Mind The Gap: Corporate London and the Regional Class Pay Gap

Abstract

The hidden barriers, or ‘gender pay gap’, preventing women from earning equivalent incomes to men is well documented. Yet recent research has uncovered that, in Britain, there is also a comparable ‘class origin pay gap’ in higher professional and managerial occupations. So far this analysis has only been conducted at the national level and it is not known whether there are significant regional differences within the UK. This paper uses data from the 2014 Labour Force Survey to stage a more spatially-sensitive analysis that examines inter-regional differences in the class pay gap. We find that this ‘class ceiling’ is not at all evenly spatially distributed. Instead it is particularly marked in metropolitan work contexts and especially Inner London, where those in high-status occupations who are not from privileged backgrounds earn, on average, roughly £10,000 less per year than those whose parents were in higher professional and managerial employment. Finally, we inspect the Capital further to reveal that the class pay gap is particularly marked within London’s large private sector firms. Challenging policy conceptions of London as the ‘engine room’ of social mobility, these findings suggest that class disadvantage within high-status occupations is particularly acute in the Capital. The findings also underline the value of investigating inter-regional differences in social mobility, and demonstrate how such analysis can unravel important and previously unrecognized spatial dimensions of class inequality.

Keywords: class, region, class origin, class pay gap, class ceiling, social mobility

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**Introduction**

Spatial inequality and intergenerational social mobility\(^1\) are both key sociological concerns yet are only rarely connected in empirical work (Savage 1988). To some extent this reflects a lack of sufficiently-detailed data, but also particular disciplinary preoccupations. In social mobility studies, the dominant focus has remained firmly on the measurement of *generalized rates* of intergenerational mobility, which has generally presupposed a fixed national framing (Bukodi et al 2014; Goldthorpe and Mills 2008). In contrast, geographers, economists and sociologists interested in spatial patterns of inequality have tended to ignore issues of class origin and instead focus on the relationship between class destinations and residential segregation (Dorling, 2012; “Plotting the Middle Classes,” 2003) or migration and intra-generational social mobility (Fielding 1992; Findlay et al. 2009). Yet, as we argue here, connecting issues of space and intergenerational mobility is pivotal for better understanding the “long shadow” that class origins cast on life outcomes (Lareau 2015) and, more specifically, how this shadow manifests in different geographical contexts.

This paper therefore represents the first systematic attempt to unravel regional differences in the patterning of social mobility in the UK. Specifically, it interrogates the thesis (Authors, forthcoming) that even when those from working-class backgrounds are upwardly mobile into high-status occupations they face a powerful earnings ‘class ceiling’. We examine whether this ‘class origin pay gap’ operates equally throughout the UK, or whether it is concentrated in particular geographical work contexts. For example, does an upwardly mobile accountant working in the
West Midlands face the same hidden earnings barriers as an accountant from a similar background who works in Inner London?

Notably, our findings problematize the dominant policy narrative on regional social mobility in the UK, which presents London as the national ‘engine-room’ of educational and occupational mobility (SMCP 2015; Blanden et al 2015). In contrast, we find Inner London to be a site of particularly acute class-origin inequality within higher professional and managerial jobs. Not only are the upwardly mobile strikingly underrepresented within Inner London’s top occupations, but once there these individuals face particularly severe earnings disadvantage. This stands in stark contrast to areas such as the North-East and Scotland, which have almost non-existent class pay gaps. Finally we move to dissect the Capital further, demonstrating that the class origin pay gap is by far most acute among London’s large private-sector firms - pointing to a distinct spatial and sectoral apex to the class ceiling in contemporary Britain.

High-Status Occupations and The Class Ceiling

Social mobility into Britain’s high-status occupations has long been a central research issue for academics and policymakers. In sociology, the middle of the 20th century saw a series of rich studies scrutinizing the class composition of particular elite occupations (Boyd 1973; Halsey and Crewe 1969). This tradition has continued in the policy domain where the last few decades have seen increasing calls for higher professional and managerial occupations to become more ‘open’ (SMCP 2010). This debate intensified following the publication of the Cabinet Office Panel for Fair Access to the Professions (2010), which argued forcefully that top occupations in Britain had become less accessible to those from working-class origins. This has since been strengthened by a
series of subsequent reports produced by the Social Mobility and Child Poverty Commission (Ashley 2015), which have each renewed the policy objective of ‘opening up the top of British society’.

Curiously, this interest in occupational ‘fair access’ has rarely extended to British sociology. Instead, most sociologists have focused their attention on *generalised rates* of social mobility into the “big classes” of the National Statistics Socio-economic Classification (NS-SEC) and, more specifically, whether these rates are increasing or decreasing (see Authors A and B; Year B for further discussion of this debate).

Occupationally-sensitive analyses have continued elsewhere. Economists, for example, have recently demonstrated a clear association between family income and access to Britain’s top professions (Macmillan et al. 2014), and in US sociology important conceptual insights have emerged from the ‘micro-class’ approach to social mobility (Grusky 2005). This work has demonstrated that significant differences in mobility rates exist between individual occupational groups, which should be understood as distinct ‘micro-classes’ (Jonsson et al. 2009).

One problem with both ‘big-class’ and ‘micro-class’ approaches, however, is that they conceptualise social mobility as a process captured by measuring occupational *entry*. Yet while those from working-class backgrounds may secure admission into high-status occupations, they do not necessarily enter with the same resources as those from more privileged backgrounds, and therefore do not necessarily achieve the same earnings or levels of success.
This is a question we have recently begun to take up in our own research (Authors A and B; Year A; Year B). Drawing on the feminist concept of the ‘glass ceiling’[^2], we demonstrate that even when those from working-class origins do enter high-status occupations in Britain, they have – on average - considerably lower incomes than colleagues from more privileged backgrounds. More specifically, examining the large-sample Great British Class Survey (GBCS) and the nationally representative Labour Force Survey (LFS) we uncover a ‘class-origin pay gap’ in both data sets within higher professional and managerial (NS-SEC 1) occupations. In the 2014 LFS, for example, those who are not from professional or managerial backgrounds earn, on average, 16 per cent (or £7350) less annually than those from privileged backgrounds. This difference is partly explained by the upwardly mobile being employed in smaller firms, having lower educational qualifications, and working outside London, but it also remains substantial even net of these and a variety of other important predictors of earnings, such as gender, ethnicity, age, and human Capital. Moreover, this class-origin pay gap is only fractionally less than the gender pay gap in the same occupations. This illustrates very clearly that, even beyond entry, the upwardly mobile often face an earnings ‘class ceiling’ within Britain’s high-status occupations.

One way to understand these findings is that the meaning and rewards of being in a high-status job are not the same for people from different class backgrounds. However, it may also be that that the meaning and rewards of being in a high-status occupation, as well as the degree to which class origin is associated with earnings, varies geographically. Indeed, as we outline in the following section, a wealth of research suggests that class inequality in the UK has an important spatial dimension.

[^2]: Glass ceiling refers to the unseen barriers that prevent women from rising above a certain level in their careers.
British Geographies of Class and Mobility

In Britain understanding social class demands a sophisticated geographical lens. Historically, class formation has been highly regionally-specific and symbolically imagined along a ‘North-South Divide’ (Campbell 2004; Martin 2004; Thrift and Williams 2014). Such a division has also traditionally been synonymous with the boundary between the middle and working class – with an educated, middle class south counterposed to industrial, working-class heartlands in the north of England, Scotland and Wales. Of course the reality was always more complex than this and, as a number of authors have argued (Dorling 2012; Savage et al 2015), the dichotomy of north versus south is increasingly outdated and simplistic. Instead, in the context of the profound restructuring of the UK economy in recent decades, much research has instead concentrated on the increasing dominance of central London (Hamnett 2003) and, within the Capital, the spatial retreat of the ‘super-rich’ (Burrows 2013) or ‘wealth elites’ (Savage 2015). Many others have noted growing urban class inequalities beyond London (Atkinson 2006; Butler 2003). In particular an extensive literature has explored socio-spatial segregation within many major cities, with research on gentrification (Butler 1997), geodemographic classifications (Burrows and Gane 2006), belonging (Benson 2014; Savage et al. 2004), gated communities (Rowland Atkinson 2004) and ghettoization (Blokland and Savage 2008), all insisting on the pivotal role of residential differentiation in marking out contemporary class division in Britain.

While this literature on the ‘spatialisation of class’ is undoubtedly rich, there is a notable paucity of work examining space and class in the labour market, and specifically in terms of intergenerational occupational mobility. Unlike the US where
there is now very detailed data on inter-regional rates of mobility (Chetty et al. 2014), large-scale mobility research in the UK is conducted almost exclusively at the state level.

Among the scattered works that do explore the topic, there is little consensus.

Historically, Boberg-Fazlic and Sharp (2013) show that while overall rates of social mobility were fairly constant in Britain between 1350-1850, there is ‘plentiful evidence’ that mobility was greater in the north and significantly lower in the south - particularly the south-east. Yet work on the contemporary UK paints a different picture. Paterson and Iannelli’s (Paterson and Iannelli 2007) work, for example, punctures romantic narratives of Wales and Scotland as more ‘open’ societies. They show that rates of intergenerational occupational mobility have been broadly similar across all of Britain’s ‘home nations’ since the beginning of the 20th century.

Arguably the only sustained engagement with regionally-specific social mobility has focused on the role of London. This literature can be grouped into two competing strands. The first, perhaps more dominant, argument maintains that London is the ‘engine-room’ of British social mobility. Formational here is Fielding’s (Fielding 1992; 1995) landmark studies, which identified London and the South-East as an ‘escalator’ region providing disproportionately high opportunities of intra-generational social mobility for young in-migrants in the 1970s and 80s. A similar argument has also emerged in terms of inter-generational educational mobility, with a number of studies demonstrating that pupils from working-class origins perform better in Inner London schools than any other part of the UK – dubbed the ‘London Effect’ (Greaves et al, 2014; Blanden et al 2015). And even more recently this

This notion of a transformatory ‘London Effect’ has been challenged in sociological work, however (Cunningham and Savage, 2015; Hall and Savage, 2015). Using data from the GBCS, for example, Savage and Cunningham (2015) argue that contemporary London is not so much an escalator region but an ‘elite metropolitan vortex’ – ‘a space where the coming together of intense economic, social and cultural resources enable the crystallization of a particular elite social class formation’ with ‘an increasing propensity toward self-recruitment’. Others point to low mobility rates in certain occupational sectors situated in London, such as large private sector firms. For example, Ashley (2015) argues that particularly strong ‘barriers to entry’ exist for those from working-class backgrounds within London’s large law, accountancy and financial service firms. In particular, the authors highlight how recruiters at these ‘blue-chip firms’ routinely misrecognize as ‘talent’ classed performances of ‘cultural display’. For example, recruiters seek a ‘polished’ appearance, strong debating skills, and a confident manner, traits the authors argue can be closely traced back to middle class socialisation.

It is clear, then, that there is little scholarly consensus on the inter-regional dynamics of occupational social mobility in the UK. Moreover, the research that does exist is restricted by a sole focus on occupational entry rather than investigating the kind of intra-occupational earnings inequality we are interested in here. In this regard, it is
more fruitful to look to the extensive feminist literature on inter-regional gender pay variation. This work has consistently demonstrated that the gender pay gap is significantly higher in London and the South-East, and significantly lower in Scotland, Wales and Northern Ireland (Olsen, 2010; Olsen and Walby, 2004). More specifically, while the gender pay gap has fallen consistently since 1975 in most parts of the UK, in London and the South-East it has effectively stopped falling since 1991. Stewart (2014) shows that this regional difference is largely driven by a particularly acute gender pay gap in the top third of the wage distribution in London.

Considering the extensive attention paid to the spatial patterning of the gender pay gap, it is curious that no work has examined whether similar inter-regional inequalities exist in relation to class origin. One explanation is that, traditionally, the UK has lacked the kind of large-scale representative data needed to conduct this kind of analysis (i.e containing large sample sizes and detailed social origin data). Yet in the July-September 2014 survey of the UK Labour Force Survey, the largest representative sample of employment in the UK (n=95,950), detailed questions on parental occupation were included for the first time. Drawing on this new data source, we here provide the first ever analysis of regional earnings inequality in the UK by class origin.

First, we examine the spatial dispersion and class composition of higher professional and managerial jobs in the UK. This demonstrates that contra to the celebratory policy narrative of the ‘London Effect’, there is actually a striking overrepresentation of those from privileged backgrounds in the Capital. We then show that this pattern of inter-regional class inequality persists within high-status
occupations, with London (and other metropolitan areas) characterized by large class pay gaps that persist even net of a variety of variables thought to affect earnings. Finally, we delve further into the London labour market to find that the class-origin pay disadvantage is particularly acute among large private-sector firms situated in the Capital. This, we argue, indicates that the spatialisation of class in Britain is not just confined to residential place but is profoundly implicated in the reproduction of class inequality in occupational settings.

**Methodology**

As noted the 2014 LFS provides, for the first time, detailed information about parental occupation. Drawing on this social origin variable we examine the parental occupations of respondents employed in Class 1 of the National Statistics Socio-economic Classification (NS-SEC)—comprising 63 individual “Higher managerial, administrative and professional occupations.”[^3] Throughout the article our analysis examines divisions spatially, looking at those in NS-SEC 1 occupations who work in 12 different areas of the UK[^4]. Six of these are made up of official English ‘regions’ denoted by the UK government, along with Wales and Scotland. The other six separate the remaining English regions into their metropolitan and non-metropolitan components, as NS-SEC 1 jobs are disproportionately situated in urban areas. They thus distinguish Inner London from Outer London and the Southeast, Manchester from Merseyside and the Northwest[^5], and Birmingham and Metropolitan West Midlands from the rest of the Midlands[^6].

In order to measure respondent’s social origin we refer to the LFS question asking respondents the occupation of their main earner parent when they were 14. We then
group respondents’ social origin into the eight NS-SEC classes.\textsuperscript{7} In order to simplify our analyses, we consolidate these further at various points in the paper. Here we use a four-class scheme, comparing those with NS-SEC-1 origins (higher managers and professionals, the intergenerationally stable), to NS-SEC 2 (lower managers and professionals, short-range upwardly mobile), NS-SEC 3, 4 and 5, (intermediate and clerical occupations\textsuperscript{8}, mid-range mobile) and NS-SEC 6, 7 and 8 (routine and semi-routine occupations and those with no earning family member\textsuperscript{9}, long-range mobile).

We draw on a sample of 95,950 respondents from the July-September 2014 LFS Wave. We remove all those under 23\textsuperscript{10} and/or in full-time education from the analyses. We also omit those over 69, as the LFS collects data on those over 69 differently, since most people in this age group have moved into retirement. This leaves 26,514 respondents between the ages of 23 and 69 who have an identified work region and have sufficient origin information to assign to one of the above groups, 4,580 in NS-SEC 1 occupations, and 3,453 who also have earnings information (3377 with data on all covariates used in regression models).

To model predictors of earnings across regions, we use the respondent’s earnings percentile, within NS-SEC 1, within the region in which they work. A percentile score of 80, for example, means that person is earning more than 80 per cent of those in our sample in higher managerial and professional occupations who work in the same region as s/he does. This allows for comparisons of coefficients between regions which are not skewed by the much higher average earnings, and much wider distribution of earnings, for those in London and (to a lesser extent) the Southeast.
**The Regional Class Composition of NS-SEC 1**

We begin our analysis with a descriptive portrait of the spatial distribution of NS-SEC 1 jobs in Britain. Table 1 demonstrates that although high-status occupations are distributed throughout the UK, there are important regional differences. In particular, London and the South East have a considerable overrepresentation of NS-SEC 1 jobs, especially Inner London. Moreover, NS-SEC 1 jobs are significantly better remunerated in Inner London – earning on average 42 per cent or over £18,000 per year more than those situated elsewhere in the UK. This is reflective of a wider and growing pattern of cross-regional earnings inequality between London and the rest of the UK (Stewart, 2011), partly explained by the different composition of high-status occupations in London and the higher returns to these occupations (Monastiriotis, 2004).

*Table 1 here*

Next we examine the class origins of those in NS-SEC 1 in different parts of Britain. Figure 1 shows two key findings. First, people in higher managerial and professional occupations are disproportionately drawn from privileged occupational backgrounds in all areas of the UK: while those from NS-SEC 1 backgrounds constitute only 16 per cent of the general population, this figure is considerably higher among NS-SEC 1 employees in every region. Second, despite an overall overrepresentation of the privileged, there are important regional differences in social origin. Significantly, the regions in the south of England contain a particularly high concentration of respondents in NS-SEC 1 jobs who are from NS-SEC 1 backgrounds. Inner London stands out particularly here. For example, nearly 60 per cent of those working in top
jobs in Inner London are drawn from professional and managerial backgrounds (NS-SEC 1+2), while in Birmingham and the Metropolitan West Midlands this figure is closer to 30 per cent. This is suggestive of a process Savage et al (2015) term the ‘bees round a honey-pot’ effect: the more economic Capital is associated with a specific job, the more likely it is that it draws those from privileged backgrounds.\textsuperscript{11}

Figure 1 here

**The Regional Class Pay Gap**

While this analysis demonstrates important regional variations in the class composition and apparent ‘openness’ of NS-SEC 1, it does not tell us whether there are also regional variations in how those from lower origins fare relative to others within NS-SEC 1 occupations. In previous work (Authors A and B; Year B) we have demonstrated that there is a significant ‘class origin pay gap’ in NS-SEC 1 as a whole. Deepening this, in Figure 2 we apply an additional geographical lens, comparing the income percentile (within NS-SEC 1 in their region) of respondents in NS-SEC 1 occupations from stable backgrounds to those who have been mid- or long-range upwardly mobile\textsuperscript{12} (from NS-SEC 3-8 origins) in 12 different areas of the UK\textsuperscript{13}.

Figure 2 here

Figure 2 demonstrates that there are substantial regional origin-income differences among those in NS-SEC 1 occupations. In seven of the twelve regions these constitute statistically significant differences: the average earnings of the mid- and long-range mobile combined is lower than the stable at $p<.05$. Notably, all five of our
metropolitan areas are included in this group. In particular, the mobile in Inner London and Birmingham and Metropolitan West Midlands display the highest earnings difference – about 10 and 12 percentile points respectively, which translates to just under £200 less per week or on annual difference of about £10,000, than the stable in their areas. In contrast, the origin-income difference is much lower in Scotland, the Northeast and the East of England.

Of course, a distribution of earnings averages does not necessarily indicate that the mobile face more acute pay disadvantage in some parts of the country. It may be, for example, that they are simply different from the inter-generationally stable in these areas in other respects. In order to disentangle potential sources of class-origin income difference, in Table 2 we show linear regressions for each region that control for factors that previous sociological research has identified as potential sources of income inequality in the UK; specifically, education (Gregg et al., 2013; Jerrim, 2012; Walker and Zhu, 2010); human Capital (Becker, 1962; Coleman, 1988; Groot and Oosterbeek, 1994); and elements of work context, such as working in London (Cunningham and Savage, 2015), in big firms (Ashley, 2015) and in the private versus public sector (ONS, 2014).

Table 2 here (regressions)

Table 2 shows the results of regressions of weekly gross earnings among NS-SEC 1 respondents in each of the 12 regions in our analysis. The models include five sets of independent variables, in addition to social origin. First, we include demographic controls for gender, ethnicity, age, age squared, country of birth and the quarter in
which the respondent gave earnings information. Second, there are measures of education: the highest degree or qualification the respondent has achieved, and their degree classification. Third, we include additional measures of “human Capital” – training, job tenure and current and past health. Fourth, we add work context: the industry the respondent’s job was in, whether she worked in the public or private sector, the size of the firm at which she worked, and the number of paid hours worked. Finally, we include dummy variables for each of the individual occupations in NS-SEC 1.

For ease of presentation, Figure 3 plots the origin-income coefficients once all controls have been added for each of the 12 regions. This demonstrates definitively that the class pay gap does not operate equally throughout the UK. Instead, Figure 3 shows that it is largely concentrated in six regions of the UK which remain statistically significant even when we control for a variety of variables. While Figure 3 differs in some ways from Figure 2, in general inter-regional differences remain strikingly consistent after controls are added. In particular, the pay gap remains marked in metropolitan areas around London, Birmingham, Manchester and Liverpool.

*Figure 3 here*

It is also worth considering the findings in Figure 3 alongside those detailed in Figure 1, showing the class origins of those in NS-SEC 1 by region. One might expect that in regions where there are lower absolute numbers of the upwardly mobile (in NS-SEC 1 jobs) the class pay gap would be higher. For example, the literature on women and
ethnic minorities has long shown (Kanter, 1977; Bell and Nokomo, 2001) that increased cultural visibility makes minority groups more vulnerable to stereotyping and discrimination in elite occupational settings. However, this association between access and progression is only evident here for Inner London. In other metropolitan centres such as Birmingham and Manchester those from working-class backgrounds are comparatively over-represented in top jobs, yet once there still face considerable class-origin pay penalties.

Two other notable findings also emerge from Figure 3. First, there are a number of work regions – namely Scotland, the Northeast and Outer London and the South East - where, after controls are added, the pay gap shrinks to a negligible figure. Most significant here is arguably Scotland, which includes metropolitan Glasgow and the Capital, Edinburgh – a notable centre for occupations such as law and finance that our previous analysis has identified as marked by striking class pay gaps at the national level (Authors A and B, Year B). This also paints a different picture to the recent findings of Paterson and Iannelli (2007) who indicate that Scotland has very similar overall rates of intergenerational occupational mobility to the rest of the UK. It may be, however, that the relatively autonomous operation of professions like law and finance in Scotland may have led to more meritocratic occupational cultures – a suggestion supported by Ashley’s (2015) recent case study of elite professional firms situated in Scotland.

Second, Figure 3 demonstrates that the most robust (if not largest) percentile pay gap is found in Inner London. This is particularly significant when combined with findings in Figure 1 showing the relative social exclusivity of NS-SEC 1 work in
London. Taken together, these findings present a strikingly different portrait of social mobility than that of the progressive ‘London Effect’ widely accepted in policy circles. While London may well function as an educational ‘escalator region’ for the children of the working classes, these findings indicate that such individuals are likely to face particularly strong barriers to progression if and when they attempt to ascend top occupational escalators.

In the next section we delve further into the London pay gap by examining the specificity of the Capital’s labour market. In particular, we build on our previous analysis (Authors A and B, Year B) which identified that 30 per cent of the national class pay gap can be accounted for by two drivers; first, the greater likelihood that those from privileged backgrounds will be employed in London (where average salaries are higher) and second, that the privileged are more likely to enter bigger (and on average better-paying) firms. This adds significantly to the interpretation of our results here. While the national pay gap is somewhat explained by greater numbers of the privileged moving into highly paid jobs in London, the pay gap in London itself indicates that these individuals also tend to pull away once they enter jobs in the Capital. Following this logic, we next examine whether a similar origin effect is found within large private firms situated in inner London. Indeed, recent qualitative work has argued that large corporate law and financial services firms in the Capital are disproportionately dominated by those from privileged backgrounds (Ashley, 2015). While this work is confined to issues of occupational access, it concludes by speculating that one plausible implication of this skew is that ‘individuals from less privileged backgrounds may encounter more problems climbing the career ladder than their more privileged peers’ (Ashley, 2015: 13).
Corporate London; the Apex of Class-Origin Pay Disadvantage

In this section we interrogate this hypothesis by examining both the composition, and average earnings percentiles, of those (in NS-SEC 1 occupations) in Inner London that work in private sector firms with over 500 employees.  

Table 3 here

Figure 4 here

Table 3 shows that such firms cover a relatively wide range of industries but that there is a particular concentration in banking and finance. We then contrast this group to those in Inner London who do not work in such firms, and to those who work outside Inner London who do – and then who do not - work in such firms. Figure 4 echoes recent qualitative work in pointing to the significantly higher proportion of those from higher professional and managerial backgrounds in big London firms compared to other top jobs in the Capital, or to similar-sized firms situated elsewhere in the country.  

Figure 5 here

Moreover, Figure 5 demonstrates that there are also very substantial differences in the class-origin pay gap in Inner London depending on whether or not respondents work
in large private-sector firms. For example, even with a small sample size, the average earnings of the intergenerationally stable in large firms in Inner London are significantly higher than the average earnings percentile of the mid- and long-range mobile. The long-range upwardly mobile, for example, earn 17 percentile points less, or on average about £340 a week (£17,700 a year) less than those from higher managerial and professional backgrounds. Significantly, this effect is not driven by banking and finance: the pay gap is also significant in other large private firms in Inner London, and not significant among those working in banking and finance outside Inner London.

In contrast, there are no significant earnings differences by origin for those working in other high-status jobs in London and - perhaps even more tellingly – no significant differences among those working in big firms outside the Capital. Finally, Figure 6 demonstrates that even when all controls are added, the results remain largely similar. The mobile in London still face the biggest pay gap within big firms, but now the mobile working elsewhere in London also earn significantly less.

*Figure 6 here*

Together these results suggest a distinct spatial and sectoral apex to the class-origin pay gap in Britain. More specifically, they underline the acute earnings disadvantage faced by those from working-class backgrounds who enter London’s large corporate firms. Moreover, the fact that such differences are not found among similarly-sized firms outside the Capital, and that the gender pay gap is similarly intense among
London’s highest paying jobs (Stewart, 2014), further indicate that intra-occupational discrimination may be particularly severe within London’s corporate culture.

The data at hand cannot explain why the pay gap is so clearly spatially concentrated. However, based on existing work, here we suggest two conceptual possibilities. First, it may be that the pay differences are associated with differences in the types of firms – even among 500+ private firms—where the stable and the mobile work. It is possible, for example, that the stable choose to - or are better able to - enter London’s biggest, most prestigious and better-paying ‘blue-chip’ firms (Cook et al., 2012). One reason for this, highlighted in the work of both Ashley and Empson (2012) and Rivera (2015), is that the companies offering the highest incomes are often ‘elite professional-services firms’ (in law, investment banking, accountancy and management consultancy) that are largely client-facing and where the ‘product’ is invariably the employee, in terms of winning and retaining business. Here, both studies report, perceptions of individual ‘image’ are paramount to recruitment processes, with the embodied cultural capital (legitimate forms of speech, accent, mannerisms and dress) possessed by middle-class candidates considered essential for convincing clients of one’s claim to expertise. Second, but related, the lower absolute numbers of upwardly mobile employees in large London firms may ensure that these individuals feel isolated but simultaneously more visible in these work environments, and therefore more culturally exposed as they attempt to progress through their career (Ashley, 2015).

Conclusion
The class-origin pay gap represents a powerful and previously undetected form of inequality within Britain’s higher professional and managerial occupations. This is not an isolated local effect but instead, as our analysis here demonstrates, is visible across most of the UK. Yet there are also clear regional variations - from high concentrations of pay disadvantage in large metropolitan centers to notable absences in Scotland and the North-East. It is also clear that the most robust concentration of this inequality is found in Inner London, particularly among those working in large private-sector firms. Not only is the composition of this corporate sector disproportionately skewed toward the socially privileged, but once within such firms those from working-class backgrounds face particularly acute barriers to progression, resulting in average earnings 17% lower than colleagues who have come from privileged backgrounds.

These findings, we believe, demonstrate that when it comes to understanding how class origin shapes occupational trajectories, space matters. In particular, we hope this research may revitalise a strand of work dedicated to exploring the spatialisation of class. While this work has typically considered residential location and class destinations, our work demonstrates the importance of occupational location and class origin. Put simply, in high-status occupations the importance and meaning of class origin depend significantly on where one works. This is clearly indicated by our finding that a working-class background is associated with considerably more earnings disadvantage for those working in Inner London compared to working in Edinburgh, Newcastle or Glasgow, even within the same set of high-status occupations.
The drivers of this London-specific effect remain largely unexplained and follow-up work is urgently needed. Here, drawing on recent directions in ‘glass ceiling’ research, we stress the need for qualitative work that can better elucidate how occupational inequalities play out in specific spatial contexts. This feminist literature has highlighted how factors such as ‘mentorship’ (Elacqua et al., 2009), ‘pay negotiation’ (McGovern et al., 2007) and ‘bonus cultures’ (Olsen, 2010) tend to work in the favour of men in large metropolitan firms, and we believe these may also be important for unravelling ‘class ceiling’ effects.

It may also be that class-origin disadvantages of access and progression may be related. As there are lower proportions of the upwardly mobile in London’s large private firms, their increased cultural visibility may make them more vulnerable to stereotyping and discrimination – a process widely reported in relation to professional women and ethnic minorities (Bell and Nkomo, 2003; Kanter, 1993). Similarly, as Rivera (2015) has demonstrated, ‘middle-class cultural signals’ may be more entrenched and dominant in elite metropolitan workplaces and therefore upwardly mobile individuals seeking to ‘fit in’ may need to expend more labour on cultural adaptation and mimicry while stable colleagues can concentrate on career progression.

We also believe our work has two important implications for scholars interested in social mobility and spatial inequality. First, we believe these findings seriously puncture the celebratory air surrounding the recent ‘London Effect’ discourse on social mobility. While London may be leading the country according to many educational mobility and occupational access metrics, we would argue that the
long-term realization of these increases in mobility is seriously undermined if those from working-class backgrounds face additional hurdles once in the workplace. In other words, ‘getting in’ does not necessarily mean ‘getting on’. Indeed, we believe our findings echo Cunningham and Savage (Cunningham and Savage, 2015) in pointing toward the development of distinctive patterns of elite closure in Inner London, with those from privileged backgrounds able to monopolize the Capital’s highest earning jobs. We would thus stress the need for policymakers to take a more spatially-sensitive approach to social mobility that recognizes the particular inequalities that exist in the elite London labour market.

Second, we hope our analysis will encourage other quantitative mobility researchers to take issues of space and inter-regional variation more seriously. Very often large-scale mobility research is fixed spatially at the national level, and therefore tends to implicitly assume that mobility effects are occurring in the same way throughout the country under investigation. One pragmatic reason driving this is that, traditionally, researchers have simply lacked the large-scale representative data needed to provide a more spatially granular lens. However, increasingly, new sources such as tax data in the U.S (Chetty et al., 2014) or census material in Norway (Flemmen, 2012) are emerging to allow us to bridge this gap. Taking advantage of these new empirical materials, or innovations in existing data sets as we do here, is likely to reveal specific occupational and spatial confluences of inequality —such as Corporate London — that are profoundly important for understanding precisely where class disadvantage is taking place.
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**Notes**

1 The relationship between parent’s and child’s class position is often described using spatial metaphors, most prominently ‘mobility’. In order to minimize confusion, in this paper mobility will only refer moves between class positions, rather than geographic moves.

2 The salience of intra-occupational inequality has long been demonstrated in relation to gender and ethnicity, with studies consistently highlighting the hidden barriers, or ‘glass ceilings’, faced by women and ethnic minorities in high-status occupations.

3 Occupation is not the only criterion for inclusion in NS-SEC 1; the scheme also takes into account aspects of respondents’ role in their organization, such as whether they own their own business and how many people they manage.

4 As the LFS does not collect data on individual place of origin, we are not able to examine the relationship between social and spatial mobility.

5 Although Merseyside is a metropolitan county, the number of respondents in NS-SEC 1 jobs - 73, only 47 of whom have income data - is too low to separate it out as a separate region in our analysis.

6 Because the sample sizes in Northern Ireland did not allow for meaningful analyses (734 with origin and current occupation data; 374 who also have reported earnings, and only 36 with responses to all covariates in the full regression models) it is not included here.
We use Table 10 from the simplified scheme to match parents’ 4-digit SOC2010 occupational codes to the analytic NS-SEC categorization.

This includes occupations which are normally self-employed, and technically skilled and craft occupations.

People who said there was no one earning in their household at age 14.

Although it is standard in mobility table analyses to only look at those age 30 or 35 or over, we include the widest reasonable age range because we are interested in the composition of NS-SEC 1, not mobility chances by origin.

The apparent openness of NS-SEC 1 in some of the regions of the North of England is complicated by Appendix Table 1 and Appendix Figure 1: the class-origin composition of people in *any* destination varies widely across the regions of Great Britain, so many of these regions’ NS-SEC 1 workforces are particularly unrepresentative of the class-origin composition of their region, while being closer to representative of the class-origin composition of Great Britain as a whole.

In this figure we therefore exclude respondents who are short-range upwardly mobile.

While earnings do not necessarily provide a definitive measure of occupational position, or level of prestige, it is the best available proxy and also an important marker of success in its own right.

See Appendix for sources and distributions of all variables used in regressions. Individual occupation coefficients not shown in Table 3.
Higher values on each of these health scales indicate greater levels of health problems, see Appendix for more detail.

Additional analysis indicates that the class pay gap in Merseyside and Northwest is driven by metropolitan Merseyside, which is dominated demographically by Liverpool.

This is the largest ‘firm-size’ indicator included in the LFS.

See Appendix Table A3 for Separate Regressions of Earnings Percentile for Banking and Non-Banking Industries