The Business Case for Lesbian, Gay, Bisexual, and Transgender Equality

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In today’s workplace, lesbian, gay, bisexual, and transgender (LGBT) employees continue to be unequally compensated for their contributions. Although American workplaces have made some progress, much remains to be done before workplaces are routinely regarded as truly being LGBT friendly (Cadrain 49). This position paper will provide guidelines for businesses who want to improve equality between LGBT employees and their heterosexual peers. To demonstrate cultural competence, businesses can adopt specific measures that insure LGBT employees and consumers feel engaged and included, and that they are treated equally.

The impact of progressive human resources practices will also be explored, with an emphasis on corporate social responsibility (CSR). CSR—as related to employment practices—affects several groups of stakeholders, including the larger community of LGBT consumers who are an active, growing, and significant group of corporate stakeholders (Johnston and Malina 621). A review of trends and what other companies are doing will reveal that equality for LGBT employees is simply the right thing to do to be a successful business in today’s marketplace.

Stakeholder Theory

One of the central tenets in stakeholder theory is that businesses should manage their many stakeholders in a way that achieves the purposes of the organization (Johnston and Malina 621). The stakeholders for this discussion are identified as current employees, future hires, shareholders and investors, consumers and the broader community.

Consider this scenario: LGBT employees are more likely to raise or elevate issues to a local LGBT employee resource group of like-minded people rather than a human resources representative they have never met. LGBT affinity groups make work life easier for LGBT people. People are more attracted to companies that do not tolerate harassment and bullying, which is a good thing for all employees.
(Harrison 13). The question is, how can businesses make LGBT equality work for their many stakeholders?

**Current and future employees**

“Evidence that LGBT employees are finding their workplaces more accommodating can be found in the Corporate Equality Index (CEI) produced by the Human Rights Campaign (HRC)” (Cadrain 46). “If people are working in an environment where they are too scared to come out, they will not progress in their career and will underperform because they cannot behave naturally” (Harrison 13). Inclusive workplace policies send a clear message to applicants and current employees that:

- Companies are committed to diversity and inclusion throughout the organization
- Companies stand by nondiscrimination policies that include sexual orientation and gender identity
- Employees must live by company policies and values—not just for potential employees, but also for the ones they already have
- LGBT affinity groups make it easier for companies to comply with their own established values if a local mechanism exists to address LGBT employee concerns
- Affinity groups support ongoing fair employment practices, and they are barometers of how well companies are living up to their values and commitments to diversity and inclusion.

Affinity groups, also called employee resource groups (ERGs), are a crucial step toward fostering a sense of safety, acceptance, and equality for LGBT employees (Cadrain 48). ERGs help companies empower, retain, and attract LGBT employees and maximize the potential of LGBT customers (Cadrain 48). Identifying reasons to create a welcoming workplace for LGBT employees comes down to good business—from recruitment advantages to competitiveness. ERGs are also an avenue for companies to educate their workforces. “Employee resource groups generally provide support and networking, and educate other employees about LGBT issues, and advocate change”
Training that educates employees about diverse populations shows a good faith attempt to reduce discriminatory behaviors (Johnston and Malina 605).

“Diversity happens . . . when individuals learn to be authentic—comfortable in their own skin—so that they can communicate respectfully and effectively with clients and colleagues regardless of their personal identity . . .  Most of us hang out socially with people who share our background and hold biases toward groups with whom we have limited contact. It is not surprising that this dynamic spills over into work. Colleagues can sit in adjoining cubicles for months and have very little to say to each other, let alone embark on meaningful collaboration on a work project. We often fear those who are different from us. Fear is based on discomfort, and discomfort is based on inexperience . . .  To bring down those barriers can be very liberating” (Batstone 63). ERGs not only educate, they also break down barriers and build bridges with heterosexual allies by promoting open communication.

Learning how to create a workplace where LGBT employees are valued requires more than setting up ERGs. Businesses can show inclusiveness of LGBT employees and consumers by adopting the recommended measures below and aiming for a score of 100% on the CEI. Key points that can be adopted to promote LGBT equality include:

1. Nondiscrimination policies that include both sexual orientation and gender identity
2. Parity in health insurance benefits, also known as domestic partner benefits
3. ERGs for LGBT employees that include rather than exclude heterosexual allies
4. Marketing and advertising campaigns that are appropriate and respectful to the LGBT community
5. Sponsorship of community events that demonstrate responsible behavior toward the LGBT community
6. Diversity training that includes sensitivity toward LGBT people

7. Building relationships with suppliers who are inclusive of LGBT employees (Cadrain 47).

**Shareholders and investors**

In recent years, socially responsible investing has become a much more prevalent practice. Companies are paying close attention to more than just the bottom line and stock share price. Business decisions are based on what is in the best interests of management, shareholders, employees and the community (Hood 21). Investment managers today are more concerned with fair employment practices which include diversity and inclusion because these are proven indicators of long term sustainability for companies (“Report on Socially Responsible” 1). People are more likely to invest in companies for the long term if they know they are focused on diversity and inclusion in the workplace.

**Consumers and the broader community**

LGBT ERGs foster local community involvement which, without a doubt, will be beneficial for companies. LGBT visibility is growing both in the workplace and in the marketplace. HRC workplace project director Daryl Herrschaft says the current LGBT market is worth more than $680 billion a year – and market research shows “LGBT consumers look at a company’s policies when they shop” (Whitesall 11). In fact, LGBT expendable income is expected to exceed $835 billion by 2011 (Ehart 1). The more brand recognition that companies have, the better their bottom lines are. This is particularly true for potential LGBT customers with higher per-capita income; LGBT couples not only make more money but also tend to be more brand loyal than their heterosexual peers (Combs and Witeck 1). While LGBT ERGs are not the sole driving force behind any company’s marketing practices, if companies do decide to reach further into gay and lesbian pocketbooks, the equitable workplace can be used as a selling point and affinity groups can be used as an information resource to reach the broader LGBT market segment.
Philanthropy and charitable contributions for LGBT causes is yet another valid reason for companies to take LGBT workplace equality into serious consideration. Another good reason is to favorably depict the LGBT community in its marketing decisions. Like other shareholders, LGBT consumers' brand loyalty is linked to corporate philanthropy and what companies do for the communities they operate in (“Report on Socially Responsible” 1). LGBT consumers are a driving force not only in the workplace, but also in the marketplace. “Gay and lesbian consumers, perhaps far more than their mainstream counterparts, are acutely aware of companies’ employment equality and corporate philanthropy” (Combs and Witeck 2). Engaging in marketing and advertising that eschews defamation and embraces positive images of LGBT people is a compelling way to promote workplace equality (Johnston and Malina 605).

**Positions Others Have Taken**

LGBT people add diverse viewpoints and value to organizations. Brad Salavich, LGBT diversity manager for IBM, cites the advantages that positive LGBT polices can have on a company’s reputation among employees and applicants. “Employers who attract and support LGBT applicants and employees get a leg up in the war for talent,” he says. “They want the best employees, and they want a reputation among applicants as having a culture that supports [diversity]” (Cadrain 46). Salavich continues “[t]here’s a direct tie between diversity and innovation. Diverse teams create more innovative products and bring lots of ideas and approaches to the table” (Cadrain 46). Salavich also says that “Companies don’t have to change societal culture or challenge fundamental beliefs. But they can expect standards of behavior. They can demonstrate the appropriate respect in the workplace” (Cadrain 49). For IBM, a hospitable and welcoming workplace for all employees is key to their success and is a way to bring innovative ideas to the table.

John Finnegan, CEO of Chubb Group of Insurance Companies contends that “When employees are all alike in backgrounds, culture, and ways of viewing the world, a company is likely to stagnate.
On the other hand, a company whose employees bring different perspectives to their jobs are ones who will always find more efficient ways to operate and new ways to grow” (Cadrain 46). Brian McNaught, a consultant and author on LGBT issues, maintains that “the only way to bridge the gap between corporate policy and corporate culture is via education. Every diversity director in the world would agree that providing training on LGBT issues is the only reliable means of helping the corporate culture catch up with the corporate goal of valuing diversity” (Cadrain 47). McNaught adds “[c]orporations need to effectively communicate their diversity policies [and] make clear what behaviors are unacceptable, and evaluate managers by their proactive efforts to create a safe and productive workplace” (Cadrain 47).

**The Consequences of Silence**

Serious consequences accrue to being silent on the issue of LGBT workplace equality. “If you decide [cultivating diversity] is not something you do, you will not attract and maintain the best workers and you will not attract and maintain the best business” according to Bill Jenson, partner in charge at Warner Norcross & Judd L.L.P.’s Southfield Office (Whitesall 11). “Having a culturally competent workforce and creating the right culture and an environment that’s sensitive to our customers will impact our bottom line,” said VeLois Bowers, Trinity Health System’s Senior Vice President for Diversity and Inclusion (Whitesall 12). Not doing so can potentially have the opposite effect.

Sponsored by the Lucent Corporation, a study found that minorities pay close attention to whether a provider creates income for their affinity groups (gender, race, or sexual orientation.) This transposes to members of the LGBT community who pay close attention to businesses that create jobs for their community (Batstone 69). Companies “already know about attracting and retaining committed employees and making the best face to the public” (Cadrain 44). Actually doing so for LGBT employees may be a bigger challenge if companies are yet to embrace diversity.
“There is a cost to anti-social behavior” according to Columbia Business School Professor Geoffrey Heal (Heal 1). Legally, someone who asserts religious protection for their speech must show that their religion requires that speech, which is difficult to do (Cadrain 48). It is different for employees to say that they need to engage in hate speech. Employers may lawfully terminate employees for violating company policies, especially those related to diversity and inclusion (Cadrain 48). If companies do not take action, they may open themselves up to lawsuits or receive negative press coverage. Recent examples show nationally recognized companies such as Home Depot being criticized for “their domestic and international employment policies to the ultimate detriment of their share value—they failed to do so at their peril” (Hood 21).

Keep the big picture in mind because inclusion cannot be built by focusing on your own group (Batstone 66.) “It is often difficult for people inside a company to recognize their own diversity problems. Blind spots tend to be especially prevalent for workers who are not themselves members of a minority group” (Batstone 62). “Companies with comprehensive diversity programs face less worker conflict, far fewer grievances, and fewer expensive lawsuits” (Batstone 62). “Building a balanced workforce demands a deep commitment from top to bottom in the organization” (Batstone 62). Without heterosexual allies or executive commitments to diversity, companies will have a difficult time building inclusive workplace environments where all employees feel engaged.

**Recent Trends**

Thirty-six percent of HR professionals reported that their organizations already offer health care coverage for same-sex domestic partners (Cadrain 46). Companies offering domestic partner benefits are making fringe benefits equally available for all employees (Johnston an Malina 605). According to the latest CEI results, domestic partner benefits are a basic approach that larger and more progressive companies have already taken.
Effective leaders are essential to employee engagement and many organizations are helping employees achieve personal and professional growth (Deeks 2). “The business case for employee engagement is strong and it can take a company from good to great” (Deeks 2). When employees feel engaged, they are more productive. “Enhancing employee engagement is a leadership responsibility that involves communication, feedback, and behaviors that match the employees’ values and personalities” (Deeks 2). Managers must show they value their employees and care for them (Deeks 1). One way to accomplish this is through recognition for achievements or simply by saying “Thank you” (Deeks 2). Genuine praise is even more important than financial rewards when it comes to employee engagement (Deeks 2). Managers should share positive feedback from customers and celebrate employee successes (Deeks 2). Annual appraisals should include a section on diversity, asking all employees to define what they have contributed to a company’s diversity agenda over the course of a year (Ioannou 33). Feedback should be timely, frequent, and specific (Deeks 2).

Since employee engagement is directly linked to the manager-employee relationship, companies must offer sensitivity training to managers and employees to help them understand sexual minorities’ struggles in the workplace. People cannot be instantly classified as members of the LGBT community, therefore sensitivity in the workplace is of the utmost importance. Training on sexual orientation and workplace diversity issues makes people more aware of other people’s circumstances and teaches them not to presume that someone is heterosexual (Harrison 13).

Employees should also be aligned with work about which they are passionate (Deeks 2). Evidence conclusively shows that the act of “doing good” corporately will result in a company “doing well” going forward (Hood 21). Prohibiting discrimination based on sexual orientation in the workplace sends a clear message that all employees are to be respected and treated fairly, thereby enhancing company value through increased employee commitment, productivity, and performance.
Despite the absence of federal guidelines, companies continue to add policies protecting LGBT employees from discrimination according to the CEI (Danzig 1). In 2009, a record number of employers—259 to be exact—have earned a perfect score of 100% on the CEI, which is 64 more companies over the previous year ((Hofman 50; “Equality Index” 1). Recall that a perfect CEI score is based in part on the seven key points mentioned earlier.

Creating hospitable workplaces for LGBT employees can help overcome workplace challenges for other minority groups. The LGBT workforce is not the only group of employees for whom companies are attempting to create better workplaces; employers are “bending over backward” to keep older workers engaged well into their retirement years (Hofman 54). “People in the work world today are going to have very long work lives, much longer than the people who came before them” (Hofman 54). Suggestions that workplace equality efforts have no place in the enhancement of a company’s reputation and business prospects, both of which directly impact profits, is increasingly being seen as shortsighted (Hood 1).

**Conclusion**

Many compelling reasons exist for companies to create more inclusive workplaces for LGBT people. Some common approaches include adopting nondiscrimination policies, offering health benefits to LGBT employees’ domestic partners, endorsing LGBT employee resource groups, offering diversity training, and engaging in respectful marketing practices to the LGBT community (Johnston and Malina 605). By doing so, multiple stakeholders are satisfied.

Diversity and inclusion are proven indicators of long term sustainability for companies and many companies are striving to build more inclusive work environments. Companies can show their commitment to LGBT workplace quality by aiming for high scores on the CEI. By earning high scores on the CEI, progressive companies have garnered reputations as top employers who are committed to diversity and inclusion.
LGBT workplace equality can be viewed as an extension of larger diversity and inclusion initiatives, proving to competitors and shareholders that companies welcome diversity, champion inclusion, and embrace equality. Equality for sexual minorities opens up the pool of qualified applicants, rather than the pool of qualified applicants minus LGBT people. True equality measures cannot be taken without the support of heterosexual allies, and cultural change inclusive of sexual minorities cannot be attained without specific diversity and inclusion initiatives that are supported by company leadership.

“Many [people] still work in a culture where bullying people who are from a minority group is second nature” (Harrison 12). Some companies have systems in place, such as LGBT ERGs, to urge their staff to be open and comfortable about their sexuality (Harrison 12). ERGs are viewed as one effective tool for broader diversity and inclusion initiatives, but more importantly they become a network for LGBT employees and their heterosexual allies. While no one can stop homophobia, workplace equality initiatives can certainly help foster a much needed cultural shift to help LGBT people feel included and safe to be themselves, in turn increasing worker productivity.

Cultural competence includes fostering a culture of change that is inclusive of LGBT people and enforcing nondiscrimination policies. Diversity groups must not struggle to gain the kind of leverage that can influence corporate policies (Batstone 65). Companies need to live by workplace equality policies and values—not just for potential employees, but also for the ones they already have. Companies’ commitments to LGBT employees are sacrosanct with positive impacts on their bottom lines because shareholders see diversity and inclusion efforts as long term indicators of sustainability. Without question, the gay and lesbian market offers brand loyalty and a consumer demographic whose value makes this segment too promising to overlook or mishandle, for both LGBT employees and LGBT consumers (Combs and Witeck).
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Bibliography


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