The myth of meritocracy: an inquiry into the social origins of Britain’s business leaders since 1850

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Recent sociological analysis of the extent to which modern British society has become more meritocratic raises important conceptual issues for the recurrent economic history debate concerning the social mobility of Britain’s business leaders. The majority view in this debate is that high social status backgrounds have predominated in the profiles of businessmen throughout the nineteenth and twentieth centuries. François Crouzet’s *The First Industrialists* reveals that Britain’s industrial pioneers were drawn largely from the middle-and upper-classes, and that the image of the self-made man as the mainstay of the Industrial Revolution is a myth. Stanworth and Giddens identify a prevalence of ‘elite self-recruitment’ among deceased company chairmen active in large corporations and banks between 1900 and 1970. Scott’s work on the upper classes distinguishes a ‘core’ business stratum characterised by kinship and privilege. Bringing together a range of research on the

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2 Breen and Goldthorpe, ‘Class inequality and meritocracy’ and Bond and Saunders ‘Routes of success’ are the most recent contribution to the sociological debate, and also give a good summary of the literature to date.

3 Crouzet, The first industrialists. See also Honeyman, Origins of enterprise.

4 Stanworth and Giddens, ‘An economic elite’.

5 Scott, The upper classes.
social origins of businessmen in the twentieth century, Jeremy asserts that ‘it was rare for sons of the semi-skilled and unskilled to rise to national leadership in Britain’. The typical twentieth century business leader is upper-or upper middle-class by social origin, rising through the public schools and Oxbridge into the higher echelons of the business community.\(^6\)

Revisionist economic historians have assembled new data in order to challenge this conventional wisdom. Rubinstein criticises previous studies analysing the composition of elites, arguing that the commonly used indicator of social mobility - education - is a weak proxy for childhood social position.\(^7\) In compiling a stratified sample of company chairmen from Stanworth and Giddens’ data set together with data on the wealth and occupation of their fathers, Rubinstein identifies a greater degree of upward social mobility than previously thought.\(^8\) A more recent study of business elites by Hannah reiterates Rubinstein’s pro-meritocratic revisionism. Among the chairmen of the top fifty industrial and commercial companies in Britain between 1979 and 1989, declining proportions of public school and Oxbridge alumni are identified. According to Hannah ‘the British business world is now substantially more meritocratic than it was a generation ago’. Dysfunctional cultural traits allegedly damaging to Britain’s long run economic growth performance are being removed.\(^9\)

The methods of recent sociological analysis yield some informative conceptual foundations with which to refocus this debate. Research into absolute and relative


\(^{8}\) Ibid.

\(^{9}\) Hannah, ‘Cultural determinants’, p.170. See also idem., ‘Human capital flows’. 

rates of social mobility has contributed a fuller understanding of the dynamics of mobility. This article utilises these insights to develop a robust framework for analysing the social mobility of British business leaders. Education and wealth characteristics are analysed for 1325 businessmen active from the middle of the nineteenth century up to the late twentieth. This group is divided into four cohorts, and the ratios of different characteristics appearing in each cohort relative to the population (or sub-sets of the population) are calculated. The central finding is that the minority, revisionist view of a movement towards meritocracy is overly optimistic. Becoming a business leader in Britain is still largely determined by the interconnected characteristics of a wealthy family and a prestige education. Relative mobility ratios show that the business elite has become increasingly homogenous, contrary to what might be expected from a century and a half of social, economic, and structural change.

I

Meritocracy is both a concept and a measure in the context of social mobility analysis. In British sociology much debate has focused on the concept of a meritocratic ideal, where occupation and ability are perfectly matched. One strand of

10 Absolute mobility is the total amount of social mobility. Relative mobility considers the comparative chances of individuals from various social backgrounds reaching particular occupational destinations.

11 The male gender is used throughout, because over ninety-nine per cent of the individuals included in the database are male.

12 See for example, Glass, Social mobility; Goldthorpe, Social mobility and class structure; Halsey, Heath, and Ridge, Origins and destinations; Marshal, Swift, and Roberts, Against the odds?; Saunders, Unequal but fair?
thought argues that societal reforms should aim towards this ideal in order to create
greater equality of opportunity, and a fair and just society. On the other hand
Young’s *The Rise of the Meritocracy* warns that occupational selection based on merit
(defined as ‘IQ plus effort’) can be socially unproductive. Stratification becomes
inevitable in a perfect meritocracy. Each individual has an equal chance of becoming
unequal in a society where social origins have no influence on occupational
destinations.

However, the weight of the sociological literature embraces meritocracy as an
ideal concept and thus uses it as a yardstick against which to measure social change.
While a perfect match between occupations and ability is a difficult criterion against
which to judge social mobility, sociologists have adapted the concept to something
that is measurable. The dominant standard is whether each individual has an equal
chance of being elevated into any occupation within the class system regardless of
their social origins. Goldthorpe ascribes to this standard and combines log-linear
modelling techniques with a schema for identifying class position to calculate odds
ratios and measure relative mobility chances. For Goldthorpe the point of unity - a
ratio of 1:1 - indicates a fair and open society, where social origins have no influence
on occupational destinations. Others who agree with the standard, but criticise
Goldthorpe’s baseline, argue that levels of innate ability tend to vary across social
classes, in which case much higher ratios could be consistent with a meritocracy.
Education mediates the link between class origins and destinations, but the propensity

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13 Dewey, Democracy and education.

14 Young, The rise of the meritocracy.

15 Saunders, Unequal but fair? p.17.
for educational attainment may also be a function of social strata. Higher ratios could reflect an unequal distribution of intelligence across classes, rather than inequality of occupational opportunity.\textsuperscript{16}

These criticisms are particularly relevant when testing the meritocracy hypothesis with businessmen as the focus of investigation. Businessmen are a specific sub-set of society subject to a variety of mediating influences. Barriers against upward mobility can be economically efficient, if not socially meritocratic. Education, marriage patterns, and connections through the social pecking order supposedly enhanced the ‘social assets’ and success of the City elite.\textsuperscript{17} Assuming different endowments of ‘cultural capital’ in middle-and working-class homes there will be an inherent selection bias.\textsuperscript{18} Children with better levels of education can signal their achievement, and benefit from advantageous peer groups influences.\textsuperscript{19} In the case of family firms fathers’ and sons’ occupational status will tend to be correlated.

Many of these dynamics are interrelated and intangible, and can not be quantified in any historical investigation of meritocracy. However, the dominant standard in sociology still offers a method for isolating specific social background

\textsuperscript{16} It is important to note here the sociological distinction between disparity ratios and odds ratios, both of which express relative mobility rates in different ways. Disparity ratios consider the chances of individuals from different class origins being elevated into one particular class destination (the Saunders approach). Odds ratios consider the combined chances of upward or downward movement (the Goldthorpe approach). Breen and Goldthorpe, ‘Class inequality and meritocracy’, pp.4-6; Bond and Saunders, ‘Routes of success’; Ibid. pp.12-18.

\textsuperscript{17} Cassis, ‘Bankers in English society’.

\textsuperscript{18} Bourdieu, ‘The school as a conservative force’; Bowles and Gintis, Schooling in capitalist America.

\textsuperscript{19} Evans and Schwab, ‘Finishing high school and starting college’.
factors that are likely to militate against social selection by ability alone. The link between class origins and destinations can be analysed in terms of selected social background factors, the hypothesis being that certain characteristics have created inequalities in class mobility chances and if they were removed ‘ability’ would be more likely to explain the variance in social mobility.

The sociological approach to measuring meritocracy provides a starting point with which to analyse the social mobility of businessmen over the last century and a half. In accordance with its schema for comparing mobility between generations, the specific features of the time period chosen and structural changes during that period need to be accounted for in the measure. It is a reasonable *a priori* assumption that the rate of absolute mobility has increased since the middle of the nineteenth century. Class structural change in the course of industrial development tends to increase the likelihood of upward social movement.\(^{20}\) Equality of opportunity, however, can be constant, increasing, or decreasing concurrently. Thus the rate of relative mobility, which considers the comparative chances of upward and downward movement net of any structural effects, tends to be a more informative measure of social change.

A relative mobility measure for social selection into the business elite that fits in with the sociological frame of explanation can be constructed as follows.\(^{21}\)

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\(^{20}\) Breen and Goldthorpe, ‘Class inequality and meritocracy’, pp.3-4.

\(^{21}\) Temin used this principle in his study of the American business elite, but he was unable to find empirical data to calculate the transition probabilities. Ideally we would want to estimate the probability of an individual with a given characteristic \((X)\) becoming a business leader \((B)\) relative to the overall probability of becoming a business leader. In fact we are doing this. Bayes Theorum shows that this ratio is equivalent to the probability of a business leader possessing a given characteristic relative to the overall probability of possessing a given
Proportion of business leaders possessing a given characteristic

Proportion of the population possessing a given characteristic

This ratio presents a simple, but significant advance over previous inquiries into the social origins of business leaders because it addresses the problem of scaling profile characteristics at any given point in time, and the problem of comparing the distribution of profile characteristics between different periods. Researchers claiming a shift toward a business meritocracy have concentrated on absolute rather than relative rates of social mobility. They have ignored the possibility of scaling the education and family wealth of businessmen by the national distribution of comparable characteristics. The appeal of this model lies in its simplicity and adaptability. As will be shown in later sections, this ratio provides new insights into the socio-economic characteristics of Britain’s business leaders over time.

II

The data set for this analysis is drawn from the *Dictionary of Business Biography* (DBB) and the *Dictionary of Twentieth Century British Business Leaders* characteristic. i.e. \( \frac{P(B \mid X)}{P(B)} = \frac{P(X \mid B)}{P(X)} \). The measure used here is the right-hand-side of this expression. See further, Temin, ’The American business elite’. See also idem., ’The stability of the American

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22 The measure used in this article is closer to the disparity ratio measure. Thus it will generally provide a downward biased estimate of the rate of social mobility compared with the ‘overall’ rate of mobility given by odds ratios. However, this depends on the assumption that upper class chances of downward mobility are less than lower class chances of upward mobility. For further discussion see Breen and Goldthorpe, ’Class inequality and meritocracy’, pp.4-6; Bond and Saunders ‘Routes of success’, pp.219-220.

(DTBBL), which contain information on the life histories of leading figures active in business since the middle of the nineteenth century.\textsuperscript{24} The focus of the \textit{DBB} is on deceased personalities selected from the population of business leaders. There are overlaps with the political elite and the aristocracy, but the \textit{DBB} mainly covers individuals who were prominent because of their business achievements. The \textit{DTBBL} is a sample of chairmen (or chief executives) of the largest firms by employment-size in the years 1907, 1935 and 1955, and includes a ‘rule-of-thumb’ selection of businessmen who were also active after the 1960s. From these sources 1149 biographies of deceased businessmen were collected, along with 176 biographies of businessmen active in the 1990s.\textsuperscript{25}

A good insight into the composition of the sample can be gained through figure 1 which illustrates the proportion of individuals categorised as managers, firm inheritors, and new firm founders. In accordance with the rise of the corporate economy and the division of business ownership from control, managers account for a rising share of the sample over time. Previous research on the social origins of the business elite has concentrated predominantly on businessmen as a relatively homogenous group.\textsuperscript{26} As will be shown below, disaggregating the sample according

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\textsuperscript{24} Jeremy and Shaw, Dictionary of business biography; Jeremy and Tweedale, Business leaders.

\textsuperscript{25} All deceased individuals on whom information was available were selected. To separate individuals active in the 1990s, a date of birth control was imposed including only those born after 1925, and being under the national retiring age of 65 years in 1990.

\textsuperscript{26} While there has been research that disaggregates businessmen according to type of industry and there are case studies of businessmen active in particular industries, relatively little work has been done on the social backgrounds of managers compared with other types of business leaders. See for example, Rubinstein, \textit{Men of
to business type is necessary to understand social selection in the context of structural change within the business elite.

The DBB and DTBBL are especially useful for analysing social mobility in British business because the biographies cover personalities who were active in the upper echelons of the business community. According to Perkin, ‘in societies which are by definition unequal and increasingly unequal towards the top end, the important movements are not between the bottom and the top, but within the higher reaches’. However, these data also have some specific weaknesses. The principles for inclusion in the DBB and DTBBL are often arbitrary; the entries do not comprise a fully random or stratified sample of Britain’s business leaders. Stanworth and Giddens used a more scientific selection criteria in their study of British company chairmen, although they collected a much smaller number of observations than are used here.

Sample selection bias is evident in the occupational distribution of the data. There is a weighting towards individuals active in manufacturing and mineral extraction industries which account for 62 per cent of the individuals collected from the biographical sources. Modifying Broadberry’s sectoral shares of employment suggests that without bias approximately 46 percent of the individuals observed would be

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28 Stanworth and Giddens, ‘An economic elite’, table 1, p.82, use a data set containing 460 chairmen of the largest industrial companies by asset-size, as well as the leading commercial and merchant banks, and major railway companies.
occupied in these industries respectively.\textsuperscript{29} Commerce and finance, construction, retailing, transport and communications, and distribution are represented in the biographical sources, but the data do over-sample from industrial occupations. Thus the \textit{DBB} and \textit{DTBLL} are not perfectly representative of the business population in Britain, but together they do comprise a rich sample with which to measure mobility among business leaders.

In order to track changes over time in the profiles of businessmen the sample is separated into four cohorts: the 1149 deceased businessmen into those born before 1841, between 1841 and 1880, and after 1880, and the 176 remaining observations into a cohort of businessmen active in the 1990s. Table 1 shows the mean date of birth and death for each cohort with standard deviations given in parentheses. Notwithstanding overlap, the respective cohorts cover businessmen active in the late nineteenth century, the interwar period, the post-1945 years, and the 1990s.

The main social background factors used to measure social mobility among these cohorts are the principal profile characteristics studied in the economic history and sociological literature, namely education and fathers’ wealth. Sociological research has largely focused on the relationship between education and the location

\textsuperscript{29} This is the average share of the workforce active in these industries between 1871 and 1990, as calculated from Broadberry’s data, adjusted to exclude agriculture and government because those sectors are also excluded from the biographical sources. The occupational categories used for this study do not match perfectly the sectors given by Broadberry; thus the share of businessmen occupied in staple industries, other manufacturing, and new technology industries is counted as equivalent to the adjusted share of employment in Broadberry’s mineral extraction and manufacturing sectors. The share of businessmen in commerce and finance is compared with Broadberry’s finance and services sector. Broadberry, ‘How did the United States’, p.385.
of individuals within the class structure. Although some other measures have been advocated by sociologists such as IQ, or motivation, these factors are impossible to document historically, while information on education and father’s wealth are available from the biographies and supplementary sources. The case for including an inheritance measure to study mobility was first made by Rubinstein in his investigation of British elites.\textsuperscript{31} Given that wealth divisions can also represent class divisions, information on father’s wealth is an important addition to educational characteristics in the study of social mobility.\textsuperscript{32}

Beginning with education, table 2 gives summary statistics of the data. The first column for each cohort is the observed percentage of education characteristics present among individuals on whom information was available. The second column is a 95 per cent confidence interval calculated to allow for sampling error. The third column is an adjustment for non-response where information was missing for a case. Missing information in the biographies was assumed to indicate that an individual had not attended a public school (including the Clarendon schools) or an Oxbridge

\textsuperscript{30} See for example, Glass, Social mobility; Goldthorpe, Social mobility and class structure; Halsey, Heath, and Ridge, Origins and destinations; Marshal, Swift, and Roberts, Against the odds?; Saunders, Unequal but fair?

\textsuperscript{31} Rubinstein, ‘British elites’.

\textsuperscript{32} Although some economic historians have adopted social classification schemes, I considered that the data available could not be used effectively to classify the individuals by their father’s occupation and social group and that wealth data provides a more objective distinction of class differences. Shaw, ‘British entrepreneurs’, p.50 notes that classifications such as that used by Erickson can be problematic in the analysis of social mobility because there is an undue tendency for subjects to be placed in top social classes. Rubinstein, ‘British elites’, pp.176-178 also notes this problem.
A conservative lower bound estimate is calculated as the lower limit from a 95 per cent confidence interval for the imputed figure. This introduces a downward bias to counteract the upward bias of the first column percentage where all missing cases were excluded.

Data on fathers' wealth were collected from the biographies or from independent searches of probate records. Table 3 shows the distribution of estates of various sizes with a 95 per cent confidence interval constructed for each wealth threshold. The number of observations is limited because a father’s date of death is not recorded systematically in the biographical sources. Due to this problem a sufficiently large sample of data could not be obtained for the fourth cohort of businessmen. For the remaining three cohorts, the sub-sample sizes are still representative and reasonably large although the filtering is quite acute when comparing the number of observations in table 3 with the full data set in table 2.

To estimate the overall probability of an individual in the population possessing a given characteristic (denominator of the ratio shown in section I) data are needed on

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33 It was not possible to make the same assumption for the remaining characteristics. The objective of the imputation procedure is to bias the results against the finding that recruitment into the business elite has become historically more meritocratic.

34 Without the year of death for a father it is virtually impossible to locate the relevant probate record. With limited success I resorted to 25-year searches in probate records around an estimated date of death, and used a range of alternative sources - birth certificates, other biographical directories such as Who's Who, etc., with a view to finding dates of death.

35 Individuals in the fourth cohort were collected from the DTBBL, which contains much shorter biographies than the DBB. One notable difference is in the amount of information given on subjects’ fathers.

36 See further, Nicholas, 'Clogs to clogs', pp. 694-695.
the distribution of characteristics in the population. In terms of education there are certain restrictions on the amount of information available. Accurate school attendance counts are notoriously difficult to come by, and extensive research on the history of education in Britain provides only partly satisfactory estimates for particular periods. For example, in 1922 only 31 percent of fourteen-year olds were attending school even though Fisher's 1918 Act made schooling compulsory up to this age.

It was not until the 1944 Education Act that codifying statistics began to be collected. Before then, only broad estimates of the school population can be made, and these estimates will be subject to some margin of error.

The data in table 4 represents the available information on the distribution of education levels, population-wide in the case of schooling, and the university population in the case of higher education. These data have been assembled from a variety of sources. Halsey, Heath and Ridge give precise estimates of the distribution of pupils by school type using Department of Education and Science statistics, which can be related to the data for the fourth cohort of businessmen in table 2.

The remaining information on schooling is more limited being based on a range of likely values given by historians who have worked with older education statistics. Unfortunately even rough estimates of the number of grammar school attendees are unavailable for the years covered by the present study. No systematic count of...
attendance has been made partly because grammar schools blurred the distinction between the state and the private sector during the course of the twentieth century.\textsuperscript{40} Data on those educated to university level are more abundant, but are still available for only two out of the four cohorts. University colleges offering studies up to degree level grew in number from the late nineteenth century, but no comprehensive information was collected on attendance statistics until the foundation of the University Grants Committee (UGC) in 1919.\textsuperscript{41} In order to determine whether there are factors that count against social selection by ability, the data are presented as a share of the university population. Thus among the sub-group of businessmen who went to a university, if their distributions across the three university types are the same as the proportions in table 4, the ratio of 1:1 would indicate that university origin had no influence on occupational destination.

Data on the distribution of wealth are available in a more systematic form, evidenced by table 5. From the mid-1880s, the Inland Revenue gives details of the number and approximate value of estates passing at death, in accordance with duty liability assessment. Although the Inland Revenue figures are net values, as opposed to probate valuations, which are given gross, the difference between the two sets of data is likely to be small in the majority of cases.\textsuperscript{42} Table 5 presents the information

\textsuperscript{40} Yates and Pidgeon, Admission to grammar schools, pp.1-20.

\textsuperscript{41} The University Grants Committee became responsible for assessing the financial needs of university education and advising the government on university financial expenditure.

\textsuperscript{42} The difference between gross and net consists of personal debts and funeral expenses. Rubinstein and Dunman, ‘Probate valuations’, suggest that the difference between gross and net was between 5-15 percent in approximately 90 per cent of cases. Only in very few instances was the discrepancy larger as a consequence of excessive debt.
contained in Inland Revenue Annual reports in a form comparable with the cohort data in table 3. These data can be used to assess the distribution of wealth among fathers in the sample of businessmen against the distribution of wealth in the population.

III

Bringing together information on education and wealth, tables 6 and 7 compare the probability that business leaders possess certain profile characteristics with the probability of these characteristics being present in the population, or in some instances sub-sets thereof. If the characteristics of businessmen in the sample match the proportions in tables 4 and 5, the ratio would be 1:1. Diversions away from this baseline are indicative of more limited social mobility. The ratios can be used with the information given in tables 2 and 3 to analyse changes in the social origins of Britain’s business elite.

Starting with table 6 the most striking aspect of the data is the shift in the ratios over time in favour of the fee-paying sector. For the second cohort of businessmen the chances of being educated at a public school and becoming a business leader are between 2.22 and 3.12 to 1 (with a lower bound of between 1.58 and 2.11 to 1), depending on which estimate of the school age population is used. The ratios in the fourth cohort are much higher at 6.20 to 1 (with a lower bound of 3.91 to 1) and are significantly different from the ratios in cohort two at the 95 percent confidence

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43 The Inland Revenue series were chosen to correspond closely with the mean date of death of the fathers in each cohort given in table 3. In the case of the first cohort, the series for 1884 was the closest for matching purposes due to the fact that the Inland Revenue did not record estate size distributions until the mid-1880s.
interval. Notwithstanding a contraction in the number of pupils of all ages educated in the private sector (from approximately 860,000 in 1861 to 565,708 in 1951) and a huge increase in the size of the state sector, the data show recruitment moved in favour of public school alumni. Even in the sixteen plus age group where the weighting of the private sector was greater (because the private sector retained many more pupils beyond the minimum leaving age than the state sector), the state and fee-paying schools are not represented proportionately. In the fourth cohort, the ratio favours public school pupils at around 2.00 to 1. Expanded educational opportunities in the state sector increased the number of school attendees but, simultaneously, there was a relative shift towards the fee-paying sector.

This shift is particularly apparent when the Clarendon schools are considered. In spite of being just nine public schools and a small component of the school sector generally, these leading and most prestigious fee-paying institutions occupy a central place in the educational backgrounds of business leaders. For the second cohort of businessmen the chances of being educated at a Clarendon school are between 107.14 and 146.15 to one (with a lower bound of between 78.57 and 84.62 to 1).

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46 This finding is contrary to the previous assertion that the state and fee-paying sectors were represented proportionately. Hannah, ‘Cultural determinants’, p.165.
47 No details are given in the business biographies of school attendance by age. Therefore I proxied the 16-plus age group by those who had gone on to a university, and calculated the share of this group attending a public school (76 percent).
depending on estimates of the school population at the time.\textsuperscript{48} The figures for the fourth cohort are significantly higher than the ratios in cohort 2 at the 95 per cent confidence interval when Kiesling’s school attendance figure for the middle of the nineteenth century is applied.\textsuperscript{49} The observed percentage of businessmen attending a Clarendon school rises from 10 percent in the first cohort of table 2, to 19, 23, and 22 percent for the remaining cohorts respectively. Thus while private education shrank relative to state education in the years covered by the present study, up to the 1990s the Clarendon schools played an increasingly prominent role in the profiles of Britain’s business leaders. Barriers to upward mobility persisted regardless of a changing education system.

Grammar schools have been only a partial antidote to the prevalence of high status education characteristics. The figures in table 2 show that 11 percent of businessmen in the first two cohorts attended a grammar school, rising to 14 percent in the third cohort, and almost doubling to 26 percent in the fourth cohort. But these figures must be placed in the context of educational change. Before the 1944 Education Act individuals attending a grammar school were a select minority. At the end of the nineteenth century fewer than six children in every thousand receiving an elementary education secured entry to a grammar school.\textsuperscript{50} Even after the 1944

\textsuperscript{48} For comparative purposes the ratios in cohort two and four are scaled according to the number of school pupils of all ages. Given a breakdown of the figures by age in 1951 (Halsey, Heath and Ridge, ‘Political arithmetic’, p.14, table 1) it is also possible to calculate the ratios for the Clarendon schools, scaled by secondary school-age (i.e. from the age of 11 years). The ratio is 100.00 with a confidence interval of between 131.82 and 68.18, and a lower bound of 50.00.

\textsuperscript{49} See further notes to table 4.

\textsuperscript{50} Yates and Pidgeon, Admission to grammar schools, p.1.
reforms, entry into a grammar school did not take place on purely meritocratic grounds. An increase in the proportion of businessmen attending a grammar school in the fourth cohort must be contextualised by the off-setting expansion of state sector education in these years, the contraction in fee-paying education, and a consequent increase in the grammar schools’ relative share. The grammar schools opened up a new avenue of upward mobility, but did not form a major bridge between different classes in the population.

Similar patterns emerge when analysing the data on university attendance. Before the proliferation of higher education changes, beginning in the late nineteenth century, the only well-established institutions offering degree studies were Oxford and Cambridge, the University of London, and the major Scottish universities. Just 14 percent of the businessmen in the first cohort of table 2 received an education up to this level. Paralleling the substantial increase in the number of university students in later years, the proportion of businessmen receiving a higher education rises to 29, 40, and 59 percent in the remaining three cohorts. Overwhelmingly Oxford and Cambridge remained dominant destinations never accounting for less than three-fifths of the businessmen in the sample who had attended a university. Between the third and fourth cohorts the chances of becoming a business leader having been to Oxbridge do not significantly decrease at the 95 percent confidence interval, even though there was a marked acceleration in the growth of other universities in the period when these businessmen were educated. The University of London and other British universities account for growing shares of the businessmen in the third and

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52 Stewart, Higher education, pp.3-23, pp.45-65.
fourth cohorts (table 2), but their relative shares measured in table 6 fail to eclipse the pre-eminent positions of Oxford and Cambridge.

Contrary to previous assertions, there is evidence of a link between education and family wealth in this data set.\(^{53}\) The interconnected socio-economic characteristics of a high status education and family wealth have consistently been prominent among Britain’s business leadership. The richer the father the greater were the chances of receiving a high status education. The fee structure of the public school perpetuated class differences across generations. In 1954, 65 percent of all those in the population earning £1000 or more had received their education at a public school; 95 per cent of this group with sons of school age, were sending them to a fee-paying institution.\(^{54}\) Never less than half (and on average 68 percent) of male undergraduates taking the Second Public Examination at Oxford between 1900 and 1967 had come from an independent school.\(^{55}\)

In each of the data set’s cohorts, the proportion of businessmen attending any public school, a Clarendon School, Oxford or Cambridge is higher for those whose father’s estate-size is above the median value compared with those whose father’s

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\(^{53}\) Rubinstein, ‘British elites’.

\(^{54}\) The total cost of a fee-paying secondary education from the 1930s to the 1950s was between £2500-£3000, and increased at a faster pace than the rate of inflation. McKibbin, Classes and cultures, p.238; Bamford, The public schools, pp.303-306.

\(^{55}\) Greenstein, ‘The junior members’, p.53. Figures calculated from Table 3.2. See also, Anderson and Schnaper, School and society in England.
The median father’s estate size, measured in constant 1900 prices does fall from £48,263 in the second cohort to £23,384 in the third cohort (the median value is £12,632 in the first cohort), but this can not be interpreted as a shift in favour of meritocracy. The progressive taxation of wealth after the First World War would be expected to bias downward the median estate size in the third cohort relative to the median estate size in the first and second cohorts. Although no global figure can be given, higher wealth taxes increased the likelihood of death duty evasion and avoidance, especially through lifetime transfers, and therefore tended to reduce the amount bequeathed at death.

Just as the chances of receiving a high status education rose with the extent of father’s wealth, likewise the richer the father the greater were the chances of being represented in the business elite. The ratios in table 7 minimise the death duty distortion effect by comparing the distribution of father’s wealth in the sample with the national distribution of wealth for comparable years. The ratios show that an individual whose father bequeathed an estate valued in the upper three thresholds stood a

56 In the three cohorts respectively the percentage of individuals attending a public school whose father left an estate-size measured above the median value is 66, 61, and 54. For the Clarendon schools the percentages are 100, 82, and 68, and for Oxbridge, 100, 78 and 63 percent.

57 This is a different finding to that of Rubinstein, ‘British elites’, p.187. He attributes a fall in the median father’s estate value in constant prices - from £49,091 for a cohort of company chairmen holding office between 1900 and 1919 to £1,778 for a cohort holding office between 1960 and 1970 - to a shift in favour of meritocracy, but does not take into account the distorting effect of higher death duties, and the likely increased levels of death duty evasion and avoidance.

58 For further exploration of this link see Nicholas, ‘Clogs to Clogs’, pp.697-698. Also see Lawday and Mann, Green’s Death Duties; Miller, Machinery.
significantly higher chance of becoming a business leader than an individual whose father left an estate in the two lower thresholds at the 95 percent confidence interval. Although the ratios are less precise in the very upper range, because the number of observations is smaller, the data overall confirm an equally disproportionate representation of the sons of wealthy fathers in Britain’s business leadership in the cohorts for which wealth data are available.

Social mobility through education and family wealth also needs to be related to structural changes in the composition of the British business elite, to understand the dynamics of the mobility process. Recall from figure 1 that managers account for a rising share of the sample over time in accordance with the chronology of the ‘managerial revolution’ in Britain. One strand of sociological thought contends that the growth of a managerial sector coincides with higher rates of upward mobility. Education, particularly at university-level, becomes an important aspect of recruitment into management ranks. Compared to those who found new firms through entrepreneurial ability, or those who enter into an existing family enterprise, through nepotism, this view asserts that the recruitment of managers in periods characterised by an expansion of higher education facilitates wider access to leading business positions.

At first sight the data in figures 2-4 do suggest some expansion of mobility chances in relation to this structural shift. By the fourth cohort - when there were approximately 81,705 full-time university students in Britain compared with 33,951

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59 Dahrendorf, Class and class conflict, pp. 44-47.
when the third cohort of businessmen were of university attending age - managers account for the largest share of university entrants in the sample. Additionally data on father’s wealth show that managers tend to be drawn from lower wealth families than their counterparts active in family firms. In the three cohorts where wealth data are available, 67, 66, and 64 percent of managers were born into a family where the father’s estate-size is measured below the median value. The figures for firm inheritors, by contrast, are 30, 33, and 39 percent respectively.

However there are offsetting factors that condition the extent to which the managerial revolution led to a more open and meritocratic society. Figure 1 shows that there was a contraction in the proportion of new firm founders over time signalling the decline of the ‘self-made man’. While access to education increased dramatically over the course of the twentieth century, the more privileged education types remained the major indicators of rise into business leadership. More than 50 percent of managers across the cohorts were educated at a fee-paying school; by the fourth cohort 17 percent had been to a Clarendon school. The University of London and other British universities gained in student numbers, but in terms of recruiting businessmen Oxford and Cambridge consolidated on their already significant sphere

60 These figures are calculated respectively from the Return from universities and university colleges, 1954-55 and 1919-20

61 In the fourth cohort 71 percent of managers had attended a university (Oxbridge, the University of London, or any other British university), compared with 64 percent of firm inheritors, and 18 percent of firm founders. By comparison in the third cohort just 39 percent of managers had received a university education compared with 42 per cent of firm inheritors and 16 percent of firm founders.

62 The figures for firm founders are higher than for managers (as might be expected for these self-made men) at 74, 87, and 80 percent respectively.
of influence. In the third and fourth cohorts over half the managers in receipt of a university degree had attended one of the ancient universities, even though Oxbridge accounted for no more than a quarter of British university students. Although there was more absolute mobility as a consequence of the managerial revolution and the expansion of higher education in Britain, there was less relative mobility.\(^\text{63}\) Family wealth and privileged access to education maintained a narrow monopoly of access into elite business positions.

The significance of elite education characteristics is further evidenced by a comparison of mobility into the business elite with reference to a control group of permanent secretaries, the cream of Britain’s ‘non-political’ office holders in each of the departments of state. Permanent secretaries are a narrower elite characterised by lower wealth than the business elite, but provide a useful yardstick for comparison because of their tendency to be educated at the more prestigious public schools and universities.\(^\text{64}\) Figure 5 shows the percentage of permanent secretaries and businessmen with specific education characteristics. Table 8 provides ratios calculated for cohorts of permanent secretaries that can be related to the ratios for businessmen in table 6.

\(^{63}\) When expressing the numerator of the ratio as the percentage of managers with given education characteristics with the denominators from table 4 it can be shown that for all public schools the ratio increases from between 2.52 and 3.36 in the second cohort to 5.76 in the fourth cohort, and in the case of the Clarendon schools from between 157.14 and 169.23 in the second cohort to 188.89 in the fourth cohort. Even more striking is the increase in the ratio for Oxbridge from 0.86 in the third cohort to 1.99 in the fourth cohort.

\(^{64}\) Barberis, The elite of the elite, pp.95-117; Kelsall, ‘Recruitment to the higher civil service’; Rubinstein, ‘British elites’. 
The data in table 8 show that the chances of an individual becoming a permanent secretary having been to a public school increase by more than those for businessmen in table 6. Figure 6(a) shows a comparative decline in the percentage of businessmen educated at a public school in the fourth cohort breaking the previously close correspondence in the first three cohorts. Yet within the private sector there was a progressive narrowing of the public school base from which businessmen were drawn. In the second cohort the chances of becoming a permanent secretary having been to a Clarendon school are higher than the chances for businessmen (tables 6 and 8). However in the fourth cohort the ratio for permanent secretaries is significantly lower than that for businessmen at the 95 per cent confidence interval. Figure 6(b) shows a decline in the share of Clarendon school attendees entering into the higher civil service over time. The educational backgrounds of businessmen, by contrast, become more heavily weighted towards the Clarendon schools, their alumni accounting for 17 and 27 percent in the first two cohorts, and 39 percent in the third and fourth cohorts, of all businessmen who had received a fee-paying education. While businessmen and permanent secretaries were primarily products of the public school system, the high status Clarendon schools became a comparatively stronger avenue of recruitment into the business elite.

From the data on university attendance, figure 6(c-e), it can be seen that more permanent secretaries than businessmen had received an education up to degree level. Even before the expansion of the graduate population in the twentieth century,

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65 57 percent of businessmen active in the 1990s had received a public school education falling from a peak of 77 percent in the third cohort.
permanent secretaries were predominantly a university-educated elite. By the late twentieth century attendance at a university was an exclusive gateway into the higher civil service; 95 percent of permanent secretaries entering office between 1979 and 1994 were in possession of a university degree. However, within the graduate pool the chances of becoming a business leader or a permanent secretary having attending Oxford or Cambridge, the University of London, or any other British university were almost exactly the same (tables 6 and 8). In particular, a degree from Oxbridge carried an approximately equivalent premium in the labour market. Overall, the data on permanent secretaries provides a benchmark against which to illustrate that the social backgrounds of businessmen have been consistently tied to educational privilege. Neither the expansion of state secondary education nor the rise of the competing universities in the twentieth century acted to spread the distribution of relative mobility chances.

IV

By applying a measure of social mobility to a large data set of businessmen active in Britain since the middle of the nineteenth century, this article has made several advances over previous inquiries. It has measured relative rates of social change by scaling profile characteristics at points in time, and over periods of time, thus filling a gap in the literature between economic history and sociological frames of explanation. Previous work on the social origins of businessmen has neglected to define what is meant by the term ‘merit’ and consequently data interpretation has been highly subjective. While the sociological concept of merit used in this article (i.e.

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66 58 percent of permanent secretaries entering office in the period 1830-99 possessed a university degree.
social selection on the basis of ability plus effort) is not wholly objective, it does provide a useful standard against which to analyse the dynamics of social change.

The central findings of this inquiry reinforce the majority case that British business is dominated by elite sub-groups of the population. The findings also extend the chronology of this account up to the last decade of the twentieth century. Contrary to previous assertions it has been shown that the interconnected socio-economic characteristics of family wealth and a high status education precipitated unequal access to leading business positions. The effect of social origins has remained strong in spite of expanded education opportunities in the twentieth century and significant structural shifts in the composition of the business elite. While merit can not be completely discounted from this frame of explanation, merit does not account for the variance in social mobility identified here. Business leaders active in the 1990s continue to be drawn from economically and educationally elite sections of society. Judged against relative mobility measures, there has been no democratisation of British business over the last century and a half.
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