Managerial Capitalism and White-Collar Professions: Social Mobility in Australia's Corporate Elite

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Abstract

This article considers the interdependence of managerial capitalism with the historical constitution of professional work in Australia. Using data on the composition of the boards of Australia's largest companies between 1910 and 2018, we show a deep connection between the managerial class and the top layers of professional hierarchies. Professionals in Australia forged a managerial-capitalist elite within large corporations, relying on a combination of professional expertise and signals of legitimacy that were enabled through higher education and accreditation structures. Relatively low levels of professional enclosure in the late nineteenth and early twentieth century created opportunities for Australians from middle and working-class backgrounds to move into the capitalist elite. These opportunities were reduced significantly from the 1980s onwards as pathways to managerial roles themselves enclosed and as managerialism – as a mode of production – increasingly dominated global capitalism. The result was that by the end of the twentieth century, Australia's corporate elite more closely resembled the rest of the world's in its homogeneity and inaccessibility. This demonstrates the central role of professions in the reproduction of Australian capitalism over time, and the influence of professional enclosure on social mobility and inequality.

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In an article now considered a classic in business history, Alfred D. Chandler argued that "managerial capitalism," which developed in the late nineteenth and early twentieth century, marked the emergence of a "new type of capitalism." "Managerial hierarchies of this kind," Chandler argued, "are entirely modern. As late as the 1840s, with very few exceptions, owners managed and managers owned."[2] Managerial capitalism thus disrupted the very definition of the capitalist, as delineated by Marx, by positioning employees, salary-earners, at the top of corporate decision-making. Marxist political economists Gérard Duménil and Donimique Lévy argue that by the end of the twentieth century, managers at this level, who were "making decisions regarding the use of the means of production-socialization" constituted an increasing proportion of the capitalist class under a "new mode of production." "Managerialism", they discuss, began to dominate historical capitalism by the 1980s.[3]

In this article we document the long history of the twentieth-century managerial class at its most elite level: those individuals represented on the corporate boards of Australia's largest firms. Analysing the social and professional background of Australia's top corporate board members, we show that the ranks of elite managerial capitalists were, for the most part, filled with salaried professionals. The history of professional work in Australia—— particularly relative levels of 'enclosure'—has thus been more important to the making of the capitalist elite than historians have traditionally acknowledged. Enclosure refers to the creation of barriers to entry for each profession, established for the dual purpose of raising

[2] Alfred D. Chandler, "The Emergence of Managerial Capitalism," *The Business History Review* 58, no. 4 (1984): 473.
[3] Gérard Duménil and Donimique Lévy, *Managerial Capitalism: Ownership, Management and the Coming of the New Mode of Production* (London: Pluto Press, 2018).

standards and limiting the supply of practitioners.[4] Enclosure was achieved by credentialising professional employment via professional association examinations and university qualifications, sometimes aided by government regulation.[5] Lower levels of enclosure than had been achieved internationally, for most professions (alongside general increases in this sort of work) in the late nineteenth and early twentieth century provided the opportunity for social mobility from the working class and petty bourgeoisie into the middle class in Australia.[6] As these professionals progressed in their careers, some were appointed to top company board positions.

Opportunities for mobility were substantially reduced for those appointed to company boards from the 1980s onwards. Massification of higher education and further shifts in the occupation structure towards professional work increased the number of professionals. However, increasing enclosure and managerialism separated the top echelon of professionals from the majority of white-collar workers, many of whom were now a more proletarianised 'managed class,' as Duménil and Lévy defined them. Similarly, from the 1990s, 'board member' became its own enclosed profession, further deepening the divide between those in professional work, and the top echelon who controlled large corporations.

The class status of salaried professionals has been controversial in political economy and labour history. In the 1950s, American sociologist C. Wright Mills described the growth of the large white-collar workforce as a 'lumpen bourgeoisie.' Borrowing the prestige of elite lawyers and medical practitioners, white collar workers, Mills argued, were encouraged to overlook the reality of their working-class status, undermining the productive capacities of

[4] Andrew Abbott, *The System of Professions: An Essay on the Division of Expert Labor* (Chicago: University of Chicago Press, 1988).
[5] See Peter Dobkin Hall, "Rediscovering the Bourgeoisie: Higher Education and Governing-Class Formation in the United States, 1870–1914," in *The American Bourgeoisie: Distinction and Identity in the Nineteenth Century*, ed. Sven Beckert and Julia B. Rosenbaum (New York: Palgrave Macmillan, 2010), 167–92; Anthony Giddens, "Elites in the British Class Structure," *The Sociological Review* 20, no. 3 (1972): 345–72.
[6] See Magali Larson, *The Rise of Professionalism: A Sociological Analysis* (Berkeley CA: University of California Press, 1977), 66–79.

class consciousness.[7] Similarly, in his classic *Labor and Monopoly Capitalism,* Harry Braverman argued that the middle class simply did not exist and that their relation to the means of production positioned all white-collar workers who exchanged their labour for salaries, as working class.[8] The idea that Australia's corporate elite, through salaried professions, became a bastion of social equality, however, is not only intuitively wrong, it is politically paralysing.

In the 1970s, Nicos Poulantzas considered white-collar professionals the 'new petty bourgeoisie' whose 'mental labour' distinguished them from the working class, over whom they tended to assert ideological power. Poulantzas believed he could discern a polarization of these professionals, so that at the lower levels of the professional hierarchy they were often indistinguishable from the so-called "respectable" working class. He argued that this created opportunities for them to be won over to the cause of working class revolution on one end, while on the other they continued with their task of reproducing capitalism via their ideological influence.[9] In the United States, Barbara Ehrenreich and John Ehrenreich rejected what they considered Poulantzas' "dogmatic" approach to class categorisation and argued instead that an alliance between professionals and the logic of state and corporate managerialism produced a "professional-managerial class."[10] Both approaches, from Poulantzas and the Ehrenreichs, however, require us to consider the border not just between professionals and workers as Poulantzas did, but also the one dividing – or not dividing, as was the case for much of the twentieth century – managerial capitalists from white collar, salaried professions. This helps expose the pathways by which professionals had opportunity to contribute their expert work, not just their ideology, to the project of managerial

[7] C. Wright Mills, *White Collar: The American Middle Classes* (Oxford: Oxford University Press, 50th Anniversary Edition, 2002).
[8] Harry Braverman, *Labor and Monopoly Capital* (New York: Monthly Review Press, 1974).
[9] Nicos Poulantzas, "The New Petty Bourgeoisie," *The Insurgent Sociologist* 9, no. 1 (1979): 56–60.
[10] Barbara Ehrenreich and John Ehrenreich, "The Professional-Managerial Class," *Radical America* 11, no. 2 (1977): 11.

capitalism. Here we explore the ways they gained access to this class – and when they were cut off from it.

This helps reveal the agents that helped rationalise capitalism. Sociologists of the professions like Magali Larson and Gitte Harrits have used Max Weber's characterisation of capitalist "bureaucratisation," performed by both the state and commerce, to understand some of the mechanisms by which white-collar workers, encompassing professionals and managers, asserted power.[11] These expressions of the "rational" foundations to capitalist enterprise that emerged in the nineteenth century have helped scholars identify the nexus between managerialism and state systems to consider the ways that both subsequently shaped labour conditions.[12] Larson in particular argued that bureaucratic structures, which underpinned professional hierarchies, were inspired by the 'rational' ideology that also shaped corporate capitalism. These ideologies were expressed in the system of merit that governed professional hierarchies and which became central to the New Liberalism that legitimised Australian governmental rule.[13]

This scholarship is useful but tells us little about who in fact enacted this bureaucratic transformation, resting instead on assumptions about the social and educational background of the managerial capitalists who supplanted the entrepreneurial capitalists of the Rockefeller genre. Scholars have often implicitly assumed that capitalists have been homogenous in their background, aims and objectives, an assumption challenged by British sociologist Anthony Giddens who in the 1970s laid out conceptual terrain for reconsidering

[11] Larson, *The Rise of Professionalism*; Gitte S. Harrits, "Professional Closure beyond State Authorization," *Professions and Professionalism* 4, no. 1 (2014): 1–17.
[12] For example, Christopher Wright, *The Management of Labour: A History of Australian Employers* (Oxford: Oxford University Press, 1995); Ken Buckley and Ted Wheelwright, *False Paradise: Australian Capitalism Revisited 1915–1955* (Oxford: Oxford University Press, 1998), 29–86.
[13] Larson, *The Rise of Professionalism*, 136–58; Marilyn Lake, *Progressive New World: How Settler Colonialism and Transpacific Exchange Shaped American Reform* (Cambridge, MA: Harvard University Press, 2019); Tim Rowse, *Australian Liberalism and National Character* (Melbourne: Kibble Books, 1978), 37–76. See also Harold Perkin, *The Rise of Professional Society: England since 1880* (London and New York: Routledge, 1989).

the nature of elite power. [14] In that spirit, rather than exploring the bureaucratic logic of managerial ideology, in this article we look closely at the composition of the corporate elite to identify the relations between professionals and managerial capitalists as agents of this transformation. This helps us consider the making of managerial capitalism in accordance with E.P Thompson's definition of class formation as an active process.[15] The managerial capitalist class did not emerge fully formed from the head of Zeus and stay perfectly the same thereafter. Class formation, even at the very top, was a historically contingent activity consisting of agentive, but also collective, processes of recruitment, which manifest shared goals, identity and values. Capitalist class consciousness, as it emerged, however, was an unstable and contested state of being, reflecting economic change and intra-bourgeois tensions. The characteristics of managerial capitalists as a class, derived from wealth, education, social networks and professional standing, intersected with structural friction between sectors (for example, between manufacturing and agriculture) and changing economic conditions, which shaped and re-shaped the aims and expectations of this segment of the capitalist elite.[16] These conditions affected the selection of corporate board members, but did not necessarily determine the pathway for entry. While bureaucratisation and other mechanisms of managerial ideology are important in understanding the effect managers had in shaping workplace relations in Australia, the pathway of entry to the corporate elite is also important.[17] It reveals the relationships forged between managerial capitalism and professionals, and the barriers between them that were later erected.

The nature of big businesses and those who control them has been politically contested terrain. Australian labour historians and political economists have uncovered the concentration of power with Australia's corporate elite, generally as a critique of the logics of

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[14] Giddens, "Elites in the British Class Structure."
[15] E. P. Thompson, *The Making of the English Working Class* (Harmondsworth: Penguin, 1968).
[16] Buckley and Wheelwright, *False Paradise,* 67–86.
[17] See Wright, *The Management of Labour.*

capitalism and of ostensibly ‘independent’ firms.[18] Business historians, by contrast, have examined corporate elites from the other side of an ideological divide, documenting the procedures and systems of corporate communities with a view to promoting successful business practice.[19] Research on the history of Australian big business and the service sector has identified the importance of the professions for corporations generally, but with no analysis of the role of professionals in the upper echelon of corporate decision-making.[20] While their interests may diverge, both business and labour historians have assumed professionals have been facilitators of, but essentially separate from, capitalist power. Combining business history and labour history in this article helps provide new insights into managerial capitalism and the ways it was shaped by techniques of professional closure in twentieth-century Australia.

Data and methods

We examined the role of professionals in Australia’s corporate elite. Data was collected on board members for Australia’s top 100 ‘industrial’ companies, and the top 25 financial firms, ranked based on total assets, from 1910 to 2018 (1910, 1930, 1952, 1964, 1986, 1997, 2007,

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[18] J. N. Rawling, *Who Owns Australia?* (Sydney: Modern Publishers, 1939); Ted Wheelwright, *Ownership and Control of Australian Companies: A Study of 102 of the Largest Public Companies Incorporated in Australia* (Sydney: Law Book Co of Australasia, 1957); Ted Wheelwright and Judith Miskelly, *Anatomy of Australian Manufacturing Industry* (Sydney: Law Book Company, 1967); Malcolm Alexander, Georgina Murray, and John Houghton, “Business Power in Australia: The Concentration of Company Directorship Holding Among the Top 250 Corporates,” *Australian Journal of Political Science* 29, no. 1 (1994): 40–61; Georgina Murray, “Interlocking Directorates: What Do They Tell About Corporate Power in Australia,” *Journal of Australian Political Economy* 47, no. 1 (2001): 5–26.

[19] Peter Richardson, “The Origins and Development of the Collins House Group, 1915–1951,” *Australian Economic History Review* 27, no. 1 (1987): 3–30; Claire Wright, Simon Ville, and David Merrett, “Quotidian Routines: The Cooperative Practices of a Business Elite,” *Enterprise & Society* 20, no. 4 (2019): 826–60.

[20] Grant A. Fleming, David Merrett, and Simon Ville, *The Big End of Town: Big Business and Corporate Leadership in Twentieth-Century Australia* (Melbourne: Cambridge University Press, 2004); David Merrett, *ANZ Bank: A History of Australia and New Zealand Banking Group Limited and Its Constituents* (Sydney: Allen & Unwin, 1985); Andrew J. Seltzer, “Internal Labour Markets in the Australian Banking Industry: Their Nature Prior to the Second World War and Their Recent Decline,” *Accounting, Business & Financial History* 14, no. 3 (2004): 237–56; Monica Keneley, “The Service Economy,” in *The Cambridge Economic History of Australia*, ed. Simon Ville and Glenn Withers (Melbourne: Cambridge University Press, 2015), 373–94.

2018).[21] Information on each firm's boards of directors can be found in trade publications, annual reports, and records held by government regulators. Benchmarks established separate cohorts. The resulting database documents between 90–95 per cent of board membership for each benchmark year.[22]

Those who sat on multiple company boards within the top 125 companies, in a single year, were classified as 'elite'—they had access to a substantially different level of power compared to others in the sector, in the organisation, or in Australia.[23] Multiple directorships were pervasive: on average 65 per cent of all top companies connected through director networks. The community of interlocked directors was also very exclusive. With cohorts of between 78 and 150 people, Australia's corporate elite comprised on average 14 per cent of all directors of top firms. Cohorts were also exclusive: overwhelmingly older white men.

Prosopography was used to understand the professional and class characteristics of each cohort through the analysis of their collective life histories. This includes demographic (age, gender, ethnicity, kinship and so on) and descriptive (career trajectory, social activities) data.[24] Company annual reports showed directors' age, qualifications, and experience, which was supplemented by detail from the *Australian Dictionary of Biography* (hereafter *ADB*), the *Who's Who in Business in Australia* (hereafter *Who's Who*) and newspapers. This information revealed commonalities that may be obscured at individual level. It overcomes

[21] Consistent with Fleming et al., *The Big End of Town.* Fleming et al.'s lists have been used to 1997, and the same procedure adopted for the 2007 and 2018 lists.
[22] The 1964 data is exceptional. It has around 80 per cent coverage, due to relatively sparse archival sources.
[23] See definition in Juha Kansikas, "The Business Elite in Finland: A Prosopographical Study of Family Firm Executives 1762–2010," *Business History* 57, no. 7 (2015): 111–232.
[24] Katharine Keats-Rohan, "Biography, Identity and Names: Understanding the Pursuit of the Individual in Prosopography," in *Prosopography Approaches and Applications: A Handbook,* ed. K. S. B. Keats-Rohan (Hockley: University of Oxford, 2007); Susanna Fellman, "Prosopographic Studies of Business Leaders for Understanding Industrial and Corporate Change," *Business History* 56, no. 1 (2014): 5–21; Walter Friedman and Richard Tedlow, "Statistical Portraits of American Business Elites: A Review Essay," *Business History* 45, no. 4 (2003): 89–113; David J. Jeremy "Anatomy of the British Business Elite, 1860–1980," *Business History* 26, no. 1 (1984): 3–23.

some of the bias in biographies and company histories, where corporate leaders are analysed as exceptional rather than part of a broader group. The coverage for the prosopography data varies between 75-90 per cent, depending on the benchmark.

<Table 1>

Table 1 presents the age profile of each cohort, with the elite generally middle-aged or older at the time of benchmarking. Directorships have been reserved for those in the latter part of their career – sometimes after they 'retire' from military or public life; sometimes after an extensive career as an executive or CEO. For members of Australia's corporate elite, the average age was about 60, with most directors in their 50s and 60s. It meant that, for instance, those in the 1910 benchmark were generally born between 1840 and 1860 and joined the workforce from the late-1850s to 1880. Those in the 1952 and 1964 cohorts joined the workforce in the decades prior to the Great Depression; the 1986, 1997 and 2007 cohorts represent those educated in the post-War boom; and those in the more recent benchmarks mostly joined the workforce in the 1970s and 1980s.

Class mobility was identified through father's occupation, which is often used to identify a person's background.[25] The coverage of this data varies, broadly, between cohorts. Coverage is good (75–90 per cent) for the 1910–1964 benchmarks, as members have obituaries and *ADB* entries, and often feature in company histories. For those cohorts where members are still largely with us (1986–2018), coverage declines to about 60 per cent for the 1980s, and 30 per cent thereafter.

Members of the corporate elite fell into four main categories. *Fancy people* inherited their position through a family member (including their wife). *Public service personnel*

[25] Florian R. Hertel and Olaf Groh-Samberg, "Class Mobility Across Three Generations in the US and Germany," *Research in Social Stratification and Mobility* 35, no. 1 (2014): 35–52; Paul Lambert, Kenneth Prandy, and Wendy Bottero, "By Slow Degrees: Two Centuries of Social Reproduction and Mobility in Britain," *Sociological Research Online* 12, no. 1 (2007): 37–62; Jeanne Cilliers and Johan Fourie, "Occupational Mobility during South Africa's Industrial Take-Off," *South African Journal of Economics* 86, no.1 (2018): 3–22.

included military leaders, politicians, senior public servants, and clergy. *Entrepreneurs* were those who were business owners first, and company directors second. Their company often started small, but later became very prominent. Once the entrepreneur had a corporate reputation, they were then asked to sit on other company boards.

The final category – and the subject of this article – is *professionals*. Professionals worked in white-collar service occupations recognised to hold learned authority over a certain area of expertise.[26] These were hierarchical and bottom rungs often overlapped with working class occupations. The upper rungs, as we show, were often indistinguishable from capitalists. Professionals included lawyers, accountants, engineers and medical practitioners but also merchants, shipping agents and auctioneers. We recognise that the indistinct boundaries to the professions opens questions about the inclusion and exclusion of certain occupations. Sometimes members identified as a member of two professions. As a result, we have occasionally grouped several professions together, notably the various business domains.[27] We argue that these fuzzy definitions are unavoidable. Formal qualifications, which would seem an ideal identifying feature, fail to capture the professions as historically constituted, since they are part of the history of professions rather than their pre-requisite.[28] In consideration of this, we based the data on formal markers such as qualifications, as well as informal identifiers like media profiles, mentions in company records, or self-identification. To contextualise this data, we compare the place of professionals in the elite to occupation structure, using census data.[29]

[26] This is consistent with the definition provided in Abbott, *Systems of Professions*, 8.
[27] We group together management, marketing, economics, finance, human resources and so on together under 'business professions.' Although each are distinct professional domains, they existed in smaller numbers in the elite and often had common educational frameworks.
[28] See Hannah Forsyth, "Reconsidering Women's Role in the Professionalisation of the Economy: Evidence from the Australian Census 1881–1947," *Australian Economic History Review* 59, no. 1 (2019): 55–79.
[29] This data is based on Hannah Forsyth's Australian Research Council Discovery Early Career Researcher Award project "Are we all middle class now? A history of professions in Australia."

Professional work in corporate Australia

Since the 1910s, professionals were overrepresented in Australia's corporate elite relative to society. As a percentage of the workforce, the professions grew from around 7 per cent of all employment in 1911 to around 40 per cent in 2006. For the corporate elite, as Table 2 shows, in each benchmark year a majority were professionals. As a proportion they grew significantly, from 59 per cent of the cohort in 1930 to 95 per cent in 2018.[30]

<Table 2>

Figure 1 and table 3 show the proportion in each cohort who were trained in, or identified with, professions. Accountants, bankers, engineers and lawyers were consistently prominent, comprising between 58–65 per cent of elite professionals across the century. Indeed, although the relative influence of each profession in the elite changed over time, as a group these four professions held a consistent position.

<Figure 1>

<Table 3>

There were other compositional changes. Overall, the earlier benchmarks (1910, 1930 and 1952) featured small numbers of different occupations. The 'other' category, which includes clerks, real estate or property developers, doctors, and teachers, declined by 80 per cent between 1952 and 1986. Cohorts also demonstrate the rise and fall of different professions in Australia's economy across the twentieth century. Agents for the global trade of Australia's primary materials (including wool brokers, shipping agents, and stock and station agents) were relatively prominent in the 1910, 1930 and 1952 cohorts. This, in part, reflects Australia's economy. The growth of primary industries from the mid-nineteenth century contributed to the growth of service firms to market and sell these resources to the

[30] A small number of those professionals (<10 each benchmark) were professional as well as one of the other categories (professional and fancy, or professional and public service).

world.[31] By the early twentieth century, agricultural and pastoral firms dominated big business, accounting for seven of the top 10 firms in 1910.[32] The primary sector declined in influence across the twentieth century, accounting for three of the top 100 firms in 1986, and contributing only two per cent to Australian GDP by 2010.[33] Correspondingly, importers and shipping agents were largely absent in Australia's corporate elite from the 1960s onwards.

Banking and financial services expanded consistently from the 1860s, through rising incomes, new stock exchanges, and the growing complexity of the colonial economy.[34] Career bankers (those who started out as tellers at the major banks) were prominent in the 1910 and 1930 benchmarks. The number of banking professionals decreased through the middle decades, but picked up again from 1997–2018, driven primarily through the new-found prominence of 'investment banking.' Manufacturing dominated the mid-twentieth century, peaking at about 30 per cent of GDP in 1960. Growth in the sector was the domain of big business, with manufacturing firms accounting for 70 of the top 100 firms.[35] Engineers established their authority in this industry, experiencing greatest prominence in the corporate elite in the mid- to late-twentieth century.[36]

By the late-1980s, a more diversified assemblage of firms dominated the big end of town, particularly in the service sector.[37] Although the 'other' sector has always been important for Australia's economy, services increased from 50 per cent of GDP in 1945, to

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[31] Keneley, "The Service Economy."
[32] The 'A' ASIC sub-division, in David Merrett and Simon Ville, "Big Business in Twentieth-Century Australia," *ANU Centre for Economic History Source Paper 21* (2016).
[33] Matthew Butlin, Robert Dixon, and Peter J. Lloyd, "A Statistical Narrative: Australia, 1800–2010," in *The Cambridge Economic History of Australia*, ed. Simon Ville and Glenn Withers (Melbourne: Cambridge University Press, 2015), 465–88.
[34] Keneley, "The Service Economy"; Alan R. Hall, *The Stock Exchange of Melbourne and the Victorian Economy 1852–1900* (Canberra: ANU Press, 1968).
[35] David Merrett, "Big Business and Foreign Firms," in *The Cambridge Economic History of Australia*, ed. Simon Ville and Glenn Withers (Melbourne: Cambridge University Press, 2015), 309–29; Butlin et al., "A Statistical Narrative."
[36] Most of the elite engineers worked for mineral processing firms, which are classified as part of the manufacturing industry.
[37] Fleming et al., *The Big End of Town*, 20.

over 80 per cent in 2010.[38] Since the 1980s, large tertiary firms dominated Australia's top companies, including Qantas (travel), Optus (telecommunications), Mayne Nickless (logistics), News Corp (media), and Hudson Conway (property). Large, internally-diversified businesses also increased in prominence in the late-twentieth century.[39] For example, Elders was entirely involved in pastoral matters before the 1980s, but diversified to food and beverage manufacturing and financial services. Today, large firms such as Wesfarmers or Coles Myer operate across a range of industries. The dominance of a diverse set of top firms was reflected in the growth of more generalised business professionals in Australia's corporate elite. Those in accounting and banking remained relatively stable, whereas those in 'new' business disciplines (such as management, economics, finance, and marketing) experienced a dramatic increase from the 1960s onwards, from eight per cent of elite professionals in 1964, to over 25 per cent in 2018.

The growth of management and business professions was also reflected in the composition of the professional class more broadly. These professionals "perform analytical, conceptual and practical tasks to provide services in financial accounting and transaction matters, human resource development, public relations and marketing, and conduct studies of the economy, organisational structures, methods and systems."[40] This category entered the census in 1991, growing from just over 38,000 people in 1991 to almost 533,000 ten years later.[41] Management as a discrete category was not recorded in the census until 1947, and at that point there were just slightly more managers than teachers. Management quickly

[38] Butlin et al., "A Statistical Narrative."
[39] Several firms are listed with multiple industry classifications in the 1986 and 1997 big business lists. See Merrett and Ville, "Big Business in Twentieth-Century Australia." See also Simon Ville, "Australia: From Family Networks to Boom-and-Bust Groups," in *Business Groups in the West: Origins, Evolution, and Resilience*, ed. Asli M. Colpan and Takashi Hikino (Oxford: Oxford University Press, 2018), 432–57.
[40] Australian and New Zealand Standard Classification of Occupations first edition, revision accessed 1 June 2020, https://www.abs.gov.au/ausstats/abs@.nsf/0/42B43C66E6AB2892CA2575DF002DA5C6.
[41] Australian Census 1991, 2001, Australian Bureau of Statistics (ABS), https://www.abs.gov.au. Detailed occupation data 1971–2001 provided by ABS with thanks to Paul Murrin. On the re-branding of public relations and personnel services as marketing and human resource management see Wright, *The Management of Labour*, 122–53.

overtook all professions. It grew by more than 470 per cent between the 1947 and 1961 census, at which point it re-joined the other professions at a steadier growth of around 50 per cent per decade until the 1980s. Management then grew 175 per cent through the 1980s. While it is unlikely that all who recorded the profession in the Australian census were elite managers, its expansion is indicative of the increased importance of management for the economy broadly, including at the very top.[42]

Professional enclosure of corporate decision-making

Professionals increasingly led the ranks of Australia's corporate elite across the twentieth century. Their work aligned with the character of boards, which developed out of problems unique to the joint stock company. Enlightenment philosopher Adam Smith famously described this kind of business form as one where "negligence and profusion, therefore, must always prevail, more or less, in the management of affairs of such a company."[43] Business literature describes this as the 'agency problem,' which is a structural disjuncture between those managing the company (who may wish to direct resources to themselves) and shareholders, who collectively own the enterprise and wish, like all capitalists, to profit from it.[44] In time, directors were seen as amongst the firm's resources, mitigating risk and helping management make good decisions.[45] The purpose of the board of directors, as it emerged historically, was to protect shareholders by ensuring that managers acted in shareholder

[42] Data derived from Australian Census reports 1901, 1911, 1933, 1947, 1961, 1971, 1981, 1991, 2001, ABS, accessed 1 June 2020, https://www.abs.gov.au. Detailed occupation data 1971–2001 provided by ABS.
[43] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (London: Harriman House Limited, 1776), 264–65.
[44] Josh Bendickson, Jeff Muldoon, Eric Liguori and Phillip E. Davis, "Agency Theory: Background and Epistemology," *Journal of Management History* 22, no. 4 (2016): 437–49.
[45] Amy J. Hillman and Thomas Dalziel, "Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives," *Academy of Management Review* 28, no. 3 (2003): 383–96; Amy J. Hillman, Michael C. Withers, and Brian J. Collins, "Resource Dependence Theory: A Review," *Journal of Management* 35, no. 6 (2009): 1404–27.

interests. A board of directors, then, was necessarily a structure that worked on behalf of the owners of capital.

The history of corporations and the professions were entangled. Joint stock companies emerged in Australia in the 1870s and 1880s as stock exchanges were established in Melbourne and Sydney. Limited liability, which absolved partners from a good deal of legal responsibility in the event the company failed, encouraged capitalists to list companies on local and international exchanges. This apparatus required lawyers to facilitate the exchange of property, accountants to keep (and sometimes cook) the books, journalists to report on mining and manufacturing for prospective shareholders and architects and surveyors to develop property.[46]

Not all professionals sat on boards, of course. Each profession grew into significant hierarchies. The top layers embodied aspiration, even as they sometimes facilitated exploitation.[47] Similar forces drove the expansion of the professions from top to bottom, but it was from the top layers of professional hierarchies that corporate boards drew their membership. Corporate boards, with salaried professionals, embodied an alliance between professions as institutions and managerial capitalism.[48]

Capitalist risk management entrenched the connection of professions to joint stock companies. In order to encourage share investment, joint stock companies sought external sources of knowledge, trust and validation. For accountants, the expansion of limited liability since the 1860s, widespread corporate failures during the 1890s depression, and government regulations implemented shortly thereafter, required companies to publish audited balance

[46] Graeme Davison, *The Rise and Fall of Marvellous Melbourne* (Melbourne: Melbourne University Press, 1979), 72–94.
[47] Hannah Forsyth, "Class, Professional Work and the History of Capitalism in Broken Hill, c.1880–1910," *Labor: Studies in Working-Class History* 15, no. 2 (2018): 21–47.
[48] Barbara Ehrenreich and John Ehrenreich, "The Professional-Managerial Class."

sheets.[49] These measures sought to moderate risk and gave accountants and auditors endless streams of work. As the accounting profession generally expanded, the services of elite accountants were enlisted for top firms. A specialised labour force of bankers also sought to minimise risk in financial institutions, whose collapse in the 1890s drained the savings of wealthy Australia. The top strata of bankers were sent to sit on the boards of their major corporate clients, to monitor operations and make sure investment was managed in the bank's interest.[50] Corporate lawyers acted as the interface between corporations and the increasingly complex regulatory environment, mitigating the risk that managers' actions would prompt legal action (thereby eroding shareholders investments) or that the company would come off worse in merger negotiations.[51] Montague Cohen, for example (1910 and 1930 cohorts), started out on the Foster's Brewing Co. board and, in the first decade of the twentieth century and again in the 1920s, he helped to negotiate several mergers of Carlton and United Breweries.[52]

Engineers were also often employed via comparable logics. Mining engineering professionalised in the face of a Royal Commission over mine safety.[53] Elite engineers were often appointed to the boards of mining or mineral processing firms. They generally rose to an executive position (such as CEO or CFO) within the company and then held numerous non-executive directorships. Their expertise allowed them to advise on the technical aspects of mining or processing operations. In some cases, risk and safety was the concern. Maurice Mawby (1964 cohort), for example, established his authority over mining safety issues as a

[49] Garry D. Carnegie, "The Development of Accounting Regulation, Education, and Literature in Australia, 1788–2005," *Australian Economic History Review* 49, no. 3 (2009): 276–301; Keneley, "The Service Economy."
[50] Merrett, *ANZ Bank;* Andrew Seltzer and David Merrett, "Personnel Policies at the Union Bank of Australia: Evidence from the 1888–1900 Entry Cohorts," *Journal of Labor Economics* 18, no. 4 (2000): 573–613.
[51] Keneley, "The Service Economy."
[52] Barbara Falk, "Cohen, Montague (1855–1931)," *Australian Dictionary of Biography* (hereafter ADB), National Centre of Biography, Australian National University, accessed 15 July 2020, http://adb.anu.edu.au/biography/cohen-montague-5717/text9669.
[53] Forsyth, "Class, Professional Work, and the History of Capitalism."

junior analyst on the 1921 Broken Hill technical commission of inquiry into miners' phthisis and pneumoconiosis. He was 17 years old. By 20 he was a company metallurgist in charge of some 80 men, and went from there to various safety and strategic roles in Australia's mining industry.[54] Prominent elite professionals thus built confidence in a system where capitalists never set foot inside the mine, factory, or farm that they owned. The combination of economic and ideological functions – of skill, legitimacy and moral authority – that the emerging professions cultivated at the end of the nineteenth century facilitated Australian capitalism by enabling and encouraging shareholder confidence.

As corporate Australia grew in size and complexity, professional credentials standardised, enabling them to act as a persuasive signal to investors of the value of professional service on corporate boards. This 'enclosure' historically took two forms. One was to make claims to jurisdiction of expertise: which profession, for example, should facilitate the transfer of property, law or accountancy? Each jurisdictional decision, Andrew Abbott showed, combined claims to expertise with market share.[55]

The second method of enclosure was to establish educational and registration hurdles. Some professions, like medicine, established very firm boundaries; others, like journalism and social work, had more permeable ones. In all cases, enclosure excluded some practitioners and implemented regulatory frameworks.[56] While some debate the usefulness of these structures, in either case varying levels of enclosure determined the relative barriers to entry to the professions, and the signals members used to assert their expertise.[57]

Professional associations, like the Institution of Engineers Australia, the state Law Institutes and Australia's myriad accountancy societies all sought to control access to the

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[54] Frank Strahan, "Mawby, Sir Maurice Alan Edgar (1904–1977)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/mawby-sir-maurice-alan-edgar-11090.
[55] Abbott, *The System of Professions*, 59-114.
[56] Abbott, *The System of Professions*, 59-85.
[57] Marc T. Law and Sukkoo Kim, "Specialization and Regulation: The Rise of Professionals and the Emergence of Occupational Licensing Regulation," *The Journal of Economic History* 65, no. 3 (2005): 723–56.

profession, usually via examination. The presence of multiple pathways to examination, as we will discuss, meant that there were significant opportunities for social mobility.

Australian universities were important for this process. On average they offered professional education relatively early in their history. Some, like the University of Queensland, were established primarily for that purpose. The University of Sydney offered examinations in both Medicine and Law from 1856, though, unlike the University of Melbourne, Sydney did not establish teaching programs until 1883 and 1890 respectively. Engineering was offered from the 1860s in Melbourne and 1880s in Sydney and Adelaide. Accountancy was established in the decade after Federation. The expansion of higher education in Australia was tied to the expansion of professional work.[58]

Education for the professions moved slowly but surely into tertiary institutions. Broadly speaking (since this differed by state and university) the process started with medicine and law in the late nineteenth century; extended to architecture, engineering and accountancy early in the twentieth century; dentistry, pharmacy, social work and veterinary surgery from around the 1930s; included teaching comprehensively from the mid-twentieth century; while nursing and journalism were not added until the late 1980s. Having said that, apprenticeship-style training and pupillage continued as an alternative (or in some cases supplement) to higher education in most professions for decades after degree programs were established. It was not until the 1960s—as a result of agitation for increased standardisation within each professional association combined with the expansion of university capacity – that a university education became the norm for most professions.[59] The connection between a university degree and professional employment deepened still further in the 1990s, when

[58] Hannah Forsyth, *A History of the Modern Australian University* (Sydney: NewSouth, 2014), 94–95.
[59] Hannah Forsyth, "Census Data on Universities, Professions and War," in *The First World War, the Universities and the Professions in Australia 1913–1939*, ed. Kate Darian-Smith and James Waghorne (Melbourne: Melbourne University Press, 2019).

rapidly-growing professions – management, business professionals, finance and IT – became associated with the surging higher educator sector.

This broad periodisation is consistent with the pathways of Australia's elite professions. Early in the twentieth century, as corporate structures and professional associations were expanding, there were multiple pathways of entry to the professions. These helped facilitate some of the social mobility we can recognise in the first half of the twentieth century, permitting some children of middle and working-class families to enter the managerial capitalist elite. Apprenticeship-style training, which dominated professional education early in the twentieth century, often required young aspiring professionals to enter via personal or family contacts. The rapid growth of the professions in Australia, however, meant that this did not impede social mobility in ways that it did in Britain, where the professions grew more slowly. Banking had the most prevalent and longstanding industry apprenticeship system, operating an internal labour market from the latter part of the nineteenth century to about 1970. Banks recruited young men straight out of school (between 14 and 18 years old), started them as 'supernumeraries,' who then progressed to clerks and from there through a very specific career ladder.[60] A career in banking was stable, lengthy, and had straightforward progression. Although ambitious recruits were encouraged to take accountancy courses and sit exams, their initial induction occurred through this cadetship.

James Kell (1930 cohort), for example, joined the staff of the English, Scottish and Australian Bank as a young man. He rose through the ranks at that institution, then the Bank of Australasia, and eventually became governor of the Commonwealth Bank of Australia. Upon his retirement, Kell's "faithful service" to the banking industry was praised.[61] This was a common story across the century, with Douglas Forbes (1952 and 1964 cohorts), Robert J.

[60] Merrett, *ANZ Bank*; Seltzer, "Internal labour markets"; Seltzer and Merrett, "Personnel Policies at the Union Bank of Australia."
[61] "Mr James Kell. City's Guest. Complimentary Dinner," *The Sydney Morning Herald*, 13 October 1926.

White (1986 cohort), and Helen Lynch (1997 cohort) amongst those whose careers followed a similar trajectory. Lynch was a very late example of this phenomenon – she was the first female bank manager in Australia, hired by a branch of the Bank of New South Wales in outback Queensland at the age of 15. At this time, in the late 1950s, the apprenticeship model still dominated banking, and Lynch was posted to a variety of locations and encouraged to obtain higher qualifications (in this case, an executive leadership course).[62] While apprenticeships were still possible, after WWII banks began hiring university graduates in greater numbers. This flowed through to the corporate elite, with most elite banking professionals at the turn of the twentieth century (who were generally educated in the 1960s), studying economics or finance at university first, then hired as graduates.

Legal and accounting professionals similarly served articles by working as a clerk under supervision. Sometimes, such as for lawyer Montague Cohen, serving articles included tertiary study, but it was also possible to pursue independently of formal higher education. For example, Leslie Thompson (1930 cohort) was employed and trained by a local accountancy firm before establishing his own practice. Sir Jim Forrest (1952 and 1964 cohorts) started as a filing clerk at one of Melbourne's leading law firms, Hedderwick, Fookes and Alston. He began his articled clerkship (which combined work and study at the University of Melbourne) in 1925, was admitted to practise in 1930, and made a partner of the firm in 1933. Leslie Froggatt (1986 cohort) was picked up by the Asiatic Petroleum Company (which later became Royal Dutch Shell) at age 17. He attended night classes to qualify as an accountant, and eventually became CEO of Shell.[63] As the century progressed,

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[62] Jane Southward, "Australia's First Female Bank Manager on Moving Past the Banking Royal Commission," *Company Director*, Australian Institute for Company Directors, 1 October 2019.

[63] Barrie Dyster, "Thompson, Leslie James (1888–1982)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/thompson-leslie-james-15664/text26860; Terry Grigg, "Forrest, Sir James Alexander (Jim) (1905–1990)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/forrest-sir-james-alexander-jim-12505/text22499; Gerry Carman, "Adversity was No Barrier to the Top," *The Sydney Morning Herald*, 1 November 2010.

articled clerks were rare. University education became the most common pathway into the profession for those in the elite from the 1960s onwards (most of whom entered the workforce in the 1910s and 1920s).

Similarly, the early groups of elite professional engineers trained through a combination of pupillage and formal qualifications, often completed part-time while working.[64] George Swinburne (1910 cohort) finished school at age 13 and was apprenticed to a chemical merchant. He completed his engineering qualifications by attending night school in the early 1880s. Sir Alexander Stewart (1930 cohort) started out as an apprentice in a shipyard in Aberdeen, obtaining his chief engineer's certificate in the 1890s through his work with the Aberdeen White Star Line. After school, Warren McDonald (1964 cohort) became a cadet-engineer with Tasmanian Hydro-Electric Department, gaining his qualifications in the early 1920s. From the 1980s cohort, Peter Cottrell left school in 1944 and commenced a combined work and study program with the University of Sydney.[65] As with the other professions, the proportion of engineers who trained through pupillage decreased across the decade. The majority of elite engineers in the 1910 and 1930s cohorts (who trained between the late 1850s and 1900) were trained through this way, as were about half in the 1952, 1964 and 1986 cohorts (who entered the workforce from 1900–1960). In the 2018 cohort (those who generally trained in the 1980s and 1990s), all of the engineers obtained degrees first, then went to work.

Other white-collar workers trained via a similar apprenticeship model. Frederick Winchcombe (1910 cohort) joined the woolbroking firm of Mort & Co. after school, and

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[64] Michael Edelstein, "Professional Engineers in Australia: Institutional Response in a Developing Economy 1860–1980," *Australian Economic History Review* 28, no. 2 (1988): 8–32.

[65] *Who's Who in Business in Australia: A Biographical Dictionary and Register of Prominent People Within Business and Industry in Australia* (Melbourne: Information Australia, 1992-2013/14); Alison Patrick, "Swinburne, George (1861–1928)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/swinburne-george-8729/text15283; John Lack, "Stewart, Sir Alexander Anderson (1874–1956)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/stewart-sir-alexander-anderson-8659/text15141; John Farquharson, "McDonald, Sir Warren D'arcy (1901–1965)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/mcdonald-sir-warren-darcy-10938/text19435.

eventually became a woolbroker and auctioneer. Edward Trenchard (1910 cohort) served as a junior clerk with an established stock and station agent, before establishing his own firm. R. Gibson (1930 cohort) was an apprentice draftsman in Glasgow, before his career as an industrial designer. Wallace Bruce (1930 cohort) began working for Allied Assurance Co. as an insurance broker straight out of school, and James Gosse (1952 cohort) also started as a clerk for a shipping agent straight out of school.[66]

Of the professional hierarchies, accountancy had a particularly long ladder. Elaine Evans and Chris Poullaos argue that, until the 1920s, many accountants worked without being a member of any professional association. For example, Patrick Taylor (1910 cohort), began articles in Glasgow, but before he completed, he took a ship to work as a jackeroo in rural NSW. He eventually set up a successful practice in 1883, but it's unlikely he ever received professional endorsement.[67] Having said that, there were myriad professional associations available that established different boundaries and hierarchies for the profession. All associations set examinations, but some were open only to very elite accountants, while others included bookkeepers and clerks. Over the first three decades of the twentieth century, there were unsuccessful attempts to merge these societies, and then to distinguish the top layers by a Royal Charter for the profession.[68] Among the elite who trained during this early

[66] G. P. Walsh, "Winchcombe, Frederick Earle (1855–1917)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/winchcombe-frederick-earle-1054/text16151; "Edward Trenchard," *Pastoral Review*, 16 May 1927; "Sir R. Gibson Dead," *The Daily News*, 1 January 1934; Eric Richards, "Bruce, Sir Wallace (1878–1944)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/bruce-sir-wallace-5402/text9151; Fayette Gosse, "Gosse, Sir James Hay (1876–1952)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/gosse-sir-james-hay-10335/text18295.

[67] Heather Radi, "Taylor, Patrick Thomson (1862–1922)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/taylor-patrick-thomson-8764/text15361.

[68] Elaine Evans and Chris Poullaos, "A Brief History of the Various Pathways to the Accounting Profession in Australia," *Emerging Pathways for the Next Generation of Accountants* 3, no. 1 (2012): 16–26; J. Sidhu, *Failure to Unify the Australian Accounting Profession: The Case of Four Unsuccessful Merger Attempts, Late 1960s to Late 1990s* (PhD diss., RMIT, 2018); Kathie Cooper, "Accounting by Women: Fear, Favour and the Path to Professional Recognition for Australian Women Accountants," *Accounting History* 15, no. 3 (2010): 309–36; Chris Poullaos, "Making Profession and State, 1907 to 1914: The ACPA's First Charter Attempt," *Abacus* 29, no. 2 (1993): 196–229.

professionalisation, some were described as ‘public accountants’, meaning they likely passed an exam set by one of these multitude professional bodies.[69]

The Royal Charter was awarded to the Institute of Chartered Accountants in Australia (ICAA) in 1928, establishing an elite group within the profession.[70] Chartered accountants entered the corporate elite from the 1950s onwards. For example, E.G.F. Horne, an elder member of the 1952 cohort, was a member of the Australasian Corporation of Public Accountants, the predecessor of the ICAA. Peers in Horne’s same cohort, including Raymond Goward and H.D. Giddy were trained a little later, so were referred to in the press as “chartered accountants.”[71] From the 1964 cohort the term was in wide use, with many accredited by the ICAA in the 1930s. Sir Ronald Irish (1964 cohort) qualified as a chartered accountant in 1934 and, in the same year, became a member of the ICAA. Similarly, Reginald Groom trained as an accountant, was admitted as an associate member of the ICAA in 1931, and a Fellow in 1939.[72] The number of chartered accountants increased in the 1980s cohort, including Peter Finley, Alexander Ogilvey, Robert Strauss, John Studdy, Leo Tutt and James Kennedy.[73] The Institute maintained its status as an elite professional organisation, with Lewis Barrett (1986 cohort) recognised as a Life Member for his status as one of Australia’s “pre-eminent” accountants.[74]

Other less elite accountancy bodies eventually folded into the Australian Society of Accountants in 1952. This was then re-named the Australian Society of Certified Practising

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[69] For example, Frederick Smith and C. H. Reading (1930 cohort), who qualified as public accountants in the 1890s and 1900s respectively.
[70] Chris Poullaos, *Making the Australian Chartered Accountant* (New York: Garland Publishing, Inc., 1994).
[71] Horne: “Public Accountant,” *Dungog Chronicle*, 23 December 1919. Goward: *The Sun*, 25 July 1931, 4. Giddy: “New National Bank Chairman: Mr H. D. Giddy Elected,” *The Argus*, 19 March 1943.
[72] Barrie Dyster, “Irish, Sir Ronald Arthur (1913–1993),” *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/irish-sir-ronald-arthur-25368/text33768; John Laverty, “Groom, Sir Thomas Reginald (1906–1987),” *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/groom-sir-thomas-reginald-12569/text22631.
[73] NAB Annual Report 1991; Dunlop Annual Report 1986; BHP Annual Report 1986, Santos Annual Report 1986; “Vale John Studdy (AM) 19.7.1929 – 16.4.2014,” *MS Australia*, 2 May 2014.
[74] State Bank of South Australia Annual Report 1986.

Accountants in 1990 and is now known as CPA Australia. Their more relaxed membership structure gave them higher numbers and resources which, the ICAA argued, sacrificed prestige.[75] Members of Australia's corporate elite were active in these professional structures. Leslie Thompson (1952 cohort) participated in predecessors of the Society, serving as State councillor (1919–22, 1924–27) of the Association of Accountants of Australia. Sir Ferdinand Drew (1964 cohort) studied accountancy while he worked for the South Australian public service. He became an associate (1929) and fellow (1947) of the Commonwealth Institute of Accountants (which was a predecessor of the Society) through a long career in State auditing, Treasury and banking. Similarly, Frank Selleck (1964 cohort) joined the Victorian Audit Office as a clerk. He studied part time and qualified as a Fellow of the Federal Institute of Accountants, at which time he promptly resigned from the Audit Office and set up his own accountancy firm.[76] For those trained after the merger of the Society in the early 1950s, the postnomial 'CPA', of 'FCPA' (for Fellows), became widely used. In the 1986 cohort, Warwick Holcroft, Joseph Trethowan and Stanley Wallis each had the CPA postnominal, with its use expanding rapidly in the 1990s and 2000s.[77]

Class mobility and occupation structure in Australia

The relatively slow process of professional enclosure facilitated social mobility in Australia's corporate elite. Apprenticeship training systems and fewer accreditation requirements in the late nineteenth and early twentieth century meant that a number of those with artisan, petty bourgeois and working-class backgrounds moved to positions on top company boards.

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[75] Poullaos, *Australian Chartered Accountant*; Evans and Poullaos, "Various pathways"; Rob Linn, *Power, Progress and Profit: A History of the Australian Accounting Profession* (Melbourne: Australian Society of Certified Practising Accountants, 1996).

[76] Dyster, "Thompson, Leslie James"; Kathryn Gargett, "Drew, Sir Ferdinand Caire (Fred) (1895–1986)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/drew-sir-ferdinand-caire-fred-12437/text22363; John Young, "Selleck, Sir Francis Palmer (1895–1976)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/selleck-sir-francis-palmer-11654/text20819.

[77] Caltex Annual Report 1986; NAB Annual Report 1991; *Who's Who*.

Prosopography reveals a number of individuals from working class or lower middle-class backgrounds entering the corporate elite via professional hierarchies.

Mobility to the elite was, in part, a function of the shift in occupation structure itself, allowing some artisan and working-class families to enter the middle classes. The rapid growth of the professions in the late nineteenth and early twentieth centuries marks a significant change in the occupation structure of Australia. The sons and sometimes daughters of drapers, tailors and storekeepers for example, moved into new middle-class occupations like accountancy, engineering, law, medicine and nursing as common occupations and thus middle-class employment expectations changed. The level of mobility in the corporate elite was exceptional, however. While it was not unexpected that the sons of drapers became lawyers, their movement into the small, exceptional group of elite professions that sat on corporate boards indicates a combination of factors producing change, including changes in occupation structure alongside greater opportunities for class mobility.

Table 4 and figure 2 document the relative proportion of those who experienced intergenerational social mobility over time. It demonstrates a strong downward trend in total mobility, from between 35–45 per cent of members in the 1910–1964 cohorts, to 25–30 per cent from 1985 onwards. In the first half of the twentieth century, this trend was largely driven from within the professions, with a greater proportion experiencing class mobility, compared to the whole cohort (see figure 2). For example, in 1910, 23 members of the elite came from working class or artisan backgrounds, of which 18 elevated their class status through a profession.[78] Similarly, professions were the main source of mobility in the wider group—there were only small numbers of entrepreneurs or public servants who experienced social mobility. Thus, not all elite professionals experienced class transformation, but just about all who were upwardly mobile were professionals.

[78] The remaining five were entrepreneurs.

<Table 4>

<figure 2>

Figure 3 shows father's occupation, distinguishing between the 'learned' professions, the petty bourgeoisie (artisans, merchants, storekeepers), the working class, and the hereditary corporate elite (company directors, executives, elite entrepreneurs). It demonstrates that mobility from the working classes occurred in small but consistent proportions. Most of the change in intergenerational class mobility in these cohorts was instead found within the artisan and merchant class. Those from petty bourgeois backgrounds peaked at 27 per cent of the sample in 1910 and 1930, declining steadily to 6 per cent in 2018.

<figure 3>

Although mobility in the first half of the twentieth century was driven by the growth of the professions, in time professional work was much less likely to facilitate this. Quite the opposite in fact—there were a higher proportion of professionals in the elite in later years, but more often than not their parents were also elite doctors, engineers, academics or accountants. Those from professional middle-class backgrounds crowded out those from the working classes and from hereditary corporate backgrounds from the 1990s onwards, growing to almost half of the corporate elite by 2018 (see figure 3).

This change was influenced by the growing divide between members of the professions, and the top echelon of professionals found on company boards. The rapid expansion of higher education after WWII—at the time when those in later benchmarks entered the workforce—made professional work more accessible. This was further reinforced from the 1980s onwards, when the 'massification' of higher education vastly increased the ranks of white collar workers globally.[79] While this theoretically made the middle class more accessible, it also encouraged 'credentialisation'—shifting the goal posts so that 'success' in the professions was reserved for those with even higher levels of education.

At the same time, the 'management rush' of the 1980s created a separate group of those tasked with co-ordinating professional work. While managers continued to hold a variety of qualifications, management itself followed the now familiar pattern of professional enclosure. Walter Scott transitioned from accountancy to management as early as the 1930s, eventually establishing Australia's first specialised management consultancy firm.[80] The firm educated and employed hundreds of professionals, with Scott and his son Brian members of the corporate elite in the 1960s and 1980s respectively. At a similar time, other management consultancy firms like McKinsey established branches in Melbourne and Sydney in the 1960s and 1970s, and large chartered accounting firms such as Ernst and Winney and Price Waterhouse entered consultancy.[81]

The large white-collar professional workforce became increasingly subject to the decisions of this new managerial class. This was a global phenomenon. In the second half of the twentieth century, managers and other professionals grew in Britain as well as in the settler colonies, and managerialism became the dominant 'mode of production' in nations linked together by multinational corporations and a financialising global economy.[82] Professional workers worldwide began to report diminished autonomy at work, a growing

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[79] Evan Schofer and John W. Meyer, "The World-Wide Expansion of Higher Education," *American Sociological Review* 70, no. 6 (2005): 898–920.
[80] C. Boris Schedvin, "Scott, Sir Walter (1903–1981)," *ADB*, accessed 15 July 2020, http://adb.anu.edu.au/biography/scott-sir-walter-15492/text26707, published first in hardcopy 2012.
[81] Christopher Wright, "From Shop Floor to Boardroom: The Historical Evolution of Australian Management Consulting, 1940s to 1980s," *Business History* 42, no. 1 (2000): 85–106.
[82] Duménil and Lévy, *Managerial Capitalism.*

‘audit culture’ by which managers controlled the minutiae of professional work and reduced employment conditions.[83]

Enclosure of management contributed to new expectations for board members. In a move promoted by the Commonwealth government, the Master of Business Administration (MBA) grew spectacularly during the 1980s. It became an important qualification for members of the corporate elite, signalling competence in management itself rather than the variety of professional skills valued in the early twentieth century. For many, the MBA was used as a way of ‘upskilling’ professional qualifications in engineering and accountancy, to suit the expectations of the new management-led corporate world. Similarly, from the 1990s board members were expected to complete relevant accreditation courses from the Australian Institute of Company Directors (AICD). Formed in the 1970s as an amalgamation of Australian branches of a UK body, the AICD instituted registration standards that amount to a separate qualification for company directors. In the 2018 benchmark, more than half of the elite had completed one of the AICD qualifications.

Each new step professionalised company management and the board member profession, using the same tools of enclosure as other white-collar professions. From the 1980s onwards, the relatively open pathway to company directorships that characterised the first half of the twentieth century became a seemingly merit-based system of standardised professional qualifications. Now, entry to the professions no longer carried the possibility of becoming capitalist; the corporate elite were largely drawn from its own ranks.

[83] Cris Shore and Susan Wright, “Audit Culture and Anthropology: Neo-Liberalism in British Higher Education,” *The Journal of the Royal Anthropological Institute* 5, no. 4 (1999): 557–75.

Conclusions

The move of managers from "the back room to the board room" was a part of a long, global shift that manoeuvred a managerial class into the role traditionally held by 'capitalists': control of the means of production.[84] Managerial capitalism, as it was enacted in Australia, positioned the top echelon of the professions as representatives of capital through their role on corporate boards. Existing alongside various political and social elites, the corporate elite constituted control (rather than ownership) of vast territories of the national economy. Company boards, tasked with addressing the agency problem and firm resource constraints, deployed professional expertise to advise on the business, legal and regulatory environments and convince shareholders that their investments were in safe hands.

Professional influence, in this context, was not simply 'ideological' as Poulantzas would have it, but was materially performed as expert work. Ideology was important, but this work affected crucial structures that shaped the reproduction of managerial capitalism in Australia. Ownership and control of the means of production was crucial, to be sure, but managerial capitalism was also constituted by work, requiring managers to deploy skills embedded in the professions. Such professional skills were not inert property as Magali Larson and others have suggested, but became valuable only when managerial capitalists put them to work.[85]

While managerial capitalism happened nearly everywhere, it was initially a more permeable category in Australia, enabled by a specific pattern of enclosure. The relatively slow process of credentialisation matched by the rapid shift in occupation structure in the late nineteenth and early twentieth centuries expanded work in the professions and made for relatively porous barriers to entry. This provided opportunity for those from modest

[84] Pearse, "The Management Rush," 104.
[85] See Larson, *The Rise of Professionalism*, xvii.

backgrounds to move into the professions. Some found their way to the ranks of top professionals on corporate boards. As a result, cohorts of Australia's managerial-capitalist elite up to the 1960s included a number of professionals who experienced class transformation.

From the 1980s onwards, there were far fewer opportunities for such mobility. Mass expansion of higher education, and further shifts in occupation structure swelled the ranks of the professionals. However, most of these new professionals worked for large enterprises, presided over by managers. The 'management rush' strengthened the newly enclosed management profession, separating most professional workers from the power and control of corporate decision-making. Moreover, from the 1990s, 'board member' became its own profession, with accreditation restrictions narrowing the pool of potential appointments to directorships. The result was that at the moment that professional work expanded most rapidly in Australia, offering opportunities to the massive number of students graduating from Australian universities, new, significant and often insurmountable barriers were erected to executive management or board positions. Rather than a pathway—as was found earlier in the century—an interstice opened between the rank-and-file and top echelon of professional hierarchies.

In identifying these shifts in the composition of corporate boards we acknowledge that capitalism in Australia, as elsewhere, was historically contingent. Managerial capitalism as it emerged in the early twentieth century was brought into being by combining the logic of managed return on investment with the performance of expert, professional work. Professional accountants, lawyers, bankers and others thus had a central role in the reproduction of capitalism in Australia, bringing their professional skill to bear on the management of capital. For Australians, this meant the corporate elite was not initially out of reach for some working- and middle-class people, opportunities that changed later in the twentieth century. Professional enclosure, enacted through various forms of credentialisation, undermined such opportunities for social mobility, increasing inequality. Enclosure not only established occupational monopolies, in time it also erected new barriers to the corporate elite. This reduced the diversity of members of corporate boards, which business theory suggests stifles innovation and risks poor managerial decision making. Most importantly, enclosure of the professions and then of corporate boards pressed a broad, heterogenous ‘managed class’ of white collar and working-class employees into carrying, in unequal ways, the cost of the decisions of a very narrow, and now very homogenous managerial elite.