

Abstract

Although the London School of Economics was founded in 1895 by the socialist Fabian Society, it has evolved into something quite different in its 120 years of existence. Amid criticism that the LSE had “transformed into a finishing school for investment bankers,”¹ a roundtable discussion on “elitism” at LSE took place on 6 October 2014². Inspired by the on-going debate about the diversity of students at LSE, the LSESU Economics Society Research Division decided to investigate further. Following findings from the literature, the study focused on a survey of socioeconomic diversity at LSE with particular emphasis on household income and parent’s educational attainment. Information on the Graduate Support Scheme was also obtained from the LSE Financial Support Office. Analysis of the data obtained from the survey showed that there was significant variation in income distributions and parent’s educational attainment. Variation was also found in GSS application and award patterns.

Methodology

Based on the review carried out of the existing literature in the field of socioeconomic diversity in education, our team found the commonly-used method of collection of data through surveys to be most suitable for the purpose of this project. Given the nature of the target audience, composed primarily of young adults aged 18-25 with easy and reliable access to the internet, the team felt comfortable with the idea of administering the survey online, through the commercial survey provider SurveyMonkey. The research questions being raised by the project required a significant amount of demographic information.

In order to make the survey concise and easy to understand, the questions for data collection were designed in a way to extract strictly the required information, reduce the impact of known biases and eliminate any redundancies.

The final survey was promoted through a number of LSE media, including Career Hub, Moodle and Facebook, and was incentivised by giving out Amazon vouchers of varying amounts through a lucky draw at the end of the survey.

This process allowed us to reach out to a large set of the student population. The survey ran for a month, through December to January, garnering 695 responses, with a 7.5% response rate.

The data collected was subject to thorough cleaning and validation in order to remove any incomplete, inconsistent or duplicate responses, and the final working set had 597 data points.

The results were fairly representative of the student body at LSE, with a 54:42 male to female split, 49% of the respondents studying in undergraduate courses and responses from 19 academic departments.

The data was, however, skewed in terms of nationality of the respondents, with 33% of the students selecting the UK as their country of nationality, which is greater than the actual percentage of the UK student population at LSE. On the whole, the team was satisfied with the number and quality of responses and it was found suitable to carry out further econometric analysis with it.

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“Richer Than You Since 1895?”

A Study of Socioeconomic Diversity at LSE

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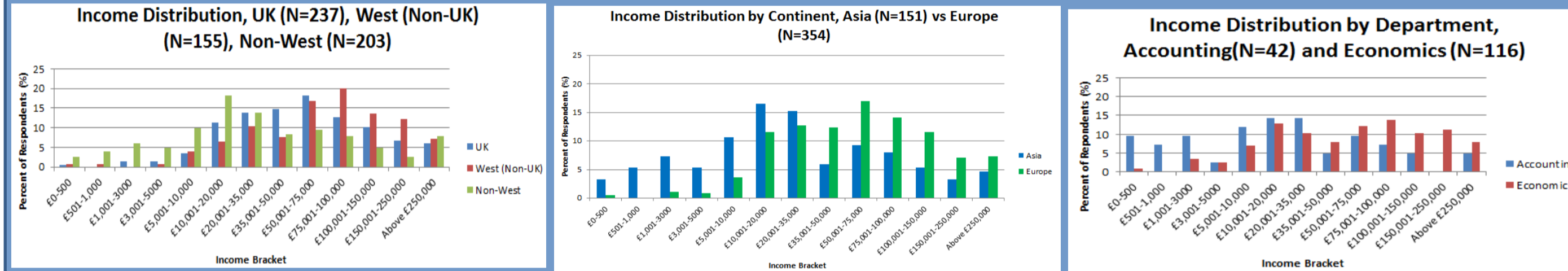


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Key Findings Income Distribution



Household income was a crucial part of our survey. We asked respondents to place their aggregate household income into one of 13 income brackets. Not surprisingly, we found significant variation in the reported household incomes of respondents, especially when broken down by categories. Geographically, the distribution for students from the UK centers on the £50,001-75,000 bracket, while the distribution for students from other Western countries centers on the £75,000-100,000 bracket and the distribution for all non-Western students centers on the £10,001-20,000 bracket. Interestingly, there are more very rich students (income > £250,000) from both non-UK Western countries and non-Western countries than the UK itself. This result is confirmed by the graph of income distributions from students from Asia and Europe. There was also significant income differences between departments, with Accounting being the department with the highest proportion of lower income students and Economics being one of the ‘richer’ departments.

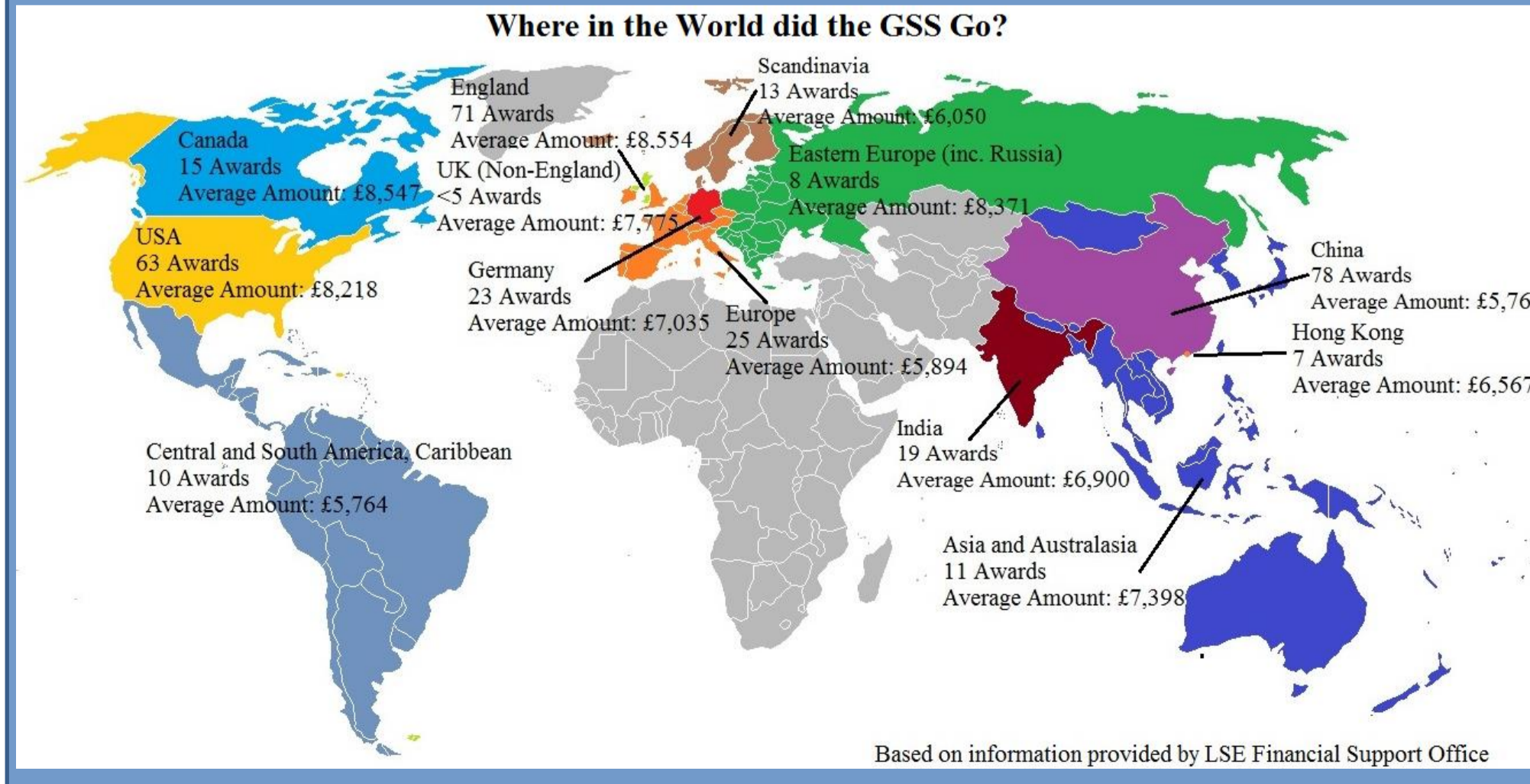
Parent’s Educational Attainment



Parents’ education is an important measure that captures the social side of socioeconomic diversity. Our data indicate that the vast majority of LSE students do in fact have at least one university-educated parent. However, different student groups are not all equal in this regard. As seen above, postgraduate students are more likely than undergraduates to have parents with a postgraduate degree, which seems to confirm that choice of educational level does to some extent depend on family background. The relatively few LSE students whose parents are not university-educated are mostly UK students. Nearly 40% of respondents from the UK had parents without university degrees, while this was only the case for 20% of international students. Particularly students from western countries like Germany, France and the US had remarkably well-educated parents, but e.g. students from Asia also have higher-educated parents than UK students overall. There is also a slight gap between the genders: Compared to females, male students show a slight tendency to have parents with either very high or very low levels of education.

Graduate Support Scheme (GSS)

The survey also focused on the Graduate Support Scheme (GSS), LSE’s flagship postgraduate support scheme, and factors that influence the probabilities of students submitting an application for GSS funding and the probability of receiving an award. The LSE Financial Support Office provided valuable information on the number of applications, number and average amount of award, and home country of award. Based on this information,



we were able to evaluate certain aspects of the GSS. As the map shows, the vast majority of GSS awards are made to just three countries: China, the UK, and the US. Out of a total of about 345 awards, 212 awards, or about 61%, were awarded to these countries. At a departmental level, success of applicants varied greatly. Accounting was the most successful department, receiving one award for every five applications submitted. Economics was the least successful department, submitting 25 applications for every award granted. From an application standpoint, Management postgraduates are the least likely to apply for GSS, with only 20% applying, even though Management is by far the largest postgraduate department at LSE. Over 95% of postgraduate students in the Law, International Development, Finance and Anthropology Departments applied for GSS funding.

Literature Review

1. Elitism

An LSE study of UK educational attainment suggests that a £7000 reduction in family income decreases chances of attaining a degree by 4% nationwide and that this relationship has been strengthening over time.³

The increase in participation in UK higher education from 1960-2000 was overwhelmingly concentrated among the rich, with the educational attainment of students in the lowest 20% of parental incomes increasing only 3% between 1981-1999, while increasing 15% for the middle incomes, 60% and 26% for the top 20% incomes in the same period⁴.

2. Funding for UK Universities

The UK is the third most expensive location in the world for international students, with an average cost of US \$30,325 (tuition and living costs) in 2013⁵ – and London is even worse.

65% of prospective graduate students stated that course fees affected their decision. The same survey also revealed that 61% of students who said they were unlikely to study at postgraduate level put course fees as one of the factors putting them off⁶. For universities themselves, however, the situation is very different. In the context of reduced public funding, international students offer a very tempting source of income for schools:

“In 2012–13, almost one-eighth (12.1%) of the UK higher education sector’s income was derived from non-EU students’ tuition fees – a total of £3.5 billion.”⁷

3. Migration Patterns

LSE boasts a truly international composition, with students coming in from as many as 150 countries.

It is therefore of importance to deal with migration patterns of international students coming to LSE. We are interested in looking at whether these patterns indicate that international students at LSE tend to come from a more privileged background than domestic students. The top 5 countries that sent the most students to the UK are China (78,000), India (30,000), Nigeria (17,500), Germany (16,000) and the US (16,000) and the majority of international students are concentrated in postgraduate studies⁸. London is home to a particularly high density of international students, as about 26% of the student population in London is international, as opposed to 18% in the UK as a whole. These factors stand in contrast to the constricting political climate in the UK, one result of which is the increase in visa restrictions for international students. Considering recent changes in student visa regulations, we can see the consequences in a decreasing number of students from India, Pakistan and Bangladesh coming to the UK:

In 2013 alone, the number of visas issued to Indian students decreased by 24%⁹.

Discussion

Our analysis was quite illuminating to the degree of socioeconomic diversity present at LSE. From the standpoint of household income, it is clear that international students as a whole tend to be richer than students from the UK. This may be due to the increased costs of attending LSE as an international student, with the need to find suitable living arrangements and significantly higher tuition fees or due to a relative information advantage that those from richer backgrounds may enjoy when considering international education options. However, there is significant variation across countries, with Western students on the whole being richer than UK students and non-Western students being poorer than UK students. This may be due to functional and generous scholarship programmes in many East Asian countries, including Malaysia and Singapore, that contribute toward allowing students from lower income backgrounds to attend LSE. From the standpoint of parental educational attainment, most students’ parents have a university education themselves and the majority of students that this is not true for come from the UK. Our analysis of the GSS shows that there are notable differences in application and award probabilities by both country and by department. This may be due to international students not knowing about the GSS, as many of the departments that had the highest rate of application are also the departments that the survey found to have the highest proportion of UK students. Analysis on the survey and GSS data will continue, including comparing the income of respondents to known income distributions for their home countries, to assess whether the students at LSE are socioeconomically representative of their home countries or tend to be richer than the average household in their home country. The Economics Society plans to publish the final report between the beginning of Summer Term.