*Rentier Capitalism and the Equity Market: Shareholders in Victorian Public Companies*

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**Abstract**

Using data on 453 firm-years and over 172,000 shareholders, this paper examines who invested in the equities of companies created during the substantial expansion of the British equity market in the second half of the nineteenth century. It also analyses whether there were clientele effects, where particular types of stocks and companies were more attractive to certain types of investors. Over the entire sample, we find that gentlemen capitalists and women rentiers provided circa 60 per cent of capital and constituted about 60 per cent of investors. We also find that there was a substantial growth in women investors over the century. In terms of clientele effects, we find that the upper classes were more likely to invest in large, London-based firms. However, businessmen provided more capital for domestic, family firms, based in the regions. Women investors exhibited a preference for equities which paid a dividend and which were relatively safe.

**Keywords**: Shareholders, Equity, Stock market, Gentlemen capitalists, Rentiers, Gender

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**1. Introduction**

Incorporation law in the UK was liberalised in a series of acts between 1856 and 1862.[[1]](#footnote-1) This liberalisation was followed by an expansion of the UK equity market as newly-established, as well as existing, business enterprises issued shares on the London and fledgling regional stock markets.[[2]](#footnote-2) Acheson et al. show that there was a substantial rise in the number of common equities traded on the London market after this liberalisation - between 1862 and 1866, the number of listed common equity securities increased by over 30 per cent.[[3]](#footnote-3) Grossman reveals that the number of common equities quoted in the *Investor’s Monthly Manual* doubles between 1870 and 1900.[[4]](#footnote-4) This expansion of the equity market therefore created a greater range of investment possibilities for savers beyond safe but low-yielding Consols and railway securities. Thus, the first question addressed in this paper is: who invested in the equities of these new companies? The second question is: were there clientele effects in that companies with particular characteristics attracted certain types of investors?

The answers to these questions are interesting for at least three reasons. First, although we know a little about who financed the large and established companies during this expansion of the UK equity market, we know very little about who financed the new companies which came to the market.[[5]](#footnote-5) Second, we know very little about the motives of investors in this era.[[6]](#footnote-6) By looking at where they invested, we can possibly learn something from their revealed preferences. Third, there is a debate, which has been ongoing since the 1931 Macmillan Report, as to whether the City and its capital markets failed indigenous companies by directing capital to colonial and overseas companies to the detriment of British firms.[[7]](#footnote-7) Because we have both domestic and foreign companies in our sample, we are able to observe the revealed preferences of different types of investors for indigenous and overseas companies.

In this paper, we use shareholder records for companies created in the five decades after the liberalisation of incorporation law in 1856. We have complete ownership records for 293 companies and 453 company-years. 204 of our companies are domestic, whilst the others are foreign- or colonial-based firms which were incorporated and had their shareholder base in the UK. In total, we have over 172,000 ordinary and preference shareholders in our sample. The socio-occupational status of shareholders is used to help us ascertain the degree to which certain occupational groups invested in the equity market.

We find that there were three main groups of shareholders in the Victorian era in terms of number of investors and capital provided – the upper classes, businessmen, and women. The middle classes, consisting of professional and white-collar workers, made up the fourth largest grouping. Unlike the modern era, institutional shareholders such as investment trusts were not substantial investors in equities. In terms of trends, we find that over the second half of the nineteenth century there was a major growth in the number and capital provided by rentier investors i.e., the upper classes and women.

After establishing who invested, we then use company- and stock-specific data to explore whether there are clientele effects, with certain types of stocks and companies attracting different types of investors. We find that the upper classes tended not to invest heavily in firms located outside of London, and firms which were family owned. They also had a preference for mines and relatively illiquid shares, which suggests that as a class they may have been buy-and-hold investors with an appetite for risk. In contrast, businessmen had a preference for regional firms over London firms, domestic firms over foreign firms, as well as family firms. Women investors exhibited a preference for equities which paid a dividend and which were relatively safe. However, the marketability of shares does not seem to have been a consideration for women.

This paper contributes to the literature on shareholders in the Victorian era. This literature has at least five strands. The first strand has been concerned with the geography and background of shareholders in early railways and during the Railway Mania of the mid-1840s.[[8]](#footnote-8) The second strand of the literature has focused on investors in banks across the nineteenth century.[[9]](#footnote-9) Since many banks had unlimited liability and converted to limited liability, this literature has focussed on the wealth and suitability of shareholders. It has also focussed on the behaviour of bank investors, finding that investors exhibited a local bias, diversified when they should not have, and viewed bank stocks as consumption goods.[[10]](#footnote-10) The third strand looks at the relationship between gender and investment.[[11]](#footnote-11) This literature suggests that women were not as passive in this era as has been suggested and were willing to take the risks associated with equity investment. The fourth strand looks at who invested in foreign and colonial firms in the pre-1913 era.[[12]](#footnote-12) The final strand of the literature is socio-cultural in that it looks at novels and literary references to, as well as public perception of, investors.[[13]](#footnote-13) We augment these various strands of the literature on Victorian shareholders by looking at a large number of shareholders across a wide variety of industries in the second half of the nineteenth century and attempt to identify clientele effects in this era.

This paper also contributes to the literature on whether companies adjust their policies to attract a particular clientele of investors. In financial economics, the main studies of clientele effects have focussed on dividends, whereby retail investors are attracted to dividend- or non-dividend-paying stocks for behavioural or tax reasons.[[14]](#footnote-14) In the context of the nineteenth century, unoccupied investors may have preferred high-dividend-paying stocks for the income they generated.[[15]](#footnote-15) In addition, Jefferys has argued that during the Victorian era, stocks which were marketable, had a low denomination, and no uncalled capital, proved more attractive to the growing class of rentier investors.[[16]](#footnote-16) Because the yield on consols had declined by an unprecedented c.30 per cent in the last four decades of the nineteenth century, rentiers were motivated by a “search for yield” to move some of their portfolio into the equity of overseas companies and the equity of home industrials.[[17]](#footnote-17) In particular, there is a suggestion that landowners facing falling rental income and lower capital values moved some of their wealth portfolio out of land and into the stock exchange.[[18]](#footnote-18) However, to date, this movement has not been adequately documented. One of the contributions of this paper is that we document the movement of the gentry class into equities.

 This paper is structured as follows. The next section discusses our data sources and methodology. Section three examines the socio-occupational background of shareholders and analyses differences over time and across industrial sectors. Section four examines econometrically the determinants of investor clienteles in order to see the importance of investor home bias, risk, dividends, liquidity, share denomination, and uncalled capital for different groups of investors. Section five briefly summarises our findings.

**2. Data and methodology**

Companies registered under the 1856 and 1862 Companies Acts were required to lodge a yearly shareholder return with the Registrar of Companies. These returns were on a standardised form, Form E, which had columns for the shareholder’s name, number of shares owned, shareholder address, and occupation. Records were kept for both ordinary and preference shares. The returns of companies which were dissolved before 1970 were placed within the Companies Registration Office files at the National Archives at Kew (BT31 series) and the National Archives of Scotland (BT2 series). Notably, bank and insurance companies set up before 1862 and statutory companies established prior to that date (e.g., railways and other public utilities) are not in our sample unless they registered under the 1862 Act. Consequently our sample excludes the largest companies in this era, with none of our sample companies making it into the top 100 largest public companies in terms of market capitalisation.

We examined the collections of the BT2 and BT31 series for the 2,765 public companies which were quoted either in the *Course of the Exchange* before 1870 or in the *Investor’s Monthly Manual* in 1870, 1885, and 1899. Numerous company files contained no ownership returns and most files had been extensively weeded to reduce their bulk. Thus, our strategy was to collect ownership returns for the 1850s, 1865, 1870, 1880, 1883, 1890, and 1900 or one year either side of these sample years if the return existed. If a company had ownership returns which fell outside the selected sample years, we collected a return for each decade between 1860 and 1900, where available.

After removing unintelligible returns and returns with missing pages, we inputted ownership returns for 488 companies and 890 company-years. Unfortunately, we found that the degree of occupational classification varied significantly. At one extreme, 49 of our company-years reported shareholders occupations 100 per cent of the time, but at the other end of the spectrum, we found 56 company-years which recorded shareholder occupations less than 20 per cent of the time. To create a robust sample of ownership characteristics, we focus only on those companies who had recorded shareholder occupational details 90 per cent of the time or more. We imposed this cut-off point because once one goes beyond it, it becomes questionable if companies were recording occupational details in a systematic and accurate manner. Indeed, of the 437 company-years excluded using this criterion, 47 per cent of shareholder occupation details, on average, were unreported.

 The 10 per cent cut-off provided a sample of 293 companies, 453 company-years, 172,473 shareholders, and *circa* £95 million of share capital. Within this sample, occupational details were missing for 6,685 individuals after the first phase of data entry. We therefore investigated each individual case using the original records to ascertain why characteristics had not been recorded.[[19]](#footnote-19) This sweep improved the overall completeness of our occupational detail to 99.1 per cent. In terms of joint ownership of shares, where two or more individuals owned a share, we took the first named individual as the chief shareholder in the relationship and recorded their occupational status. The rationale for adopting this approach is that Table A of the 1862 Companies Act assigned voting power to the first named owner when stock was jointly held. As joint ownership was relatively uncommon within our sample, this approach should not bias our findings towards a particular socio-occupational grouping.

There will be an element of double counting in our sample of 172,473 shareholders. First, we have more than one observation for some companies. However, these are on average 15.9 years apart, which gives time for the shareholder constituency to change. Based on an analysis of the largest shareholders in each company, we found that about 50 per cent of them had disappeared by the time of the next ownership census. The second way in which we could have double counting is that an individual could be a shareholder in more than one company. However, a sub-sample of the 1,158 largest shareholders (i.e, some of the wealthiest shareholders) reveals that less than 1.5 per cent of them held a substantial stake in more than one of our sample companies, which suggests that we do not have much of a double-counting issue from this source.

As can be seen from Table 1, our sample has a good spread of ownership censuses across the sample period – 23 per cent from the 1850s and 60s, 14 per cent from 1870s, 29 per cent from 1880s, 24 per cent from 1890s, and 11 per cent from 1900 to 1902. It also has companies from across different industrial sectors, with 23 per cent from banking, 8 per cent from mining, 8 per cent from the insurance sector, 7 per cent from iron, coal and steel, 8 per cent from finance, 5 per cent from utilities, 4 per cent from breweries, and the remaining 38 per cent from a range of industries comprising docks, spinning and weaving, steamships, tea and coffee, telegraph, wagon, and miscellaneous industrial and commercial companies. We also have a good spread based on location of company headquarters, with 42 per cent from London, 10 per cent from Lancashire, and 7 per cent from Yorkshire. Notably, there is a similar distribution based on where the securities were traded, with just over half of our sample being listed on one of the provincial stock exchanges.

<< Insert Table 1 >>

204 of our companies are domestic companies and the other 89 are defined as overseas companies, since their main business was based outside the UK even though they incorporated in the UK. The whereabouts of a company’s main business was acquired from memoranda of association located in the BT31 and BT2 files, *Burdett’s Official Intelligence*, *Stock Exchange Official Intelligence*, and *Stock Exchange Year-book*.

The companies in our sample were either floated on the stock market from scratch or were conversions of private companies. Consequently, compared to all non-railway companies listed in the *Investor’s Monthly Manual*, the companies in our sample are relatively small, with less than three per cent of firms in the top decile of companies and the majority of companies being in the bottom 50 per cent of the size distribution.

This study follows previous studies of share ownership in that we use the occupation reported in the ownership returns to assess the socio-occupational make-up of shareholder constituencies. There are, of course, limitations in doing so. First, shareholders may overstate or misreport their socio-occupational status. Second, the company’s secretary who had responsibility for keeping shareholder records may have overstated occupational status to make the shareholder constituency look more reputable in order to attract new investors or assure customers about the company’s respectability. This problem may have been more prevalent amongst newly-established firms. Third, there is an issue with how one interprets the use of the commonly-occurring terms ‘gentleman’ and ‘esquire’. In the pre-modern era, gentlemen and esquires were members of the landed gentry who made up the second tier of the aristocracy, with esquires being above gentlemen in the hierarchy.[[20]](#footnote-20) However, by the second half of the nineteenth century, the term gentlemen or esquires may have been occasionally applied to financiers, professionals, military officers, retired from active business / professional life, or members of the landed gentry. Nevertheless, the usage of the term gentleman or esquire in the Victorian era signified that one belonged to the upper echelons of society and usually indicated an education at an elite public school.[[21]](#footnote-21) Thus, given the somewhat nebulous definitions of gentleman and esquire in this era, we perform some robustness tests to ensure that any clientele effects which we find are not being driven by this issue.

 Occupations were classified into broad categories, several of which are self-explanatory. The categorisations have at least two dimensions. The first dimension is along the lines of class. The second dimension is experience and knowledge. For this reason, we create groups which one would expect to have a superior knowledge of investing (e.g., businessmen, financiers, and legal professionals) and groups one would expect to be inexperienced in investing e.g., clergymen and women. Women are further subdivided so as to capture their need for income (widow and spinster) or whether they may have had more male input into their investment decisions (married women). We also examine politicians (mainly Members of Parliament) as a separate group given their potential access to privileged information.

Businessmen and financiers are considered separately. Businessmen are subdivided into three categories: manufacturers, merchants and retailers. The main way in which we differentiated between these three was as follows: manufacturers produce goods or industrial inputs, merchants are mainly wholesalers or intermediaries, and retailers are involved in the sale of goods to the general public (e.g., tailor, draper and butcher). Financial occupations are divided into bankers, stockbrokers and other finance (e.g., actuaries and accountants). Bank clerks and agents working for financial institutions were not included in these categorisations, but were part of the white-collar categorisation.

The upper class are subdivided into members of the nobility (as signified by titles), gentlemen, esquires, and army and naval officers. The remainder of the middle class is split into two groupings: professionals (e.g., architects, doctors, dentists, engineers, senior managers etc.) and white-collar occupations (e.g., bank clerks, teachers, administrators etc.). The working class is subdivided into the skilled working class (e.g., joiners, painters, coopers, tanners, cabinet makers, cutlers, plumbers etc.) and unskilled working class (e.g., labourers and domestic servants etc.), although the former may in some cases be better classified as businessmen.

**3. Who invested?**

Table 2 contains the occupational composition of capital and shareholders in our sample. The first thing to note is that, unlike in the modern era, a very low proportion of capital is provided by companies or investment trusts. Investment trusts in the nineteenth century mainly invested in foreign and colonial debentures rather than in equity.[[22]](#footnote-22) However, several investment trusts held sizable equity stakes in a small number of companies in our sample. In terms of the 107 shareholders who are companies, 42 are banks and six are insurance companies. Before it became illegal following the 1887 case of *Trevor vs. Whitworth*, some companies, mainly banks and insurance companies, held shares in their own company so as to make a market in them.[[23]](#footnote-23)

<<Insert Table 2>>

Businessmen constitute 17.6 per cent of investors and provided 20.2 per cent of capital. These figures are of a similar order of magnitude as that found for British banks in this era.[[24]](#footnote-24) Financiers and financial professionals make up 3.1 per cent of investors and provided 4.4 per cent of capital, whilst legal professionals made up 3.9 per cent of investors and provided 3.2 per cent of capital. Thus, taken together, those with expertise and knowledge of companies and investment provided a substantial amount of capital.

 We can see from Table 2 that 38.6 per cent of investors are from the upper class and that they provide 47.1 per cent of capital. Thus, the archetypal rentier provides a substantial amount of capital for the new businesses which emerge in the second half of the nineteenth century. This accords with views that landowners and the gentry moved some of their assets into the stock market.[[25]](#footnote-25) However, the scale of this investment may overestimate the contribution of the upper classes given that some men may have been called gentlemen in the shareholder lists rather than being described as professionals or merchants. Studies of bank shareholders, which typically rely on very accurate reporting of socio-occupational status, reveal that the proportion of gentlemen and esquires in the shareholder constituency was as high as 30 per cent, which is not that far below the 38.6 per cent proportion reported in Table 2.[[26]](#footnote-26)

 Women constitute 20.3 per cent of investors and provide 11.0 per cent of capital. Notably, the mean share capital per investor is a lot lower for women than other categories, which may simply reflect lower wealth or caution on the part of female investors.[[27]](#footnote-27) As a point of comparison, Rutterford et al. find that for 1890-9, females constituted 25.3 per cent of the shareholdings and 10.8 per cent of the value in their national shareholding sample, which consists of larger and more prominent companies.[[28]](#footnote-28) Thus, it appears that females were just as important in the financing of smaller and less prominent companies as they were in financing large, established firms. Notably, the proportion of widows, spinsters and married women in the 1890-9 Rutterford et al. national shareholding sample is similar to that in Table 2.[[29]](#footnote-29)

 In terms of our three other middle class groups, in total they constitute 10.6 per cent of shareholders and 7.9 per cent of capital. The proportion of investors who are white collar and professionals is on a par with studies of bank shareholders in this period. Perhaps one surprising finding is that there are a lot of clergymen investing in the stock of these companies. Clergymen, similar to women at the time, were believed to have small incomes and little experience of the financial world.[[30]](#footnote-30)

 Notably, Table 2 reveals that the working classes were not well represented in the shareholding constituencies and provided only 0.5 per cent of capital. The mean amount of capital contributed by the two sub-groups of the working class suggests that these investors were the least wealthy of any other occupational groupings.

 The final thing which we wish to highlight from Table 2 is that despite their small numbers, many politicians invested in our sample companies and provided 0.6 per cent of capital. After the nobility, politicians have the highest mean capital per investor of any socio-occupational group, perhaps indicating their wealth, but also the degree to which they invested in the equity capital of companies in the last half of the nineteenth century.

 Table 3 shows the proportion of capital contributed by socio-occupational across each decade of the sample period. The first thing to note is that the percentage of capital provided by businessmen (and merchants in particular) fell substantially as the century progressed. This fall could be explained by the fact that over time shares in these new limited companies were no longer perceived as being very risky and therefore they attracted more rentiers but fewer businessmen. This explanation is consistent with the large fall in the proportion of capital provided by businessmen between the 1850s/60s and 1870s. It is also notable that the proportion of capital contributed by financial professionals falls over the century. As with businessmen, this could be explained by changes in risk, which make shares more attractive to rentiers.

<<Insert Table 3>>

 Table 3 also reveals the growth in capital provided by rentiers over the second half of the nineteenth century. First, the proportion of capital provided by gentlemen rises from 37.3 per cent in the 1850s/60s to 46.9 per cent in the 1900s. Second, women only provided 2.9 per cent of capital in the 1850s/60s, but by the 1900s, they provide 19.7 per cent. Thus, the main finding which emerges from Table 3 is that rentiers become important as the century progresses, whilst businessmen and financiers become less important.

 The proportion of capital provided by the middle and working classes changes little over the century, but it is only with the arrival of low-denomination shares in the 1880s that the unskilled working class begin to invest in equity. It is also worthy to note that participation of investment trusts in equity investment only really emerges in the 1890s and 1900s.

Since some of the findings in Table 3 may be driven by a cohort effect (i.e., the netry of new companies and industries), in Table 4 we look at the subset of companies where we have more than one ownership census to see if the changes over the century are due to new firms. As can be seen from Table 4, there is a median of 15 years between ownership censuses. There are three changes which are worth commenting upon and which suggest that the findings of Table 3 are not being wholly driven by a cohort effect. First, there is a noticeable increase in the proportion of capital provided by women as well as in the number of women investors. Second, the increase in women investors and capital provided by women is counterbalanced by a fall in the number of and capital provided by businessmen. Third, there is a slight increase in the number of and capital provided by the upper classes. Notably, the increase in the number of shareholders in the upper classes is counterbalanced by a fall in the number of shareholders from the middle classes. Overall, these results suggest that the increase of women and fall in businessmen witnessed in Table 3 is not being driven by a cohort effect, whereas the growth in the upper classes is partially being driven by a cohort effect.

<<Insert Table 4>>

Table 5 shows the proportion of capital contributed by socio-occupational groups by industry classification, which was obtained from the *Stock Exchange Yearbook* and *Stock Exchange Official Intelligence*. Three things are worthy of comment. First, a lot of the capital in mining companies, which were mainly foreign and colonial mines, was owned by gentlemen. This could be because secretaries of mining companies simply described many merchants etc. as gentlemen. Alternatively, investing in these mines was attractive to high net-worth but yet inexperienced rentiers who were willing to take significant risks in the hope of making large returns. Second, businessmen contributed relatively little capital to mines and utilities compared to other sectors. Businessmen may have avoided mines because they were sophisticated investors who recognised the dangers associated with investing in foreign mines. Given that utilities were relatively safe investments, the low proportion of capital provided by businessmen may simply reflect their greater risk appetite. Third, women avoided mines, but seemed to prefer utilities and financials. Shares in these two sectors were relatively safe investments, which provided a steady dividend income, making them attractive to female rentiers.[[31]](#footnote-31)

<<Insert Table 5>>

 Table 5 also shows the capital invested by different occupational groups in foreign and domestic companies. Four things are worth noting. First, businessmen held a greater proportion of capital in domestic companies than they did in foreign - 25.1 versus 10.6 per cent.[[32]](#footnote-32) Second, gentlemen and esquires hold a greater proportion of capital in foreign companies versus domestic – 57.8 vs. 33.9 per cent. This is consistent with Davis and Huttenback’s finding that the elite pursued a different investment strategy to other groups and with Cain and Hopkin’s gentlemanly capitalists who placed their money overseas.[[33]](#footnote-33) Third, women had a slightly greater proportion of capital in domestic companies, which could suggest risk aversion or local bias on the part of females. Fourth, companies and investment trusts mainly invested in foreign companies, which is consistent with the focus of most investment trusts on foreign fixed-income securities. Overall, the picture which emerges is one of an investment dichotomy – gentlemen rentiers invested in foreign companies whereas businessmen and women rentiers provided finance for indigenous companies.

 In 48 company-years in our sample, firms had both preference and ordinary shares. The proportions of capital invested by each socio-occupational group are in Table 6. Given that preference shares paid a fixed rate of dividend and were perceived as being safer, it is unsurprising that women had a slightly higher proportion of capital invested in them than in ordinary shares. This finding supports that of Rutterford et al. who find that female shareholders had a greater propensity to invest in preference rather than ordinary shares.[[34]](#footnote-34) The reverse is the case for businessmen, which might indicate a greater risk appetite or less of a need for a fixed income. Notably, rentiers from the upper class had roughly the same proportion of capital in each type of equity security.

<<Insert Table 6>>

 In an attempt to see if certain occupational groups have a preference for the equities of companies headquartered and traded in London versus those which are headquartered and traded in the various regional markets,[[35]](#footnote-35) we obtained information on the location of companies’ headquarters from the *Stock Exchange Yearbook* and *Stock Exchange Official Intelligence*. These two sources as well as the *Investor’s Monthly Manual* were used to identify the stock markets where shares were chiefly dealt. As some of the companies in our sample were established prior to the publication of the first *Stock Exchange Yearbook* in 1875, we do not have this information for some companies in our sample.

 The first thing to note from Table 7 is that shares in some companies were traded on London as well as on provincial stock exchanges.[[36]](#footnote-36) We also see that gentlemen and esquires provided a smaller proportion of capital for regional companies than they did for London-headquartered companies. This finding is consistent with the fact that all foreign companies in our sample listed in London. However, gentlemanly capitalists still provided 24.4 per cent of capital to regional companies which listed only on provincial stock exchanges.

 <<Insert Table 7>>

Women provided a slightly greater proportion of capital to regional companies than they did to London-headquartered companies. Businessmen, particularly manufacturers, provided substantially smaller proportions of capital to London-headquartered compared to regional companies. Thus, these findings suggest something of another investment dichotomy – gentlemen rentiers invested in London-based companies whereas businessmen provided finance for provincial companies.

**4. Clientele effects – hypotheses, empirical strategy and data**

Having established who invested in the equity stocks of public companies, we now move on to consider if certain types of individual had preferences for investing in certain types of shares. In particular, we consider company characteristics (i.e., firm size, firm age, board size and composition, foreign vs domestic firm, and provincial vs London firms) and share characteristics (i.e., marketability, dividends, risk, uncalled capital, and share denomination).

 We test various hypotheses for six broad categories of shareholders: businessmen, the upper classes, women, finance, the middle classes, and institutional investors (i.e., companies and investment trusts). We hypothesise that foreign and London-based companies will be preferred by the upper classes and institutional investors, whereas the opposite will be the case for businessmen. Given the greater risk aversion of women, we hypothesise that they will invest more in older companies, whereas businessmen and the upper classes will invest in younger and potentially more risky companies.

 According to Jefferys, during the era covered in this paper, a group of middle-class investors or rentiers emerged who cared only about a stock’s marketability, risk, and dividend.[[37]](#footnote-37) We test this hypothesis by looking at whether middle-class and women investors tended to invest in companies which had marketable shares, were relatively safe, and paid a dividend. In particular, preference shares were attractive to these types of investors.[[38]](#footnote-38) Jefferys also suggests that these investors were put off by high share denominations and uncalled capital.[[39]](#footnote-39) Uncalled capital, whereby a portion of a share’s nominal value was unpaid and could be called up at the discretion of firm managers, would have been unattractive to risk-averse investors such as women and the moderately-wealthy middle classes.[[40]](#footnote-40) High share denominations were disliked by the same group of investors because they were perceived to be less marketable and made portfolio diversification more difficult. Governance may have played a role in attracting certain types of investors, with larger boards and boards containing members of the nobility assuring inexperienced investors from the middle classes as to the quality of the company.[[41]](#footnote-41)

 In order to test the above hypotheses, we regress company and share characteristics on to the proportion of capital invested by each of these six broad investor groups as well as the proportion of investors from each group. In terms of company characteristics, we examine whether (a) company age; (b) size; (c) being a family firm; (d) being a foreign firm; (e) size and composition of the board determine the proportion of capital invested by a shareholder group or the proportion of the shareholder constituency from a particular shareholder group. In terms of share characteristics, we examine the following determinants: (a) whether a firm is a dividend payer or not; (b) a firm’s dividend yield as a rough proxy for risk; (c) marketability of shares as proxied firstly by the number of times over the past year that there was a change in the end-of-month share price, which suggests that trading occurred, and secondly by the number of markets where shares were listed; (d) whether a share was a preference share; (e) the amount of uncalled capital attached to a share; and (f) a share’s denomination as measured by its par value. The data sources for and definitions of these variables can be found in Appendix Table 1.

 We have four industry dummy variables in our regressions, which in the case of mines and utilities can be viewed as proxies for risk, with the former being perceived as being very risky and the latter being perceived as being safe. We also have control variables for the year in which the ownership census was taken and the total number of shareholders in a firm. As the ownership records we use for our sample all come from companies which by definition ceased to exist, we control for any potential biases by having two variables which capture the ultimate fate of a firm - whether a firm merged (usually a non-performance reason for a firm’s cessation) and whether a firm was wound up by a court (a performance reason for a firm’s cessation). We also control for the location of a firm’s head office by having three binary variables for London, Lancashire, and Yorkshire, which are the most common locations for headquarters. In addition, we have a control variable which is the distance between the company’s headquarters and the chief market where its shares are dealt. This variable acts as a proxy for whether a company is a local firm with shareholders located in the area. The data sources for and definitions of all of these variables can be found in Appendix Table 1.

 As some firms had both preference and ordinary shares, we consider each share class as a separate observation in our regression analysis. In other words, a preference share and an ordinary share from the same company enter our regressions individually. Table 8 contains the summary statistics of our dependent and independent variables. In terms of our key independent variables, we note the following. First, the mean company age (*Age*) is 17.58 years and total par value (*Size*) is close to £150,000, when converted from logs. Second, 29 per cent of the equities in the sample are those of foreign firms, whereas 18 per cent are those of family firms. Third, 84 per cent of equities pay a dividend (*DivPayer*) and the median dividend yield (*DivYield*) at 5.71 per cent is high, perhaps suggesting that many of our equities were high risk. Fourth, the median of our *Liquidity* variable is 0.42, which means that the end-of-month share price for the median equity changed 42 per cent of the months over the previous year, suggesting that many of our equities were illiquid. This is further evidenced by the fact that the median of our *NumMarkets* variable is one, which means that the median equity in our sample only traded on one stock market. Fifth, in terms of share denomination (*ShareParValue*) the mean is £10.76 and in terms of uncalled capital (*ShareUncalled*) the average is £13.69. Sixth, as indicated by the statistics for the *Preference* variable, nine per cent of the equities in the sample are preference shares. Seventh, the average number of directors in a firm was 6.13, and 36 per cent of firms had at least one director who was a member of the nobility.

<<Insert Table 8>>

**5. Clientele effects – results**

We can see from Table 8 that there are a smaller number of observations for our dividend and liquidity variables. Consequently, we run two regression specifications – one for the complete sample from which these variables are excluded and one for the subset of equities where we have this data. The regression results for the complete sample are in Table 9 and the regression results for smaller sample are in in Table 10. In both these tables, the proportions of capital contributed by each of the socio-occupational groups are the dependent variables.

<<Insert Tables 9 and 10>>

In terms of company age (*Age*), the main findings which emerge from Tables 9 and 10 are that women invest a relatively higher proportion in older companies, whereas businessmen invest a relatively higher proportion of capital in younger companies. This finding may reflect risk preferences, with younger companies being perceived as riskier and therefore less attractive to women investors who tend to be more risk averse, but more attractive to businessmen who tend to be more risk loving.[[42]](#footnote-42) This is consistent with studies of bank shareholders which have found that women shareholders invested more as banks got older.[[43]](#footnote-43)

 From Tables 9 and 10, company size (*Size*) is a determinant of the proportion of capital contributed by the upper classes and middle classes. In the case of the former, the larger the firm, the larger the proportion invested by the upper classes, and in the case of the latter, the smaller the firm, the larger the proportion invested by the middle classes. This finding could simply reflect the possibility that larger firms were more likely to report the socio-occupational status of professionals as gentleman or esquire whereas smaller firms did not do this. Notably, size is not a determinant of the proportion of capital invested by women.

 The results in Tables 9 and 10 for foreign firms (*ForeignFirm*) suggest that financiers and institutional investors were more likely to invest a large proportion of their capital in foreign firms, which is not surprising given that foreign and colonial markets were the focus of many investment trusts. However, businessmen, and the middle classes held a smaller proportion of capital in foreign firms than domestic firms.

In terms of preference shares, the coefficient on the *Preference* variable in Tables 9 and 10 suggest that women and the middle classes invest relatively more capital in preference shares than in ordinary shares, showing their desire for fixed income and low risk. On the other hand, the results suggest that financiers and institutional investors invest a smaller proportion of capital in preference shares. In terms of uncalled capital (*ShareUncalled*), the regressions suggest that women invest less capital in shares with uncalled capital, possibly due to the greater risk associated with such investments.

 The industry dummy variables in Tables 9 and 10 reveal that mines were preferred by the upper classes, but women and the middle classes invested a smaller proportion in mines than in other sectors, whilst institutional investors appear to have had a preference for breweries.

 The coefficients on the *DivPayer* variable in the various regressions suggest that women invest proportionally more in dividend-paying firms than in non-dividend-paying firms, highlighting the importance of dividends to the income of many middle-class women in the Victorian era. Notably, however, the higher the dividend yield, the lower the proportion invested by women. As high dividend yields may be a proxy for high risk, this finding suggests that women may have favoured low-risk shares.

The coefficients on the *Liquidity* variable suggest that financiers invest more in liquid stocks whereas the upper class invests less in liquid stocks. Financiers may have had a greater propensity to speculate and hence trade, making share liquidity an attractive feature for them. On the other hand, the upper class were the stereotypical buy-and-hold rentier who traded infrequently.

In terms of family firms (*FamilyFirm*), the results in Tables 9 and 10 suggest that the upper and middle classes invested less in such firms whereas businessmen invested more. This finding is consistent with the view that the upper classes shunned family-controlled industrial companies. Businessmen may have invested relatively more in family firms because they had superior knowledge about such firms through local business networks, or they may have been members of the founding family themselves.

The governance of the firm also appears to have had some influence on ownership clienteles. Institutional investors, and the middle classes, tended to invest in firms with more directors (*NumDirectors*), but the upper classes and women invested where there were fewer directors. There is no suggestion in these results that rentier investors, particularly women, were assured by the presence of larger boards. Notably, businessmen were less likely to invest in firms where there was a member of the nobility on the board (*DirectorsNobility*), indicating that they saw that these directors were ornamental and possibly undermined company performance.[[44]](#footnote-44)

In terms of location of firm, businessmen were less likely to invest in London-headquartered firms whereas the upper classes were more likely. This may simply reflect the fact that many businessmen lived outside of London and invested in local firms, whereas the majority of the upper classes lived in or near London.

Because in some cases gentlemen and esquires may be inaccurate descriptions of someone’s occupational background and because they contribute a large proportion of the investment capital in many companies, we look at the determinants of the proportion of capital owned by various socio-occupational groups as a proportion of the capital not held by gentlemen and esquires. The results of this robustness check are reported in Table 11.

<<Insert Table 11>>

The results discussed above remain generally the same, with a few exceptions. In Table 11, when gentlemen and esquires are excluded, we see that businessmen invest proportionally less in dividend payers. Unlike women investors, businessmen were less interested in the income provided by an investment given they were earning money from their businesses. The mining industry dummy is also not significant once we eliminate gentlemen and esquires from our analysis (Table 11). For the upper classes, the variables for family firms, and London head offices are no longer significant, and for the middle classes the foreign firm variable is not significant. We also rerun the regressions, but do not tabulate them here, excluding all companies where gentlemen and esquires made up more than 66 per cent of investors, and the conclusions remain similar.

Thus far, we have been looking at the determinants of the proportion of capital invested by various socio-occupational groups. In Table 12, the dependent variables are the portion of investors in each socio-occupational grouping. Most of the results in Table 12 are consistent with what we found when the proportion of capital invested by various socio-occupational groups were the dependent variables. This is not necessarily surprising given that, apart from institutional investors, there is a close correlation between the number of investors and the proportion invested (see Table 2). However, there are a few notable differences. For example, if a firm is a dividend payer, fewer from the middle class will invest in it, and fewer from the middle class and fewer women invest in mines.

<<Insert Table 12>>

The overall picture which emerges from our regression analysis for the four largest groupings of investors (the upper class, women, businessmen, and the middle class) is as follows. The upper classes exhibited a preference for large firms and tended to invest more heavily in firms listed in London, but not in firms which were family owned. The upper classes also had a preference for mines and relatively illiquid shares, which suggests that as a class they may have been buy-and-hold investors with an appetite for risk.

Women investors tended to focus more on equities which were relatively safe – they shunned young and non-dividend-paying firms as well as mining companies, shares with uncalled capital, and shares with a high dividend yield. However, the marketability of shares does not seem to have been a consideration for women, possibly because they were the stereotypical buy-and-hold investors and thus cared less about stock liquidity.[[45]](#footnote-45) Therefore, the Jefferys hypothesis that such rentier investors preferred fully-paid and marketable stocks is not fully supported in that although women investors preferred fully-paid shares, they had no preferences with regards to stock marketability.[[46]](#footnote-46) In addition, there is no support for Jeffery’s contention that women and middle class investors preferred low denomination stocks.

The middle classes have a proclivity for preference shares and domestic over foreign firms, perhaps suggesting a higher degree of risk aversion than some other groups. Businessmen had a preference for domestic firms over foreign firms, and regional firms over London firms, as well as family firms, suggesting that businessmen invested in what they knew and in what they had information on through their business networks.

**6. Conclusions**

This paper has considered who invested in equities during the substantial expansion of the British equity market in the five decades following the liberalisation of incorporation law in the mid-1850s. In terms of capital invested, the order of importance is the upper class, businessmen, women, and the middle class. The order changes slightly when we consider the number of investors, with women and businessmen switching places. Between them, these four groupings constituted 86.2 per cent of capital invested and 87.1 per cent of investors.

One of our main findings is the growth in rentier investors over the second half of the nineteenth century at the expense of businessmen. The rentiers fall into two distinct groups. First, there were gentlemen capitalists who were willing to take risks, and were willing to invest in illiquid securities. These gentlemen capitalists had their eyes focussed on the long-term gains to be achieved from empire and were reluctant to invest in indigenous companies and industries located outside of London. The second group of rentiers were women capitalists. They tended to avoid investing large sums in foreign companies and had a preference for low-risk equities which paid a dividend. This group of rentiers were ultimately interested in the regular income stream which equities could generate.

Given that the stereotypical rentier invested in *rentes* or fixed-income securities, one has to ask why equities were attractive to these rentier classes. One reason was the fall in the real interest rate, particularly over the last quarter of the nineteenth century, which made investors in general more interested in higher-yielding securities such as equities. In the case of women and some of the middle classes, equities may have become a more acceptable investment with the demise of uncalled capital and the rise of preference shares, which paid a fixed dividend. Another reason is that rentiers may have been willing to hold risky equities as a small part of a portfolio, which mainly comprised fixed-income securities. Future research should therefore focus on how the portfolios of investors and rentiers evolved during the late nineteenth and into the twentieth century.[[47]](#footnote-47)

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*Table 1*. Characteristics of sample companies

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Number of Companies | Number of Securities | Number of Shareholdings | Total Par Value (£m) |
| Panel A: Decade of observation |
| 1850s and 1860s | 103 | 107 | 27,606 | 13.6 |
| 1870 | 64 | 68 | 24,115 | 14.0 |
| 1880 | 130 | 148 | 50,521 | 27.7 |
| 1890 | 107 | 142 | 53,500 | 25.3 |
| 1900 | 49 | 66 | 33,549 | 14.7 |
| Total | 453 | 531 | 189,291 | 95.3 |
| Panel B: Industry |
| Banks | 103 | 109 | 63,445 | 28.8 |
| Insurance | 35 | 35 | 12,072 | 4.2 |
| Finance | 37 | 39 | 18,173 | 7.2 |
| Iron, Coal and Steel | 30 | 38 | 8,469 | 11.0 |
| Utility | 22 | 25 | 6,196 | 3.3 |
| Mines | 34 | 39 | 17,490 | 10.4 |
| Breweries | 20 | 31 | 7,396 | 4.9 |
| Other | 172 | 215 | 56,050 | 25.6 |
| Total | 453 | 531 | 189,291 | 95.3 |
| Panel C: Company headquarters |
| London | 190 | 239 | 94,449 | 48.3 |
| Lancashire | 45 | 57 | 15,830 | 12.4 |
| Yorkshire | 31 | 33 | 11,017 | 5.7 |
| Other | 88 | 102 | 42,319 | 14.7 |
| Unknown | 99 | 100 | 25,676 | 14.2 |
| Total | 453 | 531 | 189,291 | 95.3 |
| Panel D: Stock market listings |
| London | 187 | 240 | 94,588 | 48.6 |
| Lancashire | 70 | 93 | 31,697 | 22.2 |
| Yorkshire | 34 | 41 | 18,012 | 11.7 |
| Other | 97 | 115 | 55,533 | 21.5 |
| Unknown | 133 | 135 | 37,390 | 18.8 |

*Notes*: Stock Market Listings sum above 453 companies, as one company could list on multiple exchanges. The number of unknowns is so high in Panels C and D because we were not able to locate this information for most of our pre-1875 companies.

*Table 2*. Occupational composition of capital and shareholders

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Capital(£) | Proportion of capital(%) | Number of investors | Proportion of investors(%) | Mean per investor (£) |
| Agriculture | 1,162,674 | 1.2 | 4,960 | 2.9 | 230 |
| Business-Manufacturing | 5,674,462 | 6.0 | 8,616 | 5.0 | 622 |
| Business-Merchant | 11,700,000 | 12.3 | 14,408 | 8.4 | 756 |
| Business-Retail | 1,858,279 | 1.9 | 7,262 | 4.2 | 246 |
| Company | 360,897 | 0.4 | 107 | 0.1 | 3,289 |
| Investment trust | 706,589 | 0.7 | 89 | 0.1 | 7,858 |
| Finance-Banker | 2,093,118 | 2.2 | 1,613 | 0.9 | 1,234 |
| Finance-Other Finance | 642,596 | 0.7 | 1,892 | 1.1 | 327 |
| Finance-Stockbroker | 1,395,550 | 1.5 | 1,833 | 1.1 | 699 |
| Middle-Legal Profession | 3,066,400 | 3.2 | 6,655 | 3.9 | 437 |
| Middle-Clergy | 1,577,757 | 1.7 | 4,160 | 2.4 | 348 |
| Middle-Professional | 3,970,541 | 4.2 | 7,180 | 4.2 | 516 |
| Middle-White Collar | 1,907,744 | 2.0 | 6,957 | 4.0 | 256 |
| Upper-ArmyNavy | 2,185,713 | 2.3 | 3,418 | 2.0 | 598 |
| Upper-Esquire | 14,600,000 | 15.3 | 16,612 | 9.6 | 782 |
| Upper-Gentleman | 26,600,000 | 27.9 | 46,122 | 26.7 | 546 |
| Upper-Nobility | 1,496,633 | 1.6 | 598 | 0.3 | 2,390 |
| Women-Married | 1,545,565 | 1.6 | 5,647 | 3.3 | 244 |
| Women-Spinster | 5,015,968 | 5.3 | 18,564 | 10.8 | 258 |
| Women-Widow | 3,867,379 | 4.1 | 10,743 | 6.2 | 340 |
| Working-Skilled | 384,080 | 0.4 | 1,629 | 0.9 | 228 |
| Working-Unskilled | 51,160 | 0.1 | 512 | 0.3 | 98 |
| Politician | 536,375 | 0.6 | 222 | 0.1 | 2,051 |
| Executor / Trust | 1,626,188 | 1.7 | 1,143 | 0.7 | 1,373 |
| Unknown (males) | 1,293,380 | 1.4 | 1,531 | 0.9 | 785 |
|  |  |  |  |  |  |
| Total | 95,319,047 | 100.0 | 172,473 | 100.0 | 517 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

*Sources*: See text

*Notes*: See text for definitions of occupations. The number of investors is from a slightly smaller sample of company-years because we were unable to match up shareholders in some companies who held both preference and ordinary shares.

*Table 3*. Percentage of capital contributed by each occupational group, by decade

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1850s and 1860s | 1870s | 1880s | 1890s | 1900s |
|  |  |  |  |  |  |
| Agriculture | 0.5 | 0.9 | 1.6 | 1.2 | 1.5 |
| Business-Manufacturing | 9.4 | 4.0 | 5.9 | 5.9 | 4.8 |
| Business-Merchant | 26.5 | 12.7 | 10.7 | 9.5 | 6.3 |
| Business-Retail | 2.1 | 1.6 | 2.1 | 1.8 | 2.1 |
| Company | 0.7 | 0.1 | 0.2 | 0.3 | 1.0 |
| Investment trust | 0.1 | 0.0 | 0.4 | 1.0 | 2.2 |
| Finance-Banker | 2.4 | 5.2 | 2.0 | 0.9 | 1.7 |
| Finance-Other Finance | 1.1 | 0.5 | 0.7 | 0.6 | 0.6 |
| Finance-Stockbroker | 3.3 | 2.0 | 1.5 | 0.6 | 0.7 |
| Middle-Legal Profession | 3.9 | 2.4 | 2.9 | 4.2 | 2.2 |
| Middle-Clergy | 1.1 | 1.8 | 1.8 | 1.7 | 1.6 |
| Middle-Professional | 3.6 | 3.4 | 4.7 | 4.2 | 4.4 |
| Middle-White Collar | 2.9 | 2.0 | 2.1 | 1.6 | 1.7 |
| Upper-ArmyNavy | 2.0 | 2.6 | 2.3 | 2.1 | 2.8 |
| Upper-Esquire | 13.1 | 22.9 | 18.6 | 11.8 | 9.9 |
| Upper-Gentleman | 21.7 | 27.3 | 28.4 | 29.9 | 30.1 |
| Upper-Nobility | 0.5 | 1.0 | 0.9 | 1.7 | 4.1 |
| Women-Married | 0.0 | 0.2 | 1.1 | 2.3 | 4.1 |
| Women-Spinster | 1.8 | 4.1 | 4.4 | 5.8 | 10.2 |
| Women-Widow | 1.1 | 3.1 | 4.3 | 5.1 | 5.4 |
| Working-Skilled | 0.5 | 0.3 | 0.4 | 0.5 | 0.4 |
| Working-Unskilled | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Politician | 0.3 | 0.5 | 0.8 | 0.4 | 0.7 |
| Executor / Trust | 0.2 | 0.8 | 0.8 | 4.7 | 0.4 |
| Unknown (males) | 1.1 | 0.7 | 1.3 | 2.0 | 1.1 |
|  |  |  |  |  |  |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
|  |  |  |  |  |  |
| No. of company-years | 99 | 63 | 126 | 106 | 49 |
| No. of securities | 102 | 66 | 140 | 138 | 66 |
|  |  |  |  |  |  |

*Sources*: See text

*Notes*: See text for definitions of occupations. The number of securities differs from the number of company-years because some companies issued both ordinary and preference shares. There are a few married women who appear to own shares in the 1870s, which was before the passage of the Married Women’s Property Act of 1882 (45 & 46 Vict. c.75). It is likely that these women had recently become widows or had just been married.

*Table 4*. Change in shareholder constituencies

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Mean | Standard deviation | 1st percentile | Median | 99th percentile |
|  |  |  |  |  |  |
| *Change in capital provided (%)* |  |  |  |  |  |
| Businessmen | -6.8 | 15.7 | -53.6 | -5.1 | 74.5 |
| Institutional investors | 0.3 | 3.1 | -9.8 | 0.0 | 29.8 |
| Finance | -1.2 | 6.8 | -29.5 | -0.2 | 41.4 |
| Middle class | -0.9 | 7.7 | -26.0 | -0.3 | 26.9 |
| Upper class | 2.2 | 18.0 | -73.7 | 3.4 | 47.7 |
| Women | 7.1 | 7.7 | -6.8 | 5.0 | 43.2 |
| Working class | -0.1 | 1.5 | -8.3 | 0.0 | 4.6 |
|  |  |  |  |  |  |
| *Change in number of shareholders (%)* |  |  |  |  |
| Businessmen | -6.9 | 10.2 | -35.7 | -6.4 | 40.9 |
| Institutional investors | 0.0 | 0.3 | -1.3 | 0.0 | 1.8 |
| Finance | -1.2 | 2.7 | -13.5 | -0.8 | 5.0 |
| Middle class | -2.7 | 7.2 | -34.0 | -2.1 | 14.6 |
| Upper class | 1.9 | 13.7 | -42.6 | 1.1 | 39.4 |
| Women | 9.0 | 8.0 | -6.9 | 7.5 | 29.9 |
| Working class | -0.4 | 1.8 | -8.5 | 0.0 | 4.5 |
|  |  |  |  |  |  |
| Years between ownership censuses | 15.9 | 8.9 | 4.0 | 15.0 | 44.0 |
|  |  |  |  |  |  |

*Sources*: See text

*Notes*: There are 126 equities where we have more than one ownership census. The *Businessmen* category consists of manufacturers, merchants and retailers. *Institutional investors* are companies and investment trusts. *Finance* includes bankers, stockbrokers and other financial professionals. *Middle class* includes clergy, legal professionals, professionals and white-collar employees. *Upper class* consists of army and naval officers, esquires, gentlemen and members of the nobility. The *Women* category consists of married women, spinsters and widows. The *Working class* category consists of the skilled and unskilled working class.

*Table 5*. Proportion of capital contributed by each occupational group, by industry and foreign vs. domestic

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Breweries | Financial | Mines | Utilities | Other | Foreign | Domestic |
|  |  |  |  |  |  |  |  |
| Agriculture | 0.1 | 2.4 | 0.1 | 0.3 | 0.5 | 0.2 | 1.7 |
| Business-Manufacturing | 11.4 | 7.2 | 0.4 | 2.2 | 5.8 | 0.9 | 8.5 |
| Business-Merchant | 6.6 | 13.4 | 5.5 | 8.8 | 14.1 | 9.2 | 13.9 |
| Business-Retail | 1.2 | 2.9 | 0.2 | 1.2 | 1.5 | 0.5 | 2.7 |
| Company | 1.1 | 0.2 | 0.7 | 0.3 | 0.4 | 0.8 | 0.1 |
| Investment trust | 5.3 | 0.1 | 0.2 | 1.0 | 1.0 | 1.9 | 0.1 |
| Finance-Banker | 1.3 | 2.9 | 0.9 | 1.5 | 1.9 | 3.5 | 1.5 |
| Finance-Other Finance | 0.4 | 0.7 | 0.3 | 0.4 | 0.8 | 0.4 | 0.8 |
| Finance-Stockbroker | 0.4 | 1.0 | 1.1 | 0.5 | 2.3 | 1.4 | 1.5 |
| Middle-Legal Profession | 4.2 | 3.8 | 1.4 | 2.3 | 3.1 | 2.0 | 3.8 |
| Middle-Clergy | 0.9 | 2.1 | 0.5 | 1.6 | 1.6 | 1.7 | 1.6 |
| Middle-Professional | 4.4 | 3.6 | 1.4 | 4.6 | 5.5 | 2.8 | 4.8 |
| Middle-White Collar | 1.1 | 2.2 | 1.9 | 1.9 | 2.0 | 1.2 | 2.4 |
| Upper-ArmyNavy | 5.9 | 2.3 | 1.6 | 3.6 | 1.9 | 3.5 | 1.7 |
| Upper-Esquire | 16.7 | 18.8 | 18.9 | 26.1 | 9.3 | 21.6 | 12.1 |
| Upper-Gentleman | 24.6 | 20.4 | 57.1 | 25.7 | 28.4 | 36.2 | 23.8 |
| Upper-Nobility | 2.1 | 0.8 | 1.2 | 2.0 | 2.4 | 1.5 | 1.6 |
| Women-Married | 1.8 | 1.3 | 1.0 | 2.1 | 2.1 | 1.4 | 1.7 |
| Women-Spinster | 3.0 | 6.2 | 2.1 | 6.0 | 5.4 | 3.3 | 6.2 |
| Women-Widow | 3.9 | 5.4 | 1.6 | 4.5 | 3.3 | 3.0 | 4.6 |
| Working-Skilled | 0.1 | 0.5 | 0.2 | 0.1 | 0.4 | 0.1 | 0.5 |
| Working-Unskilled | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Politician | 0.0 | 0.5 | 0.4 | 0.2 | 0.8 | 1.1 | 0.3 |
| Executor / Trust | 0.0 | 0.7 | 0.9 | 2.0 | 3.2 | 0.8 | 2.2 |
| Unknown (males) | 3.5 | 0.7 | 0.5 | 1.1 | 2.0 | 0.9 | 1.6 |
|  |  |  |  |  |  |  |  |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
|  |  |  |  |  |  |  |  |
| No. of company-years | 20 | 170 | 34 | 21 | 198 | 125 | 318 |
| No. of equities | 31 | 177 | 39 | 22 | 243 | 148 | 364 |
|  |  |  |  |  |  |  |  |

*Sources*: See text

*Notes*: See text for definitions of occupations. The number of equities differs from the number of company-years because some companies issued both ordinary and preference shares.

*Table 6*. Proportion of capital invested in ordinary vs preference shares, for those companies which had issued both

|  |  |  |
| --- | --- | --- |
|  | Ordinary shares | Preference shares |
|  |  |  |
| Agriculture | 0.2 | 0.4 |
| Business-Manufacturing | 10.0 | 7.9 |
| Business-Merchant | 9.1 | 5.8 |
| Business-Retail | 1.7 | 1.6 |
| Company | 0.3 | 0.5 |
| Investment trust | 1.5 | 2.3 |
| Finance-Banker | 2.1 | 1.5 |
| Finance-Other Finance | 0.8 | 0.4 |
| Finance-Stockbroker | 1.9 | 0.5 |
| Middle-Legal Profession | 3.2 | 3.1 |
| Middle-Clergy | 1.2 | 1.6 |
| Middle-Professional | 4.8 | 5.4 |
| Middle-White Collar | 1.6 | 2.9 |
| Upper-ArmyNavy | 2.6 | 4.1 |
| Upper-Esquire | 8.2 | 11.1 |
| Upper-Gentleman | 35.3 | 33.2 |
| Upper-Nobility | 1.5 | 1.0 |
| Women-Married | 2.7 | 3.0 |
| Women-Spinster | 3.3 | 4.7 |
| Women-Widow | 3.5 | 5.3 |
| Working-Skilled | 0.2 | 0.3 |
| Working-Unskilled | 0.0 | 0.0 |
| Politician | 0.3 | 0.4 |
| Executor / Trust | 0.8 | 0.2 |
| Unknown (male) | 3.2 | 2.8 |
|  |  |  |
| Total | 100.0 | 100.0 |
|  |  |  |
| Companies | 48 | 48 |
|  |  |  |

*Sources*: See text

*Notes*: See text for definitions of occupations.

*Table 7*. Proportion of capital contributed by each occupational group, by location of head office and stock-market listing

|  |  |  |  |
| --- | --- | --- | --- |
| Head Office: | London |  | Regional |
| Stock Exchanges: | Londononly | London andprovincial |  | Londononly | London andprovincial | Provincialonly |
|  |  |  |  |  |  |  |
| Agriculture | 0.4 | 0.3 |  | 0.1 | 0.4 | 3.0 |
| Business-Manufacturing | 1.9 | 2.7 |  | 17.1 | 7.9 | 11.1 |
| Business-Merchant | 8.6 | 10.3 |  | 9.6 | 23.1 | 12.5 |
| Business-Retail | 1.2 | 0.6 |  | 0.7 | 2.5 | 3.9 |
| Company | 0.3 | 0.2 |  | 0.0 | 0.0 | 0.2 |
| Investment trust | 1.5 | 1.6 |  | 0.1 | 0.3 | 0.0 |
| Finance-Banker | 1.3 | 2.7 |  | 2.2 | 3.8 | 1.7 |
| Finance-Other Finance | 0.4 | 0.6 |  | 0.1 | 1.8 | 0.9 |
| Finance-Stockbroker | 1.0 | 1.7 |  | 0.0 | 3.8 | 1.3 |
| Middle-Legal Profession | 3.7 | 2.1 |  | 7.0 | 2.9 | 3.3 |
| Middle-Clergy | 2.1 | 1.5 |  | 1.1 | 1.3 | 1.6 |
| Middle-Professional | 2.8 | 6.3 |  | 2.4 | 3.6 | 5.2 |
| Middle-White Collar | 1.5 | 1.4 |  | 0.4 | 2.0 | 2.9 |
| Upper-ArmyNavy | 3.6 | 2.3 |  | 2.1 | 0.8 | 1.1 |
| Upper-Esquire | 21.3 | 19.9 |  | 18.6 | 19.0 | 5.6 |
| Upper-Gentleman | 33.8 | 32.0 |  | 22.5 | 16.3 | 18.8 |
| Upper-Nobility | 1.3 | 1.6 |  | 1.7 | 0.5 | 2.8 |
| Women-Married | 1.8 | 1.7 |  | 1.8 | 1.3 | 2.3 |
| Women-Spinster | 4.5 | 3.4 |  | 9.9 | 2.5 | 8.8 |
| Women-Widow | 4.0 | 3.1 |  | 1.4 | 4.4 | 5.5 |
| Working-Skilled | 0.2 | 0.2 |  | 0.2 | 0.3 | 0.8 |
| Working-Unskilled | 0.0 | 0.0 |  | 0.0 | 0.0 | 0.1 |
| Politician | 0.7 | 1.2 |  | 0.1 | 0.3 | 0.2 |
| Executor / Trust | 0.9 | 0.8 |  | 0.4 | 0.6 | 4.4 |
| Unknown (male) | 1.0 | 1.7 |  | 0.7 | 0.5 | 2.0 |
|  |  |  |  |  |  |  |
| Total | 100.0 | 100.0 |  | 100.0 | 100.0 | 100.0 |
|  |  |  |  |  |  |  |
| No. of company-years | 130 | 36 |  | 9 | 11 | 126 |
| No. of securities | 159 | 48 |  | 11 | 15 | 146 |
|  |  |  |  |  |  |  |

*Sources*: See text

*Notes*: See text for definitions of occupations. The number of securities differs from the number of company-years because some companies issued both ordinary and preference shares.

*Table 8*. Descriptive statistics for dependent and independent variables

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | N | Mean | Standard deviation | 1st percentile | Median | 99th percentile |
|  |  |  |  |  |  |  |
| BusinessProp | 523 | 24.9% | 21.1% | 0.0% | 19.2% | 84.4% |
| InstitutionProp | 523 | 0.7% | 3.3% | 0.0% | 0.0% | 25.7% |
| FinanceProp | 523 | 4.6% | 7.1% | 0.0% | 2.4% | 42.2% |
| UpperProp | 523 | 40.4% | 23.9% | 0.0% | 37.7% | 94.5% |
| MiddleProp | 523 | 13.3% | 9.7% | 0.1% | 11.4% | 58.2% |
| WomenProp | 523 | 10.2% | 9.4% | 0.0% | 7.6% | 41.0% |
| BusinessNum | 523 | 21.8% | 17.8% | 0.0% | 17.8% | 76.7% |
| InstitutionNum | 523 | 0.1% | 0.4% | 0.0% | 0.0% | 2.4% |
| FinanceNum | 523 | 3.8% | 3.9% | 0.0% | 2.8% | 25.7% |
| UpperNum | 523 | 36.1% | 22.2% | 0.0% | 32.5% | 89.7% |
| MiddleNum | 523 | 15.7% | 9.2% | 1.5% | 14.0% | 65.2% |
| WomenNum | 523 | 16.9% | 12.1% | 0.0% | 15.4% | 47.2% |
| Age | 471 | 17.58 | 17.90 | 0.00 | 11.00 | 72.00 |
| CourtWoundup | 523 | 0.04 | 0.19 | 0.00 | 0.00 | 1.00 |
| DirectorsNobility | 370 | 0.36 | 0.48 | 0.00 | 0.00 | 1.00 |
| DivPayer | 272 | 0.84 | 0.37 | 0.00 | 1.00 | 1.00 |
| DivYield | 272 | 6.03 | 4.18 | 0.00 | 5.71 | 21.82 |
| FamilyFirm | 375 | 0.18 | 0.38 | 0.00 | 0.00 | 1.00 |
| ForeignFirm | 523 | 0.29 | 0.45 | 0.00 | 0.00 | 1.00 |
| HeadLanc | 423 | 0.13 | 0.34 | 0.00 | 0.00 | 1.00 |
| HeadLondon | 423 | 0.55 | 0.50 | 0.00 | 1.00 | 1.00 |
| HeadYork | 423 | 0.08 | 0.27 | 0.00 | 0.00 | 1.00 |
| IndustryBreweries | 523 | 0.06 | 0.24 | 0.00 | 0.00 | 1.00 |
| IndustryFinancial | 523 | 0.35 | 0.48 | 0.00 | 0.00 | 1.00 |
| IndustryMines | 523 | 0.07 | 0.26 | 0.00 | 0.00 | 1.00 |
| IndustryUtility | 523 | 0.04 | 0.21 | 0.00 | 0.00 | 1.00 |
| Liquidity | 267 | 0.47 | 0.28 | 0.00 | 0.42 | 1.00 |
| LocalMiles | 387 | 10.97 | 44.04 | 0.00 | 0.00 | 498.00 |
| Merged | 523 | 0.46 | 0.50 | 0.00 | 0.00 | 1.00 |
| NumDirectors | 370 | 6.13 | 2.68 | 3.00 | 6.00 | 23.00 |
| NumMarkets | 388 | 1.33 | 0.77 | 1.00 | 1.00 | 6.00 |
| NumShareholders | 523 | 421.75 | 425.24 | 71.00 | 294.00 | 3184.00 |
| OwnershipDate | 523 | 1883 | 12.83 | 1856 | 1884 | 1901 |
| Preference | 523 | 0.09 | 0.29 | 0.00 | 0.00 | 1.00 |
| ShareParValue | 512 | 10.76 | 10.26 | 0.55 | 10.00 | 50.00 |
| ShareUncalled | 510 | 13.69 | 23.42 | 0.00 | 2.00 | 97.50 |
| Size | 511 | 11.85 | 1.02 | 9.90 | 11.92 | 14.28 |

*Sources*: See text

*Notes*: See text for definitions of occupations. These descriptive statistics are on a per security basis. In other words, if a firm has ordinary and preference shares, they are considered as separate investments.

*Table 9*. Determinants of proportion of capital held by businessmen, institutions and finance professionals

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
|  | BusinessProp | BusinessProp | InstitutionProp | InstitutionProp | FinanceProp | FinanceProp |
|  |  |  |  |  |  |  |
| Age | -0.002\*\*\* | -0.002\*\* | -0.000 | -0.000 | -0.000 | -0.000 |
|  | (0.001) | (0.001) | (0.000) | (0.000) | (0.000) | (0.000) |
| Size | -0.022\* | -0.009 | 0.003\* | 0.003 | 0.007 | -0.009 |
|  | (0.012) | (0.017) | (0.002) | (0.003) | (0.005) | (0.007) |
| ForeignFirm | -0.131\*\*\* | -0.075\*\* | 0.021\*\*\* | 0.034\*\*\* | 0.002 | 0.030\*\*\* |
|  | (0.021) | (0.029) | (0.005) | (0.011) | (0.008) | (0.010) |
| Preference | -0.035 | -0.013 | -0.008 | -0.018\* | -0.003 | -0.017\*\* |
|  | (0.023) | (0.028) | (0.006) | (0.011) | (0.009) | (0.008) |
| ShareUncalled | 0.000 | 0.000 | 0.000 | 0.000 | -0.000 | 0.000 |
|  | (0.001) | (0.001) | (0.000) | (0.000) | (0.000) | (0.000) |
| ShareParValue | 0.002\*\* | -0.000 | -0.000 | 0.000 | -0.001\*\* | 0.000 |
|  | (0.001) | (0.001) | (0.000) | (0.000) | (0.000) | (0.001) |
| IndustryMines | -0.056\* | 0.049 | -0.006 | -0.020\* | 0.009 | 0.002 |
|  | (0.034) | (0.049) | (0.009) | (0.011) | (0.017) | (0.025) |
| IndustryUtility | -0.033 | 0.039 | -0.002 | -0.011 | -0.024\*\*\* | -0.024 |
|  | (0.050) | (0.049) | (0.005) | (0.012) | (0.008) | (0.016) |
| IndustryFinancial | 0.031 | 0.064\* | -0.002 | -0.005 | 0.015 | 0.011 |
|  | (0.026) | (0.033) | (0.004) | (0.006) | (0.012) | (0.011) |
| IndustryBreweries | 0.013 | 0.054 | 0.028\*\* | 0.057\*\* | -0.022\*\* | 0.011 |
|  | (0.040) | (0.063) | (0.012) | (0.024) | (0.010) | (0.014) |
| NumShareholders | -0.000\*\*\* | -0.000 | -0.000\* | -0.000 | -0.000\*\*\* | -0.000 |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| OwnershipDate | -0.002\*\* | -0.003\* | 0.000\*\* | 0.001\*\* | -0.001\*\*\* | -0.000 |
|  | (0.001) | (0.002) | (0.000) | (0.000) | (0.000) | (0.000) |
| DivPayer |  | -0.045 |  | 0.004 |  | 0.010 |
|  |  | (0.041) |  | (0.012) |  | (0.018) |
| DivYield |  | 0.001 |  | 0.000 |  | -0.001 |
|  |  | (0.004) |  | (0.001) |  | (0.001) |
| Liquidity |  | 0.061 |  | -0.004 |  | 0.041\*\* |
|  |  | (0.051) |  | (0.010) |  | (0.017) |
| NumMarkets |  | 0.003 |  | 0.006 |  | 0.008 |
|  |  | (0.017) |  | (0.004) |  | (0.006) |
| FamilyFirm |  | 0.100\*\*\* |  | -0.006 |  | -0.002 |
|  |  | (0.038) |  | (0.011) |  | (0.008) |
| NumDirectors |  | -0.002 |  | 0.002\*\* |  | -0.000 |
|  |  | (0.004) |  | (0.001) |  | (0.001) |
| DirectorsNobility |  | -0.043\*\* |  | -0.008 |  | 0.009 |
|  |  | (0.021) |  | (0.005) |  | (0.009) |
| CourtWoundup |  | 0.091 |  | -0.013 |  | -0.056\*\*\* |
|  |  | (0.083) |  | (0.012) |  | (0.016) |
| Merged |  | -0.005 |  | -0.009 |  | -0.010 |
|  |  | (0.025) |  | (0.007) |  | (0.008) |
| HeadLondon |  | -0.077\* |  | -0.015 |  | -0.010 |
|  |  | (0.041) |  | (0.009) |  | (0.008) |
| HeadLanc |  | 0.060 |  | -0.015\* |  | -0.002 |
|  |  | (0.057) |  | (0.008) |  | (0.012) |
| HeadYork |  | 0.128\*\*\* |  | -0.003 |  | 0.000 |
|  |  | (0.035) |  | (0.005) |  | (0.010) |
| LocalMiles |  | 0.001\*\* |  | 0.000 |  | -0.000\* |
|  |  | (0.000) |  | (0.000) |  | (0.000) |
| Constant | 4.554\*\*\* | 5.539\* | -0.914\*\* | -1.865\*\* | 1.518\*\*\* | 0.532 |
|  | (1.727) | (3.063) | (0.355) | (0.764) | (0.525) | (0.863) |
|  |  |  |  |  |  |  |
| Observations | 460 | 179 | 460 | 179 | 460 | 179 |
| R-squared | 0.276 | 0.508 | 0.154 | 0.377 | 0.072 | 0.222 |

*Notes*: Robust standard errors are in parentheses and \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

*Table 10*. Determinants of proportion of capital held by upper and middle classes and women

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
|  | UpperProp | UpperProp | MiddleProp | MiddleProp | WomenProp | WomenProp |
|  |  |  |  |  |  |  |
| Age | 0.000 | -0.001 | 0.000 | 0.001 | 0.002\*\*\* | 0.003\*\*\* |
|  | (0.001) | (0.001) | (0.000) | (0.000) | (0.000) | (0.000) |
| Size | 0.045\*\*\* | 0.077\*\*\* | -0.029\*\*\* | -0.038\*\*\* | -0.009 | -0.016 |
|  | (0.013) | (0.023) | (0.006) | (0.010) | (0.005) | (0.012) |
| ForeignFirm | 0.160\*\*\* | 0.053 | -0.035\*\*\* | -0.025\* | -0.020\*\* | -0.018 |
|  | (0.026) | (0.040) | (0.009) | (0.015) | (0.008) | (0.016) |
| Preference | 0.000 | -0.066 | 0.012 | 0.065\*\* | 0.040\*\* | 0.072\* |
|  | (0.033) | (0.046) | (0.015) | (0.028) | (0.018) | (0.039) |
| ShareUncalled | -0.000 | -0.001 | 0.000 | 0.000 | -0.001\*\*\* | -0.001\* |
|  | (0.001) | (0.001) | (0.000) | (0.000) | (0.000) | (0.000) |
| ShareParValue | -0.002 | 0.001 | -0.000 | -0.000 | 0.001\*\* | 0.000 |
|  | (0.001) | (0.002) | (0.001) | (0.001) | (0.000) | (0.001) |
| IndustryMines | 0.173\*\*\* | 0.123\* | -0.055\*\*\* | -0.049\* | -0.054\*\*\* | -0.079\*\*\* |
|  | (0.044) | (0.067) | (0.013) | (0.028) | (0.012) | (0.026) |
| IndustryUtility | 0.035 | 0.037 | -0.005 | -0.018 | 0.027 | -0.006 |
|  | (0.057) | (0.085) | (0.025) | (0.028) | (0.017) | (0.015) |
| IndustryFinancial | -0.053\* | -0.047 | -0.027\*\* | -0.031 | 0.017\* | 0.018 |
|  | (0.028) | (0.042) | (0.013) | (0.019) | (0.010) | (0.014) |
| IndustryBreweries | 0.032 | -0.042 | -0.013 | -0.022 | -0.019 | -0.015 |
|  | (0.047) | (0.064) | (0.022) | (0.023) | (0.016) | (0.032) |
| NumShareholders | 0.000 | 0.000 | 0.000\*\*\* | -0.000 | 0.000\*\*\* | 0.000\*\*\* |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| OwnershipDate | -0.000 | -0.001 | 0.000 | 0.001 | 0.002\*\*\* | 0.001 |
|  | (0.001) | (0.002) | (0.000) | (0.001) | (0.000) | (0.001) |
| DivPayer |  | -0.054 |  | -0.023 |  | 0.072\*\*\* |
|  |  | (0.066) |  | (0.030) |  | (0.023) |
| DivYield |  | 0.006 |  | -0.001 |  | -0.005\*\* |
|  |  | (0.005) |  | (0.002) |  | (0.002) |
| Liquidity |  | -0.099\* |  | 0.038 |  | 0.008 |
|  |  | (0.060) |  | (0.027) |  | (0.022) |
| NumMarkets |  | -0.013 |  | 0.002 |  | -0.010 |
|  |  | (0.020) |  | (0.007) |  | (0.007) |
| FamilyFirm |  | -0.090\*\* |  | -0.030\*\* |  | 0.018 |
|  |  | (0.039) |  | (0.014) |  | (0.019) |
| NumDirectors |  | -0.013\*\* |  | 0.015\*\*\* |  | -0.011\*\*\* |
|  |  | (0.005) |  | (0.004) |  | (0.002) |
| DirectorsNobility |  | 0.013 |  | 0.020 |  | 0.009 |
|  |  | (0.032) |  | (0.013) |  | (0.013) |
| CourtWoundup |  | 0.048 |  | 0.001 |  | -0.024 |
|  |  | (0.079) |  | (0.026) |  | (0.038) |
| Merged |  | 0.076\*\* |  | -0.026\*\* |  | -0.022 |
|  |  | (0.031) |  | (0.012) |  | (0.015) |
| HeadLondon |  | 0.098\*\* |  | 0.018 |  | -0.004 |
|  |  | (0.045) |  | (0.017) |  | (0.022) |
| HeadLanc |  | -0.036 |  | -0.003 |  | 0.051\* |
|  |  | (0.057) |  | (0.031) |  | (0.028) |
| HeadYork |  | -0.064\*\* |  | 0.009 |  | -0.034 |
|  |  | (0.032) |  | (0.018) |  | (0.021) |
| LocalMiles |  | -0.001\*\*\* |  | 0.000\* |  | -0.000 |
|  |  | (0.000) |  | (0.000) |  | (0.000) |
| Constant | 0.672 | 1.087 | 0.393 | -1.242 | -3.536\*\*\* | -1.904 |
|  | (2.001) | (4.024) | (0.816) | (1.603) | (0.642) | (1.699) |
|  |  |  |  |  |  |  |
| Observations | 460 | 179 | 460 | 179 | 460 | 179 |
| R-squared | 0.261 | 0.525 | 0.148 | 0.477 | 0.427 | 0.522 |

*Notes*: Robust standard errors are in parentheses and \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

*Table 11*. Determinants of proportion of capital held by various socio-occupational groups, as a proportion of capital not held by gentlemen and esquires

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
|  | BusinessProp | InstitutionProp | FinanceProp | UpperProp | MiddleProp | WomenProp |
|  |  |  |  |  |  |  |
| Age | -0.003\*\*\* | -0.000 | -0.001\* | 0.000 | 0.000 | 0.004\*\*\* |
|  | (0.001) | (0.000) | (0.000) | (0.000) | (0.001) | (0.001) |
| Size | 0.017 | 0.012 | -0.004 | 0.022\* | -0.033\* | -0.016 |
|  | (0.023) | (0.007) | (0.011) | (0.012) | (0.017) | (0.017) |
| ForeignFirm | -0.115\*\*\* | 0.064\*\*\* | 0.051\*\*\* | 0.018 | -0.024 | -0.006 |
|  | (0.037) | (0.021) | (0.018) | (0.025) | (0.026) | (0.028) |
| Preference | -0.018 | -0.031 | -0.036\*\*\* | -0.048\*\* | 0.078\* | 0.095\*\* |
|  | (0.051) | (0.022) | (0.013) | (0.022) | (0.041) | (0.045) |
| ShareUncalled | 0.000 | 0.000 | 0.000 | -0.000 | 0.001 | -0.001\* |
|  | (0.001) | (0.000) | (0.000) | (0.000) | (0.001) | (0.001) |
| ShareParValue | 0.000 | 0.000 | 0.000 | -0.002\* | -0.000 | 0.002 |
|  | (0.002) | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) |
| IndustryMines | 0.062 | -0.031 | -0.013 | 0.022 | -0.017 | -0.051 |
|  | (0.061) | (0.022) | (0.032) | (0.036) | (0.048) | (0.048) |
| IndustryUtility | -0.001 | -0.008 | -0.053\*\* | 0.068 | -0.063\* | 0.012 |
|  | (0.053) | (0.028) | (0.021) | (0.057) | (0.032) | (0.031) |
| IndustryFinancial | 0.097\*\* | -0.012 | 0.007 | -0.006 | -0.085\*\* | -0.010 |
|  | (0.043) | (0.012) | (0.018) | (0.019) | (0.033) | (0.024) |
| IndustryBreweries | 0.037 | 0.096\*\* | 0.003 | 0.048 | -0.060\* | -0.044 |
|  | (0.072) | (0.045) | (0.020) | (0.052) | (0.036) | (0.045) |
| NumShareholders | -0.000\* | -0.000 | -0.000 | 0.000 | -0.000 | 0.000\*\*\* |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| OwnershipDate | -0.003 | 0.002\*\*\* | -0.001 | -0.000 | 0.001 | 0.002 |
|  | (0.002) | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) |
| DivPayer | -0.149\*\*\* | 0.015 | -0.003 | -0.000 | -0.036 | 0.121\*\*\* |
|  | (0.050) | (0.021) | (0.031) | (0.030) | (0.047) | (0.037) |
| DivYield | 0.007 | -0.000 | 0.001 | 0.000 | 0.001 | -0.007\*\* |
|  | (0.005) | (0.002) | (0.004) | (0.003) | (0.004) | (0.003) |
| Liquidity | 0.084 | -0.013 | 0.065\*\*\* | -0.065\* | 0.011 | -0.022 |
|  | (0.057) | (0.020) | (0.023) | (0.035) | (0.041) | (0.035) |
| NumMarkets | 0.003 | 0.010 | 0.011 | -0.000 | -0.005 | -0.018 |
|  | (0.019) | (0.009) | (0.008) | (0.011) | (0.012) | (0.013) |
| FamilyFirm | 0.113\*\*\* | -0.014 | -0.006 | -0.022 | -0.078\*\*\* | -0.003 |
|  | (0.041) | (0.022) | (0.012) | (0.017) | (0.024) | (0.028) |
| NumDirectors | -0.003 | 0.003\*\* | 0.001 | -0.005\*\* | 0.024\*\*\* | -0.017\*\*\* |
|  | (0.005) | (0.002) | (0.002) | (0.002) | (0.007) | (0.004) |
| DirectorsNobility | -0.060\*\* | -0.017\* | 0.009 | 0.030\*\* | 0.029 | 0.011 |
|  | (0.027) | (0.009) | (0.013) | (0.015) | (0.021) | (0.021) |
| CourtWoundup | 0.076 | -0.020 | -0.082\*\*\* | 0.028 | 0.048 | 0.028 |
|  | (0.106) | (0.024) | (0.023) | (0.029) | (0.044) | (0.093) |
| Merged | 0.014 | -0.010 | 0.000 | -0.013 | -0.002 | 0.002 |
|  | (0.030) | (0.014) | (0.013) | (0.017) | (0.021) | (0.023) |
| HeadLondon | -0.082\* | -0.024 | -0.013 | 0.027 | 0.065\*\* | 0.055\* |
|  | (0.049) | (0.016) | (0.014) | (0.028) | (0.027) | (0.032) |
| HeadLanc | 0.024 | -0.029\*\* | -0.020 | 0.002 | -0.004 | 0.092\*\* |
|  | (0.061) | (0.014) | (0.016) | (0.025) | (0.048) | (0.036) |
| HeadYork | 0.152\*\*\* | -0.006 | -0.002 | -0.032\*\* | -0.001 | -0.058\* |
|  | (0.042) | (0.009) | (0.014) | (0.015) | (0.024) | (0.033) |
| LocalMiles | 0.001\* | 0.000 | -0.000\*\* | -0.000 | 0.000 | -0.000\*\*\* |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| Constant | 5.683 | -4.244\*\*\* | 1.020 | 0.653 | -1.356 | -2.763 |
|  | (3.779) | (1.536) | (1.700) | (1.973) | (2.551) | (2.667) |
|  |  |  |  |  |  |  |
| Observations | 179 | 179 | 179 | 179 | 179 | 179 |
| R-squared | 0.514 | 0.371 | 0.269 | 0.337 | 0.442 | 0.456 |

*Notes*: Robust standard errors are in parentheses and \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

*Table 12*. Determinants of proportion of investors in each socio-occupational group

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
|  | BusinessNum | InsitutionNum | FinanceNum | UpperNum | MiddleNum | WomenNum |
|  |  |  |  |  |  |  |
| Age | -0.001\* | -0.000\*\*\* | -0.000 | -0.001 | 0.000 | 0.002\*\*\* |
|  | (0.001) | (0.000) | (0.000) | (0.001) | (0.001) | (0.001) |
| Size | -0.014 | 0.000 | -0.009 | 0.084\*\*\* | -0.035\*\*\* | -0.012 |
|  | (0.015) | (0.001) | (0.006) | (0.020) | (0.011) | (0.011) |
| ForeignFirm | -0.049\*\* | 0.004\*\*\* | 0.009\* | 0.077\*\* | -0.021 | -0.011 |
|  | (0.023) | (0.001) | (0.005) | (0.034) | (0.015) | (0.018) |
| Preference | -0.009 | -0.000 | -0.002 | -0.057\* | 0.034\* | 0.061 |
|  | (0.027) | (0.002) | (0.005) | (0.033) | (0.018) | (0.038) |
| ShareUncalled | 0.000 | 0.000 | 0.000\*\* | -0.001\* | 0.001 | -0.000 |
|  | (0.001) | (0.000) | (0.000) | (0.001) | (0.001) | (0.000) |
| ShareParValue | -0.000 | -0.000 | 0.000 | 0.001 | -0.000 | -0.000 |
|  | (0.001) | (0.000) | (0.000) | (0.001) | (0.001) | (0.001) |
| IndustryMines | 0.048 | -0.001 | 0.009 | 0.102\* | -0.071\*\*\* | -0.088\*\*\* |
|  | (0.046) | (0.001) | (0.020) | (0.057) | (0.024) | (0.030) |
| IndustryUtility | 0.022 | 0.001 | -0.008 | -0.017 | 0.006 | 0.006 |
|  | (0.031) | (0.002) | (0.007) | (0.056) | (0.035) | (0.023) |
| IndustryFinancial | 0.069\*\* | 0.001 | 0.012\* | -0.059 | -0.021 | -0.002 |
|  | (0.027) | (0.001) | (0.007) | (0.039) | (0.020) | (0.017) |
| IndustryBreweries | 0.063 | 0.005\*\* | 0.001 | 0.018 | -0.007 | -0.060\* |
|  | (0.054) | (0.002) | (0.010) | (0.048) | (0.022) | (0.036) |
| NumShareholders | -0.000 | -0.000 | -0.000\* | -0.000 | -0.000 | 0.000\*\*\* |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| OwnershipDate | -0.003\*\* | 0.000\*\*\* | -0.000 | -0.003 | 0.001 | 0.003\*\*\* |
|  | (0.001) | (0.000) | (0.000) | (0.002) | (0.001) | (0.001) |
| DivPayer | -0.034 | 0.000 | 0.001 | -0.053 | -0.056\*\* | 0.114\*\*\* |
|  | (0.036) | (0.001) | (0.013) | (0.059) | (0.027) | (0.030) |
| DivYield | 0.001 | 0.000 | -0.000 | 0.008\* | 0.001 | -0.008\*\*\* |
|  | (0.003) | (0.000) | (0.001) | (0.005) | (0.002) | (0.002) |
| Liquidity | 0.053 | -0.000 | 0.030\*\* | -0.056 | 0.021 | -0.009 |
|  | (0.044) | (0.001) | (0.014) | (0.053) | (0.023) | (0.028) |
| NumMarkets | -0.001 | 0.000 | 0.005 | -0.009 | 0.009 | -0.015\* |
|  | (0.013) | (0.000) | (0.003) | (0.016) | (0.007) | (0.008) |
| FamilyFirm | 0.049 | -0.002\* | 0.006 | -0.073\*\* | -0.002 | 0.037\* |
|  | (0.030) | (0.001) | (0.006) | (0.032) | (0.014) | (0.019) |
| NumDirectors | -0.002 | 0.000 | -0.001\* | -0.008\* | 0.017\*\*\* | -0.015\*\*\* |
|  | (0.004) | (0.000) | (0.001) | (0.004) | (0.005) | (0.003) |
| DirectorsNobility | -0.011 | -0.001 | 0.005 | 0.016 | 0.020 | -0.004 |
|  | (0.019) | (0.001) | (0.007) | (0.026) | (0.012) | (0.015) |
| CourtWoundup | -0.008 | -0.001 | -0.043\*\*\* | 0.071 | 0.010 | 0.021 |
|  | (0.060) | (0.002) | (0.011) | (0.051) | (0.042) | (0.032) |
| Merged | -0.010 | 0.000 | -0.010\*\* | 0.084\*\*\* | -0.036\*\*\* | -0.024\* |
|  | (0.020) | (0.001) | (0.004) | (0.026) | (0.012) | (0.014) |
| HeadLondon | -0.089\*\*\* | -0.001 | -0.003 | 0.106\*\*\* | 0.019 | 0.012 |
|  | (0.034) | (0.001) | (0.006) | (0.035) | (0.018) | (0.023) |
| HeadLanc | 0.072 | -0.001 | 0.005 | -0.044 | -0.002 | 0.026 |
|  | (0.048) | (0.001) | (0.009) | (0.048) | (0.027) | (0.024) |
| HeadYork | 0.126\*\*\* | -0.000 | -0.004 | -0.071\*\* | 0.036\*\* | -0.071\*\*\* |
|  | (0.033) | (0.001) | (0.006) | (0.030) | (0.016) | (0.026) |
| LocalMiles | 0.000\*\* | 0.000\* | 0.000\* | -0.001\*\*\* | 0.000\*\*\* | -0.000 |
|  | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| Constant | 5.348\*\* | -0.341\*\*\* | 0.185 | 4.347 | -1.626 | -6.247\*\*\* |
|  | (2.423) | (0.096) | (0.532) | (3.164) | (1.497) | (1.962) |
|  |  |  |  |  |  |  |
| Observations | 179 | 179 | 179 | 179 | 179 | 179 |
| R-squared | 0.550 | 0.426 | 0.266 | 0.655 | 0.507 | 0.559 |

*Notes*: Robust standard errors are in parentheses and \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

*Appendix Table 1*. Variable definitions and data sources

|  |  |  |
| --- | --- | --- |
| Variable | Description | Data sources |
| Shareholder variables (dependent variables) |  |
| BusinessProp | % of capital provided by businessmen  | OR |
| BusinessNum | % of shareholder constituency made up of businessmen  | OR |
| FinanceProp | % of capital provided by financiers and financial professionals | OR |
| FinanceNum | % of shareholder constituency made up of financiers and financial professionals | OR |
| InstitutionProp | % of capital provided by institutional shareholders  | OR |
| InstitutionNum | % of shareholder constituency made up of institutional shareholders | OR |
| MiddleProp | % of capital provided by middle classes  | OR |
| MiddleNum | % of shareholder constituency made up of middle classes | OR |
| UpperProp | % of capital provided by upper classes  | OR |
| UpperNum | % of shareholder constituency made up of upper classes | OR |
| WomenProp | % of capital provided by women  | OR |
| WomenNum | % of shareholder constituency made up of women | OR |
|  |  |
| Company characteristics |  |
| Age | Numbers of years since incorporation | AoA, SEY, SEOI, BOI |
| FamilyFirm | A binary variable = 1 if firm is family firm (i.e., a director’s or large shareholder’s name is contained in firm name or two directors shares the same surname), 0 otherwise | OR, SEY, SEOI, BOI |
| ForeignFirm | A binary variable = 1 if firm was foreign, 0 otherwise | SEY, SEOI, BOI |
| Size | Natural log of a share’s par (paid-up) value  | OR, SEY, SEOI, BOI |
|  |  |  |
| Share characteristics |  |
| DivPayer | A binary variable = 1 if firm is a dividend payer, 0 otherwise | IMM |
| DivYield | Dividend in year t / price at end of year t-1 | IMM |
| Liquidity | % of months in past year where end-of-month share price has not moved | IMM |
| NumMarkets | Number of stock markets where shares were listed | IMM, SEOI, BOI |
| Preference | A binary variable = 1 if firm has preference shares, 0 otherwise | OR |
| ShareUncalled | Difference between the nominal and par value of a share | OR, AoA, SEOI, BOI |
| ShareParValue | Par value (£) of each share | OR, AoA, SEOI, BOI |
|  |  |  |
| Industry binary variables |  |
| IndustryBreweries | A binary variable which equals 1 if company is a brewery, 0 otherwise | AoA, SEOI, BOI |
| IndustryFinancial | A binary variable which equals 1 if company is in financial sector, 0 otherwise | AoA, SEOI, BOI |
| IndustryMines | A binary variable which equals 1 if company is in mining industry, 0 otherwise | AoA, SEOI, BOI |
| IndustryUtility | A binary variable which equals 1 if company is a utility, 0 otherwise | AoA, SEOI, BOI |
|  |  |  |
| Control variables |  |  |
| CourtWoundUp | A binary variable = 1 if firm was wound up by court order, 0 otherwise | RDC, EG, LG |
| DirectorsNobility | A binary variable = 1 if firm has a director with a title, 0 otherwise |  |
| HeadLanc | A binary variable which equals 1 if company has a head office in Lancashire, 0 otherwise | AoA, SEY, SEOI, BOI |
| HeadLondon | A binary variable which equals 1 if company has a head office in London, 0 otherwise | AoA, SEY, SEOI, BOI |
| HeadYork | A binary variable which equals 1 if company has a head office in York, 0 otherwise | AoA, SEY, SEOI, BOI |
| LocalMiles | The distance (in miles) between a company’s head office and the main market where its shares are traded | AoA, SEY, SEOI, BOI, Google maps |
| NumShareholders | Total number of shareholders in company | OR |
| NumDirectors | Number of directors in company |  |
| Merged | A binary variable = 1 if firm merged into another firm, 0 otherwise | RDC, EG, LG |
| OwnershipDate | Year in which ownership census was taken | OR |

*Notes*: AoA = Articles of Association; BCCA = Burdett’s Collection of Company Accounts at the Guildhall Library; BOI = Burdett’s Official Intelligence; EG = Edinburgh Gazette: LG = London Gazette; IMM = Investor’s Monthly Manual; OR = ownership returns from national archives; RDC = Register of Defunct Companies; SEOI = Stock Exchange Official Intelligence; SEY = Stock Exchange Yearbook.

1. The 1855 Limited Liability Act (18 & 19 Vict., c.113) was repealed, but re-enacted in 1856 (19 & 20 Vict., c.47). Limited liability was introduced in banking in 1858 (21 & 22 Vict. c.91). Finally, the 1862 Companies Act (25 & 26 Vict. c.89) was a consolidation of existing pieces of incorporation legislation. [↑](#footnote-ref-1)
2. See Cottrell, *Industrial finance*; Taylor, *Creating capitalism* and Shannon, ‘The limited companies’ on the liberalisation of incorporation law and the subsequent growth in company formation. On the growth of the equity market, see Michie, *London Stock Exchange*, p.88-9. See Michie, *Money, mania and markets* and Thomas, *The provincial stock exchanges* on the formation and growth of Scottish and provincial stock exchanges in the nineteenth century. [↑](#footnote-ref-2)
3. Acheson et al., ‘Rule Britannia’. [↑](#footnote-ref-3)
4. Grossman, ‘New indices’. [↑](#footnote-ref-4)
5. Cottrell, *Industrial finance*, pp. 88-96 examines the social composition of a small sample of industrial limited companies formed under the new incorporation legislation. However, his entire sample mainly consists of companies whose shares did not trade on stock markets. Davis and Huttenback, *Mammon and the pursuit of empire*, pp. 195-220 examine shareholders in 201 foreign and colonial companies and for the sake of comparison, they look at shareholders in 59 domestic companies. [↑](#footnote-ref-5)
6. Rutterford et al., ‘Who comprised’ highlight that the increase in women investors coincided with the development of less risky types of investment. [↑](#footnote-ref-6)
7. See Edelstein, *Overseas Investment*; Pollard, ‘Capital exports’; Kennedy, *Industrial Structure*; O’Rourke and Williamson, *Globalization and History*, chap. 12; Goetzmann and Ukhov, ‘British overseas investment’; Chabot and Kurz, ‘That’s where the money was’; Grossman, ‘Bloody foreigners’. [↑](#footnote-ref-7)
8. Broadbridge, ‘Sources of railway share capital’; Campbell and Turner, ‘Dispelling the myth’; Pollins, ‘Finances’; Reed, ‘Railways’, *Investment in Railways*. [↑](#footnote-ref-8)
9. Anderson and Cottrell, ‘Capital market’; Newton and Cottrell, ‘Female investors’; Turner, ‘Wider share ownership’; Acheson and Turner, ‘Investor behaviour’. [↑](#footnote-ref-9)
10. Acheson and Turner, ‘Investor behaviour’; Newton, ‘The birth of joint-stock banking’. [↑](#footnote-ref-10)
11. Doe, ‘Waiting for her ship to come in’; Green and Owens, ‘Gentlewomanly capitalism’; Newton and Cottrell, ‘Female investors’; Rutterford and Maltby, ‘The nesting instinct’ and ‘The widow, the clergyman and the reckless’; Rutterford et al., ‘Who comprised’. [↑](#footnote-ref-11)
12. Davis and Huttenback, *Mammon and the pursuit of empire*, pp. 195-220. [↑](#footnote-ref-12)
13. Michie, *Guilty money*; Michie, ‘Gamblers, fools, victims or wizards?’ [↑](#footnote-ref-13)
14. See, for example, Elton and Gruber, ‘Marginal stockholder tax rates’; Graham and Kumar, ‘Do dividend clienteles exist?’ and Pettit, ‘Taxes’. [↑](#footnote-ref-14)
15. Turner et al., ‘Why do firms pay dividends’, p. 1791. [↑](#footnote-ref-15)
16. Jefferys, *Business organisation*, p. 209; Jefferys, ‘The denomination’. [↑](#footnote-ref-16)
17. Armstrong, ‘The rise and fall of the company promoter’, pp. 119-121; Cottrell, British overseas investment, p. 28. [↑](#footnote-ref-17)
18. Armstrong, ‘The rise and fall of the company promoter’, p. 121; Thompson, *English landed society*, p. 307. [↑](#footnote-ref-18)
19. We found information on 5,134 individuals who had been left uncategorised during the first stage of data entry. In 58 per cent of cases, we identified a male occupation which had been deemed illegible at phase one of data input. In another 15 per cent of cases, a title such as Major, M.P., Dr or Reverend was appended to the shareholder’s name. A further 15 per cent were shareholdings held by an executor, trust, administrator or a company. The remaining 12 per cent of ‘missing’ shareholders were female and had not been classified as a spinster, widow or married woman in the original ownership files. [↑](#footnote-ref-19)
20. Allen, ‘A theory of the pre-modern British aristocracy’, p. 301. [↑](#footnote-ref-20)
21. Best, *Mid-Victorian Britain*, pp. 268-76. [↑](#footnote-ref-21)
22. Rutterford, ‘Learning from one another’s mistakes’. [↑](#footnote-ref-22)
23. On this court ruling, see McDonald, D. G. *The Rule in Trevor v. Whitworth*. [↑](#footnote-ref-23)
24. Acheson and Turner, ‘Investor behaviour’, ‘Death blow to unlimited liability’; Turner, ‘Wider share ownership’. [↑](#footnote-ref-24)
25. Armstrong, ‘The rise and fall of the company promoter’, p. 121; Thompson, *English landed society*, p. 307. [↑](#footnote-ref-25)
26. Acheson and Turner, ‘Investor behaviour’, ‘Death blow to unlimited liability’; Turner, ‘Wider share ownership’. [↑](#footnote-ref-26)
27. Turner, ‘Wider share ownership’. [↑](#footnote-ref-27)
28. Rutterford et al., ‘Who comprised’, p. 169. [↑](#footnote-ref-28)
29. Rutterford et al., ‘Who comprised’, p. 171. [↑](#footnote-ref-29)
30. Rutterford and Maltby, ‘The widow, the clergyman and the reckless’, p.120. [↑](#footnote-ref-30)
31. See Michie, *Money, mania and markets,* pp. 248-9 for a discussion on the speculative nature of mining stocks at this time and the security of stocks of utilities, banks and insurance companies. [↑](#footnote-ref-31)
32. Similar to Davis and Huttenback, *Mammon and the pursuit of empire*, p. 200, we find that merchants were more likely to invest in foreign and colonial companies than other businessmen. [↑](#footnote-ref-32)
33. Davis and Huttenback, *Mammon and the pursuit of empire*, pp. 200-2; Cain and Hopkins, ‘Gentlemanly capitalists’, p. 3. [↑](#footnote-ref-33)
34. Rutterford et al., ‘Who comprised’, p. 174. [↑](#footnote-ref-34)
35. For the rise of the regional stock exchanges, see Killick and Thomas, ‘Provincial stock exchanges’. [↑](#footnote-ref-35)
36. On this trend see Newton, *The finance of manufacturing,* p. 181. [↑](#footnote-ref-36)
37. Jefferys, *Business organisation*, p. 209 [↑](#footnote-ref-37)
38. Jefferys, *Business organisation*, p. 220. [↑](#footnote-ref-38)
39. Jefferys, ‘The denomination’. [↑](#footnote-ref-39)
40. See Acheson and Turner, ‘Investor behaviour’, pp. 198-9. [↑](#footnote-ref-40)
41. Jefferys, *Business organisation*, pp. 353-4 [↑](#footnote-ref-41)
42. On risk preferences of women and businessmen see Acheson and Turner, ‘Investor behaviour’, p. 198, Dwyer et al., ‘Gender differences’; Rutterford and Maltby, ‘The widow, the clergyman and the reckless’, p. 113. [↑](#footnote-ref-42)
43. Acheson and Turner, ‘Investor behaviour’. [↑](#footnote-ref-43)
44. Campbell and Turner, ‘Substitutes for legal protection’. [↑](#footnote-ref-44)
45. Barber and Odean, ‘Boys will be boys’ find that in the 1990s men trade shares 45 per cent more than women. [↑](#footnote-ref-45)
46. Jefferys, *Business organisation*, p. 209; Jefferys, ‘The denomination’. [↑](#footnote-ref-46)
47. See Rutterford et al., ‘Who comprised’, pp.179-80 on the composition of assets at death, which the proportion of someone’s estate held in shares. [↑](#footnote-ref-47)