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Measuring Socioeconomic Background: Evidence and Implications for Measurement

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TABLE OF CONTENTS

Measuring Socioeconomic Background: Evidence and Implications for Measurement 1
Executive Summary 4
Introduction 5
Defining and measuring socioeconomic background 7
Validation of the proposed questions 8
Parental Education 8
Parental occupation and income 13
Neighbourhood disadvantage 17
Type of school attended 22
Rationale for businesses and organisations 27
Considerations for implementation and reporting 27
Organisational implementation 27
Reporting 28
Methodology 30
References 32

TABLE OF FIGURES

Figure 1. The impact of a father's educational attainment on the odds of completing post-secondary or university education. 10
Figure 2. The impact of a father's educational attainment on the odds of being employed. 10
Figure 3. The impact of a father's educational attainment on real hourly wages. 11
Figure 4. The impact of growing up in a household receiving income support payments on the odds of completing post-secondary or university education. 14
Figure 5. The impact of growing up in a household receiving income support payments on the odds of being employed. 15
Figure 6. The impact of a father's educational attainment on real hourly wages. 15
Figure 7. The impact of neighbourhood disadvantage on the odds of completing post-secondary or university education. 18
Figure 8. The impact of neighbourhood disadvantage on the odds of being employed. 19
Figure 9. The impact of neighbourhood disadvantage on real hourly wages. 20
Figure 10. The impact of school type on the odds of completing post-secondary or university education. 23
Figure 11. The impact of school type on the odds of being employed. 24
Figure 12. The impact of school type on real hourly wages. 25

EXECUTIVE SUMMARY

Socioeconomic background continues to shape career opportunities in Australia, with people from disadvantaged backgrounds underrepresented in higher-income and leadership roles. While many organisations now collect demographic data to support diversity, equity, and inclusion (DEI), socioeconomic background remains largely ignored.

This report presents the validation of a set of survey questions designed to measure socioeconomic background in organisational contexts. Drawing on data from the nationally representative Household, Income and Labour Dynamics in Australia (HILDA) survey, four core items were tested: parental education, parental income support, neighbourhood-level disadvantage, and the type of school attended. Each item demonstrated meaningful associations with outcomes in later-life, such as educational attainment, employment status, and wages, confirming their value as practical indicators of socioeconomic background.

This analysis shows that parental education is the strongest predictor of outcomes, followed by school type and neighbourhood-level disadvantage. Parental receipt of income support also showed consistent, although smaller, effects. Together, these items provide organisations with robust tools to understand how socioeconomic background shapes workforce participation and progression. If organisations face limitations for implementing all four of these items, it is recommended that the parental education question be prioritised.

For reporting on these items, two approaches are proposed. The first, creation of a composite index of socioeconomic background that integrates responses across items. The second, more traditional benchmarking for each item against national norms. Both methods can help organisations identify representation gaps, and track progress in improving workforce diversity.

Ultimately, these measures will help organisations to measure and understand the socioeconomic background of their employees, which will provide concrete evidence to guide more inclusive hiring and promotional practices.

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INTRODUCTION

Australia is among the most economically mobile countries in the OECD. Yet despite this relative success, people from the most disadvantaged socioeconomic backgrounds remain underrepresented in the highest income deciles (Productivity Commission, 2024). This suggests that mobility for those at the extremes of the socioeconomic distribution is 'sticky'; movement far beyond one's origins remains difficult for those at the bottom and top.

This presents a significant social and policy concern. A person's prospects in life should not be determined by ascribed characteristics, such as where and to whom they were born. Beyond the imperative of social justice, a substantial body of research highlights the broader costs to society of entrenched disadvantage, including reduced health, social cohesion, and productivity (Blau & Blau, 1982; Wilkinson & Pickett, 2017).

Addressing these challenges requires attention not only from policymakers, but also from organisations. One important step is ensuring that hiring and promotional practices do not unintentionally discriminate against people from disadvantaged socioeconomic backgrounds. Employees should have the same opportunities for success regardless of their upbringing or financial circumstances.

For organisations, the rationale is both ethical and strategic. Research shows that greater team and workforce diversity is associated with favourable business outcomes for organisations with inclusive leadership and psychological safety, with diverse teams in these environments more likely to demonstrate lower levels of conflict and greater levels of wellbeing, creativity, and problem-solving (Herring, 2009; McKay et al., 2008; Nishi, 2013). Moreover, as expectations around transparency in diversity and equity reporting continue to grow, organisations that include socioeconomic background within their equity frameworks will be better positioned to demonstrate leadership and meet emerging compliance requirements.

A key enabler of this work is the collection of data on employees' socioeconomic background. This data can reveal hidden barriers to recruitment, retention, and advancement which might otherwise remain obscured, such as patterns of attrition or slower progression among staff from disadvantaged backgrounds.

Yet socioeconomic background remains largely absent from organisational diversity initiatives. Recent research by the Australian HR Institute (2023) found that while 45% of surveyed HR professionals in Australia reported collecting demographic data for diversity, equity, and inclusion (DEI) purposes, only 7% collected information on socioeconomic background. This contrasts sharply with the near-universal collection of data on gender (97%), as well as the high levels of reporting on Aboriginal and Torres Strait Islander identification (81%) and cultural background (75%).

This gap suggests that organisations may underestimate the significance of socioeconomic background or remain uncertain about how to measure it effectively. This report seeks to address the latter concern. It proposes a concise, evidence-based set of questions that organisations can use to assess the socioeconomic background of their employees. These items are validated using data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey by testing their association with employment-level disadvantage.

DEFINING AND MEASURING SOCIOECONOMIC BACKGROUND

Socioeconomic status (SES) typically refers to an individual's current social and economic position, often measured by their education, income, and occupation. By contrast, socioeconomic background (SEB) reflects the conditions in which someone was raised. This distinction matters: an individual may achieve a high SES today, despite originating from a low socioeconomic background. For example, someone raised in a disadvantaged household may later complete tertiary education and secure a high-status occupation.

Because SES is usually measured using education, income, and occupation, SEB is often assessed by asking about these same indicators in relation to parents or guardians; for instance their highest level of education, the household's or primary earner's income, and their occupation. Other measures sometimes used include family wealth, neighbourhood disadvantage, or self-reported class identity, as they capture aspects of financial or social capital present during childhood and adolescence (Baker, 2014). In Australia, school type is also informative: attendance at independent schools is strongly associated with higher-SES families, given the significant fees many of these schools charge (Morris, 2024).

Despite these indicators being conceptually validated by the academic literature, collecting reliable SEB data can be challenging. Many people cannot accurately recall or estimate their parents' income, since children are rarely involved with household finances. Additionally, reporting a parent's occupation can also be difficult, as standard classification systems (e.g. ISCO, ANZSCO) require knowledge of specific job tasks that children are unlikely to know. Recall bias is another concern when asking a respondent about their upbringing: specific details from their childhood or adolescence, such as an exact postcode, may be hard to remember, especially for those who moved often.

To address these issues, SEB is often best measured through broader, experience-based indicators rather than precise figures. For example, instead of asking for a parent's exact income, a more reliable question might ask whether a parent was unemployed and actively seeking work for six months or more during the respondent's adolescence. Similarly, rather than requiring an exact postcode to measure neighbourhood disadvantage, asking for the suburb, town, or region in which they grew up can provide meaningful information without overburdening respondents.

By focusing on indicators that are easier to recall and directly tied to lived experience, organisations can gather more accurate data on socioeconomic background. This makes it possible to identify patterns of disadvantage while also reducing the cognitive and emotional burden on employees responding to these items.

VALIDATION OF THE PROPOSED QUESTIONS

This report proposes a short set of practical questions that organisations can use to assess the socioeconomic background of employees. These items focus on four key dimensions:

- Parental education
- Parental employment and income security
- Neighbourhood disadvantage
- Type of school attended

To test their utility, each question is validated using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey. Specifically, we examine how these indicators are associated with three important life outcomes: post-secondary education completion, employment status, and real hourly income. Gender and age are used as control variables across all models.

Where direct measures were not available in HILDA, proxy variables were constructed using related data. This mirrors challenges organisations may face when developing new measures and demonstrates the feasibility of adapting existing datasets for validation.

It is worth noting that predictors of socioeconomic background have often been framed in gendered terms. For example, studies frequently identify the father's occupation and the mother's educational attainment as the strongest predictors of socioeconomic status and a child's academic success (Marks, 2008). However, with more diverse household structures today, a gender-neutral framing focused on the 'primary earner' is both more inclusive and more reflective of modern family arrangements. Where internal piloting suggests that employees find it difficult to identify a single primary earner, survey instructions should encourage respondents to answer consistently about one parent across all items[1].

PARENTAL EDUCATION

Proposed question: What was the highest level of education of the primary earner in your household by the time you turned 16?

[1] Information about the primary earner could be placed on a page before the SEB items, and provide a prompt telling respondents to focus on the parent who, on average, contributed most to the household's income. Where there is uncertainty about which parent earned the most, instructions should inform respondents to choose a parent and answer consistently about them.

Rationale

Parental education is one of the strongest and most widely used indicators of socioeconomic background (Duncan & Brooks-Gunn, 1997; Social Mobility Commission, 2023; Sirin, 2005). International research consistently finds that it predicts children's education and occupation outcomes, reflecting the transmission of resources, expectations, and opportunities across generations (Marks et al., 2006; Sirin, 2005). In Australia, higher levels of parental educational attainment are closely associated with higher lifetime earnings for their children (Productivity Commission, 2024). Focusing on the primary earner provides a non-gendered and inclusive approach that is applicable across different household types.

Validation

In the HILDA Survey, respondents were more likely to report their father's education than their mother's, reflecting the higher likelihood of fathers being primary earners in earlier survey waves. For this reason, father's education is used here as a proxy for the education of the 'primary earner'.

Figure 1 shows that having a father with a higher educational attainment has a strong impact on the odds of the respondent completing any post-secondary education. Compared to those whose father did not complete any post-secondary education:

- Respondents whose fathers had a university education have 2.3 times higher odds of completing any post-secondary education, and 4.2 times higher odds of completing a university education.
- Those whose father completed vocational training have 1.7 times higher odds of completing post-secondary education, or a university degree.

Figure 1. The impact of a father's educational attainment on the odds of completing post-secondary or university education.

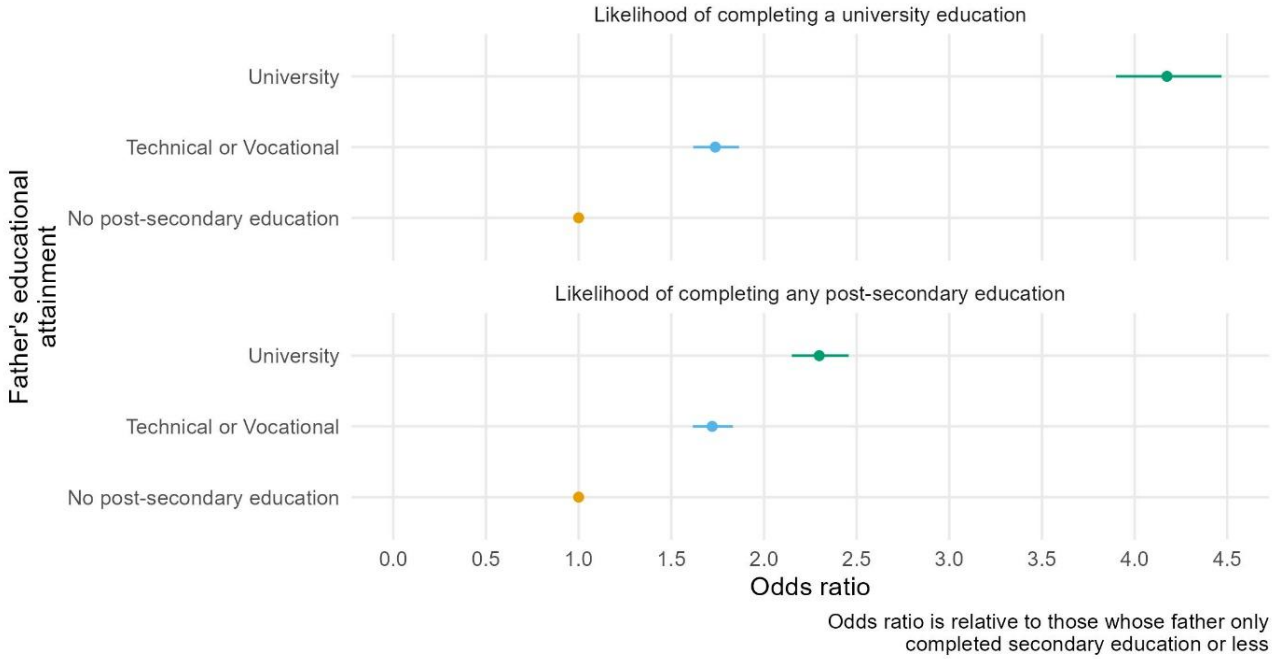


Figure 2 shows that a father's education also has a clear impact on employment outcomes:

- Respondents whose father had a university education have 1.8 times higher odds of being employed, while those whose father had completed vocational training have 1.6 times higher odds of being employed.

Figure 2. The impact of a father's educational attainment on the odds of being employed.

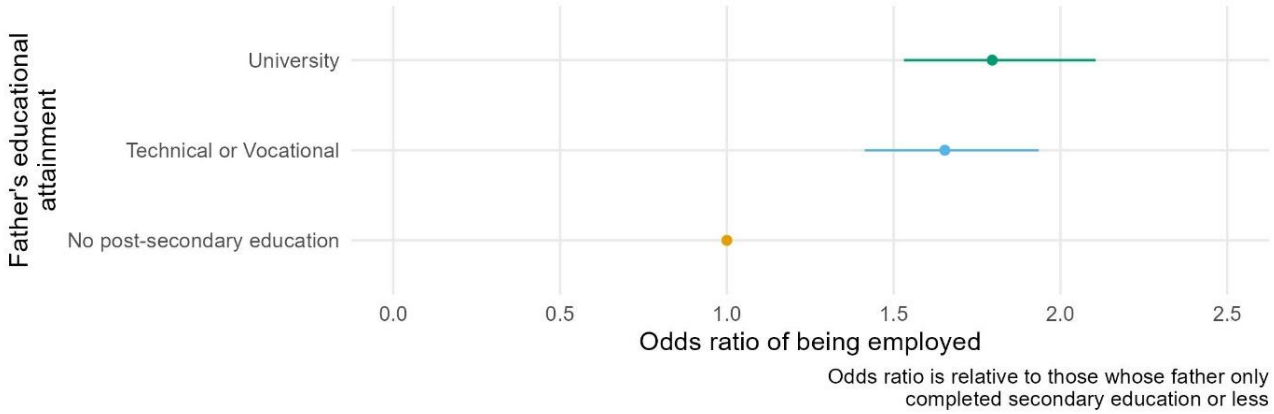
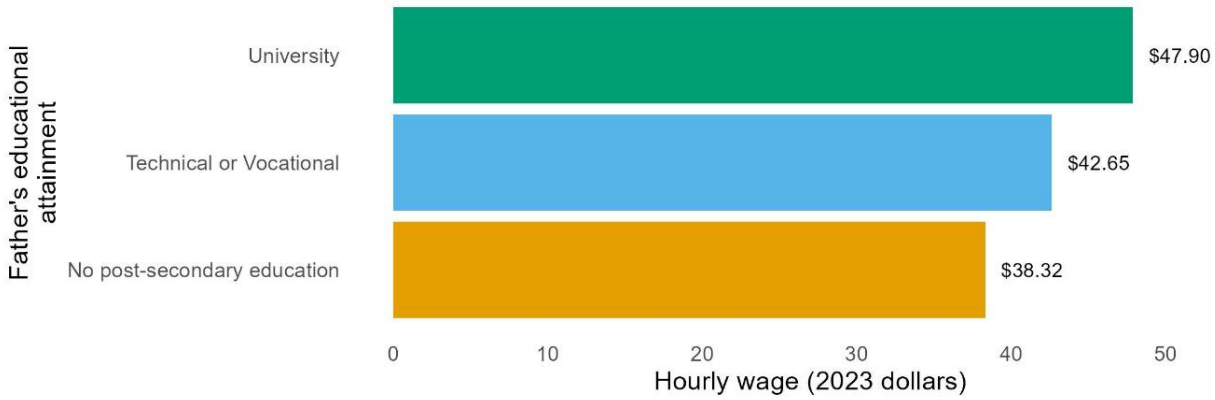


Figure 3 shows that a father's education has significant impacts on predicted real income[2]. Compared to respondents who father did not complete post-secondary education:

- Those with a father who had completed vocational or tertiary education earned an additional $4.35/hour ($8,000 annually full-time).
- Those whose father had completed a university degree earned $9.58/hour more ($17,500 annually full-time).

Figure 3. The impact of a father's educational attainment on real hourly wages.



A parent's educational attainment, particularly that of the primary earner, strongly predicts whether and where someone will complete post-secondary education, secure employment, and earn a higher wage. These outcomes are critical for understanding the potential barriers employees may face, and these findings support including this question as a core measure of socioeconomic background.

Population norms

To contextualise survey responses, Table 1 presents the distribution of educational attainment among the Australian population aged 15+, as well as those in the labour force. As the table reveals, 37% of the population have only a primary or secondary education, which may potentially lead to intergenerational educational and employment disadvantages.

[2] Hourly wages are calculated using a reference profile of a 37-year-old male (the average respondent among those attached to the labour force). Differences in earnings based on a father's education remain consistent across age and gender.

Table 1. Educational attainment in the Australian, and labour force, population aged 15+.

Level of education	*Percent of population aged 15+*	*Percent of population in labour force aged 15+*
Postgraduate degree	6.5%	8.9%
Grad Dip. & Grad Cert.	2.4%	3.0%
Bachelor's degree	17.4%	22.8%
Advance Diploma, Diploma, or Certificates I to IV	25.5%	30.4%
Primary or secondary education only	36.8%	30.5%
Not stated or inadequately described	11.4%	4.4%

Note: Data is sourced from the 2021 Census, accessed via the ABS TableBuilder site. Those 'in the labour force' are either employed in work or unemployed but actively looking for work.

Implementation considerations

While the proposed question asks about the primary earner's education, an alternative item, used prominently by the Social Mobility Commission in the United Kingdom, asks about the highest level of education of either parent (Social Mobility Commission, 2023). A strength of this approach is that it captures information about a household's highest level of education, which accounts for circumstances where the non-primary earner has a higher level of education and more contact with the children than the primary earner. This is important to consider, as previous research in Australia has shown that the education of the mother has a larger impact on educational achievement in children than the father's (Marks, 2008). This was hypothesised to be due to greater contact with the child, because, in the dataset used by the research, stay-at-home mothers were more common than stay-at-home fathers.

To maximise accuracy and reduce cognitive burden, response categories should be kept simple. Analysis of HILDA data shows little distinction between detailed vocational training sub-categories, suggesting that fewer categories may improve reliability. Therefore, the recommended response options are:

1. Year 10 or below
2. Years 11 or 12
3. Trade certificate, diploma, or vocational training
4. Bachelor's degree
5. Postgraduate degree
6. Other
7. Not sure

8. Prefer not to say

Another consideration is for respondents whose parents completed their education outside Australia. To address this, response options can have "or equivalent" added to relevant categories or the survey instructions can explicitly note that foreign qualifications can be mapped to the closest Australian equivalent.

Generational shifts in educational attainment also matter. In 2001, only 17% of Australians aged 15-64 held a bachelor's degree or higher (Australian Bureau of Statistics, 2002). By 2025, this figure had increased to 26.3% among Australians aged 15+. Consequently, older respondents may be more likely to report that their parents did not complete post-secondary education, reflecting historical patterns rather than individual-level disadvantage.

PARENTAL OCCUPATION AND INCOME

Proposed question: Between the ages of 11 to 16, was the primary earner in your household receiving income support (e.g. unemployment benefit, Disability Support Pension) for a period of six months or more?

Rationale

Parental occupation and income are key elements of socioeconomic background (Goldthorpe, 2003; Nelson, 2004; Sewell & Hauser, 1975), but they are difficult for respondents to recall in detail. Many people do not know their parents' exact job title, industry classification, or income level during adolescence, and asking for this information may lead to high non-response rates or unreliable data. A more feasible approach is to use a proxy that captures periods of financial strain within the household.

This question therefore focuses on whether the household's primary earner experienced extended unemployment or reliance on income support. Both are well-established indicators of household economic hardship, with clear links to later educational attainment, employment opportunities, and earnings (Gibb et al., 2012). Importantly, this formulation reduces cognitive burden. Rather than recalling complex occupational histories or precise earnings, respondents only need to reflect on a memorable life experience that may have occurred during their adolescence.

By shifting from exact measures to this proxy, organisations can collect information that is both easier for respondents to provide and meaningful for understanding socioeconomic background.

Validation

The HILDA dataset does not directly ask about parental income support during adolescence. Instead, a proxy measure was constructed by identifying households where adults reported receiving JobSeeker (unemployment benefit), the Disability Support Pension, or a carer payment. The analysis focuses on responses from people who were under 18 when this information was captured. Consequently, the maximum age in this sample is 40.

Figure 4 shows that growing up in a household that received income support has a pronounced impact on educational attainment.

- Respondents from households not receiving income support show 1.6 times higher odds of completing post-secondary education, and 2.3 times higher odds of completing a university degree.

Figure 4. The impact of growing up in a household receiving income support payments on the odds of completing post-secondary or university education.

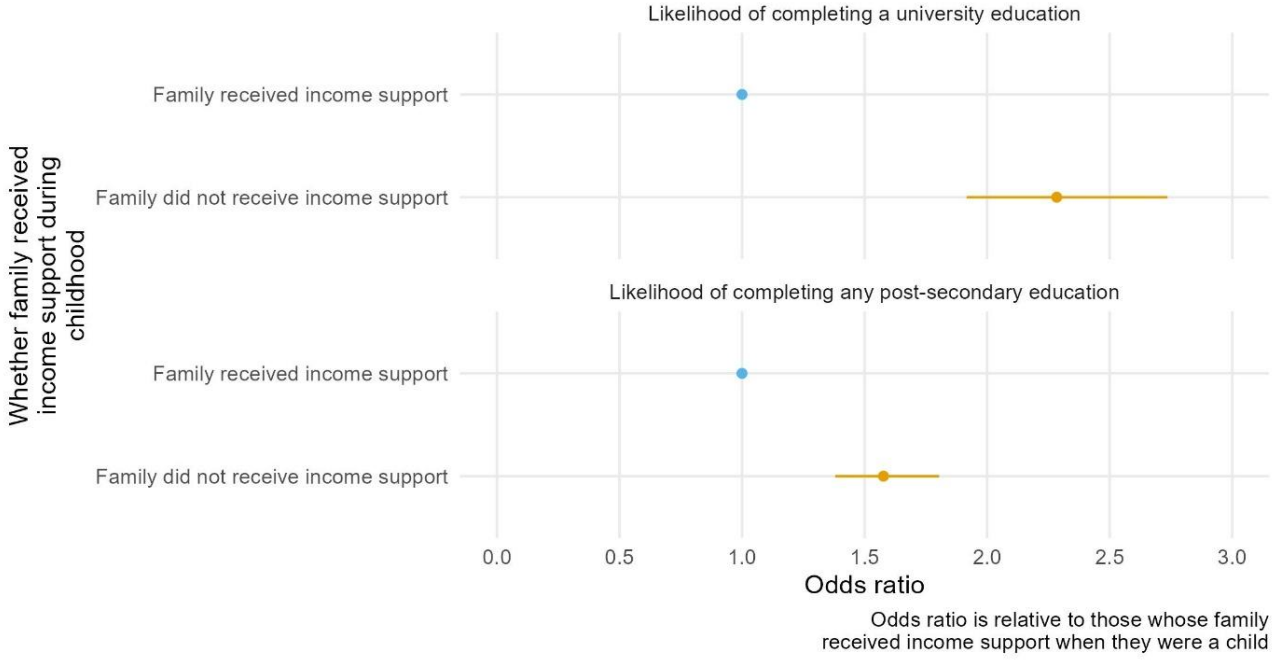


Figure 5 highlights that growing up in a household receiving income support reduces the odds of being employed in later life.

- Respondents whose families did not receive income support show 1.4 times higher odds of being in paid employment as adults.

Figure 5. The impact of growing up in a household receiving income support payments on the odds of being employed.

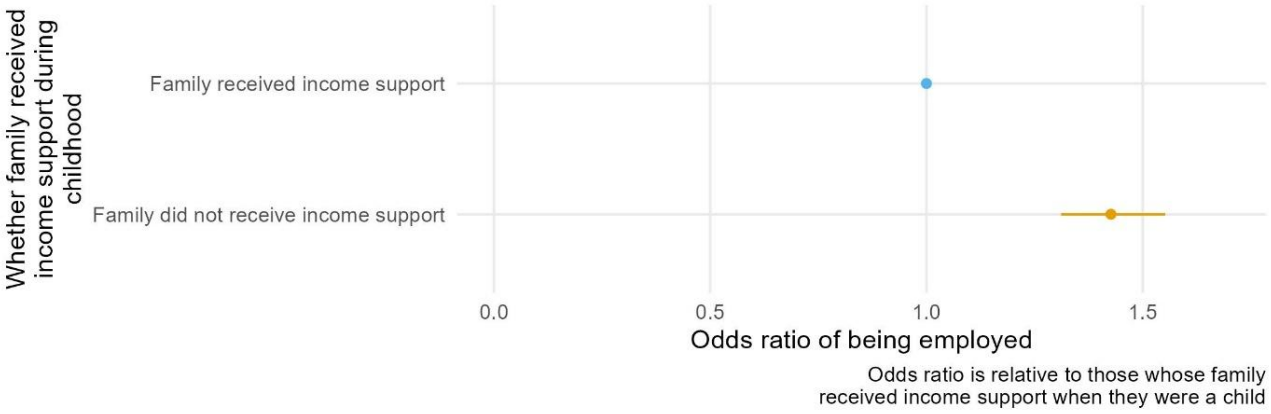
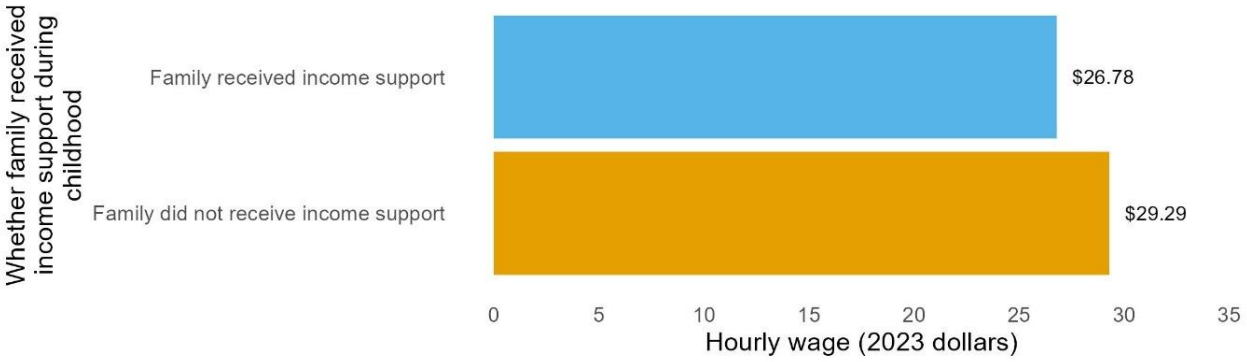


Figure 6 highlights the modest impact that receipt of income support payments has on predicted real hourly wages[3].

- Those whose family did not receive income support while growing up earned $2.51 per hour more – approximately $4,600 more annually full-time.

Figure 6. The impact of a father's educational attainment on real hourly wages.



Although the effects of income support receipt are smaller than those of parental education, the consistent impact across education, employment, and income outcomes demonstrates the utility of this measure as a proxy for household financial strain. Its strength lies in its reliability: even when exact details of parental

[3] These calculations are made based on the profile of a 29-year-old man. Differences in earnings in this model remain consistent across age and gender.

occupation or income are unavailable, indicators of sustained unemployment or income support receipt capture meaningful variations in socioeconomic background and its feedforward effects. Moreover, because financial hardship is often episodic rather than continuous, this measure helps identify disadvantage that might otherwise be obscured by broader occupational or income classifications.

Population norms

Table 2 shows the percentage of Australians aged 16 and over receiving major income support payments. The percentage of each type of income support ranges from 1.4% to 3.8%. However, many households may receive multiple income support payments, which means that the percentage of families receiving any type of income support is likely less than the listed 10.3%.

Table 2. Rates of income support payment receipt in the Australian population aged 16+.

Income Support	***Percent of population aged 16+***
Unemployment payments	3.8%
Disability Support Pension	3.7%
Carer Payment	1.4%
Parenting payments	1.4%
Total	10.3%

Note: Data is from the Australian Institute of Health and Welfare (2023). The Age Pension, student payments, and other minor categories have been excluded for relevance.

Implementation considerations

Two potential challenges arise in asking this item. First, the term 'income support' is interpreted differently across agencies. The Australian Institute of Health and Welfare includes the Age Pension and student payments, while HILDA includes parenting payments, baby bonuses, and paid parental leave as income support payments. Consequently, respondents may answer in the affirmative with different payments in mind. This could be avoided by specifying that parenting payments and government-paid parental leave are not to be included in responses to this item, however this comes with the trade-off of making the item more complex for respondents. The second concern is that some individuals may not know whether their household's primary earner received formal income support payments, even if they recall a period of prolonged unemployment[4].

A potential alternative therefore is to ask:

> Between the ages of 11 and 16, was the main earner in your household unemployed or receiving income support (e.g. unemployment benefit, Disability Support Pension) for a period of six months or more?

[4] This problem was mentioned by several respondents in initial survey testing of this item.

Sensitivity analysis suggests that having a parent experience a period of prolonged unemployment performs similarly to receipt of income support, although with slightly weaker predictive power.

NEIGHBOURHOOD DISADVANTAGE

Proposed question: In which location (e.g., suburb or town or postcode) did you live for the longest period in Australia between the ages of 11 and 16?

Rationale

The neighbourhood in which a person grows up is a powerful determinant of socioeconomic background (Sampson, 2008; Wilson, 2006). Local environments shape access to quality education, healthcare, employment opportunities, and social capital – factors that are strongly linked to outcomes in later life. By focusing on the longest period lived during adolescence (ages 11 to 16), this question captures a developmental window when environmental influences are particularly influential.

Location data can also be linked to official area-level indicators, such as the ABS' Index of Relative Socio-economic Disadvantage (IRSD) and the Remoteness Area classification. These provide a reliable and standardised measure of structural opportunities and deficits present during formative years. This makes neighbourhood information both highly informative and relatively easy to report.

Unlike income or occupation questions, which rely on detailed recall, location is usually memorable and non-intrusive, minimising cognitive and emotional burden for respondents. Importantly, this measure also captures contextual disadvantage that may not be evident in household-level indicators alone. For example, when a family of average income resides in a broader community with limited access to services and opportunities

Validation

To test the validity of this question, respondents' locations were linked to the ABS' Index of Relative Socio-economic Disadvantage (IRSD) scores, which act as a standard proxy for neighbourhood-level disadvantage.

For statistical stability, regression models used the continuous IRSD score rather than the decile categories. Results were then grouped into bands based on standard deviations from the median (50th percentile), approximating the 98th percentile (two standard deviations above), 67th percentile (one standard deviation above), 50th (reference category), 33rd percentile (one standard deviation below) and 2nd percentile (two standard deviations below). This approach provided stable estimates while allowing results to be expressed in clear, interpretable terms.

Figure 7 shows that neighbourhood-level disadvantage has a strong impact on educational outcomes, especially on completion of a university degree. Compared to those at the 50th percentile:

- Respondents from the most advantaged neighbourhoods (98th percentile) have 5 times higher odds of completing a university degree and 2.2 times higher odds of completing any form of post-secondary education.
- This is the inverse for those in the most disadvantaged neighbourhoods (2nd percentile). They have 55% lower odds of completing any post-secondary education and 80% lower odds of completing a university degree than those in the median neighbourhood.

Figure 7. The impact of neighbourhood disadvantage on the odds of completing post-secondary or university education.

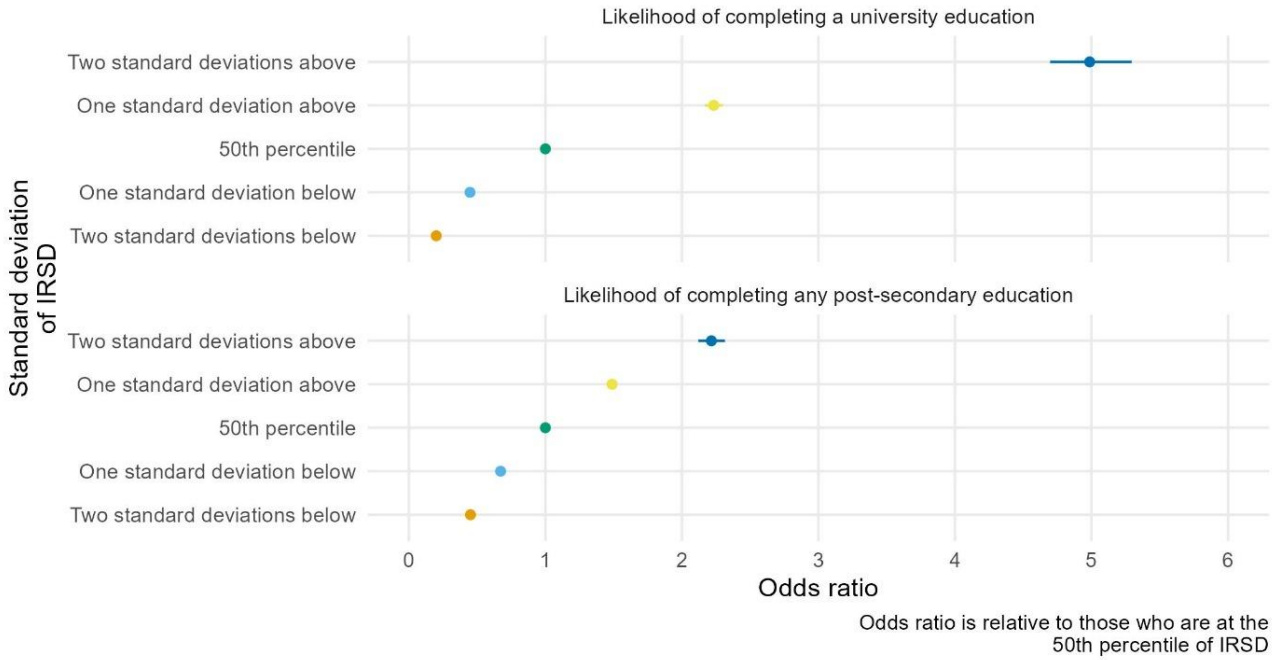


Figure 8 shows the clear impact of neighbourhood-level disadvantage on employment status. Compared to those in the median neighbourhood (50th percentile):

- Respondents living in the most advantaged neighbourhoods (98th percentile) were 2.1 times more likely to be employed, while those in advantaged neighbourhoods (67th percentile) were 1.4 times more likely to be employed.

- While those living in disadvantaged neighbourhoods (33rd percentile) have 30% lower odds, and those in the most disadvantaged neighbourhoods (2nd percentile) have 54% lower odds, of being employed.

Figure 8. The impact of neighbourhood disadvantage on the odds of being employed.

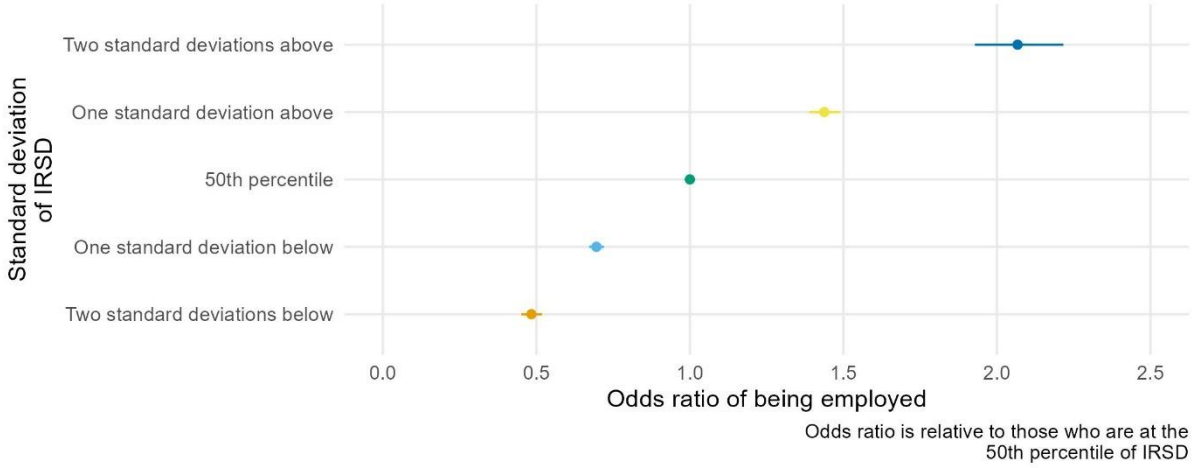
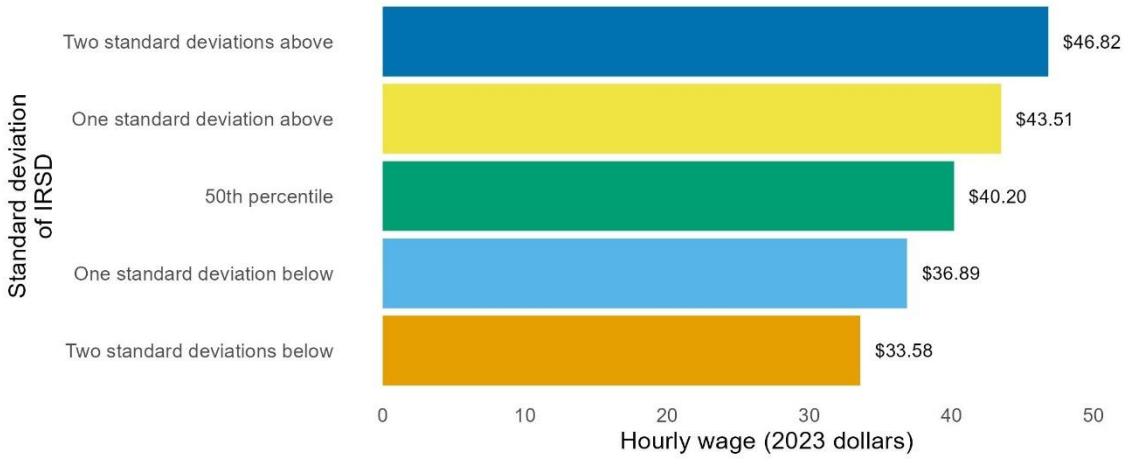


Figure 9 illustrates the strong impact of neighbourhood-level disadvantaged on predicted real wages[5].

- For each standard deviation increase in the IRSD score, there is a corresponding $3.31 increase in predicted hourly earnings, which is equivalent to approximately $6,000 per year for a full-time employee. This means that there is an expected difference in the average income of $30,000 per year between the most disadvantaged and most advantaged neighbourhoods, after controlling for age and gender.

[5] These calculations are for a 37-year-old man.

Figure 9. The impact of neighbourhood disadvantage on real hourly wages.



These results clearly demonstrate that neighbourhood-level disadvantage is strongly associated with educational attainment, employment, and earnings. For example, individuals raised in more advantaged areas are substantially more likely to complete university, to be employed, and to earn higher wages. These patterns hold consistently across important life outcomes, underscoring the robustness of location as a measure of socioeconomic background.

While neighbourhood measures do not capture individual household circumstances directly, they provide a critical lens for understanding structural opportunities. By complementing parental education and household financial strain, location adds an important contextual dimension to capture socioeconomic background. For organisations, this means it can help to identify systemic barriers to career opportunities that persist beyond family-level disadvantage, and that are highly relevant when designing equitable hiring and progression strategies.

Population norms – SEIFA – Index of Relative Social Disadvantage (IRSD)

Table 3 presents the share of the population aged 15+, and also the share of the population in the labour force, by IRSD deciles. By definition, IRSD deciles are evenly distributed. However, when the distribution is presented by labour force participation, it reveals a modest skew. The most disadvantaged deciles (1-3) are underrepresented while those in more advantaged deciles (7-9) are overrepresented.

Table 3. Distribution of population among IRSD deciles.

IRSD Decile	*Percent of population aged 15+*	*Percent of population in labour force aged 15+*
1st - Lowest	9.46%	6.77%
2nd	9.79%	8.38%
3rd	10.00%	9.26%
4th	10.06%	9.81%
5th	10.27%	10.47%
6th	10.21%	10.74%
7th	10.23%	11.08%
8th	10.18%	11.25%
9th	10.20%	11.45%
10th - Highest	9.58%	10.80%

Note: Data is sourced from the 2021 Census, accessed via the ABS TableBuilder site. Those 'in the labour force' are either employed in work or unemployed but actively looking for work.

Implementation considerations

Asking about location carries several practical challenges. The first is recall: respondents who moved frequently during adolescence may find it difficult to nominate a single location. Clear question wording and an ability to enter or select a town or suburb name, rather than mandating a postcode, are likely to reduce this burden, although some inaccuracies may remain.

Another important consideration is the applicability to employees who grew up outside Australia. In 2023, approximately 31% of Australians were born overseas, meaning that neighbourhood-level disadvantage scores may not be available for a substantial share of respondents. In these cases, a complementary subjective item – such as asking whether the respondent perceived their neighbourhood as relatively advantaged, average, or disadvantaged – may provide a practical alternative.

Therefore, before this question is asked, an item should clarify whether the respondent lived in Australia for most of the duration between ages 11 and 16. If so, they are shown the item asking where they lived. If not, they are asked a subjective question about their neighbourhood's level of advantage. If an organisation has a notably diverse workforce, whereby many respondents did not grow up in Australia, then it should instead focus more on cultural diversity elements.

Free-text responses, however, introduce new difficulties for analysis. Suburb or town names may be misspelled, incomplete, or duplicated across states, making it difficult to link responses to official statistics, such as the IRSD. To address this, organisations have two options:

1. Use an official ABS geography, such as the Suburbs and Localities standard[6], to create a searchable dropdown list of locations in the survey for respondents to select. While the upfront work associated with this option is much higher, it will make the data analysis much simpler for organisations. Correspondence tables, available on the ABS' website, could be used in conjunction with 'lookup' tables in Excel to match locations to an IRSD decile.

2. Ask this question as a multi-stage item. The first item would ask whether the respondent grew up in Australia. The second item would ask respondents to choose from a list of the states to indicate in which state they grew up. The final item could then use a free-text response to capture information about the suburb or town that a respondent grew up in. This option would be easier to setup, but data analysis would be difficult. To make the analysis easier for organisations, a lightweight tool/application could be created and hosted on the SVA website for organisations to use freely. It would apply fuzzy matching and state identifiers to classify location responses with the correct geographic standard and IRSD decile, greatly improving data quality while minimising manual data handling.

TYPE OF SCHOOL ATTENDED

Proposed question: What type of school did you attend for the most time between the ages of 11 and 16?

Rationale

The type of secondary school a person attends is increasingly stratified along socioeconomic lines (Morris, 2024). Government, catholic, and independent schools differ significantly in their sources of funding, fee structures, student demographics, and access to educational resources and educators. For this reason, school type provides a meaningful proxy for the financial and educational resources available to a household during adolescence.

Importantly, this measure captures structural features of upbringing without requiring respondents to disclose sensitive details about household income or parental occupation. Because school type is both memorable and easily reported, it offers an unobtrusive way to collect useful information about a respondent's socioeconomic

[6] Information about the ABS' Suburbs and Localities standard can be found here: https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/jul2021-jun2026/non-abs-structures/suburbs-and-localities

background. Moreover, evidence consistently shows that differences in school type are associated with disparities in educational attainment and employment (Cobbold, 2017; Gonski et al., 2011), reinforcing its value as a core indication of socioeconomic background.

Validation

Responses to this item are available for all HILDA respondents born in Australia, allowing for robust validation on a large and representative sample. For the purposes of this analysis, schools were grouped into three categories: government schools, catholic schools, and independent schools.

A small number of respondents nominated 'other' school types, but due to insufficient sample size this group was excluded from the analysis.

Figure 10 shows that school type has a large impact on the odds of completing a university education. Compared to those who attended a government school:

- People who attended a catholic school were 2 times higher odds of completing a university degree, and 1.4 times higher odds of completing any post-secondary education.
- In contrast, those who attended an independent school have 3.2 times higher odds of completing a university education, and 1.7 times higher odds of completing any form of post-secondary education.

Figure 10. The impact of school type on the odds of completing post-secondary or university education.

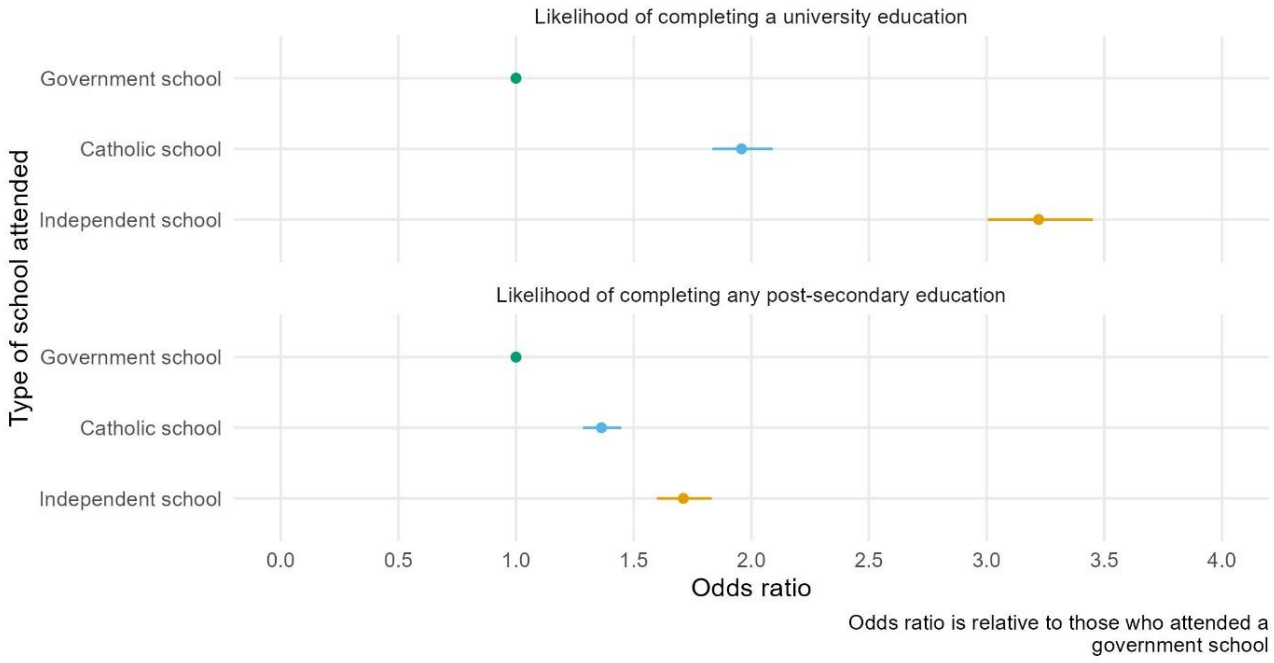


Figure 11 suggests that the main differentiator in terms of employment outcomes is whether a respondent went to a government school or not.

- Compared to those who attended a government school, respondents who attended an independent school have 1.8 times higher odds of being employed, while respondents who attended a catholic school have 2.1 times higher odds of being employed.

Figure 11. The impact of school type on the odds of being employed.

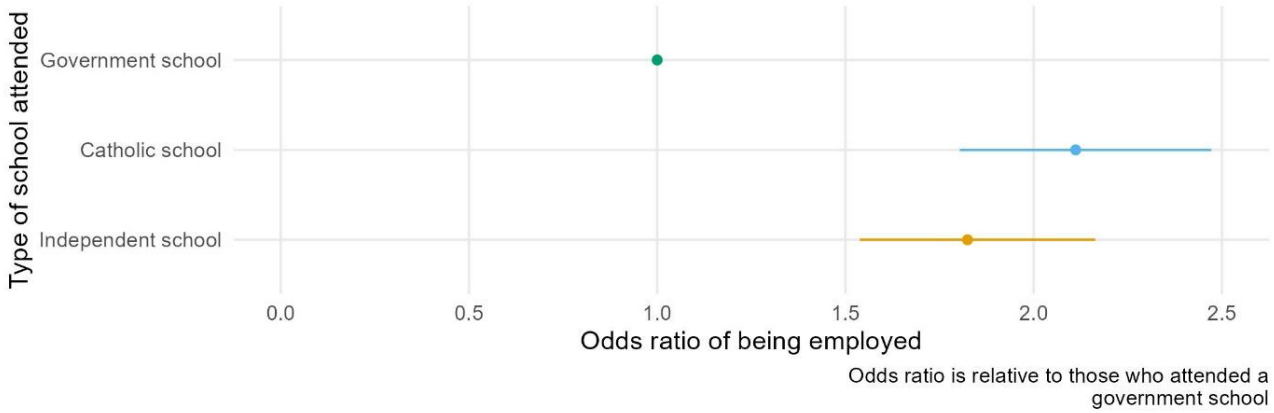
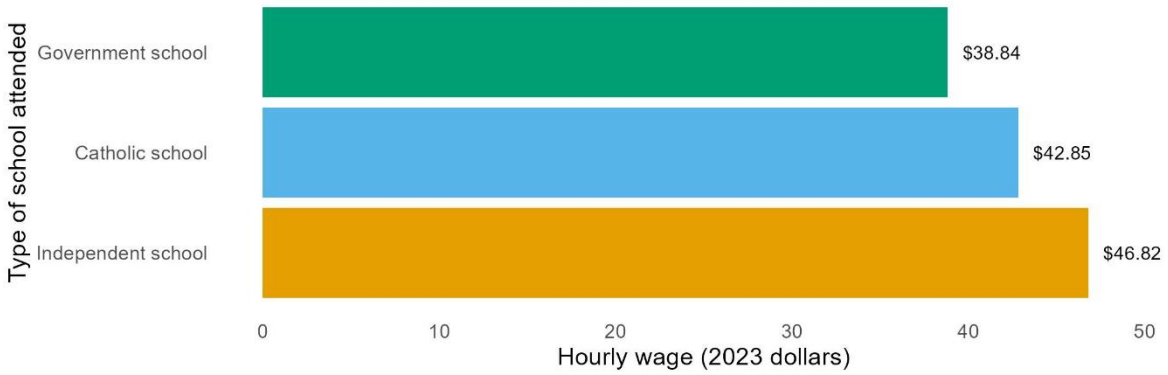


Figure 12 highlights the impact of school type on predicted real wages[7]. Compared to someone who attended a government school:

- A respondent who attended a catholic school is expected to make $4.01 more per hour (about $7,300 more per year full-time).
- While someone who attended an independent school is expected to make $7.98 per hour more (approximately $14,600 more per year full-time).

[7] Calculations are made for a 37-year-old man, the median participant in this sample.

Figure 12. The impact of school type on real hourly wages.



These findings provide clear evidence that school type has significant and lasting associations with later life outcomes, underscoring its value as an indicator of socioeconomic background. The consistent effects across education, employment, and income suggest that school type captures both the immediate resources available to households during a child's adolescence and the cumulative advantages that flow from these resources over time. This makes it a powerful proxy for socioeconomic background.

Population norms

To provide context for interpreting school type distributions among employees, Table 4 shows the current national enrolment shares for the three sectors in the secondary education system. As shown, more than half of students attend government schools. Therefore, school type alone cannot effectively identify individuals from disadvantaged backgrounds. However, when combined with other indicators suggested in this report, it will enable organisations to focus more precisely on targeted disadvantaged groups.

Table 4. Type of school attended by secondary students in Australia in 2024.

Type of school	*Percent of secondary student population enrolled*
Government school	57.48%
Catholic school	21.67%
Independent school	20.85%

Note: Data is from the Australian Bureau of Statistics (2025).

Implementation considerations

Survey design should take care to avoid ambiguity in response categories. In regional areas, some schools may not be easily classified by respondents, particularly if their governance or religious affiliation is not explicitly

stated. Another consideration is whether to distinguish between low, medium, and high-fee independent schools. While such distinctions may add nuance, they risk increasing cognitive burden for respondents and reducing comparability across organisations, especially given the subjective nature of what might constitute a 'high-fee' school.

The validation results suggest that sticking with the three main categories – government, catholic, and independent – provides a practical tool for capturing elements of socioeconomic background and outcomes through the type of school someone attended. If organisations wish to add more granularity, such as by distinguishing independent school fees or capturing scholarship receipt, these additional items should first be tested with focus groups to confirm that respondents interpret them consistently and can respond with ease. It would also be crucial to provide detailed context in the question stem to help respondents clearly understand each category's meaning. In practice, the balance should lean toward simplicity, ensuring that data collection is both reliable and actionable across different organisational contexts.

Another concern with collecting data from organisations is the comparability of international education systems to the Australian context. A solution to this may be piping this specific question to respondents if they indicated previously that they had spent most of the time from ages 11-16 in Australia, and skipping this item for respondents who attended secondary schooling in other countries.

It is also important to recognise long-term shifts in school enrolment patterns. In 2001, approximately 69% of students were enrolled in government schools, compared to 63.4% in 2024, with most of the growth occurring in the independent sector. This trend reflects broader funding shifts and rising stratification in secondary education. Organisations comparing their workforce results against national benchmarks should therefore be mindful of these changes, especially when looking at age-cohort differences.

RATIONALE FOR BUSINESSES AND ORGANISATIONS

For organisations, collecting and analysing data on socioeconomic background offers both ethical and strategic benefits. From an ethical perspective, it supports fair and inclusive hiring and promotional practices by helping to identify whether structural barriers are limiting opportunities for employees from disadvantaged backgrounds. From a strategic perspective, this work can strengthen organisational performance by ensuring a more diverse workforce, which research consistently shows contributes to innovation, resilience, and problem-solving capacity (Herring, 2009).

Socioeconomic background data also equips organisations to demonstrate accountability to stakeholders. As regulatory and investor expectations around diversity, equity, and inclusion (DEI) continue to expand, socioeconomic background is emerging as an important, but overlooked, dimension. By proactively collecting and engaging with this data, organisations can position themselves as leaders in equitable employment practices, reduce reputational risk, and prepare for emerging compliance requirements. Importantly, this approach also helps organisations track progress over time, providing tangible evidence of impact to employees, boards, and external partners.

CONSIDERATIONS FOR IMPLEMENTATION AND REPORTING

ORGANISATIONAL IMPLEMENTATION

For organisations seeking to measure socioeconomic background, the first and most important step is building awareness and trust around the purpose and intended use of this data. Small-scale testing has shown that some employees may be reluctant to provide information if the organisation has not clearly communicated how the data will be used, what outcomes are intended, and how it will support equity and inclusion initiatives. Clear, transparent messaging at the outset of this therefore essential to foster employee confidence and participation.

Equally important is framing all communication around socioeconomic background in a way that respects the dignity of the individual. Socioeconomic background is not a measure of ability or potential; it reflects structural factors that shape opportunities. Organisations must emphasise that this data is intended to identify and address systemic barriers, rather than to judge or penalise employees.

Socioeconomic background information is sensitive and often personally identifying. Employees are more likely to engage honestly if they understand how confidentiality will be maintained, who will have access to the data, and how it will be stored and reported upon. Policies should clearly outline that data will be analysed

securely, shared only in aggregated form, and accessible only to a limited number of trusted analysts. By establishing these protections and communicating them effectively, organisations can implement SEB measurement in a way that is both ethically responsible and operationally effective.

Finally, it is acknowledged that many organisations may lack the analytical capacity to meaningfully integrate results from these four survey items. If this is the case, the results from the validation using HILDA survey data suggests that asking about parental education yields the clearest predictor of life outcomes in the Australian context. Therefore, this measure should be prioritised if analytical capacity is constrained.

REPORTING

To support organisations in using these questions to understand the socioeconomic background of their workforce, two analytical approaches should be considered. The first involves developing a composite measure of each respondent's socioeconomic background. The second benchmarks aggregated responses to each question against national population norms.

A composite measure of socioeconomic background provides organisations with a concrete understanding of how their hiring, promotion, and retention practices affect employees and applicants from different backgrounds. Although no nationally established dataset currently exists for this purpose, implementing this approach across multiple organisations could quickly generate a set of robust population norms.

This composite score could be developed using either factor analysis or a regression-weighted index. Factor analysis identifies the extent to which the responses to the selected questions load onto a latent factor, representing a respondent's socioeconomic background. In contrast, a regression-weighted index assigns weights to each question based on its predictive power for key outcomes, such as educational attainment, employment status, or hourly wage. These weighted components can then be summed to produce a single continuous score representing socioeconomic background.

While a composite score is analytically robust, and will likely produce more useable insights, it may be too complex for some organisations to implement. To simplify analysis – especially the free-text data for the neighbourhood-level disadvantage item, it is recommended that a simple online application be developed and hosted on the Social Ventures Australia website. This app could be designed to allow organisations to upload a spreadsheet (in xlsx or csv format) containing anonymised staff responses to the SEB items, and automatically generate two key outputs:

- The classification of each respondent's neighbourhood-level disadvantage in IRSD deciles, and
- An overall socioeconomic background score.

This tool could also generate visual summaries comparing the organisation's workforce profile to national benchmarks. This would encourage consistent usage of these measures and make the data that organisations have collected more actionable.

For organisations seeking a simpler approach, benchmarking responses to individual items against national norms offers an accessible alternative. For example, parental education levels reported by employees can be compared to Census data on educational attainment among working-age adults (Table 1). This type of benchmarking allows organisations to assess how representative their workforce is and to identify potential gaps in recruitment or promotion practices that may disproportionately affect individuals from disadvantaged backgrounds.

METHODOLOGY

To validate the proposed questions for measuring socioeconomic background, we used data from the HILDA survey. HILDA is a nationally representative, longitudinal study following over 17,000 Australians annually. It collects detailed information on family relationships, income, education, employment, and health. This rich dataset allows for the analysis of life outcomes over time and the assessment of socioeconomic predictors.

Outcome variables

To test the predictive ability of each SEB indicator, we examined three key life outcomes:

- Educational attainment – defined as whether the respondent had completed post-secondary education or a university degree.
- Employment status – whether the respondent was employed at the time of the survey.
- Real hourly wage – calculated from reported weekly earnings divided by usual hours worked and converted to 2023 dollars to allow comparisons across survey waves.

Statistical modelling

Different statistical models were employed depending on the outcome variable:

- Educational attainment was analysed using logistic regression. Only the respondent's most recent observation was included, as educational attainment does not decrease over time.
- Employment status was modelled using multi-level logistic regression to account for repeated observations from participants over time. Analyses were restricted to respondents who were in the labour force (either employed or unemployed but seeking work).
- Hourly wage was modelled using a multi-level linear regression to capture longitudinal variation.

All models included age and gender as control variables. Other common variables, such as educational attainment or location, were not included as controls given their close relationship with socioeconomic background.

Socioeconomic background indicators

Each model assessed the predictive value of a single socioeconomic background indicator:

1. Parental education – measured using the father's highest level of education. This item is available for all respondents in the HILDA dataset and served as a direction measure of parental education, given that it had a higher response rate among respondents than did mother's educational attainment.
2. Parental occupation and income support – as HILDA does not directly ask about parental income or whether a respondent grew up in a household receiving an income support payment, a proxy variable was constructed. For respondents under the age of 18 at the time of data collection, we identified whether their parent was receiving a government income support payment. These were limited to either JobSeeker (unemployment), the Disability Support Pension, or the Carer Payment. This restriction limits the sample to respondents aged 40 or younger at the most recent wave of data collection.
3. Neighbourhood-level disadvantage – while HILDA does not explicitly ask about location during adolescence, current postcode data were used to calculate area-level disadvantage and remoteness. Disadvantage was measured using the ABS' Index of relative Socioeconomic Disadvantage (IRSD), and remoteness was measured using the ABS' Remoteness Area classification. Future work here could incorporate retrospective location data or link participant addresses across waves to improve the precision of adolescent exposure.
4. Type of school attended – reported by all respondents, providing information on educational environment and resources. In cases of independent school attendance, the type of school can serve as a proxy for household financial resources.

Additional notes

- Given the scope of this reporting, missing data were dealt with using listwise deletion rather than multiple imputation.
- Sensitivity analyses were conducted to test model robustness, and to test additional variables associated with those recommended in the report.
- Future extensions of this research could include testing for interaction effects between SEB indicators and demographic variables to assess the differential impacts on life outcomes.

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