

The
Economist

Intelligence
Unit



PRIDE AND PREJUDICE

AGENTS OF CHANGE

Contents

Executive summary	2
About the research	3
Introduction: Pathways to change	5
1. Facing the rainbow	6
2. The leadership imperative	8
<i>Box: Advocate-in-chief: How executives can take the first steps toward greater D&I</i>	9
3. D&I: The next generation	10
4. Gender matters	12
<i>Box: As the world turns: Promoting LGBT inclusion in hostile regions</i>	14
Conclusion: Driving change	15

Executive summary

In 2016, The Economist Group launched the first iteration of Pride and Prejudice: The business and economic case for lesbian, gay, bisexual and transgender (LGBT) diversity and inclusion. As part of the initiative, The Economist Intelligence Unit (EIU) conducted a study exploring the status of LGBT people in the workplace, based on an extensive global survey and in-depth desk research. Now in its second year, the research examines those groups best poised to drive positive change for LGBT people in the workplace: company leaders, young people and women.

In order to identify these agents of change, we must first understand the extent to which prejudice exists in the corporate world. Despite some positive findings, such as a high proportion of executives who support LGBT rights in a general sense, ill-will remains all-too-common; more than one in ten executives are aware of some kind of discrimination against LGBT people in the office. The low profile of LGBT people, who often hide their identities at work, contributes to the perception that this is not a problem that must be tackled systematically, leaving little motivation to enact progress-making programmes.

One of the most impactful ways to break this negative feedback loop is for company leaders to declare themselves allies or even for LGBT leaders to come out of the closet publicly. In last year's survey, 63% of respondents cited management

(C-suite and senior managers) as those who can most influence LGBT workplace advancement. Yet few executives perceive their company's top tier to be particularly eager to advocate for LGBT rights. Helping leaders engage, and fostering a more inclusive leadership culture, often requires a great deal of time and effort.

Bubbling up underneath, however, a young generation of workers is poised to deliver sweeping change across the corporate landscape, including in the C-suite. External research indicates that in much of the world, millennials are more likely than their elders to support LGBT rights, and the survey's respondents sense this attitudinal shift coming alongside a generational passing of the baton. Yet young workers may feel disconnected from their leaders in this regard: in our survey, many junior staff could not say who guides thinking around LGBT workplace inclusion, while far more C-level executives could name at least one type of employee.

Cutting across generations and corporate tiers, women demonstrate consistently higher support for LGBT workplace inclusion than their male counterparts. This springs from a variety of factors, including a shared history of discrimination and deep-seated norms surrounding gay men and femininity. These two groups' parallel struggles can inform each other, with progress for one often leading to progress for all.

About the research

This study is based on a survey fielded online from November to December 2016 among The EIU Opinion Leaders' Panel. The study received responses from 1,043 executives from a diverse spectrum across 82 nations. Regionally, it received responses from 364 people in Europe, 251 in Asia, 241 in North America, 100 in Latin America and 87 in the Middle East and Africa. In addition, the results were segmented by age, with 481 respondents hailing from the baby boomer generation or older (those born in 1964 or earlier), 454 from generation X (those born between 1965 and 1980) and 108 from the millennial generation (those born between 1981 and 1998). Among those who provided their gender, 823 were male and 205 were female. Divided by seniority, 386 respondents were members of the board or C-suite, 316 were non-C-suite senior executives, 152 were managers and 109 were junior/senior associates or analysts. Study results were statistically evaluated at 95% confidence level, meaning that in 95 of 100 times a study of this nature is completed with a similar sample size and type, the results will not vary by more than a few percentage points.

In January and February 2017, The EIU also conducted interviews with experts and corporate leaders on the topic of LGBT inclusion in the workplace. The EIU would like to thank the


following individuals (listed alphabetically) for sharing their insights:

- Karen Blackett, chairwoman, MediaCom
- Willard McCloud III, global head, inclusion & diversity, Cargill
- Lindsay-Rae McIntyre, chief diversity officer, IBM
- Hiro Mizuhara, co-founder, Element Mag
- Steve Wardlaw, chairman and co-founder, Emerald Life
- Sammy Wu, co-founder, Rela
- Antonio Zappulla, chief operating officer, Thomson Reuters Foundation

This report was written by Michael Gold. It was edited by Irene Mia. Heidi D'Agostino designed and executed the quantitative survey, leveraging The EIU Opinion Leaders' Panel.

Finally, The EIU would like to thank the following individuals (listed alphabetically) for their feedback on the research findings:

- Lee Badgett, professor, University of Massachusetts
- Selisse Berry, founder and chief executive, Out and Equal
- Steven Bielinski, founder, WorkForLGBT

- Bryan Choong, former executive director, Oogachaga
 - Matt Kidd, executive director, Reaching Out MBA
 - Jonathan Lovitz, senior vice-president, NGLCC
 - Fern Ngai, chief executive, Community Business
 - Evelyne Paradis, executive director, ILGA-Europe
 - Todd Sears, founder, OutLeadership
 - Laura Sherbin, chief financial officer and director of research, Center for Talent Innovation
- 

Introduction: Pathways to change

What is the impact of discrimination on LGBT people in the workplace of today? This question can be examined in a number of ways. First, the personal and social lives of LGBT people are undoubtedly affected by their ability to be open about their sexuality in their place of employment. Second, a company may often feel the effects of discrimination, both overt and covert, against its LGBT employees, in the form of reduced innovation, a decrease in competitiveness and potentially weaker financial performance. Third, the status of LGBT people in the workforce reflects broader issues of legal, political and cultural acceptance for sexual minorities the world over.

None of these aspects can be addressed in a vacuum. The treatment of LGBT people in the corporate world can serve as a proxy for broader issues of diversity, whether related to gender, ethnicity or other forms of identity. As one of the most difficult minority groups to measure and monitor, and as a highly oppressed group throughout history, LGBT people have a special voice in the overall diversity and inclusion (D&I) debate.

Our research on this topic attempts to provide a global snapshot of attitudes and opinions toward LGBT people in the workplace and insight into the role of different groups in furthering more inclusion.

1 Facing the rainbow

Working in a globally-competitive company often means interacting with people from a variety of backgrounds and being comfortable facing a rainbow of identities, including those related to sexual orientation. Prejudice and bias exist in various forms, but our research indicates that the majority of corporate executives do not show overt animosity toward LGBT people: 85% of respondents said they believe LGBT employees should be able to come out in the workplace without fear of discrimination, while 70% said they are proud to support LGBT rights in a general sense.

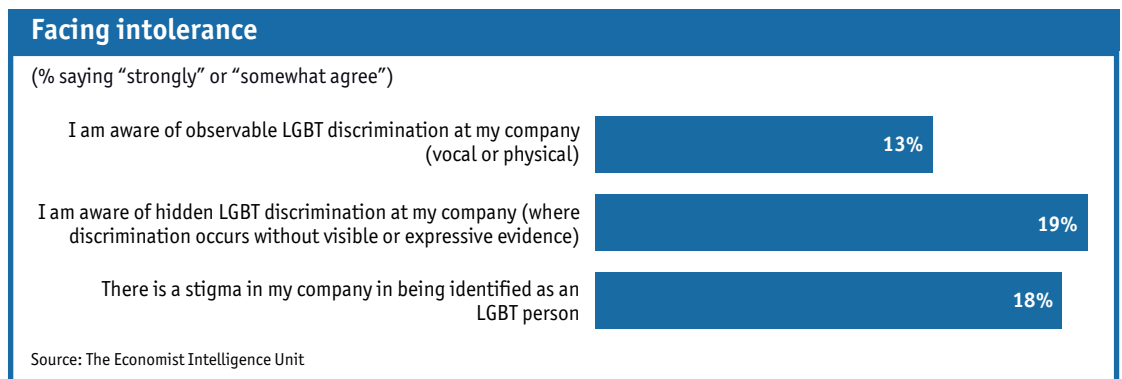
Nevertheless, many executives perceive intolerance toward LGBT people inside their firms, with 19% aware of hidden LGBT discrimination at their company (where discrimination occurs without visible or expressive evidence), 13% aware of vocal or physical LGBT discrimination and 18% saying there is a stigma in their company in being identified as an LGBT person.

The fact that discrimination still exists to such a large degree suggests that to many firms, the benefits of inclusive workplaces for LGBT people remain vague at best and completely ignored, overlooked or unknown at worst. Many firms may not be doing enough to stamp out discrimination where it exists, or to make their LGBT employees feel open and comfortable coming out in the office.

This situation persists despite various studies touting the positive impact of LGBT inclusion. Credit Suisse, a bank, measured the stock performance of 270 companies that support LGBT D&I against a broader global index from 2010 to 2016. It found that LGBT-friendly companies outperformed the average.¹ The Brunswick Group and Open For Business, a coalition of global companies, identified six factors that greater LGBT acceptance at work may enhance: talent attraction, talent retention, innovation, collaboration, customer orientation and brand strength.² This does not address the moral

¹ Dawson, Julia, Stefano Natella, Richard Kersley, Rose Thomas and Brandon Vair. *LGBT: the value of diversity*. Credit Suisse Environmental, Social and Governance Research. 15 April 2016.

² Miller, Jon and Lucy Parker. *Open for Business: The economic and business case for global LGB&T inclusion*. The Brunswick Group and Open for Business. 2015.



argument for eradicating prejudice, which itself is compelling. Regardless of one's ethical standpoint, however, from a purely utilitarian perspective, creating a welcoming workplace for LGBT people is smart business.

However, among our executive sample, only 29% said there is potential return-on-investment (ROI) or business opportunity in enacting LGBT-friendly workplace policies and practices; and when asked to select which factors benefit most when LGBT workplace D&I is at its best, only 18% chose financial performance, the second-to-last out of 11 choices. Despite a firm's best intentions toward its LGBT employees, it appears that a link is missing in the chain of logic connecting LGBT D&I and the bottom line.

This could be due to LGBT people's relatively low profile in the corporate environment. In last year's survey, executives in firms with visible LGBT advocates were more likely than those in firms without advocates to select financial performance as a factor that could be boosted by enhanced LGBT workplace diversity. LGBT

people's status as an "invisible" minority may thus contribute to a negative feedback loop of ignorance and apathy—namely, because few workers notice the presence of LGBT colleagues, there is little desire to put money behind helping them gain greater visibility.³ Indeed, in this year's survey, only 36% believes that LGBT people need a "leg up" in the business world. Perhaps they think LGBT people are already well-placed. It is more likely, however, that LGBT people are too invisible to be considered a group requiring special treatment.

Clearly, help is needed. This help can take various forms, from relatively passive moves such as writing LGBT non-discrimination requirements into employee codes of conduct, to more advanced tools like straight allies programmes or formal training courses on LGBT issues. Whatever the method, these initiatives must be sustained over many years in order to even start showing results. "This is not a battle to be won," says Steve Wardlaw, founder of Emerald Life, a UK-based LGBT life insurance company. "It's a non-stop campaign."



³ *Pride and Prejudice: Attitudes and opinions toward LGBT inclusion in the workplace.* The Economist Intelligence Unit. 2016.

2

The leadership imperative

A key factor behind the negative feedback loop discussed above is that few LGBT workers feel confident enough to come out of the closet in the office. Even in companies free of blatant discrimination, silence is often viewed as the safest choice. Sammy Wu, the founder of Rela, China's largest lesbian-focused social network, says that many LGBT people simply don't feel the need to tell their colleagues about something that is often considered a very personal, private aspect of their lives. Many also hide it owing to societal pressure to get married and carry on their family line. "You have to ask, what is the underlying reason for exposing yourself like that?" Ms Wu says. "We have many very successful career women on our network, for whom the risk of coming out at work is still too high."

One of the most effective ways a firm can help its LGBT employees gain this confidence is to engage its top leadership. Even simple shows of support can make a massive difference, such as when the chief executive of Cargill, the largest privately-held company in the US, marched with his family at a recent LGBT pride parade. "Whether you're sitting in Singapore or Paris, that's a huge signal around the world," says Willard McCloud, Cargill's global head of D&I.

Our research last year highlighted the central role company leaders play in this dialogue: almost two-thirds of respondents in last year's survey said that expectations on LGBT diversity and inclusion in the workplace need to be driven by the C-suite to create change.⁴ This year's survey delved deeper into the idea of leadership, asking

respondents to identify which employee cohort guides company thinking around LGBT diversity and inclusion in the workplace. Unsurprisingly, a large minority (24%) chose C-suite/leadership, second only to young employees, with 27%. However, when asked which type of employee is most likely to support LGBT workplace D&I, C-suite/leadership only garnered 16%—a distant fourth place; and a piddling 5% when asked which employees are more likely than others to publicly identify as LGBT.

This raises a tricky question: why are there so few openly LGBT top executives, particularly among the biggest players like those in the Fortune 500? Mr Wardlaw believes that entrenched company cultures discourage various forms of minority candidates from assuming the top rung of the corporate ladder. "There is a fall-off rate [of LGBT people as they climb the ranks], and it's fairly huge," he says. "When they look up, all they see is a group of people who they don't have a lot in common with."

But building minority-friendly pathways to the higher echelons of a company is not a simple task. Technology giant IBM employs myriad tactics meant to smooth the ascent of diverse groups, including LGBT, into leadership roles. "We have an initiative to have 'out' role models around the world, as well as LGBT business resource groups, and for all of those business resource groups we have executive sponsorship," says Lindsay-Rae McIntyre, IBM's chief diversity officer.

⁴ Ibid.

Advocate-in-chief: How executives can take the first steps toward greater D&I

Karen Blackett, OBE, is the chairwoman of MediaCom, one of the UK's largest media agencies. In 2014 she became the first business woman to top the Powerlist 100, a ranking of Britain's top leaders of African and Afro-Caribbean heritage, and is an outspoken advocate for leadership engagement in corporate D&I. Though her own minority status informs her vocal presence in this space, she understands why many senior executives who self-identify as LGBT may not feel comfortable coming out publicly.

"I want to be defined on my output and performance, not the fact that I'm a black woman," she says. "That being said, it would be a great help if there were more out senior leaders on boards or in C-suites. They don't need to make it the only thing that defines them, but it could make a huge difference."

This is due to the role-model effect on company culture, according to Ms Blackett: when low-level workers see people above them who share aspects of their identity, it sends a clear message that their firm not only welcomes this identity, but actively wants to create space for it

to thrive. Ms Blackett says this not only matters in the abstract, but has consequences on how the overall business operates.

"We have openly gay executives across MediaCom," she says. "We want to avoid the groupthink that can set in when all the people in the room come from the same background."

But cultivating the kind of leaders who want to engage with diversity, in all its manifestations, is not easy. "Few board members think they have the expertise or experience to tackle this problem [of how to increase corporate diversity]," she says. This can lead to a shelving of the issue, according to Ms Blackett, or a view that it simply doesn't matter.

"This is where partnering can come in handy," Ms Blackett says. "There are a lot of third-party organisations and consultants who can help companies take the first step on this journey. They can help leadership teams absorb all the stats and the data out there—because there are a lot—and create plans on how to put these data into action in their firms."

3

D&I: The next generation

For all the head-scratching around the slow pace of change in the C-suite, it is the bottom of the corporate pyramid that may serve as the main wellspring of progress for LGBT people. In addition to narrowly topping the list of employee cohorts that are more likely than others to guide company thinking around LGBT D&I, millennials (those aged 18-35) garnered over 50% support as the group both most eager to favour LGBT workplace D&I and more likely than others to publicly identify as LGBT.

The underlying causes of this generational shift are multifaceted. Research by Susan B. Marine, a professor at Merrimack College in the US, points to such factors as positive depictions of LGBT people in mass entertainment and the rise of social media in both encouraging LGBT millennials to come out of the closet and fostering amity toward them among their non-LGBT peers.⁵ Ms McIntyre supports this view: “The ability to connect with individuals, real time, around the world, all day, everyday, builds a different kind of individual,” she says. “It builds an inclusive mindset.”

This phenomenon is not exclusive to the Western world. Hiro Mizuhara, who works in LGBT-themed marketing in China, Japan, Malaysia and Singapore, says that the kinds of positive depictions of LGBT people in TV shows, books and movies that helped craft their image to a generation of young people in the West are now propagating throughout Asia as well. “You have comic-book genres like ‘boys love’ and shows like *Addiction* which are extremely popular

among young people here,” he says, referring to a Chinese web drama depicting a romantic relationship between two teenage boys.

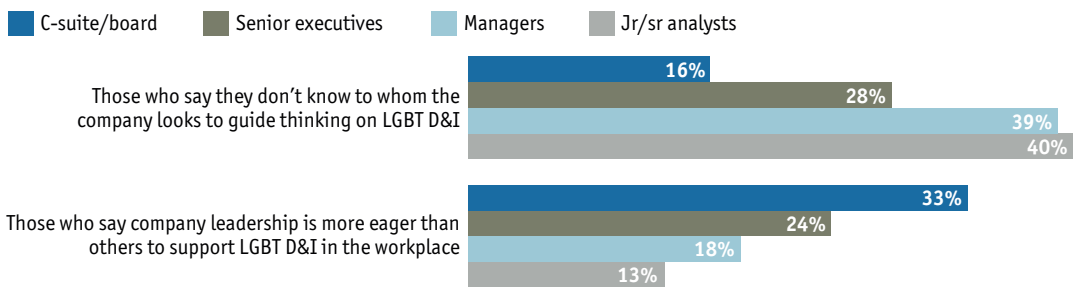
Our study shows that this enhanced level of societal acceptance is translating to change in the workplace. To take one telling finding, 37% of millennials believe there is a potential ROI/business opportunity in enacting LGBT-friendly workplace policies and practices—eight points higher than the average. Mr Wardlaw says this embodies exactly the kind of change people in his generation have been fighting for. “We’ve planted a lot of seeds, which will take time to come to fruition,” he says.

Equally encouraging, executives seem to recognise this shift is underway. Seven in ten respondents agree that the next generation of workers can set a new standard around LGBT acceptance in the workplace and that the business world will inevitably become more supportive of LGBT inclusion as young people rise in the ranks. Just over half believes that a strong commitment to LGBT inclusion will help attract younger employees.

However, there appears to be a disconnect between the mindset of company leadership and the messages reaching the ears of younger employees. For example, 40% of junior staff doesn’t know to whom the company looks to guide thinking on LGBT D&I, while only 16% of C-suite respondents don’t know. One in three C-suite respondents believes broader company leadership is more eager than others to support

⁵ Marine, Susan B. “A Millennial Moment: Understanding Twenty-First Century LGBT Workers and Their Allies”. In *Gender Identity and Sexual Orientation Discrimination in the Workplace: A Practical Guide*. Christine Michelle Duffy, ed. Bloomberg BNA. 2014.

Follow the leader



Source: The Economist Intelligence Unit

LGBT diversity and inclusion in the workplace, versus only 13% of junior workers who believe the same thing.

If our findings are any guide, inclusion-minded corporate leaders may need to work harder in order to convince their staff they care about this issue. Ms Blackett outlines certain steps top

bosses can take to better understand the mindset of lower-level employees. “Getting feedback from your team is crucial,” she says, citing MediaCom’s implementation of anonymous staff surveys as a way to bridge this gap. “This kind of interfacing helps leaders identify the potential disconnects between themselves and the rest of the company.”



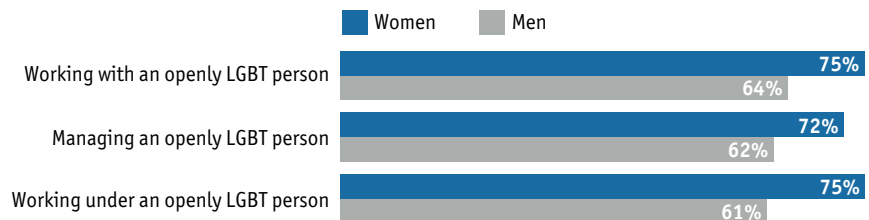
4 Gender matters

Women have undergone a long and complex fight for greater visibility and power in the corporate world. This journey, though successful to some degree, is by no means finished. Above, we noted that corporate cultures encourage, either explicitly or implicitly, heterosexual norms as one ascends up the ladder. The same holds true

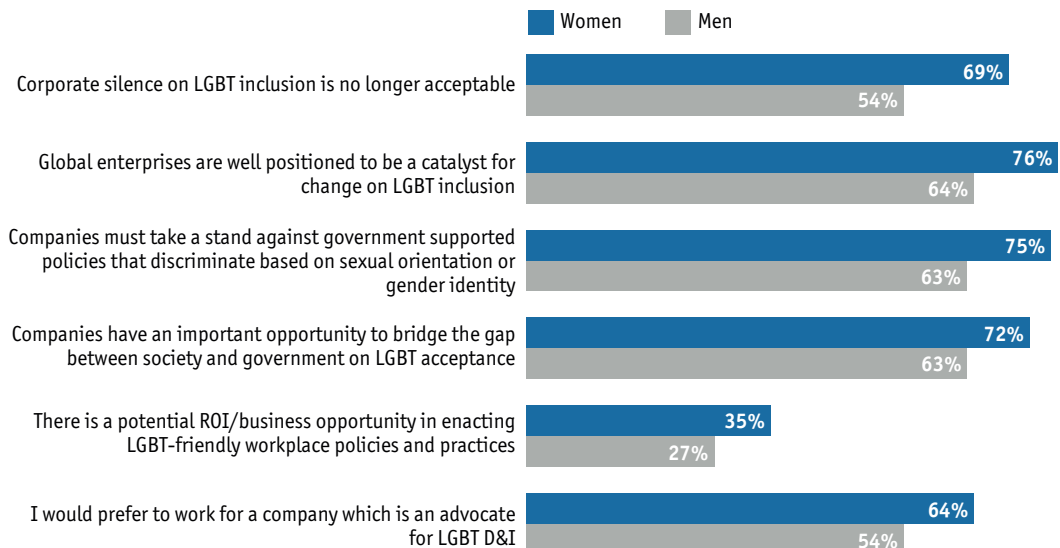
for gender: research by McKinsey, a think tank, showed that as of 2013, women made up at most 21% of corporate executive committees in 13 countries surveyed. In eight of those countries, the percentage of women on executive committees was in single digits.⁶

Gender imbalance

Share who identify themselves as "very comfortable"



Share who agree with the following statements



Source: The Economist Intelligence Unit

⁶ Devillard, Sandrine, Sandra Sancier, Charlotte Werner, Ina Maller and Cécile Kossoff. *Gender diversity in top management: Moving corporate culture, moving boundaries.* McKinsey & Company. November 2013.

Without a doubt, major differences exist between the struggles for female and LGBT workplace representation. Yet many overlaps exist as well. Begin with the long-held notion that women are more open and tolerant than men toward LGBT people. Despite the air of stereotyping behind this idea, our survey bears it out. For example, women are more likely to say they are “very comfortable” working with an LGBT person. They are more likely than men to agree with numerous statements surrounding LGBT diversity, such as “corporate silence on LGBT inclusion is no longer acceptable” and “companies must take a stand against government supported policies that discriminate based on sexual orientation or gender identity”.

What accounts for this strikingly consistent discrepancy? One clue may lie in the makeup of the female survey respondents: 17% hail from the millennial cohort, versus only 8% for men. While correlation does not necessarily prove causation, as we discussed earlier, millennials show greater acceptance for LGBT people both in and out of the workplace. Interestingly, this finding dovetails with other demographic aspects of our survey sample: C-suite or board respondents comprise 41% of the male sample, for example, compared to only 22% for women. This implies that if one were to sketch a typical advocate for LGBT workplace D&I, this person would be a millennial, female and sit outside the C-suite.

However, the answers given by men and women to many of the questions above show a persistent gap, suggesting gender is indeed a major determinant of LGBT workplace acceptance. Some of this may arise from the fact that women and LGBT people are equally underrepresented

in businesses, leading to a shared affinity. “Successful women in business naturally recognise the barriers that exist for other minority groups, including LGBT people,” Ms Blackett says.

Some is a result of deeper cultural factors surrounding abstract notions of masculinity and femininity. According to Antonio Zappulla, chief operating officer of the Thomson Reuters Foundation, a global NGO that promotes socio-economic progress and the rule of law, the idea of LGBT identities may touch upon issues of pride for men, “particularly in patriarchal societies”. Mr Zappulla describes how when he came out to his mother, “she told me she would tell my father, to ‘mitigate risks’. It felt a bit as if I had crashed the new family car, though my father was ultimately fine with it.” In some contexts, “gay” may be associated with femininity, which could carry negative connotations in a male-dominated world. “There’s a stereotype that [gay men] are weak,” Ms Wu says.

In a corporate context, there are a number of lessons that LGBT people and their allies can draw from the ongoing march of female empowerment. One is the idea of allies—the need to engage people outside of one’s own group to push the dialogue forward, “whether it’s straight allies or men,” says Mr Wardlaw. “They’re the ones that cause change.”

Another lesson is the need to constantly engage, despite complacency that may set in. “This work is never done,” says Ms McIntyre. “We’re never going to be able to declare victory. We always need to look for creative opportunities to widen the aperture.”

As the world turns: Promoting LGBT inclusion in hostile regions

Our global survey provides a window into areas of the world where actively supporting sexual orientation and gender identity diversity is still taboo. In many places where LGBT people face persecution from laws or cultural norms, attitudes of the general public may be more friendly to LGBT people than laws would suggest. This makes raising visibility for LGBT people a difficult job, fraught with complex considerations of history, religion, tradition and politics.

For example, in our survey, respondents in the Middle East and Africa were less likely than those from other regions to feel comfortable working with an LGBT person, often by a fairly wide margin. This is unsurprising. Yet at its lowest, this proportion still hovered around two-thirds, even though LGBT people often face harsh punishments and public advocacy for LGBT causes is very rare in that region. Respondents in Asia, Latin America, and

the Middle East and Africa were also more likely than those in Europe or North America to say that the issues LGBT people face in the workplace are fundamentally different than those faced by other minority groups, suggesting that deeply-rooted societal factors will have to be overcome in order to make progress.

Businesses dedicated to maintaining principles of inclusion in hostile environments may have their work cut out for them, but often it is exactly this kind of mission that can drive greater change. "For some of our employees, they'll be out and open at work even if they have to go back in the closet when they leave the office," says Mr McCloud. "Even though we always respect the laws of the countries where we operate, I think it's really powerful for a business to be able to create that safe space where individuals can be their best selves."

Conclusion: Driving change

This report attempts to move beyond analysing the issues faced by LGBT people in the workplace, toward positing a framework for achieving positive change. Just as the fundamental component of any organisation is its people, so too does this framework centre on different groups of workers and the role they play in this movement. For LGBT people, company leaders, young people and women are key to opening the door to greater visibility and status.

The responsibilities of these groups in driving change, however, are hardly clear-cut. It is not enough to simply exhort closeted CEOs to be more public about their sexual orientation; nor

can young people or women be thought of as single, monolithic categories. Nuance exists at every turn—nuance that must be confronted and brought into the discussion.

The International Labour Organization, in its most recent report on workplace equality, asks all stakeholders to “[play] a key role in strategic interventions that maintain the shared will to advance the non-discrimination agenda... through data generation and knowledge sharing as well as capacity building at all levels”.⁷ For no group is this agenda more salient than the LGBT community.

⁷ *Equality at work: The continuing challenge.* International Labour Organization. 2011, page xv.

While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report.

LONDON

20 Cabot Square
London
E14 4QW
United Kingdom
Tel: (44.20) 7576 8000
Fax: (44.20) 7576 8500
E-mail: london@eiu.com

NEW YORK

750 Third Avenue
5th Floor
New York, NY 10017
United States
Tel: (1.212) 554 0600
Fax: (1.212) 586 1181/2
E-mail: americas@eiu.com

HONG KONG

1301 Cityplaza Four
12 Taikoo Wan Road
Taikoo Shing
Hong Kong
Tel: (852) 2585 3888
Fax: (852) 2802 7638
E-mail: asia@eiu.com

GENEVA

Rue de l'Athénée 32
1206 Geneva
Switzerland
Tel: (41) 22 566 2470
Fax: (41) 22 346 93 47
E-mail: geneva@eiu.com