Socio-economic diversity in social investment

April 2024

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www.socialenterprise.org.uk

Connect Fund
Building a better social investment market

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Acknowledgements

The London School of Economics and Social Enterprise UK would like to thank the Connect Fund for supporting this work. We are grateful to an Expert Panel for their review of methodology development and early results. We are also grateful to all the social investors, social enterprises and other stakeholders who attended the roundtable discussion, took part in meetings, and completed the State of Social Enterprise survey from which we've extracted data. All errors are the responsibility of the authors. Please contact research@socialenterprise.org.uk for any queries or feedback.

Executive summary

Socio-economic inclusion in social investment has been the focus of limited research compared with other demographic factors that form part of an intersectional understanding of inclusion, such as gender or racial identity. Addressing this apparent gap, Social Enterprise UK (SEUK) and Dr Julia Morley of the London School of Economics (LSE) have undertaken this project to explore socio-economic inclusion in social investment using data on the university education of social investment staff and preliminary data on social enterprise leadership.

This study builds on recent research on socio-economic diversity in social investment by using elite education as a proxy for high socio-economic status. Whereas previous studies focusing on university education have used smaller data sets of 170-220 individuals, and have relied on private survey responses, this study analyses a larger dataset of the self-reported public data of 1,736 individuals on LinkedIn to identify the percentage with an elite university education. Extending the definition of elite education to incorporate international institutions, it reveals that some organisations in social investment have staff whose educational experience is skewed towards attendance at elite universities, with 19% of employees having studied at an elite university. Furthermore, 12% of the sample had studied at Oxford or Cambridge - which is more than ten times the 1% of the UK population that study at these two universities, and comparable with the mainstream investment sector in the UK. This finding supports prior studies (Morley, 2016 and Inclusive Boards, 2018) that identified individuals with elite educational experience as being disproportionately represented in social investment organisations compared with the general population; however, the overall percentage of elite university attendance of staff at social investment organisation declined from 47% to 25% from 2014 to 2023, based on six organisations included in both the 2016 and in this study.

An analysis of social investors by type revealed that venture capital investors and social investment 'wholesalers' had the highest proportion of individuals possessing elite or Oxbridge education, while social banks and Community Development Financial Institutions (CDFIs) were found to be least likely to have individuals affiliated with them who possessed an elite education[1].

A separate survey of social enterprises by Social Enterprise UK identified organisations whose leaders had attended private secondary schools. A preliminary analysis did not suggest that organisations with privately educated leaders were more likely to be able to access funding or finance. However, social enterprises led by privately educated individuals are less likely to disagree that there are suitable and sufficient forms of finance for their social enterprises, compared to organisations led by people who weren't privately educated.

From seven interviews with individuals working in social enterprises led by people with state secondary education, those who had attracted finance identified class as an important consideration in terms of outcomes, raising the issue unprompted and wanting investors to have a better understanding of running working-class businesses in working-class communities. Social enterprise leaders can find the investment process difficult and daunting but find social investors easier to deal with than philanthropic funders. However, they report that working with social investors can be more complex than with mainstream finance. Social enterprise leaders described power imbalances, and even a patronising dynamic at times, when dealing with funders and financers. Those who have attracted finance believe their own commercial experience helped them where other working-class people may struggle.

[1] The study measures those self-reporting as employees of these organisations but data may also include those who are affiliated in other ways, for example as trustees, non-executive directors, or advisors.

Background and literature

In the UK, senior positions in business and political life tend to be dominated by a minority of the population who have attended private schools and elite universities (The Sutton Trust, 2016, 2019). An elite education can enable students to access employment in sought-after professions and achieve rapid progression. As a result, graduates of elite universities tend to be overrepresented in top UK jobs, resulting in elitism in many influential professions (The Sutton Trust, 2016). Recent research has shown that attendance at elite universities is closely linked to socio-economic status and social capital (Lee, 2013; Wakeling & Savage, 2015). These institutions tend to reproduce existing social hierarchies, with graduates from certain universities having better access to top positions in society (Wakeling, 2015).

While elite colleges have made some significant efforts to increase the representation of lower socio-economic status students, they still fall short of being engines of broad socio-economic mobility (Lee, 2013). The influence of cultural capital, particularly in arts subjects, has also been identified as a key factor in admissions to elite universities (Zimdars, Sullivan, & Heath, 2009).[2] Studies outside the UK have found similar results. For example, one study found that Harvard and Stanford students constructed a 'status hierarchy' of elite institutions, allowing the continuation of perceptions of these elite universities' distinctiveness (Binder & Abel, 2019).

Academic research has identified how elite education plays a crucial role in sustaining power hierarchies and social order, thereby enabling the persistence of social inequalities in society (Bourdieu, 1996, 1997, 2006). Elite education preserves the existing social order by creating a form of social 'nobility' through the creation of cultural, social, economic and symbolic capital (Bourdieu, 1996). Two of these concepts - cultural and social capital - are particularly relevant for understanding socio-economic diversity in social investment, as they capture some of the ways in which elite groups can generate unseen social hierarchies that may result in low socio-economic diversity in organisations – with potential consequences for fairness, effective decision-making and even capital allocation.

In Bourdieu's analysis, cultural capital refers to the knowledge of elite language, tastes and aesthetics - the elite 'rules of the game' - which are the keys to accessing elite networks. For example, organisations may perpetuate inequality through their hiring, role allocation, promotion, compensation and structuring – while at the same time signalling that these practices are based on positive characteristics such as efficiency and meritocracy (Amis, Mair, & Munir, 2020). Applying this to the field of social investment, we could argue that individuals who are not able to make 'appropriate' social references or use 'accepted' linguistic tropes are more likely to find themselves at a disadvantage when engaging with elite individuals at investment organisations. This could potentially result in such non-elite individuals having more limited ability to access employment, as compared with an elite individual, and being less effective in attempts to access finance or funding.

Bourdieu's concept of social capital refers to networks of influence and support, which serve to reinforce an individual's position within social hierarchies. Alumni of elite universities may be expected to be networked with other alumni of the same or similar institutions. In the field of social investment, elite-educated individuals may have access to elite networks capable of granting them proprietary knowledge of the 'rules of the game' and information relevant for decision-making.

This study builds on existing research into socio-economic diversity by critically examining how elite educational institutions contribute to the formation of a class of individuals who possess the social and cultural capital necessary to carve out an elite hierarchy in the field of social investment. This analysis not only highlights the role of education in reproducing socio-economic inequalities, but also challenges the notion of meritocracy by showing how social policies and investment decisions may be influenced by the social capital derived from elite education – rather than solely by merit, competence or other factors.

Socio-economic diversity research in mainstream investment and social investment

Recent research has highlighted high levels of socio-economic inequality within the UK investment sector. The report "Socioeconomic Diversity in the Investment and Savings Industry" (Diversity Project Charity, 2021) noted that 60% of senior figures in investment careers in London were educated privately compared with 7% of the UK population[3], and that a "significant wage penalty" is associated with not being privately educated. A 2019 report, "Elitist Britain", noted that high rates of members of the elite in UK business were educated overseas, with 43% of FTSE 350 chief executives and more than half (51%) of the Sunday Times Rich List top 100 schooled abroad (The Sutton Trust, 2019).[4]

There has been significant recent research into measures of diversity in social investment - including gender, race, and disability - which has tended to rely on small data sets of self-reported data collected through surveys. Better Society Capital (BSC) collected data in 2021-22 from the fund managers in its portfolio. The data collected was limited with many respondents saying that they would 'prefer not to say' whether they were white, male, non-disabled or over 45 years old. BSC noted that "limited data has been collected, particularly on disability, where there may also have been inconsistencies in definitions across organisations. Similarly, portfolio-level EDI data is not consistently collected and/or reported" (Better Society Capital, 2022).

However, limited research has addressed the issue of socio-economic diversity in the field of social investment. A study in 2014/15 identified elite affiliations as a proxy for socio-economic diversity of staff within the social investment community (Morley, 2016). This study collected data for 219 individuals working in social investment using public LinkedIn profiles, organisation websites and the BoardEx database. It found that a much higher proportion of individuals in the sample had attended elite universities or had worked in 'elite' organisations in investment, strategy consulting or policy compared with the UK population. In addition, the data was used to identify elite affiliations and a social network analysis was conducted to reveal the dominance of a connected network of elite individuals in social investment. More recently, a report by Inclusive Boards, "Inclusive Impact: Social Investment Sector", considered multiple categories of diversity including socio-economic diversity (Inclusive Boards, 2018). The report used survey data from 125 individuals, supplemented by interviews, finding that 17% of social investment directors and 10% of social investment executives had studied at Oxford or Cambridge.

While these two studies (Morley, 2016 and Inclusive Boards, 2018) provide useful insights into the phenomenon of socio-economic diversity within social investment, they both rely on small data sets and use data that is more than five years old. Furthermore, the Inclusive Boards report relies on survey data, which may be subject to various biases. Extending these prior studies, this present study develops a larger data set of 1,767 individuals using LinkedIn data. It analyses self-reported educational attainment by individuals listed as employees of 29 social investment organisations. The current study uses a much larger data set than the prior studies and avoids reliance on private survey responses, which may be subject to biases. Since the LinkedIn data collected is public, individuals have less incentive to hide elite education on their profile and are less likely to make false claims given that profiles are subject to public scrutiny.

Why it matters if social investment organisations have high proportions of elite-educated employees

The presence of many elite-educated employees in social investment may be argued to be merely a by-product of a fundamentally meritocratic process, in which highly educated and skilled individuals are hired because they are particularly well-suited to social investment. In this case, concerns about the optics of having a high proportion of elite-educated employees may be compensated for by having effective employees, who can deliver benefits to society through their high-quality decision making.

On the other hand, if elite education is viewed as a proxy for high socio-economic status, any dominance of elite-educated individuals in social investment would indicate low socio-economic diversity. It may be noted that the proportion of elite-educated employees in UK social investment, while high, is nevertheless comparable with the mainstream investment sector. However, the purpose of social investment is very different from mainstream investment, as are the potential investees. Given this, the following potential concerns may arise:

- Perceived elitism in social investment organisations may be off-putting to potential recipients of investment, who may feel less confident applying for investment because of the socio-economic differences between decision-makers at social investment organisations and themselves.

- Social investors with elite educational backgrounds may have (or be perceived to have) a more limited understanding of the experience and needs of different stakeholders. This is not to say that social investors cannot relate to the difficulties faced by investees and beneficiaries, as lived experience need not be a necessary condition for understanding the experience of others - one does not need to "be one" to "know one" (Fey, 1996) - but concerns nevertheless remain. For example, a recent report questioned social investors' awareness of the struggles and issues faced by employees at investees, finding a lack of controls to ensure that employees at investee organisations received the Real Living Wage, for example (Joseph Rowntree Foundation, 2023).

Overall, the potential dominance of educational elites is particularly problematic for social investment organisations, because of the incongruity between their objective of advancing a more equal society and the possibility that they are in fact fuelling inequality through organisational hiring and investment practices.

[2] See also Lee (2013) and Tsiplakides (2017) who highlight the role of elite colleges in maintaining social inequalities.
[3] The report cited data from a prior research report (Boston Consulting Group/Sutton Trust, 2014).
[4] Although the measurement of socio-economic diversity is inherently subjective, the government has produced a toolkit for employers to assess whether employees in higher socio-economic brackets are overrepresented among their workforce, based on the socio-economic status of their highest earning parent's job when they were 14 (Social Mobility Commission, 2021).

Methodology

We extend the original study by Morley (2016) to analyse the socio-economic diversity of the UK social investment community in 2023, and the changes that have taken place in the eight years since the original data were collected in 2014/2015.

Social investment data

Data was collected on the education and professional affiliations of individuals working in social investment, enabling us to conduct a longitudinal analysis of change in the community and its membership since the original data from 2016. We also extended the data set for 2023, by including employees at all levels in social investors and affiliated organisations, rather than the senior staff and managers only. This enabled us to analyse the socio-economic status of all employees in the community, rather than only the key decision-makers. In addition to organisations on the BSC portfolio list, six organisations were also selected from a Good Finance[5] list of UK social investment organisations (many of which were also included on the BSC portfolio list) and BSC itself. We had intended to extend the list further, but were unable to collect data on more organisations, due to resource constraints.

Social enterprise data

In addition to the analysis of social investors, we also looked at qualitative and quantitative data from social enterprises. Using the latest State of Social Enterprise (SOSE) survey (Social Enterprise UK, 2023) we looked at data captured on the following social enterprise leadership demographics, to better understand the relationship between the socio-economic status of social enterprise leaders and access to finance:

- Percentage of leadership team who attended a private secondary school.
- Percentage of leadership team who have lived experience of the social issue(s) addressed by their social enterprise.

We cross-tabulated each of the above against access to funding and finance questions.

Social enterprise interviews

We also filtered SOSE responses to identify those who reported they had:

- successfully accessed finance from a specialist social investor.
- no members of the leadership team who had attended private secondary school.
- more than half of the leadership team reporting lived experience of the social issues their social enterprise sought to address.

We identified nine respondents and approached them for interview. Seven semi-structured interviews were conducted, with interviewees not being told the focus of the research until the end of the conversation, to avoid leading questions and influencing their responses. The interviews serve both to contextualise the findings from the data analysis and to inform our sample selection.

Selection of organisations for inclusion in the analysis

Defining the 'social investment community' presents challenges. One problem is that no objective way of demarcating the community exists and, as a result, 'self-description' by organisations as social investors has been used in prior studies as a means of demarcating the community (Daggers, 2018; Teasdale, 2011). A further difficulty is that - since the original 2016 study was undertaken - the practice of describing investment activities in terms of social impact has become more prevalent among investors who are not traditionally associated with social activities linked to environmental, social and governance (ESG) disclosures.

Until around a decade ago, the activity of 'social investment' or 'impact investment' was undertaken primarily by organisations that prioritised the generation of social impact above other objectives, such as certain foundations (e.g. Impetus-PEF) and small private investment funds (e.g. Bridges Ventures). However, many more conventional investment companies now label themselves as participating in 'impact investment', and many claim to generate positive social and environmental impact demonstrated through ESG disclosures. However, these investors differ in an important way from the social impact investment community of interest in this study, as their primary objective is to generate financial returns for themselves and their investors. They are motivated to make impact disclosures to signal to their investors and other external stakeholders that they are mitigating financial risk to investors, and to enhance their reputation, rather than to prioritise the needs of communities and individuals. This is often referred to as single materiality (focus on investors) rather than double materiality (focus on society and the environment as well as on other stakeholders). For this reason, large profit-prioritising companies such as BlackRock are not included in the scope of this study, which includes only organisations that are more focused on the generation of positive social or environmental impact.

This study analyses 23 UK social investment organisations included in the 2023 investment portfolio of BSC, following removal of organisations based on the profit-prioritising criteria above, and including an additional six organisations listed on the Good Finance list. For these organisations, data is collected on the educational and professional affiliations of the management team and beyond. For the companies in the sample, current employees were identified and their role was categorised as management or functional support. Management roles were defined to include the chief executive, finance director, partners and board level advisors or trustees. The role titles used by specific organisations differed and were standardised to minimise the number of titles used in the analysis.

Proxies for socio-economic status

Most existing measures of socio-economic diversity rely on factors relating to an individual's parents and to their education (HM Government, 2020). Parental factors include occupation, educational attainment and professional attainment. Educational factors include a binary measure for the type of school attended (fee-paying or state-funded). However, a problem with this kind of measure of socio-economic status is obtaining this information, as it is not easily accessible and would require self-reporting by individuals using a survey or via interviews. Collecting such information is not feasible given the size and specificities of our sample. We therefore focus on the education experience of the individuals as a proxy for socio-economic status.

Data verification

In addition to social investors, LinkedIn data was collected for SEUK to help verify the process used. On initial review of the data for SEUK, we observed that some individuals had incorrectly self-reported themselves to be employees of SEUK on LinkedIn. Some employees and some who reported themselves to be employees had ceased employment before May 2023 when we sourced the data. Due to concerns that this raised about data accuracy, external consulting firm Viewpoint Research CIC was instructed to conduct verification checks on the data for the 296 individuals who had self-reported an employment affiliation during the period April to June 2023 with the seven organisations that were found to have the highest proportion of staff who had attended an elite university. In total, data for 296 individuals was checked, representing 16% of all individuals included in the analysis.

We selected these 'outlier' organisations for review, to minimise the risk that we had overstated the proportion of elite affiliations among their employees. Viewpoint's review of the data revealed that eight staff (2.7% of the 296 individuals checked) could not be verified as being employed at the time the data was collected, in most cases due to cut-off errors because they had ceased to be employed by the organisation at some point in the months before April 2023 but had not updated their LinkedIn profiles. In other cases, the educational information collected could not be verified by re-checking company websites and LinkedIn, although this could have been because of a subsequent change to LinkedIn or omissions on the company website. Overall, the results of this detailed verification gave us comfort that the data collected was materially correct, with a low margin of error.

On reviewing the SEUK data, we believe some of the inaccuracies identified may have been due to the nature of SEUK as an umbrella organisation with multiple affiliates. We suspect that many individuals incorrectly listed themselves as employed when they intended to list themselves as employed by a social enterprise that itself had an affiliation with SEUK. This was unlikely to be replicated at other organisations in the sample. SEUK results do not form part of the results data in this report.

Data analysis

For each of the staff identified at organisations in the sample, data was collected on education from public sources, including LinkedIn and organisation websites between April and June 2023. To comply with data protection requirements, we anonymised cases and replaced individuals' names with unique references that were used in the data analysis. Data was analysed using Python and Excel.

The data on education included undergraduate and postgraduate degrees and professional qualifications. Data was collected on the institution at which the individual had studied, the type of degree (BSc, MSc, MBA, MA or executive short course) and the subject studied. An individual's attendance at an 'elite' university was used as a proxy for one element of high socio-economic status.

To define 'elite universities', we draw on existing rankings for the production of billionaires (Cai, 2021; Wealth-X/UBS, 2014) or millionaires (Parr, 2013) or for their overall academic ranking according to the Times Higher Education World University Rankings (THE, 2014). Based on these rankings, we defined elite institutions to include: Berkeley, Cambridge, Harvard, London Business School, London School of Economics, Massachusetts Institute of Technology, University of Mumbai, Oxford, Princeton and Stanford.

Any study of this nature will necessarily face certain limitations. Sample selection bias may occur if the organisations included in the sample are not representative of the UK social investment community – in which case, the results of the analysis may be misleading. Beyond sample selection issues, our reliance on the self-reporting by individuals on their LinkedIn and other public profiles may result in omissions or inaccuracies. However, the extent of data collection and the third-party verification conducted helps mitigate this risk.

Review process

For this research, we established an Expert Panel of a small number of social investor and social enterprise stakeholders (listed in Annex 1) to review the study methodology and early results as well as participate in a stakeholder workshop to solicit feedback on near-final analysis of results. On 28 February 2024, we conducted this workshop, presenting findings to a group of 14 stakeholders whose feedback informed final data analysis and the report write-up.

[5] https://www.goodfinance.org.uk/investors-advisors.

Results

The data was analysed to reveal the proportion of elite-educated individuals:

- by organisation.
- by type of investor, e.g., venture capital (VC) type investor, wholesaler, social investment financial intermediary (SIFI).
- longitudinally comparing the data collected in 2014/5 with that of 2023 to identify any trends.

Analysis by social investment organisation

Table 1 below summarises the percentage of individuals by organisation with an elite education or who attended either Oxford or Cambridge University. These are rank ordered by the proportion of employees with an elite education, hence Organisation 1 had the highest proportion of 75% of whom 38% who were educated at either Oxford or Cambridge. The Table also provides information on the number of individuals who were affiliated with the organisation on LinkedIn, how the organisation was selected for inclusion in the sample (because it was in the BSC portfolio, or because it was identified on a Good Finance list of key organisations in social investment). Information about deal types and size disclosed by BSC[6] is also included. Although the data set is not large enough to conduct a statistical test of correlation, it is notable that four out of the top seven organisations are described as engaging in "enterprise equity".

Table 1 below summarises the findings at the organisation level, ranking anonymised organisations by the percentage of employees with elite educational affiliations and shows for each organisation their largest investment size in 2022 and the investment types undertaken by the organisation.

Table 1: Employees for which data captured, Oxbridge and elite percentages, and largest investment size and investment type according to the BSC investment data online (where available) and investor type – for 29 organisations

Organisation Identifier	% Oxbridge	% International Elite	Largest Investment Size (£m)	Investment Type	Investor Type
Org-1	38%	75%	15	Enterprise equity	SI Wholesaler
Org-2	27%	47%	50	Enterprise debt	SIFI
Org-3	26%	45%	15	Outcomes contract	SIFI
Org-4	43%	43%	250	Enterprise equity	SIFI
Org-5	26%	40%	251	Enterprise equity	VC
Org-6	18%	36%	50	Enterprise equity	SI Wholesaler
Org-7	15%	33%	250	Enterprise debt	SIFI
Org-8	18%	27%	50	Outcomes contract	SIFI
Org-9	18%	27%			SI Wholesaler
Org-10	14%	26%	50	Enterprise debt	Trust/Foundation
Org-11	11%	19%	250	Enterprise equity	SIFI
Org-12	18%	18%			SIFI
Org-13	8%	16%			Trust/Foundation
Org-14	8%	15%		Enterprise debt	SIFI
Org-15	6%	15%	15	Enterprise equity	SIFI
Org-16	1%	13%			SIFI
Org-17	7%	12%	50	Enterprise equity	SIFI
Org-18	12%	12%			Trust/Foundation
Org-19	5%	11%	250	Enterprise equity	VC
Org-20	11%	10%			Trust/Foundation
Org-21	13%	7%	250	Enterprise debt	SIFI
Org-22	3%	6%		Property	SIFI
Org-23	5%	5%	250	Enterprise debt	SIFI
Org-24	0%	5%	15	Enterprise equity	SIFI
Org-25	0%	1%	250	Investment manager	Social bank
Org-26	0%	0%			CDFI
Org-27	0%	0%	250	Enterprise debt	Social bank
Org-28	0%	0%	250	Property	SIFI
Org-29	0%	0%	15	Enterprise debt	SIFI
Total: 29 organisations	12%	19%			

***Investment type and size of particular funds was disclosed by BSC on the following webpage https://bigsocietycapital.com/portfolio/#featured-investments. Investor type for each organisation was determined by the SEUK project team.**

It was noted that Org-10 might skew the results given its size, with employees representing 17% of the total number of individuals in the sample. We therefore excluded this organisation and recalculated the overall percentage of elites and Oxbridge individuals and found that the elite percentage had reduced by 1% (to 18% of the total) but the Oxbridge percentage did not change.

It was noted that some of the outlier organisations, which had a relatively high proportion of elite educated employees, nevertheless had a relatively low number of staff self-reporting on LinkedIn. To address this potential bias in the results, the analysis was repeated excluding organisations with fewer than ten employees listed - but including Org-10 again - and the results are summarised in Table 2 below. In total, the revised total for these larger organisations is 1,715, while the percentage of elite graduates is unchanged and the percentage of Oxbridge graduates is slightly reduced (from 12% to 11%).

Table 2: 26 organisations with 10 or more employees self-reporting ranked by percentage of elite or Oxford/Cambridge educated employees

Organisation Identifier	% Oxbridge	% International Elite	Largest Inv size (£m)	Invest type 1	Investor Type
Org-2	27%	47%	50	Enterprise debt	SIFI
Org-3	26%	45%	15	Outcomes contract	SIFI
Org-5	26%	40%	251	Enterprise equity	VC
Org-6	18%	36%	50	Enterprise equity	SI Wholesaler
Org-7	15%	33%	250	Enterprise debt	SIFI
Org-8	18%	27%	50	Outcomes contract	SIFI
Org-9	18%	27%			SI Wholesaler
Org-10	14%	26%	50	Enterprise debt	Trust/Foundation
Org-11	11%	19%	250	Enterprise equity	SIFI
Org-12	18%	18%			SIFI
Org-13	8%	16%			Trust/Foundation
Org-14	8%	15%		Enterprise debt	SIFI
Org-15	6%	15%	15	Enterprise equity	SIFI
Org-16	1%	13%			SIFI
Org-17	7%	12%	50	Enterprise equity	SIFI
Org-18	12%	12%			Trust/Foundation
Org-19	5%	11%	250	Enterprise equity	VC
Org-20	11%	10%			Trust/Foundation
Org-21	13%	7%	250	Enterprise debt	SIFI
Org-22	3%	6%		Property	SIFI
Org-23	5%	5%	250	Enterprise debt	SIFI
Org-24	0%	5%	15	Enterprise equity	SIFI
Org-25	0%	1%	250	Investment manager	Social bank
Org-26	0%	0%			CDFI
Org-27	0%	0%	250	Enterprise debt	Social bank
Org-28	0%	0%	15	Enterprise debt	SIFI
Total: 26 organisations	11%	19%			

The number of individuals in Table 2 represents 95% of the individuals in the total sample data (including smaller organisations) and shows that 19% of the 1,687 individuals working for these 22 organisations had an elite profile, with 11% having attended Oxford or Cambridge.

Analysis by organisational investor category

Organisations were then categorised according to their investor type (including CDFI, SI wholesaler, SIFI, Social Bank, Trust/Foundation or VC) and the percentages of elite and Oxbridge educated employees were calculated for each of these categories. CDFIs, banks and wholesalers are straightforward to categorise, but the distinction between VC style investors and SIFIs more widely is rather more subjective.

Table 3 below shows the results for all 1,736 individuals at 29 organisations. Four out of the six categories (VC, SI wholesaler, SIFI and Trust/Foundation) contain individuals with elite and Oxbridge education, whereas the remaining two categories (Social Bank and CDFI) contain no individuals with an elite or Oxbridge education.

Table 3. All organisations (29) by investor category

Investor Category	International elite %	Oxbridge%
VC	32%	21%
SI Wholesaler	31%	19%
SIFI	21%	12%
Trust/Foundation	20%	12%
Social bank	0%	0%
CDFI	0%	0%
Total	19%	12%

Table 3 reveals that the two investor types most dominated by individuals possessing elite or Oxbridge education are VC and SI wholesaler. Together, these two categories included 202 individuals (representing 12% of the total sample), of whom 64 had an elite education and 40 self-reported attending Oxford or Cambridge. The investor types SIFI and Trust/Foundation had a lower percentage of elite and Oxbridge educated individuals, but still far higher than the national average. The investor types that had almost no elites were social banks and CDFIs, and these two categories contained 215 individuals (just over 12% of the total sample).

One potential concern is that the data presented in Table 3 includes the large organisation, Org-10, which has 303 individuals and might skew the results for the category in which it was included. It was categorised as a Trust/Foundation and represented 51% of the individuals in the category overall. To ensure that it was not skewing the analysis of elite education within that category, we excluded Org-10 from the analysis by category, reducing the total number of individuals from 1,736 to 1,433. The results presented in Table 4 below show that this one organisation did skew the results slightly within this category, as it had a higher percentage of elite and Oxbridge individuals than others in the Trust/Foundation category.

Table 4. Organisations excluding Org-10 (28 organisations) by investor category

Investor Category	Individuals	Elites	Oxbridge	Elites %	Oxbridge %
VC	77	25	16	32%	21%
SI Wholesaler	125	39	24	31%	19%
SIFI	719	151	89	21%	12%
Trust/Foundation	297	40	29	13%	10%
Social bank	202	1	-	0%	0%
CDFI	13	-	-	0%	0%
Grand Total	1,433	256	158	18%	11%

Following the exclusion of Org-10, the Trust/Foundation category has a far lower percentage of elites (down from 20% to 13%) and of Oxbridge individuals (down from 12% to 10%).

Longitudinal analysis - what's changed since 2014/15?

We compared the data collected in 2014/15 and the data collected for this current study in 2023. Given changes in the market and the specific focus of the current study on the BSC portfolio, only six organisations are included in both analyses. Table 5 below shows the six organizations included in both the 2016 and 2023 analysis. In total, 105 individuals from 2015 and 807 individuals from 2023 self-reported being employed by these organisations. The overall percentage of elite university attendance declined, from 47% to 25% longitudinally – although the definition of elite was slightly different between the two periods: the 2015 data defined elite education using a list of institutions that included four additional universities, compared with the list used to define 'elite education' in the 2023 analysis (being Chicago, Cornell, Imperial College and INSEAD). Further work to reanalyse the 2014/15 data using the narrower definition could usefully be undertaken as a refinement to the present study, although the difference to the overall thrust of the results is unlikely to be significant.

An interesting finding is that the organisation with the highest percentage of elite educated employees in 2014/5 (Org-3) was also the organisation with the highest percentage of elite educated employees in 2023, although the percentage was reduced from 67% to 45% (see Table 3 below). The reduction may reflect the slightly narrower definition of elite, and the more comprehensive data collection in 2023 but in any case, the proportion is higher than other organisations in both periods.

Table 5: Longitudinal analysis with data from 2015 and 2023 for the six organisations in both samples

Organisation Identifier	Elite % 2015	Elite % 2023	Change in Elite % from 2015 to 2023
Org-3	67%	45%	-22%
Org-9	15%	27%	12%
Org-10	50%	26%	-24%
Org-11	64%	19%	-45%
Org-17	0%	12%	12%
Org-20	20%	10%	-10%
Total	47%	25%	-22%

Analysis of social enterprise data and interviews

Within the SOSE 2023 sample, 523 organisations provided data about whether their leadership teams had attended private secondary schools, and 647 shared whether or not their leadership team had lived experience of the social issue(s) their social enterprise addresses. We broke this data down into bands, then reviewed responses to data where the sample size was above ten. Therefore, some questions on forms of finance sought and achieved had to be removed.

Table 6: Breakdown of SOSE 2023 respondents by leadership demographics

Proportion of leadership team identifying with demographic metric	Attended private school	Lived experience of social mission
None of the leadership team	71%	11%
1-50%	22%	23%
51-99%	2%	14%
All of the leadership team	5%	44%

Table 7: Analysis of finance questions by social enterprise leadership's secondary education status

	All leadership privately educated	None of leadership privately educated
Applied for grant funding	46%	62%
Applied for a loan	33%	64%
Applied for equity finance	67%	11%
Applied blended capital	0%	22%
Able to secure external finance	67%	76%
Considered applying for external finance in past financial year	39%	39%
Disagrees that forms of finance available are suitable for their organisation	33%	51%
Disagrees that amount of suitable finance available is sufficient	52%	58%
Disagrees that organisation has the financial, marketing and business skills required to obtain external finance and investment	40%	44%
Likely to approach external finance providers in next 3 years	50%	53%

Table 8: Analysis of finance questions by social enterprise leadership's lived experience status

	None of leadership have lived experience	All of leadership have lived experience
Applied for grant funding	51%	59%
Applied for a loan	73%	47%
Applied for equity finance	27%	6%
Applied blended capital	18%	22%
Able to secure external finance	60%	70%
Considered applying for external finance in past financial year	31%	35%
Disagrees that forms of finance available are suitable for their organisation	48%	53%
Disagrees that amount of suitable finance available is sufficient	54%	60%
Disagrees that organisation has the financial, marketing and business skills required to obtain external finance and investment	38%	39%
Likely to approach external finance providers in next 3 years	47%	50%

Overall, we found no significant relationship between social enterprises accessing funding or finance and whether or not leadership are privately educated or have lived experience of social issues, to indicate that either factor presents a significant barrier. Indeed, leadership teams with no private education were more likely to have applied for grants and loans, and more likely to have secured external finance overall. However, there are notable disparities between the two groups.

Proportionately few organisations led by state-school educated people applied for equity finance, whilst none of those that are entirely private-school educated led applied for blended finance (three organisations, overall sample of 36). What is particularly evident is that perceptions of finance are different between the two organisation types; those led entirely by privately educated individuals are less likely to disagree that there are suitable forms and sufficient suitable finance for their social enterprises. Sample sizes did not permit useful analysis of whether organisations were able to raise the amounts of finance they sought.

In terms of lived experience, those social enterprises led entirely by people with lived experience are far more likely to access grants, and far less likely to access loans or equity than their counterparts with no lived experience on the leadership team. They also have slightly more negative perceptions of finance, despite having been proportionately more likely to have secured external finance.

From the interviews conducted with social enterprises, we extracted the following common messages from the respondents:

Those who had attracted finance (all women and from a mix of ethnic backgrounds):

- identify class as a consideration, raising it unprompted.
- want better understanding among investors of running a working-class business in a working-class community.
- find the investment process can be difficult, lengthy, stressful and daunting.
- find social investors can be easier to deal with than philanthropic funders.
- find working with social investors can be more complex than with mainstream finance, but they are generally supportive and helpful.
- believe relationships are key and described power imbalances – and even a patronising dynamic.
- believe their own commercial experience helped them where other working-class people may struggle; language is a barrier, but one that can be demystified.

For those who hadn't attracted finance, the lack of suitable available finance was more of an issue than socio-economic status.

Feedback from roundtable attendees

14 stakeholders attended the research findings roundtable to discuss initial analysis and consider implications for social investors. Methodological feedback has been integrated, where possible, into this report – including questions on sampling, staff numbers, further analysis of social enterprise data, aggregation and presentation of social investor results, and explanation of processes and the limitations of the work.

The roundtable conversation also explored the limitations of this study – in particular providing initial insights into the greater nuance required to understand distinctions between operating models of social investment organisations (e.g. between those with venture capital models and, for example, CDFIs) and of the socio-economic factors at play. This included:

- the role of (private) secondary education in shaping opportunity, including routes to elite education and to social capital.
- the fact that this work hasn't (sought to) cross-reference data on other demographics which inter-play with socio-economic status, such as ethnicity or gender.
- cultural aspects of socio-economic status including factors like sense of belonging, language and often-arbitrary barriers (such as tertiary level education requirements).
- social mobility and inter-generational shifts.
- challenges in accessing accurate data across a range of socio-economic metrics.
- further analysis of comparative data, e.g. in trusts and foundations.

[6] https://bigsocietycapital.com/portfolio/#featured-investments

Future work

This study has highlighted a disproportionate representation of elite educated individuals in social investment compared with that in the UK population overall, but not significantly different from those in the investment industry. Further analysis could usefully identify the extent to which such elite education varies between different roles and levels of seniority within organisations. In addition, a geographic analysis of individuals working at social investment organisations could be conducted to identify whether there is a greater proportion of elite-educated employees in particular geographical regions, such as London and the South-East, compared with other regions of the UK. Given that the numbers of employees vary from organisation to organisation, it would be interesting to investigate the total investments made by each organisation, since an organisation with a small number of employees may be responsible for allocating relatively large amounts of investment and therefore have disproportionate influence over the allocation of funds.

The interview and survey data conducted by SEUK could be extended by exploring additional metrics of socio-economic status beyond secondary education and lived experience, as well as longer-term analysis and deeper understanding of the implications of networks and social capital in the sector. Building on the analysis and interviews with social enterprise organisations, data collected by social investors on staff, plus applicants and fund recipients would inform more closely whether there are trends that align with perceptions that suitable finance is less available for organisations whose leadership may have less socio-economic advantage. Some social investors are already capturing and using socio-economic data to deepen understanding, and during the roundtable others expressed interest to develop their engagement.

Conclusion

This study has extended existing work on socio-economic diversity (Morley, 2016 and Inclusive Boards, 2018) to provide an analysis of a publicly available data set of the self-reported educational experience of 1,736 employees at a sample of key social investment organisations in 2023. The study supports prior research, finding that elite educated employees represent a higher proportion of the employees in social investment organisations than in the population (although social investors are not out of line with the mainstream investment sector in the UK). The presence of staff with elite education is most pronounced in certain categories of investor (VC, Wholesaler, SIFI and Trust/Foundation). Finally, for the organisations for which data was available in 2014/15, it was found that there had been a 22% reduction in the proportion of elite educated staff (from 47% to 25%) - although this reduction was not observed for all organisations, and the organisation with the highest proportion of elite educated staff in the earlier data set also had the highest proportion in 2023. Future research could usefully analyse the data by employee position and geographical region.

Next steps

In the social investment space, important work is being undertaken to address imbalances in access to finance, particularly around racial inclusion and particularly for organisations led by Black people. However, if this work fails to incorporate understanding of the role of power, social capital and socio-economic advantage, it may miss other factors that perpetuate an unfair system. This study has not overlaid information about race or gender with socio-economic status, but this would be valuable information – particularly to programmes designed to support female- and Black-led organisations, which may be more likely to have leaders from less privileged socio-economic backgrounds.

A number of social investors have begun work to explore the socio-economic make-up of their staff teams (e.g. Key Fund and Social Investment Business) and to collect data from applicants and recipients of finance, including data aligned to that set out by the DEI Data Standard (framed 'educationally and economically disadvantaged')[7]. The DEI Data Standard allows for organisations to self-define, as will be the case for organisations collecting data on their own staff. The Diversity Forum Manifesto 2.0 references 'socio-economic class as a consideration within policies, to ensure inclusion, but without specific or measurable actions or metrics'[8]. The Equality Impact Investing Project has published recent work on addressing power imbalances in impact investment[9], but this doesn't explicitly cover socio-economic inclusion measurement.

As detailed above, further research and data collection is important to understanding socio-economic inclusion and addressing imbalances. Socio-economic status and associated social capital, with potential financial and non-financial returns, are proxies for power. As long as shifts in socio-economic inclusion, through social investment staff composition and finance recipients, do not represent a wider transfer of power and resource to people and communities historically disenfranchised, there remains work to be done.

[7] https://drive.google.com/file/d/1DXP9e-FcwzDBCLDi5cpudjURHVcTpeof/view
[8] Manifesto 2.0 — Diversity Forum
[9] EIIP EDT+Principles.pdf (squarespace.com)

Annex 1

Expert Panel Participants:

- Grace England (Resonance)
- Salma Parveen (Diversity Forum)
- Steve Walker (ART Business Loans)
- Katakyie Addae-Kodua (Social Ark)
- Tim Coomer (Coop Finance)

Annex 2

Stakeholder Workshop Participants:

- Grace England (Resonance)
- Salma Parveen (Diversity Forum)
- Seb Elsworth (Access -the Foundation for Social Investment)
- Danyal Sattar (Big Issue Invest)
- Stephen Muers (Big Society Capital)
- Matt Smith (Key Fund)
- Claudia Albrecht (Social Investment Scotland)
- Farrah Husseen (Unity Trust Bank)
- Victoria Papworth (NatWest S&CC)
- Steve Walker (ART Business Loans)
- Rosalind Goates (Social Mobility Foundation)
- Dr Ibekwe (Heart for Africa)
- Stephen Tony Wright (Socio Economic Regeneration CIC)
- Tina Bhardwaj (Grant Thornton)

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