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The political mobilization of corporate directors: Socio-economic correlates of affiliation to European pressure groups¹

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Abstract

Business has played a central role in the debate over Britain's place in the European Union. This paper examines the socio-economic characteristics of directors of Britain's largest corporations who affiliated either to Business for Sterling or Britain in Europe. It reports associations between directors' social backgrounds and their probabilities of affiliation. Elite university education, club membership, wealth and multiple directorships were all associated with higher propensities to affiliate. The associations are consistent with the idea that directors' social resources allow them to overcome collective action problems as well as supplying them with the motivations to affiliate. They also indicated that directors form a privileged group in that they have a number of very powerful actors who can take unilateral political actions.

Keywords:

Business politics, social clubs, elite schools, super-wealthy, collective action, boards of directors

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Introduction

Background

Despite being one of the most powerful interests in capitalist democracies, big business's ability to achieve its political ends is constrained by institutional barriers restricting the conversion of economic into political power. Economic concentration checks it from developing a mass following that will spontaneously defend its interests at the polls.² The secret ballot and other legislation prevent markets where big business can use its resources to purchase votes. If functional representation of business interests is lacking, its avenues of political influence are limited to funding political parties, lobbying state actors and manipulating public opinion.

Research suggests constraints vary across types of interest (Lowi 1964). The institutional structure of capitalist democracies better accommodates particularistic political interests affecting firms and industries. Big business, however, faces large opposition (Smith 2000) and difficulty organizing collective action (Olson 1965; Useem 1984 and Bond 2004) when it attempts to make radical changes to its position in national social structures.

In this paper we adopt a perspective on business politics that has closest kin among researchers who have argued that a core of actors, from financial oligarchies (Lenin 1916) through power elites (Mills 1956) to inner circles (Useem 1984), take leading political roles. A diversity of scholarship has agreed that politically active business actors will be small in number, centralized and coordinated. Small in number reflecting concentrated economic power in capitalism. Centralized reflecting bureaucratic growth and capital dependencies. Coordinated reflecting a) demographic stability and sociability of individual members of capitalist classes, and b) inter-firm relations such as joint ventures and interlocking directorates.³

Our approach differs from previous research in important ways. First, we specify a population of potential business political activists and explore whether activists are different in their social characteristics from non-activists. Much previous research has jumped from the fact that only a few thousand individuals head big businesses to the conclusion that it will be a simple matter for them to organize themselves (Kolko 1962). Anticipating one of our empirical findings, in the case we study, it is a minority within a minority who are politically active. Second, we are not concerned with unity so much as with mobilization. The power structure debate (see, for example, Rose 1967) focused attention on the presence or absence of divisions within the business community. Our findings have a bearing on issues of unity, however, we focus on mobilization

² The concentration of productive forces in a small number of hands means that few voters will be big capitalists.

³ A further analytic distinction is the structural power of capital (Przeworski and Wallerstein 1988)

because our primary interest is the factors that permit business to form a political community (divided or not). Finally, we do not presume that businessmen consciously use social relations to organize themselves. Instead, we focus not only on factors that rely on direct interaction but on political socialization and attributional characteristics as well. Our attention centres on a very small core of wealthy and/or well-connected business actors bound by a variety of social forces into two factions.

Empirical focus

In this paper we examine the decision of directors of large corporations to affiliate to pressure groups attempting to influence Britain's political relationship with Europe. Our focus is on the effect of directors' socio-economic backgrounds on the decision to affiliate while controlling effects of other influences. Study of this particular case is important because, as we argue later, it was part of a struggle for policy changes that would have broad and unavoidable effects for the entire business community; it is precisely the kind of issue that should be associated with collective action problems. If we chose other issues, other types of business political actions or examined business in other political systems our conclusions might differ. This is not a shortcoming; instead, we think it is a call to researchers to pioneer uncharted territories of business political behaviour.

In the late 1990s and early 2000s, the country's place in the European Union formed a salient divide in British politics. Several events exemplified Europe's importance: Conservative Party splits over Europe prior to the 1997 election, Jimmy Goldsmith's founding of the Referendum Party and the United Kingdom Independence Party's successes in the 1999 European elections. Establishment of the Eurozone in 2000, and the concomitant decision facing Britain about whether or not it should quit the pound in favour of the Euro in the immediate or near future, structured the debate. The dispute attained a party political dimension as the Labour government's less hostile approach to Europe enhanced the likelihood that Britain would join. This period of change and uncertainty prompted the mobilization of forces advocating different positions on the shape of Britain's future political relationship with Europe. Business played an active role in this debate and helped define its terms.

It is mistaken, however, to assume that there was a single business position on Europe. Following Evans (2004) we focus on two of the most prominent pressure groups attracting business activists: Business for Sterling (BfS) and Britain in Europe (BiE).⁴ BfS formed in 1998 to lobby against Britain joining the Eurozone. It has since mutated into pressure groups opposing a European constitution and shares organizational personnel with the Taxpayers' Alliance. BiE formed in 1999 and represented a broader range of interests: business representatives sat alongside the party leadership of the Labour and Liberal Democratic

⁴ Our faith that these interest groups include the bulk of directors mobilized for this issue is also based on the fact that individuals who were mobilized in many other, less visible, European pressure groups such as Congress for Democracy, the Freedom Association and the Democracy Movement were also members of the groups we are studying.

parties, prominent pro-European Conservatives, academics and trade unionists. While scrupulously ensuring not to advocate joining the Eurozone, its membership included a number of prominent individuals who did. Both of these organizations were small, elite groupings and did not aspire to become mass movements. BfS had 436 recognized members and BiE had 200.⁵

BfS and BiE represented political factions within the British business community. Directors affiliated to BiE clearly assumed a position opposed to the one taken by directors affiliated to BfS; in other words, we do not think it is baseless to believe that they represented opposite ends of a single political (if not entirely party political) dimension.

The European debate was one of the few overt manifestations of the political views of directors of large corporations.⁶ While the significance of BfS's and BiE's activities in shaping policy is important, it lies outside the scope of this paper.⁷ Instead, as well as the reasons mentioned earlier, we are interested in this case because: 1) it revealed political preferences of top decision makers within the British economy, and 2) it is an opportunity to observe the political behaviour of directors distinct from their corporate affiliation. We think the latter reason is more important but it is fair to ask why.

Our arguments have been foreshadowed by Val Burris (e.g. Burris 2001) who has argued that directors and corporations are quite different political animals. Many previous analyses, he claims, have presented a one-sided perspective on political action by studying organizations. Focusing on individuals rather than corporations has three key analytic implications. First, third parties, such as shareholders or the state, are less able to regulate directors' political behaviour than corporations. Examining the political behaviour of businessmen/women should permit observations of a wider variety of business political opinion. Second, studying individuals permits examination of the political behaviour of classes.⁸ We can observe direct expressions of class behaviour, unmediated by organizational constraints. Finally, studying individual directors' political behaviour allows us to compare the extent to which their political interests are distinct from the organizations they 'direct.' We believe directors' decisions to affiliate to BfS and BiE offer a perfect opportunity to reap these analytic benefits.

Theory and hypotheses

⁵ This information was collected from the two pressure groups' respective websites. These websites are now defunct although the list of BfS members is still listed in Wikipedia.

⁶ Other examples include the decision to make a donation or the decision to sign one's name to a letter in a national newspaper.

⁷ One sign of the importance of these two pressure groups is the extensive publicity they received in the press. From 1998–2000 BiE received 924 mentions in the national press and BfS received 450. The figures are the result of a Nexis search edited to omit irrelevant and repeating articles.

⁸ Instead of only studying the behaviour of the organizational forms that they use to manage their economic activities.

Collective action, public goods and affiliating

In this paper we follow the tradition begun by Olson (1965) of treating collective action as the production of a public good. The classic definition (Samuelson 1954; Mueller 1989; Marwell and Oliver 1991) of public goods emphasizes two features. First, a public good is non-excludable. Non-excludability refers to the inability to exclude individuals from consumption of the good. Second, a public good is joint in supply (or non-rival in consumption). Jointness in supply refers to the idea that one individual's consumption of a public good does not reduce anyone else's consumption.

Two points are worth making about this definition. First, it refers only to characteristics of the good. The number and motives of producers of public goods do not figure – single or many, altruistic or self-interested actors can produce them. Collective action can involve only a single, selfish actor. Second, a true public good probably does not exist. Non-excludability and jointness in supply are continuous variables. They describe properties of goods that can exist in greater or lesser amounts.

The ultimate aim of the participants was to influence Britain's choice of currency and relationship with Europe. The choice of currency has public good (or bad depending on political preferences) characteristics. Individuals cannot be excluded from the effects of currency choice (non-excludability) and one individual's 'consumption' of the effects of currency choice does not reduce another's (jointness of supply) (see Samuelson 1954).

Production of the good was ultimately in the hands of the state. BfS and BiE were pressure groups (as opposed to political parties for example); they were acting to shift elite and public opinion towards their respective views in order to influence the British state's actions toward Europe. The legitimacy of their arguments depended, in part, on their ability to claim the right to speak in the name of business. Having a large number of affiliates drawn from prominent, wealthy and powerful members of the business community is one way of a pressure group signalling its legitimacy. It is important to note that the intermediate aim of developing a legitimate and influential argument in pursuit of control of monetary policy is itself a public good. One cannot be excluded from the effects of a shift in opinion toward Europe and one individual's consumption of those effects does not affect another's ability to consume them. In both its intermediate and ultimate aims the act of affiliating was a contribution to the attempted production of a public good.

Social dilemmas and their solutions

The production of public goods is prone to social dilemmas. Tersely defined, a social dilemma is a Nash equilibrium that is Pareto sub-optimal. More elaborately, a social dilemma describes a situation where each actor has no individual incentive to increase his production of the public good unilaterally (Nash equilibrium), however there exist feasible alternatives where increased production of the public good by members of the group would lead to a situation where no individual is worse off and at least one member is better off (Pareto sub-optimality).

From a collective action perspective, the social dilemma arises because of non-excludability. Individuals produce less of the good than they would if benefits were excludable. Individuals will have levels of contribution that they view as optimal (i.e. the point at which marginal change in their utility with respect to contributions is zero). Individuals who cannot be excluded from the benefits of others' contributions will only contribute an amount bridging the difference between their optimal contribution and the non-excludable benefits they already get from others' contributions. If all act on this logic the amount produced will be sub-optimal. Second, the actor does not take account of the non-excludable benefits her/his own contribution has for others. The individual is driven by individual costs and benefits without regard to the social benefits of their contribution. In other words the actor has no way of internalizing the externalities of her/his actions. The social dilemma will exist in the absence of a mechanism whereby individual actors take account of the wider social benefits/costs of their behaviour.

Both these factors are evident in the decision to affiliate. First, directors can free-ride on the affiliations of others. They can let other individuals bear any costs associated with affiliation (which can include antagonizing political opponents, lost opportunities to support other causes, foregoing the diplomatic benefits of neutrality and reputation costs of being on the losing side) while they reap the non-excludable benefits. Second, when deciding whether to affiliate there is no obvious mechanism that allows them to take account of the benefits their actions have for others. There is no way for directors to receive compensation for the non-excludable effects their act of affiliation has for others. A director may fail to affiliate when social benefits are large if they judge the individual costs are greater than the individual benefits.

According to Olson (1965) groups of actors faced with the production of a public good confront three alternatives: a) they remain latent (i.e. they fail to produce the public good), b) they develop some mechanism for internalizing externalities permitting the production of the public good, or c) they are privileged in that they have actors who are interested and resourceful (see Marwell and Oliver 1991) enough to produce the good unilaterally. In this paper we use the distribution of socio-economic characteristics across affiliate and non-affiliate directors as empirical clues to whether business mobilization was more consistent with

internalizing externalities or with privilege. In the next sub-section we outline why we think this is a useful analytic strategy.

Social capital, distributional power and socialization

A wide range of sociological mechanisms for internalizing the externalities of public good production has been bundled under the analytic heading of social capital (Coleman 1990; Portes 1998). Social capital arguments treat social relations as mechanisms permitting actors to take group-beneficial choices that are irrational or infeasible in their absence. Groups can use social relations to monitor individual participation in the production of public goods and to facilitate punishment of defection/free-riding. For example, Coleman (1990) argues individuals use their relations as co-religionists to develop and enforce norms governing their children's behaviour (a public good according to Coleman). It is important to note that the social capital mechanism relies on the sociability and interaction of actors producing the public good. On this line of reasoning socio-economic characteristics should be associated with affiliation to the extent that they are indicators of interaction.

The interactionist focus of the social capital mechanism contrasts sharply with the apparent individualism of privileged groups. In a privileged group a subset of individuals (at a lower limit a single individual) produce the public good that they, as well as the complement of non-producers, can then consume. Two points are important: first, actors produce the good because individual benefits exceed individual costs (third party benefits are entirely incidental) and, second, in many collective action situations actors with greater resources will be more able to contribute than others. While the former point is a simple correlate of assuming that actors are minimally rational, the latter point deserves greater attention.

As Marwell and Oliver (1991) demonstrate, many realistic approximations of public good production functions are convex or stepwise (i.e. have positive second derivatives); contributions at higher levels create more of the public good than contributions at lower levels. The implication of a convex/stepwise production function is that resourceful individuals who are able to make larger contributions to the production of the public good will have greater marginal returns on their investment than less resourceful individuals who can only make smaller contributions. Of course, a group of less resourceful actors might be able to pool their resources in order to get themselves to the point where marginal returns are rapidly increasing, but they face additional costs of organization that individually powerful actors do not. While it is probably impossible to estimate the European policy production function it does not seem unreasonable to expect the marginal policy influence of a high status director with a national reputation to be disproportionately greater, for example, than a low status director who is a placeholder for a large shareholder. If the production function is

convex/stepwise we expect to see greater biases toward the affiliation of resourceful actors than if the production function is concave or linear. While the act of affiliation is the same for all actors, the resources their affiliation brings to the policy debate will vary with the power of the individual affiliate.

The self-interested actions of actors in privileged groups may appear to be a-social because their consequence for others are entirely incidental; however, we would like to stress that collective actions taken in a privileged group can have social sources. First, interests may be the product of socialized political predispositions (Hyman 1969). Actors may not need the reinforcement of social interaction in order to take certain political actions; earlier socialization may make them politically active in the absence of social persuasion. Second, directors' position at the top of a social structure gives them the assets to make unilateral contributions to the production of a public good, for example, the status a director brought to the European policy debate depended in part on the social recognition of that individual's achievements.

By considering the collective action characteristics of the decision to affiliate we have highlighted three social mechanisms that could contribute to the mobilization of directors in the European debate:

- 1) Social Capital– social interaction internalizing political externalities,
- 2) Socialization– socialized predispositions to take political action and,
- 3) Positional power– positions at the top of social structures permitting directors to take unilateral political actions.

We use the distribution of affiliates and non-affiliates across socio-economic variables to get an idea of which mechanisms are operating. For instance, if social capital mechanisms are operating we should expect socio-economic characteristics indicating interaction among directors to be associated with affiliation.

In this paper we shed light on the social bases of the political behaviour of directors of large corporations. Our idiographic aim is to identify the social forces leading to membership of British European pressure groups, our nomothetic aim is to elucidate the range of forces shaping business political behaviour in capitalist democracies. In the following sub-sections we focus on a number of hypotheses that have guided previous research into the influence of directors' socio-economic attributes on their political behaviour and relate them to the mechanisms we outlined above.

Social directories

Since Baltzell (1966) scholars of elite behaviour have used social directories such as Who's Who as indicators of elite status and as data collection tools. Having an entry in a social directory is a general and inclusive measure of national recognition that places individuals from across a range of institutional spheres into the same dichotomous (in/out) ranking. Inclusion indicates a high level of general social standing that is not particular to specific achievements or ascriptions. The social directories used in this study automatically include individuals such as MPs, civil servants and judges while they have selection committees that pick individuals from other walks of life. Membership indicates a level of social acknowledgement that is general and comparable across different spheres of achievement although it is probable that directors who highly value privacy may not list them. Following from our earlier discussion we expect that directors can use their recognition as a fungible resource to influence the European debate. This leads to our first hypothesis:

H1: Inclusion in a social directory will be associated with higher probabilities of affiliation.

Education

Studies of directors and top management of large corporations have found that education structures their social and political behaviour. For example, a study of prominent businessman found the odds they were alumni of Clarendon schools was nearly two-hundred times chance expectations (Nicholas 1999). Another study found corporations with Old Etonians on their boards were more likely than others to make donations to the Conservative Party (Bond 2007). A disproportionate number of Britain's top businessmen come from a narrow set of elite private sector schools and they are much more likely to take visible political action. Although the role of educational background on recruitment to directorships is beyond our brief, there are many reasons to expect directors with elite educational backgrounds to be politically active.

First, elite schools may transmit specific political predispositions. These schools socialize directors into levels of political awareness and motivation that set lower thresholds for expressions of political interests. Historically, these schools have a history of educating Conservative leaders (Guttsman 1963). We expect that these schools will take efforts to groom future political leaders and that they will be ideologically biased to the right. Second, directors who have attended these schools will have higher chances of possessing inherited resources.⁹ At the present stage of research into British business elites, it is not possible to specify exactly, but these resources could include blends of wealth and status.¹⁰ Wealth and status accumulated across generations could lead to consolidated political preferences. Directors with inherited wealth/status have more distant

⁹ We say 'chance' because Rubinstein (1987) has demonstrated many individuals who have attended elite British schools come from relatively humble beginnings. We still believe, however, that individuals attending these schools are much more likely to have come from families endowed with greater than average levels of wealth and status.

¹⁰ This is not to say that the data are not collectable or have not been collected in the past. The difficulty is the lack of a set of cumulated findings, cumulated techniques and cumulated and shared datasets.

memories of upward mobility and face fewer crosscutting political pressures.^{11 12} The directors' inherited resources enable them to retain their position in the business world and, as an unintended consequence, reinforce their political interests as a group (Burris 1991).

This leads to our second hypothesis:

H2: Attending an elite secondary school will be associated with greater probabilities of affiliation.

Although secondary schools have been the focus of much research into mechanisms of intergenerational transmission of resources, studies have also shown that directors are disproportionately from elite universities such as Cambridge in the UK or Harvard in the USA (Scott and Grifff 1984 and Useem 1984). Universities form less exclusive bases of political socialization. They influence people later in their lives; although their effect is recent it may have occurred at a stage of political socialization too late to make much of an impact. It is also worth noting that widening participation in higher education has weakened the link between attending elite universities like Oxford and specifically right wing, upper class values. Despite entering these caveats about the likely effect of attendance at an elite university it remains a reasonable expectation to think there might be some degree of association, hence:

H3: Attending elite universities will be associated with greater levels of affiliation.

Informal elite leisure settings

Directors' interaction in and membership of elite leisure settings could also be associated with business political action. There are three reasons why we expect to observe this association: 1) like schools, leisure settings can be points of socialization into political predispositions; 2) leisure settings can be sites of political coordination, and 3) in so far as participation reflects selection on salient social characteristics, activity in leisure settings can act as an indicator of political preferences. Our hunch is age thresholds exist limiting the formation of new political preferences in later life; it is chiefly for the latter two reasons that we think it is worthwhile studying elite leisure settings.

Perhaps the most commonly studied elite leisure settings are social clubs. Directories of prominent individuals such as Who's Who have listings of club membership, but there do not seem to be the same data on, for example, attendance at dinner parties or wedding parties. A sizeable minority of directors are members and

¹¹ Implicit from this discussion is that a positive correlation will exist between the number of generations of inherited wealth and directors political preferences.

¹² For the effects of mobility on political behaviour more generally see De Graaf, Nieuwbeerta and Heath (1997).

social clubs are not so large that they are anonymous. Also, empirical evidence supports the idea that membership of social clubs correlates with directors' political behaviour. For example, associations have been found between club membership and recruitment to boards of large corporations in the USA (Kono et al. 1998), politically active directors in Britain and the USA were more likely to have joined elite social clubs (Useem 1984), and an association has been found between British corporations' making donations to the Conservative Party and their directors' social club membership (Bond 2007). This leads to our third hypothesis:

H4: Corporate directors who are members of elite social clubs will be more likely to affiliate than non-members.

Two of the social mechanisms outlined earlier are consistent with this hypothesis. If we stress the potential for interaction that elite social settings provide then clubs will act as social capital internalizing the benefits of affiliation. If, however, we follow the arguments of scholars who emphasize the role that social groups have on creating differential association and excluding status inferiors (Weber 1947; Bourdieu 1986; Chan and Goldthorpe 2004) we expect clubs to act as indicators of underlying political predispositions and social status. Political action may be one of a status group's exclusionary signalling behaviours as well as reflecting distinctive interests. This leads to a modification of Hypothesis 4, namely:

H4a: Differentials in directors' likelihood of affiliation will be associated with the types of social clubs they have joined. More specifically, directors who are members of clubs with exclusive, establishment identities will be more likely to affiliate than clubs based mainly on sociability.

By focusing on the differential social identities associated with patterns of club membership we are also better placed to study the links between schools and clubs. Schools represent social origins and clubs represent social destinations. Based on previous research, we expect associations to exist between school attendance (origins) and club membership (destination) (Sampson 1962 and Bond 2007). If associations exist, they affect how we interpret clubs influence on directors' political actions: as well as any independent effect, clubs can reflect and reinforce political attitudes linked to inherited advantages.

Inner circle effects

In *The Inner Circle*, Michael Useem described several associations between the number of boards a director sits on and her/his level of political activity.¹³ He explained these associations by claiming that multiple directorships grant individuals a broad perspective on corporate interests. The sources of directors' corporate based political interests extend beyond the individual firm and directors are also socialized into a more cosmopolitan outlook on corporate political needs. They form an inner circle that is able to determine the collective corporate interest and act on it. Inner circle political consciousness permits directors to internalize the externalities of political action. This leads to our next hypothesis;

H5: Multiple directorships are associated with higher probabilities of affiliation.

It is useful to contrast inner circle effects very briefly with the effects of clubs and schools. Whether one accepts the details of Useem's explanation, multiple directorships appear to act as some measure of prestige based on activity within the corporate world. Unlike school and club affiliations, multiple directorships form the basis for a status ranking that is not based on inheritance or social standing (although Useem found that a disproportionate number of inner circle directors also had elite origins). In other words, multiple directorships indicate a status order resting on success in large economic corporations rather than a setting outside the business world.

Individual capital and the superwealthy

As our earlier theoretical discussion highlighted, individuals who are well endowed with resources will be more likely, in many instances, to contribute to the production of public goods than those who have less. Extremely wealthy directors have more resources to contribute to political activity and to bear the cost of any adverse consequences that supporting political causes may entail. Findings that extremely wealthy individuals in the USA have distinct political interests and are politically active supports the proposition that individuals with large holdings of capital are more prominently involved in business political action (Allen and Broyles 1989). This leads to the next hypothesis:

H6: Directors with extreme levels of individual wealth are more likely to affiliate than others.

Wealth differs from the previous independent variables because it is a direct measure of economic interest unmediated by social factors. Wealth is more liquid than status and can give its holder freedom from any

¹³ Useem's argument is based mainly on bivariate analyses. We do not know whether the associations are spurious; however, his book shares the virtue of *Bowling Alone* (Putnam 2000) in terms of the sheer number and variety of associations he discovers.

specific organizational or social base. Because of its great fungibility, an association between wealth and affiliation would be evidence that positional power was driving membership of the pressure groups.

Control hypotheses: industry and firm size

Our central aim in this paper is to study the social bases of directors' politics. If, however, directors are primarily 'organization men/women' their political behaviour would reflect the interests of the firms they belong to. Associations between the other variables could be rendered spurious if industries differentially recruited individuals from certain types of background. For example, some industries could produce a large number of extremely wealthy individuals or some industries could recruit larger number of individuals from specific educational backgrounds. These industries may have particular lobbying requirements that are purely economic. The characteristics of these directors and their political behaviour would be orthogonal when industry is controlled. This means that you could substitute individuals with different socio-economic characteristics but industry effects would still propel them to take similar political actions. Industry effects have been found in studies of firms' behaviour in the USA (Grier, Munger and Roberts 1988), but the extent to which their firms' economic interests determine the behaviour of individual directors and managers is not established. After all, although directors may use their organizational positions to legitimate their claim to speak on behalf of business, affiliation is ultimately a private decision.

The extent to which industrial interests determine directors' political behaviour is the basis of our next hypothesis:

H7: A director's probability of affiliation will vary with the industrial interests of the firm(s) he/she belongs to.

As well as industry, we hypothesize that directors will be influenced by the size of the firms they direct. Our support for this argument rests on the expectation that large firms will capture greater amounts of any benefits they receive from successful collective action. We are, in fact, following our earlier argument that powerful actors will be more likely to take collective action but in this case we are looking at a measure of industrial power. If the assumption that directors are essentially organization men is correct then firms' size will strongly influence directors' political behaviour. This leads to our last hypothesis

H8: Directors' probability of affiliating is a positive function of the size of the firms they direct.

It is important to remember that the last two hypotheses are included to test for potential spuriousness. Inclusion of industrial and firm-size variables helps guard against obvious omitted variable biases; we are

aware that closer examination of the traits of directors' firms might help us to explain additional variation in rates of affiliation, but would take us beyond the brief we have set ourselves in this paper.

In the next section we outline how we operationalized and tested our propositions.

Data and methods

Sample

The sample for this study was the directors of the largest 500 publicly traded British corporations in the 1997–98 financial year, just before the establishment of BfS and BiE. The list of corporations was taken from the Financial Times 500. 'Largeness' was based on the market value of the corporation. The number of directors sitting on the boards was 3986; however, most of our analyses focus on 1235 of those directors included in a social directory. Our reasons for focusing on this subset are discussed below.

Data sources

Data on the identity of the directors of the corporations was found in Directory of Directors. All directors of the 500 corporations were identified. Data on the educational backgrounds and club affiliations of the directors were taken from KnowUK, which is an electronic compilation of directories. The directories that provided data on the directors in the sample were: Who's Who, Who's Who in Scotland, Who Was Who and DeBrett's. Of the total directors in the sample, 30.7 per cent were included in KnowUK. This proportion is not unusual; for example, 33.7 per cent of Useem's (1984) sample were included in directories and 30.3 per cent of Bond's (2007) sample were found in directories. In an appendix we have included the websites of the directories we use so that interested readers can get a clearer idea of the criteria used for inclusion in the directories. Inclusion as a member of the super rich was determined by whether a director was listed in The Times 1000 richest individuals in 1998. Finally, information about the industrial interests of the corporation was taken from Key British Enterprises (1999) and company reports. Industrial information about all corporations in the sample was located.

Variables

The dependent variable is dichotomous indicating whether a director affiliated to one of the groups or not. Some affiliates were probably also funders and some were probably more zealous in their support than others, but these data are not available so a dichotomous operationalization is all that is possible.

The educational background variables pose some difficulties for the analysis because there are a large number of different establishments that the directors attended at secondary and tertiary level. As well as posing

problems for the statistical analysis, it would be difficult to interpret what it would mean if a given school or university was associated with a higher likelihood of affiliating. Some form of clustering is necessary. Previous analyses of the educational background of directors have found that a very small number of elite schools contribute disproportionately to the structuring of directors' behaviour (Fidler 1981; Useem 1984; Bond 2007). Schools will be split according to whether they are one of the highly elite Clarendon schools or not.¹⁴ Similarly universities will be divided according to whether they are Cambridge/Oxford or not.

The same problem that arose with the educational background variable persists when attention is turned to social clubs. The difficulty is compounded by the fact that memberships of clubs were less concentrated on a few institutions than school/university attendance. Club members were more evenly distributed across a large number of institutions. In this paper, we handle the problem by clustering directors according to the similarity of the networks created by club membership – to use social network terminology entries in the similarity matrix that is clustered are measures of structural equivalence (correlation coefficients of rows in the original adjacency matrix). These networks are not necessarily coterminous with the membership of individual clubs because directors are often members of more than one, e.g. two directors who are both members of club A will share networks from this club, but their networks will differ if one is also a member of club B and the other is a member of club C. As well as being a method of data reduction, this approach is based on the implicit hypothesis that directors can be classified according to the types of club they join.

We used the Concor algorithm in Ucinet (Borgatti, Everett and Freeman 1999) to cluster the directors on the basis of structural equivalence.¹⁵ The director-by-director matrix was split three times using the algorithm, which produced 5 clusters. We used the Concor algorithm because it groups directors according to the similarity of the social milieu their club affiliations create. If directors were only members of a single club or if there were clearer historical and sociological evidence about the social status of the different clubs we would not need to make recourse to Concor. We stopped at three splits because a) clustered directors were members of clubs with clear historical identities and b) the number of clusters was not so great that it created analytic difficulties in the bivariate and multivariate analyses. In the results section we validate the clusters by

¹⁴ These schools were the object of the Clarendon Commission's inquiry into Public Schools in 1864. They include Eton, Winchester, Westminster, Charterhouse, St Paul's, Merchant Taylor's Harrow, Rugby and Shrewsbury.

¹⁵ In order to get a sense of the strengths and weaknesses of Concor as a clustering procedure see White, Boorman and Breiger (1976), Wasserman and Faust (1994), Scott (1992) and DeGenne and Forse (1999). We use Concor because, in our experience, it produces discrete clusters that are not wildly inconsistent with historical evidence about the upper reaches of the British status structure and can be used in empirical tests of elite action and power. Discrete clusters also fit our belief that we are observing distinct social groups that, given our present knowledge, are best contrasted in terms of heterogeneity rather than inequality, Blau (1977). In other words, we think the relative ranking of these groups is unknown and perhaps they do not naturally fit into a ranking, hence we are hesitant to seek a continuous measure of club affiliation for fear of imposing an inappropriate data language.

examining the most prominent clubs in each block. Using prior research we ascribe clear historical and social identities to each of the clusters of clubs.

As mentioned in the previous subsection, directories are used to measure the general social status of directors as well as providing information on directors' education and club membership. The inclusion of a minority of directors in the directories assures us that it distinguishes directors according to national recognition but it also means there were a lot of missing data for the education and club variables. The missing data create analytic complications which are discussed when we introduce our multivariate models. The central difficulty is that all hypotheses cannot be tested using the full sample of directors. We handle this problem by separately analysing the affiliating behaviour of directors listed in a directory and those who are not.

Directors are included as members of the inner circle depending on whether they sit on more than a single board. They are classified as being super-rich if they are included in The Times 1000 list in 1998. We use a dichotomous classification because we do not trust the exact estimates of wealth that accompany the list. We do, however, believe the list represents a rough, but accurate, measure of Britain's most wealthy individuals.

Industry is coded according to the two-digit FTSE Actuaries Industries Sector classification. A director can have multiple industrial affiliations if her/his industry is engaged in more than one industry or if an inner circle director sits on the boards of corporations in different industries. Firm size was measured as its market value. For directors who sat on multiple boards, the largest corporation they directed was included in the analysis.

Results

Description of variables

Before moving to the bivariate and multivariate analyses it will be useful to look at the distribution of the individual variables in Table I.¹⁶ The first column reports the distribution across directors listed in a social directory and the second column includes all directors.

¹⁶ We have not included industry because of space constraints and because, as we discuss later, it does not convey much useful information.

Table I. Description of variables

	In directory PID N = 1235	All directors PA N = 3986
Affiliated to either	7.8% (96)	2.9% (117)
Affiliated to BfS	6.3% (78)	2.5% (98)
Affiliated To BiE	11.5% (18)	0.5% (19)
Attended Clarendon	16.8% (208)	–
Attended Oxbridge	31.4% (388)	–
Clubs		
Block 1	49% (610)	–
Block 2	11.1% (137)	–
Block 3	19.0% (235)	–
Block 4	7.8% (97)	–
Block 5	12.6% (156)	–
Super rich	6.0% (74)	3.5% (137)
Inner circle-multiple directorships	28% (340)	11.7% (468)

Starting with the dependent variable, we note only a small per cent of directors affiliated. Most affiliating directors supported BfS but that could be due to simply to the relative sizes of the organizations rather than necessarily reflecting political preferences. The overall rate of mobilization is low but it mirrors the low rates of political activity in the population in general.¹⁷ Also, previous research into corporate political action has shown that a minority of British businessmen and corporations take overt political actions (Bond 2004). If business political action is conceptualized as a collective action problem then we should not be surprised that there is a small core of political activists responsible for the bulk of business political activity.

Most affiliates are included in social directories and only a single Britain in Europe affiliate is not listed. These relatively large proportions included listed in directories indicates that we are looking at top decision makers in the British economy. The national prominence associated with being listed was virtually a prerequisite to becoming an affiliate.

¹⁷ See, for example, Hall (1999).

The educational background variables show the proportion of directors who attended a Clarendon School. Approximately one in six of directors listed attended one. Despite being an absolute minority, Clarendon school alumni show relative dominance, e.g. the alumni of the next nine most popular (and prestigious) schools are only a third the number. The extent of this dominance is highlighted by considering the proportion who attended Eton; Old Etonians account for more than two-fifths of all Clarendon School alumni. Relative to the general population, the proportion attending these schools, and Eton in particular, is far greater than one would expect by chance.¹⁸

A similar pattern follows at university level with a substantial minority attending Oxford or Cambridge. To appreciate the level of concentration on these two universities it should be noted that of only 750 directors (included in directories) who reported they attended university – more than half listed Oxbridge. While attending university is certainly not a requirement for becoming a director of one of Britain's largest corporations, those who do attend universities are drawn disproportionately from the most elite ones.

As we mentioned in the Methods section we chose to cluster the directors according to their patterns of club membership. Using the Concor algorithm we clustered directors into 5 blocks. As well as examining the distribution of directors across the club blocks it will be useful to discuss their identity in order to check the validity of the clustering. Table II displays the size of the blocks and the five most prominent clubs in each. Using knowledge conferred by previous research social identities can be attributed to the sets of clubs that create the clustering of the directors in blocks 2–5 (see, for example, Sampson 1962, Fidler 1981 and Scott 1992). The largest is block 1, which includes directors who were not members of a club or were members of clubs that did not bring them into contact with other directors. Block 2 clubs are mainly older establishment clubs like Boodle's and Whites with high-Tory reputations. An anecdotal example of the prestige associated with these clubs is that Prince Charles held his stag party (prior to his marriage with Diana) at Whites. It is the fourth largest block. Block 3's most popular club is the Marylebone Cricket Club, which as its title indicates is organized around a sporting interest. The oldest and most established club in the block is Brooks's, which, interestingly, was historically a Whig club.¹⁹ It is the largest block. Block 4's identity is probably partly an artefact of the clustering procedure. The block is dominated by, on the one hand, the Athenaeum, and, on the other, Scottish clubs like The New and Caledonian. It is the smallest block. The Royal Automobile Club (RAC) held together Block 5, which is a relatively new (est. 1897) club. The RAC is the most popular club in the sample.²⁰ Other prominent clubs such as the Reform and the Carlton, both of which are identified with explicit political leanings,²¹ are also in the block. It is the third largest block.

¹⁸ See Nicholas (1999) for data on the relative dominance of Clarendon School alumni in the business world.

¹⁹ Whites was founded as a Tory club.

²⁰ See Bond (2007) for further details on the RAC's prominence.

Table II. Five most prominent clubs in Concor blocks

Block 2	Boodles (48)+	Whites (29)	Pratts (19)	Royal Yacht (11)	Beefsteak (10)
Block 3	Marylebone Cricket (80)	Brooks (63)	Garrick (29)	Oxford and Cambridge (27)	City of London (15)
Block 4	Athenaeum (40)	New (19)	Caledonian (11)	Royal Air Force (7)	Royal Commonwealth Society (5)
Block 5	Royal Automobile (87)	Reform (19)	Carlton (13)	Marylebone Cricket (9)	Royal Thames Yacht (7)

Note: + Number of directors who are members in brackets.

Five main axes of differentiation appear to be guiding the patterns of interaction in the club networks: 1) there is the basic divide between directors who join clubs and those who do not, 2) there are directors who are only members of old established clubs, 3) there are directors who are members of both elite clubs like Brooks's and clubs organized around an explicit activity like cricket (MCC) or university (Oxford and Cambridge), 4) there is the difference between English and Scottish clubs and 5) there are directors who are members of the popular RAC but not members of many other clubs.

Following our earlier discussion about associations between club and school affiliations, Table III displays the proportion of directors who attended Clarendon schools who also attended Oxbridge and were members of the different club blocks as well as measures of their association. The Table shows that substantial proportions of directors who attended an Oxbridge college or were members of prominent clubs had been educated at a Clarendon school. Statistically significant associations exist between these variables. The existence of these correlations indicates bonds linking elite social institutions across the life course.

²¹ The Reform's identity is liberal. The Carlton has a clear party political connection to the Conservative Party.

Table III. Associations between social background variables

	Attended Clarendon school
Attended Oxbridge	61.5%+ (128)
Contingency coefficient = 0.398**	
Clubs	
Block 1	27.4% (57)
Block 2	24.5% (51)
Block 3	30.7% (64)
Block 4	7.7% (16)
Block 5	9.6% (20)
Contingency coefficient = 0.372**	

Note: + Column percentages, ** $p < 0.01$

Shifting attention away from the social variables, we now focus on the distribution of the individual prestige variables. Just over a quarter of listed directors and little over a tenth of all directors sit on more than a single board thereby meeting Useem's inclusion criterion for inner circle membership. Most inner circle directors sit on only two boards and only a handful sit on more than three boards. While inner circle directors are a minority, they still manage to bring 423 of the 500 corporations they are affiliated into a single network (i.e. a single connected component). Six per cent of listed directors (3.5 per cent of all) are on The Times 1000. While this is a small proportion it is well above what one would expect by chance – these are a very wealthy group of people.

Bivariate analyses

Table IV displays the proportion of directors affiliating after controlling for the socio-economic independent variables for both the sub-sample of directors listed in directories and the entire sample. The table shows significant bivariate associations for all independent variables. The super rich and members of the establishment club block (5) are the categories of directors with the largest proportions of affiliates. Next, are directors of the less exclusive block (4), directors who attended Oxbridge and directors who attended a Clarendon school.

Table IV. Affiliation and socio-economic and industrial variables (n = 1235)⁺

	Affiliated to BfS	Affiliated to BiE	Affiliated to either
Clarendon	9.1% (19)	2.4% (5)	11.5%*** (24)
Oxbridge	8.8% (34)	2.6% (10)	11.4%*** (44)
Clubs			
Block 1	5.0% (31)	0.5% (3)	4.5%*** (28)
Block 2	14.6% (20)	1.5% (2)	16.1% (22)
Block 3	9.4% (22)	3.4% (8)	12.8% (30)
Block 4	1% (1)	3.1% (3)	4.1% (4)
Block 5	4.5% (7)	0.6% (1)	5.1% (8)
Super rich	23% (17)	1.4% (1)	24.4%*** (18)
Inner circle	8.2% (28)	2.4% (8)	10.6%*** (36)

Note: + Includes only directors listed in directory

*** $p < 0.05$, $p < 0.01$

To save space we have not displayed bivariate analyses for the control variables. For directors listed in directories no industry was associated with affiliation at the 0.05 level and only two industries were associated at 0.10 level. Industry appears more closely associated with affiliation when all directors are included. Four industries were associated with affiliation at 0.10 level and three were 0.05. There were 32 industries coded so we would expect by chance that approximately 3 industries would reach statistical significance at 0.10 level; in other words these results lend very limited support to evidence that affiliation was driven by directors' industrial connections. There were also no significant differences in the mean size of corporations affiliated and non-affiliated directors belonged to.

Multivariate analyses

The paper's main aim is to uncover socio-economic factors associated with the decision to affiliate to either BfS or BiE. A secondary issue is whether different factors mobilized BfS and BiE affiliates. Before we report the results of our analyses it is necessary to discuss how our modelling strategy is influenced by missing data considerations.

As mentioned earlier, directories are used to measure the general social status of directors as well as providing information on directors' education and club membership. The inclusion of a minority of directors in the

directories assures us that it distinguishes directors according to national recognition but it also means there were a lot of missing data for the education and club variables. The missing data create analytic complications. The central difficulty is that all hypotheses cannot be tested using the full sample of directors. For example, if the decision to affiliate were modelled as a function of directory inclusion, education and club membership the estimates of educational and club effects would be the effect they have over and above inclusion in the directory. Using statistical terminology, we would not be examining the main effects of clubs and schooling; instead, we would only be able to see the interaction of their effects with inclusion in a directory. As our analyses will show there are some good reasons to think that the influence of the variables on the decision to affiliate differs across directors in a social directory and those who are not. In other words, there are reasons to expect that there is a genuine interaction effect. To deal with these problems we limit most of our analyses to the 1,235 directors who are in a social directory. We can make comparisons of model coefficients across all our variables but it limits the generalizability of our inferences. We also model affiliation for all directors in our sample but we include directory membership (for which we have data for the entire sample) as an independent variable and exclude the education and club variables. This model allows us to test for the effect of inclusion in a directory and, by comparing coefficients, to check on the generalizability of findings based on the subsample.

Table V displays the results of logistic regression models of the decision to affiliate to either of the two organizations. Models 1–3 are estimated on directors in a directory and model 4 includes all directors (Because only a small proportion of directors affiliated to the pressure groups, we considered a rare event correction (King and Zeng 2001) to our logistic regression analyses. The rare events coefficients were very similar to those contained in Table V and are available from the authors on request).

We begin by modelling the decision to affiliate as a function of the education and club variables. This is the first cluster of variables to enter the equation because each indicates effects of social influences with origins outside the corporate world.

Table V. Logistic regression of decision to affiliate either BfS or BiE

	Logit coefficients (SE) Model 1	Logit coefficients (SE) Model 2	Logit coefficients (SE) Model 3	Logit coefficients (SE) Model 3
In directory	–	–	–	2.12*** (0.26)
Clarendon	0.08 (0.28)	–0.10 (0.29)	–0.10 (0.29)	–
Oxbridge	0.43 (0.23)	0.54* (0.24)	0.59** (0.24)	–
Clubs:				
Block 2	1.31** (0.31)	1.26** (0.32)	1.30** (0.32)	–
Block 3	0.98** (0.28)	0.93** (0.29)	0.91** (0.29)	
Block 4	–0.13 (0.55)	–0.10 (0.29)	–0.06 (0.55)	
Block 5+	0.21 (0.39)	0.23 (0.40)	0.27 (0.40)	
Inner Circle	–	0.56* (0.23)	0.51* (0.24)	0.60* (0.23)
The Times 1000	–	1.61** (0.32)	1.64** (0.28)	1.89** (0.27)
General Retail	–	–	0.70** (0.34)	0.66* (0.29)
Banks	–	–	0.22 (0.36)	0.18 (0.27)
Transport			0.52 (0.49)	0.68 (0.43)
Non-life insurance			0.20 (0.45)	0.59 (0.38)
Mining			0.75 (0.67)	0.64 (0.64)
Market value (£billions)			–0.01 (0.02)	0.001 (0.01)
Constant	–3.11** (0.22)	–3.45** (0.22)	–3.60** (0.24)	–5.17** (0.223)
Pseudo R ²	0.07	0.11	0.12	0.20
Change in model χ^2	35.44** Df = 6	24.93** Df = 2	6.80 Df = 6	186.45 Df = 9
–2 log-likelihood	639.35	614.42	607.62	869.72

Note: + The reference category is Block 1. * p < 0.05. ** p < 0.01

The Clarendon school coefficient is small and not statistically significant. The Oxbridge coefficient just misses statistical significance at the 5 per cent level. Attendance at Oxbridge is associated with approximately one and a half times increase in the odds of affiliating. Club membership was associated with increased odds of affiliation but in a differentiated fashion. The estimated odds of directors from the RAC and Athenaeum/Scottish blocks affiliating relative to directors who are not club members are not statistically significant different from zero. Only membership of typically establishment clubs was associated with increased odds of affiliation at the five per cent level. Block 2, in which establishment clubs link directors, is associated with the greatest increase in odds.

In model 2 we add the inner circle and The Times 1000 variables to the equation. The results of the previous model are largely left unchanged; the coefficient for Oxbridge is larger and statistically significant. Multiple directorships and extreme wealth are associated with statistically significant increases in the odds of affiliating. Being a member of the inner circle increases the odds of affiliating by over one and a half. Being a member of the super-rich has a much larger effect. Inclusion in The Times 1000 is associated with an over six times increase in the odds of affiliation.

In model 3 we add the industrial sectors that were significant in the bivariate analyses and corporate size variables. Directors on boards of firms in the general retail sector have greater odds of affiliating than those that do not; however, directors in the banking, non-life insurance and transport sector do not have increased odds of affiliating.²² The size of the corporations individuals direct are not associated with changed odds of donating. All variables that were significant in model 2 are also significant in model 3 and their coefficients' magnitudes are similar. The change in the model chi-squared was not significant. Our findings for the social variables are robust to the inclusion of some basic controls for potential industrial effects.

In model 4 we model affiliation across all directors but we drop the school and education variables and include a dummy variable indicating listing in a directory. Consistent with the bivariate findings the odds of directors listed in a directory affiliating are approximately eight times the odds of those not listed. Otherwise the results are similar to the other three models with wealth and inner circle status still associated with higher odds of affiliating.

The one slight difference, with the exception of general retail, is the coefficients are generally larger than they were in models 1–3. In analyses not shown here model 4 was replicated with interaction terms included

²² We did not include transport, mining or non-life insurance in the model because it was not significant in previous analyses and, because of small numbers, it caused problems for the analysis.

between directory membership and the other variables. Except for non-life insurance they were all negative although only the interaction term for size reached significance at 0.05 level and the term for the interaction with membership of The Times 1000 just missed significance. This suggests that for directors who do not have the type of national status associated with being listed in a directory affiliation is associated with other characteristics like the size of the firms they direct. If there is a trade off between national status and other factors then it is possible that elite education and club membership have greater influence on affiliation among directors not included in a directory.

In Table VI we present the results of a multinomial logistic regression. We use a trichotomous instead of a dichotomous dependent variable; its categories are affiliated to BfS, affiliated to BiE and unaffiliated (odds will be relative to unaffiliated). The results for affiliating to BfS generally replicate the results when the two types of affiliation were combined. The results for BiE, however, showed some more substantive differences (although the fact that there only 18 BiE affiliates should temper the strength of inferences we draw from the model). First, the coefficient for Block 4 (the Athenaeum and Scottish block) was relatively large and just missed statistical significance. The coefficient for Block 3(MCC/Brooks's) was significant, while Block 2 (the highly establishment club) was not. Neither being a member of the very wealthy nor being a member of the inner circle was associated with increased odds of affiliation of BiE. Finally sitting on the board of a bank was associated with increased odds of affiliation to BiE.

Table VI. Multinomial logistic regression of decision to affiliate to BfS or BiE

	Logit coefficients (SE) BfS relative to unaffiliated	Logit coefficients (SE) BiE relative to unaffiliated
Clarendon	−0.13 (0.32)	0.09 (0.59)
Oxbridge	0.54* (0.27)	0.77 (0.54)
Clubs:		
Block 2	1.34** (0.34)	1.17 (0.94)
Block 3	0.79** (0.32)	1.66* (0.72)
Block 4	−1.28 (1.03)	1.59 (0.87)
Block 5+	0.13 (0.44)	1.05 (0.92)
Inner Circle	0.54* (0.27)	0.33 (0.53)
The Times 1000	1.76** (0.33)	0.01 (1.06)
General Retail	0.80* (0.36)	0.01 (1.06)
Banks	0.19 (0.47)	1.06* (0.55)
Mining	−0.01 (1.06)	1.38 (0.91)
Transport	0.33 (0.57)	1.17 (0.85)
Market value (£billions)	0.02 (0.02)	−0.02 (0.02)
Constant	−1.03 (1.86)	−4.74** (1.01)
Pseudo R ²		0.15
Change in model χ^2		89.353
−2 log-likelihood		Df = 26 661.803

Note: + The reference category is Block 1.

Discussion

Discussion of the implications of the results will be facilitated by focusing on two themes: 1) social relations and social control and 2) the range of status hierarchies that are associated with increased odds of affiliation.

Social relations and social control

As outlined in earlier sections of the paper our analytic strategy has been to study the socio-economic correlates of affiliation in order to illuminate the range of social mechanisms associated with the political mobilization of business in Britain. Our consideration of the public good characteristics of affiliation led us to consider three separate mechanisms that could facilitate it: social capital, political socialization and positional power. In the next section we will talk about the role of power but it will be useful to begin the discussion by trying to assess the relative roles of social capital and political socialization.

Our theoretical discussion indicated the contrasting ways social relations can influence behaviour and create social control. First, they can help to overcome collective action problems. That is, they can be direct sources of social capital. Social control, here, manifests itself as immediate, external social pressures. Second, social relations can socialize directors into a set of political predispositions that increase their likelihood of affiliating. These predispositions are not direct sources of social capital; instead, they represent its enduring effects. Intensive socialization, at one time permits individuals to take pro-social actions at a later time because the pressures have been internalized. It is probably not too risky to assume that clubs will play the social capital role and education will play a political socialization role.

What light do our findings shed on the role of these two social factors in prompting affiliation? They indicated that education does have an effect but it is through attendance at an Oxbridge college rather than through attendance at a Clarendon school. The strongest effect was associated with club membership. A natural interpretation of these findings would be that directors' political behaviour depends much more on their current social activities than their education. What's more, only education's latest socializing effects have any association with affiliation. It is predominantly external, immediate effects propelling political behaviour, present achievements rather than adolescent socialization or inherited advantages.

The central difficulty with this line of reasoning is that it ignores correlations of origin and destination as well as the differential social identities of social clubs. Approximately a third of directors who attended an Oxbridge college or were a member of the establishment club block had attended a Clarendon school; elite schooling forms a firm social base for Oxbridge and social clubs. These are environments where individuals

who come from elite educational backgrounds are much more prominent than they are in the general population of directors. There is selection into these institutions by directors from elite social backgrounds and, one might expect, by individuals who have adopted their values. If the norms of interaction and political behaviour at clubs were not consistent with those of directors from elite schools then there should not be so many of them – Clarendon alumni are attracted to, not repelled by these clubs.

Oxbridge and social clubs offer as many opportunities for the reinforcement of earlier political and social behaviour as for their disruption. This is clearest if we take the example of clubs. If clubs only affected political behaviour through providing immediate, external social solutions to collective action problems, then one would expect all types of clubs to be associated with increased likelihood of affiliation. Instead, we found the association was strongest for membership of clubs with ‘establishment’ identities and large number of members who come from elite educational backgrounds.

The pure sociability of directors in block 5 (the RAC block) is not associated with increased affiliation. The differential effects of clubs indicate that sociability could be activating and reinforcing pre-existing political identities. We even conjecture that social clubs might not represent sites of extensive interaction at all. They may only represent signals of adherence to, and acceptance by the guardians of, particular elite social standards²³ and predispositions, which are independently associated with differential patterns of political activity.

The interpretation that club sociability activated different political impulses was confirmed by the multinomial logistic regression. The different blocks were not merely associated with increased levels of affiliation but also with its differentiation. Directors in the highly establishment block 2 had significantly higher odds of affiliating to BfS but not to BiE; however, directors in block 3 had increased odds of affiliation to both and directors in block 4 had increased odds of affiliation only to BiE. Social distinctions are associated not merely with political mobilization but also with political division of directors.

Power and privileged groups

The results strongly confirmed the expectation that affiliation would be most likely among directors with the greatest status and resources. Directors who had achieved levels of recognition great enough to place them in a national social directory, who were members of the inner circle and who were wealthy were all more likely to affiliate than other directors.

²³ Of course, not all these standards will be purely social. Wealth, for instance, might be one of the standards.

Membership of a national directory is a broad, inclusive acknowledgment that a director has achieved at a level comparable to leaders from other areas of national life, extreme wealth indicates the ownership of large amounts of capital by the individual that no organization controls, and inner circle membership indicates that a director derives power from multiple corporations rather than any specific one. Each represents either a transfer of business power to the individual or independence from the individual corporation.

It is important to note that the transfer is greater for extreme wealth and membership of a directory than it is for membership of the inner circle. The situation of inner circle directors can be contrasted with the extremely wealthy who, through the privileges of private ownership, are much freer from external constraints on their behaviour. The assets belong to the person, which, as Weber stressed, contrasts sharply with bureaucratic office. Similarly membership of a national directory becomes a reputational asset that belongs to the individual director. Ultimately, personal ownership is what qualitatively distinguishes wealth and membership of a national directory from multiple directorships.²⁴ We think this line of reasoning is reflected in the much greater magnitude of wealth and directory coefficients than the inner circle coefficient. There is evidence both for ownership and office mechanisms but ownership appears to be a much stronger impelling force.

The increased likelihood of affiliation among powerful and high status directors is consistent with the idea that directors are a privileged group. Directors are a community with enough actors who are resourceful enough to take potentially costly political deeds in the absence of social pressures. The image that emerges is not of a large self-organizing political community that has developed norms of participation but of a set of powerful actors who have the ability to take unilateral actions.

Conclusion

The analytic strategy we followed in this paper has been to examine and compare the role that different social hierarchies and groupings have on corporate directors' decision to affiliate to European lobby groups. We have established that participants in the European debate were not drawn randomly with respect to their socio-economic background. Instead, directors who entered politics tended to have high social status, to come from elite social backgrounds, to be extremely wealthy and to have multiple directorships.

What light do this paper's findings shed on the political organization of directors in Britain? Traditionally, many concerns about business's social and political have focused on its collusive character (e.g. Smith 1910).

²⁴ The two variables correlate very weakly.

Our findings have given some empirical support to these concerns. For example, inner circle membership through interlocking directorates and club membership could represent arenas where directors can collude to promote sectional interests. The social forces that were associated with the greatest increases in the likelihood of affiliation, however, are not obviously associational.

Rather than directors forming collusive groupings our findings indicated that affiliation was more likely among powerful individuals in the business community who are able to take unilateral political actions. Business appears to be a group privileged to have actors owning such large individual stocks of capital, economic and otherwise, its affiliates can take political actions in the absence of external social pressures.

Appendix

Websites of directories consulted:

http://www.acblack.com/whoswho/whoswho.asp?page=who-s_in.asp (last accessed 25 January 2010)

<http://www.whoswhoinscotland.com/index.html> (last accessed 25 January 2010)

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