



## A path to socioeconomic diversity in the investment and savings industry

7 October 2020

The investment and savings industry has seen some growing commitment, resolve and action to address the lack of diversity and to make workplaces more inclusive – but more needs to be done to make lasting and sustainable change, **according to a new study which is the result of a grant made by The Diversity Project Charity to The Social Mobility Foundation.**

The study, commissioned by the Diversity Project Charity and undertaken by Dr Louise Ashley of Royal Holloway University College London, aims to understand how socio-economic background affects access to, and career progression, within the investment and savings sector in the UK.

This qualitative study builds on previous quantitative findings that the sector is not representative of society at large, especially in client facing roles based in London and the South-East, which are sometimes considered especially prestigious.

Having conducted forty-six in-depth interviews with aspirant professionals and current employees working in the sector to investigate the lack of socio-economic diversity and inclusion in these roles, the study provides qualitative narrative to explain why the situation has not yet improved and includes suggestions on how the sector might respond.

**Key barriers to entry** include:

- **Social and cultural capital needed to access the industry privileges more advantaged candidates** – individuals from less privileged backgrounds lack knowledge of the industry or perceive that they may lack fit; at the same time, hiring firms exert preferences for elite universities where more privileged students are over-represented and may look for a ‘polish’ in new recruits which may favour those who are upper or middle class;
- **Sorting effects** – assumptions around who fits which means that individuals from less advantaged backgrounds may sort themselves into lower status roles or hiring firms may do this on their behalf;
- **A lack of quantitative data** – firms do not routinely collect data about socio-economic background and, therefore, attempts at contextual recruitment or the effect of interventions such as blind applications cannot be readily evaluated;
- **A lack of socio-economic diversity in the sector matters in relation to social justice and mobility but may also present it with some risks** including by limiting its access to talent.

**Sarah Bates, Chair of The Diversity Project Charity** commented: “The Diversity Project Charity is proud to be able to fund this type of research project. We aim to help highlight issues and practical solutions within a particular sector and from there for wider application. We can all learn from

evidence and what works (and what doesn't) and why. This would benefit those who should have better access to opportunity for progression as well as making teams in this sector more effective and fairer."

**Louise Ashley, Royal Holloway University of London commented:** "Studies in a range of sectors have noted that access to and progression within elite occupations is influenced by socio-economic background. This study shows that these processes are replicated in the investment and savings sector, and the expectation that some of the most prestigious roles are reserved for those with higher status backgrounds is to some extent assumed. The sector should be congratulated on enabling this research and on its progress in driving diversity to date - the study underlines though the requirement for leaders to continue to challenge the myth of merit and embedded assumptions around who can 'fit.'"

Further to the issue of obstacles to entry, there is also the challenge of barriers to progression and retention. These were identified in the study as:

- **Ongoing sorting effects** – access to more prestigious roles is often restricted to those with more privileged backgrounds
- **The 'meritocracy myth'** – many in the industry argue that merit will win, while at the same time acknowledging a relationship between socio-economic background and career progression
- **A lack of belonging** – organisations are described as occasionally having hostile cultures for people with less privileged backgrounds, especially within revenue generating and client facing roles
- **Micro-aggressions** – can undermine the confidence of people who are not traditional for the sector
- **Low job turnover** of professionals – makes it difficult to make rapid progress on socio-economic background diversity, particularly if the focus of initiatives is on entry-level roles
- **Apprehension surrounding discussing socio-economic background or social class; structural and systemic barriers** – often the unintended effects of processes, structures and cultures that lead to unequal outcomes and opportunities, rather than deliberate individual acts of discrimination.

**For more information or to arrange an interview please contact:**

Sophie Niven, Lansons

[sophien@lansons.com](mailto:sophien@lansons.com)

07952764157

### **About The Diversity Project Charity**

[The Diversity Project Charity](#) (TDPC) was established to raise significant funds to help charities which have been affected by the disbandment of the Presidents Club, as well as supporting a small number of regional charities focusing on inclusivity.

From 2020, TDPC will also support charities and research supporting TDPC's social mobility and diversity aims for society as a whole as well as within financial and professional services in particular. The TDPC's grant to the Social Mobility Foundation (SMF) for the research in this report is an example of the work TDPC would like to support. It also demonstrates the effectiveness of bringing together research projects with employing organisations.