with a conundrum, since academic credentials may predict success in professional qualifications, which is essential as a license to practise. However, success in professional qualifications is not widely considered by current professionals to predict ultimate career success.
- Nevertheless, current recruitment strategies are justified by participants on the basis that Russell Group universities offer a high concentration of graduates who fit the current definition of talent constructed by elite firms. Therefore focusing on these institutions is both cost effective and efficient. In contrast, participants consider that talented people are more dispersed at institutions outside the Russell Group, and are therefore more difficult and costly to find.
- Current selection techniques, including screening out high numbers of candidates on the basis of academic credentials, are justified by participants in part as a means to handle the sheer volume of applications. Furthermore, identifying ‘potential’ using alternative measures is considered within many elite firms to be difficult, expensive and relatively high risk.
- These findings have important implications for the business case for social inclusion, which is often based on the attraction and retention of talent. Whilst some senior leaders, most diversity practitioners and many graduate recruitment heads express a strong interest in opening access to the professions, they also acknowledge that this is by no means an urgent *commercial* requirement, thus weakening the appeal of the business case for change
- Most initiatives focusing on social inclusion are located in relation to a moral case for change, and as such are more obviously aligned with firms’ Corporate Social Responsibility (CSR) function. Relatively few firms have positioned social inclusion firmly within their talent agenda, and this fact contributes to a somewhat superficial focus on this particular diversity strand overall.

6.1: Understanding ‘Talent’

The key goal of any recruitment and selection strategy is to ensure that the organisation has the right people, in the right place, at the right time. For elite, knowledge based firms like those studied in this research, this can generally be translated into their explicit goal, to attract and retain the most talented people. In order to achieve this objective, it is important that recruitment and especially

selection techniques should offer predictive validity, defined in this instance as the extent to which a score on a selection test predicts future performance.

Common sense would suggest that elite firms have adopted the recruitment and selection processes outlined above on this basis. However, prompted in part by debates on social inclusion, heads of talent and HR leads are increasingly asking questions about *who* is screened out by current techniques, and why.

A particular focus here is academic credentials. Participants pointed out that academic credentials predict success in professional qualifications. However, they acknowledged significant uncertainty about whether success in professional qualifications (and indeed academic credentials) necessarily predict a successful career.

Though a certain level of academic ability is undoubtedly important within these elite professional service firms, most participants underlined that professional qualifications primarily assess technical ability. All aspirant professionals must pass relevant exams in order to practice, yet participants said that having passed this barrier to entry, many professionals do not make extensive use of the knowledge they have gained. In fact, they emphasised the growing centrality of other, softer skills, as predicting ultimate career success, including the capacity for all important revenue generation. These include the ability to build strong client relationships, and give sound commercial advice, whilst tolerating a degree of risk. Though an emphasis on the latter characteristics may not in fact lead to a more inclusive profession, participants noted that filtering out large numbers of applicants solely on the basis of academic credentials does not always enable firms to recruit the very best talent according to these factors.

We're finding that . . . the really strong academics haven't got the other skills that we've got, and actually, a lot of people that have just about got BBC, they were more well-rounded in other areas.
(Acc_V_1)

These points are reinforced by the fact that, as participants at law and especially accountancy firms acknowledged, many of their firms' most senior leaders would not have gained entry to the firm according to current definitions of talent. This underlines that, although the current approach to recruitment and selection enables firms to appoint talented people, it is likely that there are many *other* equally talented people, with different backgrounds and credentials, who are over-looked. Against this backdrop, current practices remain firmly entrenched for the following reasons:

- First, firms continue to focus their attraction strategies on a limited number of elite universities because those in charge of graduate recruitment consider that doing so is cost effective and efficient. As noted, the definition of talent which has most currency within the elite professions is closely mapped on to social class status, and students who fit this description are considered within elite firms most likely to be found at Russell Group universities. Though most participants acknowledged the possibility of recruiting individuals who fit their current definition of talent from outside this small pool, they suggested that suitable candidates are relatively few in number and thus they underlined the cost implications of attempting to do so.

Attraction strategies have had to be more focused and deliberately they go where they can get the most bang for their buck, which is your Russell Group universities. (Acc_T_4)

When you're recruiting you want the best people and if you've got a model you think works for you, you know, you recruit to that model. So, is [exclusion] deliberate? I think they deliberately try and pick the people they want and they know that if they fish in certain ponds they get a tremendous amount of consistency. (Client_9)

A lot of recruitment processes have been set up to be efficient. And the most efficient way of doing it is go to those universities, invite a smaller group of applications and have a way of diverting applications which don't meet those criteria away. (Acc_V_2)

We do see the problem and for us it boils down almost to a budgetary one, being frank about it . . . is there a diamond in the rough out there at the University of XXXX? Is there a diamond out there? . . . statistically it's highly probable but the question is . . . how much mud do I have to sift through in that population to find that diamond? A reasonable amount . . . we've got a finite resource in terms of people hours and finite budget in terms of cost to target there ... (L_Q_4)

To a large extent, attraction strategies are then considered most successful by firms when they maximise the number of applicants from preferred universities, and minimise the number of applicants from everywhere else.

. . . that's a bit of a double-edged sword to us, because we actually want to be quite intimidating to a student population, because, you know, sad to say, we suffer from over application, not under application. We've not starved for talent and we don't actually see there being a massive skill shortage problem . . . You're actually wanting to dissuade a certain portion of that cohort from applying to you, because it's a huge burden to have to sift through all of this. What you have to I think be careful of in your messaging, is you don't want to dissuade someone for prestige reasons; you actually want to dissuade them for ambition reasons. (L_X_1)

In this respect, best practice in recruitment and selection is arguably directly in opposition with best practice in social inclusion.

- Second, most elite firms still receive up to twenty applications for a single position. As a result, an important purpose is to manage what is often referred to as 'process and volume,' and to quickly discriminate between a very large number of potentially suitable applicants on an ostensibly legitimate and defensibly meritocratic basis.

I cringe at people who say: "that's the way to get rid of so many applications." . . . to me . . . it's about selecting the most appropriate people in the business. However, when you're getting [XXXX] applications and you've got a team that's got to process that down to the best people, you've kind of got to start somewhere . . . no-one's quite cracked how you deal with this body of applications. (Acc_V_1)

There are very few objective indicators that predict anything in terms of success. Mostly it's about, you've got 20,000 people applying for 1000 jobs. So you've got to be able to consistently cut the number down. Which leads you to UCAS points, degree classification and all of those sorts of things. (Acc_T_2)

Once the majority of initial applicants have been screened out, the main purpose of the remaining selection techniques is to appoint those students who most closely fit the definition of talent outlined above, from what many acknowledge is, at this point, likely to be a relatively homogenous field. Evidence from this research would suggest that despite the use of competency or strengths

frameworks and clear guidelines, during this process identifying talent often comes down to 'instinct' or 'feeling'.

. . . often I think people have a gut feel. I mean, we have a scoring process but equally, you know, we'll often just have a feeling that somebody is the right person and it can almost be a little bit self-fulfilling. (Acc_W_5)

- Third, a key challenge for firms seeking to appoint new entrants with a wider range of backgrounds, skills and cognitive abilities is to find ways to identify potential which do not rely so heavily on measures of past performance. However, according to participants, this is difficult and expensive. They underlined that when recruiters are faced with numerous applicants who *already* possess the necessary skills and apparent aptitudes, there is often very limited incentive at the level of the organisation to take a 'risk' on those who do not, thus contributing to the status quo. Thus where candidates are already "*confident*", or "*poised*", or "*polished*", or show strong evidence that they will become so, they may be considered suitable.

[I recruited somebody] . . . she's short of polish. We need to talk about the way that she articulates, the way that she, first, chooses words and, second, the way she pronounces them. It will need, you know . . . it will need some polish because whilst I may look at the substance, you know, I've got a lot of clients and a lot of colleagues who are very focused on the personal presentation and appearance side of it. (L_Q_6)

If, on the other hand, candidates show potential but their journey to acceptable standards looks too long and the destination too uncertain, they are likely to be rejected. Further data is required to understand the precise role these factors play with respect to social mobility. However, these expectations may have a particularly negative impact on applicants from the most disadvantaged backgrounds.

If I hire someone who's got A's at A level who comes from [University of] Bristol, there are indicators that show you they are more likely to be capable and able to succeed than if I take someone from say XXXX Community College or whatever it is . . . you're not saying that those [others] haven't got talent, it's just we can't measure it in the same way. (Client_3)

Polish, confidence, maturity at an interview are going to be very important, I'm sure . . . I think it would be very hard to find somebody with the potential who doesn't present well. Or present confidently. That would be quite hard to identify . . . we're trying to be relatively efficient in our process, so, would we, kind of, dig and dig and dig and dig? . . . it would need to be demonstrated. (Acc_W_6)

I'm not sure the law firms are sufficiently focused at that stage on taking a risk on people. I mean, they interview people who aren't from professional backgrounds, didn't go to these private schools, etc. They just seem so much less impressive. (Client_9)

6.2 The Business Case for Change

These findings have important implications for the business case for change in order to effect social inclusion within elite firms. The business case is an important hallmark of attempts to improve diversity and inclusion within many organisations. There has though been considerable debate within the academic literature about the role of the business case in motivating real progressive change. A consistent concern here is that the business case is highly contingent, with its strength and relevance often dependent on the economic backdrop. Thus in tight labour markets, a business case based on diversification may make sense to organisations and

justify considerable changes to existing practices, but the opposite may be true in more challenging circumstances.

An additional argument is that since the business case in favour of inclusion is rarely seen as urgent, it often leads to superficial changes to the status quo, as firms tinker round the edges rather than making substantial changes to their structures and cultures. The business case is then an important means by which change might be motivated. Nevertheless, as has been evident in relation to other diversity strands such as gender, the speed and strength of the response amongst firms has at times been relatively limited.

These points are relevant in the current context, as attempts to motivate professional firms to widen access to the professions are typically based on appeals to 'talent.' Thus, social inclusion is represented by firms, policy makers and third sector organisations as a means to recruit a more diverse range of talented people who also reflect their clients own backgrounds. In addition, social inclusion is posited as a means to harness a wider range of skills and aptitudes, in order to provide better and more creative solutions to clients. Finally, social inclusion is sometimes considered a way to lessen an apparent scarcity in a competitive graduate recruitment market. These 'business case' arguments were often repeated by participants in the current research:

We want clients to hire us to work with them in sometimes quite difficult situations and you're building an unhelpful barrier between you and a client if your make-up is not in line with theirs . . . if they see you as a collection of stuffy old Oxbridge old boys . . . that doesn't get you very far, does it? So that's the business driver for it. (L_Q_6)

Yet whilst some senior leaders, most diversity practitioners and many graduate recruitment heads express a strong interest in opening access, they also acknowledge that this is by no means an urgent *commercial* requirement. This fact contributes to some institutional inertia.

I would [like to see change] and the reason I would is because I genuinely believe that if you've got people who come from a different area they bring a different mix to the party . . . [but] where things are going well then there will be a reluctance to change from what we've got . . . If commercially [the firm] believes that it will get best outcome by taking Group A, it will take from Group A until someone can persuade it that there's a good reason to take it from Group B. (Acc_V_2)

I'm sorry to say it but if you deal with someone who is of similar background to you, one of the most fundamental things that occur in that exchange is efficiency. And, I'm sorry, but it is absolutely true that homogeneity breeds a huge amount of efficiency in organisations . . . I can sort of write, you know, an obscure comment in the margin and you'll know exactly what I'm talking about. You get my jokes. There's not a risk that I'm going to offend you by saying something, because we get each other and that's hugely efficient. And it's very hard not to be attracted to that in big organisations, because we're driving at efficiency all the time. (L_X_1)

It should be underlined that some best practice firms are attempting to focus on potential rather than past performance, as outlined in Section 7. To some extent the firms most likely to do so are those where social inclusion has been most closely aligned with the firm's talent agenda by firm leaders and graduate recruitment specialists. However, the rate and pace of progressive change also relies on other factors, which are often not controlled by an individual or group. Within 'big four'

accountancy firms particularly there is undoubtedly appetite for a wider definition of talent, yet the sheer number of graduate positions and applicants lends itself to a very structured and highly formalised process.

At the senior level [the commitment] is huge . . . where it hits a stumbling block is the fact that our recruitment team are a big sausage factory, and they get huge numbers of applications, they have huge numbers of places to fill and this is hard . . . it's resource intensive, it's costly, and it's difficult to get right, so there's a willingness, but . . . people are catching up and trying to think about how do we do this as well as business as usual and keeping that machine running. (Acc_T_4)

They've got quite easy access to a very strong talent pool or what they perceive to be a strong talent pool because they're inundated with applications from people that are great and are very capable of doing the roles and driving their business forward. But I think some of it is they're seeing a process. . . . "We've got targets to hit and, you know, we're going to fill them," as opposed to thinking about doing it in a different way, which might give a broader talent pipeline. They don't have to. (Acc_W_2a)

In smaller firms, which appoint fewer people at entry level, there has arguably been more room for some informality, contextualisation and special cases to date. These firms are perhaps more able to adapt recruitment and selection processes, because they are more agile. In addition, these firms may find it harder to attract the most sought after students from the most prestigious universities, and therefore are *forced* to look at a wider field. At other best practice firms, including some law firms, a tendency to actively seek 'difference' at entry level and take risks with associated practices appears to be embedded within the organisational culture, which in part depends on strong leadership.

Nevertheless, relatively few elite firms have made significant alterations to their mainstream recruitment and selection processes. Where some firms report that they appoint graduates from a wider range of HEIs, a more detailed examination suggests that typically they continue to recruit over fifty percent from their preferred institutions, and this is supplemented by a 'long tail' where they recruit one or two individuals, often from only marginally less prestigious institutions. As such, there is no discernible impact on social inclusion overall. This finding led some participants to suggest that the challenge of social inclusion is not the responsibility of firms, but should be 'fixed' by universities and schools instead.

We feel that the person through Oxford, to pick on them, is more stress-tested, if you like, than the person that's produced the goods at the University of XXXX . . . can't this inequality of background be fixed at university application stage rather than fixing it at employment stage? (L_Q_4)

6.2: Fairness in Recruitment and Selection

An alternative motivation to change is social justice or fairness. Put another way, recruitment and selection is necessarily a process of discrimination. One key question is whether practitioners can justify current processes on objective grounds and according to 'merit.' This is an important area to address not least because, to the extent that influential individuals within elite firms and their clients consider that current processes are *already* 'fair,' it is likely that there is a more limited incentive to act.

Questions of fairness are often complicated because there is rarely agreement about precisely how to define this concept. This is particularly evident in relation to equality, diversity and inclusion agendas where for example 'fairness' can be mapped on to

either equality of opportunity or equality of outcome. In simple terms, the former would insist on same treatment of all individuals and is most closely associated with legislative agendas within the UK. This approach to equality has been partially discredited within the academic literature on the basis that treating people the same despite their differences can inadvertently amplify rather than reduce disadvantage. Focusing on outcomes would on the other hand insist that organisations both recognise and respond to difference, and this approach is most closely associated with the diversity agenda, particularly as it applies to equal representation.

The current study identified a number of contradictory narratives around ‘fairness’ which circulate simultaneously within elite law and accountancy firms. These are summarised as follows:

- *Fairness based on equality of opportunity:* There was awareness within our case study firms, particularly amongst diversity practitioners and some graduate recruitment specialists, that the predominance of people from higher socioeconomic classes in elite universities is not solely the result of ‘merit.’

Why do you go to the Russell Group University, it's because it's where the students go that got A's. Why have the students got A's? Because they've been given what they need to get those A's. (Client_3)

Attempts to level the playing field upon entry represent one response by firms, including the use of contextual data to ensure equality of opportunity. This subject is discussed in further detail in Section 7.

- *Fairness based on meritocracy:* A contrasting belief expressed by participants was that recruitment and selection processes exercised by elite firms have in fact become increasingly meritocratic over the past fifteen years or longer, precisely because they have become more formal and more structured over that same period. Thus participants expressed their view that informal networks might once have provided not only work experience but often a job within an elite firm, and that this was patently unfair. Nowadays, participants pointed out that all applicants are put through the same rigorous admissions criteria, and thus the process is more obviously ‘fair.’

. . . I would have thought that there is more opportunity these days for people from all different walks of life to go to university and, therefore . . . those people would have been able to overcome the barriers that would be required to get into firms such as this. (Acc_V_1)

This perception of fairness rests on a belief that entry to elite universities is meritocratic. As described in Section 4, this is not necessarily the case. Nevertheless, many participants continue to believe that elite universities are populated by the ‘brightest and the best.’ Participants who made this assumption often also believed that students who do not attend these universities are not sufficiently intelligent and/or not sufficiently ambitious. Since both are understood as important requirements of high level practice in law and accountancy, it is arguably not surprising that attending an elite university is considered by many existing members of the professions as a justifiable means to select new talent. This view was particularly likely to be voiced by clients of law firms interviewed for this study who had themselves navigated this process successfully and felt no

reason why others should not do the same. Often, clients were surprised to find that entry to the elite professions has not become more equal according to social background. Where individuals have a lack of awareness around the challenges of social inclusion, this arguably limits the likelihood that they will act as agents for progressive change.

- *Fairness based on equal treatment:* Though often acknowledging that current processes advantage applicants from privileged backgrounds, graduate recruitment specialists and some other participants also expressed a concern that social inclusion interventions aimed at less privileged students should not be seen by internal or external audiences as constituting preferential treatment.

Whilst many participants directly involved in recruitment and selection were broadly supportive of social inclusion initiatives such as the use of contextual data and some additional coaching for social mobility candidates, they were keen to avoid giving an impression to internal or external audiences that these students were receiving advantages over more traditional applicants as a result.

How can you discriminate against people just because they've had a good upbringing, in the same way as a bad upbringing? . . . it's very difficult to justify this social mobility [initiative], if you're also not offering opportunities to people through their connections. Because it's almost discriminating against both, and that's not fair either. (L_R_4)

It is clearly the case that talented students from more privileged backgrounds should not be penalised in the recruitment and selection process. However, we would suggest that concern around preferential treatment for disadvantaged students is to some extent counter-intuitive given the significant support provided to applicants from preferred universities, who are often already from more privileged backgrounds, and which is explicitly aimed at ensuring they have a better opportunity to pass rigorous selection techniques than peers educated elsewhere.

These debates closely mirror those that have taken place in relation to other diversity strands. For example, with respect to gender, research has often highlighted anxiety amongst both genders that women who receive diversity interventions such as coaching or sponsorship are receiving 'unfair' advantages compared to their male peers. Again, this perspective overlooks an alternative view, namely that men continue to receive multiple advantages compared to women as a result for example of gender stereotypes and unconscious bias.

A key objective for those seeking progressive change in this context has been to constantly challenge existing narratives around fairness to undermine the perception that male domination is natural and normal. It is likely that similar efforts will be required with respect to social background. It is encouraging to report on this basis that most participants in this research did understand that the professions have a duty to open access. As such, efforts to improve social inclusion were repeatedly positioned as quite simply the 'right thing to do. Some participants took this further and hinted at a belief that the legitimacy of the professions relies upon presenting the image at least of some degree of inclusivity:

If you don't have the moral imperative, actually the traction you're going to get around this, the lasting commitment isn't going to be there, because they're not the most powerful drivers, I think, for an organisation. Yes, money will always drive a law firm. Client relationships will drive a law firm. But if you don't actually believe in these topics . . . you'll be seen through very quickly as well. (L_R_1)

I think from a competitive point of view we don't hire enough people who think differently. From effectively a license to operate point of view, if we are seen as elite, we become an easy target for all sorts of different regulation.” (Acc_V_11)

6.3: Summary

The current research would suggest that many elite firms are some distance from positioning social inclusion firmly within their talent agenda. Where this is the case, elite firms are often motivated to act, but do so most obviously on the basis of social justice or the moral case for change, and to avoid potential reputational damage. Though facilitating some progressive change, this positioning arguably leads to a more superficial approach. In contrast, social inclusion is focused on with more confidence and rigour when this is genuinely part of the talent agenda of firms. Where this is the case, ‘best practice’ firms are prepared to make much more significant interventions and take more risks to ensure that they recruit and appoint from a much wider demographic. Firms demonstrating ‘best practice’ were amongst our case study organisations, but cannot be named for reasons of confidentiality. We discuss best practice in relation to social inclusion next.

Section 7 Social Inclusion Initiatives: Evaluation and Best Practice

In Section 5 we described how mainstream recruitment and selection processes systematically disadvantage students who are from less-privileged backgrounds, who do not have access to the same advantages of their more privileged peers.

In this section, we describe and evaluate some of the initiatives which have been introduced by firms in order to help ensure that the applicant pool becomes more representative in future, and that applicants from diverse social backgrounds are enabled to compete on more equal terms with their more privileged peers.

Broadly, the initiatives we describe correspond with those advocated within the government's Social Mobility Business Compact. This aims to give all young people fair and open access to employment opportunities, including within the elite professions. Several of the case study firms are signatories or champions. The Compact calls on businesses to:

- **Raise aspirations** in local schools and communities by offering mentoring, talks and other career and skills based activities.
- Make sure of **fair access** to work experience and internship opportunities by paying the national minimum wage where appropriate or otherwise reasonable expenses.
- **Recruit openly and fairly**, advertising opportunities instead of using informal networks.

In turn, the Compact builds on a range of other reports and reviews aiming to identify and highlight best practice with respect to social inclusion. For example, as discussed earlier, the 'Milburn Review' (otherwise known as the Cabinet Office Panel for Fair Access to the Professions') identified six priority areas with respect to social mobility. The Social Mobility Toolkit for the Professions¹, published in 2012 and revised in 2014 identified best practice such as supporting, mentoring and inspiring individuals from lower socioeconomic backgrounds to provide them with both the opportunity and confidence to pursue a professional career. In the remainder of this section, we have divided social inclusion initiatives according to the three core objectives highlighted with the Social Mobility Compact, though there are considerable overlaps here. We assess their impact to date. In brief we find the following:

- Mainstream recruitment and selection processes consistently advantage some of the most privileged students in the UK. In contrast, current efforts to improve access to the professions often focus on attracting and appointing higher numbers of people from amongst the least privileged backgrounds in the UK. These initiatives often represent an intensive pull on resources within firms, and it is therefore highly encouraging that elite firms are sufficiently committed to social inclusion to pursue them.

- To date though, participants within the case study firms were able to report limited progress with respect to outcomes. In part, this can be attributed to the fact that programmes are becoming more sophisticated over time, as D&I professionals and graduate recruitment leaders learn how to support non-traditional candidates through trial and error. In addition, it might be expected that progress here will be relatively slow, given that current definitions of talent within elite firms are still based on attributes typically most available to middle-class students. As such, potential professionals from less privileged backgrounds often embark on a substantial journey to meet the standards and behaviours required by elite firms. When some are unable to unwilling to do so, this is not necessarily a reflection of intelligence or skill.
- Though these initiatives should be encouraged, firms could also open access to the professions by ensuring that attraction strategies reach out to talented students from ordinary backgrounds whose journey is less lengthy, and by adjusting selection techniques to ensure that higher numbers of this cohort gain entry should they apply. Some firms are making good progress here, through adjustments to recruitment strategies and especially selection methods, including changing the priority given to academic credentials.
- To some extent, graduate recruitment leaders are hampered by a lack of resources and of course systemic structural factors within societies and firms which make change extremely difficult to effect. This underlines the requirement for strong leadership commitment and engagement in order to continue to drive this agenda forward.

7.1: Raising Aspirations

There is a widespread recognition amongst policy-makers and firms that work identity is formed at a very early stage². As a result, if we are to improve the aspirations of disadvantaged children it is vital that they are contacted early in their academic career. This belief informs a range of interventions devised by elite professional service firms under the heading of 'out-reach', whereby current professionals work with schools in deprived areas to provide mentoring and support with skills and development, and to raise awareness of professional careers, including at times entry routes, and therefore aspiration. These initiatives are explicitly aimed at social mobility, particularly helping to ensure that students from all backgrounds fulfil their potential, and receive careers advice and/or insights into working life within the professions via work experience.

In some cases, these initiatives may have a transformative effect on individuals. For example, one participant at Firm R spoke of a school out-reach programme which had had a significant impact on his future career:

There was a partner . . . and he was talking about his background and his experience. And I think when I listened to him, that's when I realised, these perceptions that I had weren't really true. That I could make it in the City, despite my background. So I think, yes, definitely there were key people that along the way gave me advice and kind of gave me those light bulb moments. (L_R_3)

However, overall the impact of school outreach programmes on improving access to the professions may be muted at present, for some or all of the following reasons:

- **Broad-brush:** Many programmes have necessarily taken a somewhat broad-brush approach, seeking to assist relatively high numbers of under-privileged students, but without providing the intensive support many may require. More importantly perhaps, early school out-reach programmes were often well intentioned but under-developed, with both students and current professionals apparently unsure about their purpose.

More recently, interventions have become more sophisticated, with for example certain students nominated to participate on the basis of recommendations from their teachers. However, this approach too has met with some challenges, as participants report that some students nominated in this manner have failed to engage with relevant programmes. In turn, this might be explained because their family and educational background has not prepared them for a professional career in any sense, and as such, they are unsure how to make best use of the opportunities they are provided.

- **Add-Ons to Existing Practice:** Unlike similar programmes aimed at fee-paying schools, school out-reach aimed at deprived areas has not been integrated with mainstream recruitment and selection activities. Thus whilst members of the elite profession may help to raise awareness of professional careers, there is relatively limited follow-through from firms, in order that talented students are supported throughout their journey into the workplace. There is sometimes no expectation from firms that students who are engaged in these programmes will enter the elite professions, because they are not considered by current professionals to be capable of doing so on the basis of either intellect and/or aptitude, or because the journey towards acceptable standards of behaviour and style is simply too long.

The somewhat scattergun approach of some programmes has led some participants to question the ethics of broad-brush school outreach, taster and insight days, on the basis that students are shown the 'bright lights' and potential benefits of a career in the City, despite firms having little expectation that most will access a professional job.

It is therefore perhaps ironic that school outreach initiatives typically remain positioned within firms' Corporate Social Responsibility agendas, rather than in relation to a business case for talent. However, though school outreach may play some role in raising aspirations in a general sense, these programmes may have limited relevance to the commercial priorities of most firms, and are therefore likely to have a marginal impact overall.

There will be a lot of candidates that we give opportunities to here that probably aren't going to be in our recruitment pool, ultimately. And that's just being frank. (L_R_1)

We work with organisations like XXXX in terms of helping to provide opportunities and training and give people better insight into law as a career, so we do all of that. Does it actually result in, you know, us attracting somebody to join us as a trainee? Ultimately I hope very much it does . . . but it is a broader part of our citizenship responsibilities as we see it. (L_Q_3)

7.2: Fair Access – Supply-Side Interventions

A more intensive approach to social inclusion involves not only raising aspirations but also helping to ensure fair access, by providing disadvantaged students with

lengthier work experience and other support in order that they are more likely to apply to and attend elite universities and develop the awareness, academic credentials, skills and knowledge they need to qualify for a job in an elite firm. Initiatives range in size and scope.

The following is not an exhaustive list of initiatives in this area. However, these include:

- **Target Chances:** Offers work experience and insight days in a range of occupations, sometimes targeted at under-represented groups such as women and ethnic minorities.
- **The Sutton Trust's Pathways to Law:** Set up in 2006 with The Legal Education Foundation, and with support from major law firms. The aim is to inspire and support academically-able students in year 12 and 13 from non-privileged backgrounds interested in a career in law. This is achieved through widening participation at elite universities from which firms recruit, offering work experience and skills training, mentoring, and insight days. To date, 2,000 students have been through the programme.
- **Aspiring Solicitors:** Aims to provide increased access, opportunity and assistance to aspiring solicitors from underrepresented groups to enter the legal profession, and provide organisations with platforms through which they can increase awareness of the importance of diversity. Focuses on undergraduate and postgraduate aspiring solicitors.

In addition, consortia of elite and leading firms have come together with the following purposes:

- **PRIME:** Set up in 2011, working with the Sutton Trust, PRIME comprises eighty law firms each of which has committed to offering work experience to young people from less privileged backgrounds who might otherwise not have the opportunity to access careers in the legal world. The firms also commit to providing advice and insight into careers, and on-going support in the form of mentoring or reunions. By 2015, the initiative expects to provide 2,500 places each year. In order to be eligible students should have attended state schools, be eligible for free school meals or be in schools with above average free school meal rates, or would be of the first generation in their families to attend university. The young people who take part in PRIME are typically sourced by firms using third parties, including the Social Mobility Foundation (see below). However, at least one firm offers a direct application route on their website.
- **Access Accountancy:** A consortia of leading accountancy firms, which aims to improve access for young people from disadvantaged backgrounds, and has developed a set of commitments in order to do so. These include a target of 3750 high quality practical experiences of work by December 2019; to collect and monitor socioeconomic data of applicants on an annual basis; to take part in externally validated reviews of Access Accountancy; and generate interest in accountancy by delivering common messages in more schools and colleges.

Other initiatives offer much more intensive support, which is either made available to students by an elite firm, or by intermediaries such as the Social Mobility Foundation (SMF). In the latter programmes, students are offered the following benefits:

- Advice and support with issues such as A-level choice and UCAS applications which helps them to access the elite universities from which leading firms recruit.
- Paid internships in order that students who otherwise would lack the social networks to do so, can gain work experience in an elite firm and learn more about the sector of their choice including entry routes.
- Skills training and mentoring in order to help develop students' cultural competence and confidence and level the playing field between disadvantaged students and their more privileged peers when it comes to the application process to elite firms.

Finally, organisations such as Rare Recruitment and Sponsors for Educational Opportunity (SEO) act as intermediaries to the elite professions. Thus bright students from under-represented backgrounds (both disadvantaged and/or ethnic minorities) apply to one of these organisations. If considered suitable, they are provided with support including personal development and coaching, and skills training with respect to psychometric tests, CVs and application forms, interviews and group tasks or assessment centres. These organisations then recommend their students to partner organisations within the elite professions, helping them to secure work experience, internships or ultimately a graduate position. Rare Recruitment also runs the DISCUSS programme where, working with leading law firms, potentially suitable students from disadvantaged backgrounds are offered intensive coaching and support during their first year at university.

The overall aim of these programmes is to ensure equal access to elite universities and/or the elite professions for bright students using a variety of social mobility indicators. Historically many programmes have focused on students in and around London, thus offering fewer opportunities for potential candidates in the rest of the country, yet more recently the geographical coverage of inclusion programmes is expanding, and some firms are offering residential programmes for students who live outside London.

The inner London schools, the Islington and the Tower Hamlets, they're very heavily saturated with corporates who want to support their students. [Elsewhere] I think that the employers don't feel the same professional obligation because it's not on their doorstep. (L_R_2)

Programmes are also expanding in size, thus reaching more students each year, although some participants did point out that the number supported is still relatively small compared to those who benefit from mainstream recruitment and selection programmes.

Monitoring outcomes for these programmes is of course essential. SEO report that more than 3,400 students have secured internships with leading graduate employers, with over eighty percent of SEO interns converting their summer internship experience into a full-time position with a partner firm³. The Sutton Trust reported in 2014 that sixty percent of Pathways students had been accepted to a Russell Group or 1994 group university and fifty percent were admitted to a top twenty law university⁴. In addition, of the first cohort of students who have been tracked into employment, forty percent had completed an LPC, GDL or BPTC, thirty percent had completed a vacation scheme or mini pupillage, and twenty percent are

now in the legal profession, with a training contract, pupillage, or another role within law. The Sutton Trust does not reveal what proportion of these are at an elite firm.

These are useful figures but a critical measure of success here is the extent to which participants on relevant programmes enter the elite universities and/or professions in higher numbers than would be expected for their demographic. Reporting according to this 'gold standard' is only possible using statistical techniques and in comparison to a valid control group of similarly qualified and motivated peers, and there has in the past been some questions raised over whether the construction of this type of control group is in fact possible.

To the best of the project team's knowledge, the SMF is the only organisation in this space to have pursued this approach and made public the findings. With sponsorship from the JP Morgan Chase Foundation and working with the Institute of Fiscal Studies (IFS), the SMF recently reported on the university destinations of young people on its programmes. The study found that amongst students who go to university, participation in the SMF programme increases the likelihood of attending a Russell Group institution by between seventeen and twenty-seven percent compared to those with similar attainment from similar backgrounds who do not participate in the SMF programme⁵. In future, the SMF will also report on 'final indicators', in other words the proportion of their students who gain entry to the elite professions compared to the control group.

Without further similar statistical analysis the real impact of these programmes on students' occupational destinations is somewhat unclear. A key goal for many programmes is to ensure that they keep a comprehensive database of alumni in order that destinations can be accurately tracked. However, qualitative data collected for this study suggests that though many of these programmes are extremely valuable and have undoubtedly helped some students fulfil their potential, their impact on improving social mobility overall within the elite professions is a little limited to date.

We've now had hundreds of young people come through our doors that have come from disadvantaged backgrounds . . . we try and make a difference, but I don't think we're quite there, and equally I couldn't tell you if we were because I haven't quite got the data. (Acc_T_4)

Indeed, participants in the current research described a situation in which relatively few disadvantaged students who had taken part in work experience and other similar programmes had secured jobs at their firm to date. There are several explanations for this, including the following:

- **Growing Sophistication:** Many firms implementing or hosting social mobility initiatives are doing so for the first time. As such, participants acknowledged that these programmes are growing in sophistication through trial and error, as diversity and HR specialists gradually understand the particular requirements of these students and how they can best be supported.

I think where firms are really struggling in terms of the inclusivity point, you know, is we all rushed around recruiting a bunch of kids, and then we weren't perhaps as prepared as we should have been internally to cope with inclusivity, and we really didn't really, I think, fundamentally, understand what that meant. (L_X_1)

This growing experience has underlined to participant firms the requirement to provide on-going support to students as they move through their university career, and in some cases, to ensure that the most promising individuals are provided with more intensive coaching and support, in order that they fully understand what is required of them in a rigorous recruitment and selection process.

Things like PRIME and so forth are really good but they talk to somebody at 16, 17 and 18 and then lose touch with them by the time they're ready to join the firm. That's a difficult one. (Acc_V_2)

'Best practice' firms are putting necessary support in place. This compares to a situation where initially, firms were providing relatively superficial and time limited engagement for students.

- **Same Treatment and Assimilation:** Social mobility candidates have been less likely to make it through recruitment and selection processes at times because they have not met the required academic standard, and/or attend universities not visited by elite firms.

I hope that PRIME will help . . . [but] some of those students may be going to universities that are outside our reach . . . I had a bit of a worried conversation with somebody who was, like, "what if I go to . . . [a] university you don't necessarily have a strong link with, is that going to mean I can't apply?" and it's, like, "no, you can apply, it's just, yes . . . you'll have to be a bit more proactive and stay in touch." (L_R_6)

Participants claimed that despite sometimes offering social mobility candidates quite intensive support before they apply to the firm, their application has nevertheless not met the required standard, for example, in terms of accuracy and clarity. Participants with experience in this area were concerned that students from disadvantaged educational backgrounds are not aware of the necessity to maintain certain grammatical standards in written and spoken communications. Where students have got through these barriers, some have been rejected because participants say that (still) they did not present with confidence at final interview or were not considered by partner interviewers to have sufficiently strong communication and debating skills.

I think it's social capital . . . So trying to get them realise they need to be having conversations . . . Listening to a decent radio programme. . . listen [to] Radio 4 in the morning. If you want to get what these law firms are about you have got to start listening to people debating with each other because you are going to be asked your opinion. (L_Y_2)

Clearly, it is vital that the wide range of social inclusion programmes continue to offer students from less privileged backgrounds intensive support, which is maintained both at school and their university, if they are to compete on genuinely equal terms with their more privileged peers. Many individuals at elite firms are making very significant efforts in this area, often motivated by a personal commitment to the social mobility candidates they get to know over a period of several years.

However, it is important to note that until relatively recently, firms have not tended to critically assess how current processes disadvantage certain groups of students, or understand how *potential* can be identified amongst a wider range of applicants. Thus the emphasis has not been on the attitudes and behaviours of employing

organisations, including how they identify and, critically, find 'talent.' Instead, many programmes focus predominantly on helping to ensure that individuals from less privileged backgrounds present to the firm upon application in much the same way as their privileged peers. Elite firms might then benefit from appointing some of these 'non-traditional' candidates, whilst significantly reducing their perception of risk in doing so.

This approach is pragmatic. The current expectation to assimilate is also explicable given that appointing these candidates according to entirely separate standards may lead only to their later failure to progress, and this point is discussed in further detail in Section 8.

Yet several decades of academic research into all forms of diversity and inclusion has highlighted challenges associated with this 'deficit' model of diversity. One of these is that whilst for some individuals assimilation of this nature is relatively straightforward, for others it might be more difficult, or experienced as a considerable assault on their identity. It appears that these latter challenges are most likely to be experienced by the most disadvantaged students, whose upbringing and prior socialisation is furthest removed from the expectations of elite professional service firms.

Furthermore, applicants from very different backgrounds continue to be assessed on similar terms, despite the fact that in many cases they have had significantly less opportunity to develop the required behaviours. Put another way, social inclusion programmes which aim to instil confidence and cultural competence are extremely valuable but can rarely replicate twenty years of socialisation enjoyed by more privileged peers.

. . . people who are from middle class and more wealthy backgrounds they have the dinner table conversation. So, someone has read something somewhere and the family talk about it, you formulate opinions and you know how to structure an argument. But from someone who is from a disadvantaged background, there might not even be a dinner table. (Acc_V_1)

Given that they do not start from the same position as their more privileged peers and have considerable additional ground to make-up, these students are arguably being held to *higher* standards than their peers.

Firms and third sector organisations are working hard to update and develop relevant initiatives, sometimes with these points in mind. It is likely that in future, programmes aimed at raising aspiration and apparent aptitude will have higher success rates. However, whilst for example the requirement to communicate effectively is non-negotiable, we suggest there is still considerable debate to be had within the elite professions around the extent to which non-traditional candidates can and should be expected to conform to traditional (middle-class) norms upon entry, and the extent to which expectations can and should be further adjusted on the demand-side, so that talent can be recognised and supported in a much wider range of guises.

7.3: Fair Access – Demand-Side Interventions

An alternative means by which organisations have sought to improve fair access to the professions is by providing a wider range of entry routes. Although originally, apprenticeships were the route to qualifying as a solicitor or barrister, from the 1970s onwards only legal executives could become practising lawyers through this route. This position was of a significantly lower status than that enjoyed by the position of solicitor or barrister, which required a lengthy training route including the successful completion of a postgraduate academic professional course (the Legal Practice Course or the Bar Vocational Course) followed by an apprenticeship. The expense and rigidity of this qualification process and its impact on diversity combined with employers' complaints about the fitness for purpose of the legal training system prompted the frontline regulators of the profession to establish, in 2012, the Legal Education and Training Review (LETR)⁶. The review suggested that current training regulations may restrict the development of innovative and flexible pathways to qualification, and the regulators are currently working on education and training policies which have the potential to result in liberalised entry into the profession.

Within the accountancy profession, this flexible approach to entry had already been established and most leading firms have, over the past five years, either implemented or developed existing apprenticeship programmes which are designed specifically for school leavers. Typically these seek to attract school leavers with strong credentials at GCSE and A-Level. Applicants are usually subject to similar selection processes as those undergone by graduates, though they are not expected to have relevant work experience. Those who are appointed embark on a training course, leading to a professional qualification, with the expectation that they will subsequently be offered the same opportunities for career progression as graduates, based on merit.

Though most accountancy firms have historically offered school leaver programmes, there has been renewed focus on this entry route recently, partly as a response to pressures to become more inclusive. Thus school-leaver programmes are often positioned by firms as a central part of the accountancy professions' efforts to open access according to social background, based on a belief that students from more affluent backgrounds are less likely to take this route.

Again, transparency with respect to the demographic make-up of non-graduates is not widely available. Data supplied to the project team suggested that the percentage of applicants to school leaver programmes with social mobility indicators (such as first generation in their family to attend university and/or received free school meals) can be below that of graduate applicants and is not representative of the population. However, at one firm, during 2014 applicants to the school leaver programme with social mobility indicators did have a higher conversion rate than applicants from apparently more traditional backgrounds. In addition, at this firm, higher numbers of school leaver applicants had attended a non-selective state school than graduate applicants, at over forty percent. Two-thirds of school leavers offered a job at this firm in 2014 had attended a non-selective state school which, again, is significantly higher than the equivalent figure for graduate entrants.

Additional data is required to assess the true impact of these programmes. The figures cited above suggest that although school leavers joining firms are typically

more diverse on the basis of educational background than graduates, these programmes are not always reaching the most disadvantaged on the basis of other social mobility indicators.

In part, similarity between graduates and school-leavers may be related to the fact that programmes to attract the latter have historically had the same academic standards for entry compared to graduate programmes, despite the established relationship between A-level grades and social class:

When the school leaver program again first came in, [a 'big four' firm . . . said . . .] the reason they'd introduced this was because of social mobility and inclusion . . . but . . . when you've still got academic entry points . . . at 320 for school leavers, seriously, how inclusive is that ever going to be? (Acc_V_1)

I was frustrated . . . there was still an academic barrier . . . we've [now] got young people coming on that have three Cs, which is a bit of a trial and pilot for us. I know then we're looking to build in contextualisation of data to our broader processes. (Acc_T_4)

In recognition of this, some firms have amended their academic requirements for entry, whilst others have ring-fenced opportunities for school-leavers from less privileged backgrounds, or created programmes specifically aimed at ensuring higher numbers of this demographic are appointed.

Participants at most case study accountancy firms expressed a wish to expand their school leaver programmes, in the belief that school leavers offer a good way to expand the range of skills and talents available to the accountancy profession. They also suggested that school leavers are more likely to remain loyal to the firm with which they trained, compared to graduates, and therefore constitute a good return on investment. Furthermore, school leavers are often considered to be excellent at their job and sometimes, more driven and motivated than graduates.

The graduates . . . there is a sense of entitlement . . . you've never really failed, you've got some really excellent A-levels, impeccable academics, you've got your job at a big four or a top law, or whatever, your expectation are right up here, right? . . . And I think that's not necessarily what the early parts of a legal career are like and not what the early parts of an audit career or a consulting career are like. And when we get, sort of, 18 year olds into the firm . . . they're really glad they've got a job, they want to work incredibly hard . . . the other big one is that so many graduates join us and then leave on qualification . . . people who are perhaps from a broader range will stay with us longer. (Acc_V_2)

What we found is that actually the work attitude and aptitude of the A-level students was generally better than the graduates . . . So we actually have the school leavers here for more of the time which economically means they're more productive. They don't acquire debt because they're earning and we have seen that . . . their attitude to work tends to be more receptive and understanding of tasks and the need to progress through learning and experience rather than the graduates. (Acc_V_2)

The enthusiasm from the school leavers and from the traineeship program has been absolutely amazing, and put the graduates to shame. (Client_3)

Participants argued that expansion of these programmes is hampered by the following three main factors:

- First, difficulty in recruiting candidates, whether from social mobility backgrounds or not. In part, this is related to a perceived lack of knowledge about both apprenticeship schemes and careers in accountancy amongst school age

students. Case study firms had not yet fully explored or understood how to manage the logistics and costs of publicising these programmes amongst such a wide and highly dispersed audience.

I don't think we're clear yet as to how we make ourselves or . . . the profession a really obvious opportunity for young people to consider . . . there's such a wide potential range of people who could be attracted, you know. We're going to need to be just focused somehow. (Acc_W_6)

According to graduate recruitment teams, attempts at reaching school leavers have also been frustrated given that they have significant additional responsibilities, without significant additional resources in terms of people or budget. Some attempts have been made at collaboration between accountancy firms to publicise school leaver programmes. However, these attempts have apparently been frustrated by the competitive approach of some firms, who prefer to compete to attract school-leavers. One graduate recruitment head explained that given a lack of resources, they have relied on current trainees to revisit their own school in order to publicise the school-leaver programmes. However, since many of these people attended schools in relatively affluent areas, this has a limited impact on diversifying entry. More progressive firms have adjusted their strategy to focus on schools with social mobility indicators and historically lower numbers of students attending universities.

I have taken that to our school team and said you're going to schools where ninety percent plus of pupils are going on to university. Why are we trying to talk to them about a school leaver programme? So, we're now completely re-defining our school leaver's strategy to look at schools with high FSM, yet high numbers achieving, you know A, B at A Level, but then again quite a low percentage going on to universities. So, now we've got access to that data, it's really influencing the way we're thinking and our approach.

- Second, until recently schools' OFSTED rankings were based in part on the percentage of students attending Russell Group universities. This measure has now been abandoned, but according to participants in this research, had led some schools to discourage bright A-level students from seeking an apprenticeship, in favour of university. Participants also suggested that the quality of careers advice within schools is low, whether in relation to apprenticeships or graduate schemes. Though some schools enthusiastically work with professional firms and third sector organisations, others are much less likely to do so. This view was endorsed by client interviewee within the financial services sector.

It's a lot more expensive . . . it's taking all my budget, whereas I could go out through normal channels, and it would be much more affordable for us as a business basically . . . [and] quite often the response you'll get from schools . . . they say well no, we're targeting the universities, we're not interested in publicising this . . . I've had a number of instances where heads of sixth form have been real blockers . . . and their quality of career advice is not where it should be . . . employers are creating opportunities . . . and we are not getting the applications we need, we are not getting the traction or engagement from schools . . . some schools are engaged, but they tend to be the public and independent schools . . . it's the state schools, academies, those things, that we're just struggling to get into . . . (Client_3)

In addition, given the strong societal focus on higher education and comparatively low status or awareness of apprenticeship routes into the professions, there is often disappointment from an applicant's family if they choose not to attend university, which can dissuade some from pursuing the apprenticeship option.

- Third, participants reported a belief held within some parts of elite firms that school leavers are not attractive because it is especially difficult to justify high charge-out rates to clients for people who do not have a degree. This point was made particularly in relation to consultancy.

It can be hard enough selling a graduate level in a consultancy environment who has a degree and who is twenty-five years old. It would be incredibly hard selling the same person who was sixteen and doesn't have a degree. No matter how intelligent they are. (Acc_V_11)

Other participants pointed out that it is questionable whether individuals would in fact be charged out to clients at this early stage in their career. However, this is an area where arguably knowledge is particularly ambiguous and firms rely heavily on the signalling effects of a degree from an elite university, both when recruiting new entrants, and when attracting and securing work from clients.

Despite these challenges, school leaver programmes *are* potentially an important means by which firms can open up entry routes to a wider range of backgrounds than might currently be typical within graduate programmes. A key issue is awareness, and how to reach a widely dispersed potential applicant base. Government has a key role to play here in sparking a national conversation about the validity of these alternative routes into a career.

However, elite firms could also continue to collaborate on school-leaver programmes to ensure their success. This means that they must put aside their instinct to compete at the attraction stage, if not in relation to selection and appointment. Collaboration will enable firms to pool financial and human resources, and share information, so that they can work together to raise awareness of their schemes in a wider range of schools across the UK.

An important caveat is that school leaver programmes at most 'big four' firms typically account for just ten percent of their overall new entrants. Even if all of these students were from non-traditional backgrounds, this would not make a significant impact on the demographic profile of elite firms overall. A useful approach might be to ensure that school-leaver entry routes are expanded in relation to graduate entry, *and* that additional efforts are made by firms to ensure that both entry routes are more obviously characterised by diversity of social background.

7.4: Fair Selection Processes

Some elite firms have also begun to look more critically at their selection techniques, and address the demand-side barriers that could limit fair access. The overall objective here is to identify potential in both traditional and non-traditional candidates, in a way that does not rely so heavily on measures of past performance, including academic credentials. These changes are more evident at firms which have identified a clear business case in favour of attracting and appointing talent from more diverse social and educational backgrounds. Key examples of good practice here are outlined below.

7.4.1: Move from competencies to strengths

Within the professions as elsewhere, elite firms have traditionally used a competency based framework in order to assess applicants. This approach is used to define and map behaviours and technical skills that the firm believes current and future professionals require in order to deliver high performance. The majority of the case study firms continue to use competency based frameworks as a selection tool. However, some have more recently moved towards a strengths based approach to selection, which is considered by these firms to be a more reliable method than competencies to test an applicant's aptitudes and skills.

Basically, everybody could read the questions [on the internet] and know what they were going to be asked anyway . . . we thought, actually, you get much more from the person [if] they talk about the case study, we can assess a lot of their analytic skills and the way they will approach things.”
(Acc_T_1)

The strengths based approach has most relevance in the current context because it is designed to assess traits rather than behaviours and past experiences alone. Where individuals are expected to discuss relevant experience, this no longer need encompass that which only more privileged students might acquire. As one example, within a strengths based approach, students are encouraged to believe that work experience gained at McDonalds will be considered as valuable by assessors as experience gained within the sector.

. . . anybody who can get the magic bullet on predictive validity in recruitment will win, but it's really tricky and nobody's really cracked it . . . what most strongly correlates on predictive validity in recruitment, there are only really two things, one is raw cognitive ability . . . the closer we could get to something like that the better . . . The other half of predictive validity in recruitment . . . is prior job success . . . The problem when you're recruiting graduates is they haven't done anything . . . So I think we all defaulted to like were you the head of the rowing team and things like that . . . [now] we've started to look for other things around that sort of prior job success, which is why we started to tease out questions like did you have a job, have you ever had one? Even if it was at McDonald's we're actually quite interested to know how you did at that. (L_X_1)

As such, this supports more general endeavours by some firms to reduce the emphasis on relevant work experience when seeking vacation placements and sometimes graduate positions, on the basis that this disadvantages students without the necessary social networks. Whether in practice many candidates feel comfortable using alternative experiences is uncertain.

It's less easy to say, oh, I've been working in a clothing shop for the past two years. What can I demonstrate from that, as opposed to someone who's been in another law firm for a month? They have more direct learnings they can share. (L_R_1)

7.4.2: Academic Credentials

Historically, most elite firms have screened graduates on academic credentials, namely A-levels and degree. Many firms still do so, but increasing numbers are recognising that A-level scores are not a good predictor of future job performance, or even of academic ability, not least given that performance in these exams is strongly related to socioeconomic background.

Some firms have abandoned screening on A-levels altogether, preferring to use psychometric tests and degree results instead. Most firms are at an early stage of

this approach, and so there is limited data on outcomes. However, for those that were able to do so, this seems to contribute to students from a wider range of universities receiving job offers. For example over ten percent of the intake for one case study firm would have been rejected at the first stage and around one-third of new trainees came from universities the firm had not previously engaged with. In addition, the conversion rate between final interview and job offer rose substantially.

Increasing numbers of universities now use contextual data to help them assess relative performance, such that A-level scores are read in the context of the school each applicant attended. Some elite firms are now following suit. Contextual data records numerous aspects of a candidate's background including postcode, school, and mitigating circumstances which may have affected performance at university such as whether they had a part-time job or act as a primary carer. Using this data, relative academic performance can be assessed depending on socioeconomic and educational background, using an algorithm.

The use of contextual data in selection is at an early stage, and firms are likely to use this at different points in the application process, for different purposes.

Again, it is too soon to be clear about the effect on inclusion, and which of these approaches is likely to have most impact. For example, we can speculate that reducing the emphasis on A-level results and/or using contextual data may be progressive in the following circumstances:

- Where applicants from a wide range of universities with weaker A-level scores are less likely to self-select out of the application process to elite firms on the basis that their credentials do not meet minimum requirements.
- Where applicants from a wide range of universities submit strong applications with (relatively) weak academics they are less likely to be screened out at pre-selection.
- Where firms recruit from Russell Group universities which use contextual data at entry level, since this will not automatically screen out candidates who have been admitted to these institutions with lower grades having attended a poor performing school.

However, to the extent that firms continue to recruit students predominantly from universities and courses with consistent high entry requirements, the impact may be a limited. Furthermore, it is not entirely clear from existing data whether initial screening on A-level results represents the most significant barrier to entry, or whether an emphasis on non-educational factors is equally if not more important. If the latter, a reduced emphasis on academic credentials may have a more limited impact on social inclusion.

In addition, most firms continue to use psychometric tests as a screening device, which as noted, are susceptible to coaching which might be more widely available to students from more affluent backgrounds. Where case study firms had monitored this area, they found that the performance of students with social mobility indicators (eg FSM or first generation university) is only slightly below that of more privileged students. However, it is possible that this result is skewed because students from these backgrounds who pass initial screening and are invited to take these tests may

typically attend a Russell Group university and therefore have had access to better support.

It is important then that bright students from all backgrounds and many more universities are provided with similar support to pass these tests, through relevant adjustments to attraction strategies. Currently, elite firms are aiming to achieve this objective not necessarily through extending campus visits, but by offering coaching and support to students on-line and using social media. Thus students are able to undertake e-learning modules on firm websites, which are publicised through university careers centres. This is positioned by graduate recruitment specialists as a means to level the playing field, though it is uncertain whether on-line coaching can replace the support provided to many students in interactive sessions. Overall, close monitoring of the impact of these policies on outcomes for less privileged applicants is essential.

7.4.3: CV Blind

A small minority of elite firms have adopted 'CV blind' selection techniques. This means that during the final interview, the CV used by interviewers has had the applicant's educational background erased. The intention is that the interviewer does not use educational credentials or shared background as a signal for quality *before* having met the candidate, although it is perfectly possible that they will discuss this background during the interview process.

Participants in this research had mixed feelings about the impact of CV blind with respect to social inclusion, with some suggesting that it may have the unintended effect of encouraging interviewers who are struggling to identify and define talent and potential, to focus on alternative proxies for quality such as speech and accent, which would have a negative effect on opening access. They argued that contextualising educational background and paying close attention to bias is more useful.

We've got some concerns around doing that because we know of another law firm who introduced blind CVs with all the best intentions and actually what they found was the number of Oxford and privately educated candidates they hired shot up. So they had to U turn on it and so we're in two minds about that. (L_R_2)

Others argued that adopting a strengths based approach to selection is a better alternative to CV blind approach on the basis that the former also permits applicants to shine no matter what their precise background. Even advocates suggested that CV blind should not be seen as a panacea but is instead just one tool available to assist with social inclusion. Again, data isolating the impact of CV blind on access to elite firms is not available. Firms using this technique have apparently increased the range of universities from which they select their trainees, which is encouraging. However, there is no accompanying evidence to suggest whether the intake is also more diverse according to socioeconomic background.

7.4.4: Training

Participants who are involved in recruiting and selecting new entrants to the profession were generally aware of the dangers of recruiting in their own image and nearly all had been trained in unconscious bias.

In our interviewer training we're very clear . . . don't look at a CV - and this is where blind CV's has got some truth to it, you go, "well, they've got a similar background to me, I should hire them." Should you? Why? You know, why would they, just because they've got a similar background to you, be successful? Is your background what makes you successful? (Acc_V_2)

However, relatively few had been specifically trained in relation to social class, and for some firms it was possible to take part in recruitment and selection having received no relevant training at all. It is possible that further diversity training would assist those making selection decisions to develop a wider conceptualisation of talent. However, this is likely to prove effective only if it is part of a concerted effort made by the firm to open access to a wider range of people. Furthermore, the available figures suggest that those responsible for final selection decisions as a result of mainstream recruitment processes are required to select from a relatively homogenous group of candidates. Thus training on how to recognise talent amongst non-traditional candidates is likely to be most meaningful when more of them reach assessment centres and final interviews.

7.5: Measuring and Monitoring

As we have noted at several points in this report, social class is very difficult to define. However, as we have also made clear, it is vital that elite firms continue their good efforts to record relevant data, in order that we can accurately measure progress and monitor the success of inclusion initiatives. Evidently, this depends on firms developing some working definition of class. More detailed data on the social background of current and future professionals is essential, not least because this may help us understand the relationship between social class and access to the professions, and indicate precisely where less privileged applicants experience barriers in the recruitment and selection process.

What we'd like to do is collect better stats at our grad application process particularly distinguishing between selective and non-selective state school. So that we can look at things like the verbal reasoning test and establish whether it's a barrier . . . the group exercise, well, it would be great to do some analysis around diversity and performance in group exercises . . . in terms of coaching, familiarisation with those kinds of scenarios. Standing up with a flip chart in front of other people and competently writing things down. I think there are roles which naturally fit with students who've had a lot of experience in doing that. (L_R_2)

Efforts to record, measure and monitor are being supported and encouraged by initiatives such as Access Accountancy, and by moves towards the further adoption of contextual data. Useful guidance on data collection has also been provided in the Social Mobility Toolkit for the Professions, published by Spada (2014)⁷. The Civil Service has started to measure parental occupation, which is a more accurate measure of disadvantage than proxies such as school type, FSM and first in generation to attend university. It is recommended that more professional service firms also adopt this measure.

Clearly, social mobility data is sensitive and therefore current and aspirant professionals must be clear about why it is being collected and what it will be used for. Currently, our participants reported considerable resistance within their firms to the further monitoring of social mobility indicators:

We don't know the makeup of our current firm, we don't know, and I think that's one of the big thorny issues around social mobility: how do you get people to talk about that and in a way that doesn't make them feel like they're being stigmatised? (Acc_T_4)

In terms of social mobility at the moment all that we ask is – are you state educated, privately educated or were you educated outside of the UK. What we don't ask is if you're state educated were you selective or non-selective? . . . we're not asking questions around free school meals, around other best practice monitoring . . . once we've got a big enough sample of data we'll be able to start to just look at whether we're seeing any trends or disparities. At the moment I don't think we can do that meaningfully.(L_R_2)

A key aim for all those who are actively involved in this agenda is to continue to explain and clarify to other professionals the nature of the social inclusion challenge, the steps that professional firms can take to address it, and how accurate data is essential in order to do so.

7.6: Summary

Findings here suggest that many elite firms are devoting substantial attention to social inclusion. There are many highly encouraging success stories as a result, where people from significantly less privileged backgrounds are flourishing in elite firms. However, it remains the case that, at entry level, the professions remain heavily dominated by people who are from more privileged backgrounds, comparative to the population. Indeed, a consistent theme in the current research is that where firms have made efforts to attract people from diverse social backgrounds, these individuals find it more difficult to enter the professions comparative to more privileged peers, and may also find it more difficult progress their career should they manage to do so. In the next section, we explore the question of career progression in further detail.

Section 8 Career Progression

In Section 4, we reported previous research which has identified a clear ‘class ceiling’ within the elite professions¹. Thus, even where people from non-traditional backgrounds enter elite occupations, they apparently do not receive similar rewards compared to their more privileged peers. Further qualitative research is required to untangle the degree to which this is a supply side or demand side issue. In other words, do people from less privileged backgrounds self-select into less lucrative divisions of the professions? Or, once there, are they subject to discriminatory behaviour and bias, as a result of their background? The current study is not equipped to explore in detail the destinations and decisions of aspirant professionals from non-traditional backgrounds before they access the professions. We can on the other hand provide some insight into the experiences of non-traditional professionals once they access an elite firm, and we focus on this here.

In brief, we find that:

- Some aspirant professionals from significantly less privileged backgrounds appear to struggle with professional qualifications, though the extent to which this is more evident for them than their peers is unknown. For those who overcome this barrier, some appear to exit the firm at a relatively early stage, either by choice or because they are not taken on by their firm following qualification.
- Aspirant professionals from less privileged backgrounds may struggle to assimilate to dominant norms, or be engaged in ‘managing their difference’, causing them to under-perform comparative to their ability.
- Firms could provide further support by raising awareness of the challenges faced by social mobility candidates within professional practice, and by providing ‘non-traditional’ candidates with additional role models, mentoring and other support.

8.1: Explaining the ‘class ceiling’ in elite firms

Though the current study cannot provide definitive answers, it does suggest that the class pay gap is caused by a combination of demand side and supply side factors. Thus, fewer students from less privileged backgrounds apparently apply to elite firms compared for example to their privately educated peers. However, this apparent ‘self-exclusion’ masks the strong influence of firms’ attraction strategies, which, as we have shown, are focused on a narrow group of elite universities, and may inadvertently or otherwise discourage applications from students whose background has for example endowed them with less confidence.

Participants in the current study also reported that where students from less privileged backgrounds do access an elite firm, on average they are less likely to make it to qualification, and more likely to exit the firm at a relatively early stage. No case study firm was able to provide precise data on this, by, for example, comparing the early career trajectories of new entrants on the basis of education and social background. However, participants repeatedly pointed to clear differentials between the success rates of new entrants from more and less privileged backgrounds, at two main points.

- First, participants reported a trend whereby graduates who are identified as meeting social mobility criteria seem marginally less likely to pass the Legal Practice Certificate (LPC) or their ACCA (Association of Chartered Certified Accountant) qualifications. They emphasised that by no means all those with social mobility indicators struggle here and that many graduates from more traditional backgrounds experience similar problems, but the failure of sizeable numbers of non-traditional candidates makes this an identifiable theme.
- Second, for those who get through this barrier, it appears that fewer are appointed by the firm on qualification compared to their more privileged peers. This is apparently particularly experienced by black or ethnic minority individuals and especially those who are Black African or Caribbean. For example, one firm reported that despite having appointed relatively high numbers of ethnic minority candidates in one cohort, only a small number of these were appointed by the firm upon qualification, compared to almost all of their white peers. Participants at the firm could not identify to what extent there were intersections between ethnicity and social class in this case, though there is a strong relationship between the two in the UK.

Participants mentioned danger of a backlash from senior partners, when investing significant resources into social inclusion initiatives with limited signs of success to date. As such it is important that we understand the causes. However, participants also acknowledged that they did not know for sure why 'non-traditional' recruits appear to be less successful with respect to career progression compared to their peers. However, they speculated on the following explanations:

- Although most graduates with non-traditional backgrounds were appointed with equal academic credentials, they are more likely to be managing multiple other responsibilities, including caring, and may not be as well prepared to structure their study alongside paid work.

If you look at some of the challenges on the LPC, and that transition, and the things that are going on in these individual's lives, where they are, maybe, bringing in all of the money, no other breadwinner in the family . . . they've got younger siblings they actually care for, and then you are making them jump through a host of hoops in that transition to the LPC. (L_X_2)

- Early career professionals from social mobility backgrounds are under considerable pressure to assimilate to dominant norms within the professions. For some, this means that they cannot bring their whole self to work but instead have to constantly strive to manage and perhaps hide their difference. This often leads to psychological pressure in addition to the considerable technical demands of their early career, causing some to under-perform within their job role comparative to their ability.

Every department has their own different culture, and I suppose coming from my background, that was initially quite daunting for me . . . because I come from a background where people in my area we... how do I explain it? We went to the park and played football rather than go for drinks, in a sense . . . some people might have grown up with like going for drinks with friends. I didn't do that. So it's like, "oh we're going for drinks, okay. Got to keep up conversation now." (L_R_3)

The expectation that these professionals *should* conform is underlined by current professionals, some of whom suggest that the very mutability of social class puts

it in a different category compared to aspects of one's personal identity which are 'fixed,' such as gender and ethnicity.

- In a context where few of their peers are from similar backgrounds, these professionals may become hyper-aware of their difference, feel alone and relatively unsupported. As 'tokens' for social mobility and perhaps for their ethnicity, they may feel that they are more visible than their white, middle-class peers. As such, mistakes may feel more noticeable. The perception that they are alone can lead these individuals to lose confidence. As such, poor performance is not necessarily the result of discriminatory behaviour exercised by other members of the firm, but instead originates in organisational cultures which are not welcoming to difference. In reality, it is often the case that many senior members of the firm and the professions *have* in fact come from similar less privileged backgrounds. However, this is not evident to junior and aspirant professionals, because these more senior peers have themselves assimilated and may even consciously hide their background.

I remember going to our small seminar group and it dawned on me that I was different from most of the other people in the room . . . And I would say there's a number of reasons I didn't engage in LPC as much as I did at university . . . I did feel like an outsider . . . I failed completely to build networks at law school that I probably should, in hindsight, have built. I didn't understand the importance of networks . . . you realise that lack of investment that you weren't probably making in those early years, it just puts you behind the track. (L_R_1)

I . . . very, very, very rarely talk about my background. And people would assume certainly that I went to private school and I came through the system in the normal way. Because it's embarrassing, right, to say that you didn't come from a middle class background? It's embarrassing to say, it shouldn't be, but it is . . . because the City is full of people all the same, right? So, for me to say that my dad was a labourer and I had free school meals at school, it's embarrassing. I feel embarrassed . . . I found out [my boss] went to a comprehensive school . . . But he would never talk about that. He would never, ever talk about it . . . People like him should. (Client_9)

Experiences of and attitudes towards people from less privileged backgrounds are likely to differ significantly according to the individual, and between and even within firms depending on the prevailing organisational culture. For example, participants at Firm R who identified as working class such as the one quoted above insisted that although they may have had outsider status, they had not experienced direct discrimination as a result of their background.

I think everyone's really mindful of what we're trying to do, and what we're trying to achieve, which is to recruit the best candidates from whatever background they come from. And so everybody has that very firmly in their minds . . . it's always been there. I guess it's part of the culture of the firm. (L_R_1)

At other firms, the cultural expectations were quite different, and the weight of evidence from participants in this research supports the view that people who do not possess the signifiers of middle-class status which represent higher cultural capital, are expected to assimilate and may, on average, face more difficulties in accessing and progressing their careers than their more privileged peers.

I suppose it's about having the skill of flexibility that you adapt to your environment whatever that environment is. So when I went home to XXXX, I could go back to, if you like, my old slight twang. When I'm in this environment I pretend I'm posher than I am. (L_Q_4)

Accents make a difference, things people talk about . . . we all do, don't we? We make judgements. (Acc_V_1)

8.2: How can firms provide support?

The challenges experienced by new entrants to the professions from non-traditional backgrounds are in many ways similar to those historically experienced by other 'minority' groups, including women, LGBT people and ethnic minorities. In contrast there has been a more limited focus on social class, and diversity and inclusion specialists underlined the requirement to better understand the challenges experienced by non-traditional recruits as they enter the professions and seek to progress their career, in order to understand how they can be supported in future.

Issues here are perhaps exacerbated compared to some other diversity strands because of the tendency towards assimilation towards dominant norms, such that more experienced professionals who started out different, rarely appear so further into their career. This pattern may increase feelings of isolation, but also makes social class particularly challenging to address as new entrants who start their career identifying, or being identified as working class, by definition do not remain so. It is difficult to know then at what point in an individuals' career interventions should stop and to what extent these interventions could increase feelings of outsider status rather than reduce them.

We're very mindful of offering everything to everybody, because I think the worst thing you can do is single people out. I think it's about offering any additional support to everybody and encouraging those that potentially could benefit from it more than others to go for it . . . I don't think we want to single anybody out. (Acc_W_1)

In addition, to some extent social class remains a 'hidden' category. In the decades since 1997, social class tended to 'fall off' the policy agenda, as the human capital view of labour markets became dominant, leading to a view by many – though by no means all – politicians that it was no longer relevant. The evidence presented in this report and elsewhere would suggest that this is not the case. In fact social class, however defined, apparently remains a strong determinant of one's ability to access the elite professions and once there, to thrive. Yet still, this study would suggest that within elite firms, awareness of the role played by social background in relation to career progression is quite low, especially compared to other diversity axes such as gender. Further, participants spoke of their reluctance to discuss social class with their colleagues, on the basis that this is potentially intrusive.

You know, you get in on merit, and meeting standards, but, in terms of social mobility, I just don't know really. (Acc_W_7)

It's just not been something that's been on people's radar . . . there's been other priorities . . . [and] people are private about their background and actually I think the issue of social mobility is quite a tricky one because if someone's overcome all of those obstacles they're not that necessarily willing to go and start shouting about where they came from again. Some are, when they've got to a senior point they somehow they suddenly see the light and . . . but they almost need to prove it to themselves. (Acc_T_4)

A key objective for diversity professionals and firm leaders is therefore to help people find the language to discuss social background.

I think that getting [ethnicity] . . . on the table and talking about something which felt quite uncomfortable but talking about it enough times that actually it didn't feel that uncomfortable anymore was a really good thing to do. And I'm not sure that we understand the challenges to the same degree around social mobility and I don't think that they're as clear cut. But I also think the barrier at the moment is that there are some topics that we kind of just skirt around the edges and so just getting past that is a positive. (L_R_2)

It is perhaps interesting to note that school-leavers with social mobility indicators may avoid at least some of the challenges experienced by graduates entering elite firms. This is because although they also have to assimilate to dominant norms, they can do so in what is possibly a more forgiving atmosphere. For example, they are rarely put into client-facing roles quite so early in their careers. Unlike graduates where there is very little tolerance for failure at professional exams, school-leavers are frequently given additional chances. Often too, they are slightly more likely to work alongside peers from similar backgrounds, which offers more opportunities for peer-to-peer mentoring and support. Elite firms may wish to identify the factors that support school-leavers to progress and transfer those that are appropriate to graduates from lower class backgrounds.

8.3: Summary

At present, only the most progressive firms in the current study have explicitly recognised the role that social class plays in limiting opportunities and preventing talented people reaching their full potential. A small minority have introduced social mobility agendas which encourage senior professionals from less privileged backgrounds to share their story with others. These initiatives help current professionals understand the implications of social class, and over time may help higher numbers of new entrants from less privileged backgrounds bring their whole identity to work, rather than struggling to suppress it.

I guess, speaking from my own experience, the fact that Firm R had people from my background here actually proved to me that it was a possibility to get there. I think for people from my background, a lot of it is about perceptions. And so whatever they do, they need to do something aimed at changing perceptions. So if it is about the people who are within that company, who are from less privileged backgrounds, making them go to the schools or showing that we had these people here. (L_R_3)

In future, as firms increase the level of comfort associated with discussing social class, more can and should focus on providing specific support with study skills, and with mentoring, coaching, and role modelling, for early career professionals from diverse backgrounds.

I think it will come down to how flexible the organisation can be, and how many... how confident these kids are coming into the organisation and staying and thriving, and seeing that there are role models that they can identify with. And so it is going to be critical to hold onto them, so that we've got stories to tell about the people that are coming through that provide inspiration to others, you know, earlier on in that journey. (Acc_W_3)

You can widen access, but then if you're just putting them through exactly the same process you've got to change something internally, I think. Or, add something internally whether it's coaching, you know, to help people get through the process, understand the tools understand how to prepare themselves. I don't think you can just open your door and expect people from different backgrounds to be just as successful as everybody else. (Acc_W_5)

Perhaps the most obvious support mechanism that firms can employ in this context is simply to employ people from a wider range of social backgrounds. Achieving this objective would reduce the perception amongst working class students that there is a single standard to which they must aspire. Failing this or even notwithstanding, a key recommendation for diversity and inclusion professionals is to raise awareness of social class alongside other diversity strands, so that it can be treated in similar terms.

Section 9 Financial and Related Professional Services in Scotland

Study B focused on access to elite jobs within the financial and related professional services sector in Scotland (see Appendix 1 for Methodology and rationale). Four case study firms were selected, all significant local and global employers.¹

- Firm FS-A: global savings and investments
- Firm FS-B: global finance, wealth/asset management and fund services
- Firm FS-C: professional accounting services
- Firm FS-D: retail, commercial and investment banking

The chapter begins by establishing the status of financial services as a location for elite jobs in Scotland. It then considers what is known in terms of social mobility within the sector before examining the recruitment and selection practices of the case study firms, and the definitions of 'talent' which these practices are intended to capture. The chapter concludes with a review of 'best practice' social mobility initiatives found amongst the firms, and some barriers which are thought to continue in preventing wider access to elite jobs within this sector.

The key findings suggest that significant barriers to professional jobs begin with the difficulties in disadvantaged students accessing the most prestigious local universities from which elite financial services firms primarily recruit. These universities already attract students from higher socioeconomic classifications, but these students benefit further from intensive, targeted recruitment activity by firms, which only reinforces this initial advantage. Access to internships, in particular, which are a major recruiting channel for graduate positions and serve a socialisation function within professions, remains problematic. Selection practice was found to conform to the established standards of objectivity and meritocracy, although each stage is scrutinised here against the backdrop of existing research which holds that even conventionally accepted selection methods targeting non-educational criteria may advantage students from more privileged backgrounds.

Recommendations include widening the pool of potential applicants through alternative recruitment activities and media, consideration of selection methods which move away from academic criteria and past-behaviour (e.g. strengths-based questions, situational judgment tests), and further attention to collecting and monitoring social mobility data and changes in progression patterns as a result of changes in selection methods.

9.1 Graduate Employment in Scottish Financial Services

Although London is the most common first employment destination for about 20 per cent of new graduates, especially in business and finance, Edinburgh and Glasgow are important employment clusters within financial services. For example, they are the most common locations outside London for financial analyst graduates.² All firms participating in the study ran extensive graduate recruitment campaigns in Scotland

with significant numbers of graduate and internship positions available in Scottish locations.

The supply of a skilled workforce drawing from high quality Scottish universities is often cited as one of the contributing factors to firms locating their businesses in Scotland.³ Higher Education and Further Education institutions maintain close involvement with financial sector businesses, as do bodies such as the Scottish Funding Council, Universities Scotland, and Scottish Financial Enterprise. This collaboration is embodied in the Financial Services Advisory Board which advocates for the sector and has developed a strategy for maintaining its competitiveness.⁴

As well as continued growth in graduate vacancies across the UK for accounting and professional services firms, and banking and finance employers, Scotland is expected to be a competitive location for a range of high-skilled and high value-added jobs not confined to global headquarters.⁵ Financial services has remained resilient through the financial crisis. Recent analysis identifies, in particular, the strong performance of the asset management sector which may have helped partially offset the decline since 2008 in banking.⁶ The sector is, therefore, an appropriate focus for a study on access to elite professions.

9.2 Understanding Barriers to Entry

Following the structure of Study A, this section evaluates whether the graduate recruitment and selection process in the financial services cases provides evidence of non-educational barriers to entry and if so, asks how and at what point in the process these are constructed. Specifically, it addresses attraction and the selection process as presented previously in this report, but to avoid repetition, highlights particular areas of interest from the Scottish data. The section begins with what is currently known about social mobility within financial and related professional services before considering recruitment and selection practices.

9.2.1: Profile of Financial Services Professions

Aggregate data allowing an overview of financial services professions with respect to social mobility is limited. Most proactive in data collection is the Association for Chartered Certified Accountants (ACCA), 7.3 per cent of whose members describe themselves as Scottish. Although figures for Scotland are not available, the UK wide pattern is informative.

Their most recent survey (2014) finds almost half their members (45.5 per cent) describing their parents as from higher professional and management (AB) classes. Some mobility is evident given that a much higher percentage, 77 per cent, described themselves as in those same AB classes. Of those who attended school in the UK, 88 per cent had attended state school and less than 50 per cent had completed a university degree. This may show some opening up of routes into the profession although it is not possible to determine if this reflects older members who entered the profession before a degree was required. Only 18 per cent had received one or both income support or free school meals during childhood and 40.5 per cent had become aware of the profession through their own personal research (as opposed to family connections or school/university career advice) suggesting a lack

of role models and appropriate career advice.⁷ Similar data is not available from the Institute of Chartered Accountants of Scotland (ICAS).

For financial services, the Sutton Trust’s research found that the sector as a whole (including banking, hedge funds, asset management and private equity firms) recruits 37 per cent of its new intake and 60 per cent of leaders from independent schools.⁸ The Social Mobility and Child Poverty Commission also highlight investment banking as especially problematic given that it targets a small number of selective universities.

Some indication of social mobility at entry level is provided by our own limited quantitative data. The four Scottish case study firms were asked to provide data for their graduate recruitment intake and school-leavers (as appropriate) reflecting either their educational (school and university) or socioeconomic background, and their progress through the screening and selection process. Partial data was provided by only one firm, although socioeconomic data was being collected by all four firms.

The data provided by Firm FS-A (Table Four) shows the small proportion of applicants to graduate and internship programmes who reported being the first generation in their family to attend university. Offers to graduates from this socioeconomic background stood at only 39 per cent with the majority of offers going to those from advantaged backgrounds; however, applications were likely to convert to offers for the less advantaged group, indicating they are not adversely affected in this firm’s selection process. For internships, the figure for offers was lower at 21 per cent, indicating that parental background is important for mobilising access to such opportunities. This firm had some success, however, in increasing the proportion of applications for internships from less advantaged individuals from 2013 to 2014 (see section 9.2.5 for further discussion). Conversion to offers for these interns was less successful with only 21 per cent of intern offers in 2014 going to individuals with disadvantaged backgrounds.

Table Four: Applications & Job Offers: Percentage of Graduates and Interns who were First Generation to Attend University at Firm FS-A

	Applications (% of total)		Offers (% of total)	
	<i>Graduates</i>	<i>Interns</i>	<i>Graduates</i>	<i>Interns</i>
2014	34	31	39	21
2013	34	21	NA	NA

Note: Total number of graduate and intern applications in 2014 was 2,500. NA Not Available

A final indication of the elite nature of the accounting and finance profession is provided by qualitative data from the case study firms. The following quotations illustrate the role played by a few institutions (private schools, universities and firms) in reinforcing barriers to entry. Positively, though, there was also agreement amongst the research participants that much has changed in recent years.

I think in the west of Scotland...it's inherited...you go to Glasgow or Strathclyde, then you go to the Big Four...or Big Eight it was probably when I qualified and do your ICAS and then go out and do something more interesting instead...I don't know anywhere else in the world that's quite like that. And I didn't come from a background of accountants but there's so many people that I was at university with, their mother/father/aunt/uncle, whatever, grandfather was an accountant, have done that route. And I think that's still there very much. We had visits out to Glasgow and Strathclyde [Universities] in the last week or so and we were talking to them about it...I would say that the percentage of people that haven't come through that route is maybe growing in the universities. But there still is that legacy thing that goes through. And as I said, that hasn't changed. (FS-B4)

[When I first joined the firm] it was pretty open knowledge, if you came from a certain private school - and frankly there was quite a lot of suspicion as well you needed to be on the right side of the religious divide - you know, that that put you in a better position than you would otherwise had been at the interview process - there is no resemblance to what it looks like now. (FS-C2)

9.2.2: Initiatives to Widen Access

Accountancy, banking and other financial services professions are involved in an increasing number of initiatives aimed at improving social mobility, as shown earlier in section 7.2's discussion of supply-side initiatives. The following list highlights some of these efforts within financial services which occur nationally and within Scotland.

- The Social Mobility Business Compact includes a number of financial services and related professional services firms amongst its signatories and 12 Champions.
- Professional associations, notably ACCA, ICAS, the Chartered Institute for Securities and Investment (CISI) and the Chartered Insurance Institute (CII), have shown leadership in promoting best practice efforts, including
 - signing up to and actioning the Social Mobility Business Compact, as well as actively contributing to the Department for Business, Innovation and Skills Gateways to the Professions Collaborative Forum and Fair Access to Professional Careers;
 - the launch of Access Accountancy in April 2014 involving 17 employers and six professional bodies to create work placements and monitor applicant socioeconomic data to enable benchmarking of social mobility;
 - developing and promoting new non-graduate entry routes into the accountancy profession;
 - developing a best practice code for internships;
 - partnering with schools, colleges and universities to raise awareness of careers in financial services (e.g. CISI's Get into Finance);
 - and encouraging school leaver programmes and sponsorships.⁹
- Banks and professional services firms have joined The Social Mobility Foundation's City Talent Initiative to encourage high potential people from low-income backgrounds to consider university and a career at a City firm.
- There is increasing recognition and support for apprenticeships into banking, insurance and other financial services careers as well as sponsored degree programmes.
- In Scotland, the ICAS Foundation was established in 2013 to provide bursaries, a mentoring scheme and internships for high performing individuals from low-income backgrounds to complete accounting and finance university degrees. The Foundation currently supports a significant number of students across eight Scottish universities. All the case firms provided mentoring or internship support for Foundation students, although in all cases it was clear that they did not wish

to show favourable treatment to these students in the competitive internship selection process.

9.2.3: Non-graduate Entry Routes to Professional Qualifications

In comparison to law, financial services and accountancy provide more flexible entry routes leading to professional qualifications. In addition to the efforts of ACCA and ICAS mentioned above, four of the UK's chartered accountancy bodies – ICAS, Institute of Chartered Accountants in England and Wales (ICAEW), Chartered Institute of Public Finance and Accountancy (CIPFA), and Chartered Institute of Management Accountants (CIMA) – support the Association of Accounting Technicians (AAT), which was established to provide a recognised qualification for accounting technicians and progression pathway, potentially, to the highest levels of the chartered accountancy profession.

ICAEW notes that one in five of its members has entered the profession via non-graduate routes, such as the Certificate in Finance, Accounting and Business, which meets the minimum entry for the ACA qualification, or the AAT-ACA Fast Track which allows qualification as an ICAEW Chartered Accountant (CA) in two years.¹⁰ Similarly, approximately 48 per cent of ACCA's UK students enter through non-graduate routes with progression routes to the full ACCA Professional Qualification. Audit is also the more common focus for non-graduate entry, leading to specialism in a number of areas, such as tax, following qualification. Apprenticeships in accountancy are well established in England and being developed in Scotland.¹¹

In Scotland, ICAS is the primary training route for the majority of professionals. Their five year training programme allows school leavers to join ICAS authorised employers, which included the case firms, and work towards the CA qualification. ICAS also supports the KPMG degree for graduates and school leaver track through the Universities of Birmingham and Exeter.

9.2.4: Preferred Universities

Top employers in accounting and professional services across the UK target an average of 33 universities, and banking and finance an average of 18 universities in their recruitment campaigns, many of these Russell Group members.¹² As shown in Table One of this report (section 4.2) the top 10 universities targeted by UK graduate employers in 2015 do not include Scottish universities. Edinburgh, Strathclyde and Glasgow are the top three Scottish universities targeted (14th, 23rd and 24th in the UK, respectively).

The majority of applications to the four case firms tended to come from Edinburgh, Glasgow (both Russell Group members), Strathclyde and Heriot-Watt. There was no explicit preference communicated in any part of the recruitment process for students from these universities. All firms operated a school/university blind process at, and all emphasised that they advertised widely and received applications from a diverse range of UK and international applicants. Nevertheless, it was clear that the focus of recruitment efforts was placed on these few universities which are considered elite in Scotland – either as Russell Group members or highly-ranked research intensive universities. St Andrews and Edinburgh specifically were targeted for investment banking or London-based recruitment.

The focus on the four elite central belt universities (Edinburgh, Glasgow, Strathclyde, Heriot-Watt) is partly explained by the concentration of employment and supply of skilled graduates in this area. In addition, though, firms' marketing strategies were based on the high numbers of successful applications in the past from graduates of these universities and strong ties between the universities and existing staff. 'Light touch' universities (e.g. Aberdeen, Dundee) would receive less resource; for example, only a couple of events on campus each year, such as Open Evening and Graduate Fairs.

Formal decision making about which campus visits to promote were couched in terms of relatively small recruitment teams and limited resources. Wider trends show that many large graduate recruiters including three of the Big Four accounting and professional services firms have less money to spend on recruitment in 2015 - the case firms reflected these wider trends.¹³ Universities targeted were reviewed each year based on past successful applications and where the greatest return was offered in terms of numbers of applicants and success rates at different points in the selection process. This process resulted in a relatively narrow range of three to four universities receiving the greatest recruitment budget and attention, with efforts focused on building a network of campus recruiters and brand managers.

There are definitely some, who year on year, will predominantly be more successful. So the likes of your Edinburgh, Strathclyde, Glasgow, you know, Heriot Watt...over the last three or four campaigns, Edinburgh have been, by far, our most successful university. It's easier to interact ... we can pop out to do a skills session, or they can pop in to see us. (FS-A3)

We get a very high proportion [of applications] from Glasgow University.... So therefore, we may want to invest our time and money there. (FS-C1)

Unfortunately we've got to live in a world where we've got to, sort of, get a bigish bang for our buck. So if we spend a lot of time at Caledonian and then 90 per cent of them fall out at testing, they're not even going to get through to the assessment centre stage. (FS-B4)

The concentration of recruitment effort in a few elite universities is problematic. Employers' preferred universities are less likely to attract students from lower socioeconomic classification backgrounds and low participation neighbourhoods.¹⁴ They also perform poorly on the Social Mobility and Child Commission's proposed Social Mobility Graduate Index which measures universities' success in terms of delivering social mobility outcomes - specifically, the numbers of students from disadvantaged backgrounds who actually attain professional employment in their first destinations.¹ There is some debate surrounding the use of destinations data only six months after graduation to calculate this index. However, it is generally consistent with wider evidence of slow progress amongst Russell Group and other ancient and old Scottish universities in meeting their HESA benchmarks for widening participation.¹⁵ Such findings tend to be replicated at various stages; for example,

¹ A maximum index score of 3.0 would indicate that a university only recruited disadvantaged students and all achieved professional employment. If a university only recruited advantaged students and all achieve professional employment, the SMGI would have a value of 1.5. The values for Strathclyde, Edinburgh, and Glasgow, are 1.39, 1.30 and 1.23, respectively. The current average SMGI across the UK Higher Education sector is 1.45. Source: Brown (2014) *Higher Education as a tool of social mobility: Reforming the delivery of HE and measuring professional graduate output success*. CentreForum.

low numbers from disadvantaged backgrounds and low participation neighbourhoods are found to attend open days and submit applications to university.

A further distinctive feature of the Scottish context is the relatively low level of geographical mobility amongst graduates. All firms noted a preference amongst graduates to stay local. There are two potential effects of this localised recruitment.

- **First, low geographical mobility may perpetuate past hiring patterns considered to have been successful, including preferences for particular networks.** Firm FS-C highlighted the contrast between their Scottish graduate market and the rest of the UK.

Probably 70 to 80 per cent of our offers have come from Glasgow, Edinburgh...they've come from a Scottish university... Whereas for other offices, it's quite varied what university they've come from... there's also a really high proportion of offers that have done accountancy and finance at university. [Elsewhere] we might have quite a mix like maths, engineering, business or law...all of the interns last year and this year that converted, I'm sure they all did accountancy and finance at Glasgow University. (FS-C1)

A senior manager at Firm FS-B also confirmed the strong links between private schools and particular universities, highlighting their firm's attempt to break down the homogeneity of talent which this encourages.

We tend to look for people that don't have necessarily that family legacy, that they've got to go into practice. But we are trying to break that barrier down slightly. It's a classic Glasgow thing. You go to private school, you go to Glasgow University, then you go to the Big Four (FS-B4)

- **A second interpretation is more positive for diversity.** In the following comment, the Head of HR at Firm FS-B seemed to be picking up on the general trend that universities in the west of Scotland (including Glasgow and Strathclyde) tended to have a higher proportion of students from lower socioeconomic status backgrounds than either Edinburgh or St Andrews.¹⁶

One of the reasons we stick very much at the Glasgow universities is because they're very successful for us, but we also know that gives us great diversity of candidates even just within the city because you've got a massive diversity of people from very affluent backgrounds to people from not so affluent backgrounds. (Firm FS-B1)

Moreover, the increasingly international profile of Scottish graduates does appear to have contributed to greater diversity in the talent being recruited by these case firms. All firms described an international profile of recent interns and graduate recruits, albeit that these were generally still graduates of the preferred central belt universities.

The advantages offered to graduates from preferred universities in terms of gaining access to elite firms are clear. As well as more regular campus recruitment events, campus brand managers (often students) help publicise events, application deadlines, and identify potential promotional opportunities. Vitally, in terms of generating applications and raising aspirations, these students benefit from direct access to professionals. Proximity and historical ties allow senior professionals to provide invited lectures, tailored around and influencing the students' curriculum,

facilitate information sharing sessions at the university and in-house, carry out mock interviews, and even provide surgeries on how to write application letters and CVs, and what financial services firms are looking for. These professionals retain strong relationships with individual course coordinators and Heads of Departments.

One such professional in FS-B had a long-standing relationship with Strathclyde University where he offered guest lectures on topics such as the current environment for investment banks. He commented on 2015 recruitment figures showing that the majority of applications and offers had been from Strathclyde. Figures for this University's current population of accounting and finance students (the primary degree subject of the majority of applicants) show that 36 per cent of students come from the two least deprived area quintiles on the Scottish Index of Multiple Deprivation (SIMD). This figure rises to 59 per cent for Economics students (another common degree course for applicants). While this is less skewed than for Russell Group university, such as Glasgow, it still indicates quite vividly that by targeting this university, opportunities are more likely to be offered to already advantaged students.

As argued earlier in this report with respect to the wider UK context, such early access to the profession not only advantages more privileged individuals who may already possess the cultural competence elite firms seek, but benefits them further through providing easy access to networking opportunities and even initial screening for future jobs through talent-spotting.

Finally, but significantly, a stark obstacle facing talented graduates from even some of the top ranking Scottish universities is revealed by the contrasting recruitment strategies within the case firms when it comes to recruiting for investment banking or London-based jobs. For these jobs, three of the four case firms targeted only St Andrews or Edinburgh in Scotland. This strategy is summed up by one senior participant.

The other thing we also need to be cognizant of is the London office recruitment. They've slightly different 'tier one' universities ... Obviously they've got traders....So they do look after some slightly different criteria. They target St Andrews as a 'tier one' university. We don't...it's interesting. I do often wonder whether there's an element of old school relationship somewhere deep down within the bank's recruitment process. Maybe more so in London. I think Glasgow is generally much more open for that. (FS-B3)

9.2.5: Access to Internships and Work Placements

The increasing importance of internships as a means of recruitment is well known, particularly in investment banking. The leading investment banks in the UK expect to have 2,600 paid internships and work placements available in 2015 and to recruit at least half their graduates through internships.¹⁷

In the case study firms, summer internships or placements were regarded as the 'feeding ground' for permanent positions the following year and viewed as successful routes for recruitment up to two years in advance of final offer of a graduate position. In Firm FS-B's fund management positions, the local university population, drawing from an increasing international pool of students, was a fertile ground for interns progressing to graduate recruits.

Local is important to us, partly...I don't have the statistics around about it, but they'll stay more. They tend to be a bit more sticky. But also it works really nicely if you can have someone who's interned and then part-time and then come and join us. (FS-B4)

Social mobility 'best practice' recommends that all internship opportunities should be paid, advertised widely to avoid personal connection, and follow 'best practice' selection.¹⁸ While all the firms provided paid internships, it is likely that students attending universities where the firms ensured high visibility were more likely to learn about and access opportunities, as illustrated in Firm FS-B. This would occur even though these are advertised on corporate websites and through Careers Services across the university sector.

Beyond this attraction phase, the process of selecting for internships was uniformly the same as for graduate recruitment and conformed to 'best practice' recommendations – on-line application, on-line psychometric tests (various forms of verbal, numerical, problem-solving or inductive reasoning), telephone interview with trained centralised screening team and assessment centre (interview, case study, group exercises). Senior professionals would only become involved at the final assessment centre stage.

The rigorous approach to selecting interns avoids the influence of family or client networks in attaining a position. All participants were adamant that 'old practices' of nepotism were strongly avoided, made easier by the centralised entry-routes through HR and multi-stage, multi-selector process. In two firms, previously local recruitment recently had been centralised nationally to an HR shared services team, limiting the chances of networks operating at the early stages of screening. A senior Director described this as follows.

We still get asked...I would say every year...usually about this time of year, we'll get a phone call from somebody...usually somebody that should know better frankly, saying, oh my brother's boy's, you know, at Strathclyde and he's looking for a week's work experience. Could you do me a favour and take him in to the business for a week? And we just say no. We used to say, oh we better do that because [he is] an important client we don't do that any longer. What we do in those circumstances is we refer them to the website and the process for applying for an internship. [FS-C2]

The quantitative data provided by Firm FS-A (Table Four) points to some success in increasing the proportion of intern applications between 2013 and 2014 from individuals who were the first generation of their family to attend university. This figure rose from 21 per cent in 2013 to 31 per cent in 2014. The officer responsible for Talent speculated that this may be attributed to a shift in some career fairs which they had targeted (for example, beyond Edinburgh University) and greater use of social media, such as LinkedIn, which has 'spread the word a little bit wider'. Notably, though, this rise in applications is not reflected in actual conversions to offers with only 21 per cent of interns stating they were the first in their generation to attend university. Given that internship positions are regarded as such an important source of recruitment, this suggests that despite some exposure to the firms, these individuals are still unable to compete against more advantaged graduates and interns in the common selection process.

9.2.5: The use of Social Media as an Attraction Tool

The use of social media such as LinkedIn and online blogs as attraction tools was mentioned in all cases as a way of involving current trainees and encouraging applications from a wider pool of students who may have misconceptions about the professional roles available within financial services. Firm FS-A's success in attracting a wider pool of interns was attributed to this change in direction during their 2014 recruitment season. Recruitment and HR officers recognised this growing trend amongst graduate employers, as confirmed by High Fliers research showing a significant rise in 2014. In another example, the accountancy Firm FS-C's trainee blogging site was opened up to current interns and graduate applicants and considered a 'friendly' illustration of the firm and nature of the work which was likely to attract a broader pool of talent.

By contrast, a more risk averse approach concerned with brand image was shown in financial services firms FS-A and FS-B. Despite Firm FS-B's use of social media as a possible explanation of their increased proportions of interns from less advantaged backgrounds, they maintained caution in implementing a wider social media strategy for recruitment.

The type of firm that we are, are very risk adverse, so that plays a part in the social media strategy as well...one large accountancy firm have their students just blogging straight onto their website whilst they're on training or in the first few weeks or if they're out with a client, or something. Pure, unmoderated just kind of...this is what I've been doing today, this is what's been happening, and I think our firm...we might get to that in the future, but they're much more, I guess, protective, maybe, of their brand or what people might say or the risk involved in what a student might just blog straight onto there. (FS-B2)

9.2.6: Selection

All firms followed the 'best practice' mainstream approach to graduate recruitment and selection presented in Figure One. The four financial services case study firms' processes are summarised in Table Five. These shows some consistency in practice and are in line with what is generally thought to represent the highest standards of reliable and valid assessment techniques for selecting high potential graduates (multiple trained assessors, professionally developed assessment tools designed to capture cognitive and non-cognitive individual differences, and validation of the effectiveness of selection methods with performance once in the job). Such processes should ensure meritocratic assessment and selection.

Table Five: Summary of Selection Process used by Study B Case Study Firms

Firm	Minimum entry criteria	Stages of selection process	Competencies/ Strengths
FS-A	2:1, no UCAS	BS, PT, TI, AC, FI	Competencies
FS-B	2:1, no UCAS	BS, PT, TI, AC, FI	Strengths
FS-C	Points-based score/holistic	BS, PT, DI, AC, FI	Strengths
FS-D	2:1, 300 UCAS pts	BS, SJT, PT, TI, AC, FI	Competencies

Note. BS Background Screening, SJT Situational Judgment Test, PT Psychometric Testing, TI Telephone Interview, DI Digital Interview, AC Assessment Centre, FI Final Interview

The following summarises the key findings with respect to selection practice and social mobility before exploring each stage in greater depth below.

- None of the firms used university attended in their initial screening of applications or in consideration of degree classification. All participants emphasised selection was a **'university blind'** process at all stages up to the assessment centre. However, assessors all had access to CVs and application forms at the assessment centre and final interviews.
- **Academic minimum entry requirements** remain in three of the firms, although UCAS points were used by only one. While university is not taken into account with respect to degree, there was acknowledgement that candidates from elite universities will benefit from higher quality teaching and early socialisation into the profession. An important innovation was shown by Firm FS-C which had recently removed a sole focus on academic criteria, replacing this with a holistic assessment of applicants based on academics, work experience, and other activities.

On the one hand, this is likely to widen the pool of candidates successfully passing initial screening in terms of socioeconomic and university background. However, for these large graduate recruiters, an efficient score-based minimum entry criterion is essential for filtering the increasing numbers of low calibre applications since the recession at early stages. This is the reason for maintaining the 2:1 minimum for the three firms. Firm FS-C also retains a scored criterion, and placed high importance on candidate motivation and awareness of the firm alongside academic criteria to ensure their decision to apply is well informed. This, too, has the potential to advantage students from elite universities who have had access to the firm during internships or throughout their course. Inevitably, therefore, it is at this initial screening point where social background continues to have an influence.

- Firm FS-D has gone furthest in **collecting, reviewing and acting upon socioeconomic data to redress imbalances** with respect to subgroup predictive validity of selection methods at each stage, although all firms collect this data in line with 'best practice' guidelines.
- The same firm (Firm FS-D) has introduced a **situational judgement test** at the screening phase in place of open-ended answers. Along with its monitoring of social mobility data, this has allowed it to show significant improvement in the proportion of disadvantaged candidates progressing from the screening stage.
- Written answers in **application forms** (used in three firms) represent a barrier to progress for candidates from lower socioeconomic backgrounds who are less likely to be receive guidance on what firms are seeking. Such candidates are less likely to attend elite universities and hence benefit from significant professional contact throughout their university course and recruitment events.

- **Psychometric testing** was considered a potential replacement for academic criteria and degree classifications from initial screening. This was believed by some to offer a fairer playing field for talented individuals regardless of background. However, applicants from universities with lower entry criteria remain less likely to progress through this stage, as evidenced by our own data from Firm FS-B. Research also shows that psychometric testing has an adverse impact on historically socially disadvantaged applicant groups.
- The shift from competency to **strengths-based assessment** across all stages of the process in two of the firms removes the potential for rehearsed and learned responses to competency-based questions which tend to be based on past experience and are likely to benefit those from more advantaged backgrounds and elite universities.ⁱⁱ Strengths reflect 'authentic' capacities for behaving or thinking in a particular way which may be both realised or unrealised (reflecting potential). They also focus more on non-cognitive individual qualities which are shown to have a lower adverse impact for disadvantaged groups.¹⁹ These developments could allow a wider range of candidates to succeed at the various stages of selection.
- For the two firms who retained the **competency framework**, this was viewed as an essential vehicle for ensuring consistency across assessors – hence fair assessment - and in linking the qualities sought at graduate level to the firms' strategy, culture and brand values. Competency-based assessments, based on the principle that past behaviour will predict future performance, have been shown in research to provide objective assessments which make it easier to ensure that different assessors are interpreting and scoring criteria consistently. As noted above, however, these do retain the potential for graduates from advantaged social and university backgrounds to excel based on their wider and relevant experiences.

9.2.7: Background screening

The on-line application form remained as the initial focus of screening for all firms. This stage was carried out either electronically to filter by minimum criteria or using trained teams, either in-house or outsourced consultants working closely with HR. All calls are recorded for checking quality, ensuring consistency in questioning, checking outcomes and training.

All four firms followed 'best practice' guidelines recommended by the Association of Graduate Recruiters in the blind section of the on-line application, recording not only ethnicity, gender and disability, but also social mobility criteria; level of education of parents/guardians, eligibility for free school meals, type of school (public, state, private or selective by academia or religion). The degree to which this data was followed up in validation processes did vary. Firm FS-D was the most thorough in this respect.

ⁱⁱ Strengths-based assessment was pioneered in financial services by EY who identified 16 strengths amongst their high performers; for example, credibility, analyst, personal responsibility.

During the summer period we use a number of occupational psychologists to validate the process. We look for adverse impact both in terms of gender, diversity, and then also social mobility to make sure that there's no specific stage where one group of people are being unfairly assessed, or are performing poorer than other groups of individuals. (FS-D1)

Although there was variation in the application of academic criteria, three firms retained the 2:1 minimum entry criterion; only one continued with UCAS points. There was a general belief that trends within the sector would see academic criteria ultimately be phased out when a satisfactory alternative for screening large numbers of applications could be found. Firm FS-C had gone furthest in removing the academic criteria to replace it with a 'balanced scorecard' based on four areas: academic qualifications, work experience, achievement and extra-curricular activities. This followed a study showing that qualifications were not predicting future performance.

There was a higher prevalence of people who had firsts who then were failing in the appraisals...versus the people who had thirds, and had managed to get through randomly, and they were the superstars... so that's why, I guess, it turned into more a conversation about what else is interesting about you, not just your five As. (Firm FS-C5)

Accounting and Finance degrees were the norm for entry to the accountancy profession, however, all firms held that there had been a gradual move away from the traditional degrees, to other numerically based or science degrees (e.g. maths, economics, physics) and some arts and humanities (e.g. law, history) with the expectation that recruits would successfully complete their qualifications with the firm. This was viewed as an essential step towards fulfilling the talent needs for the business' future competitiveness (see section 9.3's discussion of talent).

Three of the firms used written answers to open-ended questions in application forms which, in two cases, were consistent with the wider competency-framework around which talent pipeline activities are designed. These questions assessed, commonly: knowledge of the industry; motivation for applying; relevant work experience; and written communication skills. Additional qualities sought reflected brand values or culture; e.g. commercial awareness, a focus on customers, entrepreneurial spirit, integrity, drive, analytical rigour; and competencies such as leadership and teamwork. Firm FS-C's emphasis on values was seen even at this early stage: '*we ask them to pick two of our values and give examples [related to why they want to work for us]*'. (FS-C1) Scoring guidelines are applied to each question, perhaps with some elements weighted higher (e.g. work experience), with only those scoring above a certain score progressing to the next stage.

The completion of these open-ended questions is the first stage where disadvantaged applicants may be excluded. Access to coaching, whether from university or parents, as well as wider experiences from which to draw make those from privileged backgrounds more likely to shine. This point was well recognised by a senior manager involved at assessment centre and interview stage.

I'm particularly thinking about people who are carers and that kind of stuff who cannot even leave the house often if you've also got so many commitments at home, so that's what I worry about when you've got standard application forms and that kind of approach, how do you find those people and give them a chance? (FS-C5)

Firm FS-D's replacement of open-ended questions with a situational judgement test (SJT) provides one cutting edge shift in practice. This involves real-life scenarios with candidates' answers assessed against the firm's values. Academic research has shown that SJTs, which are more effective at capturing qualities which reflect actual performance required in the job, perform well in terms of limiting adverse impact on disadvantaged applicant groups; for example, individuals from lower socioeconomic backgrounds or without the benefits offered by networks or attending top universities.²⁰ The initial impetus for the change in the firm was to improve the candidate experience; however, one year after implementation, the firm has seen a difference in the progression of disadvantaged candidates through the initial screening stage.

The social mobility scores that we were recording have significantly improved. It clearly demonstrated that those big long open ended questions, if you had parents or advisors that had worked in some sort of corporate organisation or in professions you got a lot of support and a lot of help. If you didn't and you basically just, sort of, answered it all from your own merit, candidates were struggling and actually the SJT is more relevant to what they'll be doing - a much, much fairer playing field. (FS-D1)

9.2.8: Psychometric testing

All firms used psychometric testing provided by British Psychological Society qualified occupational psychologists in order to sift out the top 20-30 per cent of candidates. The range of tests used included verbal reasoning, numerical checking/reasoning, logical or inductive reasoning, critical thinking and problem solving, with an emphasis on numerical scores for accounting, actuarial and other finance programmes. Validation strategies, either performed by London recruitment teams or occupational psychologists, were used to confirm that tests were valid predictors of performance; e.g. completion of professional qualifications. All firms also monitored diversity data, usually through their test provider, to examine predictive validity by applicant subgroups (e.g. gender, ethnicity, disability) and norm-referenced scores for the industry. Benchmark scores were based on these evaluations as well as considering the applicant pools available for each division.

All HR and recruitment participants were confident in the validity of the psychometric testing process for finance and accounting positions. There was even a view that testing may become more common as more companies aim to remove academic criteria and even degree classifications from screening. This was believed to offer a much fairer playing field for talented individuals regardless of their parental, school or university background.

A note of caution, though, is the likelihood of high dropout rates at the testing stage for graduates from universities with lower entry criteria. This was confirmed in Firm FS-B where virtually all the candidates from one of the local 'new' universities failed to progress at this stage. Research also confirms that psychometric tests of general cognitive ability, such as verbal and numerical reasoning, have high adverse impact on historically socially disadvantaged applicant groups.²¹

9.2.9: Telephone/digital interview

Structured interview questions at this stage were carried out by a trained pool of assessors, either mid-level business managers or a small team of trained recruiters. The questions either reflected the firm's competencies through behavioural

indicators (e.g. balanced decision-making), technical questions related to actuarial work or finance, or strengths-finders (e.g. what things/activities come easy to you?).

Firm FS-C also identified a move towards questions reflecting the firm's values even at these early stages of screening. One tax professional commented that this shift in question focus at the telephone or web-based interview had allowed some candidates to progress through this stage who would previously have been excluded as a result of academic criteria or a lack of past achievements fitting the firm's competency framework.

A couple of years ago it might have been, tell us a time when you've done something, whereas it's now very much round respect, clarity, collaboration.... the HR person doing it, they are trying to drill into that person as well, and they were marked like an amber, green, kind of thing. It's not saying, oh this person done this, this person done that.... they have actually managed to find out more, and actually that girl is switched on, and it's not just based on her academic stuff. (FS-C6)

It is possible that a focus on values rather than past-focused competency behaviours shifts the advantage away from more 'schooled' candidates who are better able to discern which competency criteria are being targeted by different questions in structured interviews and which tend to allow greater self-promotion impression management.²²

Firm FS-C had also introduced digital interviews. The digital format raises the possibility of further social cues, such as professional appearance, influencing the screening decision, although there is some research evidence that candidates perceive digitally based selection processes as fair in terms of providing them an opportunity to present their abilities.²³

9.2.10: Assessment Centre and Final Interview

The assessment centre involved several elements, usually group exercises, scenario-based role play, a case study exercise and interviews with senior managers. On the basis of the documented and qualitative evidence gathered from those responsible for coordinating, administering and participating as assessors in the assessment centres, procedures were in line with the British Psychological Society's latest Standards.²⁴ However, there is also some debate regarding the effectiveness of assessment centres as reliable measures of high potential, showing only moderate levels of predictive validity for future performance.²⁵

Assessors and interviewers generally received the CV, application form and notes from the telephone interview stages. All had undergone training emphasising adherence to scoring according to systematically devised criteria linked to the firm's core competencies or strengths-finder questions. In some cases, more junior associates would partner with more senior managers to introduce them to the assessment centre process and allow a 'fresh' approach to questioning to avoid senior partners becoming 'too stale'. Senior managers would take a 'high level overview' of communication or group dynamics at the final stages rather than score according to the systematic criteria.

Clearly, having access to candidates' biographical information does raise the potential that school/university blind selection may not be occurring. Some preferred

having access to background information to allow them to contextualise individual candidates' performance and were adamant that academic background was not relevant at the final stages.

I don't look at their CV and say, well he's done a BAcc at Glasgow University ergo he's going to be a good tax adviser. I don't have any preconceived notions about that. And I don't take that in to account when we offer. I genuinely don't. (FS-C2)

During the group exercise and interview, the potential for hiring according to similarity, background, accent or person-organisation fit was acknowledged; but all professionals stood by the rigour of the process which ensured they focused on the appropriate qualities being assessed at this stage - for example, teamwork, judgment, initiative, innovation. Acknowledgement of subtle advantages for those from private school background was noted – for example, in being better prepared for some competency-based exercises - but this was thought to be less prominent than in the past.

There seemed to be a lot of private school people coming through across the firm, and we thought it was a confidence thing...and also the kind of access to travel and to do this, that and the other - sometimes they are just that much more confident about the way they interact and the way they speak..... nowadays I would say we've got much more of a spread. (FS-C5)

Five out of the 14 professionals interviewed even commented that over-confidence worked against some 'private school candidates' in the group exercises. Participants held that rigorous procedures seemed to have eliminated what in the past would have allowed factors such as the school attended or family connections influence decisions. The following comments reflect the views of two senior leaders in their respective firms with over 20 years' experience each of how the profession had shifted.

I must admit, personally, when we do look through CVs, I think there's a natural tendency for people to recognise their own experience in what they do. But I do think our recruitment process is very thorough, very fair. It absolutely hangs off the back of our competency matrix which people live and breathe in this place. So I've to not differentiate inappropriately between that type of thing [school or university]. I don't have the feeling that we incorrectly dismiss or don't consider students because they maybe don't come from a traditional route. But I think we do actively pursue variety and difference. (FS-B3)

When I came into the profession, you would see that it was still a question about what school people went to, there was visibility of that and, you know, lots of connections made through schools or universities whereas I just know now that that question just doesn't come up. I quite deliberately don't really look at the background part of the CV's now when we're doing our graduate discussions. So, we get them in and we have them doing exercises where we chat to them or we have social events with them. So, even if it's just a shift where people are not actively thinking about that and it's just not overt. (FS-C3)

9.2.11: Selection decision

'Wash-up' sessions involve calibration of scores from the separate exercises and assessors and is the point at which senior decision makers will offer their opinions on performance. One firm described them as 'validating decisions in scoring' (FS-B) while the other firms described consensus based decisions where the senior figure was part of the team of decision makers. All participants expressed confidence in the outcome of assessment centre decisions.

The process is very clear in the sense of its transparent, that there is back up that says, that's how we got to that decision. It's not just, oh, we think that person is a good person, it's like, it will show the ratings and it will normally be three or four of us that will actually sit round here and think right, here is the pros, here is the cons and they will give examples of what that person said in it. (FS-C6)

The mix of the assessments that we go through I think have been reasonably successful in drawing out where the potential problem areas that people maybe just haven't got enough experience or maybe natural ability to get there even with training. So I'm broadly comfortable with screening and recruitment process. I think obviously we've got quite an extensive training agenda when people get in the doorwe've got a huge culture of mentoring. So all of that whole package helps, kind of, complement getting people from being fairly inexperienced student graduates from university to being, you know, high potential professional employees in the firm. (FS-B3)

Some research has shown that assessors feel there is insufficient time during assessments to evaluate and score candidates effectively on each of the exercises and dimensions, often leading to flawed selection decisions.ⁱⁱⁱ There was some recognition that this may lead to decisions based on fit. In such cases, it is highly likely that candidates who have been interns with the firm, and are thus already somewhat socialised, perform much better on such criteria.

It does then still come back to the subjective debate, I guess, around the individual as well and how that individual fits in with ultimately what we are as an organisation and what we want to do and what our team is. (FS-C4)

The prominent HR influence in all four firms meant that considerable effort was made to facilitate the process and minimise subjectivity entering into assessors' final decision making. Assessor training was regularly refreshed (every six months) and covered all levels of the firm from junior managers to senior-level Directors involved in events. All HR participants also described their own role during the final 'wash-up'. In Firm FS-A this was described as follows.

Everybody starts to form an opinion of somebody after they've met them, probably for five minutes. So all of that kind of stuff goes into the briefing and training [of assessors] as well, in terms of, you know, the physical pitfalls of assessing, and not to make judgements straightaway, to try and look at things holistically, you know. And to concentrate on writing down what you're observing, rather than what your ultimate judgement is, and to save that for the end of the day, kind of thing... you will always get individuals who may go off on a tangent when they're talking about a candidate. But, typically, there's somebody there in the room to bring them back in, and concentrate on what it is they're actually assessing against. We just try to make sure that it's a really fair assessment. (FS-A3)

This account is representative of the detailed efforts described in all firms to ensure adherence to the scoring processes, avoid similar-to-me ratings and reach consensus-based final decisions based on objective scores. Potential bias related to social class was not, however, explicitly a feature of these efforts.

ⁱⁱⁱ Melchers, K. G., Kleinmann, M., & Prinz, M. A. (2010). Do assessors have too much on their plates? The effects of simultaneously rating multiple assessment center candidates on rating quality. *International Journal of Selection and Assessment*, 18(3), 329-341.

9.3: Understanding ‘Talent’

The selection process shown by these four financial services and accountancy firms confirms the conclusions drawn from Study A for law and accountancy professions. These were: (a) that the process is designed primarily to screen efficiently a large volume of graduate applications and (b) once this initial screening has been performed, later selection processes involving senior managers focus on capturing personal qualities beyond academic ability. The nature of these personal qualities and the changing business context which was driving their greater importance are discussed in turn below.

9.3.1: The Focus on Personal Qualities

Participants involved in assessment centres and final interviews assumed by that stage that all candidates were academically strong. Later stages of selection focused on qualities which reflect potential, the ability to learn and a number of personal and interpersonal qualities; e.g. ‘social confidence’, people skills, passion, drive, team players, ‘presenting well’ in front of stakeholders, peers and senior partners, client empathy, and ‘showing their true self’.

We’re looking much more at what talent can bring to us in terms of personality and impact than we are on intellect and technical capability. (FS-C3)

People will just expect that you can actually do a tax return, you can do accountancy, you can number crunch. It’s what you can actually add to that. We’re looking for more commercial, more business advisors. (FS-C2)

We’ve always been huge on integrity. I would say our managers put even more emphasis on that now than they ever did before. They’ll really home in on things that they might not have before. (FS-B1)

While the competency frameworks attempt to link these qualities to behavioural outcomes observable across a number of exercises, these are arguably intangible qualities which may be difficult to capture consistently. Taking one example, communication is one common competency-based dimension which has a number of scorable behavioural indicators. How this reflects different managers’ understanding of ‘presenting well’ in front of stakeholders, peers and senior partners, may be difficult to standardise.

Professionals also spoke of distinct qualities which were being shaped by the business needs of their firms.

- Firm FS-A’s participants emphasised the importance of increasing entrepreneurial and innovative entry-level talent to match the growing diversity of customer needs.
- Firm FS-B similarly focused on the importance of global customer facing roles and recruiting a mix of backgrounds and skills in order to match this demand.
- Firm FS-C discussed a distinctive client base within tax and audit which required empathy, being part of a team and getting involved early in one’s career with senior figures within client firms.
- Firm FS-D focused on qualities which were consistent with their customer brand and integrity.

9.3.2: The Business Case for Change

As in Study A, the moral case for diversity and inclusion appeared stronger than the business case for prioritising social inclusion in selection processes. However, the sectoral context of financial services in Scotland does provide a more diverse backdrop for galvanising greater social inclusion.

Although clients did not participate in Study B, it emerged from firms themselves that client pressure was a significant factor pushing towards increasing diversity. This points to several distinctive features of the sector which are driving an increased emphasis on personal rather than academic qualities, albeit that selection processes designed to identify these tend to focus on an already restricted range of candidates from elite universities.

- **Expansion and diversity of financial services:** The range of professional roles within the growing financial services sectors seems to offer a wider conceptualisation of talent and greater opportunity to attract a wider pool of candidates. One example was the modifications made to university recruitment in Firm FS-C as a result of a senior manager's wish to attract candidates with a passion for the public sector as a part of a public sector audit team. The client relationship within the public sector was viewed as unique and dependent on empathy with client needs and building rapport rather than 'technical arrogance'. This manager also reflected that her current team in this area had no individuals who had attended private school, although this was not intended to show any particular causality between nature of clients and school attended.

When I've been giving feedback to the people team, I've been saying things like, well, you know that Aberdeen do a specific module on public sector, so can you go there, can you start trying to attract people from there – and they started doing that as well. (FS-C5)

- **Increased scrutiny of the sector:** The banks were aware of the need to change public perceptions of the industry and work against 'banker bashing'. One aspect of this was reflected in attraction strategies at schools and universities where there was an emphasis on communicating the diversity of financial careers. The increased importance attached to reputational risk has also shifted the focus on to personal qualities like attention to detail and integrity. Consistent with this, the Chartered Institute for Securities and Investment (CISI) now requires all exam candidates in the capital markets sector of the UK, Ireland, Europe and North America to pass an integrity test prior to taking their CISI Capital Markets Programme exam.

This was evident, also, in future projections for the accountancy profession. Participants from Firm FS-C viewed this as a strong driver for the business need to widen the talent pool.

The accounting profession is already going through a huge shift. It's probably not really manifested itself in terms of size, scale, complexity....there's real scrutiny coming to the profession and we think that out of that then businesses that can be seen as having hopefully a corporate conscience ...not just seen as a business and profit motivation will succeed....it's maybe not looking for different people but it's maybe just more so...looking for people that, I think, can see the world through a non-technical, non-pure financial lens. (FS-C3)

- **Value added of client advisory role:** Following on from the previous point, accounting professionals discussed the increasing pace of automation, which would allow standardisation of a number of routine processes, and hence the rising prominence of the client advisory role as the cornerstone of profession.

The real winners in business will be the people that can really, really make a difference, so it'll be in the advisory community.that whole value piece will become more and more competitive. So I think what that will lead to is the advisers of the future will need to be smarter and smarter advisers. You know, and businesses will need to think of ways to develop them in a smarter way. We talk about broader business people because we don't see you being an auditor in the future, I just can't see how all these service lines will be so delineated. Our organisation will become flatter, and therefore skills will widen. (FS-C2)

Starting to think more around how are we acting as business advisers not just talking about, I'm an auditor or I'm a tax adviser. It's going out and offering that all round service to our clients and understanding what it is our clients want and being able to get to the heart and the understanding around well, what are the risks, what are the challenges clients are facing. Then having people who are able to come in and be able to have those conversations but then identify opportunities to ultimately help the clients as well. (FS-C4)

- **Internationalisation of local graduate population:** The growing international graduate labour supply emerging from Scottish universities was changing the profile of interns and graduates in the case firms. This has implications for breaking down person-organisation fit in selection decisions and had already contributed to a less homogeneous culture in Firms FS-B and FS-C. The retention of international students following graduation is also a prominent issue for maintaining the competitiveness of the Scottish economy. Reinstating the post study work visa in Scotland is strongly supported by the business community as a means for enhancing competitiveness and diversifying the skills base.²⁶

9.4: Social Inclusion Initiatives: 'Best Practice'

All the case study firms demonstrated strong commitment to widening access to professional graduate level jobs. Notably, there was a high level of engagement at senior professional and HR level with national and local stakeholders involved in promoting alternative entry routes to professional financial services careers. Examples of these best practices are listed here:

- Leadership in launching the industry-wide scheme Access Accountancy
- Signatories to the Social Mobility Business Compact and/or applied for Champion status
- Dedicated managers leading on Diversity, Inclusion and Sustainability agendas
- Commitment and involvement in apprenticeship and school leaver schemes, such as Investment 2020 for finance careers and a financial services foundation apprenticeship with City of Glasgow College
- Formal cooperation with professional associations (e.g. ICAS, ACCA) to support non-graduate entry routes (e.g. modern apprenticeships for auditors who complete AAT before converting to ICAS).
- Provision of widely advertised paid internships for university students as well as for disadvantaged students supported with bursaries (e.g. through the ICAS Foundation).
- Involvement with Career Academies and outreach to schools through work experience, mentoring and dedicated programmes with local authorities to lead school programmes raising awareness of accountancy.
- Senior staff leading in external local partnerships with, for example, Education Scotland, Skills Development Scotland, Financial Services Advisory Board (FiSAB) Skills Group, The Edinburgh Guarantee, Career Academies UK Glasgow/Edinburgh Local Advisory Boards, Steering Committee for STEM Academies in Glasgow and Edinburgh, Glasgow Economic Leadership (Financial and Business Services), launch of foundation apprenticeship in the financial services.

Positively, all the firms appeared to be progressive in striving towards and in many cases reaching the criteria recommended for by the Social Mobility Business Compact Champion status checklist – actively promoting outreach by staff as mentors and speakers to schools, advertising paid internships openly, promoting and sponsoring alternative pathways into the firm through cooperation with professional bodies or external organisations, advertising graduate and intern positions to students across the university spectrum, and adhering to best practice selection for both interns and graduates.

All firms regarded their outreach to schools as a core component of their corporate social responsibility activities. All were involved in professional mentoring programs, designed to raise aspirations and influence perceptions of young people, their parents and their teachers. Two of the firms had created formal roles with senior managers as representatives for sustainability, reflecting an effort to generate culture change with respect to issues encompassing social mobility. Concretely, the interviews recounted a number of success stories, either in establishing school programmes or pointing to talented individuals whose financial circumstances would not have allowed them to enter university or progress in the profession.

Firm FS-C noted difficulties attracting school leavers and the importance of more proactively engaging with councils. A senior manager provided data on one particularly successful collaboration with the Head of Schools in a local council with one of the largest numbers of the most deprived datazones in Scotland on the Scottish Index of Multiple Deprivation (SIMD), The firm had taken the lead on a schools programme to raise awareness of accountancy as a career and the firm

specifically, with a dedicated team of professionals delivering presentations to schools in this area. These efforts had generated 27 applications to the firm's school leaver programme in one year from 10 schools located in the area. The firm had made five offers with four accepted.

Firm FS-B had also seen success with their apprenticeship programme. The following is just one example of successful progression.

We've recreated our apprenticeship programme in accountancy [leading to ACCA qualification]. I'm seeing people in those programmes with five straight As at Higher. They are very capable at going to university but we're seeing a lot of young people, particularly, where they feel it's going to be a financial strain on the family, discounting themselves from going to university even if they had access to it...there's plenty bursaries and all these wonderful things out there, but it's just that's an expensive way for the family so we are seeing people coming through that route. (FS-B1)

9.5: Summary and Recommendations

Large financial services and accountancy firms in Scotland target a small number of elite universities which already attract students from higher socioeconomic classifications. These students benefit from intensive, targeted recruitment activity by firms, which reinforces their initial advantage. Selection practice for both internships and graduate intakes was found to conform to the established standards of best practice for large graduate recruiters. Recommendations include widening the pool of potential applicants through alternative recruitment activities and media, consideration of selection methods which move away from academic criteria and past-behaviour (e.g. strengths-based questions, situational judgment tests), and further attention to collecting and monitoring social mobility data and changes in progression patterns as a result of changes in selection methods.

All firms were actively involved in a number initiatives to promote social inclusion; however, the study can point to some continuing difficulties which are being faced in embedding such initiatives and ensuring positive outcomes.

- First, all four firms collected **data** recommended by the Social Mobility Toolkit produced by *Professions for Good* to allow businesses to monitor the social background of staff and new recruits. However, this did not appear to directly influence decision making about widening their talent pool. Firm FS-D was an exception here in its decision to replace open-ended application form questions with a situational judgement test as a result of the observed high dropout rate of more disadvantaged applicants at the initial screening process. The firms had made considerable progress in other diversity areas. For example, Firm FS-A had succeeded in substantially altering the age profile of the firm downwards over the last few years. The drift upwards was attributed to the closing of school leaver routes into the firm, which it is now trying to rectify. However, divisions such as fund and asset management were perceived as more difficult cultures to shift in terms of data gathering towards agendas of sustainability and inclusion. Encouraging transparency appears to remain an issue.
- Second, while positive about **outreach to schools and school leaver routes** into their professions, participants raised some concerns. Foremost was the

issue of attracting interest from schools in the profession. Identifying appropriate schools, which tended to occur through parental connections, perpetuated the likelihood of some state schools in more advantaged areas benefiting more. The positive example from Firm FS-C noted above seemed to be an exception built on building personal relationships. Another partner in the same firm commented more generally:

One thing that I think would really help social mobility would be if there was a kind of school forum whereby lots of schools got together and became an access point for business employers to go and actually get to a number of schools. (FS-C3)

A further issue was the perceived reluctance or lack of preparedness of teachers and parents to encourage students to consider university or financial services professions. Low aspirations are perceived as a continuing barrier preventing the brightest students entering elite universities and ultimately professional jobs.

Awareness of potential career routes within financial services was raised as a problem by all participants. There was also resistance to school leaver routes rather than university for high achieving pupils, even though the university destination was often not amongst the highest ranked or recruiters' preferred universities.

It needs to be something more cultural from the education side rather than just from the profession side. I feel as though from the profession side we are all pushing it and ICAS who most of our people train through have now got a five year training programme that tries to blend the two different qualifications that our people would have previously gone through into one five year programme. So the Institutes are there and trying to do it and push it. It's from the other side. We need somebody else to be pushing back the other way to actually say, no, I think this is a really good thing for you to think about. Think about it as a really viable alternative to going to university. (FS-C3)

Finally, all firms were positive and saw value in the school leaver/apprenticeship routes into professional roles, Nevertheless, there was a general feeling that the graduate talent pool in Scotland was especially deep - some noting in contrast to their English counterparts - for relatively few positions. This meant there was less value for the firm in exploiting those candidate pools further.

- Third, there seems to be considerable evidence through these four case firms of **collaboration** between the financial services employers, professional associations, government, and local councils. Existing funding sources exist with some successes, such as partnerships generated through the ICAS Foundation. However, ensuring consistency in efforts throughout all the relevant stakeholders will remain a challenge, particularly in how schools, Further Education colleges and elite universities coordinate efforts.
- Fourth, there has been some success within **Scottish Higher Education institutions** in widening participation and greater use of contextual admissions processes to ensure that places go to a wider range of high potential students from disadvantaged socioeconomic backgrounds. There is also significant commitment towards strengthening these initiatives from the

Scottish Funding Council. However, given the pressures of university rankings, there may still exist reluctance to make too many contextual offers. Engaging schools and elite universities, each facing pressures of performance measurement, will be difficult. One anecdotal comment made in the course of this study was that the apparent successful establishment of school programmes at newer universities may have the unintended consequence of gifted students from state schools not aspiring further to apply to more elite or professionally-oriented universities and courses.

Section 10 Future Trends

We suggest that with respect to social inclusion, many elite firms are embarking on a similar journey to that experienced with other diversity strands such as gender. For many firms, this began with a relatively superficial approach prompted by external pressures, often from clients and the state and a preoccupation with reputational damage. Only over ten years or more have elite firms been able embed a better business case for change and, as a result, look more critically at how their organisational structures and cultures actively advantage men and tacitly disadvantage women, and as a result, to effect some improvement in outcomes overall. We believe that it should be possible for social mobility to follow a similar trajectory. Thus the firms that appear to be adopting best practice here are those where the business case for change is understood and acted upon; those where leaders instil others with the courage to challenge existing practices; and firms which are sufficiently agile to make change a reality.

In this final section we look briefly at other factors which may encourage or limit the pace of change in future. An important general theme in the current research is the extent to which elite firms have over time imitated each other's recruitment and selection practices. This has historically contributed to less progressive outcomes as elite firms have coalesced around a single model of what talent looks like and where to find it, which, as we have demonstrated, inadvertently excludes many talented people who may be from (sometimes only marginally) less privileged backgrounds.

We didn't really have a university strategy and then at one point we said oh perhaps we should . . . we did look at what everybody else was doing because we thought oh they've done the research as opposed to thinking about our strategy and what do we want to do and we evolved that. (Acc_W_2a)

However, this tendency towards similarity may be leveraged with more positive outcomes in future, to the extent that the interventions adopted by best practice firms in relation to recruitment and selection are imitated by their peers.

There's no denying the fact that we do it partly because most other law firms do it. I think there are over 80 law firms in the City involved in the PRIME scheme now. (L_R_6)

The existence of a wider conversation on social mobility is very important in this process, which must in part be driven by government organisations. Currently most social inclusion initiatives are strongly driven by concerns with social justice and external perceptions of the professions. As such, should external scrutiny be reduced, it is likely that the pace of change will also slow. We briefly consider next the factors internal and external to the professions which may lead to change. A firm opinion on whether the balance of these changes would have a negative or positive effect on social inclusion is beyond the scope of this report.

10.1: Future Trends

- **Client Pressure:** An important hallmark of the business case for change is that elite firms should better represent their diverse client base. Though this may be compelling for mid-tier firms whose client base is undoubtedly diverse, it is doubtful whether it is an equally strong driver for the most prestigious elite firms which predominantly advise professionals who have been socialised in a very

similar environment. Nevertheless, it is possible that clients could drive progressive change through supplier diversity initiatives. This has arguably played an important role with respect to gender and LGBT.

Social mobility has become a greater focus, and something that people are putting a language around more than maybe they were ten years ago. And so, certainly for clients, I think it is going to be one of those next points . . . are you a firm that shares the same values as us? (L_R_1)

We explored this possibility in the current research and the results were mixed. Only a minority of clients had bought into the social inclusion agenda and spoke positively about their potential role in driving additional change.

We should care but we don't . . . [but] if we were forced in a scenario where it was something we should have actually to consider I think that would be brilliant. And I would support that wholeheartedly. (Client_9)

Overall, few clients were aware of the scale of the challenge, with several we interviewed suggesting that elite firms have never been more meritocratic. In addition, clients were especially likely to suggest that questions about social background are intrusive and unnecessary.

It probably isn't front of mind with a lot of clients . . . gender diversity's probably the easiest one to measure. It's much more difficult when you're talking about social mobility . . . if we were doing a tender process for law firms, we do talk about diversity generally but it tends to focus on gender diversity and not social mobility and inclusion . . . It's a bit difficult because you don't normally ask people about their social background. It's almost like a rude question, isn't it? (Client_8)

I'm not going to sit with a partner and ask him about the socioeconomic background of a junior . . . I feel it's intrusive of me . . . [it's not] my job to boost socioeconomic [diversity] . . . we want the guys to have done incredibly well, you know at university and then gone on to be top of their class at law school. They are the guys we want advising us . . . we instruct blind, in that sense. We assume that [firms have] sorted out their own recruitment processes . . . so that the lawyer we get has got a certain basic, very, very high level of qualification and education . . . one of the things I think we shouldn't do, right, if I can say this, is we mustn't try to address this in a bureaucratic way. (Client_7)

Clients did not support a business case for change since they expect that the advisors they work with are highly talented and selected on the basis that they are personable. Thus whilst clients do potentially have power here, they are apparently reluctant to use it in relation to what they consider a highly sensitive issue.

- **Client Relationship and Communication Skills:** We also explored whether changing definitions of talent in the near past and the immediate future may act as drivers for change. The main area that participants focused on here was the degree to which intelligence alone does not guarantee success in elite law and accountancy firms. Instead, over the past twenty years there has been an additional focus on communication skills, building networks and the ability to provide highly commercial advice to clients, and innovative service delivery. As such there has been a growing emphasis on social skills and this was considered likely by most participants to continue. To some extent, a continued movement away from a focus predominantly on academic skills was considered by

participants to open up wider possibilities for diversity, particularly in relation to educational background.

I think there's a big encouragement now for the law firms to recruit people not just on academic talent but on social skills, on ability to get along with people . . . at Firm S, we took a conscious decision that we always used to take the cleverest people, from Oxbridge mainly, and then we found two or three years down the line we found it wasn't enough to be very good at the law if we can't stand to deal with you. (L_S_2)

I think that's something that's changed over the years. I think there's a big encouragement now for the law firms to recruit people, not just on academic talent, but on their ability to, you know, social skills, on ability to get along with people and, yes, I think there is recognition. (Acc_V_1)

Personal relationships and what that promises to the client is very important . . . what do we need to be developing? It's people who've got very strong interpersonal skills, who increasingly are able to work with clients effectively as a partner alongside them. (Acc_W_6)

I think we're entering an environment where, particularly with regulatory change in our business, that talent is going to become more important . . . all of this requires us to be more entrepreneurial and to work in a different way. And it's not just the skillset that comes from being smart. We also need resilient people. People who are entrepreneurial. People who are able to pick themselves up and go and chase something new. We've always prized it to a certain extent. I think the level to which that's going to become critical is going to go up a notch. (Acc_V_11)

However, given the extent to which strong communication and client relationship skills are associated within the professions with middle-class status, it is entirely possible that without significant reworking of definitions of talent and their impact on difference and diversity, this trend could in fact have a negative impact on social inclusion.

- **Expansion of Firm or Sector:** Historically, upward social mobility has been most likely when the number of professional jobs has expanded.

My observation would be in times of economic need where there's shortage of people, that the firms will be much more open to potential . . . When times are less booming and they have thousands of people applying for every training contract, the system works in such a way that the people who know what they need to do and have their CV ticking all the boxes would... will get through the system because that's how the system works. (Client_8)

I'm somebody who's from a socially excluded class . . . and I know how difficult that's been. I had a weird window because when I was coming to qualify, 1990, there was a desperation to get people into the profession but . . . [the] refocus on academia and background and all those elements that make it harder for people like me to come through I think have come back into the system. (Client_9)

Participants in this research, particularly within the accountancy sector, underlined the potential expansion of their sector or firm over the next ten years. They described the need for more bodies, and suggested that this could force a wider conceptualisation of talent.

We're definitely going to run out of academic elite graduates. You get a big question about well do you need so many academic elite graduates or could you do with a section of graduates with a kind of slightly different skill set, could you do with school leavers, etc? It all depends on how you've structured your business and whether you're still looking for just a homogeneous product or whether you're looking for something you know, more diversity in your group approach toward recruitment. (Acc_T_2)

Our sector is growing. So, if you look at the forecasted growth it's something like 1.5 million jobs by 2020 and where are these people going to come from, you know? So, we've got to find new ways of engaging talent because, otherwise . . . we may be winning more work but we're not going to be able to deliver it. (Acc_W_5)

There's millions more jobs in accounting needed by 2020. And so I think the ICAEW and some of the other bodies that oversee the sector are kind of scratching their heads, saying there's a big debt here that we need to fill. (Acc_W_3)

However, this driver is highly contingent on the economic backdrop and it is conceivable that expansion could lead to more stratified careers, where, to the extent they do not fit with current definitions of talent in high value client-facing work, students from non-traditional backgrounds are confined to less prestigious sections of the professions, as described next.

- **Routinisation and Commoditisation:** Participants in both the legal and accountancy sector discussed the tendency towards commoditisation of their sector, such that previously high value advisory work would be increasingly seen as a simple commodity by clients. They also pointed towards a possible polarisation between low value, low prestige and routine work, performed mostly outside of London, and lucrative, prestigious work performed inside its boundaries. In addition, they discussed the growing requirement for new entrants to the professions with strong technical skills. The second trend was considered likely to help widen conceptualisations of talent, yet the first is potentially less positive.

Again, participants envisaged a legal and accounting sector where the more prestigious and lucrative work will be performed by graduates of elite universities who are expensive to attract and employ, whilst a more routinized and commoditised sector will be staffed by graduates from less prestigious institutions and non-graduates, who are less expensive to employ. To some extent of course this situation already exists, and there has been considerable debate within the academic literature about the likely impact of these trends, with some positing the expansion of a new 'precariat' of semi-professional workers, whose conditions will be characterised as low status and insecure¹.

[There will be] potentially quite a significant polarisation of financial services as an industry in London . . . you'll have, you know, the senior people who have got there through a range of capabilities and talents and aren't required to do any of the, what we used to call, grunt work, and then in some certain parts in compliance and regulation, whatever, you've got big teams of maybe clerical people. And that kind of middle manager grade seems to almost disappear, really, and, I don't know, I just don't know how that's all going to shake out. (Acc_W_6)

. . . there will be huge changes in the sorts of skills base that we need driven by technology. So I think we will be looking for far more scientific and IT type based qualifications coming out of both school leaver and university because those are the skills we're going to need. I could see it becoming two-track. So you might have a number of trainees who enter a training programme to become accountants and advisors and other people who train to become data technicians, analysts, because the whole process by which we produce an audit or produce a tax return or produce a due diligence report I think is going to change dramatically facilitated and driven, forced by technology. (Acc_V_2)

Everything's going to commoditise itself. If anything I can see that the professions will start recruiting more, less skilled people because we're going to become more computer in-putters. (Acc_V_2)

- **Changing Status of Professions:** The legal sector has always been a highly attractive destination for graduates of elite universities. In contrast, the accountancy sector has experienced changing fortunes. Over the past thirty years, the accountancy profession has grown in status, and as a result elite firms have been able to compete with other occupations such as investment banking and management consultancy for the most highly sought after graduates. Though not in precisely the same graduate labour market, mid-tier firms have also benefitted from this rise in occupational status. To some extent, this changing status is both cause and effect of decreasing diversity within the sector.

Participants in the current research emphasised however that the accountancy profession may not continue to enjoy its current status, especially if regulatory change makes accountancy roles less attractive. If this were to happen, one posited result is that firms may again be forced to recruit and select graduates from marginally less prestigious universities, who may come from a wider range of socioeconomic backgrounds. This trend would widen access overall but arguably cannot be considered progressive, since diversification is directly associated with a decline in the profession's status.

Undoubtedly the profession is less attractive now than it was. So how do you engage and stimulate somebody to stick the course in order to become a partner in a professional services firm if it's not as lucrative, if it's not as exciting, if it's not as glamorous as it was viewed twenty years ago? And indeed, if it's been devalued by society because there is a lower level of trust in the professions than there was previously? . . . you're going to have to look more broadly . . . I think there is that piece around expanding the talent pool, because we are finding it more difficult to recruit people from that very selective group. (Acc_V_2)

10.2: Summary

Against this uncertain backdrop, we finish by underlining the complexity and longstanding challenge of increasing the social inclusiveness of elite professions. Indeed, one way in which social inclusion can be understood is as a 'wicked problem.'

This is a term used in relation to leadership and change, where problems occur in a domain involving stakeholders with differing perspectives and where the solution depends on how the problem is framed and vice versa. Although it is hardly original to point out that the problem of social inclusion is longstanding, complex and systemic, we suggest that the *prescriptions* given for wicked problems offer a useful thinking tool. Whilst simplistic answers may be attractive, for wicked problems there is no single elegant solution. Indeed, these highly complicated problems require what often look like somewhat clumsy interventions and scholars therefore advocate that leaders in this area are original, innovative and devious².

Critically, wicked problems are characterised by the probability that solutions produce unintended consequences. In this context, those who wish to change the status quo must not be afraid to experiment, in the knowledge that some practices may fail, whilst other succeed. We also suggest once more that each of the trends

outlined above underline the requirement for more and better data, in order that we can continue to track the demographic profile of new entrants to the professions at all levels, according to a wide range of social mobility indicators, and use this data to improve the quality of interventions and where necessary to challenge dominant narratives which circulate within the professions about the meaning of 'merit' / talent.

Appendix 1 Methodology

This study adopted a comparative case study approach, focusing on the headquarters of five law firms and five accountancy firms, headquartered in London. In Scotland, the study focused on four global firms representing financial and accountancy professional services with significant activities in Scotland, one of which also took part in Study A.

The names of the participating organisations will remain confidential. However, all were leading firms within their sector by size, turnover and reputation, and therefore fit the definition of elite. We included the legal sector because barriers to entry here appear especially strong, but this is often the sector of choice for young people seeking to improve their social status. We included accounting because the barriers to entry here have been comparatively under-researched, yet organisations in this sector employ high numbers of graduates and their employment practices are influential.

We included financial services to examine access to elite professional roles within a more diverse sectoral context. We focused on Scotland separately from England and Wales because of the significant contribution of financial services to the Scottish economy and hence its importance as a vehicle for social mobility.ⁱ The largest proportions of total Scottish financial sector employment are in banking (46.5 percent) and insurance (30.3 percent), with smaller but growing segments in fund management, building on corporate links with London-based and international firms (4.2 percent), and securities dealing (four percent). In professional services, legal services account for the largest share (43.7 percent) followed by accounting services (29.6 percent) and management consultancy (26.7 percent).ⁱⁱ The firms studied in Scotland reflect these segments of financial and accounting services.

Data Collection

Data collection involved a combination of quantitative and qualitative methods. With respect to quantitative data, where available we gathered data examining the socioeconomic background and qualifications of successful and unsuccessful applicants to our case study firms for a single cohort. With respect to qualitative data, at our case study firms, we conducted in-depth interviews with individuals from across each firm's hierarchy who had current or recent responsibility for conducting graduate recruitment and selection; devising the firm's related policy and approach; client account management; and line management of early career professionals (see overleaf for indicative job titles). In Study A, we also interviewed new entrants to the firm.

ⁱ Financial and related professional services comprise 13.1% of regional Gross Value Added (GVA) for Scotland making it the second largest international financial hub in the UK. Edinburgh matches London in percentage contribution (28%) to the city's GVA, with strong reputations in fund management and asset servicing. Edinburgh and Glasgow remain in the top 10 UK cities in terms of percentage of the city's total employment contributed by financial and related professional services. Data sources: Financial and related professional services employment in the UK, The City UK, January 2014; *Regional Contribution of UK Financial and Professional Services*, The City UK, January 2013; *Scottish Financial Enterprise – Facts*, available at www.sfe.org.uk/facts.aspx

ⁱⁱ Scottish Government 2013, *The Strategy for the Financial Services Industry in Scotland. Eighth Annual Report 2012-13*; *Regional Contribution of UK Financial and Professional Services*, The City UK, January 2013.

Table Six: Case Study Firms and Participants in Study A

Firm	Partner		Associate		Trainee		Director		Senior Manager		Manager		
	M	F	M	F	M	F	M	F	M	F	M	F	
L_Q	1	3						1		1			6
L_R	1		2	1	2		2			3			11
L_S		1								1			2
Acc_T	2	2							1			1	6
Acc_U			1		4	2	2	1					10
Acc_V	4							1				1	6
Acc_G	1	1		1				2		3		1	9
L_X								1		1			2
L_Y										2			2
Acc-Z									1				1
	9	7	3	2	6	2	4	6	2	11		3	55

Table Seven: Case Study Firms and Participants in Study B (Scotland)

Firm	Senior Manager		Manager		Heads of HR/Diversity/Inclusion Recruitment Officers		
	M	F	M	F	M	F	
FS-A	2		2			2	6
FS-B	1	2				2	5
FS-C	2		1	2		1	6
FS-D	1		1			1	3
	6	2	4	2		6	20

We used the same semi-structured questionnaire throughout. Questions included: how is talent currently defined and potential identified at entry level?; how do interviewees believe that these conceptualisations of talent match actual and future requirements in each firm?; how is social mobility defined?; what initiatives are in place to support social mobility?; who is responsible for screening applicants and on what basis?; what training is provided to those responsible for selection and promotion/appraisal?; are current activities effective in diversifying the candidate pool?; what expectations do interviewees believe clients have of their professional advisors?

For Study A, we also interviewed ten general counsel or deputy general counsel at FTSE100 companies. Half were women and half men, and they were drawn from transport; financial services, energy; FMCG; and services.

Data Analysis

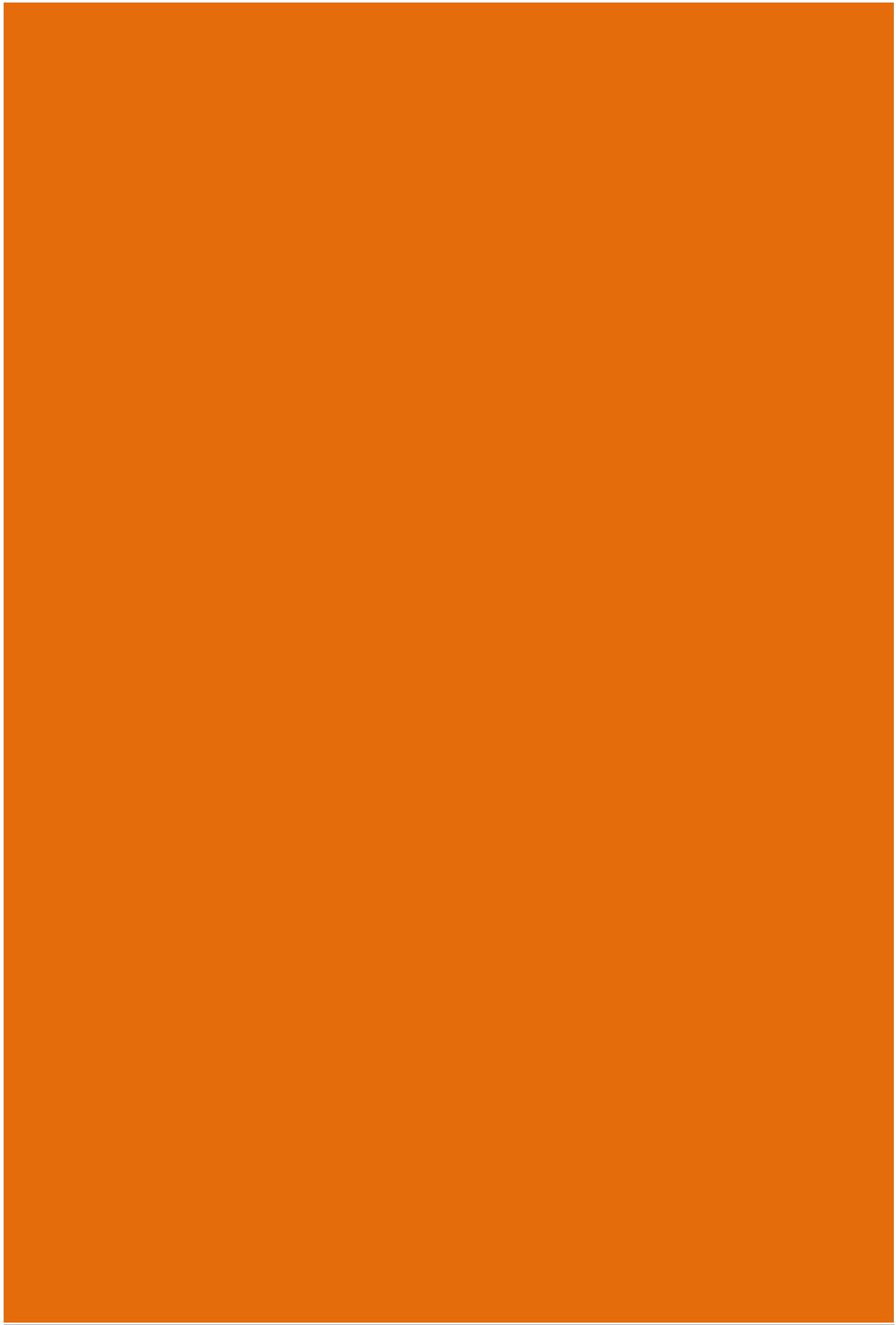
This study involved within and across case analysis. Data analysis was undertaken by the project team using a template analysis approach¹. This involves an iterative process whereby initial codes are developed on the basis of literature and initial familiarisation with the interview transcripts. As more fine grained analysis of the interview transcripts develops, the template is modified, codes are elaborated and relationships between categories are examined. This iterative process was led by the project leader but all members of the team were involved in the analysis process and agreement over key codes was achieved through regular team discussions.

Limitations of this Study

Though this study provides valuable insights into barriers to the elite professions, there are nevertheless some limitations associated with the chosen research methodology. As a small scale qualitative study, the aim is to explore issues and generalisability is limited. A further potential limitation rests with the nature of the sample. In each organisation once agreement to take part had been granted an email request to take part was sent to staff by a manager with responsibility for diversity/inclusion initiatives. Take-up varied across the firms and this means that, whilst we have a good spread of hierarchical levels across the sample as a whole this is not replicated within each firm. It is also necessary to consider the potential for bias in sample selection and for interviewees to give what might be seen as socially desirable answers. We attempted to counter this possibility by asking for examples and evidence wherever possible and by cross checking interview transcripts within firms. Finally, a potential limitation could be the use of four interviewers to undertake the research. The joint development of the interview schedule and regular discussion between the interviewers to ensure a degree of consistency of approach mitigated against this potential limitation.

Appendix 2 Acknowledgements

The production of this report has relied on the input of over eighty professionals within thirteen leading firms, who generously gave up their time to speak to our team of researchers. We are enormously grateful for their insights, without which this report would not have been possible. In particular, we are grateful for our key 'gatekeepers' at each firm, who played a particularly active role in arranging and facilitating access. These gatekeepers cannot be named for reasons of confidentiality but their input has been significant.





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ENDNOTES

Section 1

- ¹ Cabinet Office *Unleashing Aspiration: The Final Report of the Panel for Fair Access to the Professions*, 2009
- ² Ashley, L. and Empson, L., *Differentiation and discrimination: Understanding social class and social exclusion in leading law firms*, 2013

Section 2

- ¹ Department for Education, *Schools, Pupils, and their Characteristics*, 2012
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