

CAMPAIGN FOR MERIT IN BUSINESS

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Susan Vinnicombe
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Cranfield School of Management

14 December, 2022

Dear Susan,

The ‘women on boards’ scandal – our public challenges of four leading proponents

I launched the Campaign for Merit in Business in 2012. To the best of my knowledge it was then (and remains to this day) the only campaign in the world challenging the claim that increasing gender diversity on boards leads to enhanced financial performance, and that companies should therefore appoint more women to their boards. On our website we have many blog pieces which mention you.¹

In 2012 we posted a blog piece titled *Professor Susan Vinnicombe, the world’s leading academic proponent of ‘more women on boards’, makes a remarkable admission to a House of Lords inquiry.*² Your testimony included this:

Thirdly, 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.

However, there are broader, non-financial performance indicators, such as corporate social responsibility, employee involvement, innovation, philanthropy and good communications, which have been seen to be connected to companies that have women on their boards.

I am sending public challenges to yourself (more on this shortly) as well as Baroness Helena Morrissey (founder of the 30% Club), Ann Cairns (Global Chair, the 30% Club) and Tony Danker (Director General, CBI). Details have been posted on our website, and on the website of the political party Justice for Men & Boys, which I lead. A related press release has been sent to a considerable number of journalists around the world, who write on business and financial matters.

¹ <https://c4mb.wordpress.com/?s=Susan+Vinnicombe>

² <https://c4mb.wordpress.com/2012/07/20/a-remarkable-statement-by-a-leading-proponent-of-improved-gender-diversity-in-the-boardroom/>

I am always interested to read the Cranfield School of Management *Female FTSE Board Reports* which you and your colleagues have been producing since 1999.³ The proportion of FTSE100 board directors who are women for selected years:

2000 – 5.8%
2005 – 10.5%
2010 – 12.5%
2015 – 23.5%
2020 – 34.5%
2022 – 39.6%

Female representation on FTSE100 boards has increased almost seven-fold in the past 22 years. Plenty of time for researchers to have reported on the causal link – if it exists – between appointing more women to boards and enhanced financial performance. Enhanced financial performance was, after all, the stated justification for the initiative from the outset.

In 2012 I presented oral evidence to a House of Commons inquiry, ‘Women in the Workplace’. A link to the video (56:49) is here.⁴ I cited five longitudinal studies indicating a causal link between increasing the proportion of women on boards and corporate financial DECLINE.⁵

My challenges to you could not be simpler. I’m looking for answers to two questions:

- Do you have evidence of a causal link between increasing gender diversity on boards and enhanced corporate financial performance? If so, please provide links to it. Evidence from the FTSE100 would be particularly welcome, given the almost seven-fold increase in female representation on FTSE100 boards since 2000.
- Do you accept the findings of the longitudinal studies reporting a causal link between increasing gender diversity on boards and *declines* in corporate financial performance? If so, do you believe declines in financial performance are a price worth paying for having more women on boards?

Please reply to me via email (mike@j4mb.org.uk) rather than by mail, to save time. Thank you.

Yours sincerely,

Mike Buchanan

³ <https://www.cranfield.ac.uk/femaleftseboardreport>

⁴ <https://www.youtube.com/watch?v=zwqTi6HN0pM>

⁵ <https://c4mb.wordpress.com/improving-gender-diversity-on-boards-leads-to-a-decline-in-corporate-performance-the-evidence/>