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

This article uses a prosopographical methodology and new dataset of 1,558 CEOs from Britain's largest public companies between 1900 and 2009 to analyze 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 were associated with an increase in the likelihood of CEO dismissal by a factor of three.

Keywords: CEOs, corporate leaders, corporate careers, Britain, twentieth century

Corporate elites matter. Who gets to the top of the corporate ladder affects company performance, influences economic development, and reflects social mobility and diversity.[1] Due to their importance, corporate leaders are central to widespread academic and public debates. This article focuses on three prevalent questions in these debates. First, what factors shape the scope of the CEO role and their discretion to act?[2] Second, how has the diversity of those in the role been

[1] Timothy Quigley and Donald 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, MA, 2006).

[2] Craig Crossland and Donald 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.

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shaped by pathways to the top?[3] Third, what pathways have CEOs taken to the top? In particular, what role has education played in determining access to corporate leadership roles?[4]

A resurgent interest in corporate elites within business history has shown the importance of analyzing long-run antecedents when addressing these debates.[5] This paper extends this historical work by addressing the three questions through the analysis of the characteristics and career pathways of British corporate leaders across the twentieth century.

The British case merits analysis because the scope and discretion of corporate leaders, their diversity, and their pathways to the top have been factors widely discussed in debates around Britain's long-run corporate and economic performance. A lack of management education and training, limited social diversity, and constraints on executive managers have all been proposed as factors that have contributed to Britain's productivity gap and relative economic decline.[6] The British case has also been widely used in historical analysis seeking to understand how changes in corporate ownership and governance, social constructs like class, and education policies, explain cross-national differences in the formation of corporate leaders.[7]

[3] Rocio Bonet, Peter Cappelli, and Monika Hamori, "Gender Differences in Speed of Advancement: An Empirical Examination of Top Executives in the Fortune 100 Firms," *Strategic Management Journal* 41, (2020): 708–737; Maximilian Göbel, Alexander Seymer, Dominik van Aaken, "Differences between CEOs: A Social-Class Perspective on CEOs' Industry Affiliation in Germany," *Academy of Management Discoveries* 8, no. 4 (2022): 531–560.

[4] Peter Cappelli, Monika Hamori, and Rocio Bonet, "Who's Got Those Top Jobs?" *Harvard Business Review* 92 no. 3 (2014): 74–77.

[5] 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; 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. Good summaries of the extant historical literature on corporate elites can be found in Walter Friedman and Richard S. Tedlow, "Statistical Portraits of American Business Elites: a Review Essay," *Business History* 45, no. 4 (2003): 89–113, and *Business Elites*, ed. Youssef Cassis (Aldershot, Hampshire, 1994).

[6] 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.

[7] Alfred Chandler, "The Emergence of Managerial Capitalism," *Business History Review 58,* no. 4 (1984): 473–503; Shirley. P. Keeble, *The Ability to Manage: A Study of British Management 1890–1990* (Manchester, 1992), chap. 2. Both Chandler and Keeble highlight the widespread use of comparisons between Britain, the United States, Germany, and Japan to explain long-run changes in economic development and the corporate economy.

Yet there is no study of the British corporate elite that covers the whole of the twentieth century in a comprehensive and unbiased manner. Extant studies end in the 1980s, and there are issues with the construction of the underpinning datasets.[8] This has potentially skewed historical analysis and consequently the identification of long-run trends and antecedents necessary for understanding Britain's current corporate elite. To address these limitations and provide a more comprehensive answer to these questions, we construct a database of CEOs of the largest British public companies between 1900 and 2009. Our sample contains 407 companies and 1,558 CEOs, and for each CEO, a range of biographical variables was collected.

The article uses a prosopographical methodology to construct and analyze our database.[9] 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 analyze change over time. The methodology is particularly useful for identifying long-run trends and transition periods.

Our database is used to analyze the evolution of British corporate leaders across the twentieth century along three dimensions. First, we analyze 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 of corporate leaders. In the United States, the term chief executive officer (CEO) emerged early in the twentieth century, and slowly replaced chairman and president. This represented a shift from authority and decision-making being vested with the owners and directors towards the empowerment of full-time salaried executives.[10] We examine whether a similar shift occurred in the

[8] 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*, ed. Philip Stanworth and Anthony Giddens (Cambridge, UK, 1974), 81–101; David Jeremy, "Anatomy of the British Business Elite, 1860–1980," *Business History* 26, no. 1 (1984): 3-23. Jeremy details the collation of the *Dictionary of Business Biography*, which contains a selection of corporate leaders and entrepreneurs.

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

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

United Kingdom. Our data shows that, across British corporations, the CEO designation did not come to dominate until the early 1990s.

We subsequently analyze the effect of the proliferation of the CEO designation on corporate governance and the structure of CEO careers. Our data reveals that the proliferation coincided with Margaret Thatcher's liberal market reforms in the 1980s, which included the deregulation of financial markets and privatization of state-owned companies. We use data on CEO tenure and dismissals to consider the effect of these policies. We show that average tenure decreased and the likelihood of dismissal increased as shareholders exerted greater control over CEOs.

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.[11] In the case of Britain, the prevalence of socially elite classes amongst the corporate elite is alleged to have contributed to an amateurish approach to business leadership, resulting in economic decline.[12] Using data on peerages (Britain's system of hereditary titles) and elite education as markers of socially elite status, we analyze whether these claims are supported for Britain's largest companies. Our data on social backgrounds rejects claims around the prevalence and persistence of aristocratic amateurs amongst the largest British companies.

Third, we examine how career pathways, in terms of the education and training 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.[13] There are conflicting views on the professionalization of management in Britain. The prevalence of

[11] Frank Taussig and Carl Joslyn, *American Business Leaders* (New York, 1932); Peter Temin, "The Stability of the American Business Elite," *Industrial and Corporate Change* 8, no. 2 (1999): 189–209.

[12] Martin J. Wiener, *English Culture and the Decline of the Industrial Spirit 1850–1980* (New York, 1981); Alfred D. Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, MA, 1990).

[13] Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA, 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.

university and management education has been regarded as relatively low, while professional training through chartered professions, such as accountancy, was relatively high.[14] 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.

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.[15] 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) for 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. Important exceptions to this generalization are 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.[16]

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

[15] There is a wider debate on the measurement of company size, particularly in the early decades of the century, with various measures proposed as more accurate proxies of company size. These include market values, number of employees, and total assets (Christopher Schmitz, *The Growth of Big Business in the United States and Western Europe, 1850–1939* (Cambridge, UK, 1993), 21). We use market capitalization because total asset totals can be manipulated (this was particularly prevalent prior to the 1948 Companies Act) and total asset totals and employee numbers are not readily available prior for most of our sample period. Market capitalization, on the other hand, is available and is consistently measured across the century.

[16] 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*

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, and Law, which includes 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*, i.e., 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. All the data for each variable is hand collected from numerous different sources such as the *Directory of Directors, 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. News media sources were used to identify the reason for exit. We were able to collect biographical information on 89 percent of our corporate leaders. We required at a minimum that we observe each 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.[17]

of Joint Stock Banking (London, 1936); 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).

[17] 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.

The size of this database is significantly larger and more rigorously constructed than the studies of Giddens and Stanworth, and Cassis.[18] 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 preoccupation with banking means that 25 percent of their sample consists of chairmen of private banking houses rather than public companies. Their focus on chairmen, while providing a clean unit of analysis for their sociological study, limits a broader understanding of the corporate elite, as it ignores managing directors. Thus, their sample of companies has significant selection bias (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 top circa sixty companies across a variety of industrial, finance and service sectors of the corporate economy for five benchmark years between 1907 and 1989.[19] 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. While 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.[20]

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 by extending the database to 2009, we provide a significantly larger, updated, and more representative database than was previously available. This allows for more rigorous analysis and a better

[18] Stanworth and Giddens, "An Economic Elite," 81–101; Cassis, *Big Business*.
[19] *Business Elites*, ed. Cassis, 238.
[20] Cassis, 125.

understanding of trends and transitions in Britain's corporate leadership across the twentieth century.

The Evolution of the CEO

In the late 1920s, a major shift in the terminology describing corporate leaders occurred in the United States.[21] Terms including chairman, president, and general manager were widely used to designate those responsible for making the most important corporate decisions. A new title, chief executive officer (CEO), appears to have first been used by Elbert Gary of US Steel around 1910. Although the term CEO came into use by the late 1920s, the terms president and chairman remained widely used, and it was not until the 1960s that CEO became the dominant term.[22]

The emergence and proliferation of the CEO title 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 implement the strategy.[23] The authority to make these decisions became embodied in the role of a single executive manager designated as the CEO. The authority and influence of founders, their family members, and shareholders was reduced; boards of directors, and their representatives such as chairmen, increasingly acted in an advisory rather than executive capacity. Several factors have been proposed for these changes. The increasingly large, complex, and 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.[24] This bureaucratic rather than charismatic entrepreneurial leadership became the norm by the mid-twentieth century.[25]

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, known as managing directors or general managers. Broadly, the chairman

[21] Tedlow et al., "The Chief Executive Officer."

[22] 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).

[23] Tedlow et al., "The Chief Executive Officer," 689.

[24] 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, MA, 1980), 9, 35.

[25] Mizruchi and Marshall, "Corporate CEOs, 1890–2015," 145–146.

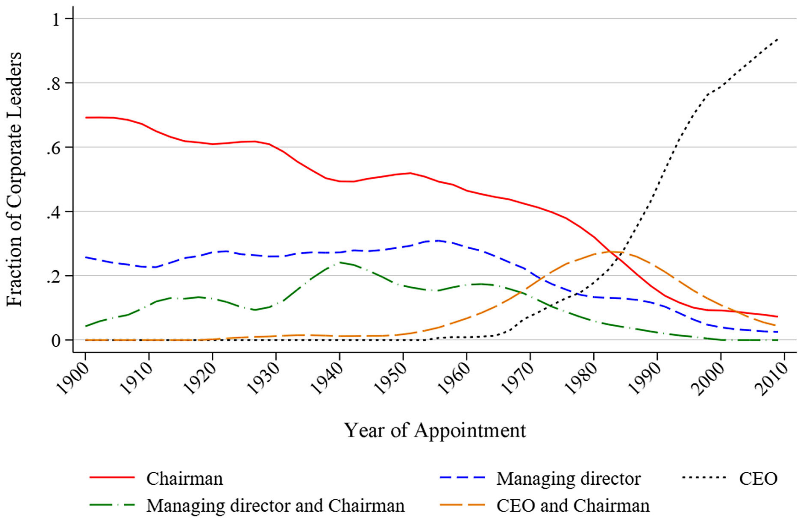

Figure 1. Change in the designation of the top corporate leaders in British companies. (Source: Authors' dataset.)

oversaw the company on behalf of the shareholders and made large strategic decisions, while 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?

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.[26] 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.[27] In other words, the ultimate authority to set strategy varied by company and industry.

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.

[26] All figures depict time trends from a univariate nonparametric regression using local mean smoothing.

[27] 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.

However, the chairman could make significant strategic decisions with no recourse to the general manager.[28] Elsewhere, Cassis, in his survey of London banks, found that decision-making power was exercised by both chairmen and managing directors.[29]

As Cassis notes, this makes it difficult to ascertain the seat of ultimate power in some British companies.[30] 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 them 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 served as chairmen of other companies simultaneously, and some were "little more than a figurehead in any of them."[31] Clearly some chairmen had little involvement in the companies they ostensibly led.

While locating the seat of executive power in large US corporations became clearer in the early part of the twentieth century, Cassis notes that this was also true for large German corporations, where the seat of power was usually in the hands of the *Generaldirektor*, the chairman of the executive board.[32] In Japan, authority also remained with the board, but from early in the century, salaried managers were promoted to the board, indicative of wider experiments with corporate power in the early twentieth century.[33] British corporations were more akin to their French counterparts in the struggle to identify and locate the seat of power in the hands of one individual.

While the proportion of chairmen at the top of the corporate ladder steadily declined, the proportion of managing directors increased. Depending on the industry and firm, they became increasingly powerful figures, entrusted with the day-to-day running of companies, as well as making strategic decisions. This indicates that the nexus of power within

[28] 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.

[29] Youssef Cassis, *City Bankers, 1890–1914* (Cambridge, UK, 1994), 56–57.

[30] Cassis, *Big Business*, 160.

[31] Giddens and Stanworth, "An Economic Elite," 81.

[32] Cassis, *Big Business*, 158.

[33] Morikawa Hidemasa, "The Increasing Power of Salaried Managers in Japan's Large Corporations," in *Business Elites*, ed. Cassis, 474–475.

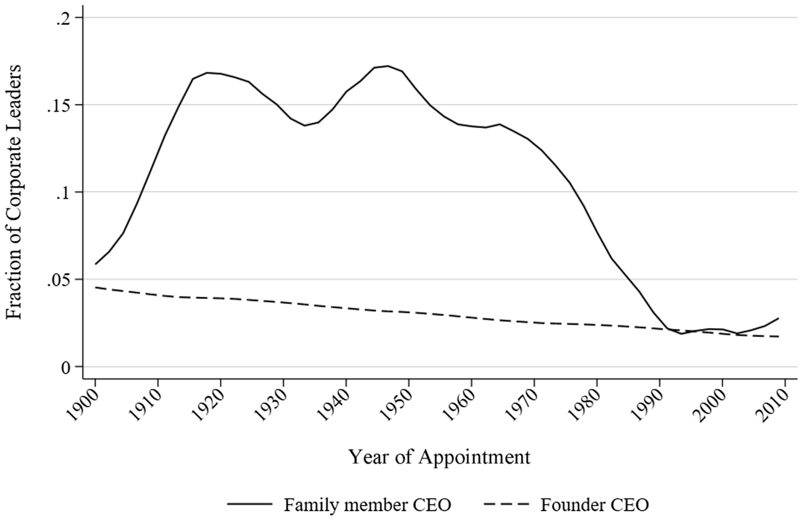

Figure 2. Corporate leaders who were family members or founders. (Source: Authors' dataset.)

companies was shifting towards salaried executives. This trend can also be related through the number of leaders who were members of the family who owned the company or company founders. They tended to occupy the role of chairman, directly appointed due to their ownership of the company. The decline in their number, shown in figure 2, was also a function of the proliferation of salaried managers. This represented both an effort by family-owned companies to professionalize their management through the promotion of salaried managers, as well as a decline in family and founder ownership amongst Britain's largest corporations.

A further trend that supports the empowerment of the managing director 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 the concentration of power and decision-making in the same individual. In the 1950s, the designation of managing director and dual roles were almost equal to the number of chairmen. This occurred prior to the change in the designation and formalization of the CEO role but indicates that experimentation was occurring in which authority was centralized with an individual executive manager. It is notable that the rise of the CEO title 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. 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.[34] In the 1970s and 1980s, increasing interest in corporate governance and the accountability of executives plausibly explains this tightening of definitions and responsibilities around corporate designations.[35] In the United Kingdom, the proliferation of the CEO designation began in the late 1980s. Similar to the United States, ultimate authority and decision-making was now increasingly vested in a single individual executive, while the board of directors functioned in an advisory capacity, although they retained the capacity to dismiss the CEO.

Our analysis of the designations of top corporate leaders over 110 years in Britain reveals three main epochs. At the beginning of the twentieth century, chairmen dominated. Then, in the 1920s and 1930s, we see the rise of managing directors, and the subsequent growth in the number of dual appointments as companies experimented with the locus of power and nature of leadership roles. This experimentation was finally completed in the third epoch, which saw powerful CEOs come to dominate corporate leadership in the 1990s. Although the transition to CEOs occurred later in Britain than in the United States, the

[34] Allison and Potts, "Title Wave," 9.

[35] Brian R. Cheffins, "Corporate Governance Since the Managerial Capitalism Era," *Business History Review* 89, no. 4 (2015): 717–44.

experimentation and early adoption of the designation indicates an impetus to empower executive managers in a similar manner.

The emergence of these all-powerful CEOs raised questions about how their power was to be checked. As in the United States, the increasing power of CEOs sparked a growing interest in corporate governance and the accountability of executives, particularly after a series of corporate scandals provoked a growing backlash to protect the rights of shareholders.[36] This period also saw the emergence of highly paid "fat cat" CEOs who abused their roles through excessive pay deals, incentives, and the personal use of company resources, at the expense of shareholders.[37] This resulted in further calls for accountability and curbs on executive pay.

Various reports commissioned by industry bodies, including Cadbury in 1992 and Hampel in 1998, 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.[38] As figure 1 shows, these voluntary codes, although not legally binding, had some effect in establishing corporate governance norms, leading to the decline of dual CEO/chairman appointments from the 1990s onwards.

The strengthening of corporate governance was also shown through the increase in the number of CEOs who were forced to exit the role due to poor performance, scandal, or through a merger or acquisition (M&A). This contrasts with voluntary exits, such as retirement, health issues, or the taking up of a new role. The data in figure 3 show a considerable growth in the number of forced exits from the 1970s onwards, rising from around 10 to 40 percent of CEOs. In the first half of the century, it was common for CEOs to exit for 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. The number of retirements may well include several "forced" retirements due to performance that were unreported. However, forced exits became significantly more common after 1970. These trends were also common amongst US and Dutch CEOs.[39]

[36] Brian R. Cheffins, "The Rise of Corporate Governance in the UK: When and Why," *Current Legal Problems* 68, no. 1 (2015): 387–429. In the early 1990s, corporate scandals in Britain involving large scale fraud included Polly Peck, Bank of Credit and Commerce International, and Maxwell Communication.

[37] Anthony Sampson, *The Essential Anatomy of Britain, Democracy in Crisis* (London, 1992), 112–113.

[38] Committee on the Financial Aspects of Corporate Governance, *The Financial Aspects of Corporate Governance* (London, 1992).

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

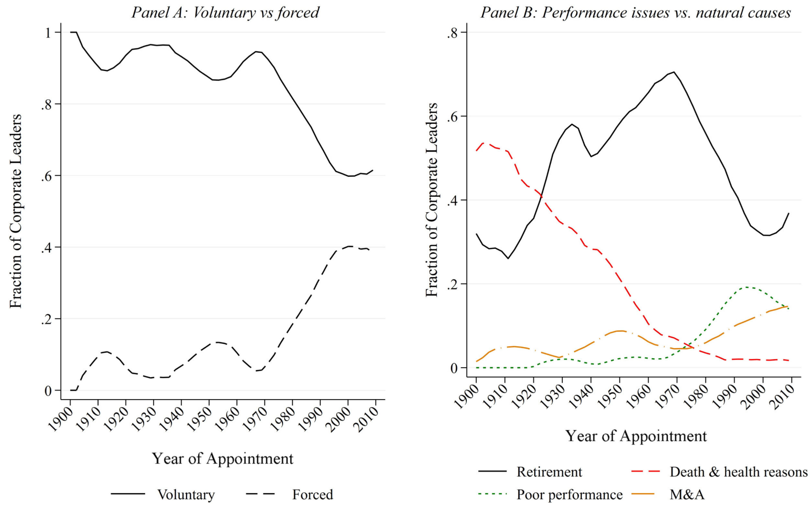

Figure 3. Form of exit: voluntary or forced. (Source: Authors' dataset.)

The increase in forced exits coincided with changes in government economic policy. In pursuit of a more liberal market economy, Margaret Thatcher's government deregulated the finance sector. A package of measures, known as the "Big Bang," removed restrictions on access to the London Stock Exchange, leading to a significant increase in the volume of trading. The government also undertook a widespread privatization of state-owned industries, with around forty major companies privatizing. This opened several industries to increased competition and saw the number of British citizens owning shares rise from one in fourteen to one in four people.[40] The promotion of competition and increased activity in the stock market also led to significant growth in M&A across the 1990s.[41]

The changes ushered in under Thatcher increased the scope for CEOs to act, evidenced through the growth in M&A activity, but they also strengthened several mechanisms through which CEOs could be disciplined. The growing number of shareholders and increased stock market activity raised expectations for corporate performance. Shareholders could pressure boards to sanction CEOs at annual general meetings (AGMs) or through the sale of their shares if expectations were

[40] John Moore, "British Privatization – Taking Capitalism to the People," *Harvard Business Review* 70 (1992): 115–124.

[41] Office for National Statistics: Mergers and Acquisitions Survey, Value of UK Domestic Mergers and Acquisitions, 1985–2019.

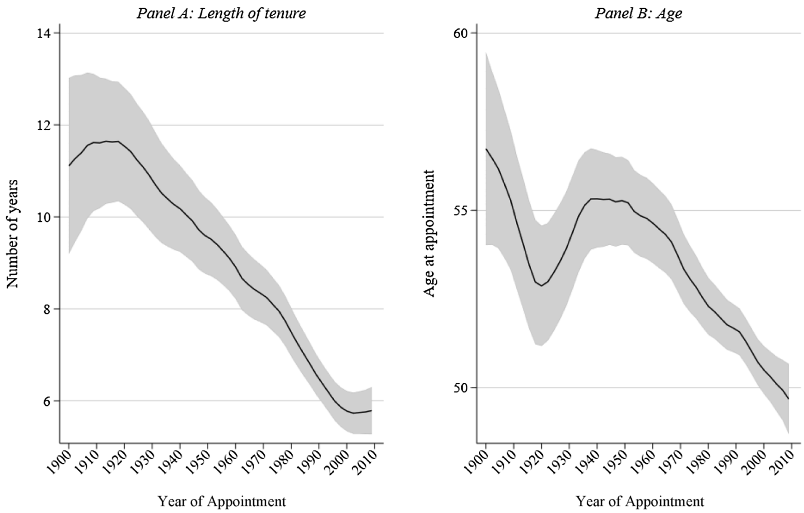

Figure 4. Average tenure and age of corporate leaders. (Source: Authors' dataset.)

not met. As Panel B in figure 3 shows, poor performance was the cause of a rapidly growing number of dismissals in the 1980s and 1990s. The growth in M&A increased the market for corporate control, which sanctions CEOs through the threat of dismissal by takeover if they underperform. The growing scale of this threat is also clearly evidence in Panel B of figure 3.

The impact of this strengthening corporate governance can also be seen through analysis of the average CEO tenure and age at commencement. As shown in figure 4, average tenure fell significantly across the twentieth century. From a high of just over eleven years between 1900 and 1920, tenure steadily decreased, falling below six in the 1990s.[42] Similarly, the age at which individuals entered the CEO role had declined from 55 to below 50. By the 1990s, CEOs were younger and spending far less time in the role.

The decline in tenure can in part be explained by the increase in forced exits, as the rate of decline increased after 1980. However, the rise in retirements in Panel B of figure 3 and decline in tenure after 1920 also point to changes in career structure earlier in the century. This can be related to the proliferation of the managing director role and its expanding scope and authority. The role had become more demanding, while salaried managers had less incentive to remain in their positions

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

(as they did not own the company). The changing scope and demands of the role can also explain the decline in age, as its increasingly onerous nature required more youthful energy, and salaried executives reached the role of managing director at a younger age than many chairmen.

The pro-market reforms of the 1980s reshaped the context for corporate leadership and had a significant effect on the role of CEOs, corporate governance, and the structure of corporate careers. While the proliferation of the CEO designation was accompanied by an increase in authority and latitude in decision-making, changes in the institutional environment strengthened corporate governance and mechanisms to discipline CEOs. These changes were drivers in the emergence of a new model of corporate leadership in Britain, one that slowly converged with the model established in the United States.[43]

The findings in this section show that, in the British case, CEO discretion evolved through long-run experimentation with the source of corporate authority, the strengthening of corporate governance, and changes in government economic policy. Did this experimentation change who made it to the top? How did the social backgrounds of Britain's leadership evolve?

Social Backgrounds of Corporate Leaders

There has been widespread disagreement about Britain's economic and corporate performance in the late Victorian and Edwardian periods. 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 of their American and German counterparts.[44]

This literature has led to divergent claims about the social background of corporate leaders in the first half of the twentieth 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 education in

[43] 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?"

[44] 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).

terms of its suitability for a business career, with its focus on humanities and classics rather than applied sciences or engineering.[45]

This lack of social diversity and its negative effect on corporate performance and economic development was viewed as a persistent feature of Britain's corporate leadership well into the twentieth century. Of the 460 chairmen identified by Giddens and Stanworth, they found that 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 attended Oxbridge. They concluded that little had 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 social background and pathway to the top between 1905 and 1971.[46]

Rebuttals to these claims dismiss both the prevalence of the social elite and the argument that they performed worse.[47] 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.[48]

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 was 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 5, the prevalence of the aristocratic elite amongst corporate leaders was relatively low even in 1900. About 10 percent of the corporate leaders held inherited peerages—that is to say, they came from families already established amongst Britain's social elite. This number steadily declined. Corporate leaders who were raised to peerages accounted for a slightly larger proportion but followed the same declining pattern. 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,

[45] Wiener, *English Culture*; George C. Allen, *The British Disease: A Short Essay on the Nature and Causes of the Nation's Lagging Wealth* (London, 1979).

[46] Giddens and Stanworth, "An Economic Elite," 89.

[47] Hartmut Berghoff, "Public Schools and the Decline of the British Economy 1870–1914," *Past & Present* 129, no. 1 (1990): 148–67.

[48] 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.

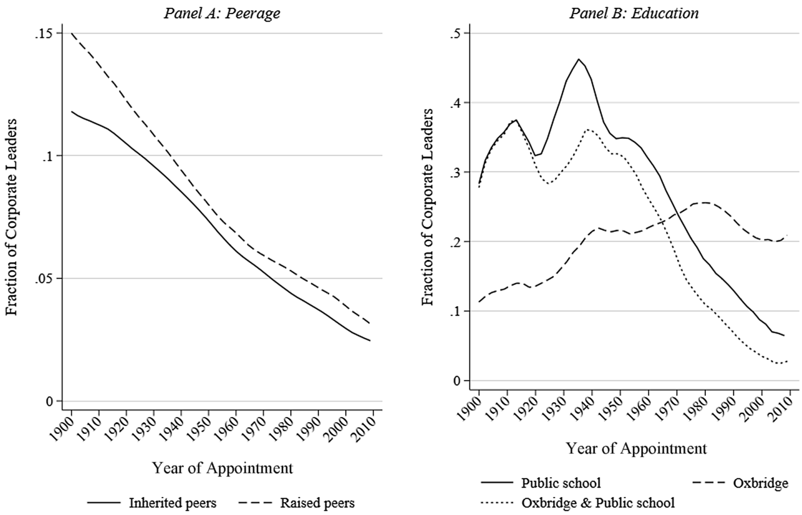

Figure 5. Social backgrounds of corporate leaders. (Source: Authors' dataset.)

illustrated by the persistently higher number of corporate leaders raised to peerages.

Other indicators of high social status, including education, show a somewhat different pattern. As shown in Panel B of figure 5, 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 graduates sharply declined 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 century, 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 Oxbridge specifically.[49]

These findings show that while the proportion of corporate leaders from the aristocratic elite was low and declining, the proportion of leaders from the upper echelons of Britain's social classes was larger in

[49] Laurence W. B. Brockliss, *The University of Oxford: A History* (Oxford, 2016), chap. 14.

the early decades of the century. However, they were never a majority, and there was a significant decline in the decades after the Second World War. In this respect, Britain was not an outlier, as the role of social class as a determinant of progression to the corporate elite in the early part of the twentieth century was widespread. In France, Germany, Japan, and the United States, most business leaders came from the upper echelons of society. Children from families already successful in business or civil administration were far more likely to reach the top.[50]

Our evidence strengthens Cassis's findings, 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.[51] Various factors could explain this decline. The 1911 Parliament Act curtailed the power and importance of the aristocratic elite, as the House of Lords could no longer veto the passage of legislation proposed by the House of Commons. As their political power declined, they were less useful as company chairmen. In addition, government policy and amalgamation movements in the 1920s sought to rationalize the transportation and finance industries where aristocratic leaders were most prevalent. The Railway Act of 1921 reduced 120 railway companies to four, while mergers in the banking and insurance industries saw several hundred companies disappear.[52] The social elite also suffered disproportionately high fatalities in the First World War, limiting the pool of elites who could serve in business.[53] Finally, progressive taxation and economic disruption caused by the wars reduced their wealth, diminishing their control of corporate assets.[54]

The rise in the 1930s in the number of managing directors and dual roles filled by experienced managers is a further plausible explanation for the rise of a different social class to the apex of corporate leadership. These corporate leaders tended to enter the company at relatively low levels and were promoted through merit and experience rather than social position or family connections. There was a significant transition in both the scope of the role and the social backgrounds of those fulfilling it in the 1930s and 1940s.

[50] *Business Elites*, ed. Cassis, 125–127; Mayo et al., *Paths to Power*, chap. 6; Shunsuke Nakaoka, "The Making of Modern Riches: The Social Origins of the Economic Elite in the Early 20th Century," *Social Science Japan Journal* 9, no. 2 (2006): 221–41.

[51] *Business Elites*, ed. Cassis, 137.

[52] Meeghan Rogers, Gareth Campbell, and John Turner, "From Complementary to Competitive: The London and UK Provincial Stock Markets," *Journal of Economic History* 80 (2020): 501–530.

[53] Jay M. Winter, *The Great War and the British People* (1985; repr., Basingstoke, Hampshire, 2003), 94–99.

[54] Peter Scott and James T. Walker, "The Comfortable, the Rich, and the Super-Rich. What Really Happened to Top British Incomes during the First Half of the Twentieth Century?," *Journal of Economic History* 80, no. 1 (2020): 58.

This transition refutes Giddens and Stanworth's claims that little changed in the social makeup of corporate elites until 1971, the end point of their study.[55] By focusing on chairmen and not accounting for managing directors, they failed to provide a complete picture of British corporate leadership. Social diversity in Britain's corporate elite was shaped through an interaction between sociopolitical trends with changes in the scope of the CEO role and the pathways to the top.

Career Pathways of Corporate Leaders

As we have shown, the role and social class of corporate leaders changed, particularly after 1945. However, the extent to which the formation and development of British executives was professionalized needs further investigation. While the concept of the professionalization of management is widely debated, here we use the term to consider how corporate leaders acquire specialized knowledge and skills.[56] A key question has been whether this acquisition occurs through experience and practice or through formal education.

In the United States, the "Managerial Revolution" was underpinned by the professionalization of corporate careers. In the late nineteenth century, as companies increased in size and expanded their utilization of technology and scientific processes, demand for technical knowledge and management skills increased. These skills and knowledge were increasingly formed through formal education in universities, often with direct support and funding from companies.[57] In the decades after 1945, senior executives were increasingly well-educated, and specialized management education proliferated.[58] The pathway to the top followed from a university education.

Meanwhile, in France and Germany, from the beginning of the twentieth century, the majority of corporate leaders had higher education qualifications, predominantly in disciplines related to science and engineering (with law and politics also prevalent in Germany).[59] Japan followed a similar trend with a significant turn towards the

[55] Giddens and Stanworth, "An Economic Elite," 101.

[56] Rakesh Khurana, *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton, 2007) outlines the wider debates on professionalisation around codes, standards, and ethics.

[57] James Bossard and Frederick Dewhurst, *University Education for Business* (Philadelphia, 1931).

[58] 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."

[59] *Business Elites*, ed. Cassis, 132–134.

employment of university-educated managers early in the twentieth century and subsequent rise in the number of corporate leaders who were graduates. There was also a strong focus on science and engineering.[60]

Conversely, the United Kingdom is seen as a significant outlier with a far lower and slower proliferation of formal education and training amongst its managerial cadres.[61] Cassis identified a slow process of professionalization, beginning in the 1920s. This saw professionally-trained accountants, solicitors, engineers, and scientists rise into decision-making roles.[62] Some of Britain's largest companies, such as ICI and Unilever, began to appoint these experienced professionals to their boards. This was underpinned at the lower levels of companies by the increasing recruitment of university graduates, often from STEM disciplines. Cassis claimed that this trend only became widespread by the 1960s, although a university education was not a *sine non qua* for reaching the top rung of corporate leadership in the post-war period.[63] Maclean et al. have also pointed to efforts in the interwar period to improve management education through peer learning networks and lectures that sought to instill management best practices.[64] 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.[65]

Was there a managerial revolution in Britain in the post-war decades? The extent and timing of the revolution can be explored using our database. Firstly, the level and discipline of the education obtained by corporate leaders can be analyzed. Total participation rates in UK higher education increased from 3 percent in 1950 to 14 percent in 1970.[66] 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,

[60] Hidemasa, "Salaried Managers in Japan," 480–481.

[61] Keeble, *The Ability to Manage*, chap. 4.

[62] *Business Elites*, ed. Cassis, 162.

[63] Cassis, 136–137.

[64] 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.

[65] 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.

[66] 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): 29.

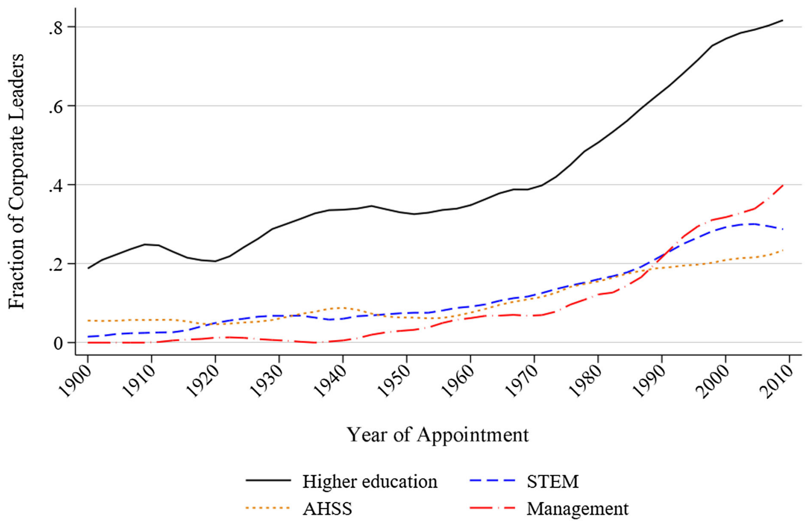

Figure 6. Education of corporate leaders. (Source: Authors' dataset.)

regarded as better preparatory pathways for business careers, more prevalent?

Panel B of figure 5 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 6 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 Ph.D.s 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.[67] With 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

[67] 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).

commerce). The Oxbridge institutions had developed high-quality science and engineering departments by the beginning of the twentieth century, and similar centers of scientific and engineering expertise emerged amongst the civic universities in the first half of the twentieth century.[68] However, it was not until the 1980s that these degree subjects became the dominant pathway for corporate leaders.

While 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. This trend was significantly more widespread in the UK than elsewhere in Europe.[69] The training provided both theoretical and applied teaching and led to 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.[70] The growing importance of such professional training possibly offered a substitute to university education and new routes to the top of the corporate ladder, as it became important to obtain professional qualifications and credentials.

The prevalence of professional training is examined by identifying formal qualifications and career formation in accountancy and actuarial science, engineering and science, and the law. As can be seen from figure 7, 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 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 also slower to develop in the United Kingdom than in the United States. In Europe and Japan, specialist management education also had a longer tradition, with

[68] Michael Sanderson, *The Universities and British Industry, 1850–1970* (London, 1972).

[69] *Business Elites*, ed. Cassis, 137.

[70] 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*, ed. Youssef Cassis, François Crouzet, and Terry Gourvish (Oxford, 1995).

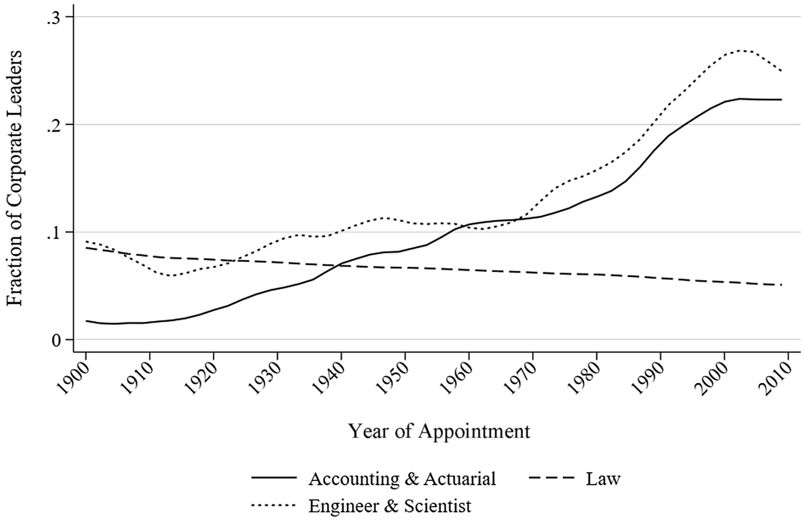

Figure 7. Professional qualifications of corporate leaders. (Source: Authors' dataset.)

dedicated schools of commerce and business founded in Japan, France, Germany, and Italy in the late nineteenth century.[71] In Germany and Japan in particular, these institutions would play a significant role in preparing managers.

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.[72] 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.[73]

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,

[71] Andreas Kaplan, "European Management and European Business Schools: Insights from the History of Business Schools," *European Management Journal* 32, no. 4, (2014): 529–534; Tamotsu Nishizawa, "Business Education in Japan," *Business History Review* 82, no. 2 (2008): 354–58.

[72] 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*, ed. Terry Gourvish and Nick Tiratsoo (Manchester, 1998).

[73] Tiratsoo, "Management Education in Postwar Britain."

of which the majority were professional accountants.[74] 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. The prevalence of specialized management qualifications has remained low. For example, the number of corporate leaders with MBAs grew, from a very low base of nine between 1979 and 1990, to thirty-seven between 1991 and 2010. Despite the increase in supply, specialized management education did not become integral to career pathways for British corporate leaders before 2009.

The professionalization of British corporate leaders, 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.

It is well known that Britain lagged behind its major competitors in terms of the education and training of its corporate leaders earlier in the twentieth century, but these findings show that it was not until the end of the century that levels of education and management training converged with those found in the United States, Europe, and Japan. These developments also coincide with the proliferation of the CEO designation and the changes in corporate governance, CEO dismissals, and tenure linked to the changes of the Thatcher period. This raises important questions around the motivation and impetus for these outcomes. Was the increase in higher education and professional training driven by a belated understanding of the need to better prepare leaders for more complex roles? Or did it represent a form of credentialism with no clear causality with corporate performance?

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. Our findings show that in the first half of the century, socially elite "amateurs" were not common amongst Britain's largest companies. At most they made up significant minorities in the period between the 1920s and 1940s. The

[74] *Business Elites*, ed. Cassis, 139.

majority of CEOs of top 100 companies across the century were salaried executives, appointed for their professional capabilities rather than their social status. While these findings do not overturn claims within the declinist narratives that socially elite 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. These findings are indicative of an impetus to converge with the United States in terms of empowering salaried executives. 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.[75]

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, while pronounced in some companies, was slow in the aggregate, particularly when compared to trends in other industrialized nations. 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. 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.[76] 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. There was rapid professionalization, as evidenced by increases in the numbers of CEOs with higher education

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

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

and professional training. These reforms significantly changed corporate governance and the career structure of Britain's corporate leaders. The deregulation of the finance sector and privatization of state-owned industries strengthened market discipline and the market for corporate control. These changes are 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 deepen our understanding of how the scope of the CEO role and managerial discretion evolved over time. This long-run perspective shows that the proliferation of powerful CEOs in the late 1980s and early 1990s coincided with an interaction of economic and governance reforms and earlier educational reforms. This highlights the importance of temporal analysis in deepening current debates around managerial discretion.

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, the career pathways of corporate leaders, and diversity outcomes. Answering these questions would shed further light on long-run trends of diversity in corporate leadership roles and the factors important in improving diversity amongst today's corporate elite.

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Appendix

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 rank the firms based on their average market capitalization across the period and select the top 100 largest companies.

For the period 1900–1954 (our first six periods), we rely on data kindly provided by Dimson et al. (2002).[77] 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. Firstly, we select all firms from the *Global Financial*

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

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 seventy unique firms. To then complete the top 100 firms, we include the top fifty 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 (1972–2009), we use market capitalization data available in *Datastream*.

When we combine the data from our twelve 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 forty-eight companies, or the year of appointment for the CEOs of six companies. We removed fifty-four unique companies, meaning our sample then contains 1,558 observations of corporate leaders spread over 407 unique firms.