

Anti-Business Culture and the Changing Business
Establishment

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".... for a long time I have felt that the contribution by businessmen to society is widely misunderstood and constantly maligned by those who should know better."

- Margaret Thatcher, Speech to Institute of Directors, Sydney, 15 September 1976, in her autobiography Let Our Children Grow Tall, London, 1977, p67.

I

Businessmen have felt the whip of competition in the 1980s, but this has been tempered by the feeling that, whatever happens in specific policy areas, Mrs Thatcher's government both prizes and respects the businessman's function in society. Such respect is not entirely new. Yet many commentators (and particularly those from overseas) have remarked on the unusually strong anti-industrial, anti-enterprise or anti-business strands in British culture. The high point of this literature, copiously bolstered by damning quotations from novelists, poets and opinion makers over more than a century, was Martin J. Wiener's 1981 book English Culture and the Decline of the Industrial Spirit 1850-1980.¹ A Texan professor of history, Wiener chronicled the development of gentlemanly anti-business ideals, their transmission through the public school and university systems, the myths of rural innocence

¹ Cambridge University Press, Cambridge, 1981

lost in industrialised Britain, and the middle classes' persistent ambivalence to science, innovation and entrepreneurship. He warmed to his theme in picturesque and often grotesque detail, with the shocked reaction of a Texan sophisticate clearly visible through the scientific detachment of his analysis, somewhat like the pioneer anthropologist viewing with wry distaste the strange sexual mores of a newly discovered tribe. Nor did he shrink from drawing the clear policy message:

"At the end of the day it may be that Margaret Thatcher will find her most fundamental challenge not in holding down the money supply or inhibiting government spending, or even in fighting the shop stewards, but in changing this frame of mind. English history in the eighties may turn less on traditional political struggles than on a cultural contest between the two faces of the middle class".²

The natives were extremely agitated by this timely (and best selling) contribution to the debate on the British disease, but deeply divided in their reaction. Businessmen added substantial weight to Wiener's case by an enthusiastic endorsement of his central thesis.³ To many of them it seemed that Wiener had bravely exposed anti-business prejudice, which they saw lurking not only among left-wing politicians, but also in the corridors of

² Wiener, English Culture, p 166

³ e.g. Sir James Goldsmith, Counter-Culture, privately published, 1985

power, in the media and in the schools and universities. (Critics of this business reaction were quick to point out that it looked like those responsible for business failure shrugging off the blame onto others.) Nonetheless, Government ministers welcomed the cultural diagnosis of failure as enthusiastically as businessmen, and claimed their own pro-enterprise policies as the proper response to the need for changed cultural attitudes.

Opinion poll evidence, meanwhile, stubbornly refused to confirm either Wiener's interpretation of grass roots alienation from industry or Mrs Thatcher's hopes for a substantial change in attitudes. For most people, the reality of lifetime experiences and the common sense of the need to make a living produced simpler (and less easily ridiculed) views: according to the pollsters, industry and business were generally well thought of in the abstract, but were distrusted because of their perceived inability to deliver and sustain job security. The pollsters found that Mrs Thatcher's emphasis on enterprise and self-reliance may even have created greater rather than less awareness of these shortcomings.⁴

Such evidence may have dented Wiener's thesis slightly, but the most devastating attacks on his interpretation of anti-business

⁴ e.g. Roger Jowell, Sharon Witherspoon and Lindsay Brook, eds., British Social Attitudes: the Fifth Report, SCPR/Gower, Aldershot, 1987; Ivor Crewe, "Values: the Crusade that Failed", in Dennis Kavanagh and Anthony Seldon, eds., The Thatcher Effect, Clarendon Press, Oxford, 1989.

culture came from his fellow academics.⁵ Their criticisms were usually dressed up in the carefully measured tones of scholarship, but occasionally their vociferous condemnations betrayed the defensive guilty conscience of scholars whose academic institutions were under attack: by financial cuts from government as well as by words from Wiener. (The universities had, of course, been pronounced guilty of transmitting Britain's anti-business culture.)

Academic refutations of Wiener were wide-ranging and magisterial. Evidence was produced of the flimsiness of the alleged correlation between literary culture and businessmen's behaviour. After all, anti-business prejudices were just as powerful in Britain's heyday as the workshop of the world as in her twentieth century decline. Equally, the bitter socialist rhetoric of Brecht or the anti-Westernism of some Japanese novelists has not prevented their countries enjoying modern economic miracles. Wiener's critics even speculated on a reversal of his hypothesis, arguing that successful entrepreneurs everywhere have typically come from "outgroups" like the Jews, Quakers, or immigrants. On this view the creative destruction of the established order by the socially disapproved businessmen is the mainspring of economic

⁵ e.g. various essays in N. McKendrick and R.B. Outhwaite, eds., Businessmen and Public Policy: Essays in Honour of D.C. Coleman, Cambridge University Press, Cambridge 1986; W.D. Rubinstein, "Social Class, Social Attitudes and British Business Life", Oxford Review of Economic Policy, vol. 4, no. 1, Spring 1988.

progress, and Establishment "support" for business its death knell. Certainly British aristocrats, far from shunning business (as alleged by Wiener), appeared to have more enthusiastically adopted "bourgeois" business pursuits than their more conservative, agrarian continental counterparts, without that obviously boosting British growth.

The debate became "academic" in the worst sense: scholars inconclusively attacked great but impenetrable issues in over a century of British historical decline, while those in the world of affairs (already convinced that the phenomenon of anti-business culture was real) were intent on rectifying it. The blanket academic rejection of Wiener left policymakers with no proper guidance from well-conceived analyses of the dynamics of cultural change and its potential effects. But that did not necessarily prevent their policies being effective. How far has Britain been culturally transformed by the changes which men of affairs have promoted?

II

There are many dimensions on which cultural attitudes can be measured: indeed the difficulty of tying down generalisations about national cultural attitudes was what gave the academic nitpickers their boisterous field-day of inconclusive debate. Yet some of the

points they were debating can be reduced to measurable and testable propositions. There is a wealth of historical material on the social and cultural background of British businessmen and on how they differ from their overseas counterparts. It is also possible to use more recent biographical data on businessmen to assess how far things have changed in the 1980s. We can only scratch the surface of such an extensive topic here, but the subject is too important to be left where the academics left it.

One area of plentiful information is on businessmen's educational backgrounds: in Britain's "old school tie" society establishment figures are rarely reticent about their school, and social commentators have made the most of this. There are, for example, two common cultural stereotypes of the impact of the public schools on British business. The oldest stereotype is part of the general left-wing critique of the British Establishment. According to this, businessmen (and more particularly top businessmen and financiers) are born into the wealthier classes and educated at public schools for leadership positions, which they inherit (or wangle on the old boy network) rather than qualify for. Wiener and others, by contrast, see the public schools as a major force directing young men away from business careers, instilling a sense of the inherent superiority of other, more "gentlemanly" callings.

It is not difficult to imagine that there is a great deal of

variety in the impact of different schools or of the same school at different times, and thus some truth in both views. It is correspondingly easy to 'disprove' any generalisations: for example, evidence can be produced that many public schools in the postwar years have increasingly inclined to recruit the sons of businessmen, to encourage boys to go into business and to educate them to as high a level in the sciences as they were accustomed to in the classics. Views can easily change in the cut and thrust of the debate: indeed what I have called the left-wing view is perhaps best exemplified in the critical essays on The Establishment,⁶ edited by the (then) left-wing historian, Hugh Thomas; and the right wing view in the same author's later pamphlet, published by the Thatcherite Centre for Policy Studies. We are evidently in something of a shifting quagmire when discussing British anti-business culture.

If one has to choose between the rival stereotypes of British culture, I have little doubt that what I have called the left-wing view is nearer to the truth. Countless surveys of the social and educational origins of businessmen have shown the disproportionate representation of public schoolboys in senior management positions in industry. Indeed in the twenties, thirties and forties of this century - when the postwar generation of business leaders who figure in the early surveys were being educated - it was not

⁶ Hugh Thomas, ed., The Establishment, Anthony Blond, London 1959

unusual for firms recruiting trainee managers to specify that they would primarily consider public school men of 'character' or those with personal introductions and from good family.⁷ Open recruitment by merit was confined to a relatively small part of the business sector.

Complementing this, there was sometimes a disdain for the academically inclined and particularly for the university graduate. Thus international comparisons of the higher education of businessmen typically show that directors of British companies were paragons of under-education. In the 1950s, only a third of top British businessmen had been to university - a level already exceeded in the business elites of major industrial competitors like America, Germany, France or Japan before the First World War.⁸ More up-to-date surveys suggest that, while the proportion of graduates in top management has slowly increased in Britain, this

⁷ e.g. Acton Society Trust, Management Succession, 1956, pp. 28-9; S.P. Keeble "University Education and Business Management from the 1890s to the 1950s: A Reluctant Relationship", University of London PhD thesis, 1984.

⁸ E.g. W. Lazonick, "Strategy Structure and Management Development in the United States and Britain", in K. Kobayishi and H. Morikawa eds., Development of Managerial Enterprise, University of Tokyo Press, Tokyo; Copeman, Leaders of British Industry, W.L. Warren and J.C. Abegglen, Occupational Mobility in American Business and Industry, Minneapolis, 1955; Hartmut Kaelble, Social Mobility in the 19th and 20th Centuries: Europe and America in Comparative Perspective, Berg, Leamington Spa, 1985, chapter 3; Hiroshi Mannari, The Japanese Business Leaders, University of Tokyo Press, Tokyo, 1974.

lag relative to other countries has persisted in recent decades.⁹ This was, moreover, not obviously a general failing of British society or education, for other elites became significantly more meritocratic and open than the business elite in the course of the twentieth century.¹⁰

Now it is entirely possible that the British business leaders' relative lack of (and unusually socially exclusive form of) education is quite irrelevant to their firms' poor economic performance. Business - like most callings - requires a good deal more than the effort and intelligence measured by university degree courses. British universities have a different social and even educational role from those elsewhere: only in recent decades, for example, has it become de rigueur for bright upper-class children to attend university in Britain; while vocational training (particularly business training) has certainly been a weak spot in British universities. There is no precise social and educational equivalent of the public school abroad, but other countries similarly restrict access to business leadership positions by parallel means, some of which are no more conducive than British

⁹ The Making of Modern Managers: A Report on Management Education, Training and Development in the USA, West Germany, France, Japan and the U.K. ("The Handy Report"), National Economic Development Office, London, 1987; David Hall, H-C1 de Bettignies and G Amado-Fischgrund, "The European Business Elite", European Business, no 23, October 1969, pp 45-55.

¹⁰ e.g. W.D. Rubinstein, "Education and the Social Origins of British Elites 1880-1970", Past and Present, August 1986, no 112, pp 163-207.

public schools to the training needs of business. In Britain, allowing bright and effective non-graduate employees to progress to top positions could even be seen as a strength, while insisting on degrees as a prerequisite for entry to senior management positions (like the British professions or most leading overseas businesses) could be a damaging artificial barrier to the success of the ambitious.

Such views, usually honestly based on direct experience with single cases and reasoning from first principles, have been repeatedly advanced over the last 100 years by those claiming that British avenues of promotion, social mobility and leadership recruitment have many virtues. The arguments in themselves are not implausible. (There are few things worse for economic efficiency in modern technologically progressive societies than an undervaluation of education, but in the extreme perhaps credentialism - excessive reliance on paper qualifications - can compromise meritocracy. Yet post-war Britain can hardly be accused of meritocratic extremism!) Of course, ardent British devotees of the present system have never had their confidence in it in the slightest bit dented by the inconvenient fact that its flowering has coincided with economic decline relative to other nations which curiously appear to have different systems of recruitment and promotion of business leaders.

We can no longer be so sanguine. At the very least it has

increasingly been recognised that the onus rests on those wishing to maintain the established system to prove the case for its benign influence. More incautiously, we might consider signs of movement towards the more economically successful norms established by our overseas business competitors as a sign of potential improvement in the quality of British business leadership.

III

When I first thought about this, it did not seem very likely to me that there had been any great changes in the 1980s in the kind of people who had reached leadership positions in business. The networks of influence, the prestige of schools and universities, the nature of training and education, the ladders of promotion within large organisations: all of these factors change not by the month or the year, but by the generation. They have in Britain been extraordinarily stable over many generations. The American economist, Mancur Olson, in his The Rise and Decline of Nations,¹¹ identified British-style stability of established economic elites as a profound source of weakness in all countries that had not experienced the upheaval of revolution or defeat in war, an experience which in much of continental Europe and Japan

¹¹ Mancur Olson, The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities, Yale University Press, New Haven, 1982.

dislodged old entrenched elites and stimulated economic growth. Two Cambridge sociologists - Philip Stanworth and Anthony Giddens - illustrated British elite stability between 1905 and 1971 in their study of the chairmen of 199 of the largest industrial and commercial companies.¹² They found that public school men - particularly those from top schools such as Eton or Harrow - were dominant throughout the period and there was only a gradual (and small) increase in the minority of chairmen who had attended universities.

The events of the 1980s could surely not have significantly dented the systems of recruitment and promotion which had bolstered this extraordinary stability over the whole twentieth century? There was, it is true, a remarkable 1980s anti-Establishment upheaval in the political world, as Mrs Thatcher's confidence and power were reinforced by political success. Many Etonians (who had long dominated Conservative cabinets) were unceremoniously passed over or dismissed by a lady who distrusted their style and was determined to brook no opposition from the traditional grandees of the Conservative Party. This provoked shocked Establishment growls such as that attributed to her one-time Secretary of State for Defence, Francis Pym: "The trouble is we've got a corporal at the top, not a cavalry officer". As the Guardian's political

¹² Philip Stanworth and Anthony Giddens, "An economic elite: a demographic profile of company chairmen", in their Elites and Power in British Society, Cambridge University Press, Cambridge, 1974.

correspondent remarked of the (Old Etonian, ex-Lancers) Pym, he "epitomised, in manner and class and cunning habit and squireish paternalism and innumerate dedication to the feel of politics rather than the facts of economics, everything that she wanted to defenestrate from the Conservative citadel."¹³ She did not hesitate to do so when she felt strong enough: Pym was promoted to Foreign Secretary, then sacked. Political power in Britain is firmly concentrated on the prime minister in cabinet and Mrs Thatcher uses it. Beyond the cabinet room, however, her writ ran in company boardrooms only in the public sector, and even there its run was being rapidly reduced by privatisation.

IV

Nonetheless it seemed worthwhile to examine how far the small changes which were painfully working their way through up to the 1970s - trends such as the slowly increasing representation of graduates in the business elite - were sustained in the 1980s. There were, moreover, many journalistic claims that the whole cultural fabric of British business had been turned upside down in the 1980s. Business magazine in 1989 was sure that "A new class of managers has emerged from the ranks The Young Turks had

¹³ Hugo Young, One of Us: A biography of Margaret Thatcher, Macmillan, London, 1989, p331.

fewer hang-ups about status. Many had degrees or a professional qualification such as accountancy the cult of the amateur was over".¹⁴ The problem with accepting such claims at face value was that they had been made at regular intervals over the postwar decades, without having much measurable impact on the composition of the business elite.

Researchers at the London School of Economics have therefore taken a preliminary look at how the career and educational backgrounds of chairmen of the leading industrial and commercial companies in Britain changed between 1979 and 1989. The results for the top 50 companies (shown in Table 10.1) are striking. Far from confirming the relative stability of earlier studies, they show a marked acceleration of the pace of change in the background of the business elite. The most striking shift is in the secondary education of business leaders. Once dominated by public school boys, this group now has a majority of chairmen who went to grammar schools or to schools maintained by the state. The top public schools showed a substantial loss in membership of the business elite. Eton, which in 1979 had educated the chairmen of five of the top fifty companies (paralleling its dominance in other areas of the Establishment), had none of the top chairmen by 1989. The representation of public schools as a whole has more than halved in the decade.

¹⁴ Business, May 1989, pp 52, 59.

Table 10.1: Secondary Education of the
Chairmen of the Top 50 Companies

	<u>1979</u>	<u>1989</u>
"Top" public schools*	9	1
Other public or fee-paying schools**	20	11
"Top" grammar schools***	4	8
Other grammar schools	5	12
Other maintained schools	9	15
Educated abroad	<u>3</u>	<u>3</u>
Total	<u>50</u>	<u>50</u>

* defined as the original 'Clarendon' schools (Charterhouse*, Eton*, Harrow, Rugby*, Shrewsbury*, Winchester*, Westminster, Merchant Taylors' and St. Paul's); only the asterisked schools were actually represented in samples for 1979 and 1989.

** these are mainly members of the Headmasters' Conference and boarding schools. Two chairmen in 1979 and 1 chairman in 1989 came from lesser fee paying schools which were not members of the HMC.

*** schools listed as direct grant grammar schools by the Department of Education and Science or Scottish Education Dept in 1964. Most were members of the Headmasters' Conference. These were mainly day schools which at the relevant time took a socially wider range of pupils, including many not paying fees, though they became fully independent and fee paying after 1974.

Note: information on educational background was traced for all but one of the chairmen in 1979 and all but three in 1989. E.S. Margulies (Berisfords) appeared in both years. He grew up in the Hasidic Jewish community of the East End and has been assumed to have attended an "other maintained school". Lord Hanson (Hanson Trust) attended a "public school" but we could not ascertain which; he has been counted as attending an "other public school". Lord King's early history is obscure; he "left school with no qualifications" and he has been assumed to have attended an "other maintained school".

Source: Top 50 companies by turnover as listed in the Times 1000 for 1978/9 and 1988/9 (excluding Englehard which had no chairman). Data on education from Who's Who, other similar directories, press clippings libraries, and the subjects themselves. Research by Alison Sharp, LSE.

The rising stars in the top boardrooms were the grammar school boys: comprehensives were, of course, rare when this cohort of chairmen were schoolboys.¹⁵ The gainers included famous direct grant schools like Manchester Grammar School, which, when these chairmen attended (prior to most of these schools going independent after 1974), offered many free places and had low fees; and there were also more chairmen from local grammar schools in the state sector. Typical of these new men is Sir Peter Walters, chairman of Britain's largest company, BP. With just a light touch of the new elite's inverted snobbery, he describes his background as "intelligent working class":¹⁶ one of his grandfathers was a school teacher, another a police constable; his father joined Birmingham City Police Force at 18 and became its youngest Chief Inspector at 32. Walters himself was educated at King Edward High School in Birmingham, a direct grant school. Entering Birmingham University to read law, he switched within two weeks to the commerce degree, before national service and his rise to the pinnacle of success at BP. Like many who benefitted from the direct grant and grammar school system he is unashamedly meritocratic and regrets the schools' demise. Yet such upward

¹⁵ Only 8% of all secondary school pupils were in comprehensives in 1965 when Crosland accelerated the pace of comprehensivisation.

¹⁶ Walter Goldsmith and Berry Ritchie, The New Elite: Britain's Top Executives, Weidenfeld and Nicholson, London 1987, p152.

mobility was not only possible from the grammar schools. Even the less prestigious "other maintained" sector contributed 15 chairmen in 1989 - six more than in 1979 - to make up for the falling representation of the independent fee-paying sector.

These changes should not be exaggerated: they are based on a small sample of the top 50 companies and, given the problems of state education in the 1970s and 1980s, may not be sustained. Yet, the apparent changes in this one decade of the 1980s are more substantial than those recorded in previous studies of the business elite over all previous decades of the twentieth century taken together.

V

This astonishing change can be interpreted in a variety of ways. One possibility is that the social elite and the wealthy (who traditionally sent their children to public schools) have recently become more alienated from business than in earlier decades. Just as at the end of the nineteenth century they reduced their exposure to the risk of farm landholdings in the agricultural depression, so they are now reducing their risks in business when it is exposed to the winds of world competition. This, however, seems implausible: for where is there now in the British economy

to go, that is not suffering the winds of competition?¹⁷

A more plausible interpretation is that ex-public schoolboy chairmen were previously often protected by family influence and other networks, or merely projected towards the top by the privileged educational opportunities offered by those schools for a person of any given IQ level. This enabled them to gain top business positions in the past, but now such influences have declined: whether as a result of changing social ethics, widening educational opportunities for others or increased competition and professionalism in business. The public school men who are in top jobs now are, on this interpretation, much more likely than their predecessors to have obtained their position by merit: like their grammar school contemporaries, they are likely to be more hardworking, more intelligent, and more competitively successful than their predecessors. (It might be objected that even now the independent fee-paying sector is far more highly represented than one would expect from the small proportion of children it has educated. In fact, it is now represented at almost exactly the level one might expect from the relative size of sixth forms in the

¹⁷ One possibility is the City: banks and other financial institutions are omitted from the Times 1000 list and so are not reflected in the top 50 in Tables 10.1 and 10.2. Yet the public school elite were already too heavily concentrated there for there to be much increase in their numbers, and today it seems unlikely to have offered them a safe refuge from competition. See e.g. David Bower, "Class of 86", Business, November 1986.

state and fee-paying sectors when these chairmen were young.)¹⁸

There have been more genuinely open opportunities for the more successful pupils from the state schools, often from modest, though still rarely from unskilled working class backgrounds, to climb to the top of the business ladder. The improvements in the state education system after the Second World War, and the effective recruitment of able school leavers and, more especially, of university graduates, have together created a more open career ladder in business which at last is showing through at the top.

That formal education (rather than merely traditional staples of "character", "enterprise" or "business genius") is an important aspect of their route to the top is clear from the chairmen of 1989 who attended the (disadvantaged sounding) "other maintained schools". On the whole these were not "City barrow boys": undereducated geniuses who thrived on being rejected at 11+ by grammar schools and were insufficiently affluent to pay public

¹⁸ In 1951, 62% of pupils aged 16+ were in maintained schools, 9% in direct grant schools and 30% in independent schools (A.H. Halsey, A.F. Heath and J.M. Ridge, "The Political Arithmetic of Public schools" in Geoffrey Walford, ed., British Public Schools: Policy and Practice, Falmer Press, Lewes, 1984, p12). This mirrors the proportions in Table 10.1. 40% of independent school boys then stayed on in the sixth form, but of course only a small portion in the state sector did. This is compatible with the view that those with education had an equal chance of reaching the top, but fee-paying education still conferred a better chance of sixth form education, which was a virtual prerequisite for top jobs.

school fees. Many of these "other maintained" schools were highly selective and academic, some grammar schools in all but name, and their chairmen were clearly academically gifted: in fact, 12 out of 15 of them went to university.

Table 10.2: University Education of the Chairmen
of the Top 50 Companies

Oxford	5	11
Cambridge	14	5
London	4	4
Birmingham	2	5
Other British Universities	3	8
Overseas Universities	3	3*
No University education	<u>19</u>	<u>14</u>
	<u>50</u>	<u>50</u>

* including Virginia Polytechnic, an institute with university status.

Sources: as Table 10.1. Sir Owen Green (BTR) is not counted as attending Oxford, for his university studies were brief, being interrupted by the War. Others for whom no information on university was available were assumed to have had no university education.

Overall changes in the university education of the 1989 chairmen (Table 10.2) are less striking, but support the meritocratic interpretation. The increase in the proportion of business leaders attending university (already apparent in the earlier postwar decades) continued in the 1980s. Only 13 of the top 50 chairmen of 1989 (mainly public school boys and a few self-made men with no educational qualifications) did not attend

university. There has, moreover, been no decline, as precipitate as that of the elite public schools, in the aggregate representation of the elite universities of Oxbridge ¹⁹, nor of London (which, for top businessmen, means mainly the LSE). This is as one might expect from their increasingly meritocratic status: with rising state financial support these elite universities have recruited more on the basis of academic merit than wealth since the Second World War (certainly significantly more so than the fee-paying public schools.)

However, Oxbridge and London no longer dominate the graduate playing field. The chances of graduates of "other British" universities reaching the top more than doubled in the 1980s. (These are the established "redbrick universities" not the new "plateglass" foundations of the 1960s which came too late for most of this generation of chairmen.) Birmingham University led the way. With its long tradition of industrially-inclined vocational courses, it produced as many of the 1989 chairmen as Cambridge.

VI

These changes in the business elite in the 1980s no doubt have a range of causes as various as the distinguished careers that lie behind the statistics of the two tables. We suggested earlier that

¹⁹ the precipitous decline of Cambridge merits further investigation; like any of our results it may be "noise" in our small sample; investigation proceeding.

Mrs Thatcher seemed unlikely to be the cause. In fact she can take the credit for some of the appointments: the top 50 companies of 1989 include half a dozen nationalised and recently privatised companies whose chairmen she and her ministers appointed or promoted at an earlier stage, and public schoolmen were rare among these. Yet this cannot explain the bulk of the changes in the private sector. Any relation to Mrs Thatcher - who was more attached to the virtues of small business than the large corporate bureaucracies headed by most of these men - is, of course, tenuous. As Sir Owen Green, chairman of BTR, puts it "I think you could say that I am an outsider. I am not in the Thatcher 'mafia' and I am not a political animal. But I am a supporter of Thatcherism, in the sense and to the extent that it has helped to bring about some necessary changes in the environment."²⁰ That almost certainly describes the only link of most of his colleagues at the top to Thatcherism. Some in Mrs Thatcher's immediate political circle were, moreover, inclined to celebrate the virtues of self-taught business genius pulling itself up by the bootstraps and to despise "paper" qualifications as irrelevant credentialism: hardly attitudes calculated to promote the changes we observe.

That did not prevent Thatcherism having an indirect effect. Some of the changes in the tables are the result of upheavals among

²⁰ quoted in Business, May 1989, p52. For a fuller listing of business leaders whom Mrs Thatcher does consider to be "one of us" and outsiders, see e.g. Stephen Fay, "The Acceptable Faces of Thatcherism", Business, December 1988.

the leading companies, resulting from the strong competitive pressures and restructuring of the 1980s Thatcher whirlwind. Companies like BTR and Saatchi & Saatchi - relatively small in 1979 - joined the top 50 companies, along with the privatised or about-to-be privatised companies. Other companies like Amalgamated Metal and C.T. Bowring fell well below the 50th mark as their markets collapsed in the 1980s, and they have not recovered their position since. Yet half the companies appeared in both the 1979 and 1989 lists and within this group there were also substantial personnel changes, suggesting that the move to meritocracy was due to changes within companies not just to the reordering of the top businesses under the pressure of increased competition and privatisation.

It seems certain, moreover, that the foundations for such widespread changes were laid not in the 1980s but much earlier: when the business leaders in question were being recruited, trained and promoted. The average age of the chairmen of 1989 was 59. They had typically finished their education in the 1950s, and progressed through middle management positions in the 1960s and board promotions in the 1970s. These were decades of widening educational opportunity, but also, we are now prone to forget, of profound changes in attitudes both within and towards business. As the major continental European countries began perceptibly to overtake British living standards in the 1960s, social and cultural changes accelerated, stimulated by the increased contemporary perception of the national, industrial and personal importance of

business success. Concretely this was reflected in the inauguration of business sections in the quality newspapers, and by the foundation (eighty years after the pioneering American business schools) of major new centres of business education like the London and Manchester Business Schools. There was possibly also an acceleration of changes in the wider cultural fabric of Britain described by Wiener that are less easy to convey, given the problems of generalisation about national culture. So much of our culture is unspoken and intangible that it is not easy to make a convincing case for the reality of change by example or by quotation, as Wiener's academic critics made painfully clear.

Anecdotally, I have the impression that such changes did have a tremendous effect on promotion procedures and professionalism within the leading British firms, but it is difficult to substantiate such impressions statistically. We can, however, observe the effects of these changes on the people that businesses were able to recruit, notably in the career choices of university graduates. The small numbers of graduates among the postwar business elite suggest that in the first half of the twentieth century, when that generation were recruited, business careers were a minority taste at British universities. This is confirmed by the scattered contemporary statistics: possibly only a third of

graduates then opted for careers in business.²¹ By the 1960s, however, the proportion of the (then much increased numbers of) university graduates opting for a career in industry and commerce reached two-thirds and it has remained around that high level since.²² While the data is not strictly comparable, it seems, moreover, that the postwar enthusiasm of Japanese and German graduates for business careers may have been waning in the 1980s. Thus Britain's relative position could be picking up even more rapidly than her own apparent shift in cultural attitudes - if that is what lies behind the changes - alone suggests.

There has been an equally remarkable transformation in the quality of British students who opt for careers in business. Those who make the choice early - for example, by opting for undergraduate courses in engineering, accountancy or business management - are not only increasing in numbers but also improving in quality, as measured by 'A' level examination scores relative to the scores of those in more traditional academic subjects.²³ In

²¹ see the various statistics in Michael Sanderson, The Universities and British Industry 1850-1970, Routledge & Kegan Paul, London 1972; Political and Economic Planning, Graduate Employment: A Sample Survey, Allen & Unwin, London 1956, p59.

²² University Statistics, Vol 2: 1st Destinations of University Graduates for 1981-1988, published by Universities' Statistical Board on behalf of the UGC. Detail of 1st Destinations of University Graduates, (UGC). 1968-80.

²³ Universities Central Council on Admissions, Annual Reports, 1968/9-1987/8, Statistical Supplements, passim.

the increasingly popular business-orientated courses "more" has certainly not meant "worse".

There are clear indications, also, that the best students in all undergraduate disciplines, not just in those orientated to business, are showing more interest in business careers than used to be the case. It was once not uncommon for questionnaire surveys to show as reasons for entry into a business career that the candidate had failed his civil service exams or obtained a poor degree: business was the choice only by default. Wiener quoted Margaret Drabble's novel The Ice Age, set in early 1960s Cambridge, to illustrate the survival of this view:

"It must be said that it never once crossed Anthony Keating's mind that he might get a job in industry. Rebel he was, but not to such a degree: so deeply conditioned are some sections of the British nation that some thoughts are deeply inaccessible to them. Despite the fact that major companies were at that time appealing urgently for graduates in any fields, despite the fact that the national press was full of seductive offers, the college notice boards plastered with them, Anthony Keating, child of the professional middle classes, reared in an anachronism as an anachronism, did not even see the offers: he walked past them daily, turned over pages daily, with a much indifference as if they had been written in Turkish or Hungarian. He thought himself superior to that kind of thing: that kind of advertisement was aimed at bores and sloggers, not at men of vision like Anthony Keating."²⁴

This view was in fact already becoming obsolete in 1960s Cambridge,

²⁴ Martin J. Weiner English Culture & the Decline of the Industrial Spirit 1850-1980 p136

Male Graduate 1st Class Degree

KNOWN Home Employment Destinations (1950 & 1968-1988)

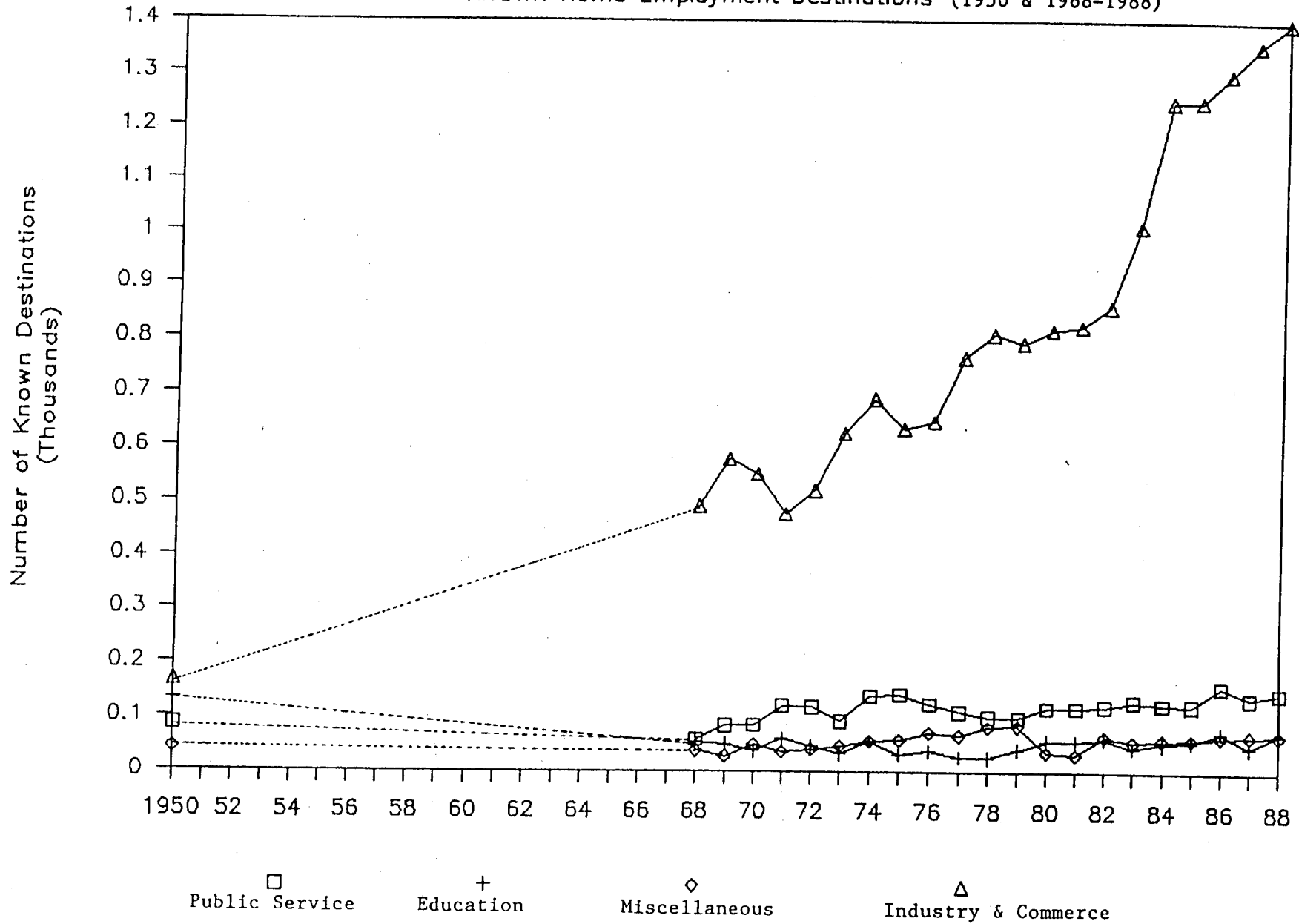


Figure 10.1

This view was in fact already becoming obsolete in 1960s Cambridge, and it is now emphatically not the view of the brightest graduates, at least judging by their career choices. As Figure 10.1 shows, the increased output of British university graduates with 1st class honours in the postwar period has gone almost entirely to the business sector. This contrasts strikingly with the experience of the academically weaker graduate recruits: business has not recruited an increased proportion of the graduates with third class honours or pass degrees who have also been produced in increasing numbers. (That distinction, if that is the word, belongs to the public sector and particularly the local authorities).

The trend favourable to business is, moreover, now firmly established, with continuing success in business recruitment of first class honours graduates apparent in all recent decades. It seems that not only has there been a revolution at the top in the boardroom, but that this revolution is firmly rooted in evolutionary cultural and educational change. This laid firm foundations for a society where graduates increasingly recognised the worth, challenge and rewards of a career in business, and where business had many of the brightest brains in their generation to work with, making possible in the 1980s the final push towards a more meritocratic selection at the top revealed in the earlier tables.

VII

To be optimistic about the effects of these long-run changes on business efficiency in the 1990s, we need to have some confidence that academic degree results reflect in some way the combinations of effort, intelligence and other factors which are also conducive (though no doubt by somewhat contrasting processes) to business success. Certainly those with first class honours were well-represented among the top company chairmen of 1989: James Prior of GEC (1st in estate management from Cambridge), Maurice Saatchi of Saatchi & Saatchi (1st in sociology from LSE), Sir Robert Haslam at British Coal (1st in civil engineering from Birmingham), Sir William Barlow of BICC (1st in electrical engineering from Manchester), and Sir Christopher Hogg of Courtaulds (1st in English from Oxford). Some of the new men of 1989 have also topped off their education with a postgraduate business degree: two (Hogg and the American R.P. Bauman of Beecham) with a Harvard MBA, and one (Ian Vallance of British Telecom) with the equivalent from the London Business School.

Of course, most graduate chairmen (like most successful graduates elsewhere) obtained second class honours degrees. Further, indeed, the best "seconds" among them were fully a match for the "firsts": this is as true in business as in most other callings. What is clear is that the relatively few firsts - whose increased recruitment by business happens to be measurable -

include a significant portion of the cream of their generation. Certainly recruiters for the large corporations, though careful to stress their search for the rounded individual, tend to favour the academically successful when making offers. They have for some decades looked, among other things, not explicitly for firsts but rather, consciously or not, for the same qualities as are reflected in the award of a first. Salary surveys show that firms - though often not knowing degree results when making an offer - in fact pay more to firsts than to other recruits; moreover, this differential still persists in business salaries years later.

All the signs are, then, that the British business world is now substantially more meritocratic than it was a generation ago. The men already at the helm of the top British businesses in the early 1990s are largely drawn from the intellectual cream. It is, moreover, quite clear that their successors in the late 1990s will also be drawn from an impressive pool of first-class talent. It would take a curiously myopic and self-satisfied academic to feel that these trends alone - deep-seated and long-run though they are - will guarantee Britain's business success in the 1990s. But, equally, it would take a peculiarly British form of cultural deformation to argue that the shift towards meritocracy and positive graduate attitudes towards business will not greatly strengthen the capability of British businesses to further improve their strategic performance in the increasingly competitive markets they now face.