Companies at the leading edge are developing strong inclusion policies for LGBTQ+ employees and customers. Here’s how some of them are tackling this important issue.
The Inclusive Advantage

Introduction

In recent years, American public opinion towards the Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) community has changed tremendously—and corporations are no exception to this shift. Years of advocacy by LGBTQ+ activists and their allies have led many Fortune 500 companies to extend equal protections and benefits to their LGBTQ+ employees.¹

Now, the corporate behavior goalposts are shifting. Leading companies have begun to place their brands on the line when it comes to prominent LGBTQ+ issues, even joining vociferously in public policy debates. What’s driving this transformation? Millennials and Generation Z have come of age and their perspectives continue to shape our values landscape. The rapid opinion shifts seen by our society as a whole are also represented among companies’ employees—after all, millennials now represent the largest demographic group in the American workforce.²

And this generation is not afraid to put its money behind its values. A recent study by Coqual³ revealed that the vast majority of respondents—not only LGBTQ+ but also those identifying as allies—prefer to work at companies supportive of LGBTQ+ employees. In fact, 72% of allies are more likely to accept a job at a supportive company. And beyond the benefit of recruiting the best talent, supportive companies can also expect to retain more satisfied employees in the long run. That’s because 84% of LGBTQ+ employees at supportive companies say they are proud to work there, compared to 68% at unsupportive companies.

The expression of LGBTQ+ inclusivity also affects what people buy. More than 80% of respondents in that Coqual study said they are more likely to buy goods and services from businesses that support the LGBTQ+ community. Clearly, the actions companies take and the values they signal translate into real economic impact. What’s more, the ripple effects of corporate actions extend to the economy as a whole. Based on data from the World Economic Forum, LGBTQ+-inclusivity correlates with more competitive and financially secure economies.⁴

But how can companies begin expressing their support of the LGBTQ+ community? There’s no single roadmap, but firms have plenty of leads they can follow. For instance, organizations such as the United Nations’ Human Rights Commission (UNHCR) offer standards of corporate conduct that can help guide companies in their inclusion efforts.⁵ And companies can also follow the trail blazed by those firms the industry-standard Human Rights Campaign (HRC) Corporate Equality Index⁶ has rated highly. Based on track record, here are some trends and action steps companies may want to consider as they focus on efforts toward LGBTQ+ inclusion and equity.
Put inclusivity in writing

Companies leading the charge on LGBTQ+ inclusivity are explicit and specific about their support. Almost all employers rated highly by the HRC’s Corporate Equality Index (CEI) clearly include “sexual orientation” and “gender identity” in their employment non-discrimination policy. Many also have specific policies actively promoting LGBTQ+ inclusion in the workplace. One such set of policies becoming more common is gender transition guidelines: More than 600 major businesses rated by the CEI have adopted guidelines to advise managers on how to navigate these transitions and better support transgender team members.7

Beyond non-discrimination in hiring and employment, companies are also adapting their public-facing policies and documents to make their position clear to everyone. Recently, the website Yelp.com launched a feature allowing businesses to claim the label “open for all” on their profile.8

In the financial services world, JPMorgan Chase removed gendered language in its documentation and bylaws.9 And the Certified Financial Planner Board is adding a non-binary option on its application forms online.10 As Cait Howerton, a lead planner at Facet Wealth, told Financial Planning: “It’s about all people in all genders having equity within our field.”

Over 620 major businesses have adopted gender transition guidelines to establish best practices in transgender inclusion

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Source: HRC Foundation, Corporate Equality Index 2021

Make employee benefits truly inclusive

A culture of inclusivity can make the workplace a happier place. For LGBTQ+ employees, benefits are one area that can help make the workplace feel more inclusive—and more appealing. A Glassdoor.com study found that 70% of LGBTQ+ respondents would not apply to a company that is not supportive.11 By offering benefits programs inclusive of their LGBTQ+ employees, companies can express support that translates into real and tangible impact.
It’s quickly becoming the norm: 78% of CEI-rated employers provide benefits (such as health care and life insurance) for both same-sex and different-sex partners, and 91% of CEI-rated employers offer a transgender-inclusive health plan.\(^\text{12}\)

But leading companies go beyond the minimum standard of providing the same benefits to all employees; they often provide additional specialized benefits to LGBTQ+ employees. For instance, Coca-Cola helps its employees living in states that do not recognize same-sex marriage with the additional tax expenses they may experience.\(^\text{13}\)

**Build a culture of inclusivity**

Company policies and benefits are a good place to start. But to be truly inclusive, companies also must commit to creating a supportive workplace environment in ways that go beyond what’s in the employee handbook. Employees will notice the difference: 68% of LGBTQ+ employees told Glassdoor.com that their current companies could be doing more to support them at work.\(^\text{14}\)

The benefits of nurturing an inclusive environment at the office are extensive. Research has found that supportive workplaces result in “greater job commitment, improved workplace relationships, increased job satisfaction, and improved health outcomes among LGBTQ+ employees.”\(^\text{15}\)
So how can companies begin transforming their workplace into one that is truly supportive? Some expert recommendations: creating opportunities for LGBTQ+ employees to self-identify, establishing pronoun guidelines and trainings alongside them, and offering managers incentives for their performance on key inclusion indicators.\textsuperscript{16}

Another concrete step towards such a workplace is forming an employee resource group or diversity council—94% of CEI-rated employers have one. Some examples include the “Gayglers” group at Google and GLEAM at Microsoft. These groups host talks, networking events and discussions with community leaders, and often volunteer and fundraise for local LGBTQ+ organizations.\textsuperscript{17}

CEI ranked Fortune 500 companies have been central in shaping public opinion and boosting LGBTQ+ diversity in the workplace

\[ 100\% \] Have nondiscrimination policies in place regarding sexual orientation

\[ 98\% \] Have nondiscrimination policies in place regarding gender identity

\[ 91\% \] Made public commitments to the LGBTQ community

Source: HRC Foundation, Corporate Equality Index 2020

Offer LGBTQ+ customers the services they need

Promoting inclusivity at the workplace is the logical first step for companies beginning this journey. But support for the LGBTQ+ community must eventually run through the whole ecosystem, from their relationships with vendors and distributors to the ways they interact with customers.

This is especially important because young people look more closely at a company’s treatment of its customers in making their purchasing decisions. Nearly 70% of American young adults do not believe that small-business owners should be allowed to refuse service to LGBTQ+ people for religious reasons\textsuperscript{18}. Plus, LGBTQ+ customers, who spend almost $800 million a year in the United States alone\textsuperscript{19}, are loyal to brands that support them—even when it means paying more.
So how can companies demonstrate their goodwill beyond adopting inclusive policies on paper? By offering specific goods and services needed by the LGBTQ+ community. Many are finding innovative ways to do just that. A credit union in Ithaca, N.Y., now offers transgender customers loans to assist with the expenses of gender affirming procedures. And large financial institutions such as Citigroup are participating in Mastercard’s True Name program, which provides transgender customers the ability to use the first name of their choice on credit cards. In a press release, Carla Hassan of Citi said: “We’re incredibly proud to launch the True Name feature… because we strongly believe that our customers should have the opportunity to be called by the name that represents who they really are.”

**Put up a fight: Using influence and reach to support LGBTQ+ activism**

Many companies limit their inclusivity efforts to their own employees and customers. But the companies leading the way on LGBTQ+ justice see a greater role for themselves and engage with public policy issues in the wider world.

This approach is endorsed by advocates as well. For instance, IBM works to actively influence legislation and policy at the state level in the United States and supports marriage equality referendums in other countries. Meanwhile, the United Nations has issued a global call for businesses to contribute to stopping human rights abuses in the countries where they operate by engaging in public advocacy, collective action, and social dialogue, and challenging abusive government actions.

**Nondiscrimination laws popular across states**

Percent who favor laws that would protect LGBTQ+ people against discrimination in jobs, public accommodations, and housing

Source: PRRI 2017 American Values Atlas
This trend is partly shaped by pragmatism: Data show that LGBTQ+ inclusivity ends up being better for society at large. More inclusive cities have been shown to be more innovative, and LGBTQ+ inclusion is linked to stronger financial results for the whole economy.

**Build partnerships and form coalitions**

Understandably, some firms are reluctant to leap into public debates on their own. Many companies are making these kinds of larger political efforts as part of business coalitions that push for policy reform.

Coalitions play a vital role here: they reduce political risk with safety in numbers. They also centralize resources and competence by giving businesses the chance to partner with national equality organizations that have talking points and ideas ready to go. Joining forces helps them put together a cohesive message that ultimately makes everyone’s efforts more powerful.

The response to recent restrictive “bathroom bills” in the United States illustrates this in practice. After North Carolina’s legislature passed a bill in 2016 preventing transgender people from using facilities according to their gender identity, some estimate that the state lost billions in events and investments through the efforts of local and national business coalitions.

**Conclusion: From good deed to common sense**

Companies have come a long way in their support of the LGBTQ+ community. Inclusivity initiatives that have now become commonplace began when a few trailblazing leaders became convinced to do the right thing by their employees and communities.

Since then, explicit and vocal support of the LGBTQ+ community has become a basic requirement to stay competitive as millennials and Generation Z have become a larger component of the workforce and an all-important customer base.

As a result, inclusive companies stand to reap significant rewards for their efforts—they can expect to retain happier teams and earn more revenues. Inclusivity has evolved from good deed to common sense all the way to the bottom line.
Endnotes

5 Source: United Nations Human Rights Commission; Standards of Conduct for Business; [https://www.unf.org/standards/]
14 Source: Glassdoor.com; “Glassdoor Study Finds LGBTQ+ Harassment Pervasive in Workplace,” 2019. [https://www.glassdoor.com/blog/LGBTQ+-study/]
20 Source: American Banker; “Why this credit union is offering a transgender lending program.” 2019. [https://www.americanbanker.com/creditunions/news/why-this-credit-union-is-offering-a-transgender-lending-program]
24 United Nations Human Rights Commission; Standards of Conduct for Business; [https://www.unf.org/standards/]
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