

Campaign for Merit in Business
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Rt Hon Vince Cable MP
Secretary of State
Dept for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET

21 July 2012

Dear Mr Cable,

On 29 May I wrote to invite you to an event at the Institute of Economic Affairs, at which I shall be presenting the evidence that ‘improved’ gender diversity in the boardroom (‘GDITB’) damages corporate performance:

<http://www.iea.org.uk/blog/the-gender-diversity-delusion>

Thank you for confirming on 16 July that you’re unable to attend the event. In my letter I also asked you to provide your evidence for the causal relationship you frequently claim between GDITB and enhanced corporate performance. I see that you haven’t provided any such evidence. On the same day you sent your letter, I noted an article in your name in the *Evening Standard*, in which you stated:

‘Having more women on boards isn’t just good for the culture of business, it’s also good for business. A growing body of evidence shows clear links between diversity, financial performance and stock market growth. Recent research by Catalyst found that companies with more women on their boards outperformed rivals with a 42 per cent higher return in sales, 66 per cent higher return on capital and 53 per cent higher return on equity.’

Why do you persist in making such statements? Last Monday Professor Susan Vinnicombe of the Cranfield International Centre for Women Leaders made the following statement to a House of Lords sub-committee investigating ‘Women on Boards’:

‘... there has been quite a push in the past – indeed, we ourselves have engaged in such research – to look at the relationship between having women on corporate boards and financial performance. We do not subscribe to this research. We have shared it with chairmen and they do not think that it makes sense. We agree that it does not make sense. You cannot correlate two or three women on a massive corporate board with a return on investment, return on equity, turnover or profits. We have dropped such research in the past five years and I am pleased to say that Catalyst, which claims to have done a ground-breaking study on this in the US, officially dropped this line of argument last September.’

It’s become clear that there is no business case for GDITB, indeed the truth is (see the IEA piece) that the business case is *against* GDITB. In the same *Evening Standard* article you revert to the shaming and bullying tactics which have long been a feature of the ideological drive for GDITB:

'Lord Davies has recently and effectively used the bully pulpit of publicity to get recalcitrant companies to co-operate. There are now just eight all-male boards remaining in the FTSE100, down from 21 a year ago. Amec, Antofagasta, Croda, Glencore, Kazakhmys, Randgold, Vedanta and Xstrata are the last of these and I hope they are now trying harder to recruit women.'

I hope they're *not* trying harder to recruit women, but rather trying to recruit directors (if they need to recruit any) solely on the basis of merit, regardless of gender. I congratulate these companies for resisting the bullying tactics of Lord Davies, yourself and others, and I hope they continue to do so.

Yours sincerely,

Mike Buchanan

Copies sent to:

John Connolly, Chairman, AMEC plc
Jean-Paul Luksic, Executive Chairman, Antofagasta plc
Martin Fowler, Chairman, Croda plc
Simon Murray, Chairman, Glencore plc
Vladimir Kim, Chairman, Kazakhmys plc
Philip Liétard, Chairman, Randgold plc
Anil Agarwal, Executive Chairman, Vedanta Resources plc
Sir John Bond, Chairman, Xstrata plc