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ARISTOCRATIC AMATEURS TO FAT CATS? BRITISH CEOs IN THE TWENTIETH CENTURY

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Aristocratic Amateurs to Fat Cats?
British CEOs in the Twentieth Century

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Abstract

This article uses a prosopographical methodology and a new dataset of 1,558 CEOs from Britain's largest public companies between 1900 and 2009 to analyse how the role, social background, and career pathways of corporate leaders changed. We have four main findings: First, the designation of CEO only prevailed in the 1990s. Second, the proportion of socially elite CEOs was highest before 1940, but they were not dominant. Third, most CEOs did not have a degree before the 1980s, or professional qualification until the 1990s. Fourth, liberal market reforms in the 1980s increased the likelihood of dismissal by a factor of three.

JEL Classification: G30, M12, N83, N84.

Keywords: corporate leaders, corporate careers, Britain, 20th century.

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1. Introduction

Corporate elites matter. Who gets to the top of the corporate ladder, how they are trained, and the scope of the role affects company performance, influences economic development, and reflects social mobility and diversity.[2] This has led to widespread study of the role and characteristics of corporate leaders across the disciplines of management, economics, and finance, and a resurgence of interest in corporate leaders within the discipline of business history.[3]

Much of the extant historical literature and longitudinal studies on corporate elites are US-centric, although similar historical studies have been conducted for various European countries.[4] Despite the centrality of corporate leadership to debates on Britain's productivity gap and economic decline, rigorous longitudinal studies of Britain's corporate elites are relatively scarce.[5] Perhaps this lack of interest is because, as one historian noted, British corporate leaders are a "curious and unloved species".[6] There is no study of the British corporate elite that covers the whole of the twentieth century in a comprehensive and unbiased manner.[7]

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[2] Timothy J. Quigley and Donald C. Hambrick, "Has the "CEO Effect" Increased in Recent Decades? A New Explanation for the Great Rise in America's Attention to Corporate Leaders", *Strategic Management Journal* 36, no. 6 (2015): 821-830; Anthony Mayo, Nitin Nohra, and Laura Singleton, *Paths to Power: How Insiders and Outsiders Shaped American Business Leadership* (Cambridge, Mass., 2006); Stephanie Ginalski, "Who Runs the Firm? A Long-Term Analysis of Gender Inequality on Swiss Corporate Boards," *Enterprise & Society* 22, no. 1 (2021): 183-211.

[3] Sydney Finkelstein, Donald C. Hambrick, and Albert A. Cannella Jr., *Strategic Leadership: Theory and Research on Executives, Top Management Teams and Boards* (Oxford, 2009); Renée B. Adams, Heitor Almeida, and Daniel Ferreira, "Powerful CEOs and their Impact on Corporate Performance," *Review of Financial Studies* 18 (2005): 1403-1432; Michael C. Jensen and Kevin J. Murphy, "Performance Pay and Top-Management Incentives," *Journal of Political Economy* 98, no. 2 (1990): 225-264; Magnus Henrekson, Odd Lyssarides, and Jan Ottosson, "The Social Background of Elite Executives: the Swedish case," *Management & Organizational History* 16, no. 1 (2021): 65-87; Keetie Sluyterman and Geralda Westerhuis, "The Changing Role of CEOs in Dutch Listed Companies, 1957–2007," *Enterprise & Society* 23, no. 3 (2022): 711-745.

[4] Walter Friedman and Richard S. Tedlow, "Statistical Portraits of American Business Elites: a Review Essay," *Business History* 45, no. 4 (2003): 89-113. Youssef Cassis, ed., *Business Elites* (Aldershot, Hampshire, 1994).

[5] Alfred Marshall, *Industry and Trade: A Study of Industrial Technique and Business Organization* (London, 1919); Jim Tomlinson, "The British 'Productivity Problem' in the 1960s," *Past & Present* 175 (2002): 188-210; Nicholas Bloom and John Van Reenen, "Measuring and Explaining Management Practices Across Firms and Countries," *Quarterly Journal of Economics* 122, no. 4 (2007): 1351–1408.

[6] Donald Coleman, "Gentlemen and Players," *Economic History Review* 26 (1973): 92-116.

[7] Existing studies of British corporate elites include: Youssef Cassis, *Big Business: The European Experience in the Twentieth Century* (Oxford, 1997); Philip Stanworth and Anthony Giddens, "An Economic Elite: Company Chairmen," in *Elites and Power in British Society,* eds. Philip Stanworth and Anthony Giddens (Cambridge, UK,

This article addresses this issue through a study of British corporate leaders across the twentieth century. We construct a database of CEOs of the largest British public companies between 1900 and 2009. The CEOs are drawn from the top 100 largest British companies by market capitalization, rebalanced every decade. This provides a sample of 407 companies and 1,558 CEOs. For each CEO, a range of biographical variables was garnered from a wide variety of sources. This is the first database to cover all the twentieth century.

The article uses a prosopographical methodology to construct and analyse our database.[8] By gathering biographical data for a defined group, common characteristics and traits are identified, revealing average or outlier individuals, groups, and experiences. Large sample and longitudinal databases generate useful generalizations, on questions such as who gets to the top of the corporate ladder, and how they get there. Cohorts are then used to analyse change over time. The methodology is particularly useful for identifying long-run trends and periods of transition.

The database is used to analyse the evolution of British corporate leaders across the twentieth century along three dimensions. First, we analyse the prevalence of designations used to denote the source of ultimate executive power and examine how changes in terminology reflect changes in the scope of the role and authority of corporate leaders. In the United States, the term Chief Executive Officer (CEO) emerged early in the twentieth century. It slowly gained prominence as the designation of ultimate corporate authority in the 1960s, replacing Chairman and President. This represented a shift towards a model in which full-time professional executives ran companies with limited managerial accountability.[9] We examine

1974): 81-101; Tom Nicholas, "Clogs to Clogs in Three Generations? Explaining Entrepreneurial Performance in Britain Since 1850," *Journal of Economic History* 59, no. 3 (1999): 688-713; David Jeremy, "Anatomy of the British Business Elite, 1860–1980," *Business History,* 26, no. 1 (1984): 3-23 details the collation of the *Dictionary of Business Biography* which contains a selection of corporate leaders and entrepreneurs.

[8] Susanna Fellman, "Prosopographic Studies of Business Leaders for Understanding Industrial and Corporate Change," *Business History*, 56, no. 1 (2014): 5-21.

[9] Richard S. Tedlow, Kim Bettcher, and Courtney Purrington, "The Chief Executive Officer of the Large American Industrial Corporation in 1917," *Business History Review* 77, no. 4 (2003): 687-701; Cyril O'Donnell, "Origins of the Corporate Executive," *Business History Review*, 26, no. 2 (1952): 55-72; Mark S. Mizruchi and

whether a similar shift occurred in the United Kingdom. Our data shows that the all-powerful CEO did not come to dominate until the early 1990s.

Second, we examine the social backgrounds of British corporate leaders. An extensive sociological literature on business elites identifies who rises to the top of business hierarchies. The extent to which career progression is meritocratic or shaped by hereditary factors has been used to explain the formation of these elites.[10] In the case of Britain, the prevalence of socially elite classes and members of family dynasties amongst the corporate elite is alleged to have contributed to an amateurish approach to business leadership, resulting in economic decline.[11] Using data on peerages (Britain's system of hereditary titles) and elite education as indicators of socially elite status, and family links to companies, we analyse whether these claims are supported amongst Britain's largest companies. Our data on social backgrounds rejects claims around the prevalence of aristocratic amateurs and personal capitalism amongst the largest British companies in the first half of the century.

Third, we examine how career pathways of corporate leaders have changed since 1900. The literature has shown how in the United States the professionalization of corporate leadership through education, training, functional experience, and structured career progression, contributed to a managerial revolution that underpinned the emergence and expansion of 'big business' and managerial capitalism.[12] There are conflicting views on the

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Linroy J. Marshall, "Corporate CEOs, 1890–2015: Titans, Bureaucrats, and Saviors," *Annual Review of Sociology* 42, no. 1 (2016): 143–163.

[10] Frank Taussig and Carl Joslyn, *American Business Leaders* (New York, 1932); C. Wright Mills, "The American Business Elite: A Collective Portrait," *Journal of Economic History* 5 (1945): 20-44; Peter Temin, "The Stability of the American Business Elite," *Industrial and Corporate Change* 8, no. 2 (1999): 189-209.

[11] Alfred D. Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass., 1990); Michael Dintenfass, "Converging Accounts, Misleading Metaphors and Persistent Doubts Reflections on the Historiography of Britain's 'Decline'" in *The British Industrial Decline*, 1st ed., ed., Michael Dintenfass and Jean-Pierre Dormois (London, 1998), details the contours of these debates.

[12] Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977); Cassis, *Big Business*; Mabel Newcomer, *The Big Business Executive: The Factors That Made Him: 1900-1950* (New York, 1955); Neil Fligstein, "The Intra-Organizational Power Struggle: Rise of Finance Personnel to Top Leadership in Large Corporations, 1919-1979," *American Sociological Review* 52, no. 1 (1987): 44-58; Rolv Petter Amdam, "Creating the New Executive: Postwar Executive Education and Socialization into the Managerial Elite," *Management and Organizational History* 15, no. 2 (2020): 106-22.

professionalization of management in Britain. The prevalence of university and management education has been regarded as relatively low, whilst professional training through chartered professions such as accountancy was relatively high.[13] Using data on education and professional training, we examine the timing and extent of a 'managerial revolution' in Britain. We find that the British managerial revolution was slow after 1945, with British CEOs having relatively low levels of formal education and professional training until the 1980s.

Finally, we analyse the extent to which changes in institutional frameworks relating to ownership and governance, reflected through policies such as deregulation of financial and labour markets or privatization, affected the nature of the role and pathways to the top. Such institutional variables have become increasingly important in explaining change over time and cross-national variation in the role and importance of corporate leaders.[14] We use data on tenure and the type of exit to consider the impact of institutional changes on the structure of corporate careers. Our data suggests that Margaret Thatcher's liberal market reforms in the 1980s coincided with significant changes in the career pathways of corporate leaders, as shareholders sought greater control over CEO performance through an increased likelihood of dismissal and related shortening of corporate tenures.

The paper proceeds as follows. The next section examines the construction of our database of corporate leaders. Section three analyses how the designation describing corporate leaders has changed over time and examines the implications of this for understanding the scope of the role. Section four presents the data on social backgrounds and discusses the prevalence and persistence of aristocratic amateurs. Section five summarizes data on family and founder-led companies. Section six outlines career pathways and examines the extent and

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[13] Nick Tiratsoo, "Management Education in Postwar Britain", in *Management Education in Historical Perspective*, ed. Lars Engwall and Vera Zamagni (Manchester, 1998); Cassis, *Business Elites*, 162.

[14] Craig Crossland and Donald C. Hambrick, "Differences in Managerial Discretion Across Countries: How Nation-Level Institutions Affect the Degree to Which CEOs Matter," *Strategic Management Journal* 32, no. 8 (2011): 797-819.

timing of the professionalization of leadership careers in the post-1945 period, as well as the impact of Thatcher's liberal market reforms of the 1980s on corporate careers. Finally, we conclude with a discussion of the implications of our findings for further study of British corporate leaders, and the wider use of prosopographical methods in business history.

2. Construction of the database

Our corporate leader database covers all 110 years from 1900 to 2009. The availability of underlying data sources resulted in us dividing the 110-year period into twelve roughly equal periods rather than eleven decades. For each of these twelve periods, we obtain the names of the 100 largest public companies, ranked by market capitalization. This top 100 sample has 461 companies. Appendix I details how this sample was constructed, and the sources we used to generate this ranking.

For each firm in the sample, we identified the leading executive (Chairman, Managing Director, or Chief Executive Officer) that was in post every year that firm appeared in the top 100 list of companies. We did this using the annually published *Stock Exchange Official Yearbook* and *Stock Exchange Yearbook.* Whenever a single leading executive, CEO, Chairman or Managing Director is identified in the yearbooks, this particular individual enters our dataset. However, on rare occasions the identification of the corporate leader is not straightforward. For example, when both chairman and managing director(s) are identified in our source, we select the chairman. Fortunately, we only have to make this choice in 2.3 percent of our firm-year observations. An important exception is banks and insurance companies, where in the presence of a chairman and a managing director, we identify the leading executive as the managing director. This decision was based on our reading of the company histories of British banks and insurance companies.[15]

Having identified the relevant individual, a biography for each corporate leader was subsequently created. The following variables from this biography are used in this article: (1) *Designation*, which are the title(s) used during tenure; (2) *Date of birth* to establish age at commencement of office; (3) *Start and end date of tenure*; (4) *School education* to identify attendance at elite private schools (known as the Clarendon Schools, they are: Eton, Charterhouse, Harrow, Rugby, Shrewsbury, Westminster, and Winchester); (5) *University and higher education* to identify attendance at elite universities including Oxford and Cambridge (commonly referred to as Oxbridge) and other non-elite universities; (6) *Discipline studied at university*, which is grouped into Science, Technology, Engineering, and Mathematics (STEM), Arts, Humanities, and Social Sciences (AHSS), and Economics, Commerce and Management; (7) *Professional qualifications* to identify possession of a qualification from a Chartered profession (grouped into Accounting and Actuaries, Engineering and Science, Law including company secretaries); (8) *Peerage*, whether inherited or raised to the House of Lords; (9) *Type of exit*, whether forced (i.e., poor performance, merger and acquisition) or voluntary (i.e., retired, health reasons or death, new executive job); (10) *Family CEO*, whether they were directly related to their predecessor; and (11) *Founder CEO*.

Unfortunately, there is no single standard source from which many of these details can be obtained. They come from numerous different sources such as the *Directory of Directors,*

[15] Margaret Ackrill and Leslie Hannah, *Barclays: The Business of Banking 1690-1996* (Cambridge, UK, 2001); Wilfred Frank Crick and John Edwin Wadsworth, *A Hundred Years of Joint Stock Banking* (London, 1936); A. R. Holmes and Edwin Green, *Midland: 150 Years of Banking Business* (London, 1986); Charles W. Munn, *Clydesdale Bank: The First One Hundred and Fifty Years* (London, 1988); Richard Saville, *Bank of Scotland: A History, 1695-1995* (Edinburgh, 1996); Noel Simpson, *The Belfast Bank 1827-1970* (Belfast, 1975); Barry Supple, *The Royal Exchange Assurance: A History of British Insurance 1720-1970* (Cambridge, UK, 1970); Clive Trebilcock, *Phoenix Assurance and the Development of British Insurance: Volume 2, The Era of the Insurance Giants 1870-1984*. (Cambridge, UK, 1985).

Oxford Dictionary of National Biography, *Dictionary of Business Biography*, obituaries in newspapers such as *The Times,* the *Guardian,* and the *Daily Telegraph*, the *Financial Times Appointments Page*, and *Management Today* profiles. We were able to collect biographical information on 89 percent of our corporate leaders. We require at a minimum that we observe the individual's start date as corporate leader for inclusion in our database. This search yielded 407 unique companies and 1,558 unique corporate leaders over the period 1900-2009. The number of unique companies was reduced from 461 to 407 as we were unable to identify the CEO for 48 companies, or the year of appointment for the CEOs of six companies.[16]

The size of this database is significantly larger and more rigorously constructed than either the Giddens and Stanworth or the Cassis studies.[17] Giddens and Stanworth selected from a series of secondary sources the largest industrial companies and banks by asset size for six benchmark years between 1905 and 1971, only identifying the chairman. Their study accounted for 199 industrial corporations and banks and 460 chairmen. Their selection of companies ignores much of the service sector, for example there are no insurance companies in their sample. In addition, their sociological pre-occupation with banking means that 25 percent of their sample consists of chairmen who were running private banking houses rather public companies. Their focus on chairman, whilst providing a clean unit of analysis for their sociological study, limits understanding of the corporate elite, as it ignores managing directors. Thus, their sample of companies has significant selection biases, ignoring whole sectors of the economy, places undue weight on banking, and fails to capture the effects of sectoral change on the formation of the corporate elite.

The database constructed by Cassis overcomes some of the biases of Stanworth and Giddens. He selected firms using issued share capital and number of workers to identify the

[16] Analysis of the removed companies does not reveal the introduction of any discernible biases. The removed companies were evenly distributed across industries and across the first five decades of the database.
[17] Cassis, *Big Business*; Stanworth and Giddens, "An Economic Elite," 81-101.

top circa 60 companies across a variety of industrial, finance and service sectors of the corporate economy for five benchmark years between 1907 and 1989.[18] However, this necessarily means that several private companies are included in his sample. More fundamentally, his study excludes railways, which were the largest public companies in the first two benchmark years in his study. Whilst ensuring a more complete sectoral representation, the selection of specific companies appears somewhat arbitrary, and as he notes the samples are not intended to be definitive lists. However, the arbitrary selection within sectors leads to potential sample bias. Cassis identified 390 corporate leaders and was able to obtain biographical information on circa 280 of these. His focus, as with Stanworth and Giddens is on chairmen, but he conflates managing directors and chairmen in his study.[19]

By using the top 100 firms identified from market capitalization data, we reduce issues of selection bias and the representativeness of the sample. Furthermore, by identifying corporate leaders for each year, and extending the database to 2009, we provide a significantly larger, updated, and more representative database than previously available. This allows for more rigorous analysis and a better understanding of trends and transitions in Britain's corporate leadership across the twentieth century.

3. The evolution of the CEO

In the late 1920s, a major shift in the terminology describing corporate leaders occurred in the United States.[20] Terms including Chairman, President, and General Manager were widely used to designate those responsible for making the most important corporate decisions. A new term, Chief Executive Officer (CEO), appears to have been first used by Elbert Gary of US Steel, around 1910. Although the term CEO came into use by the late 1920s, the terms President or

[18] Cassis, *Business Elites*, 238.
[19] Cassis, *Business Elites*, 125.
[20] Tedlow et al. "The Chief Executive Officer".

Chairman remained widely used and it was not until the 1960s that CEO became the dominant term.[21]

The emergence and proliferation of the term CEO marked a step change in organizational decision-making and the role of corporate leaders. The key decisions within a corporation, as laid out by Tedlow et al., include the setting of strategy, resource allocation, monitoring of performance, and the selection of executives to deliver on the strategy.[22] The authority to make these decisions became embodied in the role of a single individual designated as the CEO. Several factors have been proposed for these changes. The increasingly large, complex bureaucratic corporations, in which the divorce of ownership and control had empowered salaried managers, required dedicated leaders with a deeper understanding of their organizations and greater authority to make timely decisions.[23] This bureaucratic rather than charismatic entrepreneurial leadership became the norm by the mid-twentieth century.[24]

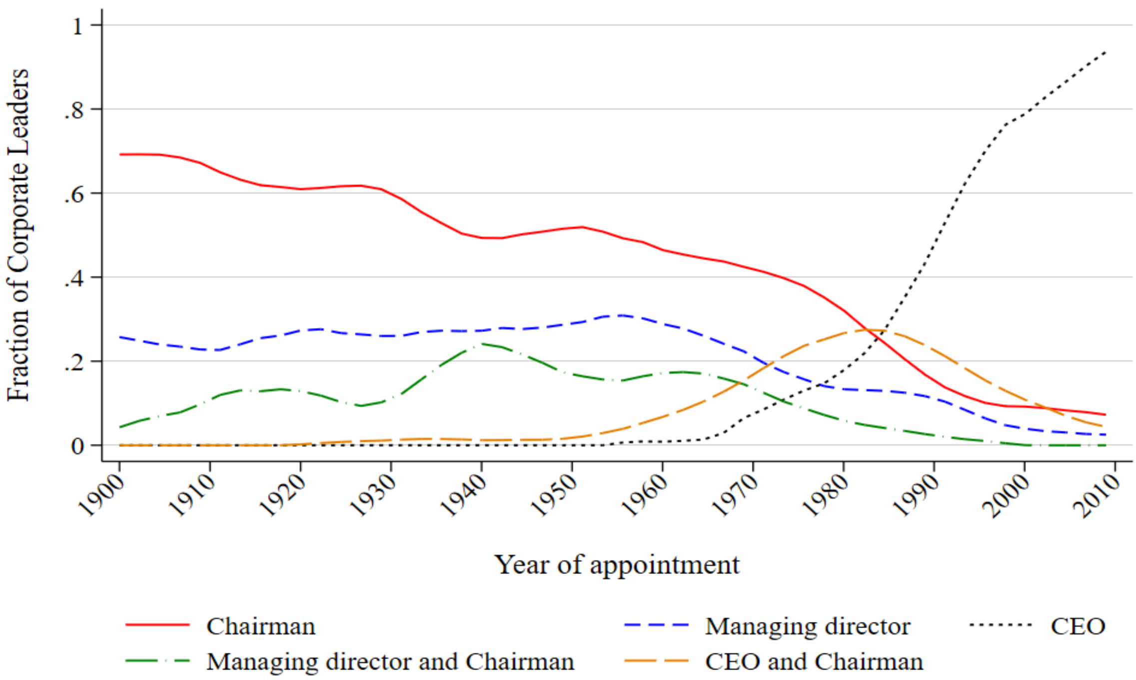
At the beginning of the twentieth century, the balance of power in British corporations fluctuated between the head of the board of directors, known through a range of terms including Chairman, President, and Governor, and senior salaried managers entitled Managing Director or General Manager. Broadly, the chairman oversaw the company on behalf of the shareholders and made big strategic decisions, whilst the managing director ran the company on a daily basis. Identifying the title of the leading executive from the *Stock Exchange Yearbooks*, we ask: what changes in designation occurred in the United Kingdom? When did these happen? And what can we infer about the nature of corporate leadership from these changes?

[21] David W. Allison and Blyden B. Potts, "Title Wave: the Diffusion of the CEO Title Throughout the US Corporate Network" (CRSO Working Paper Series, no. 576, 1999).
[22] Tedlow et al., "The Chief Executive Officer", 689.

[23] Alfred D. Chandler, "The United States: Seedbed of Managerial Capitalism," in *Managerial Hierarchies: Comparative Perspectives on the Rise of the Modern Industrial Enterprise*, ed. Alfred D. Chandler and Herman Daems (Cambridge, Mass., 1980) 9, 35.
[24] Mizruchi and Marshall, "Corporate CEOs, 1890–2015", 145–46.

As shown in Figure 1, the term CEO does not come into widespread use, i.e., the title used by over 50 percent of corporate leaders, until the early 1990s.[25] The term Chairman remained the dominant title until the 1950s. However, both Chairman and Managing Director were designations widely used in the first half of the twentieth century.[26] In other words, the ultimate authority to set strategy varied by company and industry.

Figure 1. Change in the designation of the top corporate leaders in British companies



Gourvish describes the General Managers of large railway corporations as the early equivalents of CEOs in Britain. They were salaried managers with extensive executive responsibilities for running the company on a day-to-day basis and reported directly to the board. However, the Chairman could make significant strategic decisions with no recourse to

[25] All figures depict time trends from a univariate nonparametric regression using local mean smoothing.
[26] In Figure 1 the roles Managing Director and Chairman, and CEO and Chairman, indicate individuals holding both roles concurrently at some point in their tenure, which we regard as holding dual roles.

the General Manager.[27] Elsewhere Cassis, in his survey of London banks, found that decision-making power was exercised by both Chairman and Managing Directors.[28]

As Cassis notes, this makes it difficult to ascertain the seat of ultimate power in some British companies.[29] The 1862 and 1900 Companies Acts did not address this issue. The suggested articles of association (the so-called Table A) appended to the Acts had provisions where a permanent Chairman was optional. Executive power was vested in the directors. In Britain, the practice of a single unitary board system of governance, bringing together executives and non-executives, dominated throughout the century. A Chairman was appointed to lead the board, which gave him the ultimate authority over major decisions. The role tended to be filled by company founders, family members in companies dominated by family ownership, or an elected representative from the shareholder body. However, the Chairman's level of involvement in the company varied significantly. Giddens and Stanworth noted that for some Chairmen it was a full-time job, but others were Chairmen of other companies simultaneously, and some were "little more than a figurehead in any of them."[30] Clearly some Chairmen had little involvement in the companies they ostensibly led.

Whilst the proportion of Chairmen at the top of the corporate leader steadily declined, the proportion of Managing Directors increased until the 1950s. Depending on the industry and firm, Managing Directors were powerful figures, predominantly professional salaried managers entrusted with the day-to-day running of companies, as well as making strategic decisions. This is indicative that the nexus of power was shifting towards professional managers.

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[27] Terence Gourvish, "A British Business Elite: The Chief Executive Managers of the Railway Industry, 1850-1922," *Business History Review* 47, no. 3 (1973): 289-316.
[28] Youssef Cassis, *City Bankers, 1890-1914* (Cambridge, UK, 1994): 56-57.
[29] Cassis, *Big Business*, 160.
[30] Giddens and Stanworth, "An Economic Elite", 81.

A further notable trend that supports this shift was the rise of dual roles, with individuals acting as both Managing Director and Chairman. In the data, we noted individuals who were explicitly designated as holding a dual role, as well as individuals who held the roles concurrently at some point in their appointment. The career progression in these cases often saw a sequential move between the roles with a period of overlap. From the 1930s to the 1980s, around 20 percent of leaders were Chairman and Managing Director or Chairman and CEO. This indicates that, like in the United States, there was a trend towards concentration of power and decision making in the same individual. In the 1950s, the designations of Managing Director and dual roles were almost equal to the number of Chairmen. This occurred prior to the change in designation and formalization of the CEO role but is indicative that experimentation was occurring in which corporate power was centralized with an individual professional manager. It is notable that the rise of the term CEO supplanted the Managing Director designation and dual roles, suggesting that this reflected a substitution in terminology for a similarly performed role.

The first usage of the term CEO in our database occurs in the 1930s and appears to be an import from the United States. Medley G. B. Whelpley, an American, was listed as both Chief Executive and Chairman of Lautaro Nitrate, a British-listed subsidiary controlled by the US-based Guggenheim Brothers. This possibly reflects the different expectations around corporate naming conventions in Britain and the United States. Other early examples in the 1940s also had dual designations, combining CEO and Chairman. There were no developments in the regulatory environment to explain these changes. The 1948 Companies Act had little to say about executives, focusing rather on the responsibilities of directors. In the United Kingdom, interest in corporate governance and the role and accountability of executives did not become prevalent until the 1980s.[31] The impetus was more likely mimetic, copying US conventions, and through experimentations with the locus of authority and decision making for business reasons.

In the United States the widespread diffusion of the term CEO occurred in the late 1960s and early 1970s.[32] In the 1970s and 1980s, increasing interest in corporate governance and the accountability of executives plausibly explains the tightening of definitions and responsibilities around corporate designations.[33] In the United Kingdom the all-powerful CEO emerged in the late 1980s. This coincides with the Thatcherite reforms of deregulation of labour and financial markets, and privatization pursued throughout the 1980s.

The increasing power vested in these individuals created governance challenges. The checks and balances that exist when a senior executive is overseen by a senior board member were eroded as those roles were combined, either through dual appointments or the empowerment of individual CEOs.[34] This widespread trend and a series of corporate scandals provoked a growing backlash to protect the rights of shareholders.[35] Various reports commissioned by industry bodies, including Cadbury in 1992 and Hampel in 1998, investigated and recommended changes to corporate governance. These were the first efforts in the United Kingdom to define and formalize executive roles. The Cadbury report called for a clear division between the roles of CEO and Chairman and empowerment of Non-executive Directors.[36] As Figure 1 shows, these voluntary codes, although not legally binding, had some effect, with the decline of dual CEO-Chairman appointments from the 1990s onwards.

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[31] Brian R. Cheffins, "The Rise of Corporate Governance in the UK: When and Why," *Current Legal Problems* 68, no. 1 (2015): 387-429.
[32] Allison and Potts, "Title Wave," 9.
[33] Brian R. Cheffins, "Corporate Governance Since the Managerial Capitalism Era," *Business History Review* 89, no. 4, (2015): 717-44
[34] Cassis, *Business Elites*, 162-63.
[35] In the early 1990s corporate scandals in Britain involving large scale fraud included Polly Peck, Bank of Credit and Commerce International, and Maxwell Communication.
[36] Committee on the Financial Aspects of Corporate Governance, *The Financial Aspects of Corporate Governance* (London, 1992).

This analysis identifies three epochs created by the changes in the use of terminology to designate British corporate leaders. First, the beginning of the century was dominated by Chairmen. The second epoch saw the rise of Managing Directors in the 1920s and 1930s, and subsequent growth in the number of dual appointments as companies experimented with the position of power and nature of the leadership roles. This experimentation was completed in the third epoch, which saw the all-powerful CEO come to dominate corporate leadership in the 1990s, and establishment of corporate governance norms, separating the roles of CEO and Chairman. Although the transition to all-powerful CEOs occurred later than in the United States, the experimentation with dual-roles and some early adoption of the designation indicates an impetus within the United Kingdom to adapt the scope and nature of the source of ultimate executive power in a similar manner to the United States.

4. Social backgrounds of corporate leaders

There has been widespread disagreement about Britain's economic and corporate performance in the late Victorian and Edwardian period. Those who have presented a declinist or pessimistic view have emphasized the poor quality of Britain's corporate leaders. This, they argue, resulted in British companies being unable to match the productivity and innovation capabilities of their American and German counterparts.[37]

This literature has led to divergent claims about the social background of corporate leaders in the first half of the century. The declinist literature claims that they were typically drawn from elite levels of society, predominantly the landed gentry, with little business experience. They were often educated at elite private schools, such as Eton and Harrow, and if they attended university, they went to Oxbridge. There has been widespread criticism of this

[37] Alfred Marshall, *Industry and Trade: A Study of Industrial Technique and Business Organization*, (London, 1919); Derek H. Aldcroft, "The Entrepreneur and the British Economy, 1870–1914," *Economic History Review* 17, no. 1 (1964); David S. Landes, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750* (Cambridge, UK, 1969).

education in terms of its suitability for a business career, with its focus on humanities and classics rather than applied sciences or engineering.[38] There was also a complete absence of formal management education in the United Kingdom before World War II.

Of the 460 Chairmen identified by Giddens and Stanworth, they found 66 percent were drawn from the upper classes, 65 percent had been educated at an elite public school, and 46 percent had been to university, of which 37 percent had been to Oxbridge. They concluded that little changed in terms of the 'openness' of recruitment to the position of Chairman. In other words, education at an elite school and Oxbridge remained dominant characteristics of the pathway to the top between 1905 and 1971.[39]

Rebuttals to these claims dismiss both the prevalence of elite-school education and the argument that those from the social elite performed worse.[40] In a recent study using data from circa 1,700 listed large British companies in 1911, Aldous et al., find that only 5 percent of these companies were led by peers, 17 percent were from elite private schools, and 16 percent went to Oxbridge. Furthermore, there was no statistically significant negative relationship between these leaders and company performance.[41]

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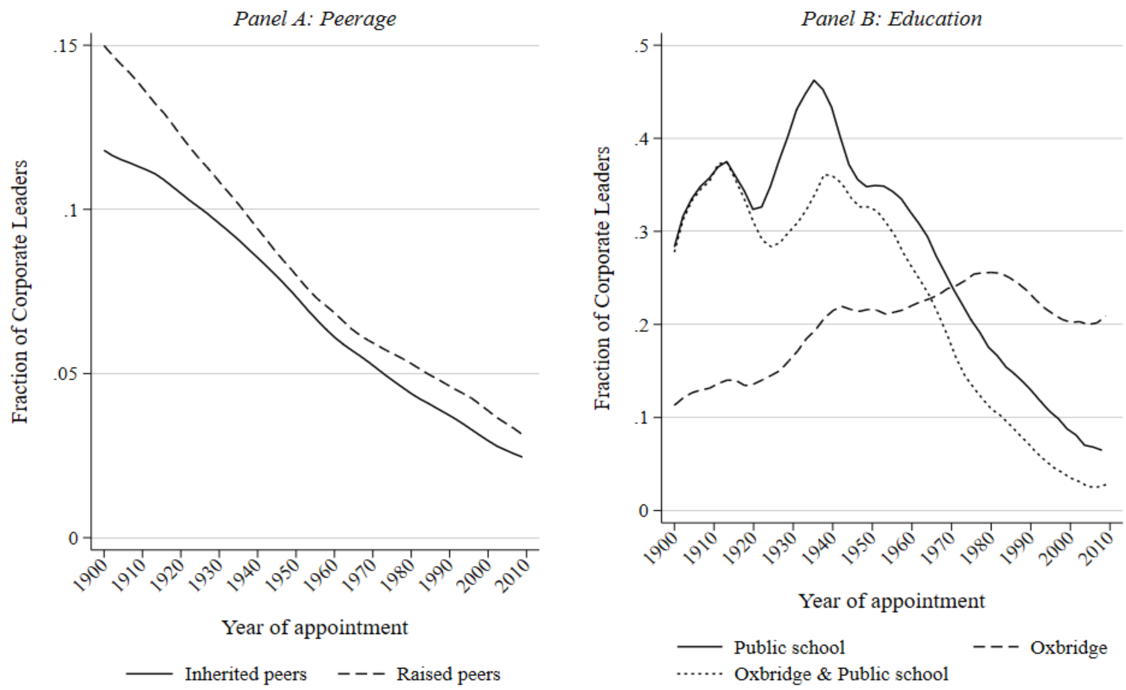
[38] Martin J. Wiener, *English Culture and the Decline of the Industrial Spirit 1850–1980* (New York, 1981); George C. Allen, *The British Disease: A Short Essay on the Nature and Causes of the Nation's Lagging Wealth* (London, 1979).
[39] Giddens and Stanworth "An Economic Elite," 89.
[40] Hartmut Berghoff, "Public Schools and the Decline of the British Economy 1870–1914," *Past & Present* 129, no. 1 (1990): 148–67.
[41] Michael Aldous, Philip T. Fliers, and John D. Turner, "Was Marshall Right? Managerial Failure and Corporate Ownership in Edwardian Britain," *Journal of Economic History* 83, no. 1 (2023): 131-65.

Figure 2. Social backgrounds of corporate leaders



In light of this debate, we address two questions using our database. Were aristocratic amateurs as prevalent amongst Britain's corporate leadership in the early decades of the twentieth century as the extant literature suggests? How persistent were this group over time? We use data on peerages and education at elite private schools and universities as proxies for elite social status to address these questions.

As can be seen from Panel A of Figure 2, the prevalence of the aristocratic elite amongst corporate leaders was relatively low even in 1900. About 10 percent of the corporate leaders of the top 100 companies in 1900 held inherited peerages, that is to say they came from families already established amongst Britain's social elite. This number steadily declined over the rest of the century. Corporate leaders who were raised to peerages accounted for a slightly larger proportion but followed the same declining pattern. The discrepancy between our results and those found in Aldous et al. is likely a function of the firms and sectors in our sample: the 100 largest companies, particularly railways, banks, and insurance companies, were more likely to attract and appoint socially elite individuals.

This confirms that those from the apex of the social elite were not common amongst corporate leaders. Rather, corporate careers were a route into Britain's social elite, illustrated by the persistently higher number of corporate leaders raised to peerages. Examples of corporate leaders raised to peerages in the early part of the century include Marcus Samuel of Shell, Alfred Harmsworth of Amalgamated Press, and Alfred Mond of ICI. This supports Giddens and Stanworth's claims that, "The persistence of aristocratic titles, and their use as a reward for business success, is symptomatic of far more than a continuation of the trappings and symbols of an old order into modern times … Britain made both gentlemen of businessmen and businessmen of gentlemen."[42]

Other indicators of elite status, including education, show a somewhat different pattern. As shown in Panel B of Figure 2, elite private school attendees increased from circa 30 percent in 1900 and peaked around 1935 at circa 45 percent of corporate leaders. The number of Oxbridge graduates slowly increased from around 12 percent, peaking in the 1980s when around 25 percent of corporate leaders had graduated from these institutions. Elite school corporate leaders would sharply decline from the 1940s, to just below 10 percent in 2009. Corporate leaders with Oxbridge degrees remained steady at just over 20 percent for the rest of the period, but the number of Oxbridge graduates as a proportion of all University graduates fell significantly from a peak of 68 percent in the late 1940s to under 30 percent by 2009. The persistence of the number of Oxbridge graduates is likely explained by the growth in the number of students and widening of access through state funding models after 1945, which facilitated growth in overall university attendance and more diverse social backgrounds at

[42] Giddens and Stanworth, "An Economic Elite," 99-100.

Oxbridge specifically.[43] Members of the elite social classes were certainly prevalent amongst the corporate elite in the early decades of the century, but they were never a majority, and there was a significant decline in the decades after World War II.

The decrease in the number of inherited peerages and larger number of raised peerages is consistent with the assertion that successful businessmen, although not themselves born socially elite, were able to rise to the top of British society. This also suggests a plausible explanation for the initial upward trend and persistence in the number of elite-school attendees: successful businessmen, having raised their social status, sought to improve their sons' prospects by sending them to an elite private school, and many of these sons entered business careers rather than pursing other gentlemanly pursuits. Our evidence underlines Cassis's findings, but using a deeper and more rigorous set of data, to show that claims to the pervasiveness of aristocratic amateurs leading Britain's largest companies are not supported.[44] Indicators of the social elite were at their highest between the 1920s and 1940s, but even then, only accounted for a significant minority of corporate leaders. They declined sharply after 1940. The rise in the 1930s in the number of Managing Directors and dual roles filled by experienced managers is a plausible explanation of these trends and indicates the rise of a different social class to the apex of corporate leadership. In other words, there was a significant transition in both the role and characteristics of those fulfilling it in the 1930s and 1940s. This also highlights the limitations of Giddens and Stanworth's findings. By focusing on Chairmen and not accounting for Managing Directors, they failed to provide a complete picture of British corporate leadership.

[43] Laurence W. B. Brockliss, *The University of Oxford: A History* (Oxford, 2016), ch. 14.
[44] Cassis, *Business Elites*, 137.

5. Families and founders

For Chandler and others, a key factor that inhibited Britain's corporate and economic performance was the widespread number and persistence of family owned and managed companies.[45] His analysis of the emergence of large US companies identified a progression from firms owned and managed by their founders and families, to entrepreneurially owned and managed firms, to a final stage of managerial enterprise in which ownership and control were divorced. This empowered professional executives to make investments in manufacturing, marketing, and management, enabling companies to dramatically increase productivity and innovation.

Conversely, he claimed that in the United Kingdom there was a persistence with founder and family-owned firms, whose owners were risk averse and unable to make such investments. According to Chandler, patronage, nepotism, and close control of ownership reduced the influence of external professional experts and retarded the adoption of modern organizational and managerial structures. This commitment to 'personal capitalism' limited the capacity to expand established industries or move into more technologically advanced new industries.

The 'clogs to clogs' three generations aphorism was also regarded as a prevalent problem in the Edwardian period.[46] Successful firm founders were replaced by family members who inherited the company but not the ambition or capabilities of the founder, leading to stagnation and decline. This outcome was also ascribed to the commitment to social advancement prevalent in British society, which saw successful businessmen send their sons to elite schools and universities to become gentlemen rather than prepare to inherit the

[45] Chandler, *Scale and Scope*; Bernard Elbaum and William Lazonick, *The Decline of the British Economy: An Institutional Perspective* (New York, 1986).
[46] Tom Nicholas, "Clogs to Clogs in Three Generations? Explaining Entrepreneurial Performance in Britain since 1850," *Journal of Economic History* 59, no. 3 (1999): 688–713.

business.[47] The protean entrepreneurial spirit of the first industrial revolution was thus extinguished by the early twentieth century.

Chandler's views on personal capitalism have been widely critiqued. Numerous counterpoints to his thin data and selective case studies have been developed to show that family-owned firms were capable of making the necessary investments.[48] Family firms were able to exploit the benefits of trusted networks to respond rapidly to change and seize opportunities more effectively than bureaucratic hierarchies.[49] Far from being averse to innovation and technology, the record of British companies in terms of investment and outcomes from research and development in the interwar years was strong, with rapid developments in new industries such as chemicals.[50] The prevalence of family firms is also debated. Aldous et al., found that the majority of large, listed companies had divorced ownership from control by 1911, and only a rump of around 25 percent of the largest circa.1,600 public companies had family ownership.[51]

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[47] Coleman, 'Gentlemen and Players.'

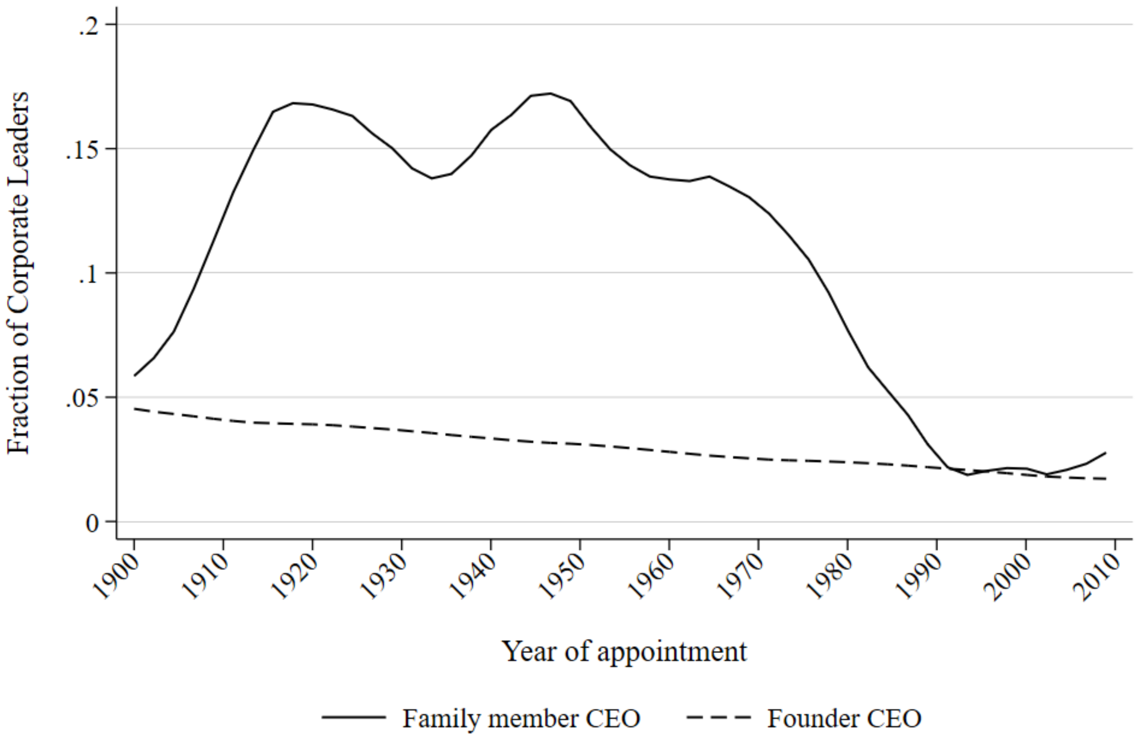
[48] Geoffrey Jones and Mary Rose, "Family Capitalism," *Business History* 34, no. 4 (1993): 1-16; Roy Church, "The Limitations of the Personal Capitalism Paradigm," contribution to 'Scale and Scope: A Review Colloquium,' *Business History Review* 64, no. 4 (1990).

[49] Mark Casson, "The Economics of the Family Firm," *Scandinavian Economic History Review* 47, no. 1 (1999): 10-23.

[50] David E. H. Edgerton and Sally M. Horrocks, "British Industrial Research and Development before 1945," *Economic History Review*, 47, no. 2 (1994).

[51] Aldous et al, "Was Marshall Right?"; similar findings also in James Foreman-Peck and Leslie Hannah, "Extreme Divorce: the Managerial Revolution in UK companies Before 1914," *Economic History Review* 65, no. 4 (2012): 1217-38.

Figure 3. Corporate leaders who were family members or founders



In Figure 3, we examine the prevalence of family- and founder-owned firms amongst the largest British companies. The number of CEOs who were direct family members or close relations of the founding family increased from under 10 percent in 1900, peaking a little over 15 percent after 1910, where it stayed until 1950, and declined to under 5 percent in the late 1980s. The number of founder CEOs was under 5 percent in 1900 and slowly declined over the century.

If we take these figures and create a range of between circa 15 percent and circa 20 percent of corporate leaders having family links or being founders in the first half of the twentieth century, it is not indicative of a prevalence of family-ownership or owner-managers amongst the largest British companies. There is, however, a degree of persistence at this level after 1945. This trend could support claims for the persistence of sclerotic family-owned firms in the British economy. But on the other hand, it may also reflect the distinct capabilities of family firms and their leaders to navigate the complex and volatile changes in Britain's economic and political environment during the interwar period and after World War II.[52]

6. Career pathways of corporate leaders

The change in social backgrounds amongst corporate leaders in the first half of the century challenges claims to the persistence and prolonged impact of amateur elites later in the century. The socio-economic factors that shaped 'personal capitalism' have been viewed as deeply embedded and a factor in lacklustre corporate performance after World War II.[53] Yet, the transition identified above refutes Giddens and Stanworth's claims that little changed in the make-up of the corporate elites until 1971, the end point of their study.[54] Whilst the social class and role of corporate leaders changed, the extent to which the education, training, and career development of executives was professionalized needs further investigation.

In the United States, the Managerial Revolution was underpinned by the professionalization of corporate careers. In the decades after 1945, senior executives were increasingly well educated, whilst specialized management education proliferated.[55] In the United Kingdom, Cassis identified a slow process of professionalization, beginning in the 1920s, through which some of Britain's largest companies began to appoint experienced professional executives to their boards.[56] Professionally trained accountants, solicitors, engineers, and scientists became increasingly prevalent in decision-making roles. This was underpinned at the lower levels of companies by the increasing recruitment of university graduates. Cassis claimed that this trend became widespread by the 1960s. Maclean et al. have

[52] Andrea Colli, *The History of Family Business, 1850–2000* (Cambridge, UK, 2002).
[53] Elbaum and Lazonick, *The Decline of the British Economy*.
[54] Giddens and Stanworth "An Economic Elite", 101.
[55] Alfred D. Chandler, *Visible Hand*; Carola Frydman, "Rising Through the Ranks: The Evolution of the Market for Corporate Executives, 1936–2003," *Management Science* 65, no. 11 (2019): 4951–4979; Amdam, "Creating the New Executive".
[56] Cassis, *Business Elites*, 162.

also pointed to efforts in the interwar period to improve management education through peer learning networks and lectures that sought to distil management best practices.[57] Yet, the persistence of amateurism is illustrated by the reticence of British corporate leaders to adopt modern management techniques and technology, despite being given privileged access to them by American experts.[58]

Was there a managerial revolution in Britain in the post-war decades? The extent and timing of the revolution can be explored in greater depth using our database. First, the level and discipline of the education obtained by corporate leaders can be analysed. In the United States, executive career pathways were strongly defined by attendance at elite universities and increasingly the formal study of management education. Yet, Cassis notes that in Britain, a university education was not a *sine non qua* for reaching the top rung of corporate leadership in the post-war period.[59] Total participation rates in UK higher education increased from 3 percent in 1950 to 14 percent in 1970.[60] Was this uplift in higher education reflected amongst CEOs? Similarly, had the content become more relevant to a corporate career? Were disciplines such as STEM or management and economics, regarded as better preparatory pathways for business careers, more prevalent?

[57] Mairi Maclean, Gareth Shaw, Charles Harvey, and Alan Booth, "Management Learning in Historical Perspective: Rediscovering Rowntree and the British Interwar Management Movement," *Academy of Management Learning & Education* 19, no. 1 (2020): 1–20.
[58] Nick Tiratsoo and Jim Tomlinson, "Exporting the 'Gospel of Productivity': United States Technical Assistance and British Industry 1945-1960," *Business History Review* 71, no. 1 (1997): 41–81.
[59] Cassis, *Business Elites*, 136-37.
[60] Geoff Whitty, Annette Hayton, and Sarah Tang, "Who You Know, What You Know and Knowing the Ropes: A Review of Evidence About Access to Higher Education Institutions in England," *Review of Education* 3, no. 1 (2015): 27-67 (29).

Figure 4. Education of corporate leaders

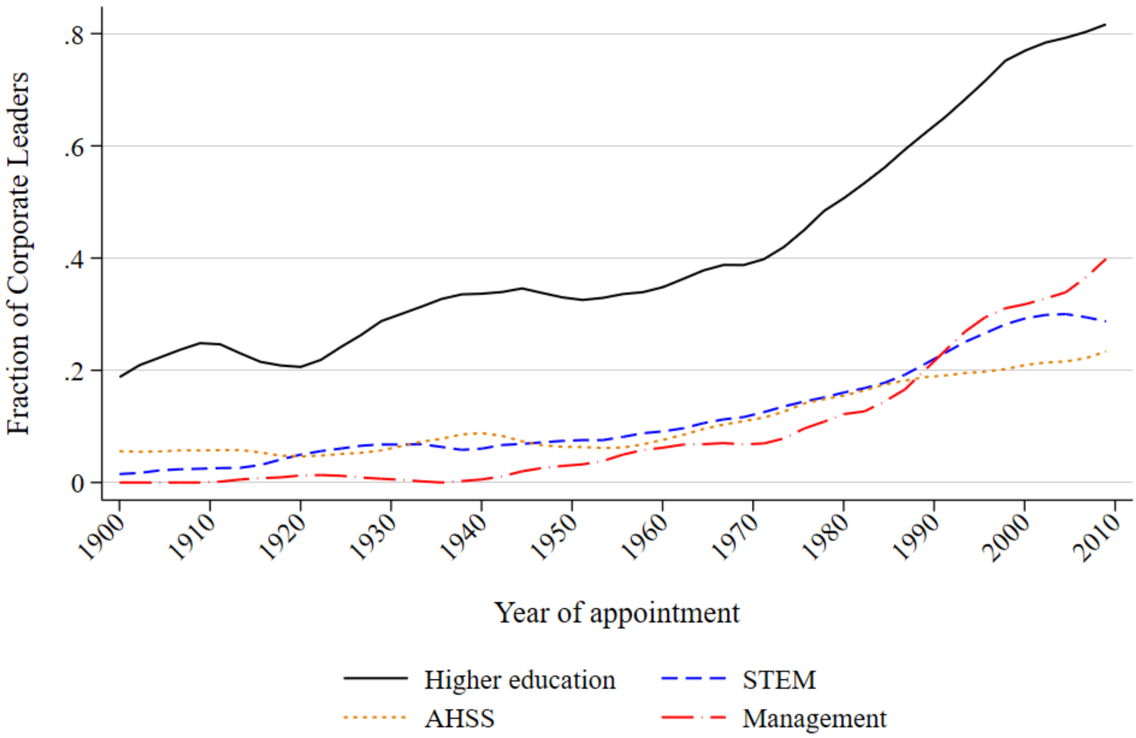


Figure 2 shows that an Oxbridge education remained a constant factor in the post-1945 period, but at just over 20 percent of corporate leaders, it was not dominant. Indeed, the proportion of Oxbridge degrees declined significantly after 1945. Figure 4 shows that the number of higher education qualifications increased across the century. However, it was not until around 1980 that over 50 percent of corporate leaders had a degree, and by this point 50 percent of these degrees came from outside Oxbridge. The importance of postgraduate education remained very low, predominantly composed of PhDs in the sciences. The timing of the rise in the number of university graduates can be linked to lagged effects of institutional reforms in higher education in the 1960s and 1970s. The *Robbins Report*, which called for a major expansion in the number of places in British universities, was published in 1963.[61] With

[61] Committee on Higher Education, *Higher Education: Report of the Committee Appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961–63* (London, 1963).

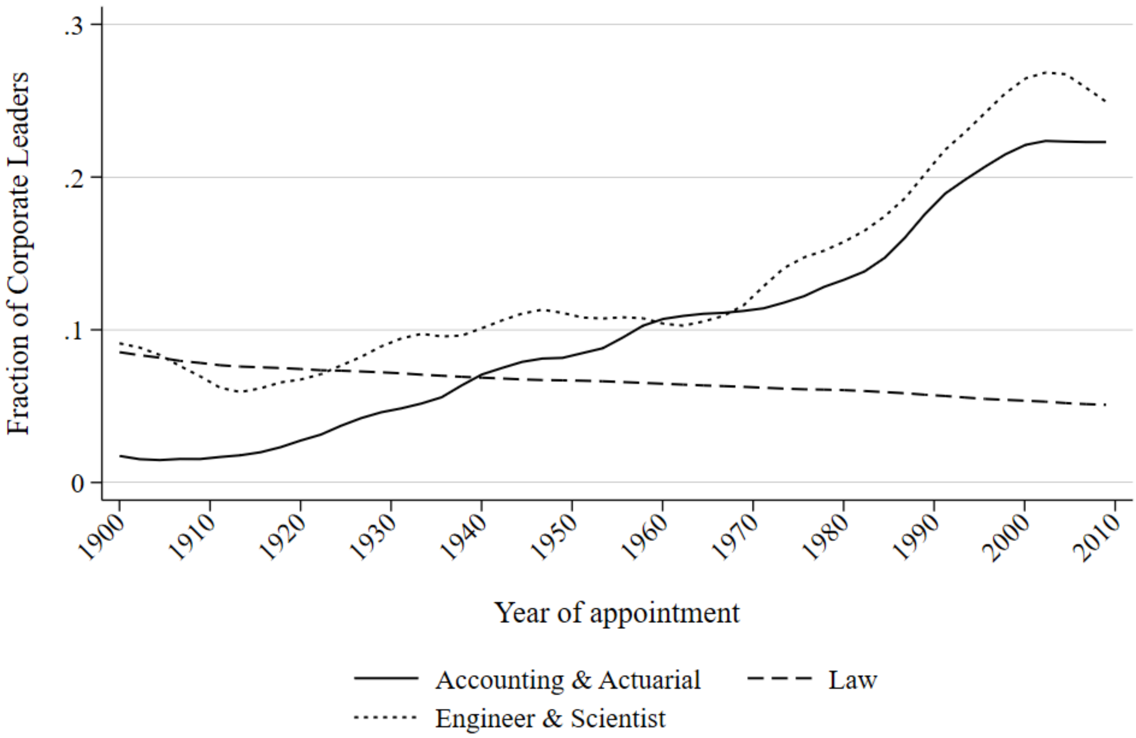
a gap of around 30 years between attending university and ascending to the role of CEO, the effects of these reforms would not be felt until the 1990s.

The years after 1945 also saw a steady increase in the number of STEM and Management related degrees (including Economics and Commerce). The Oxbridge institutions had developed high quality science and engineering departments by the beginning of the twentieth century, and similar centres of scientific and engineering expertise emerged amongst the civic universities in the first half of the twentieth century.[62] However, it was not until the 1980s that these degree subjects became the dominant pathway for corporate leaders.

Whilst practical business experience was the dominant source of management training before 1945, Cassis notes that from the 1950s this was augmented by high levels of professional training in self-regulated chartered professions such as accountancy and engineering.[63] This provided both theoretical and applied teaching, and increasingly formalized professional qualifications. The long-standing importance of trained accountants and engineers in running large, bureaucratic organizations has been further noted by the likes of Matthews, and Shaw.[64] The growing importance of such professional training potentially offered new routes to the top of the corporate ladder, as it became important to obtain professional qualifications and credentials.

[62] Michael Sanderson, *The Universities and British Industry, 1850-1970* (London, 1972).
[63] Cassis, *Business Elites*, 137
[64] Derek Matthews, Malcolm Anderson, and John Richard Edwards, *The Priesthood of Industry: The Rise of the Professional Accountant in British Management* (Oxford, 1998); Christine Shaw, "Engineers in the Boardroom: Britain and France Compared," in *Management and Business in Britain and France: The Age of the Corporate Economy, 1850-1990*, eds. Youssef Cassis, François Crouzet, and Terry Gourvish (Oxford, 1995).

Figure 5. Professional qualifications of corporate leaders



The prevalence of professional training is examined by identifying corporate leaders with formal qualifications and career formation in accountancy and actuarial science, engineering and science, and the law. As can be seen from Figure 5, corporate leaders with qualifications and formal training in accounting and engineering increased in the period after 1945. CEOs with legal qualifications and training as company secretaries remained constant across the century, at below 10 percent. There was no significant turn towards the law as a source of corporate leadership. Accounting and actuarial qualifications began to increase from the late 1920s. Yet, this was from a low level, of around 5 percent, and would not rise beyond 20 percent until the 2000s. Engineering and science followed a similar trend from a slightly higher base. The rate of growth increased after 1970, and by the 2000s, nearly 50 percent of British corporate leaders held a qualification and training from a chartered profession.

Specialized management education was slower to develop in the United Kingdom than in the United States. In Britain, recognition that a professionalization of management could support improvements to productivity in the post-war period saw the Administrative Staff College at Henley, a privately funded organization offering formal management training, founded in 1946, and the British Institute of Management in 1948.[65] A second wave of interest in the 1960s resulted in the formation of Business Schools in London and Manchester, and the gradual development of management as an academic discipline in the United Kingdom.[66]

The impact, however, of specialized management education on leadership pathways was muted. Cassis found that by the 1980s no more than 35 percent of corporate leaders had formal management education, of which the majority were professional accountants.[67] Our data shows that even by 2000, only around 20 percent of CEOs had a management-related degree and a further 20 percent had accounting qualifications. Specialized management qualifications have remained low. For example, the number of corporate leaders with MBAs grew, from a very low base of 9 between 1979 and 1990, to 37 between 1991 and 2010. Despite the increase in supply, specialized management education did not become integral to career pathways for British corporate leaders by 2009.

Professionalization of management, in terms of education and training, increased in the post-war period. However, this was from a low level and was slow between 1945 and 1980. Similarly, training provided through chartered professions or equivalents only accounted for 50 percent of CEOs in the 2000s. Specialized management education remained a niche. Claims of a post-war managerial revolution are not supported by our data, but significant widening in the education and training of Britain's corporate elite was notable from the 1980s. Nevertheless, only from the 2000s could it be described as an integral step on the pathway to the top.

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[65] Nick Tiratsoo, "'What you Need is a Harvard': The American Influence on British Management Education," in *Missionaries and Managers: American Influences on European Management Education, 1945-60*, eds. Terry Gourvish and Nick Tiratsoo (Manchester, 1998).
[66] Tiratsoo, "Management Education in Postwar Britain".
[67] Cassis, *Business Elites,* 139.

Finally, we examine the extent to which wider institutional changes affected the career pathways of corporate leaders. Extending the coverage of the database to 2009 allows for analysis of the impact of a series of significant institutional changes in the 1980s. In pursuit of a more liberal market economy, Margaret Thatcher's government undertook both deregulation, particularly in the finance sector, and privatization of state-owned industries in a wide range of sectors. These policies, alongside the rising tide of globalization and the ICT revolution of the 1990s, reshaped the context for corporate leadership in the UK. These changes have been identified as a driver in the emergence of a new class of corporate leadership, not only in Britain, but also in the United States and other advanced economies.[68] The correlation between these changes and corporate leadership are shown in Figure 1, as the early 1990s saw the all-powerful CEO finally dominate in Britain. Ultimate authority and decision making was now increasingly vested in a single individual all-powerful executive.

This period also saw the emergence of highly paid 'fat cat' CEOs who abused their roles through excessive pay deals, incentives, and personal use of company resources, at the expense of shareholders.[69] Indeed, the combination of all-powerful CEOs, alongside the rise of fat cats, and high-profile corporate scandals in the early 1990s, saw a growing call for strengthened corporate governance regimes and curbs on executive pay. The various industry sponsored committees and attendant reports of the 1990s created voluntary codes of best practice, including the formalization of a split between CEO and Chairman roles, strengthening of the role of Non-executive Directors, and remuneration committee guidelines.

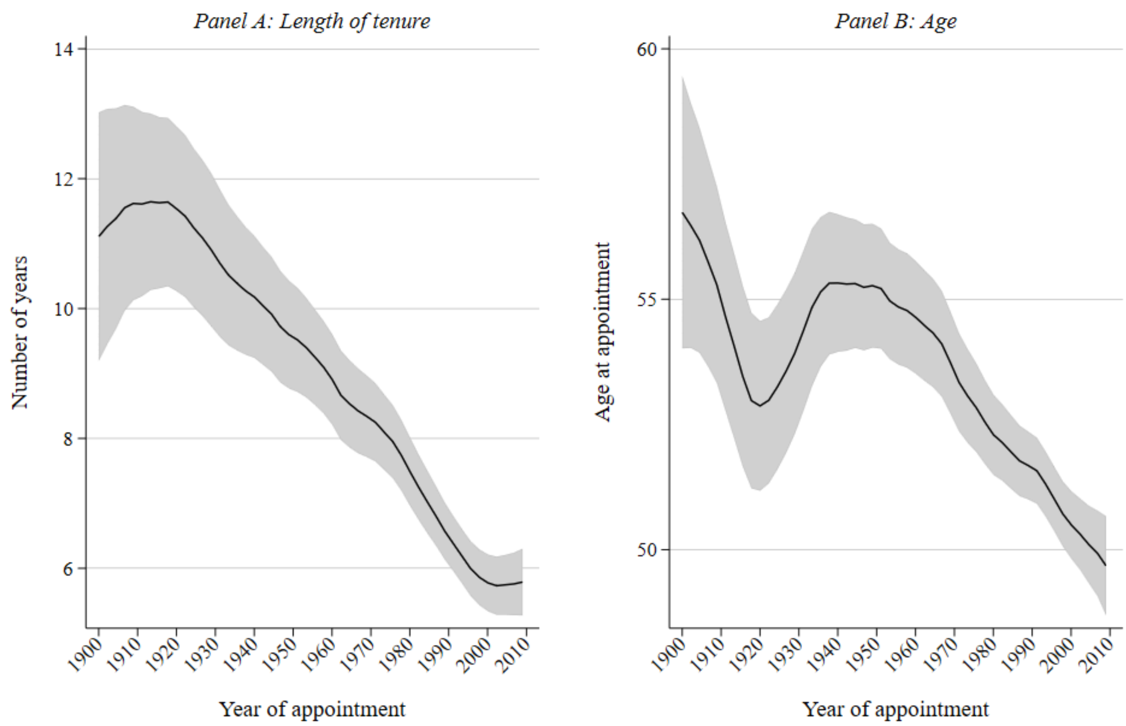
To examine the impact of these institutional changes we analyse trends in CEO tenure, age at commencement in post, and type of exit. The efforts to strengthen governance codes and market discipline through the empowerment of shareholders sought to make CEOs more

[68] William Lazonick and Mary O'Sullivan, "Maximizing Shareholder Value: A New Ideology for Corporate Governance," *Economy & Society* 29, no. 1 (2000): 13–35; Quigley and Hambrick, "Has the 'CEO Effect' Increased in Recent Decades?".
[69] Anthony Sampson, *The Essential Anatomy of Britain, Democracy in Crisis* (London, 1992): 112-13.

accountable and therefore increase the possibility of them being forced from their role. An increase in the probability of dismissal would potentially shorten tenures.

As shown in Figure 6, average tenure fell significantly across the century. From a high of just over eleven years between 1900 and 1920, tenure would steadily decrease, falling below six in the 1990s.[70] Similarly, the age at which individuals commenced the CEO role had declined from 55 to below 50. By the 1990s, CEOs were younger and spending far less time in the role, indicative of both changes in the nature of the role and the pathway to the top.

Figure 6. Average tenure and age of corporate leaders

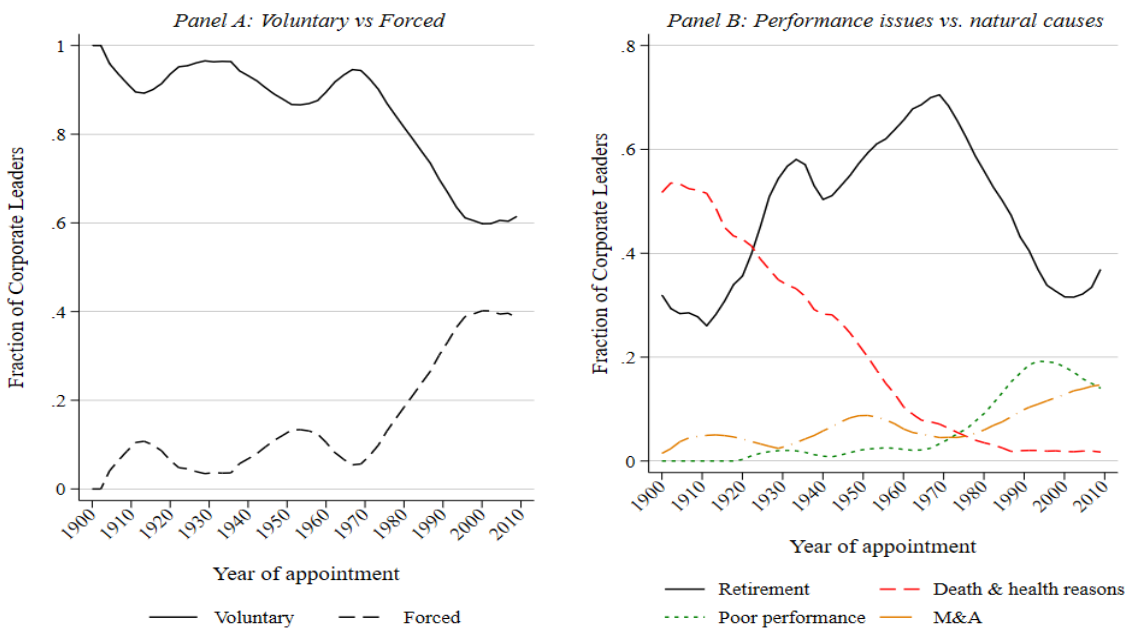


The changes in tenure can be further examined through analysis of the reasons for exiting the role. To do this, we categorize whether the CEO leaves voluntarily - retirement, take up of another job, health reasons – or is forced to exit – due to poor performance, scandal, or forced out through a merger or acquisition. The data in Figure 7 show a considerable growth

[70] The grey shading shows the 5 percent confidence intervals around average tenure and age.

in the number of forced exits from the 1970s onwards, rising from around 10 percent to 40 percent of CEOs. In the first half of the century, it was common for CEOs to either die in office, leave due to health reasons, or retire. It is likely that these figures are somewhat biased due to social conventions which would prohibit public communication around poor performance and sackings in the early decades of the century. The number of retirements may well include a significant number of 'forced' retirements due to performance that were unreported. However, it is clear that forced exits became significantly more common after 1970. Notably, these trends on tenure and exit were also common amongst US and Dutch CEOs.[71]

Figure 7. Form of exit: voluntary or forced



The rise in forced exits was strongly associated with the increase in market discipline effects created by Thatcher's policies that enhanced the power of shareholders and capital markets, enabling them to be more proactive in demanding improved corporate performance and sanctions for under-performance. The effects of deregulation and privatization also

[71] Mizruchi and Marshall, "Corporate CEOs, 1890–2015"; Sluyterman and Westerhuis, "The Changing Role of CEOs in Dutch Listed Companies".

produced a wave of mergers and acquisitions in the 1990s, which further increased forced exits. The governance reforms of the 1990s may have had a similar effect. The proposals of the Cadbury report, separating the roles of CEO and Chairman while strengthening the role of Non-executive Directors, increased the power of boards to check the poor performance of CEOs. Increasing public interest in both CEOs and corporate performance may have exacerbated these trends. Heightened public interest from the 1980s onwards and scrutiny from shareholders created conditions in which poor performance was identified and acted on.

The pro-market reforms of the 1980s had a significant effect on CEO careers. The increase in market discipline saw CEO tenures fall and forced exits rise. With shorter careers ending at a younger age and increased likelihood of dismissal, CEOs faced greater pressure to exploit their time at the top, potentially providing another explanation for the rise of excessive remuneration and fat cats in the 1980s and 1990s.

7. Conclusion

This article has presented a larger, more extensive, and more rigorously compiled database of corporate leaders of Britain's largest companies in the twentieth century than previously available. Using a prosopographical method, we have identified longitudinal trends that provide new insights into the evolution of Britain's corporate elites across the century. The benefits of the prosopographical methodology arise when the characteristics and careers of corporate leaders captured through biographical study are correlated with other factors, such as changes in government policy or industry structure, to identify points of transition and transformation. Whilst useful in identifying correlation, the method is clearly limited in terms of claims of causality, but it serves the very important purpose of identifying different epochs and relationships worthy of further study through qualitative and quantitative methods.

Our findings show that in the first half of the century, socially elite 'amateurs' or family CEOs were not prevalent amongst Britain's largest companies. At most they made up significant minorities in the period between the 1920s and 1940s, with family ownership persisting at 15 percent until the 1950s. The majority of CEOs of top 100 companies across the century were salaried executives, appointed for their professional capabilities rather than their social status or family pedigree. Whilst these findings do not overturn claims within the declinist narratives that socially elite and family CEOs made for poor corporate leaders, they illustrate that the social elite did not dominate Britain's leading corporations in the first half of the twentieth century.

The lower preponderance of socially elite leaders can, in part, be explained by the rising prominence of Managing Directors, who as salaried executives had different career pathways. Further research into the Edwardian period may seek a deeper understanding of how the transition from Chairman to empowered Managing Directors affected decision making and firm performance. This may provide further evidence to support a more optimistic narrative of British corporate and economic performance in the early decades of the century.[72]

The extension of the database into the twenty-first century clarifies and reveals long trends in the post-war period more clearly than previous studies. The managerial revolution after 1945, whilst pronounced in some companies, was slow in the aggregate. That it took until the 1990s for the majority of CEOs to have either a degree or a relevant professional qualification, illustrates the limited interest in the formal development and training of Britain's corporate leaders.

These findings point to the potential for further research to understand whether the slow professionalization of management mattered for corporate and economic performance.

[72] Donald N. McCloskey, "Did Victorian Britain Fail?" *Economic History Review* 23, no. 3 (1970); Aldous et al., "Was Marshall Right?".

Britain's economic performance in the post-war period has been reassessed to highlight relatively high productivity and strong performance of British manufacturing in the 1950s and 1960s, underpinned by well-funded and successful R&D and innovation programs.[73] Yet, the 1970s saw economic malaise, decline in manufacturing output, and slumping productivity. Does Britain's slow embrace of the managerial revolution explain either outcome?

The reforms of the Thatcher period and subsequent efforts to shape corporate governance in the 1990s profoundly altered these trends. Through the 1980s and 1990s, the role of the all-powerful CEO came to dominate British corporations. Accompanying the change in the scope of the role, there was rapid professionalization, as evidenced by increases in the numbers of CEOs with higher education and professional training. These reforms also fundamentally changed the career structure of Britain's corporate leaders. Policies to empower shareholders can be correlated with the decline in tenure and the increased likelihood of forced exit. The transformation of Britain's corporate leadership was most pronounced in this period.

These findings highlight the importance of institutional changes in shaping corporate careers. The long-run perspective enabled through the extended data presented in this article shows that the transformation in the late 1980s and early 1990s coincided with an interaction of economic and governance reforms with lagged educational reforms.

Finally, the findings in this article refute claims that the social backgrounds of Britain's corporate elite were stable. Changes in career pathways, the scope of leadership roles, and education interacted to widen the social diversity of Britain's corporate elite. This opens further questions around the linkages between change in the institutions that effect social mobility and the career pathways of corporate leaders. Answering these questions would shed further light on long-run trends of diversity in corporate leadership roles and their economic impact.

[73] David Edgerton, *Rise and Fall of the British Nation: A Twentieth Century History* (London, (2018), ch. 12.

Appendix 1

Constructing the Top 100 stock-exchange-listed UK firms

Our database covers the years 1900-2009 and includes the top 100 UK stock-exchange-listed companies, excluding investment trusts and real estate investment trusts. The availability of underlying data sources means that we divide up the 110 years into twelve roughly equal periods rather than eleven decades as follows: 1900-1909, 1910-1918, 1919-1927, 1928-1936, 1937-1945, 1946-1954, 1955-1964, 1965-1972, 1973-1981, 1982-1989, 1990-1999, and 2000-2009. For each of these twelve periods, we obtain the names of the 100 largest public companies in that period ranked by market capitalization.

For the period 1900-1954 (our first six periods), we rely on data kindly provided by Dimson et al. (2002).[74] Their database contains the market capitalization of the largest circa 100 stock-exchange-listed companies each year from 1900 to 1954. We then rank the firms based on their average market value in each of our six periods. A firm only enters our top 100 sample if it appears for a minimum of two years in any given period in the Dimson et al. database and ranks among the 100 companies with the largest market capitalization in that period.

For the seventh period, 1955-1964, the construction is slightly more complicated. First, we select all firms from the *Global Financial Database (GFD)* for which we are able to calculate the total market capitalization. To ensure that our Top 100 for the decade reflects the largest firms throughout the decade, we exclude the firms that have fewer than two observations during the decade. This yields 70 unique firms. To then complete the top 100 firms, we include the Top 50 firms that have at least one observation during 1955-1964 and are in the top 150 during the next period (1965-1972) as observed in *Datastream*. We then rank the firms according to their average market value during the decade. For the subsequent five periods

[74] Elroy Dimson, Paul Marsh, and Mike Staunton, *Triumph of the Optimists: 101 years of Global Investment Returns* (Princeton, NJ, 2002).

(1972-2009), we use market capitalization data available in *Datastream*. For every period, we rank the firms based on their average market capitalization across the period and select the top 100 largest companies.

When we combine the data from our 12 periods, we have 461 unique firms from 1900 to 2009. The percentage of incumbents remains relatively stable throughout the twentieth century. We then, for all the firms that enter the top 100, identify their corporate leader and exclude the observations of corporate leaders for whom we are unable to identify the year in which they were appointed. We were unable to identify the CEO for 48 companies, or the year of appointment for the CEOs of six companies. We removed 54 unique companies, meaning our sample then contains 1,558 observations of corporate leaders spread over 407 unique firms.