

**Comments by Mike Buchanan 28 September 2012 in red font**

**Sent by Email**

**Mr Mike Buchanan**

**Email:** [mikebuchanan@hotmail.co.uk](mailto:mikebuchanan@hotmail.co.uk)

**Our Ref: FOI693**

11 September 2012

Dear Mr Buchanan,

**Subject: Freedom of Information Request**

Thank you for your email and a copy of our previous letter in which you provided comments of 9 September 2012, which we have carefully considered. We would wish to draw your attention to an authoritative new book, *Women on Corporate Boards and in Top Management* (Palgrave Macmillan, 2012), which was published in May, after our own study by Cranfield University referred to in our previous email.

**I refer the reader to Michael Klein's review of this ideologically-motivated book which is decidedly NOT 'authoritative'.**

Edited by Professor Colette Fagan of the University of Manchester and two Spanish academics, Maria C. Gonzalez Menendez and Silvia Gomez Anson, the book provides the most detailed review of the available evidence on the business case for gender diversity of which we are aware. Anson examines whether gender diversity at board level and in senior management increases profitability and shareholder value. A table in the chapter briefly summarises the findings of 24 worldwide

studies; of these 14 found a positive relationship between gender diversity at board level and firm performance, two found a negative relationship (one being the study by Adams and Ferreira which you cite) and the remainder found no relationship or mixed findings. Anson also explores some of the factors which might account for the different results; interestingly, she notes that in a later (2010) study, Daniel Ferreira argued that "some firms benefit from more diversity, while others do not" (Fagan et al, 2012: 28).

To the best of our knowledge none of the 14 studies which showed a 'positive relationship' shows a CAUSAL relationship. We will look at all 14 studies and report on this matter in due course.

We covered the Adams & Ferreira study, which shows a negative relationship, on our blog:

<http://c4mb.wordpress.com/2012/09/22/adams-and-ferreira-paper-2008-women-in-the-boardroom-and-their-impact-on-governance-and-performance/>

We also covered the second study showing a negative relationship, not identified in this EHRC letter:

<http://c4mb.wordpress.com/2012/09/28/a-fourth-study-shows-that-having-more-women-on-boards-leads-to-a-decline-in-corporate-performance/>

Although a greater number of the studies cited show a positive than a negative relationship, the editors of the volume conclude (p. 255) that: "The results from empirical studies are inconclusive about the link between women's presence at board level and firm performance".

It was stated earlier in this letter that, 'the book provides the most detailed review of the available evidence on the business case for gender diversity of which we are aware'. And yet in the last paragraph the book states 'the results from empirical studies are inconclusive'. Why is the government driving the initiative to increase female representation on boards – through the threat of legislated quotas – when results are 'inconclusive'? In plain English, the EHRC is accepting there is no evidence base to support the government's initiative.

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They suggest that further research is required in this area, which this should take a longitudinal rather than a cross-sectional perspective, should use more refined measures of women's influence on the board and control for a greater range of factors.

The statement in our press release, "Research shows that diverse boards produce better performance" may have been more qualified...

The statement shouldn't have been more 'qualified'. It should have been removed. It was WRONG.

... but it is based on authoritative published sources such as the Davies review 'Women on Boards February 2011'.

Referring the Davies review 'authoritative' is, presumably, a joke. The purpose of the review – authored by a *Labour* peer – was to drive up the proportion of women on boards, and the report contains not a *shred* of evidence for a causal link between increased female representation on boards and enhanced corporate performance.

Like Fagan and her colleagues, we also think that more research in this area is required. However, we do not agree with your assertion that the empirical evidence conclusively shows a negative link between more women on boards and financial performance. As we have shown above, this is simply not correct.

You have shown nothing of the sort. We have yet to be presented with even one study showing evidence of a positive causal link... (you know the rest). While we have four studies clearly showing evidence of a negative causal link (all are cited on <http://c4mb.wordpress.com>).

Finally, we would strongly recommend that you read *Women on Corporate Boards* which we think you will find of considerable interest. It provides detailed analyses of recent developments in the UK, Finland, France, Hungary, Norway, Slovenia, Sweden and the UK on a comparative basis. For further information on this book, see:

<http://www.palgrave.com/products/title.aspx?pid=493067>

We do not hold any other information relevant to your request. However, our Gender Diversity on Boards research report was published in May

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2012 and is available on our website. The reference sources are annotated in the report.

[http://www.equalityhumanrights.com/uploaded\\_files/research/rr85\\_final.pdf](http://www.equalityhumanrights.com/uploaded_files/research/rr85_final.pdf)

We hope that you are satisfied with our response.

**No, we're not satisfied. To our amazement, it's even weaker than we'd been anticipating.**

If you require any clarification please do not hesitate to contact us at the following address:

Corporate Communications Team  
Equality and Human Rights Commission  
3rd Floor, Lancaster House  
67 Newhall Street  
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Email: [foi@equalityhumanrights.com](mailto:foi@equalityhumanrights.com)

If you are unhappy with our response and wish to request an internal review of our decision please write to the Corporate Communications Team at the address above.

**We would like an internal review of your decision. Again, we ask for any evidence the EHRC has of a positive causal link between 'improved' gender diversity on boards, and enhanced corporate performance. If you have no such evidence, then please say so.**

During the independent review the handling of your information request will be reassessed by Commission staff afresh.

If following the review you are not content with the outcome you may apply directly to the Information Commissioner's Office (ICO) at:-

The Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF.

3rd floor Lancaster House  
67 Newhall Street  
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Generally the ICO cannot provide a decision until you have exhausted the review process within the Equality and Human Rights Commission.

If the Commission can be of any further assistance please contact us on the details below.

Yours sincerely,

Markus Piscapore-Caruana  
Corporate Communications Officer

**Equality and Human Rights Commission**

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